

The Liberty Letter

Liberty Tower Condominiums

November 2004



**Liberty
Tower
Owners
Association**

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Reserves and Debt Focus of 2005 Budget

Budget Committee Recommends 6.5% Dues Increase to Maintain Funds

Liberty Tower's financial focus in the coming years should be on reducing debt while building up reserve funds to comfortable levels, according to Budget Committee recommendations.

To help accomplish those goals, the committee has recommended a 6.5 percent dues increase beginning in January. LT's Board of Directors will consider the proposed budget at its November meeting.

The dues increase, combined with other income sources, would generate nearly \$618,000 in revenues next year.

Operating expenses would remain relatively flat at \$593,160 — with the 2.7 percent increase over the current budget primarily allotted for higher anticipated utility costs. Administrative expenses (salaries, fees, etc.) would rise only about \$2,000 from the current budget.

The remaining \$25,000 is allotted to immediate reserves for emergencies and special projects. Operating funds include \$45,660 for debt service. LT currently has around \$190,000 in outstanding debt.

Without a dues increase, the budget would reflect a loss against existing reserves of \$35,000.

As debt payments are made in



2005, the \$170,000 in Certificates of Deposit currently pledged as collateral will begin to regain value as a long-term reserve. Debt restructuring during the year may also result in an additional overall reduction.

Current debt is set to be paid off by early 2008 or sooner.

The 2005 operating budget in-

cludes \$4,800 to replace carpeting on four floors, \$12,000 for general building repairs and improvements, and \$21,000 for the elevator maintenance contract which includes all equipment repair and replacement costs.

Before making its recommendation, the committee looked at several budget scenarios — from keeping dues at their current levels to as much as a 10 percent increase. Projections through the end of the decade indicate the next dues increase may not be necessary until 2008.

The committee noted that an assessment of and improvements to several infrastructure items over the past year should keep the building in sound shape for the coming year. However, significant funding reserves must be projected to accommodate future needs as the building and its components age.

Valve Installations to Limit Future Water Shutoffs

New plumbing chase valve installations should make future water shutoffs to the entire building more rare.

A \$5,000 contract was approved by LT Board members in October to have D&T Mechanical install new master valves that control water flows to the building's individual plumbing chases.

The work will allow a specific chase to be turned off when

plumbing work is necessary in individual units. Currently, such repairs often require a water shutoff to the whole building.

Maintenance staff will also be trained on servicing the valves and keeping them in good working order.

Board members also discussed the current state of ventilation chases. A report from maintenance staff indicates many of the fans that draw air through the chases do not

work or are ineffective since unit modifications over the years have caused blockages.

The fan and chase system for the laundry rooms do work.

Many residents have closed off their chase vents to avoid unwanted odors such as cigarette smoke.

The chases may be examined by an engineer to determine if improvements can be made.

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(Maintained by Bill Johnson)

Happenings ...

THANKS FOR THE FUN!

Several LT residents got in the Halloween mood on Oct. 28 by watching the movie *Ghost Story* on a big screen TV in the clubroom. On Oct. 30, OU and OSU fans cheered on their teams in the clubroom during the bedlam game. Also, Fridays have offered a special treat to residents with fresh popcorn in the lobby. Thanks to Bill Bland and the social committee for their donations and hard work.

WORKOUT ROOM READIED

Residents wanting to stay in shape will soon have facilities to do so. Equipment has been donated for the workout room, and usage policies have been prepared. The room, located in the former manager's office on the 7th floor, should be opening later this month.

WINDOW SEALING COMING

Where has the window sealing project gone? To a new contractor. A \$23,800 contract has been awarded to First Class Glass to seal windows and nearby masonry on the south and north faces of the building. Arrangements were voided with the previous contractor after he could not get proper insurance coverage. Work is expected to begin soon.

ROOF REPAIRS BEING MADE

A rainy deluge during October exposed a significant leak in the roof over the elevator room. A \$1,498 contract was awarded to Empire Roofing to repair the roofing materials that caused the leak. A thank you goes to James Regalado whose efforts during the storm prevented damage to the elevator system's components.

SPEED LIMIT 5 MPH!

Remember the speed limit in the parking garage is 5 mph. Drivers need to take it slow for safety sake!

Emergency Lighting Repairs Wrapping Up

Maintenance is wrapping up installations to get all the building's emergency lighting systems in shape.

All hallway lights are functional, and replacements are being finished to stairwell lights. The installations will be checked on a regular basis to assure they stay working.

Exit signage and markings have also been serviced.

Residents need to remember emergency lighting provides only about 90 minutes of light should the building lose electricity. They are

designed primarily to light evacuation routes during fires or other immediate emergencies.

Flashlights or other lighting sources should be maintained in working order in each unit to provide light during long-term power outages such as the one that occurred a year ago.

Residents also need to continually check smoke detectors in their units to assure they are working. The fire alarm system located in the hallways is loud, but it may not be audible in distant areas where bedrooms are.

Commentary ...

The Value of Doing Things

Nobody likes a dues increase ... me included.

So when LT's budget committee proposes a 6.5 percent dues hike for 2005, I have to approach it with some concern. After all, there are plenty of us who call this place home who are not made of money.

But as Oral Roberts once said in a moment of financial exasperation, it takes money to do things.

We at Liberty Tower need to do things. Fortunately, our financial position is not exasperated — a feather in our cap considering the economic times. However, LT is almost living dues check to dues check figuratively speaking. A big expense could require harsh funding resourcefulness.

I prefer a measured bit of assertiveness to keep the balance sheet healthy. Getting there is not the subject of my thoughts here. Rather, I'd like to share a relational perspective on the cost of living in Libertyburg.

I figure with the dues increase, I'll be paying around \$6.73 per day in dues for my large one-bedroom unit.

If I lived in a house of equal or slightly greater size, I'd be paying about \$3 per day for property taxes and general casualty insurance. Additional utility expenses and cable TV come to another \$3 or more per day.

That leaves loose change for the covered parking, clubroom use, a swimming pool with a view, social

activities and a host of other amenities.

What about those capital needs? Things like roofs, painting or siding, yard maintenance, and heat and air systems all have a hidden daily cost. I used to lie awake on rainy nights at my old home worrying about possible roof leaks. Frigid nights were the worst — would the furnace keep up its relentless pace to stave off the cold?

Then there is security. I used to rely on a door lock and a prayer. Around here, security is a 24/7/365 operation staffed by live humans who know me and care about me. The true cost for that is almost immeasurable!

A few more perspectives. Have you priced dues at other high-rise condos in the neighborhood? You'd probably suffer sticker shock! Our friends to the northwest pay almost twice as much in dues for a unit similar to mine.

And what about assessments? We haven't had any while our some of our neighbors have had substantial ones.

I would encourage you to do your own math. Our city in the sky may not always be perfect, but it looks to me like a pretty good value.

Finally, I'd note the competition is heating up. Urbanized living is becoming the development trend. We need to keep doing things to keep LT a premier place to call home.

... And you know what it takes to do things.

Andy Templeton