

## REQUEST FOR ACTION

|                 |   |                  |   |               |
|-----------------|---|------------------|---|---------------|
| <b>To</b>       | The Collection Board of Directors                         |                  |   |               |
| <b>Subject</b>  | Investment Policy for Better Projected Investment Returns |                  |   |               |
| <b>Preparer</b> | Russell Ryan  |                  |   |               |
| <b>Date</b>     | 12/8/2017, 3/22/18, 11/20/18                              | <b>For Board</b> | x | <b>Action</b> |
|                 |   |                  |   | <b>Info</b>   |

### EXECUTIVE SUMMARY

This RFA was submitted on 12/8/17 by Russell.  
 It was resubmitted on 3/22/18 (by members of the B&F Committee: Taylor, Russell, Roy and Kent)  
 It is being resubmitted again today 11/20/18 by Russell, Roy and Taylor.

We are seeking Board approval to implement the Investment Policy in Dec 2018. The longer we wait, the more the Collection will lose out on the opportunities to earn higher interest income.

Currently, The Collection's 2018 Budget assumes an annual return of just **1%** on our reserve money for the foreseeable future. This rate is considerably lower than what can be achieved in the market with a conservative structured investment portfolio. The 'risk-free' 5Y T-Bill note is currently **2.902%**, and 3-year CDs are **1.74%**. Rates are currently at historically low levels and investments should be laddered to automatically switch up to higher rates, which are nascent. Large reserve outflows do not occur for some 10-15-20 years hence, affording the opportunity for higher secure returns than the 1% estimated.

The Board needs to take two actions:

- 1) Understand how the effect of higher rates of return on deposits impacts escalation of maintenance reserve payments.
- 2) Review & implement the Investment Policy (attached), as allowed by the by-laws, and in accordance with the association's anticipated cash requirements over the next three decades.

An Investment Policy achieves several critical requirements:

- a) Sets out the objectives of the investments and their governance
- b) Eligible Investments
- c) Maturity, Credit Quality, Concentration

Such funds should be managed by an Investment Bank, offering reasonable fees. Many such banks have offices in Honolulu. This is industry standard practice for businesses to have an Investment Policy, and tranche money into operating, medium and long term uses. This is not a proposal for investing in risky securities to try to game the market, and should not be characterized as such.

### RECOMMENDATION

- A.** Implement the actions in 1 & 2 above in **December 2018**
  1. Allow a qualified/certified Investment Bank (Morgan Stanley-Hawaii) to proactively manage the Collection funds.

2. Form an Investment Review Committee (IRC) to monitor and review the earnings accordance to the duties & responsibilities mentioned in Exhibit B-1. Investment Policy Manual

**RATIONALE**

If properly managed, investment returns can be higher without increasing risk to unacceptable levels. Placing deposits at the short end of the yield curve, when funds are not needed for the long term is a mistake. Longer term investments yield higher returns. *The AOUO will only have this large of an opportunity now.*

Just doubling the projected return to a modest net 2% will reduce maintenance fee escalation by approx. \$6 per month per tower unit. Owners will like lower projections of maintenance fee escalation.

| Exhibits<br>(If applicable) | Index | Title   |
|-----------------------------|-------|---|
|                             | A-1   | Interest rate as of Nov 20, 3018  |
|                             | A-2   | Projected Interest Calculations by Taylor, Roy and Russell                      |
|                             | B-1   | Investment Policy by Russell  |
|                             |       | In person: Morgan Stanley Certified Wealth Management Specialist, Christina Hom |
|                             |       |   |
|                             |       |   |

**FOR BOARD USE ONLY**

**CERTIFICATE OF BOARD ACTION**

|                                   |                                   |                                |                                   |  |                                    |
|-----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--|------------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined | <input type="checkbox"/> Noted | <input type="checkbox"/> Returned | <input checked="" type="checkbox"/> Deferred | <input type="checkbox"/> Withdrawn |
|-----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--|------------------------------------|

**Stipulations**

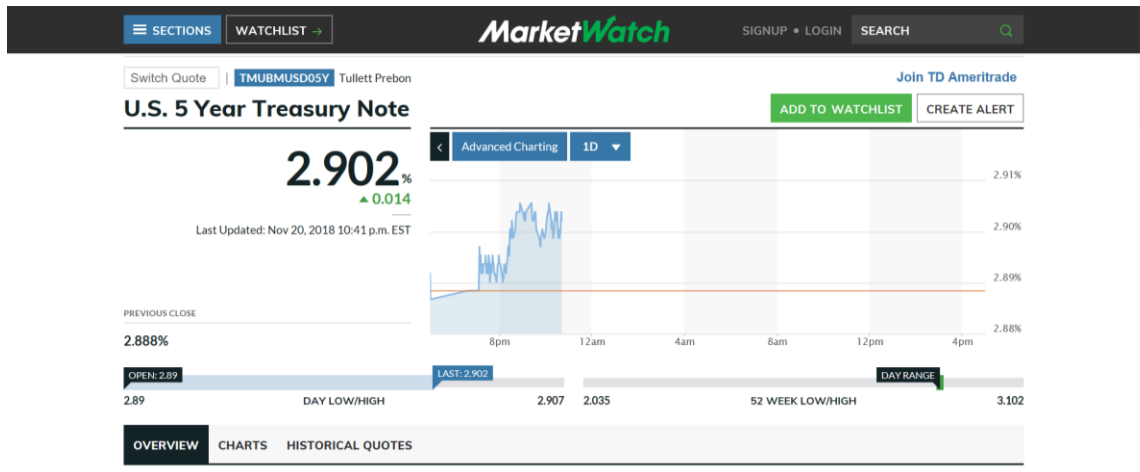
Deferred to the Budget and Finance Committee for their review

**Coordinating Instructions**

**Distribution Instructions**

|                     |  |             |          |         |         |
|---------------------|--|-------------|----------|---------|---------|
| Recording Secretary |  | Action Date | 11/29/18 | RFA No. | 35-2017 |
|---------------------|--|-------------|----------|---------|---------|

## EXHIBIT A-1.



Morgan Stanley

2.40% APY  
6-Month Certificate of Deposit (CD)

ISSUED BY EITHER:  
Morgan Stanley Private Bank, National Association  
(MSPBNA) | Morgan Stanley Bank, N.A. (MSBNA)

Reference site: <http://www.morganstanley.com/campaigns/wealth-management/cd-savings?icid=whmtptbggpchmt-dbin-pbgcdsav-390>

Compare today's average CD rates in the state of Hawaii. Bankrate aggregates CD rates from multiple sources to provide averages for Hawaii.

### Hawaii CD Rates

MONDAY, NOVEMBER 19

| TERM                         | RATE  | CHANGE  | LAST WEEK |
|------------------------------|-------|---------|-----------|
| <a href="#">1 year</a>       | 1.45% | ↗ 0.14  | 1.31%     |
| <a href="#">18 months</a>    | 1.50% | -- 0.00 | 1.50%     |
| <a href="#">2 year</a>       | 1.51% | ↗ 0.15  | 1.36%     |
| <a href="#">3 year</a>       | 1.74% | ↗ 0.12  | 1.62%     |
| <a href="#">4 year</a>       | 2.29% | ↗ 0.27  | 2.02%     |
| <a href="#">5 year</a>       | 1.86% | ↗ 0.11  | 1.75%     |
| <a href="#">5 year jumbo</a> | 2.67% | -- 0.00 | 2.67%     |

Today's 1-year CD rate:

**1.45** %

Reference site: <https://www.bankrate.com/hawaii/cd-rates.aspx>

# EXHIBIT A-2. PROJECTED CALCULATIONS

AGE: 1

FOR PERIOD ENDED 09/30/2018

DATE PRINTED: 10/22/2018

**CONSOLIDATED**

| BLD ACCT 2392         | CURRENT MONTH                 |              |              |            | YEAR TO DATE |              | FISCAL BEG: 1 |            |            |
|-----------------------|-------------------------------|--------------|--------------|------------|--------------|--------------|---------------|------------|------------|
|                       | DESCRIPTION                   | ---ACTUAL--- | ---BUDGET--- | ---VAR.--- | ---BUD%---   | ---ACTUAL--- | ---BUDGET---  | ---VAR.--- | ---BUD%--- |
| <b>CASH RECEIPTS:</b> |                               |              |              |            |              |              |               |            |            |
| 5100                  | MAINTENANCE FEE-COMMON        | 33200.28     | 34824.16     | -1623.88   |              | 304438.92    | 313417.44     | -8978.52   |            |
| 5102                  | MAINTENANCE FEE-TOWER         | 252372.04    | 275443.66    | -23071.62  |              | 2487847.19   | 2478992.94    | 8854.25    |            |
| 5103                  | MAINTENANCE FEE-MIDRISE       | 16598.96     | 17843.52     | -1244.56   |              | 161441.90    | 160591.68     | 850.22     |            |
| 5104                  | MAINTENANCE FEE-COMMERCIAL    | 2329.45      | 2329.44      | 0.01       |              | 20965.05     | 20964.96      | 0.09       |            |
| 5181                  | ELECTRICITY REIMB-TOWER       | 52015.93     | 25126.00     | 26889.93   |              | 417351.51    | 226134.00     | 191217.51  |            |
| 5182                  | ELECTRICITY REIMB-MIDRISE     | 4319.77      | 2891.00      | 1428.77    |              | 33402.97     | 26019.00      | 7383.97    |            |
| 5184                  | ELECTRICITY REIMB-CHRGPOINT   | 0.00         | 80.00        | -80.00     |              | 3146.81      | 720.00        | 2426.81    |            |
| 5210                  | OTHER NON-TAX RCPTS-HO6 REIMB | 203.00       | 0.00         | 203.00     |              | 14588.39     | 0.00          | 14588.39   |            |
| 5215                  | ASSOCIATION DUES              | -10.34       | 3441.00      | -3451.34   |              | -64.76       | 30969.00      | -31033.76  |            |
| 5218                  | INSURANCE SETTLEMENT          | 0.00         | 0.00         | 0.00       |              | 48401.98     | 0.00          | 48401.98   |            |
| 5270                  | INTEREST FROM INVESTMENTS     | 884.04       | 105.00       | 779.04     |              | 4921.51      | 945.00        | 3976.51    |            |
| 5290                  | INTEREST FROM CHECKING        | 40.63        | 45.00        | -4.37      |              | 358.12       | 405.00        | -46.88     |            |
| 5330                  | LAUNDRY INCOME                | 190.00       | 0.00         | 190.00     |              | 190.00       | 0.00          | 190.00     |            |
| 5350                  | PARKING FEES                  | 0.00         | 0.00         | 0.00       |              | 10.00        | 0.00          | 10.00      |            |
| 5360                  | LATE CHARGES                  | -31.33       | 155.00       | -186.33    |              | 1571.97      | 1395.00       | 176.97     |            |
| 5361                  | INTEREST CHARGES              | -20.07       | 0.00         | -20.07     |              | 20.36        | 0.00          | 20.36      |            |
| 5370                  | OTHER TAXABLE RECEIPTS        | 0.00         | 20.00        | -20.00     |              | 1382.49      | 180.00        | 1202.49    |            |

## TOTAL EARNED FROM INTEREST AS OF SEPT : CONSOLIDATED VS. TOWER

|   |  |   |
|---|--|---|
| <p>----- PREPARED FOR -----<br/>         600 ALA MOANA BLVD<br/>         HONOLULU HI 96813</p> <p>ACCT. NO: 2389<br/>         PAGE: 1</p> | <p><b>COLLECTION-TOWER</b><br/> <b>STATEMENT OF RECEIPTS AND DISBURSEMENTS</b><br/> <b>FOR PERIOD ENDED 09/30/2018</b></p> | <p>----- PREPARED BY -----<br/>         HAWAIIANA MANAGEMENT COMPANY, LTD.</p> <p>ACCOUNTANT: MILDRED CABAUATAN</p> <p>DATE PRINTED: 10/22/2018</p> |
|---|--|---|

**TOWER**

| BLD ACCT 2389         | CURRENT MONTH                 |              |              |            | YEAR TO DATE |              | FISCAL BEG: 1 |            |            |
|-----------------------|-------------------------------|--------------|--------------|------------|--------------|--------------|---------------|------------|------------|
|                       | DESCRIPTION                   | ---ACTUAL--- | ---BUDGET--- | ---VAR.--- | ---BUD%---   | ---ACTUAL--- | ---BUDGET---  | ---VAR.--- | ---BUD%--- |
| <b>CASH RECEIPTS:</b> |                               |              |              |            |              |              |               |            |            |
| 5102                  | MAINTENANCE FEE-TOWER         | 252372.04    | 275443.66    | -23071.62  |              | 2487847.19   | 2478992.94    | 8854.25    |            |
| 5181                  | ELECTRICITY REIMB-TOWER       | 52015.93     | 25126.00     | 26889.93   |              | 417351.51    | 226134.00     | 191217.51  |            |
| 5184                  | ELECTRICITY REIMB-CHRGPOINT   | 0.00         | 80.00        | -80.00     |              | 3146.81      | 720.00        | 2426.81    |            |
| 5210                  | OTHER NON-TAX RCPTS-HO6 REIMB | 812.00       | 0.00         | 812.00     |              | 12152.38     | 0.00          | 12152.38   |            |
| 5215                  | ASSOCIATION DUES              | -10.34       | 0.00         | -10.34     |              | -64.76       | 0.00          | -64.76     |            |
| 5218                  | INSURANCE SETTLEMENT          | 0.00         | 0.00         | 0.00       |              | 48401.98     | 0.00          | 48401.98   |            |
| 5270                  | INTEREST FROM INVESTMENTS     | 747.57       | 30.00        | 717.57     |              | 3780.81      | 270.00        | 3510.81    |            |
| 5290                  | INTEREST FROM CHECKING        | 23.71        | 15.00        | 8.71       |              | 196.34       | 135.00        | 61.34      |            |
| 5330                  | LAUNDRY INCOME                | 0.00         | 0.00         | 0.00       |              | 150.00       | 0.00          | 150.00     |            |
| 5350                  | PARKING FEES                  | 0.00         | 0.00         | 0.00       |              | 10.00        | 0.00          | 10.00      |            |
| 5360                  | LATE CHARGES                  | -31.33       | 150.00       | -181.33    |              | 1433.97      | 1350.00       | 83.97      |            |

----- PREPARED FOR -----  
 EDWARD J. HAWAIIANA BLVD  
 HONOLULU HI 96813  
 ACCT. NO: 2389  
 PAGE: 3

STATE

Tower

ogle Docs

NO DISBURSEMENTS

FOR PERIOD ENDED 09/30/2018

----- PREPARED BY -----  
 HAWAIIANA MANAGEMENT COMPANY, LTD.  
 ACCOUNTANT: MILDRED CABAUATAN  
 DATE PRINTED: 10/22/2018

| BLD ACCT 2389                                 | CURRENT MONTH                       |                  |                  |                  | YEAR TO DATE |                   |                   |                   | FISCAL BEG: 1 |
|---|-------------------------------------|------------------|------------------|------------------|--------------|-------------------|-------------------|-------------------|---------------|
|   | DESCRIPTION                         | ---ACTUAL---     | ---BUDGET---     | ---VAR.---       | -BUD%        | ---ACTUAL---      | ---BUDGET---      | ---VAR.---        | --BUD%        |
| <b>PAYROLL AND BENEFITS:</b>                  |                                     |                  |                  |                  |              |                   |                   |                   |               |
| 7010  | PAYROLL-MANAGER                     | 7384.62          | 7753.85          | -369.23          |              | 73846.20          | 77169.26          | -3323.06          |               |
| 7011  | PAYROLL-OPERATIONS SUPERVISOR       | 3933.00          | 3932.80          | 0.20             |              | 39330.00          | 39328.00          | 2.00              |               |
| 7020  | PAYROLL-MAINTENANCE                 | 14325.94         | 16924.91         | -2598.97         |              | 152815.45         | 167619.01         | -14803.56         |               |
| 7030  | PAYROLL-HOUSEKEEPING                | 15855.99         | 16494.98         | -638.99          |              | 143256.35         | 164334.56         | -21078.21         |               |
| 7050  | PAYROLL-SECURITY                    | 30078.10         | 37823.09         | -7744.99         |              | 289246.91         | 377574.20         | -88327.29         |               |
| 7060  | PAYROLL-OFFICE                      | 3461.54          | 4100.00          | -638.46          |              | 36979.57          | 41000.00          | -4020.43          |               |
| 7070  | WORKERS COMPENSATION                | -4752.00         | 0.00             | -4752.00         |              | 27809.00          | 36780.00          | -8971.00          |               |
| 7080  | TDI                                 | 0.00             | 275.00           | -275.00          |              | 2637.11           | 2475.00           | 162.11            |               |
| 7090  | HEALTH CARE                         | 11330.58         | 13000.00         | -1669.42         |              | 101074.98         | 117000.00         | -15925.02         |               |
| 7100  | PAYROLL TAXES                       | 6677.45          | 6857.75          | -180.30          |              | 74144.81          | 70689.51          | 3455.30           |               |
| 7140  | PAYROLL PREPARATION                 | 302.68           | 0.00             | 302.68           |              | 2895.46           | 0.00              | 2895.46           |               |
| 7170  | UNIFORMS                            | 0.00             | 208.33           | -208.33          |              | 1260.33           | 1874.97           | -614.64           |               |
|   | <b>TOTAL PAYROLL AND BENEFITS</b>   | <b>88597.90</b>  | <b>107370.71</b> | <b>-18772.81</b> | <b>82.5</b>  | <b>945296.17</b>  | <b>1095844.51</b> | <b>-150548.34</b> | <b>86.3</b>   |
| <b>OTHER EXPENSES:</b>                        |                                     |                  |                  |                  |              |                   |                   |                   |               |
| 7510  | LOANS                               | 5168.00          | 5167.78          | 0.22             |              | 46512.00          | 46510.02          | 1.98              |               |
|   | <b>TOTAL OTHER EXPENSES</b>         | <b>5168.00</b>   | <b>5167.78</b>   | <b>0.22</b>      | <b>100.0</b> | <b>46512.00</b>   | <b>46510.02</b>   | <b>1.98</b>       | <b>100.0</b>  |
|   | <b>TOTAL OPERATING EXPENSES</b>     | <b>273310.86</b> | <b>270876.00</b> | <b>2434.86</b>   | <b>100.9</b> | <b>2437830.11</b> | <b>2452096.12</b> | <b>-14266.01</b>  | <b>99.4</b>   |
|   | <b>OPERATING SURPLUS/DEFICIT</b>    | <b>39875.44</b>  | <b>36902.23</b>  | <b>2973.21</b>   | <b>108.1</b> | <b>616484.33</b>  | <b>327807.95</b>  | <b>288676.38</b>  | <b>188.1</b>  |
| <b>CAPITAL IMPR AND MAJOR REP &amp; REPL:</b> |                                     |                  |                  |                  |              |                   |                   |                   |               |
| 8536  | ELEVATOR                            | 0.00             | 0.00             | 0.00             |              | 0.00              | 25000.00          | -25000.00         |               |
| 8621  | GARAGE UPGRADE                      | 0.00             | 0.00             | 0.00             |              | 8214.66           | 10815.00          | -2600.34          |               |
|   | <b>TOTAL CAPITAL IMPR AND MAJOR</b> | <b>0.00</b>      | <b>0.00</b>      | <b>0.00</b>      | <b>0.0</b>   | <b>8214.66</b>    | <b>35815.00</b>   | <b>-27600.34</b>  | <b>22.9</b>   |
|   | <b>TOTAL CASH DISBURSEMENTS</b>     | <b>273310.86</b> | <b>270876.00</b> | <b>2434.86</b>   | <b>100.9</b> | <b>2446044.77</b> | <b>2487911.12</b> | <b>-41866.35</b>  | <b>98.3</b>   |
|   | <b>CHANGE IN SECURITY DEPOSITS</b>  | <b>0.00</b>      | <b>0.00</b>      | <b>0.00</b>      | <b>0.0</b>   | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>       | <b>0.0</b>    |

Contingency Reserve Fund

\$0

| CY<br>Year | Starting<br>Balance | -Reserve<br>Expense | -Loan<br>Payments | -Operating<br>Expenses | +Maint.<br>Fees | +Other<br>Income | +Interest<br>Income | =Ending<br>Balance | % Maint. Fee<br>Change | Net Reserve<br>Contrib. |
|------------|---------------------|---------------------|-------------------|------------------------|-----------------|------------------|---------------------|--------------------|------------------------|-------------------------|
| 2019       | 700,000             | 25,625              | 62,013            | 3,461,095              | 3,404,486       | 698,906          | Included            | 1,254,659          | 3.0%                   | 554,659                 |
| 2020       | 1,254,659           | 10,506              | 62,013            | 3,547,622              | 3,506,621       | 694,586          | 38,630              | 1,874,354          | 3.0%                   | 581,065                 |
| 2021       | 1,874,354           | 243,377             | 62,013            | 3,636,313              | 3,611,819       | 694,586          | 51,418              | 2,290,473          | 3.0%                   | 364,702                 |
| 2022       | 2,290,473           | 0                   | 62,013            | 3,727,221              | 3,720,174       | 694,586          | 65,081              | 2,981,080          | 3.0%                   | 625,526                 |
| 2023       | 2,981,080           | 28,285              | 62,013            | 3,820,401              | 3,831,779       | 694,586          | 82,223              | 3,678,968          | 3.0%                   | 615,665                 |
| 2024       | 3,678,968           | 58,274              | 62,013            | 3,915,911              | 3,946,732       | 694,586          | 99,538              | 4,383,626          | 3.0%                   | 605,120                 |
| 2025       | 4,383,626           | 29,717              | 62,013            | 4,013,809              | 4,065,134       | 694,586          | 117,768             | 5,155,575          | 3.0%                   | 654,181                 |
| 2026       | 5,155,575           | 1,718,302           | 62,013            | 4,114,154              | 4,187,088       | 694,586          | 116,229             | 4,259,009          | 3.0%                   | (1,012,795)             |
| 2027       | 4,259,009           | 31,221              | 62,013            | 4,217,008              | 4,312,701       | 694,586          | 115,188             | 5,071,242          | 3.0%                   | 697,045                 |
| 2028       | 5,071,242           | 366,008             | 62,013            | 4,322,433              | 4,442,082       | 694,586          | 131,609             | 5,589,064          | 3.0%                   | 386,213                 |
| 2029       | 5,589,064           | 378,209             | 62,013            | 4,430,494              | 4,575,344       | 694,586          | 144,717             | 6,132,995          | 3.0%                   | 399,214                 |
| 2030       | 6,132,995           | 0                   | 62,013            | 4,541,257              | 4,712,605       | 694,586          | 163,374             | 7,100,289          | 3.0%                   | 803,921                 |
| 2031       | 7,100,289           | 1,372,617           | 62,013            | 4,654,788              | 4,853,983       | 694,586          | 170,747             | 6,730,187          | 3.0%                   | (540,849)               |
| 2032       | 6,730,187           | 71,002              | 41,342            | 4,771,158              | 4,999,602       | 694,586          | 178,388             | 7,719,262          | 3.0%                   | 810,687                 |
| 2033       | 7,719,262           | 36,208              | 0                 | 4,890,437              | 5,149,591       | 694,586          | 204,451             | 8,841,244          | 3.0%                   | 917,532                 |
| 2034       | 8,841,244           | 267,211             | 0                 | 5,012,698              | 5,304,078       | 694,586          | 230,016             | 9,790,015          | 3.0%                   | 718,756                 |
| 2035       | 9,790,015           | 38,041              | 0                 | 5,138,015              | 5,463,201       | 694,586          | 257,022             | 11,028,768         | 3.0%                   | 981,731                 |
| 2036       | 11,028,768          | 6,789,289           | 0                 | 5,266,465              | 5,627,097       | 694,586          | 204,043             | 5,498,740          | 3.0%                   | (5,734,072)             |
| 2037       | 5,498,740           | 39,967              | 0                 | 5,398,127              | 5,795,909       | 694,586          | 150,624             | 6,701,765          | 3.0%                   | 1,052,402               |
| 2038       | 6,701,765           | 0                   | 0                 | 5,533,080              | 5,969,787       | 694,586          | 181,685             | 8,014,743          | 3.0%                   | 1,131,293               |
| 2039       | 8,014,743           | 484,140             | 0                 | 5,671,407              | 6,148,880       | 694,586          | 208,968             | 8,911,629          | 3.0%                   | 687,919                 |
| 2040       | 8,911,629           | 56,533              | 0                 | 5,813,192              | 6,333,347       | 694,586          | 230,956             | 9,795,793          | 3.0%                   | 653,207                 |
| 2041       | 9,795,793           | 7,175,701           | 0                 | 5,958,522              | 6,523,347       | 694,586          | 170,941             | 4,050,444          | 3.0%                   | (5,916,290)             |
| 2042       | 4,050,444           | 0                   | 0                 | 6,107,485              | 6,719,048       | 694,586          | 117,588             | 5,474,180          | 3.0%                   | 1,306,148               |
| 2043       | 5,474,180           | 46,349              | 0                 | 6,260,172              | 6,920,619       | 694,586          | 153,213             | 6,936,077          | 3.0%                   | 1,308,684               |
| 2044       | 6,936,077           | 19,003              | 0                 | 6,416,677              | 7,128,238       | 694,586          | 190,741             | 8,513,963          | 3.0%                   | 1,387,144               |
| 2045       | 8,513,963           | 48,695              | 0                 | 6,577,094              | 7,342,085       | 694,586          | 230,485             | 10,155,330         | 3.0%                   | 1,410,882               |
| 2046       | 10,155,330          | 6,099,320           | 0                 | 6,741,521              | 7,562,347       | 694,586          | 196,584             | 5,768,007          | 3.0%                   | (4,583,908)             |
| 2047       | 5,768,007           | 51,160              | 0                 | 6,910,059              | 7,789,218       | 694,586          | 163,232             | 7,453,824          | 3.0%                   | 1,522,585               |
| 2048       | 7,453,824           | 105,403             | 0                 | 7,082,810              | 8,022,894       | 694,586          | 205,461             | 9,188,552          | 3.0%                   | 1,529,267               |

Tower: Large reserve outflows do not occur for some 10-15-20. If properly manage, opportunity for higher secure returns will be more than the current 1% regular savings.

**TOTAL EXPENDITURES** for the month: \$273,310.86  
 Compared to the budgeted expenses: \$270,876.00



**DATA FROM SEPT TOWER  
 FINANCIAL**

There is a net operating **surplus** of \$39,875.44

At month end the **OPERATIONS ACCOUNTS** balance is \$768,551.01 and the **RESERVES** balance is \$789,009.03 with a **TOTAL CASH AND RESERVES** at \$1,557,560.04.

| TOWER        | CASH            | Actual YTD interest | Current Annual Interest Rate |
|--------------|-----------------|---------------------|------------------------------|
| Operating    | \$ 768,551.00   | \$ 196.34           | 0.034%                       |
| Reserve      | \$ 789,009.00   | \$ 3,789.81         | 0.640%                       |
| <b>Total</b> | \$ 1,557,560.00 | <b>\$ 3,986.15</b>  | 0.341%                       |

| TOWER        | Projected       | Current Interest Rate | Projected Earn |
|--------------|-----------------|-----------------------|----------------|
| Operating    | \$ 700,000.00   | 0.034%                | \$ 178.83      |
| Reserve      | \$ 857,560.00   | 2.50%                 | \$ 16,079.25   |
| <b>Total</b> | \$ 1,557,560.00 | 1.39%                 | \$ 16,258.08   |

|                        |                    |           |
|------------------------|--------------------|-----------|
| Possible Interest Earn | \$ 16,258.08       |           |
| Currently YTD Interest | <b>\$ 3,986.15</b> | Thru Sept |
| Opportunity Lost       | \$ 12,271.93       |           |
| Monthly Lost           | \$ 1,363.55        |           |