



November 30, 2010

Homeowner(s)
Toronto Standard Condominium Corporation No. 1577
Suite PH03
5229 Dundas St. West, Etobicoke, Ontario
M9B 6L9

Dear Owner(s):

Re: Operating Budget: January 1 – December 31, 2011

The TSCC 1577 net operating budget (Essex 1 tower costs, including proportionate share of the grounds and recreation centre costs shared with Essex 2 and the Shared Roadway/Walkway costs shared with Essex 2, Nuvo 1 and Nuvo 2) prepared by your Board of Directors for the fiscal year January 1 to December 31, 2010 was \$1,629,742, to be recovered by common element fees. Total net actual expenditures for 2010 are expected to be on budget.

The Board has now approved a 2011 net operating budget in the amount of \$1,703,020, a 4.5% increase over 2010 common element fees. This translates to an average fee increase of \$26.10 per month per unit.

As was communicated often during the past two years, the increase reflects the full year effect (an estimated 2.49%) of the new Ontario (HST) Harmonized Sales Tax which came into force in July 2010 combined with underlying forecast inflation pressures of 3.0%, where applicable, and other major factors outlined on the following page. Please also see the attached pie chart views.

Accordingly, your new monthly common element assessment for 2011 will be \$894.02.

Currently, most owners take advantage of the "Electronic Funds Transfer Program" and the new monthly amount will automatically take effect January 1, 2011. We encourage the few owners who are still on the manual system to sign up for automatic payments. **Please complete the enclosed form, attach a "Void" cheque and return both to the Management office by December 15, 2010. If you are currently on EFT there is no need to fill out a new form.**

If you still wish to use cheques, please provide the Management Office with twelve (12) post-dated cheques, dated the first (1st) day of each month from January 1, 2011 up to and including December 1, 2011. Please make your cheques payable to: "TSCC No. 1577" with your suite number indicated on the top right corner, and submit them to the Management Office **no later than December 15, 2010. Your prompt attention to this request will be greatly appreciated, and will ensure that the administration work for the new fiscal year can be completed on schedule.**

Respectfully,
Fred Reichl,
On behalf of the TSCC 1577 Board of Directors

Budget Notes: 2011 TSCC 1577 Operating Budget (Page 1 of 2)

The 4.50% common element fee increase for 2011 is due to the following major factors inclusive of the impact of the HST.

Reserve Fund contribution increase of \$9,502 (+0.58%) for the Essex 1 tower as mandated in the newly approved October 2010 Reserve Fund Study. This study was updated as per legislative requirements during 2010 to apply to the 2011 Budgets.

Maintenance & Service Contracts are up \$15,110 (+0.93%) reflecting a 3.0% inflation and 2.49% HST increase offset by lower Security staffing costs.

Repairs and Maintenance costs will increase \$1,110 (+0.07%) reflecting a 3.0% inflation and 2.49% HST increase offset by favourable contract negotiations with suppliers/contractors.

Utilities will be up \$5,550 (+.34%) based on consumption experience, contracted and forecast price increases, consumption based on the average over the last two years of heating and cooling and reflecting continued savings from prior year energy conservation projects. We expect hydro electricity costs to be up \$10,200 due to a recently approved rate increase. Water costs will be up \$15,750 reflecting continuation of a multi-year rate increase previously announced by the city and based on current consumption experience.

We expect gas costs to be down \$20,400 in 2011. Our one year fixed commodity price contract for natural gas expired in 2010. We were able through our agent, Provident Energy management to negotiate a very attractive new long term (five-year) contract, effective November 1, 2010.

Shared Facilities: Our proportionate share of the Essex Shared Facilities and Shared Roadway/Walkway costs will be up \$27,328, representing 1.68% of your total 4.5% increase. See details on the next page.

Special Projects: During 2011, we will embark on special maintenance projects (budgeted at \$31,221) to clean out riser plumbing stacks and internal clothes dryers and air vents serving all units. This project has little impact on 2011 fees, since we will be paying for \$23,000 of the work from our current operating surplus.

Operating Contingency Fund: We made no contributions in 2010, leaving the balance of \$146,152, the same as that going into 2010. We will not add to this balance in 2011.

Operating Surplus: In 2010, we plan to apply \$23,000 (-1.41%) of our operating surplus to offset 2011 expenses and help keep the fee increase to just 4.5%.

HST: The total 2011 TSCC1577 budget effect of the HST incorporated in the above expenses is \$40,553 (+2.49%). If the HST was not a reality, the common element fee increase for 2011 would have been just 2.0%.

Budget Notes: 2011 TSCC 1577 Operating Budget (page 2 of 2)

Recreational and Shared Facilities: The Essex 1 budgeted share will be \$298,586 up \$27,113 (9.99%) from 2010.

- a. **Essex Shared Facilities** budgeted costs will be \$699,264 in 2010, up 9.99% over last year's budget. The Essex 1 share of 42.7% in 2011 will be \$298,586, up \$27,113.

Essex Shared Facilities Reserve Fund contribution will be up \$12,773 (+2.0%) as per the mandated 2009 Reserve Fund study update covering the entire recreation centre and Phase 1 and Phase 2 garages. **Repairs and Maintenance** will be up \$2000 (+0.3%) reflecting the impact of the HST. **Maintenance & Service Contracts** will up \$9,758 (+1.5%) due to provision for inflation and the impact of the HST. **Recreational / Joint Programs expenses** will be up \$959 (+0.2%) reflecting normal equipment repairs and maintenance due to heavy usage. **Administrative costs** will be up \$8,425 (+1.3%) due to increased insurance premiums. **Guest Suite/Party Room costs** will be down \$1,000 (-0.2%)

Utilities will be up \$18,485 (+2.9%): (Hydro electricity will be up \$16,600, an expected price increase and the effect of HST. Gas will be up \$1,335, reflecting the effect of the HST. Water will be up \$550 due to the city's multi year rate increase.)

Special Project: There is no special project in 2011.

Tridel Rental Contract: In mid 2011, our three-year rental contract with Tridel is slated to end. Currently, Tridel pays us a rental fee for placing their Parc Nuvo marketing signs on our property. The Sundry Income account will therefore be down \$12,095 resulting in a 1.9% increase in net cost.

HST: The overall 2011 budget effect of the HST incorporated in the above Shared Facilities expenses is \$16,554 (+2.6%).

- b. **Essex Shared Roadway/Walkway** budgeted costs will be \$32,597, 3.9% increase, due mainly to increased insurance premiums. The Essex 1 share of 19.17% in 2011 (reflecting the four-way proportional split for the full year with Essex 2, Nuvo 1 and now Nuvo 2) will be \$6,249.

Parc Nuvo, the fifth Tridel building will join the partnership when it is registered. We will not have any other mandated cost sharing arrangements with other adjacent condominiums. However, the city is forcing the condominium development on Auckland to contribute to the costs of the shared roadway/walkway. This additional partner, will only have the effect of slightly reducing our share of the cost some time in the future.

OPERATING BUDGET

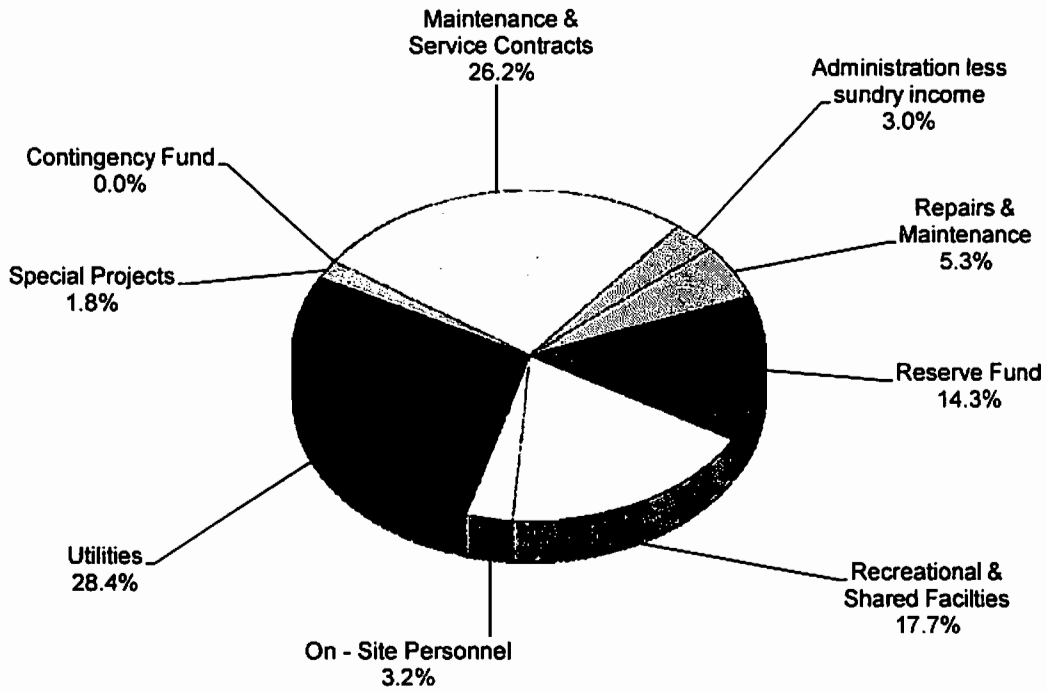
January 1, 2011 to December 31, 2011

	CURRENT BUDGET 2010	APPROVED BUDGET 2011	% of Total 2011
Maintenance & Service Contracts	437,634	452,744	26.58%
Repairs & Maintenance	91,186	92,296	5.42%
Recreational & Shared Facilities	277,507	304,835	17.90%
Utilities	484,400	489,950	28.77%
On - Site Personnel	53,666	55,590	3.26%
Special Projects	-	31,221	1.83%
Administration	50,827	55,360	3.25%
Total Operating Expense :	<u>1,395,220</u>	<u>1,481,996</u>	<u>87.02%</u>
Less: Sundry Income	3,040	3,040	0.18%
NET OPERATING EXPENSE:	<u>1,392,180</u>	<u>1,478,956</u>	<u>86.84%</u>
Contribution to Reserves	237,562	247,064	14.51%
Contribution to Contingency	-	-	0.00%
TOTAL FUNDS REQUIRED	<u>1,629,742</u>	<u>1,726,020</u>	<u>101.35%</u>
Contributed from Current Year's Surplus	-	(23,000)	-1.35%
COMMON ELEMENT ASSESSMENT:	<u>1,629,742</u>	<u>1,703,020</u>	<u>100.00%</u>

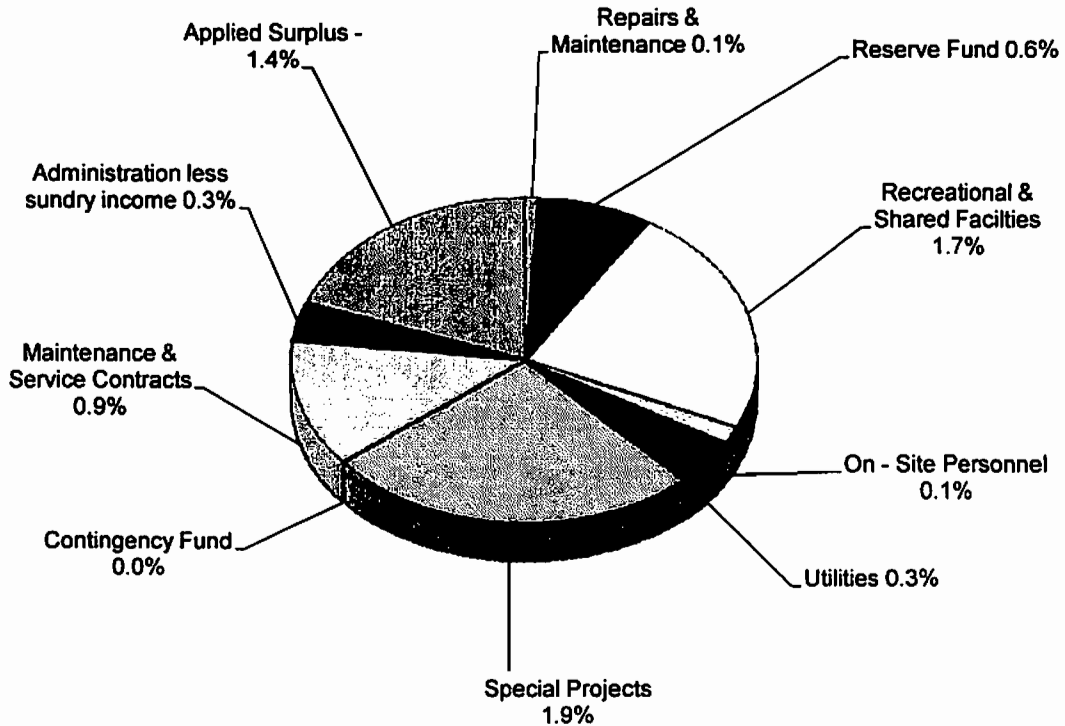
TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1577
OPERATING BUDGET - January 1,2011 to December 31,2011

	CURRENT BUDGET 2010	APPROVED BUDGET 2011	% OF Total 2011
<u>Service Contracts :</u>			
Airconditioning & Heating	24,189	24,706	1.45%
Odor Control	1,676	1,695	0.10%
Elevator Maintenance	19,171	19,875	1.17%
Fire Equipment Monitoring	7,442	8,120	0.48%
Fire Equipment Inspection	1,347	1,403	0.08%
Indoor Plant Maintenance	2,235	1,035	0.06%
Water Feature	-	194	0.01%
Access Control	189,291	190,910	11.21%
Pest Control	1,125	1,180	0.07%
Generator Maintenance	2,127	2,775	0.16%
Hcusekeeping	81,527	87,085	5.11%
Energy Management	19,867	20,950	1.23%
Management Fees	85,003	90,285	5.30%
Total :	435,020	450,213	26.44%
<u>Repairs & Maintenance :</u>			
Air conditioning & Heating	8,700	8,900	0.52%
Plumbing	5,000	6,500	0.38%
Electrical	7,800	7,800	0.46%
Surveillance Equipment	3,000	2,000	0.12%
Waste Disposal	4,000	3,000	0.18%
Garbage Levy	16,934	17,556	1.03%
Elevator Service	1,000	800	0.05%
Fire Equipment Maintenance	3,500	3,100	0.18%
Doors,Locks,Keys	1,500	1,000	0.06%
Cleaning Supplies	2,000	3,000	0.18%
General Repairs & Hardware	12,300	12,000	0.70%
Carpet Cleaning & Repairs	8,000	8,000	0.47%
Window Cleaning & Anchors	17,359	18,410	1.08%
Corporation owned Unit Cost	93	130	0.01%
Total :	91,186	92,296	5.42%
<u>Recreational & Shared Facilities</u>			
	277,507	304,835	17.90%
<u>Utilities :</u>			
Gas	145,300	124,900	7.33%
Hydro	226,500	236,700	13.90%
Water	112,600	128,350	7.54%
Total :	484,400	489,950	28.39%
<u>On-site Personnel</u>			
	53,666	55,590	3.26%
<u>Administration :</u>			
Telephone	3,400	2,340	0.14%
Occupational Health & Safety	500	1,000	0.06%
Office Expense	6,000	6,000	0.35%
Meeting Costs	4,000	4,000	0.23%
Insurance	28,227	30,720	1.80%
Audit Fees	2,700	3,300	0.19%
Consulting & Appraisal	3,000	3,000	0.18%
Legal Fees	5,000	5,000	0.29%
Total :	50,827	55,360	3.25%

Distribution of 2011 TSCC 1577 Budget - by cost category



Contribution to 2011 TSCC 1577 Budget increase - by cost category



TSCC #1577 Common Element Fee Summary

2011								
Unit Type	Reference #		# of units	Unit Monthly fee	Total \$/ month			
Suite	103	to	1803	17	720.49	12,248.28		
Suite	104	to	1804	17	627.57	10,668.65		
Suite	105	to	105	1	710.31	710.31		
Suite	107	to	107	1	817.88	817.88		
Suite	108	to	1808	17	857.33	14,574.69		
Suite	109	to	1809	17	416.26	7,076.45		
Suite	110	to	1810	17	720.49	12,248.28		
Suite	112	to	112	1	548.64	548.64		
Suite	201	to	2101	19	512.36	9,734.88		
Suite	202	to	2102	19	445.53	8,465.06		
Suite	205	to	1805	16	615.47	9,847.54		
Suite	206	to	2106	19	558.18	10,605.51		
Suite	207	to	2107	19	558.18	10,605.51		
Suite	211	to	2111	19	445.53	8,465.06		
Suite	121	to	2112	19	512.36	9,734.88		
Suite	1905	to	1905	1	1,343.60	1,343.60		
Suite	1908	to	1908	1	1,348.69	1,348.69		
Suite	2003	to	2103	2	622.48	1,244.96		
Suite	2004	to	2104	2	722.41	1,444.81		
Suite	2008	to	2108	2	727.50	1,454.99		
Suite	2010	to	2110	2	618.65	1,237.30		
Suite	PH01	to	PH01	1	760.59	760.59		
Suite	PH03	to	PH03	1	878.33	878.33		
Suite	PH04	to	PH04	1	1,008.82	1,008.82		
Suite	PH06	to	PH06	1	693.76	693.76		
Suite	PH08	to	PH08	1	1,257.04	1,257.04		
Suite	PH12	to	PH12	1	1,144.39	1,144.39		
Lockers-A			58	3.36	194.80	3.21	186.42	
Lockers-B			41	3.36	137.70	3.21	131.78	
Lockers-C			40	3.36	134.34	3.21	128.56	
P Lockers	A, B, & C		14	7.84	109.77	7.50	105.05	
Parking-A			28	4.48	125.52	4.29	120.12	
Parking-A			1	5.61	5.61	5.37	5.37	
Parking-B			111	4.48	497.55	4.29	476.14	
Parking-C			119	4.48	533.41	4.29	510.46	
Communication Control Unit			1	2.08	2.08	1.99	1.99	
Recreation Centre Unit	A	91	1	2.14	2.14	2.05	2.05	
Shared Service Room	A	92	1	2.10	2.10	2.01	2.01	
Shared Service Room	A	93	1	2.10	2.10	2.01	2.01	
Shared Service Room	C	166	1	2.10	2.10	2.01	2.01	
Monthly Total					\$	141,918	\$	135,812
Annual Total					\$	1,703,017	\$	1,629,739

2010	
Unit Monthly fee	Total \$/ month
689.49	11,721.26
600.56	10,209.59
679.75	679.75
782.68	782.68
820.44	13,947.56
398.35	6,771.96
689.49	11,721.26
525.03	525.03
490.32	9,316.01
426.36	8,100.83
588.99	9,423.82
534.17	10,149.17
534.17	10,149.17
426.36	8,100.83
490.32	9,316.01
1285.78	1,285.78
1290.65	1,290.65
595.69	1,191.39
691.32	1,382.65
696.19	1,392.39
592.03	1,184.07
727.87	727.87
840.54	840.54
965.41	965.41
663.91	663.91
1202.95	1,202.95
1095.15	1,095.15
3.21	186.42
3.21	131.78
3.21	128.56
7.50	105.05
4.29	120.12
5.37	5.37
4.29	476.14
4.29	510.46
1.99	1.99
2.05	2.05
2.01	2.01
2.01	2.01
2.01	2.01
\$ 135,812	
\$ 1,629,739	

Chargeable Unit count	
Suites	234
Lockers	153
Parking	259
Other	5
Total	651

Average Monthly Fee Total By Suite: \$ 606

Average Monthly Suite Fee Total: By Cost Category	
Utilities	\$ 174
Maintenance & Service Contracts	\$ 161
Recreational & Shared Facilities	\$ 109
Reserve Fund	\$ 88
Repairs & Maintenance	\$ 33
On - Site Personnel	\$ 20
Administration less sundry income	\$ 19
Special Projects	\$ 11
Contingency Fund	\$ -
Applied Surplus	\$ (8)

2011 fee inc. 4.50%

ESSEX SHARED FACILITIES

OPERATING BUDGET

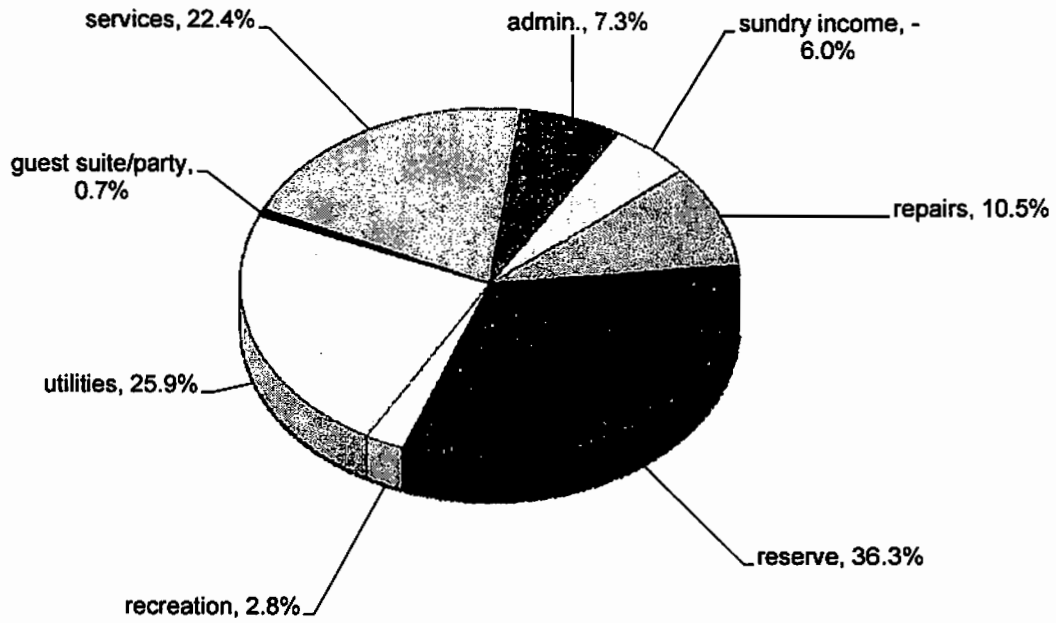
January 1, 2011 to December 31, 2011

	PROJECTED 2010	CURRENT BUDGET 2010	APPROVED BUDGET 2011	BUDGET CHANGE 2011	
Maintenance & Service Contracts	146,225	146,885	156,643	9,758	
Repairs & Maintenance	94,919	71,500	73,500	2,000	
Recreation / Joint Programs	21,510	18,760	19,719	959	
Utilities	161,220	162,565	181,050	18,485	
Special Projects	-	-	-	-	
Guest/Party Room Expenses	5,265	6,000	5,000	(1,000)	
Administration	40,402	42,784	51,209	8,425	
Total Operating Expense :	469,541	448,494	487,121	38,627	
Less: Sundry Income	58,230	53,725	41,630	(12,095)	
NET OPERATING EXPENSE:	411,311	394,769	445,491	50,722	
Contribution to Reserve	241,000	241,000	253,773	12,773	
TOTAL FUNDS REQUIRED	652,311	635,769	699,264	63,495	
Contributed from Prior Year's Surplus	-	-	-	-	
T.S.C.C. NO. 1577	271,473	271,473	298,586	27,112	42.70%
Essex II	364,296	364,296	400,678	36,383	57.30%
COMMON ELEMENT ASSESSMENT:	635,769	635,769	699,264	63,495	100.00%

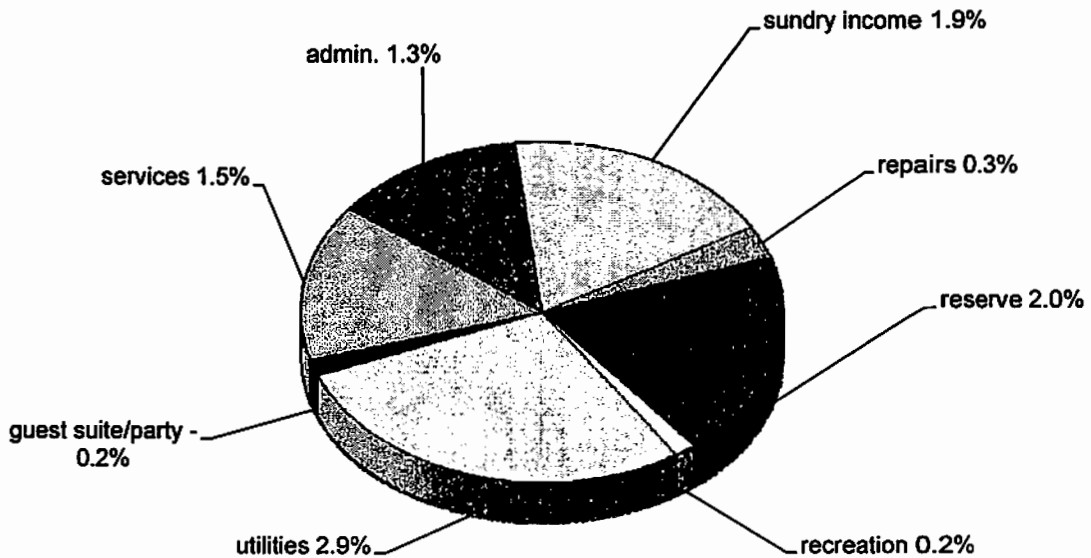
ESSEX SHARED FACILITIES
OPERATING BUDGET - January 1,2011 to December 31, 2011

	PROJECTED 2010	CURRENT BUDGET 2010	APPROVED BUDGET 2011	BUDGET CHANGE 2011
<u>Service Contracts :</u>				
Fire Equipment Monitoring	2,973	2,678	3,065	387
Grounds Maintenance	42,307	43,445	46,049	2,604
Access Control	593	-	1,050	1,050
Pest Control	340	350	365	15
Mechanical Maintenance	8,894	9,029	9,221	192
Garage Door Maintenance	10,790	10,210	10,805	595
Housekeeping	50,503	50,292	53,776	3,484
Pool & Whirlpool Maintenance/Fitness	14,265	14,609	15,229	620
Management Fees	14,614	14,772	15,583	811
Total :	145,280	145,385	155,143	9,758
<u>Repairs & Maintenance :</u>				
HVAC Repairs	2,500	1,500	1,500	-
Plumbing	7,500	8,000	8,000	-
Electrical	8,000	8,000	8,000	-
Pipe Tracing	500	500	500	-
Garage Cost	2,441	5,000	5,000	-
Power Sweep/Wash	15,138	12,500	13,000	500
General Landscaping	30,000	14,000	14,000	-
Fire Equipment Maintenance	2,000	2,000	2,000	-
Cleaning Supplies	8,840	5,000	6,500	1,500
General Repairs & Hardware	17,000	15,000	15,000	-
Total :	93,919	71,500	73,500	2,000
<u>Recreation / Joint Programs :</u>				
	21,510	18,760	19,719	959
<u>Utilities :</u>				
Gas	28,960	31,965	33,300	1,335
Hydro	126,160	124,500	141,100	16,600
Water	6,100	6,100	6,650	550
Total :	161,220	162,565	181,050	18,485
<u>Guest/Party Room Expenses:</u>				
	5,265	6,000	5,000	(1,000)
<u>Administration :</u>				
Telephone	8,300	8,000	7,000	(1,000)
Office Expense	9,781	10,209	10,209	-
Newsletter/Website	900	1,000	1,000	-
Meeting Costs	1,250	1,500	1,500	-
Insurance	12,060	13,625	14,500	875
Audit Fees	2,700	2,700	3,000	300
Consulting & Appraisal	961	750	10,000	9,250
Legal Fees	2,000	5,000	2,000	(3,000)
Total :	37,952	42,784	49,209	6,425

Distribution of 2011 Essex Shared Facilities Budget - by cost category



Contribution to 2011 Essex Shared Facilities Budget increase (9.99%) - by cost category



ESSEX SHARED ROADWAY / WALKWAY

OPERATING BUDGET

January 1, 2011 to December 31, 2011

	PROJECTED 2010	CURRENT BUDGET 2010	APPROVED BUDGET 2011	BUDGET CHANGE 2011	
Maintenance & Service Contracts	10,306	10,418	10,945	527	
Repairs & Maintenance	500	3,395	3,395	-	
Utilities	2,500	2,500	2,500	-	
Administration	4,770	8,106	8,434	328	
Total Operating Expense :	18,076	24,419	25,274	855	
Less: Sundry Income	42	50	55	5	
NET OPERATING EXPENSE:	18,034	24,369	25,219	850	
Contribution to Reserve	7,005	7,005	7,377	372	
TOTAL FUNDS REQUIRED	25,039	31,374	32,596	1,222	
T.S.C.C. NO. 1577	6,014	6,014	6,249	234	19.17%
T.S.C.C. NO. 1723	8,069	8,069	8,384	314	25.72%
T.S.C.C. NO. 1862	8,709	8,709	9,049	339	27.76%
T.S.C.C. NO. 1959	8,581	8,581	8,915	334	27.35%
COMMON ELEMENT ASSESSMENT:	31,374	31,374	32,596	1,222	100.00%

**ESSEX SHARED ROADWAY / WALKWAY
OPERATING BUDGET - January 1, 2011 to December 31, 2011**

	PROJECTED 2010	CURRENT BUDGET 2010	APPROVED BUDGET 2011	BUDGET CHANGE 2011
<u>Service Contracts :</u>				
Grounds Maintenance	5,745	5,745	6,075	330
Management Fees	4,561	4,673	4,870	197
Total :	10,306	10,418	10,945	527
<u>Repairs & Maintenance :</u>				
Catch Basins	-	1,095	1,095	-
Electrical	500	1,500	1,500	-
Power Sweep/Wash	-	600	600	-
Signs	-	200	200	-
Total :	500	3,395	3,395	-
<u>Utilities :</u>				
Hydro	2,500	2,500	2,500	-
Water	-	-	-	-
Total :	2,500	2,500	2,500	-
<u>Administration :</u>				
Meeting Costs	625	800	800	-
Insurance	2,145	2,306	2,574	268
Audit Fees	2,000	2,000	2,060	60
Consulting & Appraisal	-	1,000	1,000	-
Legal Fees	-	2,000	2,000	-
Total :	4,770	8,106	8,434	328

**AUTHORIZATION FORM FOR PRE-AUTHORIZED CHEQUE PLAN
FOR COMMON EXPENSE PAYMENTS**

*Please complete and return this form together with an unsigned cheque marked "Void"
from the bank account to be used (for verification purposes)*

To: TORONTO STANDARD CONDOMINIUM CORPORATION NO. 1577 <i>(the "Condominium Corporation")</i>
--

The undersigned hereby authorize(s) the Condominium Corporation (as payee) to debit the account detailed below, as confirmed on the attached "VOID" cheque (the "Account"), either in paper, electronically or by any other form or means, for the sole purpose of paying the monthly common expenses hereinafter owing to the Condominium Corporation and relating or attributable to the following unit(s), namely:

Dwelling Unit- Level-	Parking Unit- Level-	Parking Unit- Level-	Locker Unit- Level-
Municipally known as: Suite # - 5229 Dundas St. West, Etobicoke, Ontario M9B 6L9			

presently amounting to \$ _____ per month, payable monthly on the 1st day of each month, beginning with _____ which total monthly common expense figure (and corresponding monthly debit from the Account) shall hereafter be varied in order to reflect changes to the annual budget(s) of the Condominium Corporation, as approved by the Condominium Corporation's board of directors from time to time. The undersigned expressly authorize(s) the Condominium Corporation to increase or decrease the monthly debit(s) from the Account in order to reflect all changes to the total monthly common expenses attributable to the above-noted unit(s).

DETAILS OF THE ACCOUNT:

Account No.	Transit No.	Institution No.
Name of Bank:		
Branch Address:		

*For joint accounts, all account holders must sign if
more than one signature is required on cheques issued or drawn against the Account.*

The undersigned expressly acknowledge(s) and agree(s) that:

- a) the delivery of this Authorization to the Condominium Corporation constitutes delivery by the undersigned to the branch of the financial institution at which the Account is maintained, and that such financial institution is not required to verify that any of the payments or debits are drawn or made in accordance with this Authorization;
- b) the undersigned will notify the Condominium Corporation in writing forthwith following any changes in the Account information; and
- c) this Authorization shall continue to be effective unless and until cancelled or revoked by the undersigned upon written notice delivered to the Condominium Corporation at least fifteen (15) days prior to the next due date of any pre-authorized debit.

The undersigned expressly acknowledge(s) and confirm(s) having read and understood all of the foregoing terms and provisions.

Dated this _____ day of _____, 20 ____.

Print Name of Account Holder	Print Name of Account Holder
Signature of Account Holder	Signature of Account Holder

IMPORTANT: PLEASE ATTACH A "VOID" CHEQUE TO THIS FORM

Form 15
Condominium Act, 1998

NOTICE OF FUTURE FUNDING OF THE RESERVE FUND
(under subsection 94 (9) of the *Condominium Act, 1998*)

TO: All owners in Toronto Standard Condominium Corporation No. 1577

The board has received and reviewed a Class 2 reserve fund study dated October 25, 2010, prepared by Construction Control Inc., and has proposed a plan for the future funding of the reserve fund that the board has determined will ensure that, in accordance with the regulations made under the *Condominium Act, 1998*, the reserve fund will be adequate for the major repair and replacement of the common elements and assets of the corporation.

This notice contains:


1. A summary of the reserve fund study.
2. A summary of the proposed funding plan.
3. A statement indicating the areas, if any, in which the proposed funding plan differs from the reserve fund study.

At the present time the average contribution per unit per month to the reserve fund is \$84.60. Based on the proposed funding plan, the average increase in contribution per unit per month will be \$3.38 in 2011, \$2.46 in 2012 and \$2.53 in 2013.

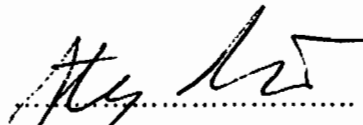
The proposed funding plan will be implemented beginning on January 1, 2011.

Dated this 17th day of November, 2010.

Toronto Standard Condominium Corporation No. 1577


.....
(signature)

F.E. REICHEL
.....
(print name)


.....
(signature)

S. Perelgut
.....
(print name)

(Affix corporate seal or add a statement that the persons signing have the authority to bind the corporation.)

SUMMARY OF RESERVE FUND STUDY

The following is a summary of the Class 2 reserve fund study dated October 25, 2010, prepared by Construction Control Inc. for Toronto Standard Condominium Corporation No. 1577 (known as the "Reserve Fund Study").

Subsection 94 (1) of the *Condominium Act, 1998*, requires the corporation to conduct periodic studies to determine whether the amount of money in the reserve fund and the amount of contributions collected by the corporation are adequate to provide for the expected costs of major repair and replacement of the common elements and assets of the corporation. As a result, the corporation has obtained the Reserve Fund Study.

The estimated expenditures from the reserve fund for the next thirty (30) years are set out in the Cash Flow Table. In this summary, the term "annual contribution" means the total amount to be contributed each year to the reserve fund, exclusive of interest earned on the reserve fund. The recommended annual contribution for the 2011 fiscal year is \$247,064.00, based on the estimated expenditures and the following:

Opening Balance of the Reserve Fund (at January 1, 2010):	\$1,132,915.00
Minimum Reserve Fund Balance during the projected period:	\$233,780.00
Assumed Annual Inflation Rate for Reserve Fund Expenditures:	1.60%
Assumed Annual Interest Rate for interest earned on the Reserve Fund:	2.80%

The Reserve Fund Study can be examined in the Management Office during regular business hours.

CASH FLOW TABLE

Opening Balance of the Reserve Fund (at January 1, 2010):	\$1,132,915
Minimum Reserve Fund Balance (as indicated in this table):	\$233,780
Assumed Annual Inflation Rate for Reserve Fund Expenditures:	1.60%
Assumed Interest Rate for interest earned on the Reserve Fund:	2.80%

Year	Opening Balance	*Recommended Annual Contribution	Other Contribution	Estimated Inflation Adjusted Expenditures	Estimated Interest Earned	Closing Balance	Percentage Increase in Recommended Annual Contribution	Average Monthly Increase per Unit (\$)
2010	1,132,915	237,562		238,144	31,713	1,164,046		
2011	1,164,046	247,064		24,916	35,703	1,421,898	4.00%	3.38
2012	1,421,898	253,982		25,315	43,014	1,693,580	2.80%	2.46
2013	1,693,580	261,094		39,714	50,520	1,965,479	2.80%	2.53
2014	1,965,479	268,404		46,175	58,145	2,245,853	2.80%	2.60
2015	2,245,853	275,920		30,122	66,325	2,557,976	2.80%	2.68
2016	2,557,976	283,645		561,370	67,735	2,347,987	2.80%	2.75
2017	2,347,987	291,588		569,946	61,847	2,131,475	2.80%	2.83
2018	2,131,475	299,752		236,543	60,566	2,255,250	2.80%	2.91
2019	2,255,250	308,145		466,107	60,936	2,158,223	2.80%	2.99
2020	2,158,223	316,773		161,533	62,604	2,376,067	2.80%	3.07
2021	2,376,067	325,643		33,132	70,625	2,739,202	2.80%	3.16
2022	2,739,202	334,761		216,157	78,358	2,936,164	2.80%	3.25
2023	2,936,164	344,134		72,060	86,022	3,294,260	2.80%	3.34
2024	3,294,260	353,770		715,436	87,176	3,019,769	2.80%	3.43
2025	3,019,769	363,675		555,936	81,862	2,909,371	2.80%	3.53
2026	2,909,371	373,858		35,869	86,194	3,333,555	2.80%	3.63
2027	3,333,555	384,326		36,443	98,210	3,779,648	2.80%	3.73
2028	3,779,648	395,087		782,360	100,408	3,492,784	2.80%	3.83
2029	3,492,784	406,150		1,242,038	86,096	2,742,992	2.80%	3.94
2030	2,742,992	417,522		1,332,308	63,997	1,892,202	2.80%	4.05
2031	1,892,202	429,213		52,848	58,251	2,326,818	2.80%	4.16
2032	2,326,818	441,231		39,453	70,776	2,799,371	2.80%	4.28
2033	2,799,371	453,585		40,084	84,171	3,297,043	2.80%	4.40
2034	3,297,043	466,286		1,893,146	72,341	1,942,524	2.80%	4.52
2035	1,942,524	479,342		1,266,966	43,364	1,198,263	2.80%	4.65
2036	1,198,263	492,763		208,239	37,535	1,520,322	2.80%	4.78
2037	1,520,322	506,560		58,129	48,847	2,017,601	2.80%	4.91
2038	2,017,601	520,744		91,432	62,503	2,509,416	2.80%	5.05
2039	2,509,416	535,325		541,905	70,172	2,573,007	2.80%	5.19
2040	2,573,007	550,314		2,928,293	38,752	233,780	2.80%	5.34

* NOTE: The term "annual contribution" means the amount to be contributed each year to the reserve fund from the monthly common expenses. The annual contribution for the current fiscal year is based on the amount budgeted by the Corporation.

The projections included in this table are estimates only, based on the information available at the time of preparation of this report. The Reserve Fund Study must be updated regularly as the actual figures will vary from the amounts detailed in this table due to changes in interest rates, inflation rates and completion of repair/replacement work.

**SUMMARY OF PROPOSED PLAN
FOR FUTURE FUNDING OF THE RESERVE FUND**

The following is a summary of the board's proposed plan for the future funding of the reserve fund.

The board of Toronto Standard Condominium Corporation No. 1577 has reviewed the Class 2 reserve fund study dated October 25, 2010, prepared by Construction Control Inc. for the corporation (known as the "Reserve Fund Study") and has proposed a plan for the future funding of the reserve fund that the board has determined will ensure that, in accordance with the regulations made under the *Condominium Act, 1998*, the reserve fund will be adequate for the major repair and replacement of the common elements and assets of the corporation.

The board has adopted the funding recommendations of the Reserve Fund Study and will implement them as set out in the Contribution Table.

The total annual contribution recommended under the proposed funding plan for the current fiscal year is \$237,562.00, which is the same amount that has already been budgeted.

The Proposed Plan for Future Funding of the Reserve Fund can be examined in the Management Office during regular business hours.

CONTRIBUTION TABLE

	A		B	A + B
Year	Annual Contribution	% Increase Over Previous Year	Other Contribution	Total Contribution Each Year to Reserve Fund
2010	237,562		0	237,562
2011	247,064	4.00%	0	247,064
2012	253,982	2.80%	0	253,982
2013	261,094	2.80%	0	261,094
2014	268,404	2.80%	0	268,404
2015	275,920	2.80%	0	275,920
2016	283,645	2.80%	0	283,645
2017	291,588	2.80%	0	291,588
2018	299,752	2.80%	0	299,752
2019	308,145	2.80%	0	308,145
2020	316,773	2.80%	0	316,773
2021	325,643	2.80%	0	325,643
2022	334,761	2.80%	0	334,761
2023	344,134	2.80%	0	344,134
2024	353,770	2.80%	0	353,770
2025	363,675	2.80%	0	363,675
2026	373,858	2.80%	0	373,858
2027	384,326	2.80%	0	384,326
2028	395,087	2.80%	0	395,087
2029	406,150	2.80%	0	406,150
2030	417,522	2.80%	0	417,522
2031	429,213	2.80%	0	429,213
2032	441,231	2.80%	0	441,231
2033	453,585	2.80%	0	453,585
2034	466,286	2.80%	0	466,286
2035	479,342	2.80%	0	479,342
2036	492,763	2.80%	0	492,763
2037	506,560	2.80%	0	506,560
2038	520,744	2.80%	0	520,744
2039	535,325	2.80%	0	535,325
2040	550,314	2.80%	0	550,314

**DIFFERENCES BETWEEN
THE RESERVE FUND STUDY AND
THE PROPOSED PLAN FOR FUTURE
FUNDING OF THE RESERVE FUND**

The Plan for Future Funding of the Reserve Fund proposed by the board differs from the Reserve Fund Study in the following respects:

No differences.

Notes on 2010 Reserve Fund Study.

Ontario's Condominium legislation specifies that Reserve Fund Studies must be conducted every three years by qualified companies who have no affiliation with the board or with the corporation. These studies must outline the forecast requirements for major repairs and replacements of the common elements and assets of the corporation and include the funding plans to ensure funds are in place to meet these planned needs for every year of the 30 year planning timeframe.

Based on information provided by the corporation and inspections conducted by these companies, they specify the expected expenditure requirements for each year of the thirty year planning horizon. They consider assessments of the current state of equipment and facilities conditions, and are expected to employ best engineering replacement standards and specifications in compliance with the Ontario Building Code.

To reflect the effect of inflation in future years, the companies apply an *assumed* inflation rate. Additionally, they determine an *assumed* investment interest rate expected to be earned on Reserve Fund balances invested in specified low risk investment instruments, with the earnings retained in the fund. The legislation leaves it to the discretion of these companies to determine the *assumed* rates they use.

In our past experience, these companies have used an average of the inflation and interest rates experienced in the past thirty years to be the basis of the *assumed* inflation and interest rates. Our new Reserve Fund Study company has a different methodology. They maintain that an average of the national inflation and interest rates for the past three years is a more useful predictor of the next three year planning period and is what they use as *assumed* inflation and interest rates. And, since Reserve Fund Studies are updated every three years, the company holds that these *assumed* rates are more realistic. Our Auditor does not take exception with this *assumed* rate methodology for Reserve Fund purposes.

When establishing the funding plan, companies are guided by the principle that all owners (current and future) should bear an equal burden of the cost of major repairs and replacements, regardless of when they may be owners over the thirty year horizon. To that end, the contribution plan set out in the Reserve Study must achieve fully funded status for all of thirty years, and do so ideally in the upcoming first year of the plan and absolutely by the end of the third year.

The latest Reserve Fund Study update for T. S. C. C. #1577 was conducted in the fall of 2010. For this study, the assumed Canadian inflation rate used was 1.6%, which is an average of the annual national inflation rates over the past three (3) years (2007, 2008, 2009) as recorded by Statistics Canada. The assumed interest rate of 2.8% is an average of the interest rates calculated by the Bank of Canada over the same period.

In the preparation of the Recommended Cash Flow Table, the Corporation's budgeted contribution of \$237,562.00 in 2010 was incorporated. The annual contribution amount was then inflated by a rate that would maintain a positive balance in the Reserve Fund. An annual increase of 4.0% is required in 2011, 2.8% in 2012 and 2.8% in 2013 and beyond. As successive updates are carried out, the Cash Flow Table will be self-correcting, with each update projecting the cash flow for the thirty (30) year period following the year in which the update is carried out.