

OCEANSIDE GATEWAY BUSINESS PARK

ESTIMATED ANNUAL BUDGET - MASTER ASSOCIATION

Building Size 536,882 sf

	Annual	psf	Monthly	psf	Comments
<u>Operating Expenses</u>					
Security	\$0.00	\$0.00	\$0.00	\$0.000	n/a.
Cleaning	\$0.00	\$0.00	\$0.00	\$0.000	n/a. Responsibility of owners.
Management Fee	\$36,000.00	\$0.07	\$3,000.00	\$0.006	Fee to Essex for managing entire association.
HVAC	\$0.00	\$0.00	\$0.00	\$0.000	n/a. Responsibility of owners.
Repairs & Maintenance	\$7,800.00	\$0.01	\$650.00	\$0.001	Misc. R&M around project. Storm Water Maint Plan included in reserves below.
Utilities	\$18,000.00	\$0.03	\$1,500.00	\$0.003	Water & electric for common area.
Parking Lot	\$7,200.00	\$0.01	\$600.00	\$0.001	Pk. Lot Sweeping & Lighting maint.
Landscaping - Regular	\$96,100.00	\$0.18	\$8,008.33	\$0.015	Monthly maintenance plus quarterly color changes.
Landscaping - Wetlands	\$6,000.00	\$0.01	\$500.00	\$0.001	Special contract for maintenance of Wetlands.
Insurance	\$3,500.00	\$0.01	\$291.67	\$0.001	Liability insurance for common area only. Assumes owners insure their own buildings.
Taxes	\$0.00	\$0.00	\$0.00	\$0.000	n/a. Responsibility of owners.
Other Misc.	\$8,996.00	\$0.02	\$749.67	\$0.001	Admin cost, legal & accounting. Also includes cost of Biologist for Wetlands.
Reserves - Asphalt	\$18,000.00	\$0.03	\$1,500.00	\$0.003	Assuming parking lots will need to be done every 3 years.
Reserves - Landscape	\$1,100.00	\$0.00	\$91.67	\$0.000	Build up contingency reserve for Irrigation systems repairs.
Reserves - Storm Water	\$7,700.00	\$0.01	\$641.67	\$0.001	Covers 10 yrs of LOC.
Reserves - Fire Loop	\$600.00	\$0.00	\$50.00	\$0.000	Build up contingency reserve.
Reserves - Sewer Line	\$600.00	\$0.00	\$50.00	\$0.000	Build up contingency reserve.
Reserves - Signage	\$600.00	\$0.00	\$50.00	\$0.000	Contingency reserve for signage repair/replacement.
Reserves - Contingency	\$900.00	\$0.00	\$75.00	\$0.000	Misc. contingency reserve.
Total O.E.	\$213,096.00	\$0.40	\$17,758	\$0.033	

Actual figures may vary. Prospective buyers will be responsible for their own due diligence to estimate these costs. The members of the association will be responsible for establishing a budget for the above association expenses.



OCEANSIDE GATEWAY BUSINESS PARK

OPERATING EXPENSE ESTIMATE

Prepared for: **BKM Development Company**



	<u>Comp #1</u>	<u>psf/yr</u>	<u>Comp #2</u>	<u>psf/yr</u>	<u>Owner Budget</u>	<u>psf/yr</u>	OGBP Essex Budget	psf/yr	<u>Comments</u>
Project Size	235,000		205,000		536,882		536,882		
Approx. # of owners	12		28 <i>(Condo Project)</i>		57		57		<i>(note: assumes Parcel 3 is one owner.)</i>
<u>Operating Expenses</u>									
Security	\$0	\$0.00	\$13,608	\$0.07	\$0	\$0.00	\$0	\$0.00	n/a.
Cleaning	\$0	\$0.00	\$3,000	\$0.01	\$0	\$0.00	\$0	\$0.00	n/a. Responsibility of owners.
Management Fee	\$12,000	\$0.05	\$26,400	\$0.13	\$36,000	\$0.07	\$36,000	\$0.07	Fee to Essex for managing entire association.
HVAC	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	n/a. Responsibility of owners.
Repairs & Maintenance	\$1,560	\$0.01	\$11,230	\$0.05	\$1,800	\$0.00	\$7,800	\$0.01	Misc. R&M around project. <i>Storm Water Maint Plan included in reserves below.</i>
Utilities	\$4,260	\$0.02	\$29,318	\$0.14	\$13,500	\$0.03	\$18,000	\$0.03	Water & electric for common area.
Parking Lot	\$2,400	\$0.01	\$3,225	\$0.02	\$1,800	\$0.00	\$7,200	\$0.01	Pk. Lot Sweeping & Lighting maint.
Landscaping	\$27,600	\$0.12	\$24,810	\$0.12	\$220,044	\$0.41	\$102,100	\$0.19	Monthly maintenance plus quarterly color changes. <i>Includes extra Landscape cost for Wetlands.</i>
Common Area Fees	\$500	\$0.00	\$29,518	\$0.14	\$0	\$0.00	\$0	\$0.00	n/a.
Insurance	\$2,400	\$0.01	\$23,973	\$0.12	\$3,500	\$0.01	\$3,500	\$0.01	Liability insurance for common area only. Assumes owners insure their own buildings. Cost per owner proposal from Todd Courtney.
Taxes	\$800	\$0.00	\$87,144	\$0.43	\$0	\$0.00	\$0	\$0.00	n/a. Responsibility of owners.
Other Misc.	\$1,740	\$0.01	\$10,200	\$0.05	\$10,325	\$0.02	\$8,996	\$0.02	Admin cost, legal & accounting. <i>Also includes cost of Biologist for Wetlands.</i>
Reserves	\$14,864	\$0.06	\$34,680	\$0.17	\$0	\$0.00	\$29,500	\$0.05	See attached Reserve Budget. <i>Includes Storm Water Maintenance Plan.</i>
Total O.E.	68,124	\$0.29	\$297,106	\$1.45	\$286,969	\$0.53	\$213,096	\$0.40	
Total psf/mo.	\$0.024		\$0.121		\$0.045		\$0.033		

* NOTE: SEE EXPENSE DETAIL FOR ASSUMPTIONS BACKING UP THESE NUMBERS.



OCEANSIDE GATEWAY BUSINESS PARK

EXPENSE DETAIL

CATEGORY	ASSUMPTION	RECURRING	ANNUAL
SECURITY			
Security - Guard Service	n/a.	\$0 Mo.	\$0
Security - Fire Alarms	n/a.	\$0 Mo.	\$0
<i>Total Security</i>			<u>\$0</u>
CLEANING			
Cleaning Contract	n/a. Responsibility of owners.	\$0 Mo.	\$0
Additional Cleaning	n/a. Responsibility of owners.	\$0 Mo.	\$0
Cleaning Supply	n/a. Responsibility of owners.	\$0 Mo.	\$0
Window Cleaning	n/a. Responsibility of owners.	\$0 Qrtly	\$0
<i>Total Cleaning</i>			<u>\$0</u>
MANAGEMENT			
Management Fee	Fee to Essex for managing entire association.	\$3,000 Mo.	\$36,000
<i>Total Management Fee</i>			<u>\$36,000</u>
HVAC			
HVAC Contract Services	n/a. Responsibility of owners.	\$0 Qtr.	\$0
HVAC - Personnel	n/a. Responsibility of owners.	\$0 Mo.	\$0
HVAC Repairs & Maint.	n/a. Responsibility of owners.	\$0 Mo.	\$0
<i>Total HVAC</i>			<u>\$0</u>
REPAIR & MAINTENANCE			
Waterproofing & Roofing	n/a. Responsibility of owners.	Mo.	\$0
Painting - Maintenance	Minor estimate of cost.	\$150 Mo.	\$1,800
Plumbing Repairs/Supplies	n/a. Responsibility of owners.	\$0 Mo.	\$0
Electrical Repairs & Maint	n/a. Responsibility of owners.	\$0 Mo.	\$0
Glazing & Window Repairs	n/a. Responsibility of owners.	\$0 Mo.	\$0
Doors & Locks	n/a. Responsibility of owners.	\$0 Mo.	\$0
Signs Repair & Maint.	Minor estimate of cost.	\$100 Mo.	\$1,200
Flooring Repairs & Maint.	No replacement budgeted.	\$0 Mo.	\$0
Pest Control	Minor estimate of cost.	\$200 Mo.	\$2,400
Misc. Repairs & Maint.	Lamps, bulbs, ballasts and misc other.	\$200 Mo.	\$2,400
<i>Total R & M</i>			<u>\$7,800</u>
UTILITIES			
Electricity	Estimate of cost for Common Area.	\$500 Mo.	\$6,000
Gas	n/a.	\$0 Mo.	\$0
Water & Sewer	Estimate of cost for Common Area.	\$1,000 Mo.	\$12,000
Refuse Removal	n/a. Responsibility of owners.	\$0 Mo.	\$0

OCEANSIDE GATEWAY BUSINESS PARK

EXPENSE DETAIL

CATEGORY	ASSUMPTION	RECURRING	ANNUAL
<i>Total Utilities</i>			\$18,000
PARKING LOT			
Pkg Lot - Paving & Striping	n/a.	\$0 Mo.	\$0
Pkg Lot - Garage	n/a.	\$0 Mo.	\$0
Pkg Lot - Lighting	None. Assumes wallpacks with each owner paying their own.	\$200 Mo.	\$2,400
Pkg Lot - Sweeping	Estimate for weekly parking lot sweeping. Assumes all common area parking lots and streets are swept.	\$400 Mo.	\$4,800
<i>Total Parking Lot</i>			\$7,200
LANDSCAPING			
Landscaping - Exterior	Monthly contract Per bid from the BrickMan Group dated 2/23/05.	\$7,175 Mo.	\$86,100
Landscaping - Wetlands	Special contract for maintenance of Wetlands.	\$500 Mo.	\$6,000
Landscaping - Tree Trimming	Covered in contract year 1.	\$0 Mo.	\$0
Landscaping Other	Gopher & Rodent (\$4000/yr), Color Changes (\$3000/yr), Bark Enhancement (\$3000/yr).	\$833 Mo.	\$10,000
<i>Total Landscaping</i>			\$102,100
COMMON AREA FEES			
Common Area Fees	Assumes no master assoc costs.		\$0
			\$0
INSURANCE			
Insurance	Liability insurance for common area only. Assumes owners insure their own buildings. <i>Cost per owner proposal from Todd Courtney.</i>	\$3,500 Yr.	\$3,500
<i>Total Insurance</i>			\$3,500
TAXES			
Real Estate Taxes	n/a. Responsibility of owners.	\$0 Bi -Ann.	\$0
<i>Total Taxes</i>			\$0
OTHER MISCELLANEOUS			
Other Administrative	Administrative fee for postage, copying, etc.	\$150 Mo.	\$1,800
Accounting	Corporate filing and franchise tax board.	\$1,000 Yr.	\$1,000
Legal	Legal contingency.	\$1,000 Yr.	\$1,000
Other Professional	Extra cost for Biologist to monitor Wetlands.	\$333 Mo.	\$3,996
Other Miscellaneous	Unanticipated misc. costs.	\$100 Mo.	\$1,200
Total Other Misc.		Mo.	\$8,996
TOTAL OPERATING EXPENSES			<u>\$183,596</u>
RESERVES			
General (see attached)	See Attached	\$29,500 Yr.	\$29,500
<i>Total Reserves</i>			\$29,500

OCEANSIDE GATEWAY BUSINESS PARK RESERVE BUDGET

Assumptions:

Inflation Factor 3.0%
Discount Rate 3.0%
Current Budget Year 2006

ITEMS	Balance Begin	Balance End	PV @ Infl. Rate	Rounded Amount	Annual Res. @ Disc. Rate	Yr 1 2006	Yr 2 2007	Yr 3 2008	Yr 4 2009	Yr 5 2010	Yr 6 2011	Yr 7 2012	Yr 8 2013	Yr 9 2014	Yr 10 2015	Totals	COMMENTS
Asphalt, Slurry & Stripe	0	18,133	154,680	18,000	18,133				50,000			54,636			59,703	164,339	Assuming parking lots will need to be done every 3 years.
Building Painting	0	0	0	0	0					0					0	0	N/A. Owner responsibility.
Landscaping	0	1,138	9,709	1,100	1,138					10,000						10,000	Build up contingency reserve for Irrigation systems repairs.
Storm Water Maintenance Plan	0	7,656	65,307	7,700	7,656	7,656	7,656	7,656	7,656	7,656	7,656	7,656	7,656	7,656	7,656	76,560	Covers 10 yrs of LOC.
Common Fire Loop	0	569	4,854	600	569					5,000						5,000	Build up contingency reserve.
Common Sewer Line	0	569	4,854	600	569					5,000						5,000	Build up contingency reserve.
Lighting	0	0	0	0	0											0	Not applicable for first 10 years.
Signage	0	569	4,854	600	569					5,000						5,000	Contingency reserve for signage repair/replacement.
Contingency	0	854	7,282	900	854	750	773	796	820	844	869	896	922	950	979	8,598	Misc. contingency reserve.
TOTAL	0	29,488	251,541	29,500	29,488	8,406	8,429	8,452	58,476	33,500	8,525	63,188	8,578	8,606	68,337	274,497	