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**Level 3, Premium Reserve Analysis**  
**Report Period – 01/01/19 – 12/31/19**



**Client Reference Number - \$\$\$\$**  
**Property Type – Commercial**

**FINAL**  
**Version**

**Fiscal Year End –** December 31  
**Number of units-** 14  
**Date of Property Observation -** January 18, 2018

**Project Manager -** G. Michael Kelsen, RS, PRA  
**Main Contact Person -** .....DfcdYfmiA UbUj Yf

**Report was prepared on -** Monday, August 27, 2018

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## Introduction to the Reserve Analysis –

The elected officials of this association made a wise decision to invest in a Reserve Analysis to get a better understanding of the status of the Reserve funds. This Analysis will be a valuable tool to assist the Board of Directors in making the decision to which the dues are derived. Typically, the Reserve contribution makes up 15% - 40% of the association's total budget. Therefore, Reserves is considered to be a significant part of the overall monthly association payment.

Every association conducts its business within a budget. There are typically two main parts to this budget, Operating and Reserves. The Operating budget includes all expenses that are fixed on an annual basis. These would include management fees, maintenance fees, utilities, etc. The Reserves is primarily made up of Capital Replacement items such as asphalt, roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis.

The Reserve Analysis is also broken down into two different parts, the Physical Analysis and the Financial Analysis. The Physical Analysis is information regarding the physical status and replacement cost of major common area components that the association is responsible to maintain. It is important to understand that while the Component Inventory will remain relatively "stable" from year to year, the Condition Assessment and Life/Valuation Estimates will most likely vary from year to year. You can find this information in the **Asset Inventory Section** (Section 2) of this Reserve Analysis. The **Financial Analysis Section** is the evaluation of the association's Reserve balance, income, and expenses. This is made up of a finding of the client's current Reserve Fund Status (measured as Percent Funded) and a recommendation for an appropriate Reserve Allocation rate (also known as the Funding Plan). You can find this information in Section 3 of this Reserve Analysis.

The purpose of this Reserve Analysis is to provide a budgeted estimate as to what the Reserve Allocation needs to be. The detailed schedules will serve as an advanced warning that major projects will need to be addressed in the future. This will allow the Board of Directors to have ample timing to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. This will also ensure the physical well being of the property and ultimately enhance each owner's investment while limiting the possibility of unexpected major projects that may lead to special Assessments.

It is important for the client, homeowners, and potential future homeowners to understand that the information contained in this analysis is based on estimates and assumptions gathered from various sources. Estimated life expectancies and cycles are based upon conditions that were readily visible and accessible at time of the observation. No destructive or intrusive methods (such as entering the walls to inspect the condition of electrical wiring, plumbing lines, and telephone wires) were performed. In addition, environmental hazards (such as lead paint, asbestos, radon, etc.), construction defects, and acts of nature have not been investigated in the preparation of this report. If problem areas were revealed, a reasonable effort has been made to include these items within the report. While every effort has been made to ensure accurate results, this report reflects the judgment of Aspen Reserve Specialties and should not be construed as a guarantee or assurance of predicting future events.

## General Information and Answers to Frequently Asked Questions –

### Why is it important to perform a Reserve Study?

As previously mentioned, the Reserve allocation makes up a significant portion of the total monthly dues. This report provides the essential information that is needed to guide the Board of Directors in establishing the budget in order to run the daily operations of your association. It is suggested that a third party professionally prepare a Reserve Study since there is no vested interest in the property. Also, a professional knows what to look for and how to properly develop an accurate and reliable component list.

### Now that we have “it”, what do we do with “it”?

Hopefully, you will not look at this report and think it is too cumbersome to understand. Our intention is to make this Reserve Analysis very easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (asset information) are complete and accurate. If there are any inaccuracies, please inform us immediately so we may revise the report.

Once you feel the report is an accurate tool to work from, use it to help establish your budget for the upcoming fiscal year. The Reserve allocation makes up a significant portion of the total monthly dues and this report should help you determine the correct amount of money to go into the Reserve fund. Additionally, the Reserve Study should act as a guide to obtain proposals in advance of pending normal maintenance and replacement projects. This will give you an opportunity to shop around for the best price available.

The Reserve Study should be readily available for Real Estate agents, brokerage firms, and lending institutions for potential future homeowners. As the importance of Reserves becomes more of a household term, people are requesting from owners associations to reveal the strength of the Reserve fund prior to purchasing a condominium or townhome.

### How often do we update or review “it”?

Unfortunately, there is a misconception that these reports are good for an extended period of time since the report has projections for the next 30 years. Just like any major line item in the budget, the Reserve Analysis should be reviewed each year before the budget is established. Invariably, some assumptions have to be made during the compilation of this analysis. Anticipated events may not materialize and unpredictable circumstances could occur. Aging rates and repair/replacement costs will vary from causes that are unforeseen. Earned interest rates may vary from year to year. These variations could alter the content of the Reserve Analysis. Therefore, this analysis should be reviewed annually, and a property observation should be conducted at least once every three years.

### Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study be completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$150,000 is a lot of money and they are in good shape. What they don't know is a major component will need to be replaced within 5 years, and the cost of the project is going to exceed \$175,000. So while \$150,000 sounds like a lot of money, in reality it won't even cover the cost of a major project, let alone all the other amenities the association is responsible to maintain.

## What makes an asset a “Reserve” item versus an “Operating” item?

A “Reserve” asset is an item that is the responsibility of the association to maintain, has a limited Useful Life, predictable Remaining Useful Life expectancies, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold cost. An “operating” expense is typically a fixed expense that occurs on an annual basis. For instance, minor repairs to a roof for damage caused by high winds or other weather elements would be considered an “operating” expense. However, if the entire roof needs to be replaced because it has reached the end of its life expectancy, then the replacement would be considered a Reserve expense.

## The GREY area of “maintenance” items that are often seen in a Reserve Study –

One of the most popular questions revolves around major “maintenance” items, such as painting the buildings or seal coating the asphalt. You may hear from your accountant that since painting or seal coating is not replacing a “capital” item, then it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers that these items are considered to be major expenses that occur on a cyclical basis. Therefore, it makes it very difficult to ignore a major expense that meets the criteria to be considered a Reserve component. Once explained in this context, many accountants tend to agree and will include any expenses, such as these examples, as a Reserve component.

## The Property Observation –

The Property Observation was conducted following a review of the documents that were established by the developer identifying all common area assets. In some cases, the Board of Directors at some point may have revised the documents. In either case, the most current set of documents was reviewed prior to inspecting the property. In addition, common area assets may have been reported to Aspen Reserve Specialties by the client, or by other parties.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the observation. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the observation. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property.

## The Reserve Fund Analysis –

We projected the starting balance from taking the most recent balance statement, adding expected Reserve contributions for the rest of the year, and subtracting any pending projects for the rest of the year. We compared this number to the ideal Reserve Balance and arrived at the Percent funded level. Measures of strength are as follows:

**0% - 30% Funded** – Is considered to be a “weak” financial position. Associations that fall into this category are subject to Special Assessments and deferred maintenance, which could lead to lower property values. If the association is in this position, actions should be taken to improve the financial strength of the Reserve Fund.

**31% - 69% Funded** – The majority of associations are considered to be in this “fair” financial position. While this doesn’t represent financial strength and stability, the likelihood of Special Assessments and deferred maintenance is diminished. Effort should be taken to continue strengthening the financial position of the Reserve fund.

**70% - 99% Funded** – This indicates financial strength of a Reserve fund and every attempt to maintain this level should be a goal of the association.

**100% Funded** – This is the ideal amount of Reserve funding. This means that the association has the exact amount of funds in the Reserve account that should be at any given time.



## Summary of CZW7 ca d`YI -

Assoc.# - 0\$\$\$

Projected Starting Balance as of January 1, 2019 -	<b>\$260,441</b>
Ideal Reserve Balance as of January 1, 2019 -	<b>\$342,482</b>
Percent Funded as of January 1, 2019 -	<b>76%</b>
Recommended Reserve Allocation (per month) -	<b>\$4,725</b>
Minimum Reserve Allocation (per month) -	<b>\$4,280</b>
Recommended Special Assessment -	<b>\$0</b>

This report is an update to an existing Reserve Study that was prepared for the association approximately 8 years ago for the 2011 fiscal period. An observation of the property's common area elements took place on January 18, 2018 to verify the information from this previous report. Some measurements were taken to verify and update the quantities of the components. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 14 commercial office spaces within 3 similar buildings. Each unit varies in size of square footage for a total area of 33,840 square feet of office space. The property was constructed in 2007 and has been very well maintained since our last evaluation. The maintenance responsibilities of the association include the parking lots, building exterior surfaces, iron fencing, entry monuments, landscaping, and a small irrigation system. Please refer to the *Projected Reserve Expenditures* table of the Financial Analysis for a detailed listing of when projects are programmed to be addressed.

In comparing the projected balance of \$260,441 versus the ideal Reserve Balance of \$342,482, we find the association Reserve fund to be in an above average financial position (approximately 76% funded of ideal) at this time. However, based on the information contained within this report, we find the current budgeted Reserve allocation to be less than adequate in maintaining the strength of the Reserve fund for future Reserve project consideration. Therefore, we recommend increasing the Reserve contribution to \$4,725 per month starting in 2019, followed by nominal annual increases of 4.00% thereafter to help offset the effects of inflation. By following the recommendation, the fund will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$4,280 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are possible at some point in the future.

The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately 10% in this case) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 104 TPO Flat Roof - Replace



Observations:

- This type of roof has a 17 - 20 year life expectancy as long as proper maintenance and limited foot traffic is achieved over the duration of the life of the roof
- Reported recent work and continued annual maintenance will ensure a full life expectancy
- The remaining life is based on the age of the property.

Location: **Roofs of buildings**

Quantity: **Approx 210 squares**

Life Expectancy: **20** Remaining Life

Best Cost: **\$231,000**  
\$1100/square; Estimate to replace

Worst Cost: **\$262,500**  
\$1250/square; Higher estimate for more labor

Source of Information: Recent research with contractor

*Sample Analysis*

General Notes:

**Building A (7354)**  
**Approx- 65 squares**

**Building B (7374)**  
**Approx 65 squares**

**Building C (7384)**  
**Approx 80 squares**

Comp #: 120 Downspouts - Replace



Observations:

- No unusual conditions noted at time of site visit.
- In our experience, we see this type of downspout to have an indefinite life expectancy.
- Therefore, we suggest repairing sections on an as needed basis with general operating funds.
- Separate Reserve funding is not required for this component at this time.

Location: **Sides of buildings**

Quantity: **Approx 225 LF**

Life Expectancy: **N/A Remaining Life**

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

**Building A (7354)  
DS- Approx 75 LF**

**Building B (7374)  
DS- Approx 75 LF**

**Building C (7384)  
DS- Approx 75 LF**



Comp #: 201 Stucco Surfaces - Repaint



Observations:

- Surfaces were last painted in 2017 and are in good condition
- Stucco surfaces should typically be repainted every 10 to 12 years to protect stucco surface and maintain appearance.
- Painting is done as an alternative to re-applying the stucco for cost effectiveness.
- When stucco surfaces are painted, an elastomeric or acrylic paint should be used according to industry professionals.

Location: **Building exterior surfaces**

Quantity: **Approx 14,775 GSF**

Life Expectancy: **10** Remaining Life

Best Cost: **\$36,250**

Estimate to repaint surface

Worst Cost: **\$44,325**

Higher estimate for more prep work

Source of Information: Cost Database

General Notes:

**Project History -  
2017 - cost not provided**

Comp #: 212 Metal Surfaces - Repaint



Observations:

- Repainted in 2017
- Expect to paint these surfaces approximately every 4 - 5 years to maintain appearance and protect metal surfaces.
- Remaining life based on when surfaces were last painted

Location: **Handrails, balconies, "awnings"**

Quantity: **See general notes**

Life Expectancy: **5** Remaining Life

Best Cost: **\$13,250**

Estimate to repaint surfaces

Worst Cost: **\$15,500**

Higher estimate for more prep work

Source of Information: Cost Database

Sample Analysis

General Notes:

**Steel Balconies -**  
**Building A (7354) - Approx 150 GSF**  
**Building B (7374) - Approx 300 GSF**  
**Building C (7384) - Approx 200 GSF**

**Steel Awnings -**  
**Building A (7354)- Approx 325 GSF**  
**Building B (7374)- Approx 325 GSF**  
**Building C (7384)- Approx 400 GSF**

**Dumpster -**  
**Steel Gates - (4) 4.5' x 6'**

**Iron Railing/fence - Approx. 1165 LF**

**Project History -**  
**2017 - cost not provided**

Comp #: 307 Stucco - Repair



*Observations:*

- While stucco surfaces have a long life expectancy (typically a 10 year labor warranty), it is recommended by industry professionals to inspect and repair any cracks/voids every 5 - 6 years to prevent water intrusion.
- It is also recommended that a new coating is applied every 10 - 12 years to maintain an appropriate appearance (see component #201).
- Over a period of time, minor cracks and voids will develop that will require re-pointing.
- Coordinate these repairs with a painting cycle

*Location:* **Siding of buildings**

*Quantity:* **Approx 14,775 GSF**

*Life Expectancy:* **5** Remaining Life

*Best Cost:* **\$16,000**

Allowance for inspection and minor repairs

*Worst Cost:* **\$18,000**

Higher allowance for more repairs

*Source of Information:* Cost Database

*General Notes:*

**Building A (7354)**  
**Approx 4,950 GSF**

**Building B (7374)**  
**Approx 4,950 GSF**

**Building C (7384)**  
**Approx 4,875 GSF**

**Project History -**  
**2013 - Building perimeter sealed**



Comp #: 309 Stone/Rock Siding - Major Repairs



Observations:

- Typically, these stones have an extended life expectancy and complete replacement is unlikely.
- There are times where some stones will loosen and fall off, but this is unpredictable when and how much would occur.
- Due to the age of the community, and reports of recent repairs, we recommend establishing an allowance for periodic major repairs.
- This line item is not intended to reflect complete replacement, just major repairs and partial replacement of damaged areas.

Location: **Siding of buildings**

Quantity: **Approx 7,050 GSF**

Life Expectancy: **5** Remaining Life

Best Cost: **\$5,700**

Allowance for minor repairs every 5 years

Worst Cost: **\$7,000**

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

**Building A (7354)**  
**Approx- 2,350 GSF**

**Building B (7374)**  
**Approx- 2,350 GSF**

**Building C (7384)**  
**Approx- 2,350 GSF**

**Project History -**  
**2017 - tuck point and minor masonry repairs**

Comp #: 401 Asphalt - Overlay



**Observations:**

- The average life expectancy for asphalt surfaces ranges between 20 - 27 years for surfaces that are maintained on a regular schedule.
- Maintenance includes crack fill and repairing small potholes annually as an operating expense.
- In addition, asphalt should be seal coated every 3 - 4 years, depending on the level of traffic and snow removing techniques.

**Location:** Parking Lots

**Quantity:** Approx 44,800 GSF

**Life Expectancy:** 20 Remaining Life

**Best Cost:** \$73,000

\$1.65/GSF; Estimate for an overlay

**Worst Cost:** \$85,125

\$1.90/GSF; Higher estimate for local repairs

**Source of Information:** Cost Database

**General Notes:**

**Project History -**  
 2015 - Inferred patching crack fill and joint fill



Comp #: 402 Asphalt - Seal Coat/crack fill



Observations:

- It is important to maintain a proper seal cycle to protect the integrity of the asphalt and prevent extensive cracking, development of potholes, and loss of emulsion, which will lead to advanced deterioration
- Depending on the type of snow removal techniques and the level of traffic, we suggest seal coating every 3 - 4 years.
- In between seal cycles, the asphalt should be inspected and any cracking that develops should be filled, along with any minor repairs to prolong the life of the surface.

Location: **Parking Lots**

Quantity: **Approx 44,800 GSF**

Life Expectancy: **4** Remaining Life

Best Cost: **\$6,720**  
\$.15/GSF; Estimate for seal coat only

Worst Cost: **\$8,075**  
\$.18/GSF; Higher est. includes repairs/crack fill

Source of Information: Cost Database

General Notes:

**Project History -  
2016 - seal coat/stripping**

Comp #: 406 Drain Pans/Curbs/Gutters - Repair/Replace



Observations:

- Curbs and gutters are subject to more advanced deterioration due to trucks and plows hitting them throughout the year.
- It is unlikely that all concrete surfaces will need to be replaced at the same time.
- Therefore, we suggest establishing a Reserve fund for periodic repairs and replacement every 8 years.
- Coordinate with other concrete or asphalt surfaces for best cost estimate.

Location: **Parking Lots**

Quantity: **Approx 8,075 GSF**

Life Expectancy: **8** Remaining Life

Best Cost: **\$25,000**

Estimate to repair 25% of area every 8 years

Worst Cost: **\$28,350**

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

**Curb and Gutters - Approx 7,050 GSF**  
**Drain Pans - Approx. 1,025 GSF**

**Project History -**  
**2016 - replaced metal drains on concrete drain sections**

Comp #: 505 Steel Gates - Replace



Observations:

- Some rusting and minor corrosion noted
- These gates will be subject to heavy abuse from rubbish collection companies.
- These are also very heavy duty gates.
- As a result, we recommend establishing Reserve funds for replacement every 10-15 years.
- The remaining life is based on observed condition and the age of the property.

Location: **Dumpsters**

Quantity: **(4) 4.5' x 6'**

Life Expectancy: **22** Remaining Life: **0**

Best Cost: **\$5,000**  
\$1250/gate; Estimate to replace

Worst Cost: **\$6,000**  
Higher estimate for better quality

Source of Information: Cost Database

General Notes:

Empty rectangular box for general notes.



Comp #: 601 Concrete Sidewalks - Repair



Observations:

- Similar to other concrete assets within the community, it is unlikely that all will fail at the same time.
- Therefore, we suggest establishing a Reserve fund for frequent repairs and replacement of a percentage of the area (20% or 2250 GSF) every 8 years.
- Coordinate this project with other concrete and/or asphalt projects for best cost estimates based on quantity of work.
- As the property ages, the frequency of repairs and/or the percentage may need to be adjusted in future Reserve Study updates.

Location: **Common areas**

Quantity: **Approx. 11,225 GSF**

Life Expectancy: **8** Remaining Life

Best Cost: **\$27,825**

Allowance to repair 20% of area every 8 years

Worst Cost: **\$29,825**

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

**Sidewalks**

**-Approx 7,125 GSF**

**Cement Pads/Porches**

**-Approx 4,100 GSF**

**Project History -**

**2015 - concrete removal and replacement**

**2016 - concrete removal and replacement**

Comp #: 609 Steel Balcony - Replace



Observations:

- No significant signs of deterioration or different conditions from last site visit.
- These are heavy duty materials that should have an indefinite life expectancy.
- These surfaces should be painted frequently to protect the materials from rust and corrosion.
- Based on extended life, Reserve funding is not required for replacement at this time.

Location: **Buildings**

Quantity: **Approx 650 GSF**

Life Expectancy: **N/A Remaining Life**

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

**Building A (7354)- Approx 150 GSF**

**Building B (7374)- Approx 300 GSF**

**Building C (7384)- Approx 200 GSF**



Comp #: 610 Steel Stairs - Replace



Observations:

- Under normal conditions, these steel stairs have an extended life expectancy and replacement is not likely.
- Therefore, separate Reserve funding is not needed for this component.

Location: **Between Bldg A and B**

Quantity: **Approx 150 GSF**

Life Expectancy: **N/A Remaining Life**

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 801 Monument - Rebuild



Observations:

- While the materials used should have an indefinite life expectancy, we recommend planning on renovating monument every 20 - 25 years to maintain current trends and an appropriate appearance.
- Remaining life is based on observed conditions and approximate age of all monument.

Location: **Monuments**

Quantity: **(2) 225 GSF structures**

Life Expectancy: **24** Remaining Life: **2**

Best Cost: **\$17,250**

Allowance for general repair

Worst Cost: **\$19,500**

Higher allowance for more renovations costs

Source of Information: Cost Database

General Notes:

**Each one contains:**  
**Stone work - Approx 125 GSF**  
**Stucco - Approx 100 GSF**  
**lettering**  
**Spot Lights - 2**

Comp #: 803 Mailboxes - Replace



**Observations:**

- This line item is for the original mailboxes that were installed when construction of the community began.
- Per new Postal regulations effective 2012, "all customers are responsible for repairs and replacement of keys, locks, or the boxes/cluster units themselves".
- Based on our experience, these boxes will have a life expectancy of 15 - 20 years due to location and quality.
- Remaining life is based on age and observed condition.

**Location:** See General Notes

**Quantity:** (2) 12 box CBU's

**Life Expectancy:** 17 Remaining Life

**Best Cost:** \$3,700  
 \$1850/CBU; Estimate to replace

**Worst Cost:** \$4,200  
 \$2100/CBU; Higher estimate for better quality

**Source of Information:** Cost Database

Sample Analysis

**General Notes:**

<p><b>Mailboxes-</b>                  (2) 12 box CBU w/ 1 parcel and 1 outgoing</p> <p><b>Manufacturer:</b></p> <p><b>Mailbox #1</b>                  Date- 1/2008                  Serial # .....                  Contract #</p> <p><b>Mailbox #2</b>                  Date- 1/2008                  Serial # .....                  Contract #</p>
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Comp #: 804 Steel Awnings - Replace



Observations:

- These are heavy duty materials that should have an indefinite life expectancy.
- These surfaces should be painted frequently to protect the materials from rust and corrosion.
- Based on extended life, Reserve funding is not required for replacement at this time.

Location: **Perimeter of buildings**

Quantity: **Approx 1,050 GSF**

Life Expectancy: **N/A Remaining Life**

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

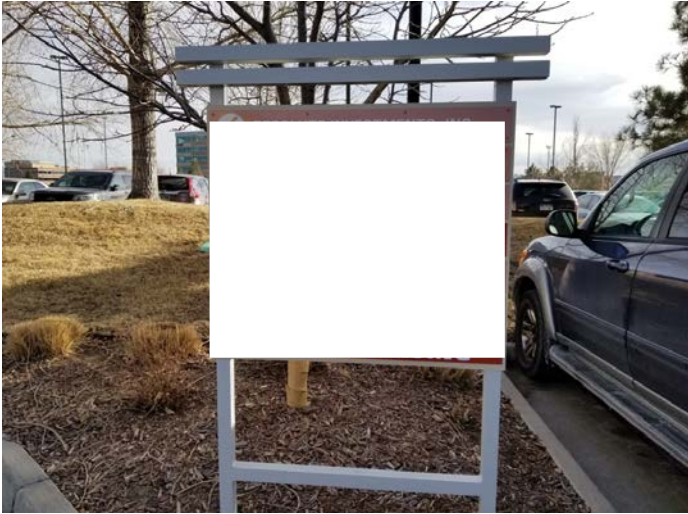
General Notes:

**Building A (7354)- Approx 325 GSF**

**Building B (7374)- Approx 325 GSF**

**Building C (7384)- Approx 400 GSF**

Comp #: 805 Direction Signs - Replace



*Observations:*

- Sign is starting to exhibit some fading and minor deterioration.
- This type of sign is designed for periodic replacement of the office signs when tenants move out/in.
- Eventually, the signs will fade and discolor, and as a result, replacement will be required to ensure legibility of the signs.
- Remaining life is based on observed conditions and age of sign

*Location:* **Parking Lots**

*Quantity:* **(1) 4' x 6'**

*Life Expectancy:* **15** Remaining Life

*Best Cost:* **\$1,900**

Estimate to replace

*Worst Cost:* **\$2,300**

Higher estimate

*Source of Information:* Cost database

*General Notes:*



Comp #: 901 Fire Protection System - Replace



Observations:

- Once the system is installed, it is unlikely that any rewiring will be required; replacement costs are least replacement of the panels only.
- Expect to replace these panels every 15 - 20 years depending on levels of maintenance and under normal conditions.
- System should be tested annually by a professional to ensure functioning conditions during an emergency.

Location: **Fire riser rooms**

Quantity: **(3) Systems**

Life Expectancy: **20** Remaining Life

Best Cost: **\$11,250**  
\$3750/panel; Estimate to replace

Worst Cost: **\$13,500**  
\$4500/panel; Higher estimate

Source of Information: Cost Database

General Notes:

**Notifier panels, model**

Comp #: 1002 Iron Railing/Fence - Replace



Observations:

- The average life expectancy for metal fences ranges between 25 - 30 years, depending on maintenance schedules and exposure to elements.
- The remaining life is based on age of fence and observed conditions

Location: **Common areas**

Quantity: **Approx 1165 LF**

Life Expectancy: **30** Remaining Life: **13**

Best Cost: **\$51,750**  
 \$45/LF; Estimate to replace

Worst Cost: **\$57,500**  
 \$50/LF: Higher estimate

Source of Information: Cost database

General Notes:

**East Parking area (by 7354) - 170 LF**  
**west side - 245 LF**  
**common area along Alton - 165 LF**  
**stairs to lower level - 65 LF**  
**Bldg 7374 - Fence - 95 LF**  
**Bldg 7374 - tube rail - 50 LF**  
**Bldg 7354 - Fence - 65 LF**  
**Bldg 7354 - tube rail - 0 LF**  
**Bldg 7384 - Fence - 245 LF**  
**Bldg 7374 - tube rail - 65 LF**

**Project History -**  
**2014 - new handrails**

Comp #: 1005 Block Wall - Replace



Observations:

- These should have an indefinite life expectancy and not need replacement or major repairs.
- Therefore, separate Reserve funding is not needed for this component at this time.

Location: **Trash enclosures**

Quantity: **Approx 325 GSF**

Life Expectancy: **N/A** Remaining Life

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Empty rectangular box for general notes.



Comp #: 1011 Retaining Wall - Replace



Observations:

- A few loose blocks noted by fire riser room by building 7384
- As long as block wall was installed conforming to county code requirements, this wall should have an extended useful life.
- This type of material has an indefinite life expectancy and complete replacement is unlikely.
- Therefore, Reserve funding is not required for this component.
- Continue to monitor conditions in future Reserve Study updates and adjust funding requirements if required.

Location: **Throughout complex**

Quantity: **Approx 6,700 GSF**

Life Expectancy: **N/A** Retaining Wall

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Empty rectangular box for general notes.

Comp #: 1308 Common Area Furniture - Replace



*Observations:*

- The average life expectancy for these pieces of furniture typically ranges between 10 - 15 years, depending on the level of exposure to elements and the quality of care.
- The remaining life is based on the age of the furniture.

*Location:* **Common areas**

*Quantity:* **(9) Assorted pieces**

*Life Expectancy:* **15** Remaining Life

*Best Cost:* **\$6,000**

Estimate to replace with similar

*Worst Cost:* **\$6,750**

Higher estimate for better quality

*Source of Information:* Cost Database

*General Notes:*

**Trashcans - 7374 (#101), 7384 (202 and 101), 7354 (#101)  
4 receptacles - \$575 each**

**Benches - (1) between 7354&7374, (1) at 7384 (101), (1) at 7354 (201)  
3 coated metal benches - \$950 each**

**Bike Rack - by 7374 (#101), and 7384 (#101)  
(2) racks - \$575 each**



Comp #: 1602 Exterior Wall Light - Replace



Observations:

- While replacement can occur on an as needed basis, it is our opinion and recommendation to replace all lights at the same time every 15 - 20 years to maintain a consistent appearance throughout the property.
- By replacing multiple fixtures, the association will be able to obtain a quantity discount on replacement and installation of the fixtures.

Location: **Attached to walls of buildings**

Quantity: **Approx 54 lights**

Life Expectancy: **18** Remaining Life

Best Cost: **\$14,550**

\$275/light; Estimate to replace

Worst Cost: **\$18,900**

\$350/light; Higher estimate for better quality

Source of Information: Cost Database

Sample Analysis

General Notes:

**Building A (7354)- Approx 18**

**Building B (7374)- Approx 18**

**Building C (7384)- Approx 18**

Comp #: 1609 Street Lights - Replace



*Observations:*

- The average replacement cycle for this type of light ranges between 25 - 30 years.
- Depending on the level of deterioration, periodically, the heads of the fixtures could be replaced instead of the entire pole and fixture.
- Some communities are deciding to replace with LED fixtures (about \$1200 - \$1500 each head)
- Continue to monitor deterioration rates and adjust accordingly in future updates.

*Location:* **Parking lots**

*Quantity:* **Approx 16 lights (20' tall)**

*Life Expectancy:* **28** Remaining Life **6**

*Best Cost:* **\$40,000**  
\$2500/fixture; Estimate to replace

*Worst Cost:* **\$48,000**  
\$3000/fixture; Higher estimate

*Source of Information:* Cost Database

*General Notes:*

Comp #: 1701 Irrigation System - Rebuild



Observations:

- This line item is for repairs and replacement that lies outside the scope of routine maintenance: bulk sprinkler head replacement, bulk valve replacement, rerouting lateral lines, rewiring, etc.
- In order to ensure the funds are available for major repairs, we recommend reserving funds for these projects every 4 - 5 years.
- The funding on this line item is for major repairs and is not to be interpreted as complete irrigation system replacement.

Location: **Landscaped areas**

Quantity: **Moderate system**

Life Expectancy: **5** Remaining Life: **0**

Best Cost: **\$7,500**

Estimate for major repairs and renovating system

Worst Cost: **\$9,000**

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

**date - Nov 21, 2006**  
**serial #**  
**23 out of 32 stations active**



Comp #: 1703 Irrigation Controllers - Replace



Observations:

- Expect to replace irrigation controllers every 10 - 15 years if properly maintained and under normal conditions.
- Funding is for replacement with a similar controller.
- Evapotranspiration (also known as ET) based controllers are also available, but cost significantly more. ET timers are more efficient and can be controlled remotely by landscaping experts, saving the association irrigation water costs.

Location: **Building 7384 fire sprinkler room**

General Notes:

Quantity: **(1) Rainbird, ESP-LX modular**

serial #  
date - 21NO06

Life Expectancy: **15** Remaining Life: **0**

Best Cost: **\$2,500**  
\$2500/clock; Estimate to replace

Worst Cost: **\$3,000**  
Higher estimate for upgraded controller

Source of Information: Cost database



Comp #: 1801 Groundcover/Trees - Replenish



Observations:

- This line item, similar to irrigation repairs, is for projects that lie outside the scope of routine maintenance.
- In order to preserve an attractive curb appeal and to maintain the health of the plants and shrubs, we recommend reserving for refurbishment projects every 5 - 7 years.
- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

Location: **Common areas**

Quantity: **Moderate area**

Life Expectancy: **7** Remaining Life: **0**

Best Cost: **\$11,000**

Allowance for major replenishment

Worst Cost: **\$13,500**

Higher allowance for more material

Source of Information: Cost Database

General Notes:

Empty rectangular box for general notes.

# Funding Summary For Office Complex

## **Beginning Assumptions**

Financial Information Source	Research With Client
# of units	14
Fiscal Year End	December 31, 2019
Monthly Dues from 2018 budget	\$14,135.00
Monthly Reserve Allocation from 2018 Budget	\$3,565.00
Projected Starting Reserve Balance (as of 1/1/2019)	\$260,441
Ideal Starting Reserve Balance (as of 1/1/2019)	\$342,482

## **Economic Factors**

Past 20 year Average Inflation Rate (Based on CCI)	3.75%
Current Average Interest Rate	1.00%

## **Current Reserve Status**

Current Balance as a % of Ideal Balance	76%
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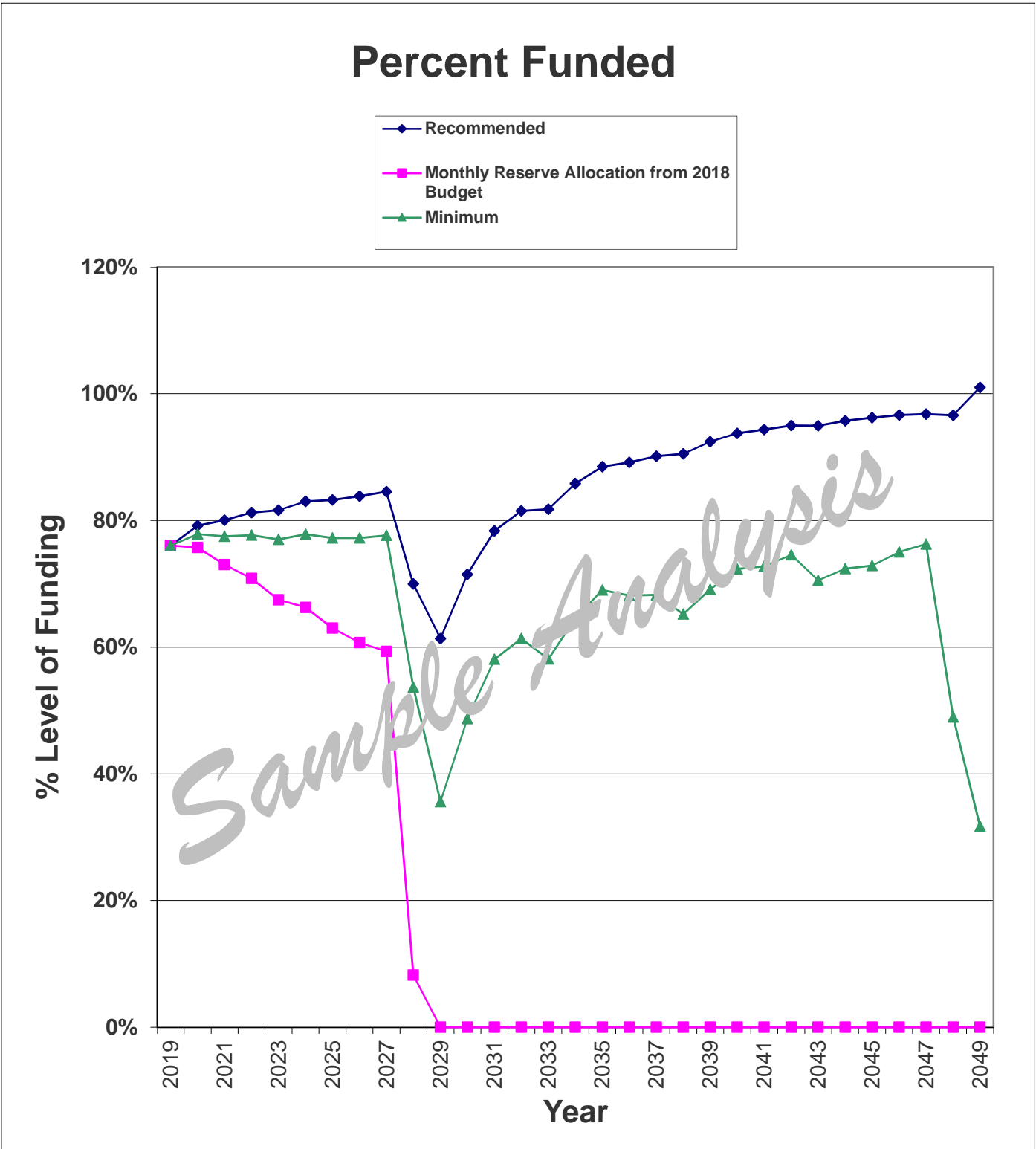
## **Recommendations for 2019 Fiscal Year**

Monthly Reserve Allocation	\$4,725
Minimum Monthly Reserve Allocation	\$4,280
Primary Annual Increases	4.00%
# of year	30
Special Assessment	\$0

## **Changes From Prior Year (2018 to 2019)**

Increase/Decrease to Reserve Allocation	\$1,160
as Percentage	33%

Percent Funded Graph For Office Complex



## Component Inventory for Office Complex

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	104	TPO Flat Roof - Replace	20	8	\$231,000	\$262,500
	120	Downspouts - Replace	N/A		\$0	\$0
Painted Surfaces	201	Stucco Surfaces - Repaint	10	8	\$36,950	\$44,325
	212	Metal Surfaces - Repaint	5	3	\$13,250	\$15,500
Siding Materials	307	Stucco - Repair	5	3	\$16,500	\$18,000
	309	Stone/Rock Siding - Major Repairs	5	3	\$5,750	\$7,000
Drive Materials	401	Asphalt - Overlay	20	9	\$73,925	\$85,125
	402	Asphalt - Seal Coat/crack fill	4	1	\$6,725	\$8,075
	406	Drain Pans/Curbs/Gutters - Repair/Repla	8	1	\$25,825	\$28,350
Property Access	505	Steel Gates - Replace	22	10	\$5,000	\$6,000
Walking Surfaces	601	Concrete Sidewalks - Repair	8	5	\$27,000	\$29,825
	609	Steel Balcony - Replace	N/A		\$0	\$0
	610	Steel Stairs - Replace	N/A		\$0	\$0
Prop. Identification	801	Monument - Rebuild	24	12	\$17,250	\$19,500
	803	Mailboxes - Replace	17	6	\$3,700	\$4,200
	804	Steel Awnings - Replace	N/A		\$0	\$0
	805	Direction Signs - Replace	15	3	\$900	\$2,300
Security	901	Fire Protection System - Replace	20	8	\$11,250	\$13,500
Fencing/Walls	1002	Iron Railing/Fence - Replace	30	23	\$51,750	\$57,500
	1005	Block Wall - Replace	N/A		\$0	\$0
	1011	Retaining Wall - Replace	N/A		\$0	\$0
Recreation Equip.	1308	Common Area Furniture - Replace	5	4	\$6,000	\$6,750
Light Fixtures	1602	Exterior Wall Light - Replace	18	6	\$14,850	\$18,900
	1609	Street Lights - Replace	28	16	\$40,000	\$48,000
Irrig. System	1701	Irrigation System - Rebuild	5	2	\$7,500	\$9,000
	1703	Irrigation Controller - Replace	15	2	\$2,500	\$3,000
Landscaping	1801	Ground cover/trees - Replenish	7	2	\$11,000	\$13,500

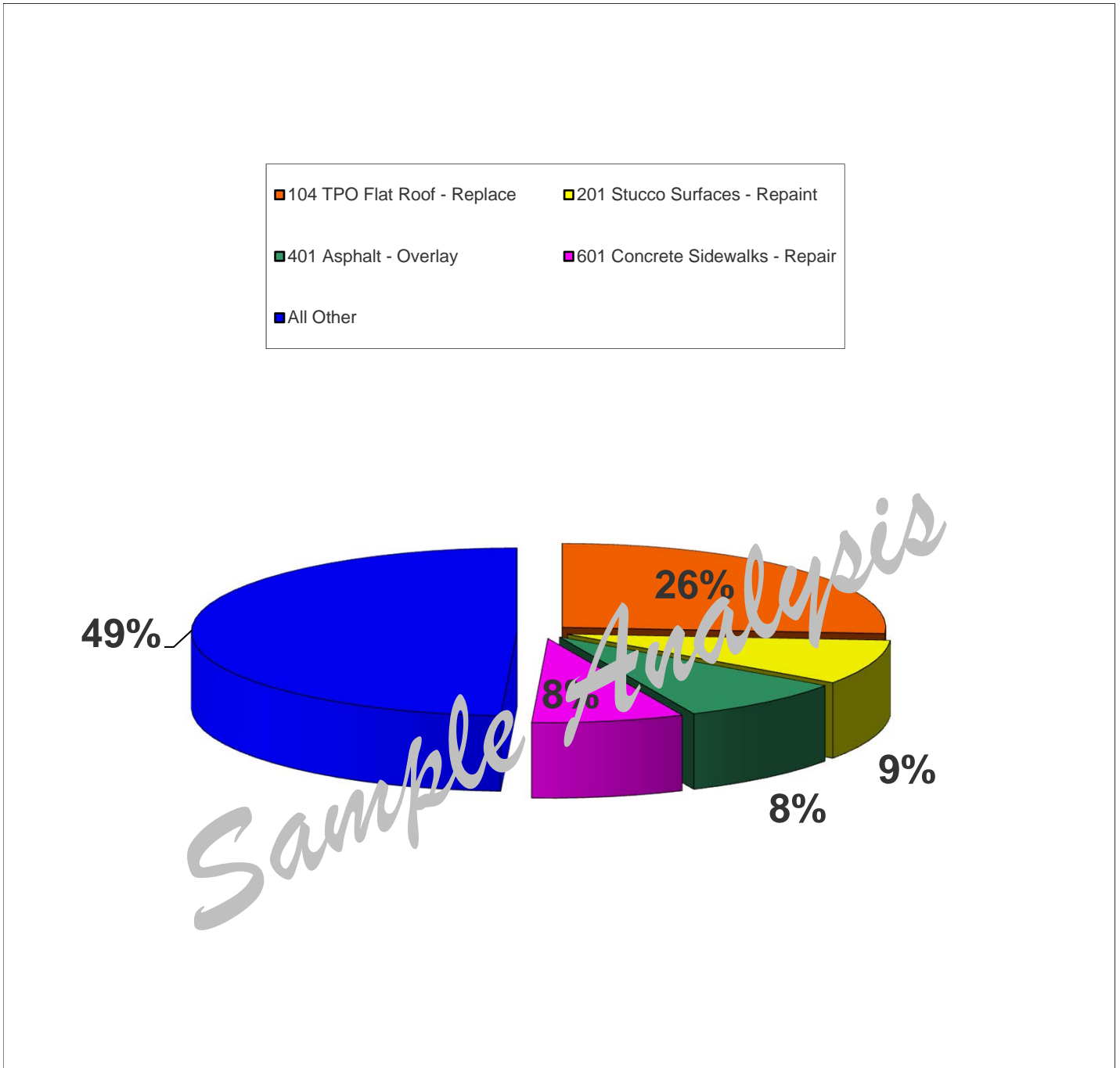


## Significant Components For Office Complex

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
104	TPO Flat Roof - Replace	20	8	\$246,750	\$12,338	26.1888%
201	Stucco Surfaces - Repaint	10	8	\$40,638	\$4,064	8.6261%
212	Metal Surfaces - Repaint	5	3	\$14,375	\$2,875	6.1028%
307	Stucco - Repair	5	3	\$17,250	\$3,450	7.3233%
309	Stone/Rock Siding - Major Repairs	5	3	\$6,375	\$1,275	2.7064%
401	Asphalt - Overlay	20	9	\$79,525	\$3,976	8.4404%
402	Asphalt - Seal Coat/crack fill	4	1	\$7,400	\$1,850	3.9270%
406	Drain Pans/Curbs/Gutters - Repair/Replace	8	1	\$27,088	\$3,386	7.1873%
505	Steel Gates - Replace	22	10	\$5,500	\$250	0.5307%
601	Concrete Sidewalks - Repair	8	5	\$28,413	\$3,552	7.5389%
801	Monument - Rebuild	24	12	\$18,375	\$766	1.6252%
803	Mailboxes - Replace	17	6	\$3,950	\$232	0.4932%
805	Direction Signs - Replace	15	3	\$2,100	\$140	0.2972%
901	Fire Protection System - Replace	20	8	\$12,375	\$619	1.3134%
1002	Iron Railing/Fence - Replace	30	23	\$54,625	\$1,821	3.8651%
1308	Common Area Furniture - Replace	15	4	\$6,375	\$425	0.9021%
1602	Exterior Wall Light - Replace	18	6	\$16,875	\$938	1.9900%
1609	Street Lights - Replace	28	16	\$44,000	\$1,571	3.3357%
1701	Irrigation System - Rebuild	5	2	\$8,250	\$1,650	3.5025%
1703	Irrigation Controllers - Replace	15	2	\$2,750	\$183	0.3892%
1801	Groundcover/Trees - Replenish	7	2	\$12,250	\$1,750	3.7147%

Sample Analysis

## Significant Components Graph For Office Complex



Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
104	TPO Flat Roof - Replace	20	8	\$246,750	\$12,338	26%
201	Stucco Surfaces - Repaint	10	8	\$40,638	\$4,064	9%
401	Asphalt - Overlay	20	9	\$79,525	\$3,976	8%
601	Concrete Sidewalks - Repair	8	5	\$28,413	\$3,552	8%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$23,181	49%

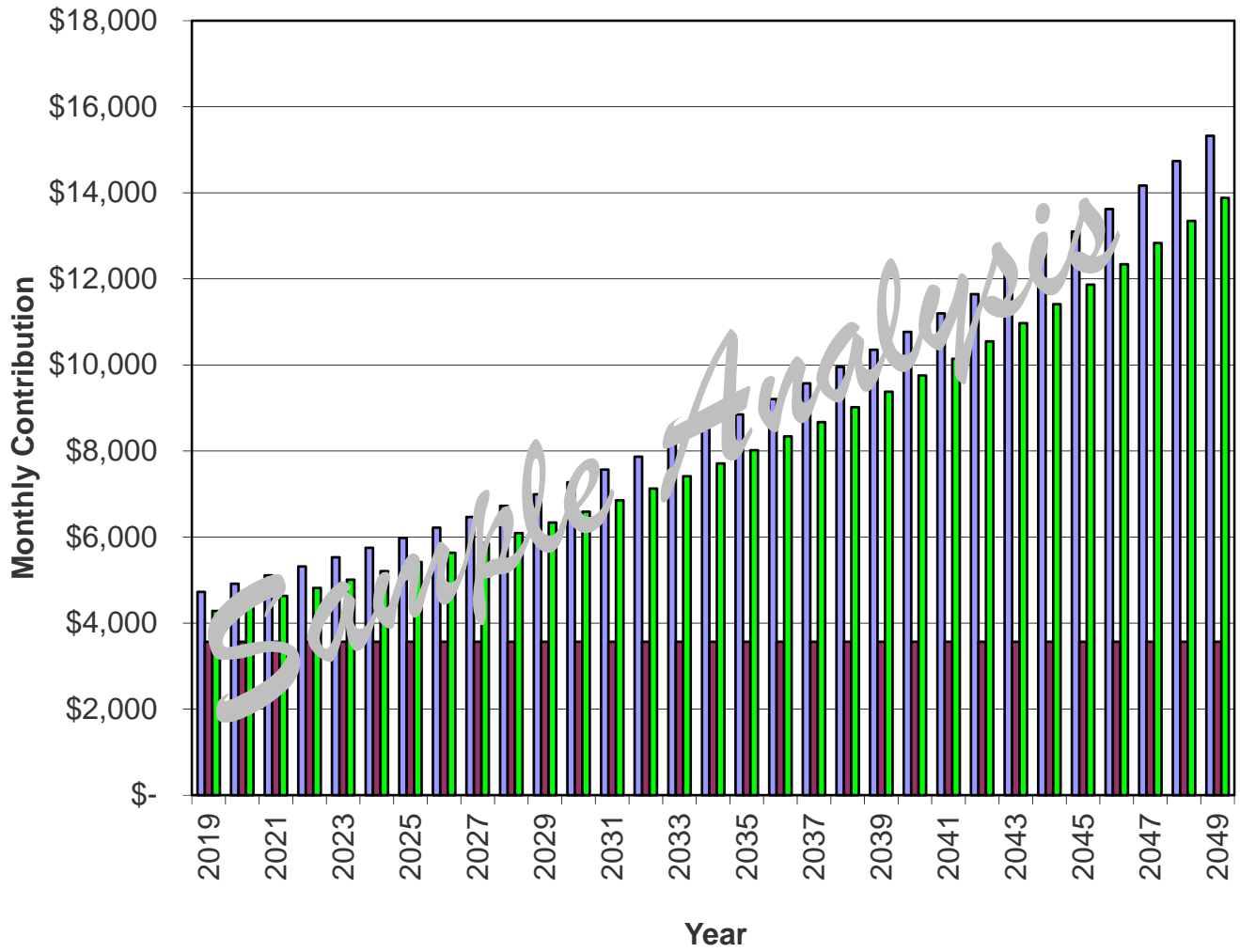
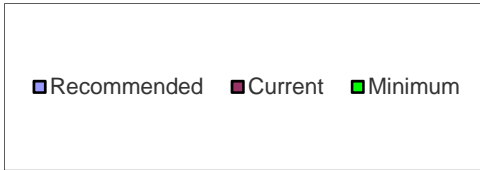
## Yearly Summary For Office Complex

<b>Fiscal Year Start</b>	<b>Fully Funded Balance</b>	<b>Starting Reserve Balance</b>	<b>Percent Funded</b>	<b>Annual Reserve Contribs</b>	<b>Rec. Special Ass'mnt</b>	<b>Interest Income</b>	<b>Reserve Expenses</b>
2019	\$342,482	\$260,441	76%	\$56,700	\$0	\$2,901	\$0
2020	\$404,202	\$320,042	79%	\$58,968	\$0	\$3,332	\$35,781
2021	\$432,946	\$346,561	80%	\$61,327	\$0	\$3,664	\$25,026
2022	\$475,827	\$386,525	81%	\$63,780	\$0	\$3,978	\$44,783
2023	\$501,793	\$409,501	82%	\$66,331	\$0	\$4,410	\$7,386
2024	\$569,577	\$472,855	83%	\$68,984	\$0	\$4,881	\$43,050
2025	\$605,026	\$503,670	83%	\$71,744	\$0	\$5,290	\$25,972
2026	\$661,726	\$554,731	84%	\$74,613	\$0	\$5,894	\$10,675
2027	\$738,709	\$624,563	85%	\$77,598	\$0	\$4,387	\$453,436
2028	\$361,586	\$253,111	70%	\$80,702	\$0	\$2,065	\$175,860
2029	\$260,766	\$160,018	61%	\$83,930	\$0	\$1,989	\$7,948
2030	\$332,928	\$237,989	71%	\$87,287	\$0	\$2,829	\$0
2031	\$418,690	\$328,105	78%	\$90,779	\$0	\$3,544	\$41,414
2032	\$467,448	\$381,014	82%	\$94,410	\$0	\$3,704	\$119,117
2033	\$440,269	\$360,010	82%	\$98,186	\$0	\$4,110	\$0
2034	\$538,613	\$462,305	86%	\$102,113	\$0	\$5,157	\$0
2035	\$643,714	\$569,576	88%	\$106,198	\$0	\$5,746	\$101,375
2036	\$650,763	\$580,145	89%	\$110,446	\$0	\$5,956	\$85,053
2037	\$678,314	\$611,494	90%	\$114,864	\$0	\$5,333	\$156,625
2038	\$636,069	\$575,666	91%	\$119,458	\$0	\$6,339	\$12,831
2039	\$744,982	\$688,612	92%	\$124,237	\$0	\$7,542	\$0
2040	\$874,980	\$820,390	94%	\$129,216	\$0	\$8,501	\$77,586
2041	\$933,185	\$880,511	94%	\$134,344	\$0	\$9,427	\$18,544
2042	\$1,058,800	\$1,005,769	95%	\$139,799	\$0	\$9,531	\$253,779
2043	\$949,189	\$901,271	95%	\$145,319	\$0	\$9,579	\$40,828
2044	\$1,060,678	\$1,015,362	96%	\$151,153	\$0	\$10,525	\$86,569
2045	\$1,133,326	\$1,090,470	96%	\$157,199	\$0	\$11,744	\$0
2046	\$1,303,114	\$1,259,413	97%	\$163,487	\$0	\$13,361	\$22,291
2047	\$1,460,916	\$1,412,970	97%	\$170,026	\$0	\$10,303	\$946,844
2048	\$670,367	\$647,456	97%	\$176,828	\$0	\$5,708	\$335,448



Reserve Contributions For Office Complex

# Reserve Contributions



## Component Funding Information For Office Complex

<b>ID</b>	<b>Component Name</b>	<b>Ave Current Cost</b>	<b>Ideal Balance</b>	<b>Current Fund Balance</b>	<b>Monthly</b>
104	TPO Flat Roof - Replace	\$246,750	\$148,050	\$148,050	\$1,237.42
201	Stucco Surfaces - Repaint	\$40,638	\$8,128	\$8,128	\$407.58
212	Metal Surfaces - Repaint	\$14,375	\$5,750	\$5,750	\$288.36
307	Stucco - Repair	\$17,250	\$6,900	\$6,900	\$346.03
309	Stone/Rock Siding - Major Repairs	\$6,375	\$2,550	\$2,550	\$127.88
401	Asphalt - Overlay	\$79,525	\$43,739	\$5,488	\$398.81
402	Asphalt - Seal Coat/crack fill	\$7,400	\$5,550	\$5,550	\$185.55
406	Drain Pans/Curbs/Gutters - Repair/Replace	\$27,088	\$23,702	\$23,702	\$339.60
505	Steel Gates - Replace	\$5,500	\$3,000	\$0	\$25.07
601	Concrete Sidewalks - Repair	\$28,413	\$10,655	\$10,655	\$356.21
801	Monument - Rebuild	\$18,375	\$9,188	\$0	\$76.79
803	Mailboxes - Replace	\$3,950	\$2,556	\$2,556	\$23.30
805	Direction Signs - Replace	\$2,100	\$1,680	\$1,680	\$14.04
901	Fire Protection System - Replace	\$12,375	\$7,425	\$7,425	\$62.06
1002	Iron Railing/Fence - Replace	\$54,625	\$12,746	\$0	\$182.63
1308	Common Area Furniture - Replace	\$6,375	\$4,675	\$4,675	\$42.63
1602	Exterior Wall Light - Replace	\$16,875	\$11,250	\$11,250	\$94.03
1609	Street Lights - Replace	\$44,000	\$18,857	\$0	\$157.61
1701	Irrigation System - Rebuild	\$8,250	\$4,950	\$4,950	\$155.49
1703	Irrigation Controllers - Replace	\$2,750	\$2,383	\$2,383	\$16.59
1801	Groundcover/Trees - Replenish	\$12,250	\$8,750	\$1,700	\$175.52

Sample Analysis

## Yearly Cash Flow For Office Complex

Year	2019	2020	2021	2022	2023
<b>Starting Balance</b>	\$260,441	\$320,042	\$346,561	\$386,525	\$409,501
<i>Reserve Income</i>	\$56,700	\$58,968	\$61,327	\$63,780	\$66,331
<i>Interest Earnings</i>	\$2,901	\$3,332	\$3,664	\$3,978	\$4,410
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$320,042	\$382,342	\$411,552	\$454,283	\$480,242
<b>Reserve Expenditures</b>	\$0	\$35,781	\$25,026	\$44,783	\$7,386
<b>Ending Balance</b>	\$320,042	\$346,561	\$386,525	\$409,501	\$472,855

Year	2024	2025	2026	2027	2028
<b>Starting Balance</b>	\$472,855	\$503,670	\$554,731	\$624,563	\$253,111
<i>Reserve Income</i>	\$68,984	\$71,744	\$74,613	\$77,598	\$80,702
<i>Interest Earnings</i>	\$4,881	\$5,290	\$5,894	\$4,387	\$2,065
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$546,720	\$580,703	\$635,238	\$706,547	\$335,878
<b>Reserve Expenditures</b>	\$43,050	\$25,972	\$10,675	\$453,436	\$175,860
<b>Ending Balance</b>	\$503,670	\$554,731	\$624,563	\$253,111	\$160,018

Year	2029	2030	2031	2032	2033
<b>Starting Balance</b>	\$160,018	\$237,989	\$328,105	\$381,014	\$360,010
<i>Reserve Income</i>	\$83,930	\$87,287	\$90,779	\$94,410	\$98,186
<i>Interest Earnings</i>	\$1,989	\$2,829	\$3,544	\$3,704	\$4,110
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$245,937	\$328,105	\$422,428	\$479,127	\$462,305
<b>Reserve Expenditures</b>	\$7,948	\$0	\$41,114	\$119,117	\$0
<b>Ending Balance</b>	\$237,989	\$328,105	\$381,014	\$360,010	\$462,305

Year	2034	2035	2036	2037	2038
<b>Starting Balance</b>	\$462,305	\$569,576	\$580,145	\$611,494	\$575,666
<i>Reserve Income</i>	\$102,117	\$106,198	\$110,446	\$114,864	\$119,458
<i>Interest Earnings</i>	\$3,157	\$5,746	\$5,956	\$5,933	\$6,319
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$569,576	\$681,520	\$696,547	\$732,291	\$701,443
<b>Reserve Expenditures</b>	\$0	\$101,375	\$85,053	\$156,625	\$12,831
<b>Ending Balance</b>	\$569,576	\$580,145	\$611,494	\$575,666	\$688,612

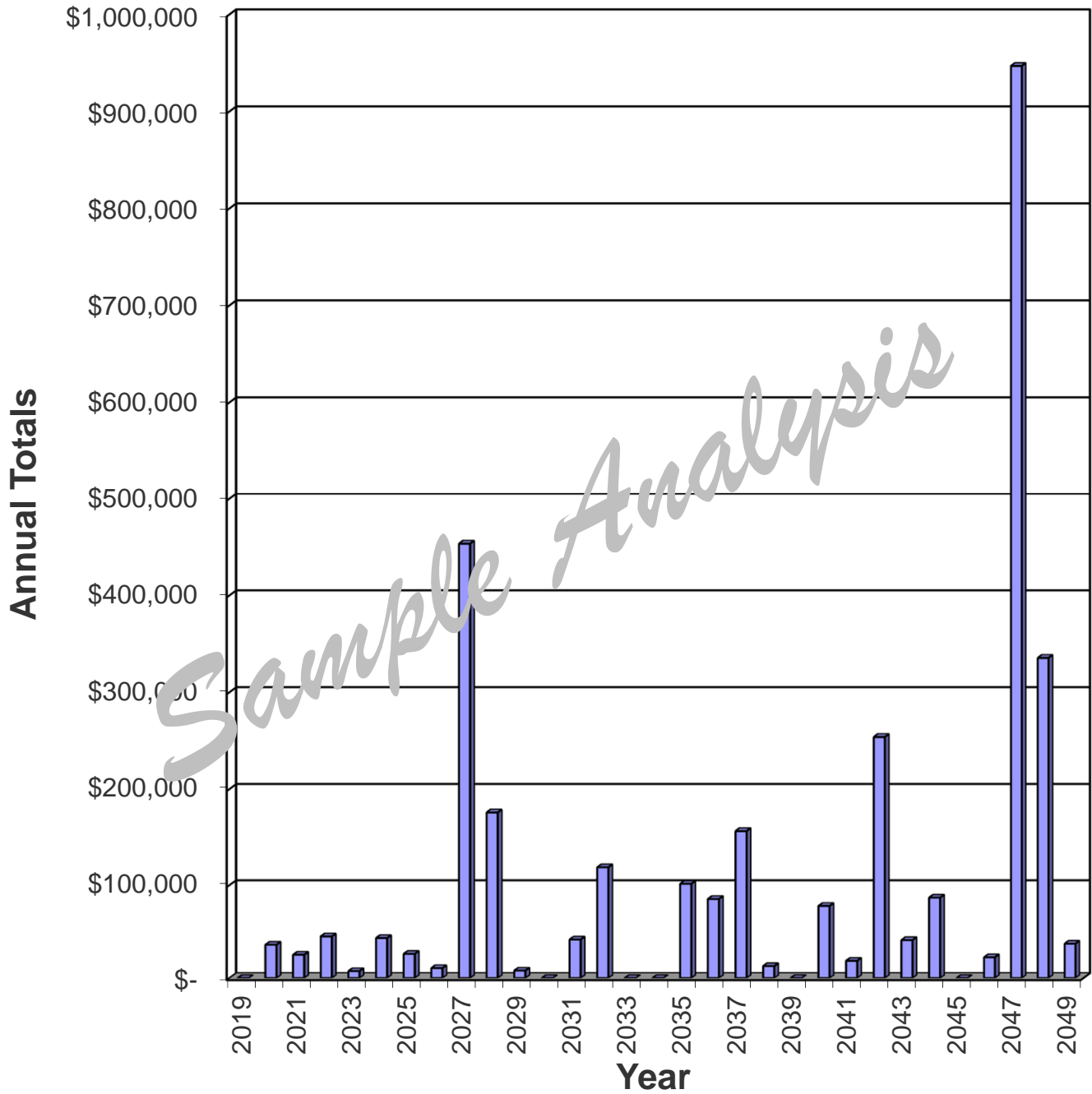
Year	2039	2040	2041	2042	2043
<b>Starting Balance</b>	\$688,612	\$820,390	\$880,511	\$1,005,769	\$901,271
<i>Reserve Income</i>	\$124,237	\$129,206	\$134,374	\$139,749	\$145,339
<i>Interest Earnings</i>	\$7,542	\$8,501	\$9,427	\$9,531	\$9,579
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$820,390	\$958,097	\$1,024,313	\$1,155,050	\$1,056,190
<b>Reserve Expenditures</b>	\$0	\$77,586	\$18,544	\$253,779	\$40,828
<b>Ending Balance</b>	\$820,390	\$880,511	\$1,005,769	\$901,271	\$1,015,362

Year	2044	2045	2046	2047	2048
<b>Starting Balance</b>	\$1,015,362	\$1,090,470	\$1,259,413	\$1,413,970	\$647,456
<i>Reserve Income</i>	\$151,153	\$157,199	\$163,487	\$170,026	\$176,828
<i>Interest Earnings</i>	\$10,525	\$11,744	\$13,361	\$10,303	\$5,708
<i>Special Assessments</i>	\$0	\$0	\$0	\$0	\$0
<b>Funds Available</b>	\$1,177,039	\$1,259,413	\$1,436,262	\$1,594,300	\$829,991
<b>Reserve Expenditures</b>	\$86,569	\$0	\$22,291	\$946,844	\$335,448
<b>Ending Balance</b>	\$1,090,470	\$1,259,413	\$1,413,970	\$647,456	\$494,543



Yearly Expenditures Graph For Office Complex

### Reserve Expenditures



## Projected Reserve Expenditures For Office Complex

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2019		No Expenditures Projected		\$0
2020	402	Asphalt - Seal Coat/crack fill	\$7,678	
	406	Drain Pans/Curbs/Gutters - Repair/Replace	\$28,103	\$35,781
2021	1701	Irrigation System - Rebuild	\$8,880	
	1703	Irrigation Controllers - Replace	\$2,960	
	1801	Groundcover/Trees - Replenish	\$13,186	\$25,026
2022	212	Metal Surfaces - Repaint	\$16,054	
	307	Stucco - Repair	\$19,264	
	309	Stone/Rock Siding - Major Repairs	\$7,119	
	805	Direction Signs - Replace	\$2,345	\$44,783
2023	1308	Common Area Furniture - Replace	\$7,386	\$7,386
2024	402	Asphalt - Seal Coat/crack fill	\$8,896	
	601	Concrete Sidewalks - Repair	\$34,155	\$43,050
2025	803	Mailboxes - Replace	\$4,926	
	1602	Exterior Wall Light - Replace	\$21,046	\$25,972
2026	1701	Irrigation System - Rebuild	\$10,675	\$10,675
2027	104	TPO Flat Roof - Replace	\$331,255	
	201	Stucco Surfaces - Repaint	\$54,555	
	212	Metal Surfaces - Repaint	\$19,298	
	307	Stucco - Repair	\$23,158	
	309	Stone/Rock Siding - Major Repairs	\$8,558	
	901	Fire Protection System - Replace	\$16,613	\$453,436
2028	401	Asphalt - Overlay	\$110,763	
	402	Asphalt - Seal Coat/crack fill	\$10,307	
	406	Drain Pans/Curbs/Gutters - Repair/Replace	\$3,713	
	1801	Groundcover/Trees - Replenish	\$17,062	\$175,860
2029	505	Steel Gates - Replace	\$7,948	\$7,948
2030		No Expenditures Projected		\$0
2031	801	Monument - Rebuild	\$28,581	
	1701	Irrigation System - Rebuild	\$12,832	\$41,414
2032	212	Metal Surfaces - Repaint	\$23,198	
	307	Stucco - Repair	\$27,838	
	309	Stone/Rock Siding - Major Repairs	\$10,288	
	402	Asphalt - Seal Coat/crack fill	\$11,942	
	601	Concrete Sidewalks - Repair	\$45,852	\$119,117
2033		No Expenditures Projected		\$0
2034		No Expenditures Projected		\$0
2035	1609	Street Lights - Replace	\$79,298	
	1801	Groundcover/Trees - Replenish	\$22,077	\$101,375
2036	402	Asphalt - Seal Coat/crack fill	\$13,837	
	406	Drain Pans/Curbs/Gutters - Repair/Replace	\$50,649	
	1701	Irrigation System - Rebuild	\$15,426	
	1703	Irrigation Controllers - Replace	\$5,142	\$85,053
2037	201	Stucco Surfaces - Repaint	\$78,834	
	212	Metal Surfaces - Repaint	\$27,886	
	307	Stucco - Repair	\$33,464	
	309	Stone/Rock Siding - Major Repairs	\$12,367	
	805	Direction Signs - Replace	\$4,074	\$156,625
2038	1308	Common Area Furniture - Replace	\$12,831	\$12,831
2039		No Expenditures Projected		\$0
2040	402	Asphalt - Seal Coat/crack fill	\$16,032	
	601	Concrete Sidewalks - Repair	\$61,554	\$77,586
2041	1701	Irrigation System - Rebuild	\$18,544	\$18,544

<b>Year</b>	<b>Asset ID</b>	<b>Asset Name</b>	<b>Projected Cost</b>	<b>Total Per Annum</b>
2042	212	Metal Surfaces - Repaint	\$33,522	
	307	Stucco - Repair	\$40,227	
	309	Stone/Rock Siding - Major Repairs	\$14,866	
	803	Mailboxes - Replace	\$9,211	
	1002	Iron Railing/Fence - Replace	\$127,385	
	1801	Groundcover/Trees - Replenish	\$28,567	\$253,779
2043	1602	Exterior Wall Light - Replace	\$40,828	\$40,828
2044	402	Asphalt - Seal Coat/crack fill	\$18,575	
	406	Drain Pans/Curbs/Gutters - Repair/Replace	\$67,994	\$86,569
2045		No Expenditures Projected		\$0
2046	1701	Irrigation System - Rebuild	\$22,291	\$22,291
2047	104	TPO Flat Roof - Replace	\$691,710	
	201	Stucco Surfaces - Repaint	\$113,918	
	212	Metal Surfaces - Repaint	\$40,297	
	307	Stucco - Repair	\$48,357	
	309	Stone/Rock Siding - Major Repairs	\$17,871	
	901	Fire Protection System - Replace	\$34,691	\$946,844
2048	401	Asphalt - Overlay	\$231,291	
	402	Asphalt - Seal Coat/crack fill	\$21,522	
	601	Concrete Sidewalks - Repair	\$82,635	\$335,448
2049	1801	Groundcover/Trees - Replenish	\$36,964	\$36,964

*Sample Analysis*

## **Glossary of Commonly used Words and Phrases** (provided by the National Reserve Study Standards of the Community Associations Institute)

**Asset or Component** – Individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association Responsibility, 2) with limited Useful Life expectancies, 3) have predictable Remaining Life expectancies, 4) above a minimum threshold cost, and 5) required by local codes.

**Cash Flow Method** – A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

**Component Inventory** – The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representatives.

**Deficit** – An actual (or projected) Reserve Balance, which is less than the Fully Funded Balance.

**Effective Age** – The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

**Financial Analysis** – The portion of the Reserve Study where current status of the Reserves (Measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

**Component Full Funding** – When the actual (or projected) cumulative Reserve balance for all components is equal to the Fully Funded Balance.

**Fully Funded Balance (aka - Full Balance)** – An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

$$\text{FFB} = \text{Replacement Cost} \times \text{Effective Age} / \text{Useful Life}$$

**Fund Status** – The status of the Reserve Fund as compared to an established benchmark, such as percent funding.

**Funding Goals** – Independent of methodology utilized, the following represent the basic categories of Funding Plan Goals.

- **Baseline Funding:** Establishing a Reserve funding goal of keeping the Reserve Balance above zero.
- **Component Full Funding:** Setting a Reserve funding goal of attaining and maintaining cumulative Reserves at or near 100% funded.
- **Threshold Funding:** Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than the “Component Fully Funding” method.



**Funding Plan** – An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**Funding Principles** –

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**Life and Valuation Estimates** – The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

**Percent Funded** – The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the *actual* (or *projected*) Reserve Balance to the accrued *Fund Balance*, expressed as a percentage.

**Physical Analysis** – The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**Remaining Useful Life (RUL)** – Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to *continue* to serve its intended function. Projects anticipated to occur in the initial year have “0” Remaining Useful Life.

**Replacement Cost** – The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

**Reserve Balance** – Actual or projected funds as of a particular point in time (typically the beginning of the fiscal year) that the association has identified for use to defray the future repair or replacement of those major components in which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. This is based upon information provided and is not audited.

**Reserve Provider** – An individual that prepares Reserve Studies. Also known as **Aspen Reserve Specialties**.

**Reserve Study** – A budget-planning tool that identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: The Physical Analysis and the Financial Analysis.

**Special Assessment** – An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**Surplus** – An actual (or projected) Reserve Balance that is greater than the Fully Funded Balance.

**Useful Life (UL)** – Also known as “Life Expectancy”, or “Depreciable Life”. The estimated time, in years, that a Reserve component can be expected to serve its intended function if properly constructed and maintained in its present application or installation.