Rocky Bluffs Property Owners Association

Level 2 Reserve Study

Report Period - 1/1/2025 to 12/31/2025

Client Reference Number	17441
Property Type	PUD
Number of Units	42
Fiscal Year End	12/31

Type of Study	Update with Site Visit
Date of Site Visit	2/24/2024
Prepared By	Eric Phillipps
Analysis Method	Cash Flow
Funding Goal	Full Funding

Report prepared on - Jul 1, 2024

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Information to complete this Update with Site Visit Study was gathered by performing an on-site visit of the common area elements. In addition, we may also have obtained information by contacting any vendors and/or contractors that have worked on the property recently, as well as communicating with the property representative (BOD Member and/or Community Manager). To the best of our knowledge, the conclusions and recommendations of this report are considered reliable and accurate insofar as the information obtained from these sources.

Projected Starting Balance as of 1/1/2025	**$344,030**
Ideal Reserve Balance as of 1/1/2025	**$374,331**
Percent Funded as of 1/1/2025	**92%**
Recommended Reserve Contribution (per month)	**$3,480**
Minimum Reserve Contribution (per month)	**$2,780**
Recommended Special Assessment (FY 2025)	**$0**

Property Details

The Rocky Bluffs Property Owners Association is a (42) unit PUD (Planned Unit Development) located in Chico, CA.

Currently Programmed Projected

Projects programmed to occur this fiscal year (FY 2025) include: Asphalt - Preventive Maintenance (Comp #405). Vehicle Gate Loops - Replace (Comp #509). Stone Façades - Repair (Comp #1090). Mushroom Metal Lights - Replace (Comp #1605). Main Distribution Soil Filter 3 - Repair (Comp #2001). Main Distribution Soil Filter 2 - Repair (Comp #2002). We have programmed an estimated $108,550 in reserve expenditures toward the completion of these projects. (See Page(s) 19 - 20)

Significant Reserve Projects

The association's significant reserve projects include: Asphalt - Preventive Maintenance (Comp #405). Asphalt - Major Rehab. (Phase 2) Eagle Nest (Comp #402). Asphalt - Major Rehab. (Phase 1) Lava Rock & Red Hawk (Comp #401). North & South Dosing Tanks - Replace (Comp #2005). The fiscal significance of these components is approximately 36%, 21%, 19% and 5% respectively. A component's significance is calculated by dividing its replacement cost by its useful life. In this way, not only is a component's replacement cost considered but also the frequency of occurrence. These components most significantly contribute to the total monthly reserve contribution. As these components have a high level of fiscal significance the association should properly maintain them to ensure they reach their full useful lives. (See Page(s) 14)

Reserve Funding

In comparing the projected starting reserve balance of $344,030 versus the ideal reserve balance of $374,331.19 we find the association's reserve fund to be approximately 92% funded. This indicates a strong reserve fund position. In order to continue to strengthen the account fund, we suggest adopting a monthly reserve contribution of $3,480 ($82.86/unit) per month. For comparison purposes, we have also set a minimum reserve contribution of $2,780 ($66.19/unit) per month. If the contribution falls below this rate, then the reserve fund may fall into a situation where special assessments, deferred maintenance, and lower property values are likely at some point in the future.

Introduction

Reserve Study Purpose

The purpose of this Reserve Study is to provide the board with a budgeting tool to help ensure that there are adequate reserve funds available to perform future reserve projects. In this respect our estimates of the current and future Fully Funded balances are less significant than the recommended reserve contribution. The board should weigh carefully our recommendations when setting the Reserve Contribution. 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 time to obtain competitive estimates and bids that will result in cost savings to the individual homeowners. It 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.

Preparer's Credentials

This reserve study was prepared under the responsible charge of Eric Phillipps. Any persons assisting in the preparation of this study worked under his responsible charge and have appropriate experience and training. Mr. Phillipps has been preparing reserve studies since 2007 and has completed reserve studies in California, Washington, Oregon, Arizona and Idaho. Eric has worked for 25 years in the architectural/engineering fields as a reserve specialist/analyst, drafter/designer, project manager, supervisor & business owner. He has a wide range of experience in residential and commercial design, structural detailing, working with city and county governments and had Department of Defense clearance to manage conversion of plans & specifications for government military, aerospace and nuclear facilities. Prior to joining Applied Reserve Analysis, Eric worked as a reserve specialist/analyst for more than seven years in the Pacific Northwest, California and Arizona and prior to that as a project manager/drafter for a Seattle based Architect working on multiple building envelope waterproofing projects, which entailed forensic investigation through design/detailing to final construction for single-family housing, condominium & apartment complexes.

- Community Association Institute (CAI) Reserve Specialist (RS) designation #238
- Active member of Washington State chapter of CAI
- Has personally prepared over 1,000 reserve studies.
- Projects have ranged in size from small apartment-style condominium communities to 1000+ Planned Unit Communities.
- Clients have ranged from developers interested in setting initial reserve accounts for communities under construction to high-rise communities, worship facilities, college campus facilities and more.

Budget Breakdown

Every association conducts their business within a budget. There are typically two main parts to this budget, the Operating budget and the Reserve budget. The operating budget typically includes all expenses that occur on an annual basis as well as general maintenance and repairs. Typical Operating budget line items include management fees, maintenance expenses, utilities, etc. The reserves are primarily made up of capital replacement items such as roofing, fencing, mechanical equipment, etc., that do not normally occur on an annual basis. Typically, the reserve contribution makes up 15% - 40% of the association's total budget. Therefore, reserves are considered to be a major part of the overall monthly association assessment.

Report Sections

The ***Reserve Analysis*** *Section* contains the evaluation of the association's reserve balance, income, and expenses. It includes 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).

The ***Component Evaluation*** *Section* contains information regarding the physical status and replacement cost of major common area components 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 estimates will most likely vary from year to year.

General Information and Frequently Asked Questions

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 States. Even if it is not currently governed by your State, the chances are very good that the documents of the association require the association to have a reserve fund established. This doesn't mean a Reserve Study is required, but how are you going to know if you have enough funds in the reserve account if you don't have the proper information? Some associations look at the Reserve fund and think that $500,000 is a lot of money and they are in good shape. What they don't know is that the roof is going to need to be replaced within 5 years, and the cost of the roof is going to exceed $750,000. So while $500,000 sounds like a lot of money, in reality it won't even cover the cost of a roof, let alone all the other amenities the association is responsible to maintain.

Why is it important to perform a Reserve Study?

As previously mentioned, the reserve allocation makes up a significant portion of the total monthly assessment. This report provides the essential information that is needed to guide the Board of Directors in establishing the reserve portion of the total monthly assessment. The reserve fund is critical to the future of the association because it helps ensure that significant reserve projects can be completed on time with quality contractors. In this way deferred maintenance can be avoided as well as the lower property values that typically accompanies it. It is suggested that a third party professionally prepare the Reserve Study since there is no vested interest in the property.

After we have a Reserve Study completed, what do we do with it?

Hopefully, you will not look at this report and think it is too cumbersome to comprehend. Our intention is to make this Reserve Study easy to read and understand. Please take the time to review it carefully and make sure the “main ingredients” (component information) are complete and accurate. If there are any components that the association feels should be added, removed, or altered as well as any other inaccuracies or changes that should be made, please inform us immediately so we may revise the report. In order to ensure the Board understands its role in the completion of this report, all reports are labeled as “DRAFT” until their input has been given and the report has been approved as finalized. **Note to user:** If this report has a “DRAFT” watermark it is not a finalized report and is not to be relied upon or used for budgeting purposes.

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 large portion of the total monthly assessment 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 projects. This will give you an opportunity to shop around for the best price available.

How often do we update or review the Reserve Study?

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 Study should be professionally reviewed (Level III “no site visit” update study) 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. Deterioration 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 results of the Reserve Study. Because of this projected future Fully Funded balances cannot be relied upon (in other words the Fully Funded balance for the current year of a report prepared 3 years earlier cannot be considered accurate or reliable). Therefore, this analysis should be professionally reviewed annually, and a “site visit” reserve study should be conducted at least once every three years

What is a “Reserve Component” versus an “Operating Component”?

A “Reserve” component is an item that is the responsibility of the association to maintain, has a limited useful life, predictable remaining useful life, typically occurs on a cyclical basis that exceeds 1 year, and costs above a minimum threshold amount. 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.

What are the GREY areas 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, it cannot be considered a Reserve issue. However, it is the opinion of several major Reserve Study providers, including Applied Reserve Analysis, 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.

What are the GREY areas of major expenses that are not included in a Reserve Study?

Some components may appear to satisfy the requirements of being a reserve component but are still not included in the reserve study. Several Reserve Study providers, including Applied Reserve Analysis, limit the component list to physical components of the common area that are owned by the association. Certain elements of an association's common area, such as leased items, or non-physical components such as future reserve studies, financial audits, inspection reports etc. are not included in our reserve studies. In addition we typically do not fund for utility systems, plumbing, or components with an extended useful life. Associations that feel any of these components should be included in our reserve study should notify us with their request. These components will be added to help the association better plan and prepare their own budget and will not necessarily reflect the professional opinions of Applied Reserve Analysis.

Information and Data Gathered

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 the time of the site visit. 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 also been excluded from 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 Applied Reserve Analysis and should not be construed as a guarantee or assurance of predicting future events.

What happens during the Site Visit? (Site Visit Studies Only)

The Site Visit was conducted of the common areas as reported by client. There may be certain areas that are not located inside the community but still a part of the association's common area. This may include drainage easements or landscaped areas located outside of the community, such as across a street. It is the responsibility of the Association to inform us of all common area locations. From our site visit we identified those common area components that we have determined require reserve funding. Based on information provided by the client, client's vendors, and our assessment of the components we have developed a component list and life and cost estimates.

What is the Financial Analysis?

We project the starting balance by taking the most recent reserve fund balance as stated by the client and add expected reserve contributions to the end of the fiscal year. We then subtract the expenses of any pending projects. We compare this number to the Fully Funded Balance and arrive at the Percent Funded level. Based on that level of funding we then recommend a Funding Plan to help ensure the adequacy of funding in the future

Percent Funded Breakdown: The percentage of the current reserve fund balance versus the Fully Funded Balance. A “snap-shot” indicator of the general strength of the account at the time of report preparation. Because many variables affect the Fully Funded balance it is more important to maintain the recommended reserve contribution or “cash flow” moving forward rather than striving to attain a certain Fully Funded figure.

Measures of strength are as follows:

0% - 30% Funded is generally considered to be a “weak” financial position. Associations that fall into this category are subject to higher frequencies of special assessments and deferred maintenance, which could lead to lower property values. Furthermore, should components fail sooner than expected our recommendations may not be enough to get the community into a better financial position. In this case additional actions beyond our initial recommendations may be necessary to improve the financial strength of the reserve fund.

31% - 69% Funded is generally considered a “fair” financial position. The majority of associations fall into this category. 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 is generally considered a “strong” financial position. This indicates financial strength of a reserve fund and every attempt to maintain this level should be a goal of the association.

100% Funded is considered an “ideal” financial position. This means that the association theoretically has the exact amount of funds in the reserve account.

100%+ Funded is considered over-funded. This means that the association has more reserve funds than the theoretically ideal amount.

Disclosures:

Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited.

A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study or a background check of historical records. A site visit conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection.

The results of this study are based on the independent opinion of the preparer and his experience and research during the course of his career in preparing Reserve Studies. In addition any opinions of experts on certain components have been gathered through research within their industry and with client's actual vendors. There is no implied warrantee or guarantee regarding our life and cost estimates/predictions. There is no implied warrantee or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

Estimated life expectancies and life cycles are based upon conditions that were readily accessible and visible at the time of the site visit. We did not destroy any landscape work, building walls, or perform any methods of intrusive investigation during the site visit. In these cases, information may have been obtained by contacting the contractor or vendor that has worked on the property. The physical analysis performed during this site visit is not intended to be exhaustive in nature and may include representative sampling.

The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

This Reserve Study assumes that all construction assemblies and components identified herein are built properly and are free from defects in materials and/or workmanship. Defects can lead to reduced useful life and premature failure. It was not the intent of this Reserve Study to inspect for or to identify defects. If defects exist, repairs should be made so that the construction components and assemblies at the community reach their full and expected useful lives.

We have assumed any and all components have been properly built and will reach normal, typical life expectancies. In general a reserve study is not intended to identify or fund for construction defects. We did not and will not look for or identify construction defects during our site visit.

Site Visits: Should a site visit have been performed during the preparation of this reserve study no invasive testing was performed. The physical analysis performed during the site visit was not intended to be exhaustive in nature and may have included representative sampling.

Update Reserve Studies: Level II Studies: Quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies. **Level III Studies:** In addition to the above we have not visited the property when completing a Level III “No Site Visit” study. Therefore we have not verified the current condition of the common area components.

Insurance: We carry general and professional liability insurance as well as workers' compensation insurance.

Actual or Perceived Conflicts of Interest: Unless otherwise stated there are no potential actual or perceived conflicts of interest that we are aware of.

Inflation and Interest Rates: The after tax interest rate used in the financial analysis may or may not be based on the clients reported after tax interest rate. If it is we have not verified or audited the reported rate. The interest rate may also be based on an amount we believe appropriate given the 30-year horizon of this study and may or may not reflect current or historical inflation rates.

California Clients: CA Civil Code §5551 requires California condominium associations with 3 or more units to inspect all exterior elevated elements “that extend beyond the exterior walls of the building to deliver structural loads to the building from decks, balconies, stairways, walkways, and their railings, that have a walking surface elevated more than six feet above ground level, that are designed for human occupancy or use, and that are supported in whole or in substantial part by wood or wood-based products.” We have not determined if any exterior elevated element is required to be inspected pursuant to CA Civil Code §5551. Any funding for such inspections within this report is not a determination that your association is required to perform such inspection on any of the exterior elements. Further lack of funding for these inspection is not a determination that your association is not required to perform such inspections. We recommend contacting your association’s legal counsel for such a determination. Further we do not warrant that any such inspections have occurred and are not responsible for the findings of any such inspection. Should any such inspection recommend remediation or repairs we recommend those repairs be performed immediately as required whether or not they are funded for in this report. We will not/have not performed any inspections that would comply with CA Civil Code §5551 on your exterior elevated elements. This reserve study is a budgeting tool and nothing within this study should be construed as a requirement to perform any specific maintenance at any time or cost.

Funding Summary

Beginning Assumptions

# of units	42
Fiscal Year End	12/31
Budgeted Monthly Reserve Contribution	$1,646
Projected Starting Reserve Balance	$344,030
Ideal Starting Reserve Balance	$374,331

Economic Assumptions

Current Inflation Rate	3.00%
Reported After-Tax Interest Rate	0.50%

Current Reserve Status

Current Balance as a % of Ideal Balance	92%

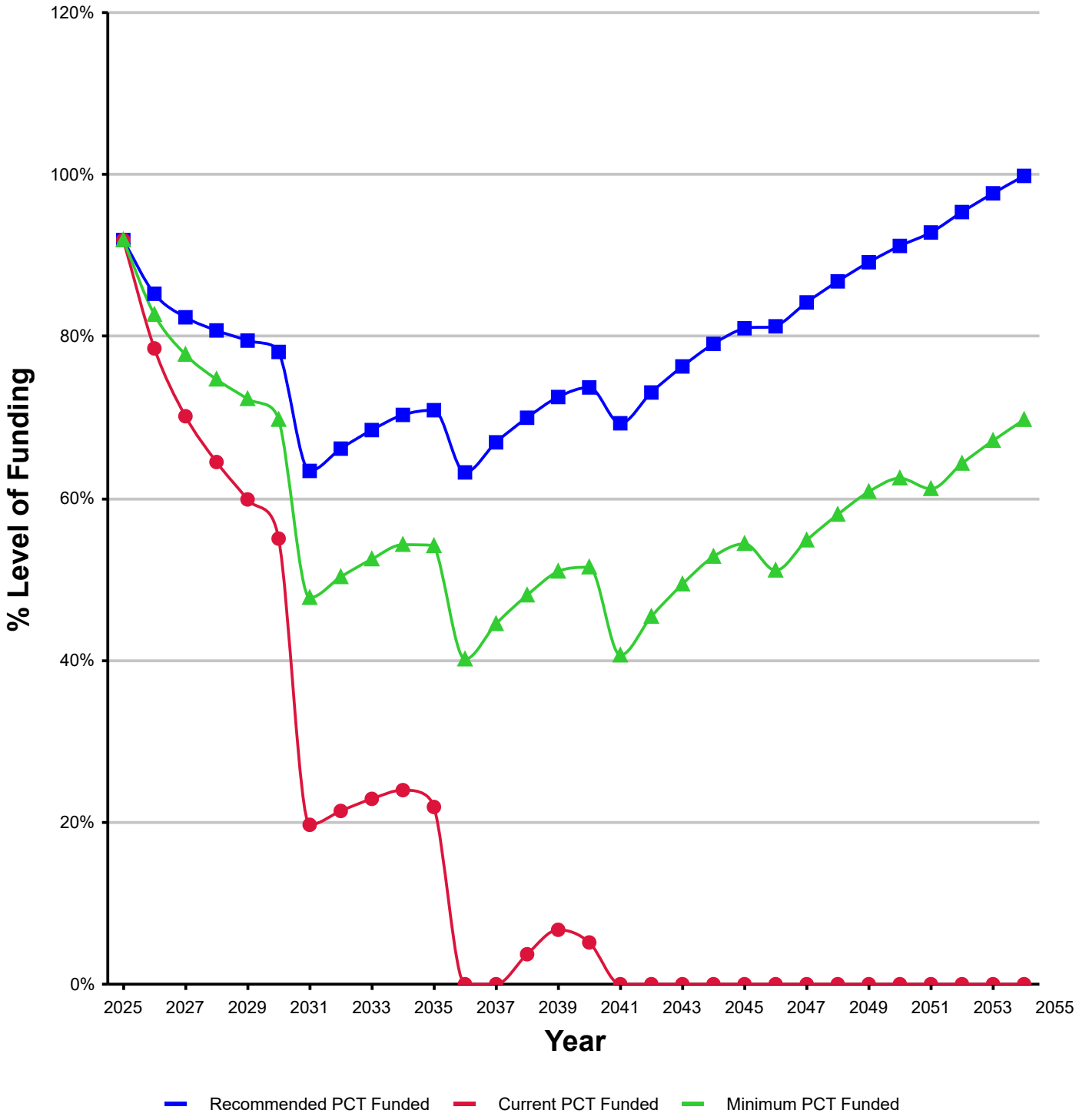
Recommendations

Recommended Special Assessment (FY 2025)	$0
Recommended Monthly Reserve Contribution	$3,480
Per Unit	$82.86
Future Annual Increases	6.00%
For number of years:	30
Increases thereafter:	6.00%
Minimum Recommended MRC	$2,780
Per Unit	$66.19
Future Annual Increases	6.00%
For number of years:	30
Increases thereafter:	6.00%

Changes From Prior Year

Recommended Increase to Reserve Contribution	$1,834
as Percentage	111%
Minimum Recommended Increase to Reserve Contribution	$1,134
as Percentage	69%

Percent Funded - Graph



Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
Common Area								
206	Metal Entry Gates/Fencing - Paint (pp. 21)	5	4	Approx 68 Linrear ft.	$1,350	$270	$270	$18.19
213	Street Sign Poles - Paint (Operating Expense) (pp. 22)	N/A	0	(5) Street sign poles	$0	$0	$0	$0.00
219	Mailboxes - Paint (pp. 23)	5	4	(5) Mailbox clusters	$1,000	$200	$200	$13.47
401	Asphalt - Major Rehab. (Phase 1) Lava Rock & Red Hawk (pp. 24)	35	30	Approx 70,050 Square ft.	$350,250	$50,036	$19,735	$674.18
402	Asphalt - Major Rehab. (Phase 2) Eagle Nest (pp. 25)	35	35	Approx 75,700 Square ft.	$378,500	$0	$0	$728.55
403	Asphalt - Major Rehab. (Phase 3) Osprey (pp. 26)	35	10	Approx 11,750 Square ft.	$58,750	$41,964	$41,964	$113.08
404	Asphalt - Major Rehab. (Phase 4) Rocky Bluff (pp. 27)	35	15	Approx 17,700 Square ft.	$53,100	$30,343	$30,343	$102.21
405	Asphalt - Preventive Maintenance (pp. 28)	5	0	Approx 184,300 Square ft.	$92,150	$92,150	$92,150	$1,241.62
504	Vehicle Gates - Replace (pp. 29)	30	29	(2) 16 Linear ft. gates	$10,000	$333	$333	$22.46
505	Vehicle Gate Hinges - Repair/Replace (pp. 30)	8	6	(4) Hinges	$1,600	$400	$400	$13.47
506	Phone Entry Panel - Replace (pp. 31)	15	14	(1) Cellgate system	$5,000	$333	$333	$22.46
507	Vehicle Gate Operator - Replace (A) (pp. 32)	15	9	(1) Maximum Control	$5,000	$2,000	$2,000	$22.46
508	Vehicle Gate Operator - Replace (B) (pp. 33)	15	14	(1) Maximum Control	$5,000	$333	$333	$22.46
509	Vehicle Gate Loops - Replace (pp. 34)	15	0	(1) Set of loops	$2,500	$2,500	$2,500	$11.23
801	Entry Monument - Refurbish (pp. 35)	25	24	(1) Monument	$3,000	$120	$120	$8.08
803	Mailboxes - Replace (pp. 36)	20	19	(4) Mailbox clusters, (2) Parcel clusters	$5,500	$275	$275	$18.53
804	Mailbox Kiosk - Replace (pp. 37)	30	29	(1) Masonry/Fiber Cement w/ Asphalt shingle roof	$10,000	$333	$333	$22.46
808	Street Signs - Replace (pp. 38)	20	19	(10) Metal signs	$2,000	$100	$100	$6.74
1090	Stone Façades - Repair (pp. 39)	20	0	Moderate Square ft.	$4,000	$4,000	$4,000	$13.47
1604	Pole Lights - Replace (pp. 40)	25	5	(3) Pole lights	$6,000	$4,800	$4,800	$16.17
1605	Mushroom Metal Lights - Replace (pp. 41)	15	0	(6) Fixtures	$2,400	$2,400	$2,400	$10.78
1790	Backflow Device - Replace (pp. 42)	20	3	(1) Backflow device	$2,000	$1,700	$1,700	$6.74
1812	Landscaping/Irrigation - Renovate (pp. 43)	5	4	Extensive area	$12,500	$2,500	$2,500	$168.42
2001	Main Distribution Soil Filter 3 - Repair (pp. 44)	50	0	(1) Main Distribution in Soil Filter 3	$3,750	$3,750	$3,750	$5.05
2002	Main Distribution Soil Filter 2 - Repair (pp. 45)	50	0	(1) Main Distribution in Soil Filter 2	$3,750	$3,750	$3,750	$5.05

Component Funding Information

ID	Component Name	UL	RUL	Quantity	Average Current Cost	Ideal Balance	Current Fund Balance	Monthly
2003	North Dosing Tank - Repair (pp. 46)	50	1	(1) North Dosing Tank	$6,500	$6,370	$6,370	$8.76
2004	South Dosing Tank - Repair (pp. 47)	50	1	(1) South Dosing Tank	$6,500	$6,370	$6,370	$8.76
2005	North & South Dosing Tanks - Replace (pp. 48)	50	5	(2) Dosing Tanks and associated equipment	$130,000	$117,000	$117,000	$175.16
				Subtotals:	**$1,162,100**	**$374,331**	**$344,030**	**$3,480**
				Grand Total:	**$1,162,100**	**$374,331**	**$344,030**	**$3,480**

Current Fund Balance as a percentage of Ideal Balance: 92%

Yearly Summary (Recommended Funding)

Year	Beginning Fully Funded Balance	Beginning Reserve Balance	Beginning % Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance	Ending Fully Funded Balance
2025	$374,331	$344,030	92%	$41,760	$1,557	$108,550	$278,797	$326,960
2026	$326,960	$278,797	85%	$44,266	$1,475	$13,390	$311,147	$377,778
2027	$377,778	$311,147	82%	$46,922	$1,677	$0	$359,745	$445,557
2028	$445,557	$359,745	81%	$49,737	$1,922	$2,185	$409,219	$514,811
2029	$514,811	$409,219	79%	$52,721	$2,141	$16,714	$447,367	$572,923
2030	$572,923	$447,367	78%	$55,884	$1,719	$264,488	$240,482	$379,367
2031	$379,367	$240,482	63%	$59,237	$1,349	$1,910	$299,158	$452,310
2032	$452,310	$299,158	66%	$62,792	$1,657	$0	$363,606	$531,315
2033	$531,315	$363,606	68%	$66,559	$1,989	$0	$432,154	$614,653
2034	$614,653	$432,154	70%	$70,553	$2,278	$25,900	$479,085	$675,837
2035	$675,837	$479,085	71%	$74,786	$2,080	$202,797	$353,154	$558,734
2036	$558,734	$353,154	63%	$79,273	$1,968	$0	$434,395	$649,145
2037	$649,145	$434,395	67%	$84,029	$2,388	$0	$520,812	$744,477
2038	$744,477	$520,812	70%	$89,071	$2,833	$0	$612,716	$844,945
2039	$844,945	$612,716	73%	$94,415	$3,207	$40,008	$670,330	$909,562
2040	$909,562	$670,330	74%	$100,080	$3,024	$233,929	$539,506	$778,794
2041	$778,794	$539,506	69%	$106,085	$2,970	$0	$648,560	$887,537
2042	$887,537	$648,560	73%	$112,450	$3,532	$0	$764,543	$1,002,103
2043	$1,002,103	$764,543	76%	$119,197	$4,130	$0	$887,870	$1,122,744
2044	$1,122,744	$887,870	79%	$126,349	$4,668	$39,191	$979,696	$1,209,355
2045	$1,209,355	$979,696	81%	$133,930	$4,810	$173,658	$944,779	$1,162,863
2046	$1,162,863	$944,779	81%	$141,966	$5,090	$0	$1,091,835	$1,296,726
2047	$1,296,726	$1,091,835	84%	$150,484	$5,841	$3,066	$1,245,094	$1,434,417
2048	$1,434,417	$1,245,094	87%	$159,513	$6,630	$3,947	$1,407,289	$1,578,389
2049	$1,578,389	$1,407,289	89%	$169,084	$7,360	$46,449	$1,537,283	$1,686,053
2050	$1,686,053	$1,537,283	91%	$179,229	$7,670	$192,942	$1,531,240	$1,649,304
2051	$1,649,304	$1,531,240	93%	$189,982	$8,150	$0	$1,729,372	$1,813,525
2052	$1,813,525	$1,729,372	95%	$201,381	$9,171	$0	$1,939,924	$1,986,115
2053	$1,986,115	$1,939,924	98%	$213,464	$10,257	$0	$2,163,645	$2,167,428
2054	$2,167,428	$2,163,645	100%	$226,272	$11,145	$105,692	$2,295,370	END

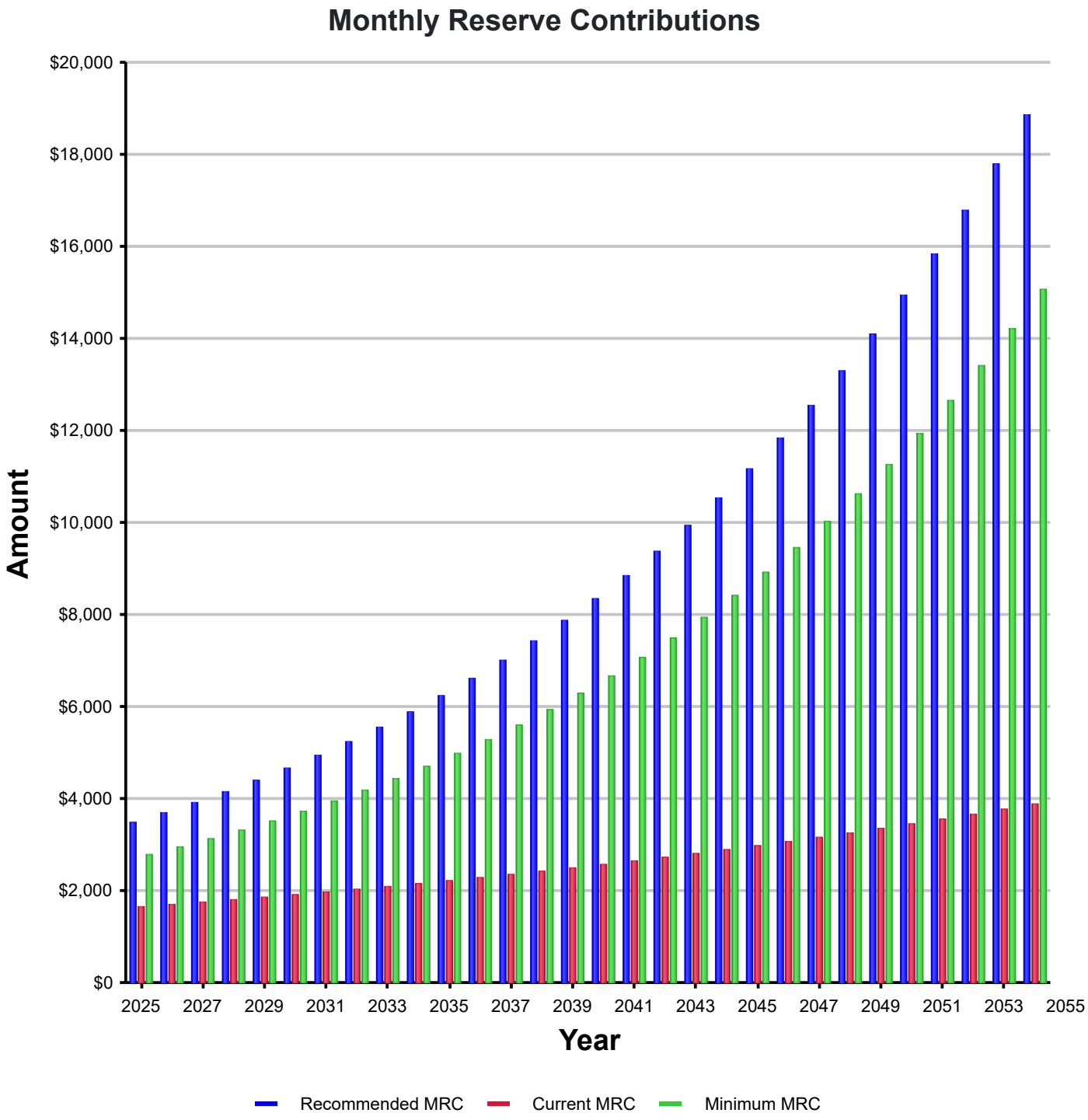
Yearly Summary (Current Funding)

Year	Beginning Fully Funded Balance	Beginning Reserve Balance	Beginning % Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance	Ending Fully Funded Balance
2025	$374,331	$344,030	92%	$19,752	$1,502	$108,550	$256,734	$326,960
2026	$326,960	$256,734	79%	$20,345	$1,304	$13,390	$264,992	$377,778
2027	$377,778	$264,992	70%	$20,955	$1,381	$0	$287,328	$445,557
2028	$445,557	$287,328	64%	$21,584	$1,489	$2,185	$308,214	$514,811
2029	$514,811	$308,214	60%	$22,231	$1,558	$16,714	$315,290	$572,923
2030	$572,923	$315,290	55%	$22,898	$975	$264,488	$74,674	$379,367
2031	$379,367	$74,674	20%	$23,585	$429	$1,910	$96,777	$452,310
2032	$452,310	$96,777	21%	$24,292	$546	$0	$121,616	$531,315
2033	$531,315	$121,616	23%	$25,021	$672	$0	$147,309	$614,653
2034	$614,653	$147,309	24%	$25,772	$738	$25,900	$147,919	$675,837
2035	$675,837	$147,919	22%	$26,545	$300	$202,797	-$28,033	$558,734
2036	$558,734	-$28,033	0%	$27,341	$0	$0	-$692	$649,145
2037	$649,145	-$692	0%	$28,162	$67	$0	$27,537	$744,477
2038	$744,477	$27,537	4%	$29,006	$211	$0	$56,754	$844,945
2039	$844,945	$56,754	7%	$29,877	$259	$40,008	$46,882	$909,562
2040	$909,562	$46,882	5%	$30,773	$0	$233,929	-$156,274	$778,794
2041	$778,794	-$156,274	0%	$31,696	$0	$0	-$124,578	$887,537
2042	$887,537	-$124,578	0%	$32,647	$0	$0	-$91,931	$1,002,103
2043	$1,002,103	-$91,931	0%	$33,626	$0	$0	-$58,304	$1,122,744
2044	$1,122,744	-$58,304	0%	$34,635	$0	$39,191	-$62,860	$1,209,355
2045	$1,209,355	-$62,860	0%	$35,674	$0	$173,658	-$200,843	$1,162,863
2046	$1,162,863	-$200,843	0%	$36,745	$0	$0	-$164,099	$1,296,726
2047	$1,296,726	-$164,099	0%	$37,847	$0	$3,066	-$129,318	$1,434,417
2048	$1,434,417	-$129,318	0%	$38,982	$0	$3,947	-$94,283	$1,578,389
2049	$1,578,389	-$94,283	0%	$40,152	$0	$46,449	-$100,580	$1,686,053
2050	$1,686,053	-$100,580	0%	$41,356	$0	$192,942	-$252,166	$1,649,304
2051	$1,649,304	-$252,166	0%	$42,597	$0	$0	-$209,569	$1,813,525
2052	$1,813,525	-$209,569	0%	$43,875	$0	$0	-$165,694	$1,986,115
2053	$1,986,115	-$165,694	0%	$45,191	$0	$0	-$120,503	$2,167,428
2054	$2,167,428	-$120,503	0%	$46,547	$0	$105,692	-$179,648	END

Yearly Summary (Minimum Funding)

Year	Beginning Fully Funded Balance	Beginning Reserve Balance	Beginning % Funded	Reserve Contributions	Interest Income	Reserve Expenses	Ending Reserve Balance	Ending Fully Funded Balance
2025	$374,331	$344,030	92%	$33,360	$1,536	$108,550	$270,376	$326,960
2026	$326,960	$270,376	83%	$35,362	$1,410	$13,390	$293,757	$377,778
2027	$377,778	$293,757	78%	$37,483	$1,566	$0	$332,807	$445,557
2028	$445,557	$332,807	75%	$39,732	$1,762	$2,185	$372,115	$514,811
2029	$514,811	$372,115	72%	$42,116	$1,928	$16,714	$399,446	$572,923
2030	$572,923	$399,446	70%	$44,643	$1,451	$264,488	$181,052	$379,367
2031	$379,367	$181,052	48%	$47,322	$1,021	$1,910	$227,485	$452,310
2032	$452,310	$227,485	50%	$50,161	$1,266	$0	$278,911	$531,315
2033	$531,315	$278,911	52%	$53,171	$1,531	$0	$333,613	$614,653
2034	$614,653	$333,613	54%	$56,361	$1,748	$25,900	$365,823	$675,837
2035	$675,837	$365,823	54%	$59,743	$1,475	$202,797	$224,243	$558,734
2036	$558,734	$224,243	40%	$63,327	$1,282	$0	$288,853	$649,145
2037	$649,145	$288,853	45%	$67,127	$1,616	$0	$357,596	$744,477
2038	$744,477	$357,596	48%	$71,154	$1,970	$0	$430,720	$844,945
2039	$844,945	$430,720	51%	$75,424	$2,247	$40,008	$468,384	$909,562
2040	$909,562	$468,384	52%	$79,949	$1,961	$233,929	$316,365	$778,794
2041	$778,794	$316,365	41%	$84,746	$1,798	$0	$402,909	$887,537
2042	$887,537	$402,909	45%	$89,831	$2,244	$0	$494,984	$1,002,103
2043	$1,002,103	$494,984	49%	$95,221	$2,719	$0	$592,924	$1,122,744
2044	$1,122,744	$592,924	53%	$100,934	$3,126	$39,191	$657,794	$1,209,355
2045	$1,209,355	$657,794	54%	$106,990	$3,129	$173,658	$594,256	$1,162,863
2046	$1,162,863	$594,256	51%	$113,409	$3,262	$0	$710,927	$1,296,726
2047	$1,296,726	$710,927	55%	$120,214	$3,856	$3,066	$831,932	$1,434,417
2048	$1,434,417	$831,932	58%	$127,427	$4,479	$3,947	$959,890	$1,578,389
2049	$1,578,389	$959,890	61%	$135,072	$5,033	$46,449	$1,053,546	$1,686,053
2050	$1,686,053	$1,053,546	62%	$143,177	$5,155	$192,942	$1,008,936	$1,649,304
2051	$1,649,304	$1,008,936	61%	$151,767	$5,437	$0	$1,166,140	$1,813,525
2052	$1,813,525	$1,166,140	64%	$160,873	$6,247	$0	$1,333,261	$1,986,115
2053	$1,986,115	$1,333,261	67%	$170,526	$7,109	$0	$1,510,895	$2,167,428
2054	$2,167,428	$1,510,895	70%	$180,757	$7,760	$105,692	$1,593,721	END

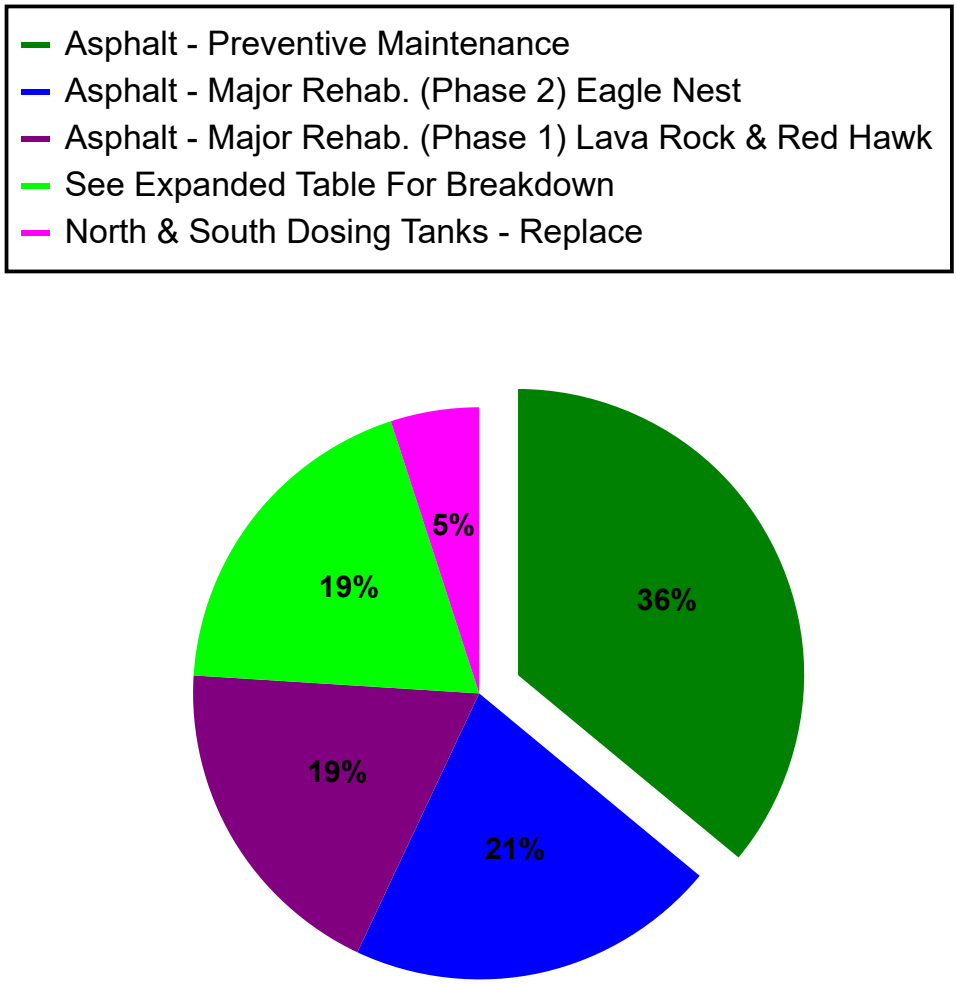
Reserve Contributions - Graph



Significant Components

ID #	Component Name	UL	RUL	Average Current	Significance: (Curr Cost/UL) As $	As %
Common Area						
206	Metal Entry Gates/Fencing - Paint	5	4	$1,350	$270	0.52%
213	Street Sign Poles - Paint (Operating Expense)	N/A	0	$0	$0	0.00%
219	Mailboxes - Paint	5	4	$1,000	$200	0.39%
401	Asphalt - Major Rehab. (Phase 1) Lava Rock & Red Hawk	35	30	$350,250	$10,007	19.37%
402	Asphalt - Major Rehab. (Phase 2) Eagle Nest	35	35	$378,500	$10,814	20.94%
403	Asphalt - Major Rehab. (Phase 3) Osprey	35	10	$58,750	$1,679	3.25%
404	Asphalt - Major Rehab. (Phase 4) Rocky Bluff	35	15	$53,100	$1,517	2.94%
405	Asphalt - Preventive Maintenance	5	0	$92,150	$18,430	35.68%
504	Vehicle Gates - Replace	30	29	$10,000	$333	0.65%
505	Vehicle Gate Hinges - Repair/Replace	8	6	$1,600	$200	0.39%
506	Phone Entry Panel - Replace	15	14	$5,000	$333	0.65%
507	Vehicle Gate Operator - Replace (A)	15	9	$5,000	$333	0.65%
508	Vehicle Gate Operator - Replace (B)	15	14	$5,000	$333	0.65%
509	Vehicle Gate Loops - Replace	15	0	$2,500	$167	0.32%
801	Entry Monument - Refurbish	25	24	$3,000	$120	0.23%
803	Mailboxes - Replace	20	19	$5,500	$275	0.53%
804	Mailbox Kiosk - Replace	30	29	$10,000	$333	0.65%
808	Street Signs - Replace	20	19	$2,000	$100	0.19%
1090	Stone Façades - Repair	20	0	$4,000	$200	0.39%
1604	Pole Lights - Replace	25	5	$6,000	$240	0.46%
1605	Mushroom Metal Lights - Replace	15	0	$2,400	$160	0.31%
1790	Backflow Device - Replace	20	3	$2,000	$100	0.19%
1812	Landscaping/Irrigation - Renovate	5	4	$12,500	$2,500	4.84%
2001	Main Distribution Soil Filter 3 - Repair	50	0	$3,750	$75	0.15%
2002	Main Distribution Soil Filter 2 - Repair	50	0	$3,750	$75	0.15%
2003	North Dosing Tank - Repair	50	1	$6,500	$130	0.25%
2004	South Dosing Tank - Repair	50	1	$6,500	$130	0.25%
2005	North & South Dosing Tanks - Replace	50	5	$130,000	$2,600	5.03%

Significant Components - Graph



ID #	Component Name	Useful Life (yrs.)	Remaining Useful Life (yrs.)	Average Current	Significance: (Curr Cost/UL) AS %	
405	Asphalt - Preventive Maintenance	5	0	$92,150	$18,430	36%
402	Asphalt - Major Rehab. (Phase 2) Eagle Nest	35	35	$378,500	$10,814	21%
401	Asphalt - Major Rehab. (Phase 1) Lava Rock & Red Hawk	35	30	$350,250	$10,007	19%
2005	North & South Dosing Tanks - Replace	50	5	$130,000	$2,600	5%
All Other	See Expanded Table For Breakdown				$41,851	19%

Yearly Cash Flow

Year	2025	2026	2027	2028	2029
Starting Balance	$344,030	$278,797	$311,147	$359,745	$409,219
Reserve Income	$41,760	$44,266	$46,922	$49,737	$52,721
Interest Earnings	$1,557	$1,475	$1,677	$1,922	$2,141
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$387,347	$324,538	$359,746	$411,404	$464,081
Reserve Expenditures	$108,550	$13,390	$0	$2,185	$16,714
Ending Balance	$278,797	$311,147	$359,745	$409,219	$447,367

Year	2030	2031	2032	2033	2034
Starting Balance	$447,367	$240,482	$299,158	$363,606	$432,154
Reserve Income	$55,884	$59,237	$62,792	$66,559	$70,553
Interest Earnings	$1,719	$1,349	$1,657	$1,989	$2,278
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$504,970	$301,068	$363,607	$432,154	$504,985
Reserve Expenditures	$264,488	$1,910	$0	$0	$25,900
Ending Balance	$240,482	$299,158	$363,606	$432,154	$479,085

Year	2035	2036	2037	2038	2039
Starting Balance	$479,085	$353,154	$434,395	$520,812	$612,716
Reserve Income	$74,786	$79,273	$84,029	$89,071	$94,415
Interest Earnings	$2,080	$1,968	$2,388	$2,833	$3,207
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$555,951	$434,395	$520,812	$612,716	$710,338
Reserve Expenditures	$202,797	$0	$0	$0	$40,008
Ending Balance	$353,154	$434,395	$520,812	$612,716	$670,330

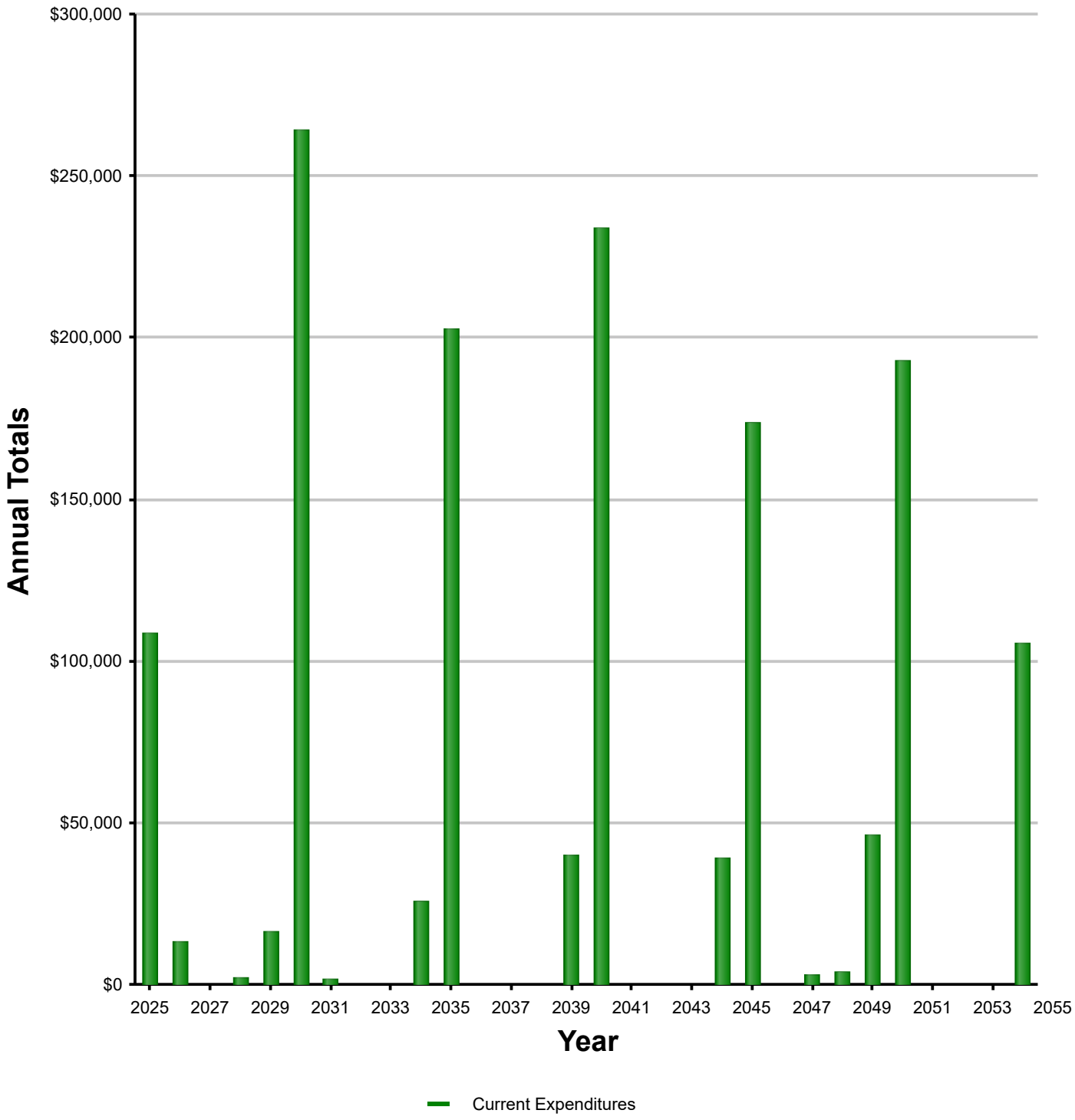
Year	2040	2041	2042	2043	2044
Starting Balance	$670,330	$539,506	$648,560	$764,543	$887,870
Reserve Income	$100,080	$106,085	$112,450	$119,197	$126,349
Interest Earnings	$3,024	$2,970	$3,532	$4,130	$4,668
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$773,434	$648,561	$764,542	$887,870	$1,018,887
Reserve Expenditures	$233,929	$0	$0	$0	$39,191
Ending Balance	$539,506	$648,560	$764,543	$887,870	$979,696

Year	2045	2046	2047	2048	2049
Starting Balance	$979,696	$944,779	$1,091,835	$1,245,094	$1,407,289
Reserve Income	$133,930	$141,966	$150,484	$159,513	$169,084
Interest Earnings	$4,810	$5,090	$5,841	$6,630	$7,360
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$1,118,436	$1,091,835	$1,248,160	$1,411,237	$1,583,733
Reserve Expenditures	$173,658	$0	$3,066	$3,947	$46,449
Ending Balance	$944,779	$1,091,835	$1,245,094	$1,407,289	$1,537,283

Yearly Cash Flow

Year	2050	2051	2052	2053	2054
Starting Balance	$1,537,283	$1,531,240	$1,729,372	$1,939,924	$2,163,645
Reserve Income	$179,229	$189,982	$201,381	$213,464	$226,272
Interest Earnings	$7,670	$8,150	$9,171	$10,257	$11,145
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$1,724,182	$1,729,372	$1,939,924	$2,163,645	$2,401,062
Reserve Expenditures	$192,942	$0	$0	$0	$105,692
Ending Balance	$1,531,240	$1,729,372	$1,939,924	$2,163,645	$2,295,370

Yearly Reserve Expenditures - Graph



Projected Expenditures By Year

Year	Subgroup	Comp. Id	Component Name	Projected Cost	Total Per Annum
2025	Common Area	405	Asphalt - Preventive Maintenance	$92,150	
	Common Area	509	Vehicle Gate Loops - Replace	$2,500	
	Common Area	1090	Stone Façades - Repair	$4,000	
	Common Area	1605	Mushroom Metal Lights - Replace	$2,400	
	Common Area	2001	Main Distribution Soil Filter 3 - Repair	$3,750	
	Common Area	2002	Main Distribution Soil Filter 2 - Repair	$3,750	$108,550
2026	Common Area	2003	North Dosing Tank - Repair	$6,695	
	Common Area	2004	South Dosing Tank - Repair	$6,695	$13,390
2027			No Expenditures Projected	$0	$0
2028	Common Area	1790	Backflow Device - Replace	$2,185	$2,185
2029	Common Area	206	Metal Entry Gates/Fencing - Paint	$1,519	
	Common Area	219	Mailboxes - Paint	$1,126	
	Common Area	1812	Landscaping/Irrigation - Renovate	$14,069	$16,714
2030	Common Area	405	Asphalt - Preventive Maintenance	$106,827	
	Common Area	1604	Pole Lights - Replace	$6,956	
	Common Area	2005	North & South Dosing Tanks - Replace	$150,706	$264,488
2031	Common Area	505	Vehicle Gate Hinges - Repair/Replace	$1,910	$1,910
2032			No Expenditures Projected	$0	$0
2033			No Expenditures Projected	$0	$0
2034	Common Area	206	Metal Entry Gates/Fencing - Paint	$1,761	
	Common Area	219	Mailboxes - Paint	$1,305	
	Common Area	507	Vehicle Gate Operator - Replace (A)	$6,524	
	Common Area	1812	Landscaping/Irrigation - Renovate	$16,310	$25,900
2035	Common Area	403	Asphalt - Major Rehab. (Phase 3) Osprey	$78,955	
	Common Area	405	Asphalt - Preventive Maintenance	$123,842	$202,797
2036			No Expenditures Projected	$0	$0
2037			No Expenditures Projected	$0	$0
2038			No Expenditures Projected	$0	$0
2039	Common Area	206	Metal Entry Gates/Fencing - Paint	$2,042	
	Common Area	219	Mailboxes - Paint	$1,513	
	Common Area	505	Vehicle Gate Hinges - Repair/Replace	$2,420	
	Common Area	506	Phone Entry Panel - Replace	$7,563	
	Common Area	508	Vehicle Gate Operator - Replace (B)	$7,563	
	Common Area	1812	Landscaping/Irrigation - Renovate	$18,907	$40,008
2040	Common Area	404	Asphalt - Major Rehab. (Phase 4) Rocky Bluff	$82,728	
	Common Area	405	Asphalt - Preventive Maintenance	$143,567	
	Common Area	509	Vehicle Gate Loops - Replace	$3,895	
	Common Area	1605	Mushroom Metal Lights - Replace	$3,739	$233,929
2041			No Expenditures Projected	$0	$0
2042			No Expenditures Projected	$0	$0
2043			No Expenditures Projected	$0	$0
2044	Common Area	206	Metal Entry Gates/Fencing - Paint	$2,367	

Projected Expenditures By Year

Year	Subgroup	Comp. Id	Component Name	Projected Cost	Total Per Annum
	Common Area	219	Mailboxes - Paint	$1,754	
	Common Area	803	Mailboxes - Replace	$9,644	
	Common Area	808	Street Signs - Replace	$3,507	
	Common Area	1812	Landscaping/Irrigation - Renovate	$21,919	$39,191
2045	Common Area	405	Asphalt - Preventive Maintenance	$166,433	
	Common Area	1090	Stone Façades - Repair	$7,224	$173,658
2046			No Expenditures Projected	$0	$0
2047	Common Area	505	Vehicle Gate Hinges - Repair/Replace	$3,066	$3,066
2048	Common Area	1790	Backflow Device - Replace	$3,947	$3,947
2049	Common Area	206	Metal Entry Gates/Fencing - Paint	$2,744	
	Common Area	219	Mailboxes - Paint	$2,033	
	Common Area	507	Vehicle Gate Operator - Replace (A)	$10,164	
	Common Area	801	Entry Monument - Refurbish	$6,098	
	Common Area	1812	Landscaping/Irrigation - Renovate	$25,410	$46,449
2050	Common Area	405	Asphalt - Preventive Maintenance	$192,942	$192,942
2051			No Expenditures Projected	$0	$0
2052			No Expenditures Projected	$0	$0
2053			No Expenditures Projected	$0	$0
2054	Common Area	206	Metal Entry Gates/Fencing - Paint	$3,181	
	Common Area	219	Mailboxes - Paint	$2,357	
	Common Area	504	Vehicle Gates - Replace	$23,566	
	Common Area	506	Phone Entry Panel - Replace	$11,783	
	Common Area	508	Vehicle Gate Operator - Replace (B)	$11,783	
	Common Area	804	Mailbox Kiosk - Replace	$23,566	
	Common Area	1812	Landscaping/Irrigation - Renovate	$29,457	$105,692

Component Evaluation

Comp # 206 Metal Entry Gates/Fencing - Paint

Subgroup: Common Area

Location: Main entrance to community

Quantity: Approx 68 Linrear ft.

Life Expectancy: 5 ***Remaining Life:*** 4

Best Cost: $1,000.00

$15.00/Linear ft.; Lower estimate to paint

Worst Cost: $1,700.00

$25.00/Linear ft.; Higher estimate

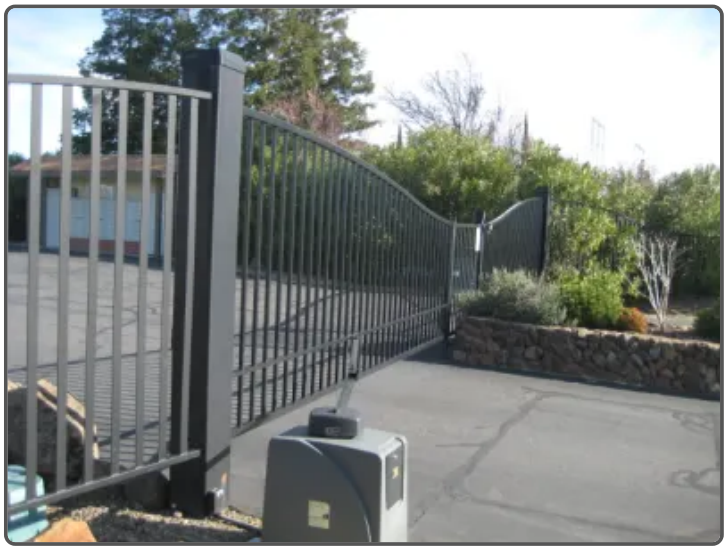
Source of Information: In-House Costs Database

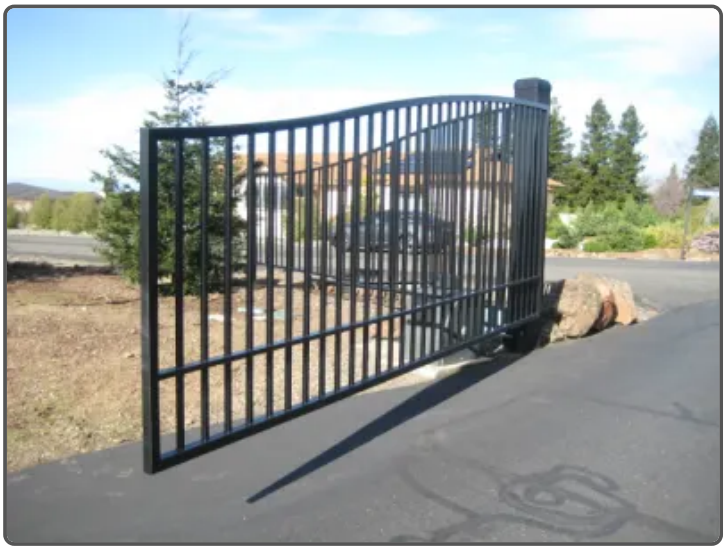
General Notes:

Quantity breakdown:
(2) 16 Linear ft. gates
36 Linear ft. adjacent fencing

Observations:

Regular cycles of paint will be required to maintain appearance and help extend life cycles. Fates and fencing were reportedly recently painted. This component typically has an approximate life of 4-6 years. The remaining useful life is based on the recent project date





Component Evaluation

Comp # 213 Street Sign Poles - Paint (Operating Expense)

Subgroup: Common Area

Location: Community streets

Quantity: (5) Street sign poles

Life Expectancy: N/A ***Remaining Life:*** 0

Best Cost: $0.00

Worst Cost: $0.00

Source of Information: In-House Costs Database

Observations:

Due to moderate amount of sign posts, this component is typically a lower cost item and can be maintained as-needed through the operating/maintenance budget.

Component Evaluation

Comp # 219 Mailboxes - Paint

Subgroup: Common Area

Location: Mailbox surfaces

Quantity: (5) Mailbox clusters

Life Expectancy: 5 ***Remaining Life:*** 4

Best Cost: $800.00

Lower estimate to paint

Worst Cost: $1,200.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Exterior metal surfaces will require regular cycles of paint/sealant to help prevent corrosion. New mailboxes were recently installed. This component has an approximate useful life of 4-6 years. The remaining useful life is based on the installation date

Component Evaluation

Comp # 401 Asphalt - Major Rehab. (Phase 1) Lava Rock & Red Hawk

Subgroup: Common Area

Location: Lava Rock Drive & Red Hawk Lane

Quantity: Approx 70,050 Square ft.

Life Expectancy: 35 ***Remaining Life:*** 30

Best Cost: $280,200.00

$4.00/Square ft.; Lower estimate to rehab.

Worst Cost: $420,300.00

$6.00/Square ft.; Higher estimate

Source of Information: In-House Costs Database

General Notes:

Quantity breakdown:
62,825 Square ft. - Lava Rock Dr.
7,225 Square ft. - Red Hawk Ln.

Observations:

We were informed that Lava Rock Drive and Red Hawk Lane were updated prior to the fire. With regular cycles of sealing and maintenance (see Comp# 405 Asphalt - Preventive Maintenance) these surfaces should reach a useful life of approximately 30-40 years. Remaining life based on the prior project date.

Component Evaluation

Comp # 402 Asphalt - Major Rehab. (Phase 2) Eagle Nest

Subgroup: Common Area

Location: Eagle Nest Drive

Quantity: Approx 75,700 Square ft.

Life Expectancy: 35 ***Remaining Life:*** 35

Best Cost: $302,800.00

$4.00/Square ft.; Lower estimate to rehab.

Worst Cost: $454,200.00

$6.00/Square ft.; Higher estimate

Source of Information: In-House Costs Database

General Notes:

Quantity breakdown:
75,700 Square ft. - Eagle Nest Dr.

Observations:

We were informed that Eagle Nest Drive was recently updated. With regular cycles of sealing and maintenance (see Comp# 405 Asphalt - Preventive Maintenance) these surfaces should reach a useful life of approximately 30-40 years. Remaining life based on the prior project date.

Component Evaluation

Comp # 403 Asphalt - Major Rehab. (Phase 3) Osprey

Subgroup: Common Area

Location: Osprey Circle

Quantity: Approx 11,750 Square ft.

Life Expectancy: 35 ***Remaining Life:*** 10

Best Cost: $47,000.00

$4.00/Square ft.; Lower estimate to rehab.

Worst Cost: $70,500.00

$6.00/Square ft.; Higher estimate

Source of Information: In-House Costs Database

General Notes:

Quantity breakdown:
11,750 Square ft. - Osprey Cir.

Observations:

Overall the asphalt at Osprey Circle appeared in generally good condition. With regular cycles of sealing and maintenance (see Comp# 405 Asphalt - Preventive Maintenance) these surfaces should reach a useful life of approximately 30-40 years. Remaining life based on the assumed age.

Component Evaluation

Comp # 404 Asphalt - Major Rehab. (Phase 4) Rocky Bluff

Subgroup: Common Area

Location: Rocky Bluff Drive

Quantity: Approx 17,700 Square ft.

Life Expectancy: 35 ***Remaining Life:*** 15

Best Cost: $35,400.00

$2.00/Square ft.; Lower estimate to rehab.

Worst Cost: $70,800.00

$4.00/Square ft.; Higher estimate

Source of Information: In-House Costs Database

General Notes:

Quantity breakdown:
17,700 Square ft. - Rocky Bluff Dr.

Observations:

Overall the asphalt at Rocky Bluff Drive appeared in generally stable condition. With regular cycles of sealing and maintenance (see Comp# 405 Asphalt - Preventive Maintenance) these surfaces should reach a useful life of approximately 30-40 years. Remaining life based on the assumed age.

Component Evaluation

Comp # 405 Asphalt - Preventive Maintenance

Subgroup: Common Area

Location: Community streets

Quantity: Approx 184,300 Square ft.

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

Best Cost: $73,725.00

$0.40/Square ft,; Lower estimate to maintain

Worst Cost: $110,575.00

$0.60/Square ft,; Higher estimate

Source of Information: In-House Costs Database

General Notes:

Quantity breakdown:
75,700 Square ft. - Eagle Nest Dr.
7,225 Square ft. - Red Hawk Ln.
17,700 Square ft. - Rocky Bluff Dr.
11,750 Square ft. - Osprey Cir.
62,825 Square ft. - Lava Rock Dr.
9,075 Square ft. - Red Hawk

Observations:

Regular cycles of preventive maintenance and asphalt seal coating are key to extending the typical useful life for major rehabilitation projects. This component typically has an approximate life of 4-6 years. Asphalt professionals typically recommend seal coating within six months to a year after major rehabilitation projects.

Component Evaluation

Comp # 504 Vehicle Gates - Replace

Subgroup: Common Area

Location: Main entrance gates

Quantity: (2) 16 Linear ft. gates

Life Expectancy: 30 ***Remaining Life:*** 29

Best Cost: $8,000.00

$4,000/Each, Lower estimate to replace

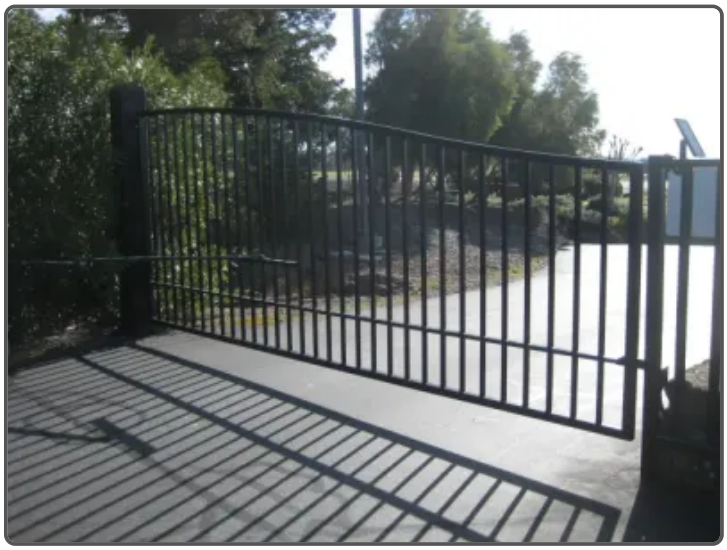
Worst Cost: $12,000.00

$6,000/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Although long lasting material, metal gates will require eventual replacement. Gates were reportedly recently replaced. This component has an approximate useful life of 25-35 years. The remaining useful life is based on the replacement date.



Component Evaluation

Comp # 505 Vehicle Gate Hinges - Repair/Replace

Subgroup: Common Area

Location: Gate to post connection

Quantity: (4) Hinges

Life Expectancy: 8 ***Remaining Life:*** 6

Best Cost: $1,200.00

$300/Each, Lower estimate to repair/replace

Worst Cost: $2,000.00

$500/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Functional condition observed, no problems reported. This component represents ongoing cycles of repair/replacement as gate hinges will wear out faster than other parts of the gate system.

Component Evaluation

Comp # 506 Phone Entry Panel - Replace

Subgroup: Common Area

Location: Entrance to community

Quantity: (1) Cellgate system

Life Expectancy: 15 ***Remaining Life:*** 14

Best Cost: $4,000.00

Lower estimate to replace

Worst Cost: $6,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Functional condition observed, no problems reported. The phone entry panel was reportedly recently replaced. This component has an approximate life of 10-20 years. The remaining useful life is based on the installation date.

Component Evaluation

Comp # 507 Vehicle Gate Operator - Replace (A)

Subgroup: Common Area

Location: Entry gate

Quantity: (1) Maximum Control

Life Expectancy: 15 ***Remaining Life:*** 9

Best Cost: $4,000.00

Lower estimate to replace

Worst Cost: $6,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

This operator was replaced in 2019 at a cost of $4,878. This component has an approximate life of 10-20 years. The remaining useful life has been extended based on the installation date.

Component Evaluation

Comp # 508 Vehicle Gate Operator - Replace (B)

Subgroup: Common Area

Location: Entry gate

Quantity: (1) Maximum Control

Life Expectancy: 15 ***Remaining Life:*** 14

Best Cost: $4,000.00

Lower estimate to replace

Worst Cost: $6,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Functional condition observed, no problems reported. This operator was recently replaced and has an approximate life of 10-20 years. The remaining useful life has been extended based on the replacement date.

Component Evaluation

Comp # 509 Vehicle Gate Loops - Replace

Subgroup: Common Area

Location: Adjacent to entry gates

Quantity: (1) Set of loops

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

Best Cost: $2,000.00

Lower allowance to replace

Worst Cost: $3,000.00

Higher allowance

Source of Information: In-House Costs Database

Observations:

This component represents a reserve allowance for eventual cycles of replacement of the vehicle gate loops. Best to replaced if needed prior to asphalt maintenance. Monitor life cycle and costs closely and adjust as-needed in reserve study updates.

Component Evaluation

Comp # 801 Entry Monument - Refurbish

Subgroup: Common Area

Location: Entrance to community

Quantity: (1) Monument

Life Expectancy: 25 ***Remaining Life:*** 24

Best Cost: $2,500.00

Lower estimate to refurbish

Worst Cost: $3,500.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

The entry monument was recently updated. Although there is no expectation to completely replace the monument/sign under normal circumstances, we recommend funding for significant refurbishment approximately every 20 to 30 years. The remaining life is based on the project date.

Component Evaluation

Comp # 803 Mailboxes - Replace

Subgroup: Common Area

Location: Common area

Quantity: (4) Mailbox clusters, (2) Parcel clusters

Life Expectancy: 20 ***Remaining Life:*** 19

Best Cost: $5,000.00

Lower estimate to replace

Worst Cost: $6,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

Although long lasting, mailboxes will require eventual replacement. The mailboxes were recently replaced. This component typically has an approximate useful life of 15-25 years. The remaining useful life is based on the installation date.

Component Evaluation

Comp # 804 Mailbox Kiosk - Replace

Subgroup: Common Area

Location: Entrance to community

Quantity: (1) Masonry/Fiber Cement w/ Asphalt shingle roof

Life Expectancy: 30 ***Remaining Life:*** 29

Best Cost: $5,000.00

Lower estimate to replace siding/roofing

Worst Cost: $15,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

The mailbox kiosk was recently installed. Although the masonry should have extensive life, the fiber-cement siding, wood trim and composition asphalt shingle roof will require eventual cycles of significant repair and replacement. Best to plan for upgrades to siding and roofing at roughly the time frame indicated

Component Evaluation

Comp # 808 Street Signs - Replace

Subgroup: Common Area

Location: Community streets

Quantity: (10) Metal signs

Life Expectancy: 20 ***Remaining Life:*** 19

Best Cost: $1,000.00

$100/Each, Lower estimate to replace

Worst Cost: $3,000.00

$200/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Street signes were reportedly recently replaced. This component has an approximate life of 15-25 years. Remaining useful life has been extended based on installation date.

Component Evaluation

Comp # 1090 Stone Façades - Repair

Subgroup: Common Area

Location: Rocky Bluff Drive

Quantity: Moderate Square ft.

Life Expectancy: 20 ***Remaining Life:*** 0

Best Cost: $3,000.00

Lower estimate to repair

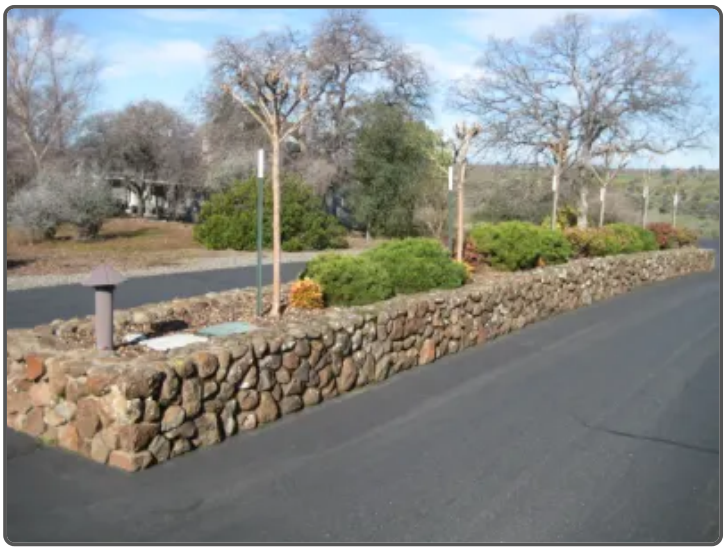
Worst Cost: $5,000.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

This component represents cycles of repair to the stone façade planters on Rocky Bluff Drive. Monitor expenses closely and adjust as needed in reserve study updates.



Component Evaluation

Comp # 1604 Pole Lights - Replace

Subgroup: Common Area

Location: Adjacent to main entry area

Quantity: (3) Pole lights

Life Expectancy: 25 ***Remaining Life:*** 5

Best Cost: $3,000.00

$1,000/Each, Lower estimate to replace

Worst Cost: $9,000.00

$3,000/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Although pole lights and fixtures typically have an extended life, best to plan for eventual replacement. This component has an approximate useful life of 30-40 years. The remaining useful life is based on the assumed age.

Component Evaluation

Comp # 1605 Mushroom Metal Lights - Replace

Subgroup: Common Area

Location: At planter boxes

Quantity: (6) Fixtures

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

Best Cost: $1,800.00

$300/Each, Lower estimate

Worst Cost: $3,000.00

$500/Each, Higher estimate

Source of Information: In-House Costs Database

Observations:

Observed during daylight hours, functional condition assumed. This component has an approximate useful life of 10-20 years. The remaining useful life is based on the assumed age.

Component Evaluation

Comp # 1790 Backflow Device - Replace

Subgroup: Common Area

Location: Main entry area

Quantity: (1) Backflow device

Life Expectancy: 20 ***Remaining Life:*** 3

Best Cost: $1,500.00

Lower estimate to replace

Worst Cost: $2,500.00

Higher estimate

Source of Information: In-House Costs Database

Observations:

No problems reported. We recommend replacing backflow device every 20-30 years. The remaining useful life is based on the assumed age.

Component Evaluation

Comp # 1812 Landscaping/Irrigation - Renovate

Subgroup: Common Area

Location: Throughout common landscaping

Quantity: Extensive area

Life Expectancy: 5 ***Remaining Life:*** 4

Best Cost: $10,000.00

Lower allowance to renovate

Worst Cost: $15,000.00

Higher allowance

Source of Information: In-House Costs Database

Observations:

We were informed of recent landscape upgrades. Although difficult to predict timing and scope of work, best to plan for regular cycles of landscape/irrigation upgrades.

Component Evaluation

Comp # 2001 Main Distribution Soil Filter 3 - Repair

Subgroup: Common Area

Location: Underground septic system leach field

Quantity: (1) Main Distribution in Soil Filter 3

Life Expectancy: 50 ***Remaining Life:*** 0

Best Cost: $2,500.00

Lower estimate to repair

Worst Cost: $5,000.00

Higher estimate

Source of Information: Research with local vendor

Observations:

Per North Star and Hydrotec Solutions, the Main Distribution for Soil Filter 3 is damaged and required immediate attention. This component represents a reserve funding allowance for repair. Monitor actual expense and adjust in future reserve study update.

Component Evaluation

Comp # 2002 Main Distribution Soil Filter 2 - Repair

Subgroup: Common Area

Location: Underground septic system leach field

Quantity: (1) Main Distribution in Soil Filter 2

Life Expectancy: 50 ***Remaining Life:*** 0

Best Cost: $2,500.00

Lower estimate to repair

Worst Cost: $5,000.00

Higher estimate

Source of Information: Research with local vendor

Observations:

Per North Star and Hydrotec Solutions, the Main Distribution for Soil Filter 2 is damaged and required immediate attention. This component represents a reserve funding allowance for repair. Monitor actual expense and adjust in future reserve study update.

Component Evaluation

Comp # 2003 North Dosing Tank - Repair

Subgroup: Common Area

Location: Underground septic system

Quantity: (1) North Dosing Tank

Life Expectancy: 50 ***Remaining Life:*** 1

Best Cost: $5,500.00

Lower estimate to repair

Worst Cost: $7,500.00

Higher estimate

Source of Information: Research with local vendor

Observations:

Per North Star and Hydrotec Solutions, the North Dosing Tank is leaking around the siphoning outlet and will require eventual repair. This component represents a reserve funding allowance for repair. Monitor actual expense and adjust in future reserve study update.

Component Evaluation

Comp # 2004 South Dosing Tank - Repair

Subgroup: Common Area

Location: Underground septic system

Quantity: (1) South Dosing Tank

Life Expectancy: 50 ***Remaining Life:*** 1

Best Cost: $5,500.00

Lower estimate to repair

Worst Cost: $7,500.00

Higher estimate

Source of Information: Research with local vendor

Observations:

Per North Star and Hydrotec Solutions, the South Dosing Tank is showing signs of degradation and will require eventual repair. This component represents a reserve funding allowance for repair. Monitor actual expense and adjust in future reserve study update.

Component Evaluation

Comp # 2005 North & South Dosing Tanks - Replace

Subgroup: Common Area

Location: Underground septic system

Quantity: (2) Dosing Tanks and associated equipment

Life Expectancy: 50 ***Remaining Life:*** 5

Best Cost: $110,000.00

Lower estimate to replace

Worst Cost: $150,000.00

Higher estimate

Source of Information: Research with local vendor

Observations:

Per North Star and Hydrotec Solutions, the North and South Dosing tanks will require eventual replacement. This estimate includes (2) 3,000 gallon tank replacements with dosing siphons, inlet manifold reconstruction, design, permitting, crane set, construction inspection, inlet force manifold, dosing pumps and electrical services. Monitor actual expense and adjust in future reserve study update.

Glossary of Commonly Used Words and Phrases

(Provided by the National Reserve Study Standards of the Community Associations Institute)

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 - Also referred to as an “Asset.” 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.

Component Full Funding - When the actual (or projected) cumulative reserve balance for all components is equal to the fully funded balance.

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 (UL - RUL).

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 expenses over time is presented. The financial analysis is one of the two parts of the Reserve Study.

Fully Funded Balance - An indicator against which the 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 of a reserve component. This number is calculated for each component, and then summed together for an association total.
FFB = Current Cost * Effective Age / Useful Life

Fund Status - The status of the reserve fund as compared to an established benchmark, such as percent funded.

Funding Goals - Independent of calculation 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.

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 contributions through the year
- Evenly distributed contributions over the years
- Fiscally responsible

GSF - Gross Square Feet

Life and Valuation Estimates - The task of estimating useful life, remaining useful life, and repair or replacement costs for the reserve components.

LF - Linear Feet

Percent Funded - The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the ideal fund balance, expressed as a percentage.

Physical Analysis - The portion of the Reserve Study where the component evaluation, 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 current fiscal year have a “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 that the association is obligated to maintain. Also known as “reserves,” “reserve accounts,” or “cash reserves.” In this report the reserve balance is based upon information provided and is not audited.

Reserve Study - A budget-planning tool, which 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. Governing documents or local statutes often regulate special assessments.

Surplus - An actual (or projected) reserve balance that is greater than the fully funded balance.

Useful Life (UL) - Also known as “life expectancy.” 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 of installation.