

CAPITAL RESERVE STUDY

Prepared for:

Quail Creek HOA

Date of Report:

6/7/2018

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Disclosure and Limitations

Forward Looking Statements:

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters. Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a “one-year” document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan.

Future Updates:

Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections.

It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually. We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association’s representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Limited Scope:

Component quantities indicated in this Report were developed by Capital Reserves unless otherwise noted in our “Site Inspection Notes” comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Report Guide

This report is a budgeting tool designed to help you navigate the uncertain future and contains findings of the current Reserve Fund Status and a recommendation for an appropriate Reserve contribution rate in order to adequately plan for ongoing major maintenance, repair and replacement of common area elements. Our recommendations are just that, recommendations and do not include all possible funding scenarios. This report is divided into the following sections:

- **Project and Financial Overview:** this section provides an overview of the project and outlines our findings and recommendations. This section of the report should be used as a quick reference in helping the reader to understand the parameters and results of the study.
- **Introduction and Methodology:** Details the framework, methods, and materials used in developing this report.
- **Financial Analysis:** This section contains the current reserve fund strength and our recommended funding plan.
- **Data Tables Appendix:** This section includes detailed tables outlining projected expenses, funding requirements and reserve balance calculations.
- **Physical Evaluation/Maintenance Recommendations:** This section includes detailed tables outlining projected expenses, funding requirements and reserve balance calculations. Provides in-depth, detailed condition assessments along with maintenance recommendations.

If you have questions about this Reserve Study, please contact us. We look forward to doing business with you in the future.

Thank you,
Capital Reserve Analysts,

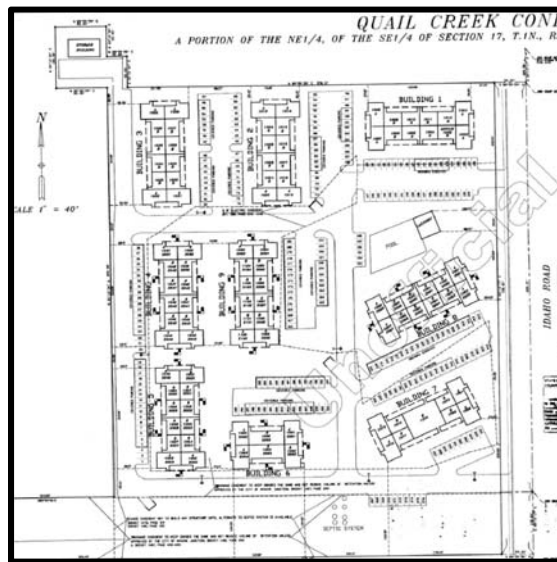
Prepared by:

Casey Arnett



Project Overview

Association Name Quail Creek HOA	Project Description Condominiums	Number of Units 151
Location Apache Junction, Arizona	Scope of Work Level I	Date Prepared 6/7/2018
Year Constructed 1/1/1989	Funding Strategy Recommended Full Funding	Next Study 2019



Project Summary

Report Period	1/1/2019 – 12/31/2049
Inflation Rate (30 Yr. Avg.)	3%
Interest Rate (30 Yr. Avg.)	.15%
Starting Reserve Balance	\$130,809
Fully Funded Balance	\$733,139
Percent Funded	18%

**Projected starting Reserve Balance provided by client. This figure is not audited.*

Financial Overview

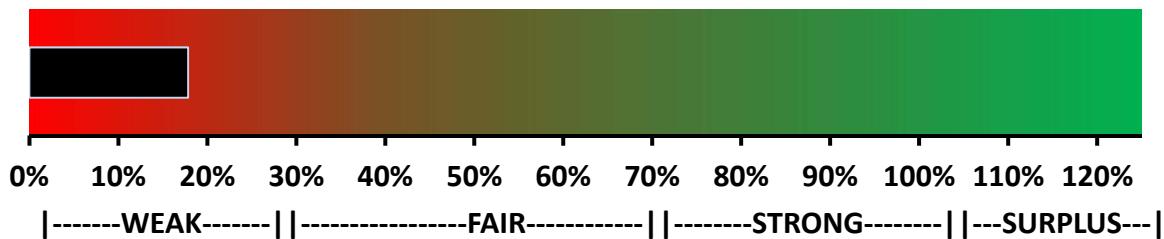
This section is made up of a finding of the client's current *Reserve Fund Status* (measured in cash and Percent Funded) and a recommendation for an appropriate Reserve contribution rate (*Funding Plan*) in order to adequately plan for the ongoing major maintenance, repair and replacement of common area elements.

Reserve Fund Status

The adequacy of current reserves is determined by comparing what you have (current reserves) to the ideal amount of reserves (the Fully Funded Balance). This is done by dividing current reserves by the Fully Funded Balance (what you should have) and expressing as a percentage. The Percent Funded Level is a metric developed by the CAI (Community Association Institute) to determine a Reserve Fund's strength.

- **Your Reserve Fund is 18% Funded, this represents a Weak financial position.**

For comparison, clients with a percent funded level of 70% and above have a low risk for special assessments conversely, clients with a percent funded level of 30% and below have a high risk of special assessments and deferred maintenance.



Recommended Funding

Regular annual increases to reserve contributions are needed to help offset inflation. (See Inflation & Interest assumptions herein)

- **Based on your starting reserve balance and projected reserve expenses, we recommend annual reserve contributions of \$93,600.**

	Annual	Monthly	Per Unit Per Month
Regular Assessments	\$405,060	\$33,755	\$224
Current Reserve Contributions	\$56,770	\$4,731	\$31
Recommended Reserve Contributions	\$93,600	\$7,800	\$52

5-Year Cash Flow Summary

The table below identifies systems or components which are expected to have a remaining useful life of less than five (5) years, which are found to be in need of attention, which must be modified, repaired or replaced in order to maintain or preserve the useful life of the asset, or which are otherwise in a state of deferred maintenance.

Fiscal Year	2019	2020	2021	2022
Starting Reserve Balance	\$130,809	\$207,993	\$240,775	\$340,511
Annual Reserve Contribution	\$93,600	\$96,408	\$99,300	\$102,279
Special Assessment	\$0	\$0	\$0	\$0
Interest Earnings	\$254	\$337	\$436	\$494
Total Income	\$224,663	\$304,738	\$340,511	\$443,284
Total Expenses	\$16,670	\$63,963	\$0	\$124,821
Ending Reserve Balance:	\$207,993	\$240,775	\$340,511	\$318,463

Item #	Reserve Asset	2019	2020	2021	2022	2023
2	Asphalt Pavement - Seal Coat, Repairs	\$0	\$0	\$0	\$13,090	\$0
7	Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$2,814
8	Mailbox Clusters - Replace	\$0	\$0	\$0	\$0	\$24,311
11	Maintenance Golf Cart - Replace	\$0	\$4,120	\$0	\$0	\$0
19	Laundry Cabinetry - Replace	\$0	\$3,296	\$0	\$0	\$0
20	Restroom - Remodel	\$0	\$3,090	\$0	\$0	\$0
21	HVAC Unit - Replace	\$0	\$0	\$0	\$0	\$4,277
22	Globe Lights - Replace	\$0	\$0	\$0	\$1,311	\$0
24	Spa Surface - Resurface	\$0	\$0	\$0	\$3,934	\$0
26	Pool "Kool" Deck - Seal, Clean, Repair	\$2,320	\$0	\$0	\$0	\$2,611
28	Pool Furniture - Replace (Lounges + Chairs)	\$0	\$0	\$0	\$0	\$6,415
29	Pool Heater - Replace (A)	\$2,500	\$0	\$0	\$0	\$0
30	Pool Heater - Replace (B)	\$0	\$0	\$0	\$2,732	\$0
31	Spa Heater - Replace	\$0	\$2,369	\$0	\$0	\$0
32	Pool Filter - Replace	\$0	\$0	\$0	\$0	\$1,463
33	Spa Filter - Replace	\$0	\$1,133	\$0	\$0	\$0
34	Surveillance System - Replace	\$0	\$5,665	\$0	\$0	\$0
38	Stucco/Block Surfaces - Repaint	\$0	\$0	\$0	\$103,754	\$0
39	Wood Surfaces - Repaint	\$11,850	\$0	\$0	\$0	\$13,337
41	Metal Surfaces - Repaint	\$0	\$13,390	\$0	\$0	\$0
44	Hot Water Boilers - Replace (Bldgs. 4, 5, 8, 9)	\$0	\$30,900	\$0	\$0	\$0
Grand Total		\$16,670	\$63,963	\$0	\$124,821	\$55,229

Introduction and Methodology

Introduction and Purpose

Every property owner can benefit from a Reserve Study. A Reserve Study specifically benefits projects owned or maintained by Common Interest Associations. The Board of Directors or governing body of common interest entities has a fiduciary responsibility to maintain and preserve the value of assets belonging to the community. As part of this fiduciary duty, board members are responsible for the long-term planning and funding of large-scale maintenance or renovation projects such as; building remodeling, retrofit of the fire alarm system and resurfacing of private streets.

A **Reserve Study** prepared by an independent, certified consultant will provide specific recommendations regarding the appropriate amount of Reserve Contributions to ensure that funds for major repairs and replacements will be available when needed.

Key benefits include:

- Protect and preserve property values by maintaining physical assets with timely repair/replacement of common elements.
- Fairness: With the help of a Reserve Study, dues/assessments can be set to ensure both current and future owners pay for the use and enjoyment of amenities.
- Reduce the probability of large or sudden assessments.

A **Reserve Study** is made up of two parts:

- 1) The **Physical Evaluation/Assessment** is the information about the physical status and repair/replacement cost of the major common area components. This section is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. Condition Assessments and Life and Valuation Estimates will change as time elapses; therefore, these should be updated on an annual basis.
- 2) **The Financial Analysis** is the evaluation and analysis of the Reserve balance, income, and expenses. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan). A Reserve Funding Plan typically takes the form of a budget recommendation for a monthly Reserve contribution rate."

Physical Evaluation/Assessment

The Physical Analysis is the first and most important step in developing a Reserve Study because the data and assessments gathered during this phase forms the baseline or foundation of this report. The Physical Analysis contains the following estimates/projections:

Site Inspection:

This phase begins with a project engineer performing the property inspection to record, measure and assess the current condition of each common element/component. As part of the on-site inspection, the project engineer takes photos to document the condition of the common elements."

Reserve Component Criteria:

Reserve Components should be major, predictable expenses. It is incorrect to include "lifetime" components, unpredictable expenses (such as insurance related losses), and expenses more appropriately handled from the operational budget. Capital Reserve Analysts utilizes CAI's national-standard four-part test as a guideline to determine reserve components.

- ✓ **Part 1:** Item must be a common area maintenance responsibility per the accepted governing documents.
- ✓ **Part 2:** the component must have a predictable useful life. Typically, items that do not have a predictable useful life include: Electrical Wiring, Underground Utilities and Building Structures.
- ✓ **Part 3:** the item's life expectancy falls within the projection period. Components with a life expectancy beyond the report time frame (typically 30-years) will not be included under normal circumstances.
- ✓ **Part 4:** the repair or replacement cost must be above a minimum threshold cost. Minor repairs usually under \$1,000 should be funded with Operating funds in order to minimize clutter in the Reserve Component list.

Assumptions/Notes:

It should be noted that the projections made in this study are just that, projections and do not predict with 100% surety the future. We do however, use well defined methodologies and extensive research is done in preparation of each Reserve Study.

Component Useful Life (UL):

Component Useful Life is the estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed and maintained. Useful Life is a prediction based on accurate historical records if provided, exposure to the elements, initial quality and installation, extent of use, and the amount of preventative maintenance exercised. In addition to the above listed factors, the following sources are used to determine Reserve Component Useful Life:

- 1) Visual Inspection (observed wear and age)
- 2) Proprietary Cost Database of experience and similar projects
- 3) Historical component data (client maintenance records)
- 4) Vendor/Manufacturers' Expertise and Recommendations

Remaining Useful Life (RUL):

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 of this report have "zero" Remaining Useful Life. Intuitively, the RUL of a component should equal the UL (Useful Life) less its chronological age. However, this is not the "real world" reality. To accurately estimate the remaining useful life of a component, the following factors should to be considered:

- Chronological age (number of years in service)
- Observed physical condition at the time of inspection
- Extent of utilization compared to design specifications
- Historical and current levels of preventative maintenance
- Exposure to elements
- Quality and design of materials
- Installation method compared to manufacturer's specifications

Assumptions/Notes:

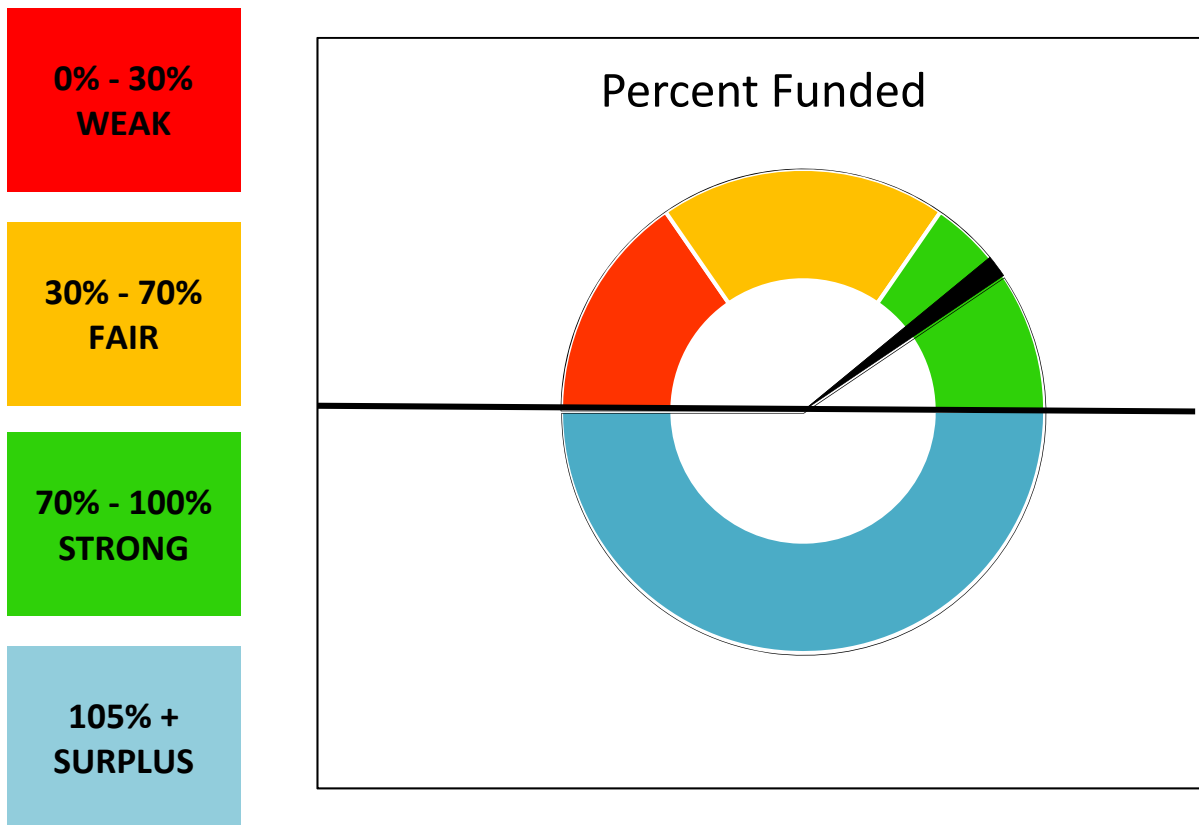
It is important to note that we may recommend future replacement-based factors other than normal wear and tear. For example, interior finishes and fixtures may have a functional Useful Life of 30-40 years, however remodeling or updating interior elements will most likely take place at the 15-20-year mark for aesthetic purposes. Another example of recommended replacement before the end of a component's UL would be technology components. Obsolescence and advancements in technology could accelerate the need for replacement of computers, security equipment, electrical components etc.

Financial Analysis

The data compiled during the physical analysis is the baseline for the Financial Analysis and resulting recommendations. This is because the physical analysis details what you are reserving for and when future expenditures can be expected. The Financial Analysis contains the following key results:

1) Reserve Fund Strength or Percent Funded Level:

The adequacy of current reserves is determined by comparing what you have (current reserves) to the ideal amount of reserves (the Fully Funded Balance). This is done by dividing current reserves by the Fully Funded Balance (what you should have) and expressing as a percentage. The Percent Funded Level is a metric developed by the CAI (Community Association Institute) to determine a Reserve Fund's strength.



2) Fully Funded Balance (FFB):

This concept is best illustrated by the following example: Assume XYZ Association has (2) reserve items: a 1-year old roof and a 5-year old pool. Assume a useful life of 20 years for the roof and a current replacement cost estimate of \$50,000. For the pool, assume a useful life of 10 years for resurfacing at a current cost estimate of \$20,000.

The roof has "used up" (1) year of the 20-year useful life or 1/20th of \$50,000 = \$2,500. The pool has "used up" (5) years of the 10-year useful life or 5/10ths of \$20,000 = \$10,000. XYZ's Fully Funded Balance is the total deterioration since the last time the roof was replaced and the last time the pool was resurfaced. The FFB is calculated as \$2,500 + \$10,000 = \$12,500.

3) Reserve Component Cost Estimates:

We determine cost estimates in the following order:

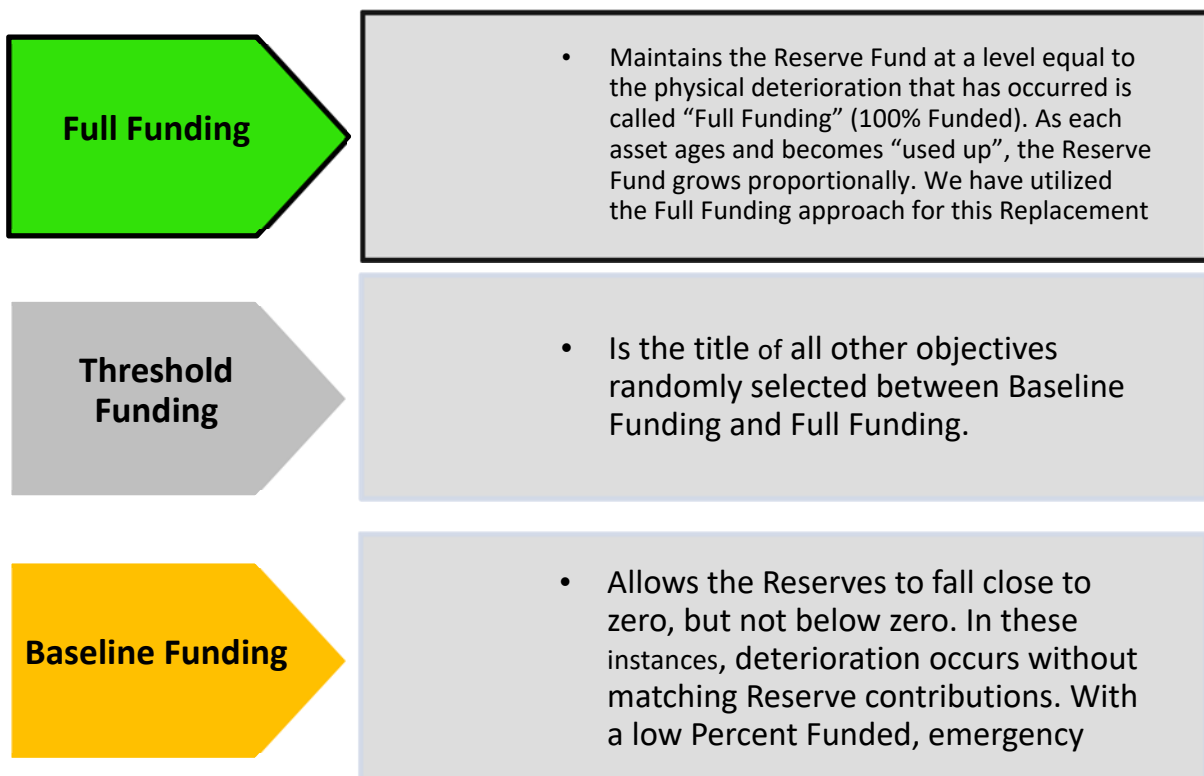
- Actual client historical records
- Internal database of similar projects
- Local vendor/contractor recommendations
- National cost estimating databases (R S Means, Marshall Swift etc.)

4) Recommended Reserve Contribution or Funding Plan:

The recommended funding plan is designed to provide sufficient reserves to fund future expenses in a timely manner.

We utilize four funding principles in establishing our recommended Reserve Contributions:

1. Ensuring that the client has sufficient funds to perform current reserve projects on time.
2. Put in place a stable contribution rate over the 30-years.
3. Evenly distributed contributions over the years. (Prepare now with manageable monthly contributions rather than face unmanageable expenses in the future)
4. Assist board members and officials in doing their fiduciary duty to guide the entity's future.



Financial Analysis

Economic Assumptions:

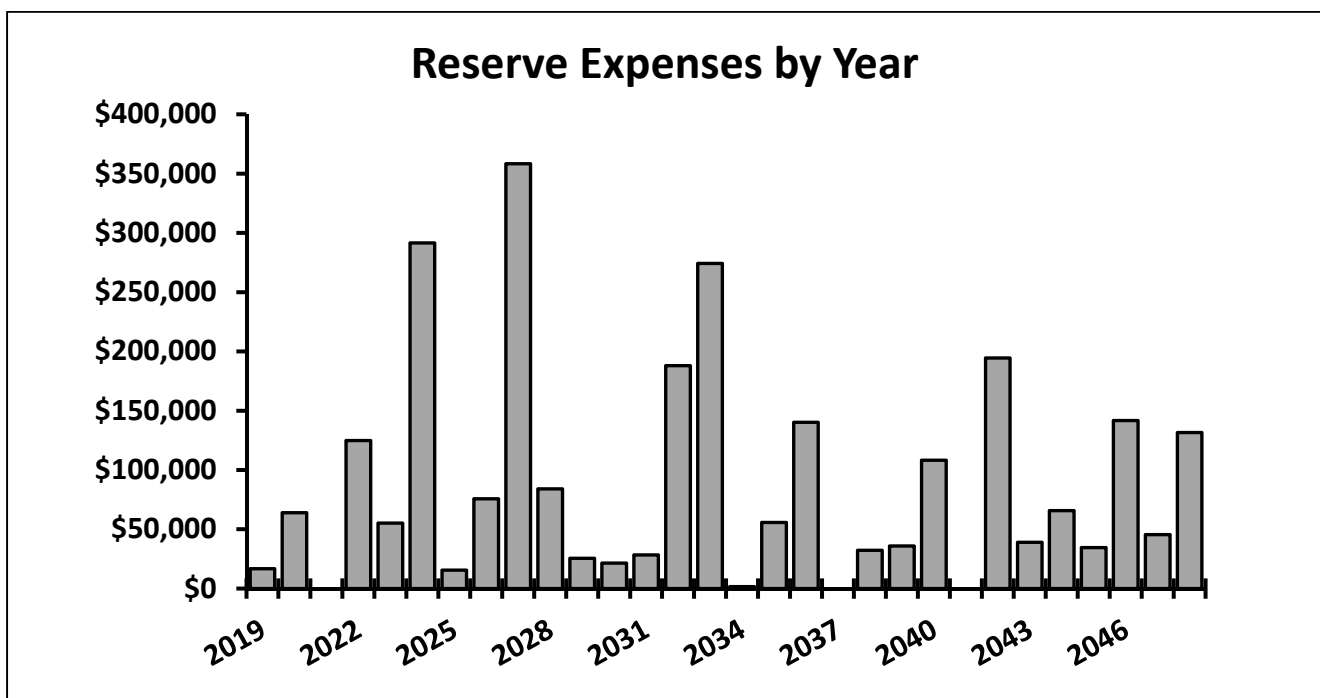
Future expense projections are calculated by applying an inflation factor to current cost estimates for each component. Inflation factors are applied to reserve components in 5-year increments. Future reserve fund balances include interest earnings based on the table below.

*Inflation Assumptions		Interest Earnings (Net after tax)	
Inflation (Yrs. 1-5)	3.00%	Interest (Yrs. 1-5)	0.15%
Inflation (Yrs. 6-10)	3.00%	Interest (Yrs. 6-10)	0.15%
Inflation (Yrs. 11-15)	3.00%	Interest (Yrs. 11-15)	0.15%
Inflation (Yrs. 16-20)	3.00%	Interest (Yrs. 16-20)	0.15%
Inflation (Yrs. 21-25)	3.00%	Interest (Yrs. 21-25)	0.15%
Inflation (Yrs. 26-30)	3.00%	Interest (Yrs. 26-30)	0.15%

*Inflation rates are based on the average increase of the Consumer Price Index (CPI) over the last 30-years as published by the Bureau of Labor Statistics (www.labor.gov)

Projected Reserve Expenses:

This analysis is based on a 30-year time horizon. Although we use well defined methodologies to project into the future, it is impossible to predict with 100% certainty future conditions. Focus should be on near-term projections (Years 1-5) in this report. Annual updates to this report are recommended to account for changes in association plans, cost estimates and economic conditions.



Reserve Fund Status:

How much should we have in Reserves? The answer to this question depends on several factors; age, size and quantity are just a few of these factors. CAI and NRSS measure Reserve Fund strength by the ratio of current funds to the "Ideal" amount of funds or FFB.

$$\text{Percent Funded} = \frac{\text{Starting Reserve Balance}}{\text{Fully Funded Balance}}$$

$$^{3}18\% = \frac{^{1}\$130,809}{^{2}\$733,139}$$

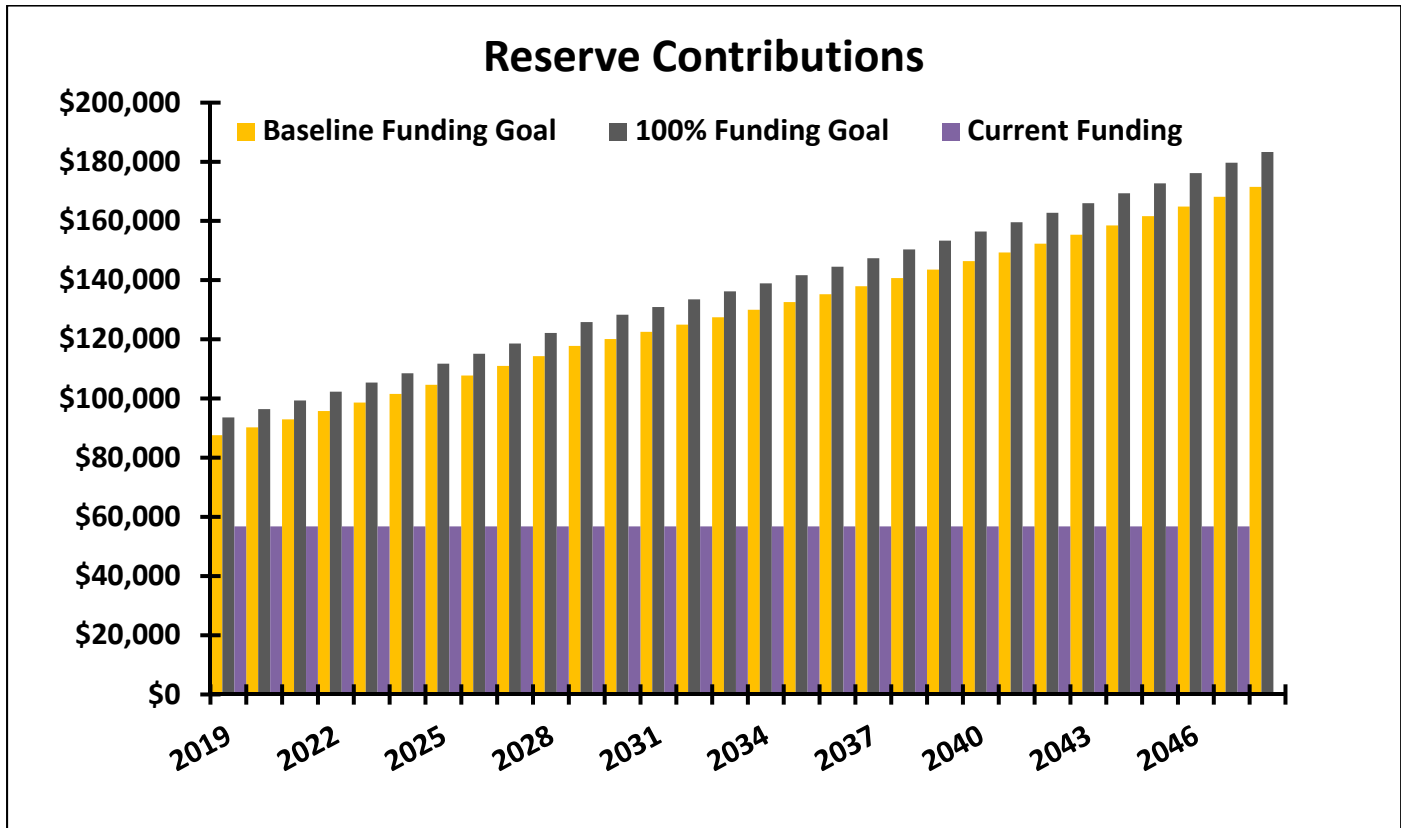
1. The starting reserve balance is as of the beginning date of this analysis and is provided by the client. This figure is not audited.
2. Your Fully Funded Balance is the sum of all the individual components' FFB (see TABLE #5). The FFB number is as of the start of this analysis.
3. Based on your starting reserve balance and the calculated fully funded balance your reserves are **18%** funded.

Funding Alternatives:

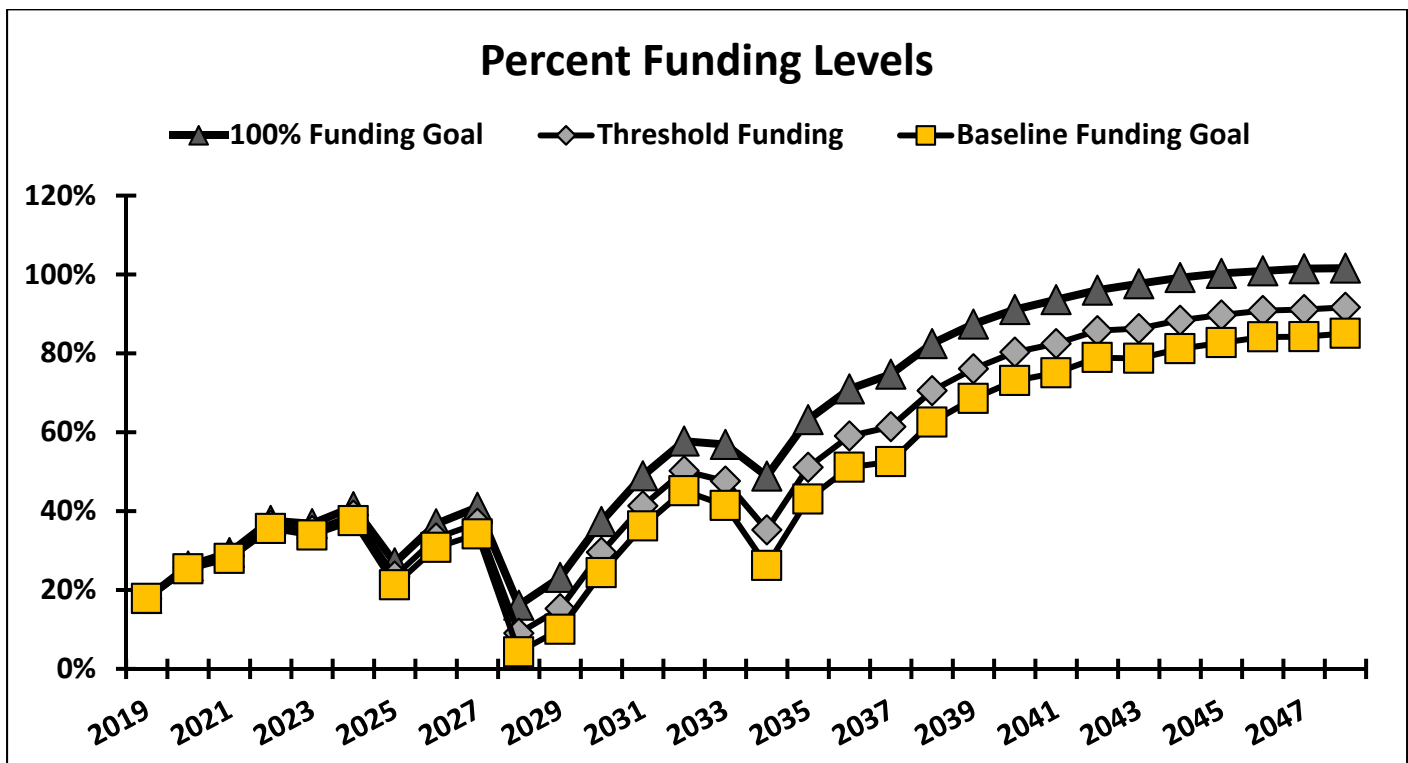
Reserve contributions should be set at a stable level in order to match annual deterioration and keep up with inflation; this level generally falls around 3-5% annual increases.

	Annual	Monthly	Per Unit Per Month
■ Current Reserve Contributions	\$56,770	\$4,731	\$31.33
■ Full Funding (Recommended)	\$93,600	\$7,800	\$51.66
■ Threshold Funding	\$90,000	\$7,500	\$49.67
■ Baseline Funding	\$87,600	\$7,300	\$48.34

Reserve Contributions:



Percent Funded:



Data Tables Appendix

- **TABLE 1** is a 30-year income/expense summary showing percent funding levels based with a "Full Funding" objective.
- **TABLE 2** is a 30-year income/expense summary showing percent funding levels based with a "Threshold Funding" objective.
- **TABLE 3** is a 30-year income/expense summary showing percent funding levels based with a "Baseline Funding" objective.
- **TABLE 4** is a detailed listing of your Reserve Components. This table is the baseline and driver of our recommendations.
- **TABLE 5** shows the significance or impact each component has on the Fully Funded Balance and ultimately the Reserve contribution rate.
- **TABLES 6-8** show detailed annual expense projections for each component for all 30 years.

Table 1 – 30-Year Summary “Full Funding”

100% Funding Goal									
Year	Starting Balance	Fully Funded Balance	Percent Funded	Reserve Status	Reserve Contribution	Special Assessment	Interest	Expenses	Ending Balance
2019	\$130,809	\$733,139	18%	Weak	\$93,600	\$0	\$254	\$16,670	\$207,993
2020	\$207,993	\$797,608	26%	Weak	\$96,408	\$0	\$337	\$63,963	\$240,775
2021	\$240,775	\$817,090	29%	Weak	\$99,300	\$0	\$436	\$0	\$340,511
2022	\$340,511	\$904,880	38%	Fair	\$102,279	\$0	\$494	\$124,821	\$318,463
2023	\$318,463	\$865,267	37%	Fair	\$105,348	\$0	\$516	\$55,229	\$369,098
2024	\$369,098	\$897,999	41%	Fair	\$108,508	\$0	\$417	\$291,499	\$186,523
2025	\$186,523	\$693,840	27%	Weak	\$111,763	\$0	\$352	\$15,523	\$283,116
2026	\$283,116	\$769,887	37%	Fair	\$115,116	\$0	\$455	\$75,674	\$323,013
2027	\$323,013	\$788,396	41%	Fair	\$118,570	\$0	\$305	\$358,331	\$83,557
2028	\$83,557	\$518,524	16%	Weak	\$122,127	\$0	\$154	\$84,055	\$121,782
2029	\$121,782	\$525,327	23%	Weak	\$125,791	\$0	\$258	\$25,534	\$222,296
2030	\$222,296	\$594,945	37%	Fair	\$128,306	\$0	\$414	\$21,456	\$329,561
2031	\$329,561	\$673,257	49%	Fair	\$130,873	\$0	\$572	\$28,330	\$432,675
2032	\$432,675	\$749,316	58%	Fair	\$133,490	\$0	\$609	\$188,015	\$378,759
2033	\$378,759	\$665,731	57%	Fair	\$136,160	\$0	\$465	\$274,270	\$241,113
2034	\$241,113	\$493,424	49%	Fair	\$138,883	\$0	\$465	\$1,558	\$378,903
2035	\$378,903	\$599,548	63%	Fair	\$141,661	\$0	\$633	\$55,796	\$465,401
2036	\$465,401	\$655,779	71%	Strong	\$144,494	\$0	\$702	\$140,258	\$470,338
2037	\$470,338	\$629,571	75%	Strong	\$147,384	\$0	\$817	\$0	\$618,539
2038	\$618,539	\$750,001	82%	Strong	\$150,331	\$0	\$1,017	\$32,256	\$737,631
2039	\$737,631	\$843,866	87%	Strong	\$153,338	\$0	\$1,195	\$35,887	\$856,277
2040	\$856,277	\$939,945	91%	Strong	\$156,405	\$0	\$1,321	\$108,230	\$905,773
2041	\$905,773	\$967,624	94%	Strong	\$159,533	\$0	\$1,479	\$0	\$1,066,786
2042	\$1,066,786	\$1,110,940	96%	Strong	\$162,724	\$0	\$1,577	\$194,497	\$1,036,590
2043	\$1,036,590	\$1,061,652	98%	Strong	\$165,978	\$0	\$1,651	\$38,969	\$1,165,250
2044	\$1,165,250	\$1,174,611	99%	Strong	\$169,298	\$0	\$1,827	\$65,701	\$1,270,674
2045	\$1,270,674	\$1,267,063	100%	Strong	\$172,684	\$0	\$2,011	\$34,505	\$1,410,863
2046	\$1,410,863	\$1,398,165	101%	Strong	\$176,137	\$0	\$2,144	\$141,673	\$1,447,471
2047	\$1,447,471	\$1,426,677	101%	Strong	\$179,660	\$0	\$2,273	\$45,461	\$1,583,943
2048	\$1,583,943	\$1,559,117	102%	Strong	\$183,253	\$0	\$2,416	\$131,553	\$1,638,060

Table 2 – 30-Year Summary “Threshold Funding”

Threshold Funding									
Year	Starting Balance	Fully Funded Balance	Percent Funded	Reserve Status	Reserve Contribution	Special Assessment	Interest	Expenses	Ending Balance
2019	\$130,809	\$733,139	18%	Weak	\$90,000	\$0	\$251	\$16,670	\$204,391
2020	\$204,391	\$797,608	26%	Weak	\$92,700	\$0	\$328	\$63,963	\$233,456
2021	\$233,456	\$817,090	29%	Weak	\$95,481	\$0	\$422	\$0	\$329,359
2022	\$329,359	\$904,880	36%	Fair	\$98,345	\$0	\$475	\$124,821	\$303,358
2023	\$303,358	\$865,267	35%	Fair	\$101,296	\$0	\$490	\$55,229	\$349,915
2024	\$349,915	\$897,999	39%	Fair	\$104,335	\$0	\$385	\$291,499	\$163,135
2025	\$163,135	\$693,840	24%	Weak	\$107,465	\$0	\$314	\$15,523	\$255,391
2026	\$255,391	\$769,887	33%	Fair	\$110,689	\$0	\$410	\$75,674	\$290,815
2027	\$290,815	\$788,396	37%	Fair	\$114,009	\$0	\$253	\$358,331	\$46,747
2028	\$46,747	\$518,524	9%	Weak	\$117,430	\$0	\$95	\$84,055	\$80,216
2029	\$80,216	\$525,327	15%	Weak	\$120,952	\$0	\$192	\$25,534	\$175,826
2030	\$175,826	\$594,945	30%	Weak	\$123,372	\$0	\$340	\$21,456	\$278,082
2031	\$278,082	\$673,257	41%	Fair	\$125,839	\$0	\$491	\$28,330	\$376,082
2032	\$376,082	\$749,316	50%	Fair	\$128,356	\$0	\$520	\$188,015	\$316,943
2033	\$316,943	\$665,731	48%	Fair	\$130,923	\$0	\$368	\$274,270	\$173,963
2034	\$173,963	\$493,424	35%	Fair	\$133,541	\$0	\$360	\$1,558	\$306,307
2035	\$306,307	\$599,548	51%	Fair	\$136,212	\$0	\$520	\$55,796	\$387,243
2036	\$387,243	\$655,779	59%	Fair	\$138,936	\$0	\$580	\$140,258	\$386,502
2037	\$386,502	\$629,571	61%	Fair	\$141,715	\$0	\$687	\$0	\$528,904
2038	\$528,904	\$750,001	71%	Strong	\$144,549	\$0	\$878	\$32,256	\$642,075
2039	\$642,075	\$843,866	76%	Strong	\$147,440	\$0	\$1,047	\$35,887	\$754,676
2040	\$754,676	\$939,945	80%	Strong	\$150,389	\$0	\$1,164	\$108,230	\$797,999
2041	\$797,999	\$967,624	82%	Strong	\$153,397	\$0	\$1,313	\$0	\$952,709
2042	\$952,709	\$1,110,940	86%	Strong	\$156,465	\$0	\$1,402	\$194,497	\$916,079
2043	\$916,079	\$1,061,652	86%	Strong	\$159,594	\$0	\$1,466	\$38,969	\$1,038,170
2044	\$1,038,170	\$1,174,611	88%	Strong	\$162,786	\$0	\$1,631	\$65,701	\$1,136,887
2045	\$1,136,887	\$1,267,063	90%	Strong	\$166,042	\$0	\$1,805	\$34,505	\$1,270,228
2046	\$1,270,228	\$1,398,165	91%	Strong	\$169,363	\$0	\$1,927	\$141,673	\$1,299,846
2047	\$1,299,846	\$1,426,677	91%	Strong	\$172,750	\$0	\$2,047	\$45,461	\$1,429,181
2048	\$1,429,181	\$1,559,117	92%	Strong	\$176,205	\$0	\$2,179	\$131,553	\$1,476,012

Table 3 – 30-Year Summary “Baseline Funding”

Baseline Funding Goal									
Year	Starting Balance	Fully Funded Balance	Percent Funded	Reserve Status	Reserve Contribution	Special Assessment	Interest	Expenses	Ending Balance
2019	\$130,809	\$733,139	18%	Weak	\$87,600	\$0	\$250	\$16,670	\$201,989
2020	\$201,989	\$797,608	25%	Weak	\$90,228	\$0	\$323	\$63,963	\$228,577
2021	\$228,577	\$817,090	28%	Weak	\$92,935	\$0	\$413	\$0	\$321,924
2022	\$321,924	\$904,880	36%	Fair	\$95,723	\$0	\$461	\$124,821	\$293,287
2023	\$293,287	\$865,267	34%	Fair	\$98,595	\$0	\$473	\$55,229	\$337,126
2024	\$337,126	\$897,999	38%	Fair	\$101,552	\$0	\$363	\$291,499	\$147,543
2025	\$147,543	\$693,840	21%	Weak	\$104,599	\$0	\$288	\$15,523	\$236,907
2026	\$236,907	\$769,887	31%	Fair	\$107,737	\$0	\$380	\$75,674	\$269,350
2027	\$269,350	\$788,396	34%	Fair	\$110,969	\$0	\$219	\$358,331	\$22,207
2028	\$22,207	\$518,524	4%	Weak	\$114,298	\$0	\$56	\$84,055	\$52,505
2029	\$52,505	\$525,327	10%	Weak	\$117,727	\$0	\$148	\$25,534	\$144,846
2030	\$144,846	\$594,945	24%	Weak	\$120,082	\$0	\$291	\$21,456	\$243,764
2031	\$243,764	\$673,257	36%	Fair	\$122,483	\$0	\$437	\$28,330	\$338,353
2032	\$338,353	\$749,316	45%	Fair	\$124,933	\$0	\$461	\$188,015	\$275,732
2033	\$275,732	\$665,731	41%	Fair	\$127,432	\$0	\$304	\$274,270	\$129,197
2034	\$129,197	\$493,424	26%	Weak	\$129,980	\$0	\$290	\$1,558	\$257,909
2035	\$257,909	\$599,548	43%	Fair	\$132,580	\$0	\$445	\$55,796	\$335,138
2036	\$335,138	\$655,779	51%	Fair	\$135,231	\$0	\$499	\$140,258	\$330,611
2037	\$330,611	\$629,571	53%	Fair	\$137,936	\$0	\$600	\$0	\$469,147
2038	\$469,147	\$750,001	63%	Fair	\$140,695	\$0	\$786	\$32,256	\$578,371
2039	\$578,371	\$843,866	69%	Fair	\$143,509	\$0	\$949	\$35,887	\$686,941
2040	\$686,941	\$939,945	73%	Strong	\$146,379	\$0	\$1,060	\$108,230	\$726,150
2041	\$726,150	\$967,624	75%	Strong	\$149,306	\$0	\$1,202	\$0	\$876,658
2042	\$876,658	\$1,110,940	79%	Strong	\$152,293	\$0	\$1,284	\$194,497	\$835,738
2043	\$835,738	\$1,061,652	79%	Strong	\$155,338	\$0	\$1,342	\$38,969	\$953,450
2044	\$953,450	\$1,174,611	81%	Strong	\$158,445	\$0	\$1,501	\$65,701	\$1,047,695
2045	\$1,047,695	\$1,267,063	83%	Strong	\$161,614	\$0	\$1,668	\$34,505	\$1,176,472
2046	\$1,176,472	\$1,398,165	84%	Strong	\$164,846	\$0	\$1,783	\$141,673	\$1,201,428
2047	\$1,201,428	\$1,426,677	84%	Strong	\$168,143	\$0	\$1,895	\$45,461	\$1,326,006
2048	\$1,326,006	\$1,559,117	85%	Strong	\$171,506	\$0	\$2,020	\$131,553	\$1,367,980

Table 4 – Reserve Component List

ITEM #	LOCATION	RESERVE ASSET DESCRIPTION	QTY	UOM	EL	RUL	CURRENT COST	\$/UNIT	IN-SVC YR	REPL YR
COMMON AREA/GROUNDS										
1	Parking Areas and Drives	Asphalt Pavement - Resurface (Mill & Overlay)	133,100	SF	30	8	\$266,200	\$2.00	1989	2027
2	Parking Areas and Drives	Asphalt Pavement - Seal Coat, Repairs	133,100	SF	4	3	\$11,979	\$0.09	2018	2022
3	Sidewalks & Curbing	Concrete Surfaces - Repair/Replace (Allowance)	1	LS	12	7	\$2,500	\$2,500	2014	2026
4	Carport Structures	Parking Awnings - Repair/Replace (Allowance)	25,000	SF	18	14	\$6,000	\$12.00	2015	2033
5	Carport Structures	Carport Structures - Repaint	25,000	SF	18	14	\$12,500	\$0.50	2015	2033
6	Storage Parking Area	Asphalt Pavement - Resurface (Mill & Overlay)	3,500	SF	40	10	\$7,000	\$2.00	1989	2029
7	Community Entrance	Monument Sign - Refurbish	1	EA	20	4	\$2,500	\$2,500	2003	2023
8	Adj. Clubhouse	Mailbox Clusters - Replace	16	EA	30	4	\$21,600	\$1,350	1989	2023
9	Common Areas	Pedestrian Bridges - Replace	3	EA	40	10	\$12,000	\$4,000	1989	2029
10	Common Areas	Pedestrian Bridge - Repair	3	EA	20	9	\$3,000	\$1,000	2008	2028
11	Common Area	Maintenance Golf Cart - Replace	1	EA	15	1	\$4,000	\$4,000	2005	2020
12	Landscaped Common Area	Erosion/Drainage - Repairs (Allowance)	1	LS	18	13	\$12,000	\$12,000	2014	2032
13	Storage Building	Flat Roof - Inspect, Repair, Recoat	1,230	SF	10	7	\$1,415	\$1.15	2016	2026
14	Landscaped Common Area	Flat Roof - Replace	1,230	SF	25	9	\$3,998	\$3.25	2003	2028
CLUBHOUSE/POOL										
15	Clubhouse Rooftop	Flat Roof - Inspect, Repair, Recoat	1,300	SF	10	7	\$1,495	\$1.15	2016	2026
16	Clubhouse Rooftop	Flat Roof - Replace	1,300	SF	30	14	\$4,225	\$3.25	2003	2033
17	Clubhouse Rooftop	Tile Roofs - Refurbish	1,100	SF	35	5	\$4,400	\$4.00	1989	2024
18	Clubhouse Flooring	Clubhouse Flooring - Resurface	1,500	SF	18	9	\$2,250	\$1.50	2010	2028
19	Clubhouse	Laundry Cabinetry - Replace	1	LS	20	1	\$3,200	\$3,200	1989	2020
20	Clubhouse	Restroom - Remodel	1	LS	25	1	\$3,000	\$3,000	1989	2020
21	Clubhouse	HVAC Unit - Replace	1	EA	15	4	\$3,800	\$3,800	2008	2023
22	Pool Fence	Globe Lights - Replace	10	EA	30	3	\$1,200	\$120	1992	2022
23	Pool Walls + Floor	Pool Surface - Resurface	105	LF	12	5	\$11,550	\$110	2012	2024
24	Spa Walls + Floor	Spa Surface - Resurface	30	LF	10	3	\$3,600	\$120	2012	2022
25	Pool Area	Pool "Kool" Deck - Resurface	2,320	SF	16	9	\$11,600	\$5.00	2012	2028
26	Pool Area	Pool "Kool" Deck - Seal, Clean, Repair	2,320	SF	4	0	\$2,320	\$1.00	2012	2019
27	Pool Area	Pool Cover - Replace	1	EA	20	15	\$1,000	\$1,000	2014	2034

ITEM #	LOCATION	RESERVE ASSET DESCRIPTION	QTY	UOM	EL	RUL	CURRENT COST	\$/UNIT	IN-SVC YR	REPL YR
28	Pool Area	Pool Furniture - Replace (Lounges + Chairs)	30	EA	8	4	\$5,700	\$190	2015	2023
29	Pool Equip. Area	Pool Heater - Replace (A)	1	EA	8	0	\$2,500	\$2,500	2011	2019
30	Pool Equip. Area	Pool Heater - Replace (B)	1	EA	8	3	\$2,500	\$2,500	2014	2022
31	Pool Equip. Area	Spa Heater - Replace	1	EA	8	1	\$2,300	\$2,300	2012	2020
32	Pool Equip. Area	Pool Filter - Replace	1	EA	15	4	\$1,300	\$1,300	2008	2023
33	Pool Equip. Area	Spa Filter - Replace	1	EA	15	1	\$1,100	\$1,100	2005	2020
34	Pool Area	Surveillance System - Replace	1	EA	12	1	\$5,500	\$5,500	2008	2020
UNIT BUILDINGS										
35	Unit Buildings	Flat Roofs - Inspect, Repair, Recoat	48,800	SF	10	7	\$56,120	\$1.15	2016	2026
36	Unit Buildings	Flat Roofs - Replace	48,800	SF	30	14	\$158,600	\$3.25	2003	2033
37	Unit Buildings	Tile Roofs - Refurbish	56,600	SF	35	5	\$226,400	\$4.00	1989	2024
38	Buildings + Walls	Stucco/Block Surfaces - Repaint	126,600	SF	10	3	\$94,950	\$0.75	2012	2022
39	Buildings	Wood Surfaces - Repaint	7,900	SF	4	0	\$11,850	\$1.50	2015	2019
40	Buildings	Wood Surfaces - Partial Replace (Allowance)	7,900	SF	10	9	\$8,295	\$7.00	2018	2028
41	Metal Railing	Metal Surfaces - Repaint	2,600	LF	5	1	\$13,000	\$5.00	2015	2020
42	Metal Railing	Metal Railing - Partial Replace (Allowance)	2,600	LF	35	5	\$9,100	\$35.00	1989	2024
43	Bldgs. 1, 2, 3, 6, 7	Hot Water Boilers - Replace (Bldgs. 1, 2, 3, 6, 7)	5	EA	20	9	\$21,000	\$4,200	2008	2028
44	Bldgs. 4, 5, 8, 9	Hot Water Boilers - Replace (Bldgs. 4, 5, 8, 9)	4	EA	20	1	\$30,000	\$7,500	2000	2020

44

Line items with have a remaining life of zero and are scheduled for replacement (2019)

UOM = Unit of Measure

EL = Estimated Useful Life

RUL = Remaining Useful Life

Table 5 – Fully Funded Balance Calculations

ITEM #	RESERVE ASSET DESCRIPTION	EL	RL	COST	FFB	RC CALCS
COMMON AREA/GROUNDS						
1	Asphalt Pavement - Resurface (Mill & Overlay)	30	8	\$266,200	\$195,213	\$8,873
2	Asphalt Pavement - Seal Coat, Repairs	4	3	\$11,979	\$2,995	\$2,995
3	Concrete Surfaces - Repair/Replace (Allowance)	12	7	\$2,500	\$1,042	\$208
4	Parking Awnings - Repair/Replace (Allowance)	18	14	\$6,000	\$1,333	\$333
5	Carport Structures - Repaint	18	14	\$12,500	\$2,778	\$694
6	Asphalt Pavement - Resurface (Mill & Overlay)	40	10	\$7,000	\$5,250	\$175
7	Monument Sign - Refurbish	20	4	\$2,500	\$2,000	\$125
8	Mailbox Clusters - Replace	30	4	\$21,600	\$18,720	\$720
9	Pedestrian Bridges - Replace	40	10	\$12,000	\$9,000	\$300
10	Pedestrian Bridge - Repair	20	9	\$3,000	\$1,650	\$150
11	Maintenance Golf Cart - Replace	15	1	\$4,000	\$3,733	\$267
12	Erosion/Drainage - Repairs (Allowance)	18	13	\$12,000	\$3,333	\$667
13	Flat Roof - Inspect, Repair, Recoat	10	7	\$1,415	\$424	\$141
14	Flat Roof - Replace	25	9	\$3,998	\$2,558	\$160
CLUBHOUSE/POOL						
15	Flat Roof - Inspect, Repair, Recoat	10	7	\$1,495	\$449	\$150
16	Flat Roof - Replace	30	14	\$4,225	\$2,253	\$141
17	Tile Roofs - Refurbish	35	5	\$4,400	\$3,771	\$126
18	Clubhouse Flooring - Resurface	18	9	\$2,250	\$1,125	\$125
19	Laundry Cabinetry - Replace	20	1	\$3,200	\$3,040	\$160
20	Restroom - Remodel	25	1	\$3,000	\$2,880	\$120
21	HVAC Unit - Replace	15	4	\$3,800	\$2,787	\$253
22	Globe Lights - Replace	30	3	\$1,200	\$1,080	\$40
23	Pool Surface - Resurface	12	5	\$11,550	\$6,738	\$963
24	Spa Surface - Resurface	10	3	\$3,600	\$2,520	\$360
25	Pool "Kool" Deck - Resurface	16	9	\$11,600	\$5,075	\$725
26	Pool "Kool" Deck - Seal, Clean, Repair	4	0	\$2,320	\$2,320	\$580
27	Pool Cover - Replace	20	15	\$1,000	\$250	\$50
28	Pool Furniture - Replace (Lounges + Chairs)	8	4	\$5,700	\$2,850	\$713
29	Pool Heater - Replace (A)	8	0	\$2,500	\$2,500	\$313
30	Pool Heater - Replace (B)	8	3	\$2,500	\$1,563	\$313
31	Spa Heater - Replace	8	1	\$2,300	\$2,013	\$288
32	Pool Filter - Replace	15	4	\$1,300	\$953	\$87
33	Spa Filter - Replace	15	1	\$1,100	\$1,027	\$73
34	Surveillance System - Replace	12	1	\$5,500	\$5,042	\$458
UNIT BUILDINGS						
35	Flat Roofs - Inspect, Repair, Recoat	10	7	\$56,120	\$16,836	\$5,612
36	Flat Roofs - Replace	30	14	\$158,600	\$84,587	\$5,287
37	Tile Roofs - Refurbish	35	5	\$226,400	\$194,057	\$6,469

ITEM #	RESERVE ASSET DESCRIPTION	EL	RL	COST	FFB	RC CALCS
38	Stucco/Block Surfaces - Repaint	10	3	\$94,950	\$66,465	\$9,495
39	Wood Surfaces - Repaint	4	0	\$11,850	\$11,850	\$2,963
40	Wood Surfaces - Partial Replace (Allowance)	10	9	\$8,295	\$830	\$830
41	Metal Surfaces - Repaint	5	1	\$13,000	\$10,400	\$2,600
42	Metal Railing - Partial Replace (Allowance)	35	5	\$9,100	\$7,800	\$260
43	Hot Water Boilers - Replace (Bldgs. 1, 2, 3, 6, 7)	20	9	\$21,000	\$11,550	\$1,050
44	Hot Water Boilers - Replace (Bldgs. 4, 5, 8, 9)	20	1	\$30,000	\$28,500	\$1,500
44	Total Components			\$1,070,546	\$733,139	\$57,908

Table 6 - Projected Reserve Expenses (2019-2027)

Item #	Reserve Asset	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
COMMON AREA/GROUNDS											
1	Asphalt Pavement - Resurface (Mill & Overlay)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$337,214	\$0
2	Asphalt Pavement - Seal Coat, Repairs	\$0	\$0	\$0	\$13,090	\$0	\$0	\$0	\$0	\$0	\$15,630
3	Concrete Surfaces - Repair/Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,075	\$0	\$0
4	Parking Awnings - Repair/Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Carport Structures - Repaint	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Asphalt Pavement - Resurface (Mill & Overlay)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$2,814	\$0	\$0	\$0	\$0	\$0
8	Mailbox Clusters - Replace	\$0	\$0	\$0	\$0	\$24,311	\$0	\$0	\$0	\$0	\$0
9	Pedestrian Bridges - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Pedestrian Bridge - Repair	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,914
11	Maintenance Golf Cart - Replace	\$0	\$4,120	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Erosion/Drainage - Repairs (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Flat Roof - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,740	\$0	\$0
14	Flat Roof - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,216
CLUBHOUSE/POOL											
15	Flat Roof - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,839	\$0	\$0
16	Flat Roof - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Tile Roofs - Refurbish	\$0	\$0	\$0	\$0	\$0	\$5,101	\$0	\$0	\$0	\$0
18	Clubhouse Flooring - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,936
19	Laundry Cabinetry - Replace	\$0	\$3,296	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Restroom - Remodel	\$0	\$3,090	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	HVAC Unit - Replace	\$0	\$0	\$0	\$0	\$4,277	\$0	\$0	\$0	\$0	\$0
22	Globe Lights - Replace	\$0	\$0	\$0	\$1,311	\$0	\$0	\$0	\$0	\$0	\$0
23	Pool Surface - Resurface	\$0	\$0	\$0	\$0	\$0	\$13,390	\$0	\$0	\$0	\$0
24	Spa Surface - Resurface	\$0	\$0	\$0	\$3,934	\$0	\$0	\$0	\$0	\$0	\$0
25	Pool "Kool" Deck - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,135
26	Pool "Kool" Deck - Seal, Clean, Repair	\$2,320	\$0	\$0	\$0	\$2,611	\$0	\$0	\$0	\$2,939	\$0

Item #	Reserve Asset	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
27	Pool Cover - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Pool Furniture - Replace (Lounges + Chairs)	\$0	\$0	\$0	\$0	\$6,415	\$0	\$0	\$0	\$0	\$0
29	Pool Heater - Replace (A)	\$2,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,167	\$0
30	Pool Heater - Replace (B)	\$0	\$0	\$0	\$2,732	\$0	\$0	\$0	\$0	\$0	\$0
31	Spa Heater - Replace	\$0	\$2,369	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,001
32	Pool Filter - Replace	\$0	\$0	\$0	\$0	\$1,463	\$0	\$0	\$0	\$0	\$0
33	Spa Filter - Replace	\$0	\$1,133	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	Surveillance System - Replace	\$0	\$5,665	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
UNIT BUILDINGS											
35	Flat Roofs - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$69,021	\$0	\$0
36	Flat Roofs - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37	Tile Roofs - Refurbish	\$0	\$0	\$0	\$0	\$0	\$262,460	\$0	\$0	\$0	\$0
38	Stucco/Block Surfaces - Repaint	\$0	\$0	\$0	\$103,754	\$0	\$0	\$0	\$0	\$0	\$0
39	Wood Surfaces - Repaint	\$11,850	\$0	\$0	\$0	\$13,337	\$0	\$0	\$0	\$15,011	\$0
40	Wood Surfaces - Partial Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,823
41	Metal Surfaces - Repaint	\$0	\$13,390	\$0	\$0	\$0	\$0	\$15,523	\$0	\$0	\$0
42	Metal Railing - Partial Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$10,549	\$0	\$0	\$0	\$0
43	Hot Water Boilers - Replace (Bldgs. 1, 2, 3, 6, 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,400
44	Hot Water Boilers - Replace (Bldgs. 4, 5, 8, 9)	\$0	\$30,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	Total Expenses	\$16,670	\$63,963	\$0	\$124,821	\$55,229	\$291,499	\$15,523	\$75,674	\$358,331	\$84,055

Table 7 - Projected Reserve Expenses (2029-2038)

Item #	Reserve Asset	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
COMMON AREA/GROUNDS											
1	Asphalt Pavement - Resurface (Mill & Overlay)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Asphalt Pavement - Seal Coat, Repairs	\$0	\$0	\$0	\$17,592	\$0	\$0	\$0	\$19,799	\$0	\$0
3	Concrete Surfaces - Repair/Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,384
4	Parking Awnings - Repair/Replace (Allowance)	\$0	\$0	\$0	\$0	\$9,076	\$0	\$0	\$0	\$0	\$0
5	Carport Structures - Repaint	\$0	\$0	\$0	\$0	\$18,907	\$0	\$0	\$0	\$0	\$0
6	Asphalt Pavement - Resurface (Mill & Overlay)	\$9,407	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Mailbox Clusters - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Pedestrian Bridges - Replace	\$16,127	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Pedestrian Bridge - Repair	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Maintenance Golf Cart - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$6,419	\$0	\$0	\$0
12	Erosion/Drainage - Repairs (Allowance)	\$0	\$0	\$0	\$17,622	\$0	\$0	\$0	\$0	\$0	\$0
13	Flat Roof - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,338	\$0	\$0
14	Flat Roof - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CLUBHOUSE/POOL											
15	Flat Roof - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,471	\$0	\$0
16	Flat Roof - Replace	\$0	\$0	\$0	\$0	\$6,391	\$0	\$0	\$0	\$0	\$0
17	Tile Roofs - Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Clubhouse Flooring - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Laundry Cabinetry - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Restroom - Remodel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	HVAC Unit - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,663
22	Globe Lights - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Pool Surface - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,090	\$0	\$0
24	Spa Surface - Resurface	\$0	\$0	\$0	\$5,287	\$0	\$0	\$0	\$0	\$0	\$0
25	Pool "Kool" Deck - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Pool "Kool" Deck - Seal, Clean, Repair	\$0	\$0	\$3,308	\$0	\$0	\$0	\$3,723	\$0	\$0	\$0
27	Pool Cover - Replace	\$0	\$0	\$0	\$0	\$0	\$1,558	\$0	\$0	\$0	\$0

Item #	Reserve Asset	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
28	Pool Furniture - Replace (Lounges + Chairs)	\$0	\$0	\$8,127	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29	Pool Heater - Replace (A)	\$0	\$0	\$0	\$0	\$0	\$0	\$4,012	\$0	\$0	\$0
30	Pool Heater - Replace (B)	\$0	\$3,461	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,384
31	Spa Heater - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,802	\$0	\$0
32	Pool Filter - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,280
33	Spa Filter - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$1,765	\$0	\$0	\$0
34	Surveillance System - Replace	\$0	\$0	\$0	\$8,077	\$0	\$0	\$0	\$0	\$0	\$0
UNIT BUILDINGS											
35	Flat Roofs - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$92,758	\$0	\$0
36	Flat Roofs - Replace	\$0	\$0	\$0	\$0	\$239,897	\$0	\$0	\$0	\$0	\$0
37	Tile Roofs - Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
38	Stucco/Block Surfaces - Repaint	\$0	\$0	\$0	\$139,437	\$0	\$0	\$0	\$0	\$0	\$0
39	Wood Surfaces - Repaint	\$0	\$0	\$16,895	\$0	\$0	\$0	\$19,016	\$0	\$0	\$0
40	Wood Surfaces - Partial Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,545
41	Metal Surfaces - Repaint	\$0	\$17,995	\$0	\$0	\$0	\$0	\$20,861	\$0	\$0	\$0
42	Metal Railing - Partial Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
43	Hot Water Boilers - Replace (Bldgs. 1, 2, 3, 6, 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	Hot Water Boilers - Replace (Bldgs. 4, 5, 8, 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	Total Expenses	\$25,534	\$21,456	\$28,330	\$188,015	\$274,270	\$1,558	\$55,796	\$140,258	\$0	\$32,256

Table 8 - Projected Reserve Expenses (2039-2048)

Item #	Reserve Asset	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
COMMON AREA/GROUNDS											
1	Asphalt Pavement - Resurface (Mill & Overlay)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Asphalt Pavement - Seal Coat, Repairs	\$0	\$22,284	\$0	\$0	\$0	\$25,081	\$0	\$0	\$0	\$28,229
3	Concrete Surfaces - Repair/Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Parking Awnings - Repair/Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Carport Structures - Repaint	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Asphalt Pavement - Resurface (Mill & Overlay)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Monument Sign - Refurbish	\$0	\$0	\$0	\$0	\$5,082	\$0	\$0	\$0	\$0	\$0
8	Mailbox Clusters - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Pedestrian Bridges - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Pedestrian Bridge - Repair	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,070
11	Maintenance Golf Cart - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Erosion/Drainage - Repairs (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Flat Roof - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,142	\$0	\$0
14	Flat Roof - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CLUBHOUSE/POOL											
15	Flat Roof - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,321	\$0	\$0
16	Flat Roof - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Tile Roofs - Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Clubhouse Flooring - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,998	\$0	\$0
19	Laundry Cabinetry - Replace	\$0	\$5,953	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Restroom - Remodel	\$0	\$0	\$0	\$0	\$0	\$0	\$6,470	\$0	\$0	\$0
21	HVAC Unit - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Globe Lights - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Pool Surface - Resurface	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,218
24	Spa Surface - Resurface	\$0	\$0	\$0	\$7,105	\$0	\$0	\$0	\$0	\$0	\$0
25	Pool "Kool" Deck - Resurface	\$0	\$0	\$0	\$0	\$0	\$24,288	\$0	\$0	\$0	\$0
26	Pool "Kool" Deck - Seal, Clean, Repair	\$4,190	\$0	\$0	\$0	\$4,716	\$0	\$0	\$0	\$5,308	\$0
27	Pool Cover - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Item #	Reserve Asset	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
28	Pool Furniture - Replace (Lounges + Chairs)	\$10,295	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,041	\$0
29	Pool Heater - Replace (A)	\$0	\$0	\$0	\$0	\$5,082	\$0	\$0	\$0	\$0	\$0
30	Pool Heater - Replace (B)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,553	\$0	\$0
31	Spa Heater - Replace	\$0	\$0	\$0	\$0	\$0	\$4,816	\$0	\$0	\$0	\$0
32	Pool Filter - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33	Spa Filter - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34	Surveillance System - Replace	\$0	\$0	\$0	\$0	\$0	\$11,516	\$0	\$0	\$0	\$0
UNIT BUILDINGS											
35	Flat Roofs - Inspect, Repair, Recoat	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$124,659	\$0	\$0
36	Flat Roofs - Replace	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37	Tile Roofs - Refurbish	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
38	Stucco/Block Surfaces - Repaint	\$0	\$0	\$0	\$187,392	\$0	\$0	\$0	\$0	\$0	\$0
39	Wood Surfaces - Repaint	\$21,402	\$0	\$0	\$0	\$24,089	\$0	\$0	\$0	\$27,112	\$0
40	Wood Surfaces - Partial Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,548
41	Metal Surfaces - Repaint	\$0	\$24,184	\$0	\$0	\$0	\$0	\$28,036	\$0	\$0	\$0
42	Metal Railing - Partial Replace (Allowance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
43	Hot Water Boilers - Replace (Bldgs. 1, 2, 3, 6, 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49,488
44	Hot Water Boilers - Replace (Bldgs. 4, 5, 8, 9)	\$0	\$55,809	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44	Total Expenses	\$35,887	\$108,230	\$0	\$194,497	\$38,969	\$65,701	\$34,505	\$141,673	\$45,461	\$131,553

Supplemental Disclosures

General:

CRA has no other involvement(s) with Quail Creek HOA which could result in actual or perceived conflicts of interest.

Physical Analysis:

Capital Reserve Analysts did conduct a physical inspection.

Completeness:

CRA has found no material issues which, if not disclosed, would cause a distortion of the Association's situation.

Reliance on Client Data:

Information provided by the official representative of the client regarding financial, physical, quantity, or historical issues will be deemed reliable by CRA.

Scope:

This Reserve Study is a reflection of information provided to CRA and assembled for the client's use, not for the purpose of performing an audit, quality/forensic analysis, health and safety inspection, or background checks of historical records.

Reserve Balance:

The actual beginning reserve fund balance in this Reserve Study is based upon information provided and was not audited.

Reserve Projects:

Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit, quality inspection, or health and safety review.

Definitions

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: The 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) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

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 representative(s) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See “Cash Flow Method.”

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See “Replacement Cost.”

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

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 a 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 a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. 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, then summed together for an association total. Two formulae can be utilized, depending

on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

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

Or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

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 cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

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 "Fully Funding."

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 *Fully Funded 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 “zero” 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 that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A long-term capital budget planning tool which identifies the current status of the reserve fund and a stable and equitable funding plan to offset ongoing deterioration, resulting in sufficient funds when those anticipated major common area expenditures actually occur.

Photographic Inventory