

Gold Coast Office
300 East Esplanade Dr, 9th Floor
Oxnard, CA 93036
or
7 W Figueroa St, Suite 200
Santa Barbara, CA 93101
Tel: (805) 277-3466
Fax: (805) 272-9749
www.reservestudy.com

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Update "No-Site-Visit" Reserve Study



Big Sky GlenMeadow Simi Valley, CA

Report #: 13144-4
For Period Beginning: June 1, 2018
Expires: May 31, 2019

Date Prepared: April 26, 2018



Hello, and welcome to your Reserve Study!

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

With respect to Reserves, this Report will tell you "where you are," and "where to go from here."

In this Report, you will find...

- 1) A List of What you're Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

More Questions?

Visit our website at www.ReserveStudy.com or call us at:

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3- Minute Executive Summary

Association: Big Sky **Assoc. #: 13144-4**
 GlenMeadow
Location: Simi Valley, CA **# of Units:59**
Report Period: June 1, 2018 through May 31, 2019

Findings/Recommendations as-of: June 1, 2018

Projected Starting Reserve Balance	\$708,227
Current Fully Funded Reserve Balance	\$388,234
Average Reserve (Surplus) Per Unit	(\$5,424)
Percent Funded	182.4 %
2018 Recommended Monthly Contributions	\$1,647
2018 Recommended Special Assessments for Reserves	\$0
Most Recent Reserve Contribution	\$1,647

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves 1.00 %
Annual Inflation Rate 3.00 %

This is an Update "No-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2017/2018 Fiscal Year. No site inspection was performed as part of this Reserve Study.

This Reserve Study was prepared by or under the supervision of a credentialed Reserve Specialist (RS).

Because your Reserve Fund is above 130% at 182.4 % Funded, this represents a surplus Reserve Status and a *low* risk of special assessments. In perspective, while being in surplus status is *low* risk, it is best to see your percent funded trending back towards 100% so that contribution levels are not deemed to be inefficient.

Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to maintain your Reserve contributions in the 2018/2019 fiscal year followed by gradually bringing contributions back to normal levels.

Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".

No assets appropriate for Reserve designation were excluded.

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Glenmeadow			
201 Asphalt - Remove/Replace	28	15	\$429,000
202 Asphalt - Seal/Repair	5	1	\$20,700
206 Stamped Concrete - Replace	20	0	\$96,300
503 Metal Fence/Rail - Replace	24	12	\$7,550
503 Vehicle Gates - Replace	24	12	\$42,900
504 Vehicle Gates - Repair	8	0	\$2,040
704 Intercoms - Replace	15	0	\$17,150
705 Gate Operator - Replace	12	0	\$26,500
1107 Metal Fence/Rail - Repaint	5	1	\$3,570
1402 Entry Monument - Refurbish	15	6	\$4,040
10 Total Funded Components			

Note 1: Yellow highlighted line items are expected to require attention in this initial year.

Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association's Reserve Fund Strength (reported in terms of "Percent Funded"). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology



For this [Update No-Site-Visit Reserve Study](#), we started with a review of your prior Reserve Study, then looked into recent Reserve expenditures, evaluated how expenditures are handled (ongoing maintenance vs Reserves), and researched any well-established association

precedents. We updated and adjusted your Reserve Component List on the basis of time elapsed since the last Reserve Study and interviews with association representatives.

Which Physical Assets are Funded by Reserves?

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve



RESERVE COMPONENT "FOUR-PART TEST"

Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

How do we establish Useful Life and Remaining Useful Life estimates?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% - 130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association's Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board's job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up," the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70 - 130% range *enjoy a low risk of special assessments or deferred maintenance.*



FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0 - 30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the "margin of safety" is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these components are shown in the Component Details table, while a summary of the expenses themselves are shown in the 30-yr Expense Summary table. Note the expenses for 2033, made up primarily of Asphalt - Remove and Replace expenses.

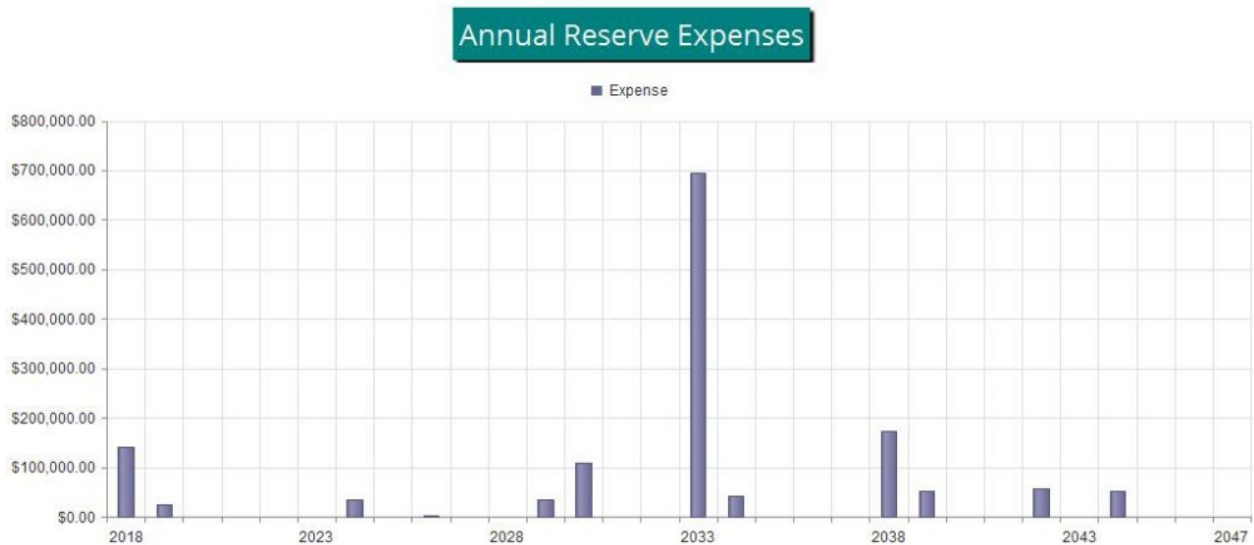


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$708,227 as-of the start of your Fiscal Year on 6/1/2018. This is based on your actual balance on 02/28/18 of \$703,286 and anticipated Reserve contributions (\$4,941) and expenses projected through the end of your Fiscal Year (none projected). As of your Fiscal Year Start, your Fully Funded Balance is computed to be \$388,234. This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 182.4 % Funded. Across the country approximately 1% of associations over 90% Funded experience special assessments or deferred maintenance.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$1,647 per month this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both the 30-yr Summary and the Cash Flow Detail tables.

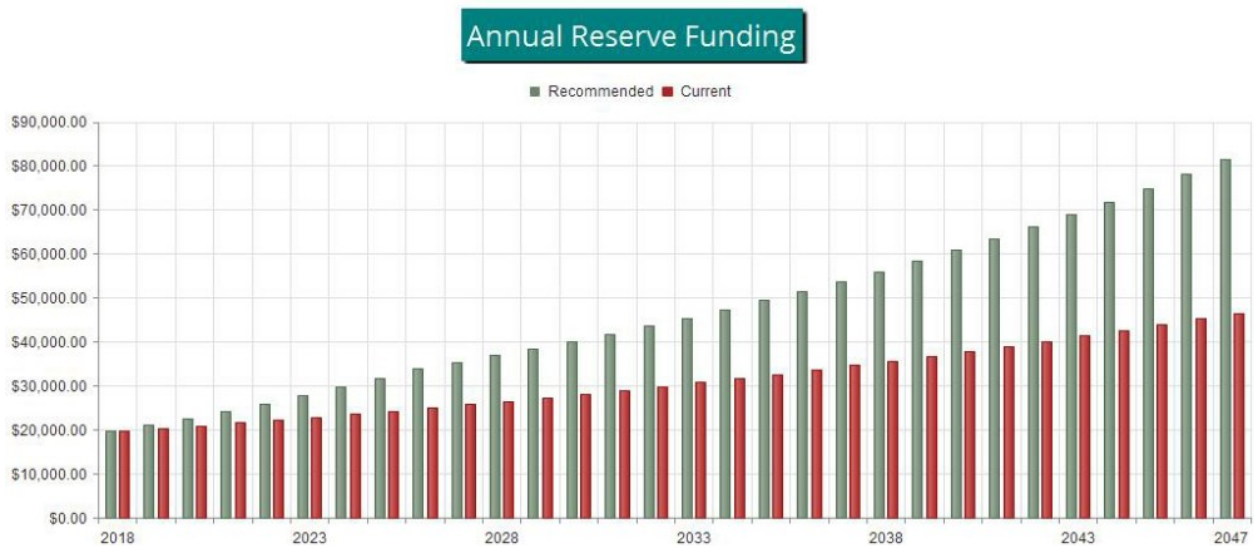


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan and at your current budgeted contribution rate, compared to your always-changing Fully Funded Balance target.

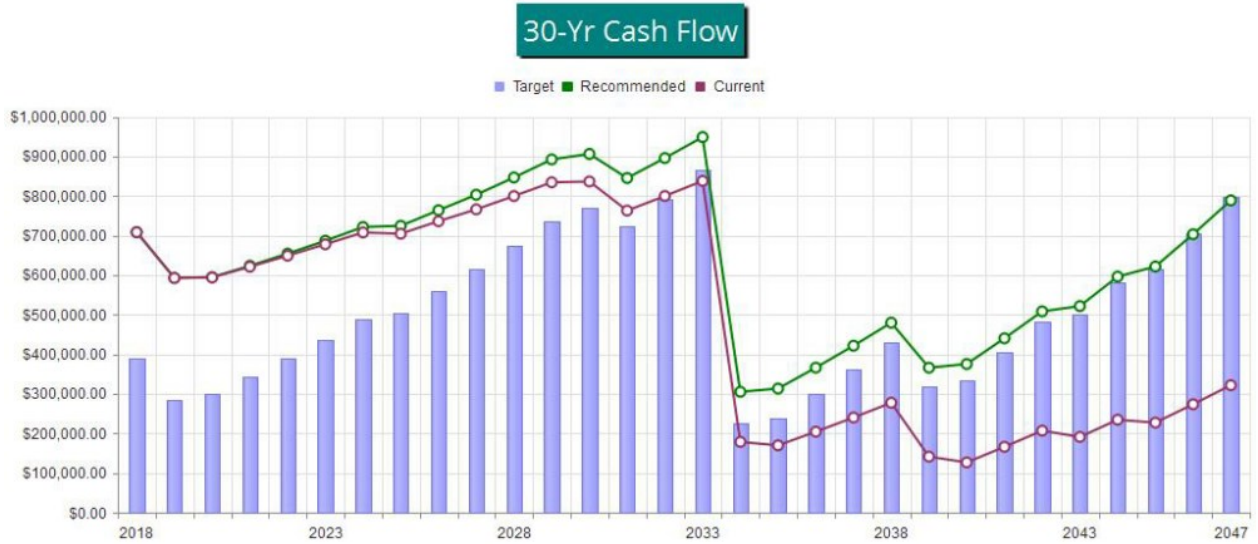


Figure 3

This figure shows the same information plotted on a Percent Funded scale. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan.

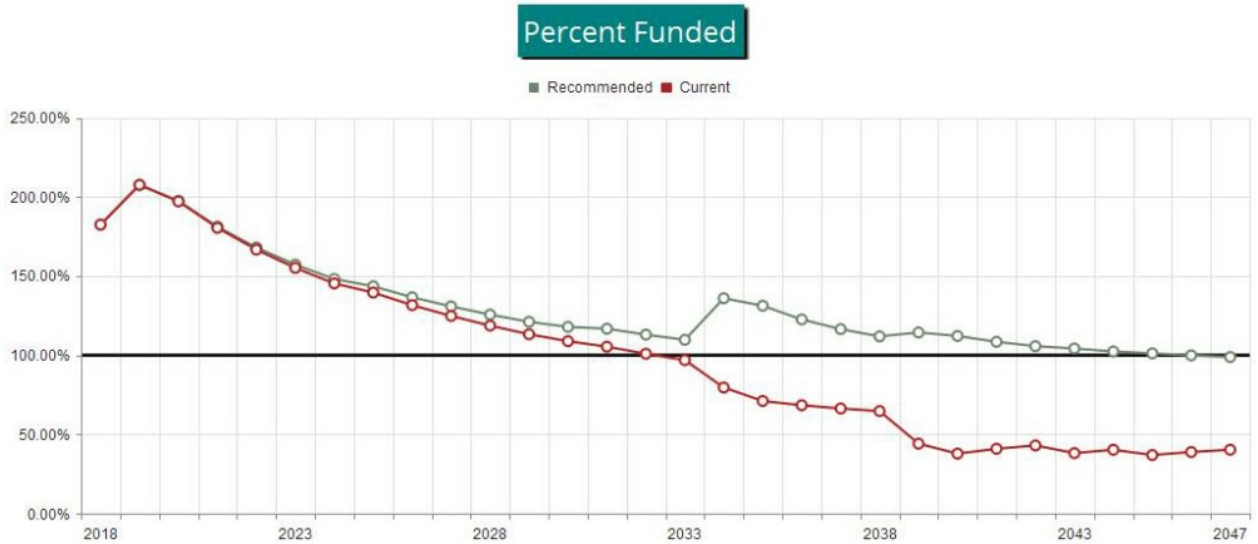


Figure 4

Table Descriptions

The tabular information in this Report is broken down into nine tables, **not all which may have been chosen by your Project Manager to appear in your report.** Tables are listed in the order in which they appear in your Report.

Executive Summary is a summary of your Reserve Components

Budget Summary is a management and accounting tool, summarizing groupings of your Reserve Components.

Analysis Summary provides a summary of the starting financial information and your Project Manager's Financial Analysis decision points.

Reserve Component List Detail discloses key Component information, providing the foundation upon which the financial analysis is performed.

Fully Funded Balance shows the calculation of the Fully Funded Balance for each of your components, and their contributions to the association total. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Component Significance shows the relative significance of each component to Reserve funding needs of the association, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing the estimated Current Replacement Cost by its Useful Life, then that component's percentage of the total is displayed.

Accounting-Tax Summary provides information on each Component's proportionate portion of key totals, valuable to accounting professionals primarily during tax preparation time of year.

30-Yr Reserve Plan Summary provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk at the beginning of each year.

30-Year Income/Expense Detail shows the detailed income and expenses for each of the next 30 years. This table makes it possible to see which components are projected to require repair or replacement in a particular year, and the size of those individual expenses.

#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
					Best Case	Worst Case
Glenmeadow						
201	Asphalt - Remove/Replace	Approx. 140,000 GSF	28	15	\$358,000	\$500,000
202	Asphalt - Seal/Repair	Approx. 140,000 GSF	5	1	\$17,200	\$24,200
206	Stamped Concrete - Replace	Approx. 4,500 GSF	20	0	\$82,600	\$110,000
503	Metal Fence/Rail - Replace	Approx. 164 LF	24	12	\$6,740	\$8,360
503	Vehicle Gates - Replace	(4) Sets of Metal Gates	24	12	\$38,800	\$47,000
504	Vehicle Gates - Repair	(2) Sets of Vehicle Gates	8	0	\$1,840	\$2,240
704	Intercoms - Replace	(2) Elite Systems	15	0	\$14,100	\$20,200
705	Gate Operator - Replace	(8) Elite Swing Operators	12	0	\$24,400	\$28,600
1107	Metal Fence/Rail - Repaint	Approx. 250 LF	5	1	\$3,260	\$3,880
1402	Entry Monument - Refurbish	10 Letter Wall Affixed	15	6	\$3,030	\$5,050
10	Total Funded Components					

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
Glenmeadow								
201	Asphalt - Remove/Replace	\$429,000	X	13	/	28	=	\$199,179
202	Asphalt - Seal/Repair	\$20,700	X	4	/	5	=	\$16,560
206	Stamped Concrete - Replace	\$96,300	X	20	/	20	=	\$96,300
503	Metal Fence/Rail - Replace	\$7,550	X	12	/	24	=	\$3,775
503	Vehicle Gates - Replace	\$42,900	X	12	/	24	=	\$21,450
504	Vehicle Gates - Repair	\$2,040	X	8	/	8	=	\$2,040
704	Intercoms - Replace	\$17,150	X	15	/	15	=	\$17,150
705	Gate Operator - Replace	\$26,500	X	12	/	12	=	\$26,500
1107	Metal Fence/Rail - Repaint	\$3,570	X	4	/	5	=	\$2,856
1402	Entry Monument - Refurbish	\$4,040	X	9	/	15	=	\$2,424
								\$388,234

#	Component	UL	RUL	Current Cost Estimate	Fully Funded Balance	Current Fund Balance	Proportional Reserve Contribs
Glenmeadow							
201	Asphalt - Remove/Replace	28	15	\$429,000	\$199,179	\$363,347	\$815
202	Asphalt - Seal/Repair	5	1	\$20,700	\$16,560	\$30,209	\$220
206	Stamped Concrete - Replace	20	0	\$96,300	\$96,300	\$175,673	\$256
503	Metal Fence/Rail - Replace	24	12	\$7,550	\$3,775	\$6,886	\$17
503	Vehicle Gates - Replace	24	12	\$42,900	\$21,450	\$39,130	\$95
504	Vehicle Gates - Repair	8	0	\$2,040	\$2,040	\$3,721	\$14
704	Intercoms - Replace	15	0	\$17,150	\$17,150	\$31,286	\$61
705	Gate Operator - Replace	12	0	\$26,500	\$26,500	\$48,342	\$117
1107	Metal Fence/Rail - Repaint	5	1	\$3,570	\$2,856	\$5,210	\$38
1402	Entry Monument - Refurbish	15	6	\$4,040	\$2,424	\$4,422	\$14
10 Total Funded Components					\$388,234	\$708,227	\$1,647

30-Year Reserve Plan Summary

13144-4
NSV

Fiscal Year Start: 2018

Interest:

1.00 %

Inflation:

3.00 %

Reserve Fund Strength Calculations: (All values of Fiscal Year Start Date)

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase		Loan or Special Assmts	Interest Income	Reserve Expenses
					In Annual Reserve Contribs.	Reserve Contribs.			
2018	\$708,227	\$388,234	182.4 %	Low	0.00 %	\$19,764	\$0	\$6,501	\$141,990
2019	\$592,502	\$285,528	207.5 %	Low	7.00 %	\$21,147	\$0	\$5,933	\$24,998
2020	\$594,584	\$301,201	197.4 %	Low	7.00 %	\$22,628	\$0	\$6,087	\$0
2021	\$623,299	\$344,077	181.2 %	Low	7.00 %	\$24,212	\$0	\$6,383	\$0
2022	\$653,894	\$389,255	168.0 %	Low	7.00 %	\$25,907	\$0	\$6,699	\$0
2023	\$686,499	\$436,833	157.2 %	Low	7.00 %	\$27,720	\$0	\$7,036	\$0
2024	\$721,255	\$486,916	148.1 %	Low	7.00 %	\$29,660	\$0	\$7,225	\$33,804
2025	\$724,337	\$504,793	143.5 %	Low	7.00 %	\$31,737	\$0	\$7,436	\$0
2026	\$763,510	\$559,167	136.5 %	Low	7.00 %	\$33,958	\$0	\$7,828	\$2,584
2027	\$802,712	\$613,687	130.8 %	Low	4.25 %	\$35,401	\$0	\$8,242	\$0
2028	\$846,355	\$673,717	125.6 %	Low	4.25 %	\$36,906	\$0	\$8,688	\$0
2029	\$891,949	\$736,796	121.1 %	Low	4.25 %	\$38,475	\$0	\$8,985	\$33,595
2030	\$905,813	\$768,450	117.9 %	Low	4.25 %	\$40,110	\$0	\$8,750	\$109,712
2031	\$844,960	\$723,979	116.7 %	Low	4.25 %	\$41,814	\$0	\$8,698	\$0
2032	\$895,473	\$792,541	113.0 %	Low	4.25 %	\$43,591	\$0	\$9,215	\$0
2033	\$948,280	\$864,565	109.7 %	Low	4.25 %	\$45,444	\$0	\$6,263	\$695,087
2034	\$304,900	\$224,257	136.0 %	Low	4.25 %	\$47,375	\$0	\$3,089	\$42,220
2035	\$313,144	\$238,685	131.2 %	Low	4.25 %	\$49,389	\$0	\$3,394	\$0
2036	\$365,927	\$298,567	122.6 %	Low	4.25 %	\$51,488	\$0	\$3,935	\$0
2037	\$421,350	\$361,828	116.5 %	Low	4.25 %	\$53,676	\$0	\$4,502	\$0
2038	\$479,528	\$428,615	111.9 %	Low	4.25 %	\$55,957	\$0	\$4,225	\$173,929
2039	\$365,782	\$319,938	114.3 %	Low	4.25 %	\$58,336	\$0	\$3,703	\$52,665
2040	\$375,156	\$334,630	112.1 %	Low	4.25 %	\$60,815	\$0	\$4,074	\$0
2041	\$440,045	\$405,788	108.4 %	Low	4.25 %	\$63,400	\$0	\$4,739	\$0
2042	\$508,184	\$480,914	105.7 %	Low	4.25 %	\$66,094	\$0	\$5,146	\$58,016
2043	\$521,408	\$500,426	104.2 %	Low	4.25 %	\$68,903	\$0	\$5,584	\$0
2044	\$595,895	\$582,225	102.3 %	Low	4.25 %	\$71,831	\$0	\$6,084	\$52,340
2045	\$621,470	\$614,572	101.1 %	Low	4.25 %	\$74,884	\$0	\$6,619	\$0
2046	\$702,974	\$703,862	99.9 %	Low	4.25 %	\$78,067	\$0	\$7,454	\$0
2047	\$788,494	\$797,958	98.8 %	Low	4.25 %	\$81,385	\$0	\$8,330	\$0

30-Year Income/Expense Detail (yrs 0 through 4)

**13144-4
NSV**

Fiscal Year	2018	2019	2020	2021	2022
Starting Reserve Balance	\$708,227	\$592,502	\$594,584	\$623,299	\$653,894
Annual Reserve Contribution	\$19,764	\$21,147	\$22,628	\$24,212	\$25,907
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$6,501	\$5,933	\$6,087	\$6,383	\$6,699
Total Income	\$734,492	\$619,582	\$623,299	\$653,894	\$686,499
# Component					
Glenmeadow					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$21,321	\$0	\$0	\$0
206 Stamped Concrete - Replace	\$96,300	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$2,040	\$0	\$0	\$0	\$0
704 Intercoms - Replace	\$17,150	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$26,500	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$3,677	\$0	\$0	\$0
1402 Entry Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$141,990	\$24,998	\$0	\$0	\$0
Ending Reserve Balance	\$592,502	\$594,584	\$623,299	\$653,894	\$686,499

Fiscal Year	2023	2024	2025	2026	2027
Starting Reserve Balance	\$686,499	\$721,255	\$724,337	\$763,510	\$802,712
Annual Reserve Contribution	\$27,720	\$29,660	\$31,737	\$33,958	\$35,401
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$7,036	\$7,225	\$7,436	\$7,828	\$8,242
Total Income	\$721,255	\$758,141	\$763,510	\$805,296	\$846,355
# Component					
Glenmeadow					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$24,717	\$0	\$0	\$0
206 Stamped Concrete - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$0	\$2,584	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$4,263	\$0	\$0	\$0
1402 Entry Monument - Refurbish	\$0	\$4,824	\$0	\$0	\$0
Total Expenses	\$0	\$33,804	\$0	\$2,584	\$0
Ending Reserve Balance	\$721,255	\$724,337	\$763,510	\$802,712	\$846,355

Fiscal Year	2028	2029	2030	2031	2032
Starting Reserve Balance	\$846,355	\$891,949	\$905,813	\$844,960	\$895,473
Annual Reserve Contribution	\$36,906	\$38,475	\$40,110	\$41,814	\$43,591
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$8,688	\$8,985	\$8,750	\$8,698	\$9,215
Total Income	\$891,949	\$939,408	\$954,673	\$895,473	\$948,280
# Component					
Glenmeadow					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$28,654	\$0	\$0	\$0
206 Stamped Concrete - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$10,764	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$61,165	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$0	\$0	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$0	\$0	\$37,783	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$4,942	\$0	\$0	\$0
1402 Entry Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$33,595	\$109,712	\$0	\$0
Ending Reserve Balance	\$891,949	\$905,813	\$844,960	\$895,473	\$948,280

Fiscal Year	2033	2034	2035	2036	2037
Starting Reserve Balance	\$948,280	\$304,900	\$313,144	\$365,927	\$421,350
Annual Reserve Contribution	\$45,444	\$47,375	\$49,389	\$51,488	\$53,676
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$6,263	\$3,089	\$3,394	\$3,935	\$4,502
Total Income	\$999,987	\$355,364	\$365,927	\$421,350	\$479,528
# Component					
Glenmeadow					
201 Asphalt - Remove/Replace	\$668,368	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$33,217	\$0	\$0	\$0
206 Stamped Concrete - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$3,274	\$0	\$0	\$0
704 Intercoms - Replace	\$26,719	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$5,729	\$0	\$0	\$0
1402 Entry Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$695,087	\$42,220	\$0	\$0	\$0
Ending Reserve Balance	\$304,900	\$313,144	\$365,927	\$421,350	\$479,528

Fiscal Year	2038	2039	2040	2041	2042
Starting Reserve Balance	\$479,528	\$365,782	\$375,156	\$440,045	\$508,184
Annual Reserve Contribution	\$55,957	\$58,336	\$60,815	\$63,400	\$66,094
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,225	\$3,703	\$4,074	\$4,739	\$5,146
Total Income	\$539,711	\$427,821	\$440,045	\$508,184	\$579,424
# Component					
Glenmeadow					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$38,508	\$0	\$0	\$0
206 Stamped Concrete - Replace	\$173,929	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$0	\$0	\$4,147
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$0	\$0	\$0	\$0	\$53,869
1107 Metal Fence/Rail - Repaint	\$0	\$6,641	\$0	\$0	\$0
1402 Entry Monument - Refurbish	\$0	\$7,516	\$0	\$0	\$0
Total Expenses	\$173,929	\$52,665	\$0	\$0	\$58,016
Ending Reserve Balance	\$365,782	\$375,156	\$440,045	\$508,184	\$521,408

Fiscal Year	2043	2044	2045	2046	2047
Starting Reserve Balance	\$521,408	\$595,895	\$621,470	\$702,974	\$788,494
Annual Reserve Contribution	\$68,903	\$71,831	\$74,884	\$78,067	\$81,385
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$5,584	\$6,084	\$6,619	\$7,454	\$8,330
Total Income	\$595,895	\$673,810	\$702,974	\$788,494	\$878,209
# Component					
Glenmeadow					
201 Asphalt - Remove/Replace	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$44,641	\$0	\$0	\$0
206 Stamped Concrete - Replace	\$0	\$0	\$0	\$0	\$0
503 Metal Fence/Rail - Replace	\$0	\$0	\$0	\$0	\$0
503 Vehicle Gates - Replace	\$0	\$0	\$0	\$0	\$0
504 Vehicle Gates - Repair	\$0	\$0	\$0	\$0	\$0
704 Intercoms - Replace	\$0	\$0	\$0	\$0	\$0
705 Gate Operator - Replace	\$0	\$0	\$0	\$0	\$0
1107 Metal Fence/Rail - Repaint	\$0	\$7,699	\$0	\$0	\$0
1402 Entry Monument - Refurbish	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$0	\$52,340	\$0	\$0	\$0
Ending Reserve Balance	\$595,895	\$621,470	\$702,974	\$788,494	\$878,209

Accuracy, Limitations, and Disclosures

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. 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.

Association Reserves - Gold Coast, LLC., and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association’s situation.

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.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
HP	Horsepower
LF	Linear Feet (length)
Effective Age	The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.
Fully Funded Balance (FFB)	The value of the deterioration of the Reserve Components. This is the fraction of life "used up" of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.
Inflation	Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on the "30-yr Income/Expense Detail" table.
Interest	Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.
Percent Funded	The ratio, at a particular point in time (the first day of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
Remaining Useful Life (RUL)	The estimated time, in years, that a common area component can be expected to continue to serve its intended function.
Useful Life (UL)	The estimated time, in years, that a common area component can be expected to serve its intended function.

Component Details

Component quantities indicated in this Report were derived from the prior Reserve Study, 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.

Glenmeadow

Comp #: 201 Asphalt - Remove/Replace**Quantity: Approx. 140,000 GSF**

Location: Streets within gated community
Funded?: Yes. Meets National Reserve Study Standards four-part test.
History: Original
Comments: No Change
Useful Life: 28 years
Best Case: \$ 358,000
Lower estimate to remove and replace
Cost Source: ARI Cost Database

Remaining Life: 15 years
Worst Case: \$500,000
Higher estimate

Comp #: 202 Asphalt - Seal/Repair**Quantity: Approx. 140,000 GSF**

Location: Streets within gated community
Funded?: Yes. Meets National Reserve Study Standards four-part test.
History: Sealed in 2014
Comments: No Change
Useful Life: 5 years
Best Case: \$ 17,200
Lower estimate to seal/repair
Cost Source: ARI Cost Database

Remaining Life: 1 years
Worst Case: \$24,200
Higher estimate

Comp #: 206 Stamped Concrete - Replace**Quantity: Approx. 4,500 GSF**

Location: Just outside entry gates to Glenmeadow
Funded?: Yes. Meets National Reserve Study Standards four-part test.
History: Original
Comments: No Change
Useful Life: 20 years
Best Case: \$ 82,600
Lower estimate to replace with pavers
Cost Source: ARI Cost Database

Remaining Life: 0 years
Worst Case: \$110,000
Higher estimate

Comp #: 320 Pole Lights - Replace**Quantity: (20) Fixtures**

Location: Adjacent to streets within gated community
Funded?: No. Too indeterminate for Reserve designation - handle as an Operational Expense.
History:
Comments: No Change
Useful Life:
Best Case:
Cost Source:

Remaining Life:
Worst Case:

Comp #: 503 Metal Fence/Rail - Replace**Quantity: Approx. 164 LF**

Location: Main entry and exit areas, enclosing development
Funded?: Yes. Meets National Reserve Study Standards four-part test.
History: Original (2006)
Comments: No Change
Useful Life: 24 years
Best Case: \$ 6,740
Lower estimate to replace
Cost Source: ARI Cost Database

Remaining Life: 12 years
Worst Case: \$8,360
Higher estimate

Comp #: 503 Vehicle Gates - Replace**Quantity: (4) Sets of Metal Gates**

Location: Entries and exits to the Glen Meadows development
Funded?: Yes. Meets National Reserve Study Standards four-part test.
History: Original (2006)
Comments: No Change
Useful Life: 24 years
Best Case: \$ 38,800
Lower estimate to replace
Cost Source: ARI Cost Database

Remaining Life: 12 years
Worst Case: \$47,000
Higher estimate

Comp #: 504 Vehicle Gates - Repair**Quantity: (2) Sets of Vehicle Gates**

Location: Throughout the association

Funded?: Yes. Meets National Reserve Study Standards four-part test.

History: Original (2006)

Comments: No Change

Useful Life: 8 years

Remaining Life: 0 years

Best Case: \$ 1,840

Worst Case: \$2,240

Lower allowance for repairs

Higher allowance

Cost Source: Estimate Provided by Client

Comp #: 704 Intercoms - Replace**Quantity: (2) Elite Systems**

Location: Entry areas of the Glen Meadows development

Funded?: Yes. Meets National Reserve Study Standards four-part test.

History: Original

Comments: New intercoms have been purchased but not yet installed as they are waiting to do as part of the entry project. So the money is already spent but not in place yet. Once installed we will update RUL on this component.

Useful Life: 15 years

Remaining Life: 0 years

Best Case: \$ 14,100

Worst Case: \$20,200

Lower estimate to replace

Higher estimate

Cost Source: Estimate Provided by Client

Comp #: 705 Gate Operator - Replace**Quantity: (8) Elite Swing Operators**

Location: Entry/exit to Glen Meadows development

Funded?: Yes. Meets National Reserve Study Standards four-part test.

History: Original

Comments: No Change

Useful Life: 12 years

Remaining Life: 0 years

Best Case: \$ 24,400

Worst Case: \$28,600

Lower estimate to replace

Higher estimate

Cost Source: ARI Cost Database

Comp #: 1107 Metal Fence/Rail - Repaint**Quantity: Approx. 250 LF**

Location: Perimeter fencing and vehicle gates

Funded?: Yes. Meets National Reserve Study Standards four-part test.

History: Painted 2014

Comments: No Change

Useful Life: 5 years

Remaining Life: 1 years

Best Case: \$ 3,260

Worst Case: \$3,880

Lower estimate to repaint

Higher estimate

Cost Source: ARI Cost Database

Comp #: 1402 Entry Monument - Refurbish**Quantity: 10 Letter Wall Affixed**

Location: Western entry

Funded?: Yes. Meets National Reserve Study Standards four-part test.

History:

Comments: No Change

Useful Life: 15 years

Remaining Life: 6 years

Best Case: \$ 3,030

Worst Case: \$5,050

Lower estimate to refurbish

Higher estimate

Cost Source: Estimate Provided by Client