



June 29, 2020

La Bellezza at Pine Creek Village
Attn: Jessica Walker
Hammersmith Management
1155 Kelly Johnson Blvd. #495
Colorado Springs, CO. 80920

Regarding: Reserve Study Final Version

Dear Jessica,

Please find enclosed a final version of the Reserve Study for La Bellezza at Pine Creek Village. This final version is being delivered via electronic media.

The following requested changes were requested by you and your board based on the draft report that was sent on March 16, 2020 please see our responses:

1. Component 1603 Landscape Lights Replacement – Funding has been added per your request.
2. Component 1804 Tree Replacement/Major Maintenance – Funding has been added per your request.
3. Component 2007 Water Feature Major Repairs – This item has been added per your request.

If any further adjustments are required due to a change in the association's philosophies, this can be accomplished at our standard rate of \$200 per hour.

Now that you have received the Reserve Analysis, use it as a tool to assist you in establishing your budget, as well as an advanced warning for upcoming projects. This report should be reviewed at least once a year for obtaining proposals in advance of pending projects, and to make sure the Reserve funds are in line with projections. The outcome of this report should be conveyed with the property owners as to the status of the Reserve fund. The property owners should also know what the Board of Directors plans are to improve or maintain the Reserve fund.

Remember, just like any major line item in the budget, it is important to review the Reserve Fund status and contribution rate each year as the budget planning process begins. We look forward to working together in the future to assist the Board of Directors in planning their budgets by completing an updated Reserve Study.

Please let me know if there is anything else I can do to help. Have a great day!

Sincerely,

G. Michael Kelsen, RS, PRA
Owner

Monday, June 29, 2020

Level 2, Premium Reserve Analysis

La Bellezza at Pine Creek Village

3775 Palazzo Grove
Colorado Springs, CO. 80303



FINAL VERSION

Report Period – 01/01/20 – 12/31/20

Client Reference Number – 09279

Property Type – Single Family Detached Homes

Fiscal Year End – December 31st

Number of Units – 48

Date of Property Observation – February 21, 2020

Property Observation Conducted by – Justin Huggins

Project Manager – Justin Huggins

Main Contact Person – Jessica Walker, Community Manager



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Introduction to the Reserve Analysis –

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

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

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

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

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

General Information and Answers to Frequently Asked Questions –

Why is it important to perform a Reserve Study?

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

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

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

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

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

How often do we update or review “it”?

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

Is it the law to have a Reserve Study conducted?

The Government requires reserve analyses in approximately 20 states. The State of Colorado currently requires all associations to adopt a Reserve policy, but does not currently enforce a Reserve Study be completed. Despite enacting this current law, the chances are also very good the documents of the association require the association to have a Reserve fund established. This may not mean a Reserve Analysis is required, but how are you going to know there are enough funds in the account if you don't have the proper information? Hypothetically, some associations look at the Reserve fund and think \$50,000 is a lot of money and they are in good shape. What they don't know is the roof will need to be replaced within 5 years, and the cost of the roof is going to exceed \$75,000. So while \$50,000 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.

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

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

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

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

The Property Observation –

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

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

The Reserve Fund Analysis –

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

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

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

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

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

Summary of La Bellezza at Pine Creek Village - Assoc. ID # - 09279

Projected Starting Balance as of January 1, 2020 -	\$149,920
Ideal Reserve Balance as of January 1, 2020 -	\$122,544
Percent Funded as of January 1, 2020 -	122%
Recommended Reserve Allocation (per month) -	\$1,206 (through 2020 - 2021)
Recommended Reserve Allocation (per month) -	\$3,125 (starting 2022)
Minimum Reserve Allocation (per month) -	\$2,800 (starting 2022)
Recommended Special Assessment -	\$0

This report is an update to an existing Reserve Study that was prepared for the association 3 years ago for the 2017 fiscal period. An observation of the property's common area elements took place on February 21st, 2020 to verify the information from the previous report. In addition, we obtained information by contacting local vendors and contractors, as well as communicating with the property representative. To the best of our knowledge, the conclusions and suggestions of this report are considered reliable and accurate insofar as the information obtained from these sources.

This property contains 48 single family detached homes. Common area amenities the association is responsible to maintain include the irrigation system, landscaping, driveways and roads, sidewalks, a mailbox kiosk, and a water feature. Please refer to the *Projected Reserve Expenditure* chart of the Financial Analysis for a detailed listing of when projects are programmed to be addressed.

In comparing the projected balance of \$149,920 versus the ideal Reserve Balance of \$122,544, we find the association Reserve fund to be in a surplus financial position (approximately 122% funded of ideal) at this time. This is primarily due to the early replacement of the asphalt and pavers of the streets. Based on the information contained within this report, we find the current budgeted Reserve allocation (\$1,206) to be adequate in funding the Reserve fund through the 2021 fiscal period. However, starting January 1, 2022, we are recommending an increase of the Reserve contribution to \$3,125 (representing an increase of approximately \$39.98 per unit per month), followed by nominal annual increases of 4.15% thereafter to help offset the effects of inflation. By following the recommendation, the plan will maintain the Reserve account at or near the fully funded position throughout the thirty-year period.

In the percent Funded graph, you will see that we have also suggested a minimum Reserve contribution of \$2,800 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where Special Assessments, deferred maintenance, and lower property values are possible at some point in the future.

The minimum Reserve allocation follows the "threshold" theory of Reserve funding where the "percent funded" status is not allowed to dip below 30% funded at any point during the thirty-year period. This was provided for one purpose only, to show the association how small the difference is between the two scenarios and how it would not make financial sense to contribute less money (approximately \$6.77 per unit per month) to the Reserve fund to only stay above a certain threshold. As you can see, the difference between the two scenarios is considered to be extremely minimal, and based on the risk, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 202 Wood Trellis - Repaint



Observations:

- Based on observed conditions, we recommend staining in 2020.
- Due to the small area and relatively low cost, we suggest repaint these surfaces on an as needed basis with operating funds. Therefore, separate Reserve funding is not necessary at this time.

Location: **Mail Area**

Quantity: **Approx. 220 GSF**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 309 Stone - Major Repairs



Observations:

- Typically, these stones have an extended life expectancy and complete replacement is unlikely.
- There are times where some stones will loosen and fall off, but this is unpredictable when and how much would occur.
- Repairs should be handled as a maintenance issue on an as needed basis at this time.
- If it later turns out that frequent repairs are necessary, then funding could be added in future Reserve Study updates.

Location: **See General Notes**

Quantity: **Approx. 1,340 GSF**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Water Feature: Approx. 680 GSF
Mailbox Structure: Approx. 660 GSF

Comp #: 401 Asphalt - Major Overlay



Observations:

- The streets were repaired and new asphalt was installed on all streets and the large parking area off of Palazzo Grove.
- The average life expectancy for asphalt surfaces ranges between 20 - 27 years for surfaces that are maintained on a regular schedule.
- Maintenance includes crack fill and repairing small potholes annually as an operating expense.
- In addition, asphalt should be treated every 3 - 5 years, depending on the level of traffic and snow removing techniques.

Location: **See General Notes**

Quantity: **Approx. 46,815 GSF**

Life Expectancy: **25** Remaining Life: **23**

Best Cost: **\$77,250**

\$1.65/GSF; Est. to rotomill and 2" overlay

Worst Cost: **\$88,950**

\$1.90/GSF; Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Palazzo Grove: Approx. 14,895 GSF
7 Homes Shared: Approx. 4,635 GSF
Tuscanna Grove: Approx. 27,285 GSF

Project History:
- 2018: New Streets and sub grade - \$477,003.52

Comp #: 402 Asphalt - Surface Application



Observations:

- Surface treatments are used to extend the useful life of asphalt and to help maintain aesthetics; there are a broad range of products to choose from so we recommend consulting a reputable contractor for your community's needs.
- The recommendation is an allowance for the mid range surface treatments that are available in today's market.
- Expect to seal coat, chip seal or slurry seal your asphalt every 3 - 5 years, as the asphalt ages it may be necessary to adjust the frequency and or cost of these projects.

Location: **See General Notes**

Quantity: **Approx. 46,815 GSF**

Life Expectancy: **5** *Remaining Life:* **3**

Best Cost: **\$10,300**

\$.22/GSF; Estimate for seal coat only

Worst Cost: **\$12,650**

\$.27/GSF; Higher est. includes repairs/crack fill

Source of Information: Cost Database

General Notes:

Palazzo Grove: Approx. 14,895 GSF
7 Homes Shared: Approx. 4,635 GSF
Tuscanna Grove: Approx. 27,285 GSF

Comp #: 404 Brick Pavers Drive - Repair/Replace



Observations:

- No expectation to completely replace pavers.
- Reserve to periodically repair 5% to prevent extensive settling and level out uneven areas every 5 years.

Location: **See General Notes**

Quantity: **Approx. 45,585 GSF**

Life Expectancy: **5** Remaining Life: **3**

Best Cost: **\$30,800**

Allowance for repairs

Worst Cost: **\$37,625**

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

- 3631: Approx. 800 GSF
- 3775: Approx. 660 GSF
- 3655: Approx. 420 GSF
- 3647/3639: Approx. 2,530 GSF
- 3607/3615/3623: Approx. 3,565 GSF
- 3755/3745: Approx. 2,085 GSF
- 3735: Approx. 675 GSF
- 3715/3225: Approx. 1,845 GSF
- 3705: Approx. 620 GSF
- 3719/3703/3711: Approx. 2,995 GSF
- 3679: Approx. 800 GSF
- 3695/3687: Approx. 2,740 GSF
- 3671/3663: Approx. 1,925 GSF
- 3744/3754/3764/3734: Approx. 4,735 GSF
- 3724: Approx. 1,820 GSF
- 3714: Approx. 630 GSF
- 3774: Approx. 1,310 GSF
- 3727: Approx. 640 GSF
- 3743/3735: Approx. 1,460 GSF
- 3726: Approx. 720 GSF
- 3702: Approx. 540 GSF
- 3742/3734: Approx. 2,485 GSF
- 3718/3710: Approx. 2,040 GSF
- 3622/3614: Approx. 1,980 GSF
- 3606: Approx. 800 GSF
- 3765: Approx. 1,540 GSF

Comp #: 407 Curb and Gutters/Drain Pan - Partial Replace



Observations:

- Since it is unlikely all surfaces will need to be replaced at the same time, we suggest establishing a Reserve fund to repair 10% of the area (660 GSF) every 5 years.
- Coordinate future repairs with asphalt work for best cost estimate since most asphalt companies can also perform concrete repairs.

Location: **See General Notes**

Quantity: **Approx. 6,615 GSF**

Life Expectancy: **5** Remaining Life: **3**

Best Cost: **\$7,925**

Estimate to repair 10% of area every 5 years

Worst Cost: **\$9,250**

Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Tuscanna Grove:
 - C/G: Approx. 3,860 GSF
 - D/P: Approx. 150 GSF

Palazzo Grove:
 - C/G: Approx. 1,960 GSF
 - D/P: Approx. 645 GSF

Comp #: 601 Concrete Flatwork - Partial Replace



Observations:

- Similar to other concrete surfaces, it is unlikely that all concrete surfaces will fail and need to be replaced at the same time.
- Therefore, we suggest establishing a Reserve fund for frequent repairs and replacement to a percentage of the area (20% or 650 GSF) every 5 years.
- Coordinate repairs with other concrete surfaces for best cost estimate.

Location: **See General Notes**

Quantity: **Approx. 3,255 GSF**

Life Expectancy: **5** Remaining Life: **3**

Best Cost: **\$7,150**

Allowance to repair 20% of area every 5 years

Worst Cost: **\$8,450**

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

3631: Approx. 60 GSF
Palazzo Grove: Approx. 1,235 GSF
Tuscanna: Approx. 1,480 GSF
3775: Approx. 100 GSF - Some settling on sidewalk
Bocce Ball Court: Approx. 380 GSF

Comp #: 602 Brick Paver Sidewalks - Repair



Observations:

- This type of walkway is subject to shifting and settling, which can result in tripping hazards.
- Being a public access area, it is very important to maintain a level surface at all times.
- Therefore, we have established a line item for periodic inspections and repairs to maintain a safe surface at all times.
- Timing has been scheduled to coordinate with paved driving surfaces for best cost since contractor will be on site at the same time.

Location: **See General Notes**

General Notes:

Quantity: **Approx. 10,690 GSF**

- 3655: Approx. 115 GSF**
- 3647: Approx. 105 GSF**
- 3623: Approx. 120 GSF**
- 3607: Approx. 90 GSF**
- 3755: Approx. 120 GSF**
- 3735: Approx. 185 GSF**
- 3725: Approx. 105 GSF**
- 3705: Approx. 115 GSF**
- 3703: Approx. 120 GSF**
- 3695: Approx. 795 GSF**
- 3679: Approx. 130 GSF**
- 3671: Approx. 100 GSF**
- 3764: Approx. 260 GSF**
- 3734: Approx. 275 GSF**
- 3714: Approx. 120 GSF**
- 3743: Approx. 90 GSF**
- 3727: Approx. 135 GSF**
- 3740: Approx. 100 GSF**
- 3726: Approx. 240 GSF**
- 3718: Approx. 100 GSF**
- 3702: Approx. 80 GSF**
- 3670/3662: Approx. 2,030 GSF**
- 3654: Approx. 40 GSF**
- 3646/3638: Approx. 2,165 GSF**
- 3630: Approx. 140 GSF**
- 3622: Approx. 60 GSF**
- 3606: Approx. 120 GSF**

Life Expectancy: **10** Remaining Life: **3**

Best Cost: **\$14,725**

Allowance for repairs

Worst Cost: **\$18,400**

Higher allowance for more repairs

Source of Information: Cost Database



Comp #: 803 Mailboxes - Replace



Observations:

- According to several manufacturers, the typical life expectancy for this type of mailbox is 15 - 20 years in this environment.
- However, these units are protected from many of the elements, so a longer useful life is expected.
- Remaining life is based on average age of all units.
- Per new Postal regulations effective 2012, "all customers are responsible for repairs and replacement of keys, locks, or the boxes/cluster units themselves".

Location: **Mailbox Structure**

General Notes:

Quantity: **(2) CBUs, (1) Parcel Locker**

- (1) 27-Box CBU w/ 1 outgoing**
- (1) 24-Box CBU w/ 1 outgoing, 1 parcel**
- (1) 6 Parcel Locker**

Life Expectancy: **24** Remaining Life: **11**

Best Cost: **\$6,675**

Estimate to replace

Worst Cost: **\$8,025**

Higher estimate for better quality

Source of Information: Cost Database

Comp #: 808 No Parking Signs - Replace



Observations:

- Due to the low quantity and relatively small replacement cost, we recommend addressing any repairs and replacement on an as needed basis with general operating funds.
- Therefore, at this time, separate Reserve funding is not required for this component

Location: **Some individual drives**

Quantity: **Approx. (16) Assorted Signs**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

3622/3614: (2)
3765: (1)
Asphalt Driveway: (2)
3711: (1)
Along Street: (10)

Comp #: 1005 Block Wall - Replace



Observations:

- The block wall appeared to be in good condition.
- As long as block wall was installed conforming to county code, this wall should have an extended useful life.
- Since there is no expectation to replace wall, Reserve funding is not required for this component.

Location: **Behind 3622/3614/3606**

Quantity: **Approx. 675 GSF**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 1013 Stone Wall - Major Repairs



Observations:

- While it is unlikely that the entire wall will need to be replaced, it is likely that major repairs will be necessary to replace loose or missing stones.
- Depending on the effects from weather, we suggest establishing a Reserve fund for periodic repairs to the walls every 10 years.
- Remaining life is based on observed condition and estimated timing of when repairs may be required.

Location: **See General Notes**

Quantity: **Approx. 5,025 GSF**

Life Expectancy: **10** Remaining Life: **0**

Best Cost: **\$16,350**

Allowance for major repairs

Worst Cost: **\$19,075**

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

- 3623: Approx. 125 GSF**
 - 3719: Approx. 70 GSF**
 - 3725: Approx. 170 GSF**
 - Bocce Court area: Approx. 1,140 GSF**
 - 3743: Approx. 195 GSF**
 - 3727: Approx. 315 GSF**
 - 3742: Approx. 225 GSF**
 - 3726: Approx. 210 GSF**
 - 3718: Approx. 240 GSF**
 - 3670: Approx. 70 GSF**
 - 3654: Approx. 595 GSF**
 - 3646: Approx. 80 GSF**
 - 3630: Approx. 525 GSF**
 - 3654: Approx. 220 GSF**
 - 3715: Approx. 225 GSF**
 - 3705: Approx. 280 GSF**
- Open Space Across from Mailbox: Approx. 340 GSF**

Comp #: 1602 Exterior Wall Mount - Replace



Observations:

- Due to the minimal cost to replace these lights, Reserve funding is not appropriate.
- Repair and replace as necessary as an operating expense.

Location: **Mailbox Structure**

Quantity: **(4) Wall Sconces**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 1603 Landscape Lights - Replace



Observations:

- No expectation to replace all lights at one time.
- We suggest replacing fixtures on an individual basis as necessary as an operating issue.
- Therefore, Reserve funding is not required at this time.

Location: **See General Notes**

Quantity: **(8) Lights**

Life Expectancy: **16** Remaining Life: **2**

Best Cost: **\$3,000**

Estimate to replace

Worst Cost: **\$3,600**

Higher estimate for more labor

Source of Information: Cost database

General Notes:

(2) Ground Lights

(6) Lights in Water

(8) Mailbox Area

Comp #: 1604 Pole Lights - Replace



Observations:

- No reported problems with electrical issues or malfunctioning lights
- Reserve to replace fixtures on a 20 year schedule to maintain appearance and function.

Location: **Throughout Property**

Quantity: **(32) Lights**

Life Expectancy: **20** *Remaining Life:* **6**

Best Cost: **\$12,000**
\$375/fixture; Estimate to replace with similar

Worst Cost: **\$14,400**
\$450/light; Higher estimate for different fixture

Source of Information: Cost Database

General Notes:

Comp #: 1701 Irrigation System - Rebuild



Observations:

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

Location: **Throughout Property**

General Notes:

Quantity: **Extensive**

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

Best Cost: **\$12,000**

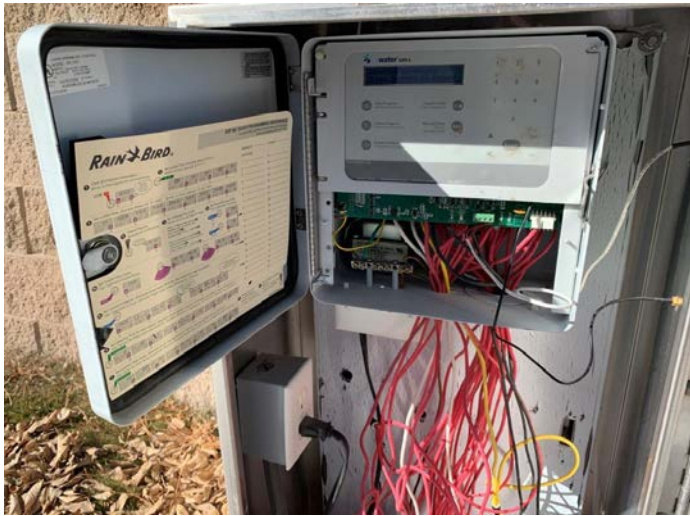
Estimate for major repairs and renovating system

Worst Cost: **\$15,350**

Higher estimate for more labor

Source of Information: Cost Database

Comp #: 1703 Irrigation Controllers - Replace



Observations:

- The overall life expectancy of irrigation controllers typically ranges between 10 - 12 years if properly maintained and under normal conditions.
- Remaining life is based on the age of the controllers.

Location: **See General Notes**

Quantity: **(5) Controllers**

Life Expectancy: **12** Remaining Life: **0**

Best Cost: **\$13,750**
 \$2750/clock; Estimate to replace

Worst Cost: **\$16,250**
 \$3250/controller; Higher estimate

Source of Information: Cost Database

General Notes:

Mailbox Structure: RainBird ESP-M
 - S/N: 1696327
 - Date: 16JN06

Heartwood/Tuscanna: Weathertrak ET Pro 3

Behind Monument: ET Water

Behind 3622: ET Water Gen 4

Behind Water Feature: (1) RainBird ESP-M

Comp #: 1706 Backflow Devices - Replace



Observations:

- Devices can be rebuilt and repaired when needed as a maintenance issue.
- It is very seldom that a complete system would need to be replaced due to normal wear and tear.
- Replacement would be as a result of freezing conditions if system is not winterized properly or in a timely manner.
- No Reserve funding is required due to difficulty of predicting a life expectancy and the fact that systems can be rebuilt at a minimal cost, as opposed to being replaced.

Location: **Throughout Property**

Quantity: **(3) Backflows**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 1801 Groundcover - Replenish



Observations:

- This line item, similar to irrigation repairs, is for projects that lie outside the scope of routine maintenance.
- In order to preserve an attractive curb appeal and to maintain the health of the plants and shrubs, we recommend reserving for refurbishment projects every 2 - 4 years.
- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

Location: **Throughout Property**

General Notes:

Quantity: **Extensive**

Life Expectancy: **4** *Remaining Life:* **0**

Best Cost: **\$5,200**

Allowance for major replenishment

Worst Cost: **\$6,500**

Higher allowance for more material

Source of Information: Cost Database

Comp #: 1804 Tree - Replacement/Major Maintenance



Observations:

- It is very difficult to predict a replacement cycle for trees as there are several factors such as disease, infestation of insects, heavy snow storms, etc. can all attribute to eventual tree replacement.
- Since it is difficult to predict when the replacement will be necessary, Reserve funding is typically not a factor.
- Therefore, unless requested by the association, Reserve funding will not be included as part of the study for this component.

Location: **Throughout Property**

Quantity: **Extensive**

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

Best Cost: **\$10,000**

Allowance for periodic major maintenance

Worst Cost: **\$15,000**

Higher allowance for some replacement

Source of Information: Client provided cost information

General Notes:

Comp #: 2005 Iron Wishing Well - Replace



Observations:

- These materials typically have an indefinite life expectancy.
- Due to the minimal amount of material and extended life expectancy, Reserve funding is not required at this time.

Location: **Mail Area**

Quantity: **(1) Decorative item**

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

Best Cost: **\$0**

Worst Cost: **\$0**

Source of Information:

General Notes:

Comp #: 2007 Water Feature - Major Repairs



Observations:

Location: **By Community Entrance**

Quantity: **(1) Fountain**

Life Expectancy: **6** Remaining Life: **3**

Best Cost: **\$5,000**

Allowance for major repairs

Worst Cost: **\$8,000**

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

Empty rectangular box for general notes.

Comp #: 2020 Wood Trellis - Replace



Observations:

- It was noted that it needs to be restained.
- Staining will extend the life expectancy of the structure.
- Remaining life based on observed condition.

Location: **Mail Area**

Quantity: **Approx. 220 GSF**

Life Expectancy: **20** *Remaining Life:* **6**

Best Cost: **\$3,100**

\$14/GSF; Estimate to replace

Worst Cost: **\$3,975**

\$18/GSF; Higher estimate for more labor

Source of Information: Cost Database

General Notes:

Comp #: 2020 Mailbox Structure - Major Repairs



Observations:

- The mailbox structure appeared to be in good condition during the site observation.
- This line item is for major repairs to the structure, not complete replacement.
- Remaining life based on observed condition.

Location: **Mail Area**

Quantity: **See General Notes**

Life Expectancy: **15** Remaining Life: **3**

Best Cost: **\$3,250**

Allowance for major repairs

Worst Cost: **\$4,000**

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

Tile Roof: Approx. 3 Squares
R/G, D/S: Approx. 60 LF
Stone: Approx. 660 GSF - Included in comp. #309
Lights: (4)
Stucco: Approx. 260 GSF
(1) Security camera

Funding Summary For La Bellezza at Pine Creek Village

Beginning Assumptions

Financial Information Source	Research With Client
# of units	48
Fiscal Year End	December 31, 2020
Monthly Dues from 2020 budget	\$9,552.00
Monthly Reserve Allocation from 2020 Budget	\$1,205.75
Projected Starting Reserve Balance (as of 1/1/2020)	\$149,920
Reserve Balance: Average Per Unit	\$3,123
Ideal Starting Reserve Balance (as of 1/1/2020)	\$122,544
Ideal Reserve Balance: Average Per Unit	\$2,553

Economic Factors

Past 20 year Average Inflation Rate (Based on CCI)	4.15%
Current Average Interest Rate	1.00%

Current Reserve Status

Current Balance as a % of Ideal Balance	122%
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Recommendations for 2020 Fiscal Year

Monthly Reserve Allocation (2020)	\$1,206
Per Unit	\$25.12
Monthly Reserve Allocation (starting 2021)	\$3,125
Per Unit	\$65.10
Minimum Monthly Reserve Allocation (starting 2021)	\$2,800
Per Unit	\$58.33
Primary Annual Increases	0.00%
# of Years	2
Secondary Annual Increases	4.15%
# of Years	28
Special Assessment	\$0
Per Unit	\$0

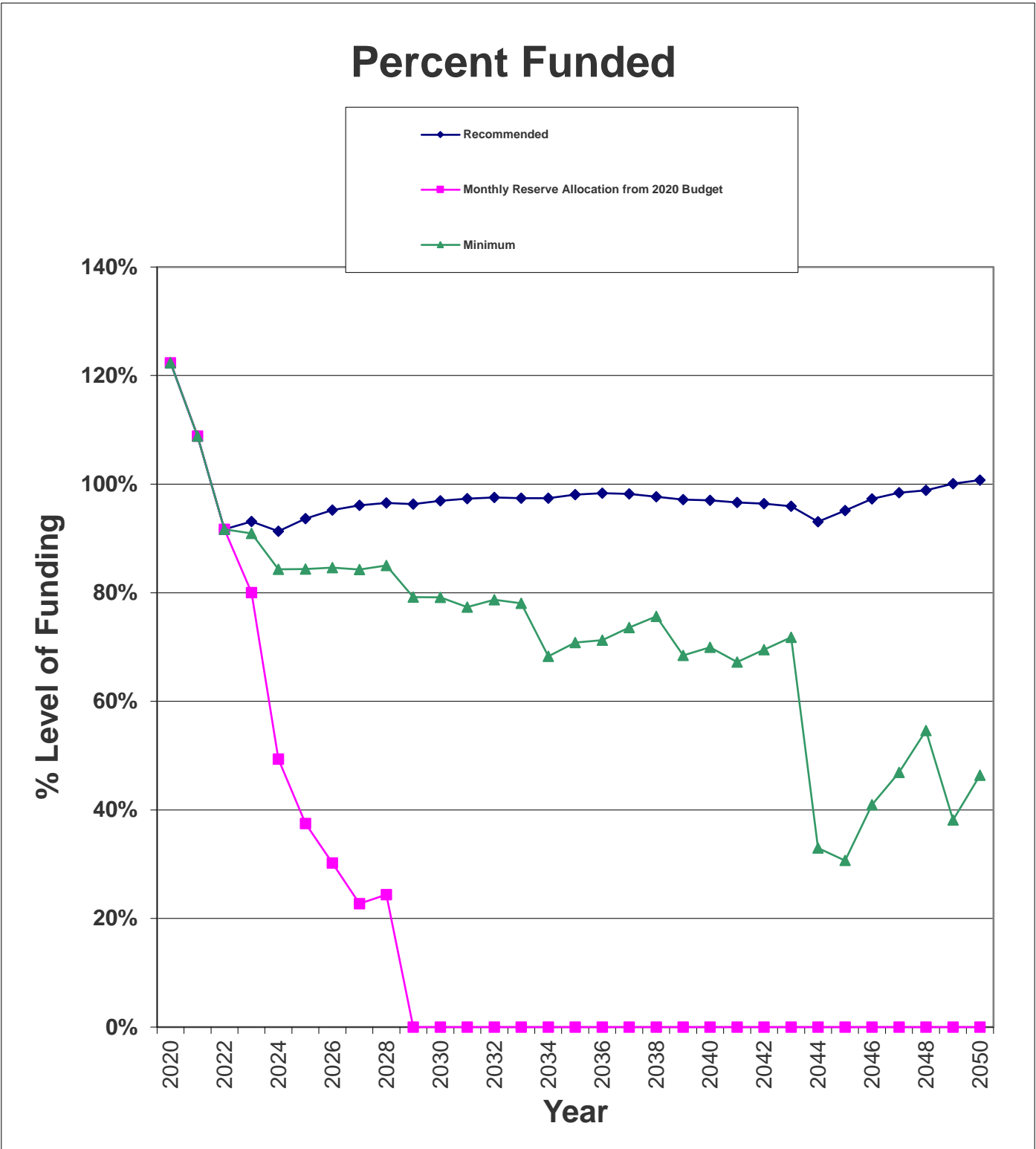
Changes To Current 2020 Reserve Contribution

Increase/Decrease to Reserve Allocation	\$0
as Percentage	0%
Average Per Unit	\$0.00

Changes from 2020 to 2021 Reserve Contribution

Increase/Decrease to Reserve Allocation	\$1,919
as Percentage	159%
Average Per Unit	\$39.98

Percent Funded Graph For La Bellezza at Pine Creek Village



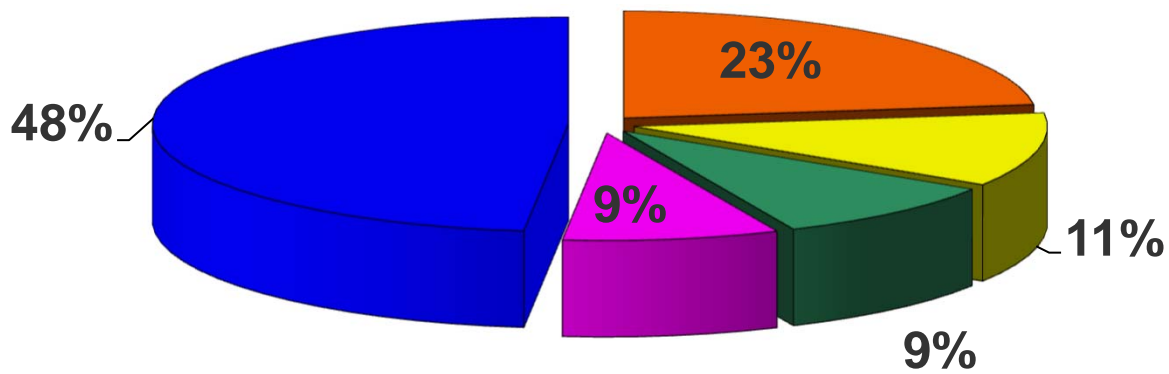
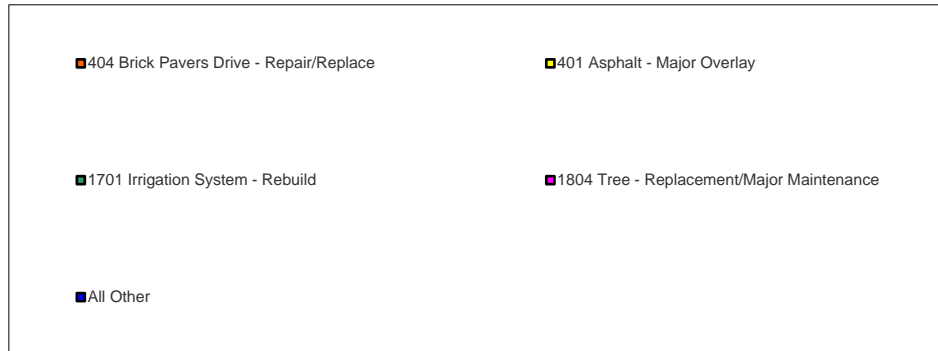
Component Inventory for La Bellezza at Pine Creek Village

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Painted Surfaces	202	Wood Trellis - Repaint	N/A		\$0	\$0
Siding Materials	309	Stone - Major Repairs	N/A		\$0	\$0
Drive Materials	401	Asphalt - Major Overlay	25	23	\$77,250	\$88,950
	402	Asphalt - Surface Application	5	3	\$10,300	\$12,650
	404	Brick Pavers Drive - Repair/Replace	5	3	\$30,800	\$37,625
	407	Curb and Gutters/Drain Pan - Partial Rep	5	3	\$7,925	\$9,250
Walking Surfaces	601	Concrete Flatwork - Partial Replace	5	3	\$7,150	\$8,450
	602	Brick Paver Sidewalks - Repair	10	3	\$14,725	\$18,400
Prop. Identification	803	Mailboxes - Replace	24	11	\$6,675	\$8,025
	808	No Parking Signs - Replace	N/A		\$0	\$0
Fencing/Walls	1005	Block Wall - Replace	N/A		\$0	\$0
	1013	Stone Wall - Major Repairs	10	0	\$16,350	\$19,075
Light Fixtures	1602	Exterior Wall Mount - Replace	N/A		\$0	\$0
	1603	Landscape Lights - Replace	16	2	\$3,000	\$3,600
	1604	Pole Lights - Replace	20	6	\$12,000	\$14,400
Irrig. System	1701	Irrigation System - Rebuild	5	0	\$12,000	\$15,350
	1703	Irrigation Controllers - Replace	12	0	\$13,750	\$16,250
	1706	Backflow Devices - Replace	N/A		\$0	\$0
Landscaping	1801	Groundcover - Replenish	4	0	\$5,200	\$6,500
	1804	Tree - Replacement/Major Maintenance	5	4	\$10,000	\$15,000
Miscellaneous	2005	Iron Wishing Well - Replace	N/A		\$0	\$0
	2007	Water Feature - Major Repairs	6	3	\$5,000	\$8,000
	2020	Wood Trellis - Replace	20	6	\$3,100	\$3,975
	2020	Mailbox Structure - Major Repairs	15	3	\$3,250	\$4,000

Significant Components For La Bellezza at Pine Creek Village

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL)	
					As \$	As %
401	Asphalt - Major Overlay	25	23	\$83,100	\$3,324	11.1587%
402	Asphalt - Surface Application	5	3	\$11,475	\$2,295	7.7043%
404	Brick Pavers Drive - Repair/Replace	5	3	\$34,213	\$6,843	22.9704%
407	Curb and Gutters/Drain Pan - Partial Replace	5	3	\$8,588	\$1,718	5.7657%
601	Concrete Flatwork - Partial Replace	5	3	\$7,800	\$1,560	5.2369%
602	Brick Paver Sidewalks - Repair	10	3	\$16,563	\$1,656	5.5601%
803	Mailboxes - Replace	24	11	\$7,350	\$306	1.0281%
1013	Stone Wall - Major Repairs	10	0	\$17,713	\$1,771	5.9461%
1603	Landscape Lights - Replace	16	2	\$3,300	\$206	0.6924%
1604	Pole Lights - Replace	20	6	\$13,200	\$660	2.2156%
1701	Irrigation System - Rebuild	5	0	\$13,675	\$2,735	9.1814%
1703	Irrigation Controllers - Replace	12	0	\$15,000	\$1,250	4.1963%
1801	Groundcover - Replenish	4	0	\$5,850	\$1,463	4.9096%
1804	Tree - Replacement/Major Maintenance	5	4	\$12,500	\$2,500	8.3925%
2007	Water Feature - Major Repairs	6	3	\$6,500	\$1,083	3.6368%
2020	Mailbox Structure - Major Repairs	15	3	\$3,625	\$242	0.8113%
2020	Wood Trellis - Replace	20	6	\$3,538	\$177	0.5938%

Significant Components Graph For La Bellezza at Pine Creek Village



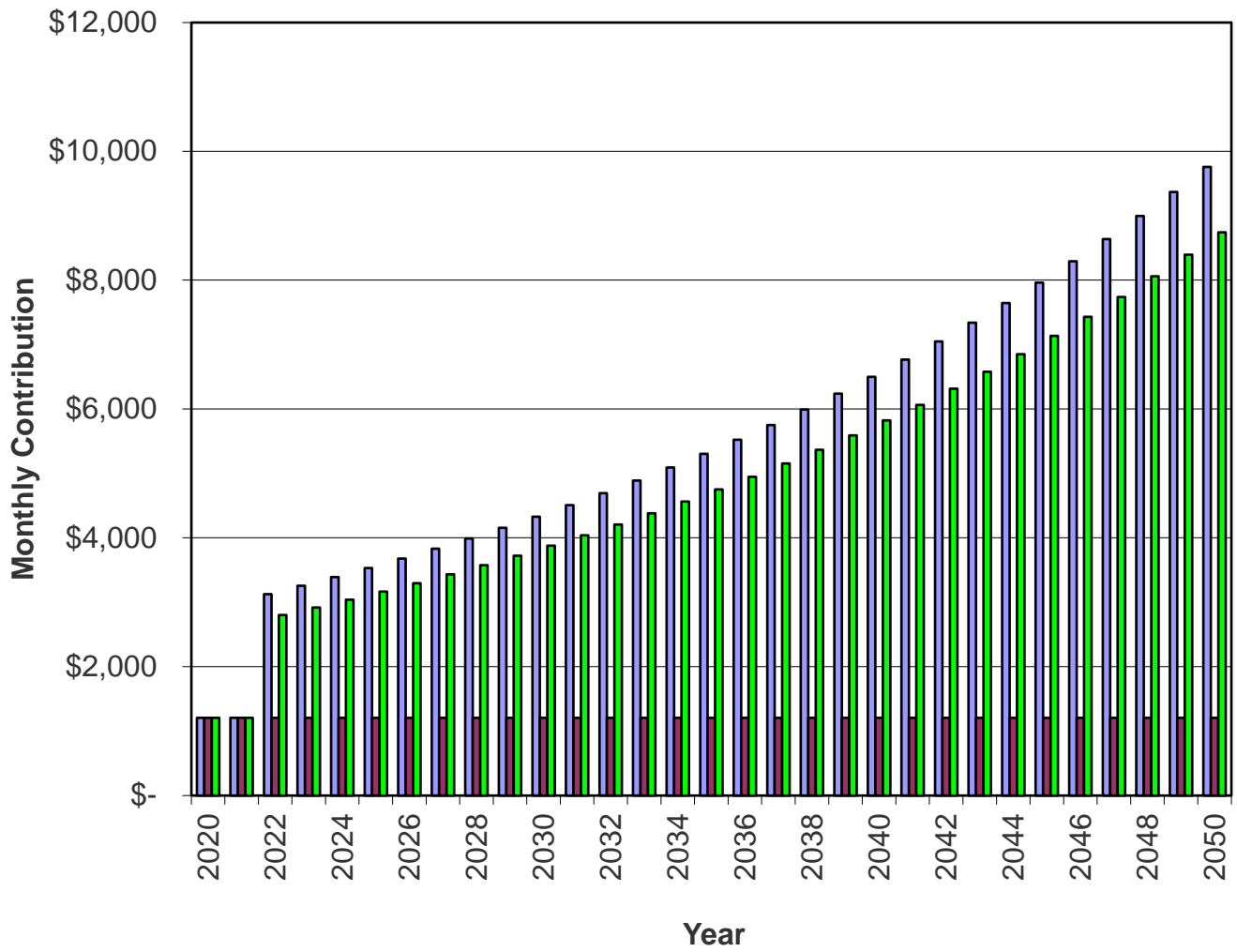
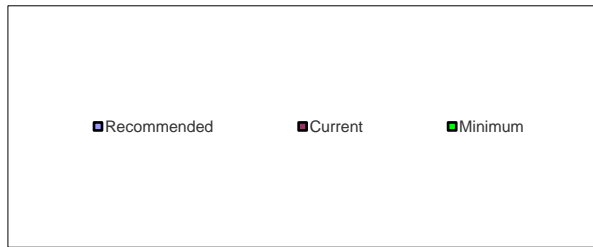
Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL)	
					As \$	As %
404	Brick Pavers Drive - Repair/Replace	5	3	\$34,213	\$6,843	23%
401	Asphalt - Major Overlay	25	23	\$83,100	\$3,324	11%
1701	Irrigation System - Rebuild	5	0	\$13,675	\$2,735	9%
1804	Tree - Replacement/Major Maintenance	5	4	\$12,500	\$2,500	8%
All Other	See Expanded Table on Page 4 For Additional Breakdown				\$14,387	48%

Yearly Summary For La Bellezza at Pine Creek Village

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Special Assessment	Interest Income	Reserve Expenses
2020	\$122,544	\$149,920	122%	\$14,469	\$0	\$1,316	\$52,238
2021	\$104,249	\$113,468	109%	\$14,469	\$0	\$1,213	\$0
2022	\$140,888	\$129,149	92%	\$37,500	\$0	\$1,468	\$3,580
2023	\$176,659	\$164,537	93%	\$39,056	\$0	\$1,345	\$100,278
2024	\$114,600	\$104,661	91%	\$40,677	\$0	\$1,147	\$21,591
2025	\$133,373	\$124,894	94%	\$42,365	\$0	\$1,383	\$16,758
2026	\$159,474	\$151,884	95%	\$44,123	\$0	\$1,640	\$21,362
2027	\$183,440	\$176,286	96%	\$45,954	\$0	\$2,002	\$0
2028	\$232,293	\$224,242	97%	\$47,862	\$0	\$2,021	\$94,038
2029	\$186,945	\$180,086	96%	\$49,848	\$0	\$1,922	\$27,396
2030	\$210,904	\$204,460	97%	\$51,917	\$0	\$2,078	\$47,136
2031	\$217,156	\$211,319	97%	\$54,071	\$0	\$2,337	\$11,496
2032	\$262,719	\$256,231	98%	\$56,315	\$0	\$2,686	\$33,964
2033	\$288,786	\$281,268	97%	\$58,652	\$0	\$2,450	\$133,414
2034	\$214,456	\$208,957	97%	\$61,086	\$0	\$2,295	\$22,087
2035	\$255,171	\$250,251	98%	\$63,621	\$0	\$2,647	\$37,128
2036	\$284,187	\$279,391	98%	\$66,261	\$0	\$3,083	\$11,213
2037	\$343,767	\$337,523	98%	\$69,011	\$0	\$3,737	\$0
2038	\$419,965	\$410,272	98%	\$71,875	\$0	\$3,762	\$143,455
2039	\$352,487	\$342,454	97%	\$74,858	\$0	\$3,680	\$27,067
2040	\$406,104	\$393,926	97%	\$77,965	\$0	\$3,927	\$83,978
2041	\$405,461	\$391,840	97%	\$81,200	\$0	\$4,268	\$15,267
2042	\$479,257	\$462,040	96%	\$84,570	\$0	\$5,066	\$0
2043	\$575,041	\$551,677	96%	\$88,080	\$0	\$3,915	\$412,073
2044	\$248,775	\$231,598	93%	\$91,735	\$0	\$2,343	\$88,495
2045	\$249,256	\$237,181	95%	\$95,542	\$0	\$2,673	\$37,793
2046	\$305,980	\$297,603	97%	\$99,507	\$0	\$3,248	\$48,176
2047	\$357,802	\$352,182	98%	\$103,637	\$0	\$3,961	\$19,486
2048	\$445,361	\$440,294	99%	\$107,938	\$0	\$3,900	\$212,075
2049	\$339,832	\$340,056	100%	\$112,417	\$0	\$3,777	\$40,647

Reserve Contributions For La Bellezza at Pine Creek Village

Reserve Contributions



Component Funding Information For La Bellezza at Pine Creek Village

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
401	Asphalt - Major Overlay	\$83,100	\$6,648	\$8,133	\$134.55
402	Asphalt - Surface Application	\$11,475	\$4,590	\$5,615	\$92.90
404	Brick Pavers Drive - Repair/Replace	\$34,213	\$13,685	\$16,742	\$276.97
407	Curb and Gutters/Drain Pan - Partial Replace	\$8,588	\$3,435	\$4,202	\$69.52
601	Concrete Flatwork - Partial Replace	\$7,800	\$3,120	\$3,817	\$63.14
602	Brick Paver Sidewalks - Repair	\$16,563	\$11,594	\$14,184	\$67.04
803	Mailboxes - Replace	\$7,350	\$3,981	\$4,871	\$12.40
1013	Stone Wall - Major Repairs	\$17,713	\$17,713	\$21,669	\$71.70
1603	Landscape Lights - Replace	\$3,300	\$2,888	\$3,533	\$8.35
1604	Pole Lights - Replace	\$13,200	\$9,240	\$11,304	\$26.71
1701	Irrigation System - Rebuild	\$13,675	\$13,675	\$16,730	\$110.71
1703	Irrigation Controllers - Replace	\$15,000	\$15,000	\$18,351	\$50.60
1801	Groundcover - Replenish	\$5,850	\$5,850	\$7,157	\$59.20
1804	Tree - Replacement/Major Maintenance	\$12,500	\$2,500	\$3,058	\$101.19
2007	Water Feature - Major Repairs	\$6,500	\$3,250	\$3,976	\$43.85
2020	Mailbox Structure - Major Repairs	\$3,625	\$2,900	\$3,548	\$9.78
2020	Wood Trellis - Replace	\$3,538	\$2,476	\$3,029	\$7.16

Yearly Cash Flow For La Bellezza at Pine Creek Village

Year	2020	2021	2022	2023	2024
Starting Balance	\$149,920	\$113,468	\$129,149	\$164,537	\$104,661
<i>Reserve Income</i>	\$14,469	\$14,469	\$37,500	\$39,056	\$40,677
<i>Interest Earnings</i>	\$1,316	\$1,213	\$1,468	\$1,345	\$1,147
<i>Special Assessment</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$165,705	\$129,149	\$168,117	\$204,939	\$146,485
Reserve Expenditures	\$52,238	\$0	\$3,580	\$100,278	\$21,591
Ending Balance	\$113,468	\$129,149	\$164,537	\$104,661	\$124,894

Year	2025	2026	2027	2028	2029
Starting Balance	\$124,894	\$151,884	\$176,286	\$224,242	\$180,086
<i>Reserve Income</i>	\$42,365	\$44,123	\$45,954	\$47,862	\$49,848
<i>Interest Earnings</i>	\$1,383	\$1,640	\$2,002	\$2,021	\$1,922
<i>Special Assessment</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$168,642	\$197,648	\$224,242	\$274,124	\$231,856
Reserve Expenditures	\$16,758	\$21,362	\$0	\$94,038	\$27,396
Ending Balance	\$151,884	\$176,286	\$224,242	\$180,086	\$204,460

Year	2030	2031	2032	2033	2034
Starting Balance	\$204,460	\$211,319	\$256,231	\$281,268	\$208,957
<i>Reserve Income</i>	\$51,917	\$54,071	\$56,315	\$58,652	\$61,086
<i>Interest Earnings</i>	\$2,078	\$2,337	\$2,686	\$2,450	\$2,295
<i>Special Assessment</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$258,454	\$267,727	\$315,232	\$342,370	\$272,338
Reserve Expenditures	\$47,136	\$11,496	\$33,964	\$133,414	\$22,087
Ending Balance	\$211,319	\$256,231	\$281,268	\$208,957	\$250,251

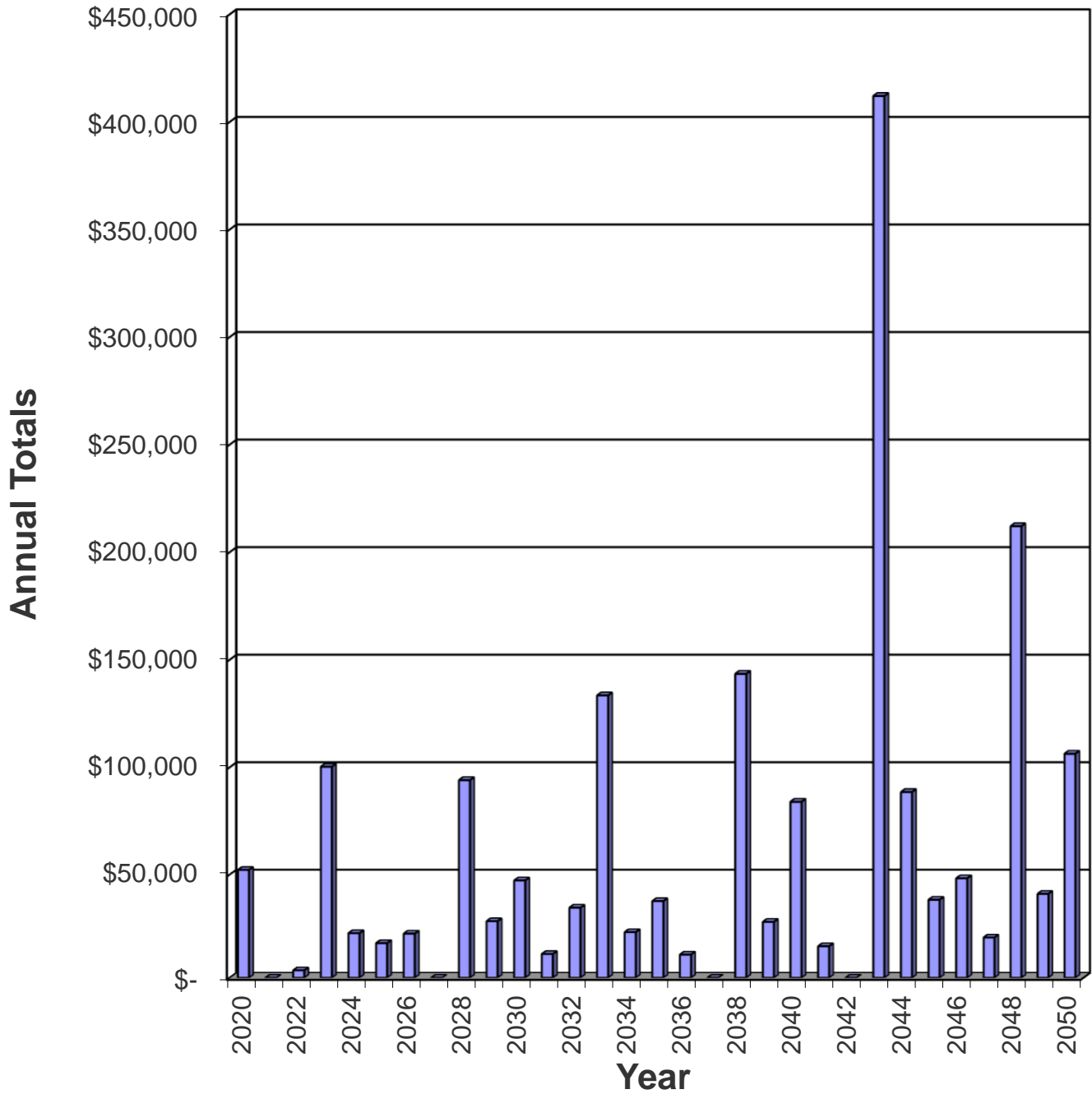
Year	2035	2036	2037	2038	2039
Starting Balance	\$250,251	\$279,391	\$337,523	\$410,272	\$342,454
<i>Reserve Income</i>	\$63,621	\$66,261	\$69,011	\$71,875	\$74,858
<i>Interest Earnings</i>	\$2,647	\$3,083	\$3,737	\$3,762	\$3,680
<i>Special Assessment</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$316,519	\$348,736	\$410,272	\$485,909	\$420,993
Reserve Expenditures	\$37,128	\$11,213	\$0	\$143,455	\$27,067
Ending Balance	\$279,391	\$337,523	\$410,272	\$342,454	\$393,926

Year	2040	2041	2042	2043	2044
Starting Balance	\$393,926	\$391,840	\$462,040	\$551,677	\$231,598
<i>Reserve Income</i>	\$77,965	\$81,200	\$84,570	\$88,080	\$91,735
<i>Interest Earnings</i>	\$3,927	\$4,268	\$5,066	\$3,915	\$2,343
<i>Special Assessment</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$475,818	\$477,307	\$551,677	\$643,671	\$325,676
Reserve Expenditures	\$83,978	\$15,267	\$0	\$412,073	\$88,495
Ending Balance	\$391,840	\$462,040	\$551,677	\$231,598	\$237,181

Year	2045	2046	2047	2048	2049
Starting Balance	\$237,181	\$297,603	\$352,182	\$440,294	\$340,056
<i>Reserve Income</i>	\$95,542	\$99,507	\$103,637	\$107,938	\$112,417
<i>Interest Earnings</i>	\$2,673	\$3,248	\$3,961	\$3,900	\$3,777
<i>Special Assessment</i>	\$0	\$0	\$0	\$0	\$0
Funds Available	\$335,396	\$400,358	\$459,779	\$552,131	\$456,250
Reserve Expenditures	\$37,793	\$48,176	\$19,486	\$212,075	\$40,647
Ending Balance	\$297,603	\$352,182	\$440,294	\$340,056	\$415,603

Yearly Expenditures Graph For La Bellezza at Pine Creek Village

Reserve Expenditures



Projected Reserve Expenditures For La Bellezza at Pine Creek Village

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2020	1013	Stone Wall - Major Repairs	\$17,713	
	1701	Irrigation System - Rebuild	\$13,675	
	1703	Irrigation Controllers - Replace	\$15,000	
	1801	Groundcover - Replenish	\$5,850	\$52,238
2021		No Expenditures Projected		\$0
2022	1603	Landscape Lights - Replace	\$3,580	\$3,580
2023	402	Asphalt - Surface Application	\$12,964	
	404	Brick Pavers Drive - Repair/Replace	\$38,651	
	407	Curb and Gutters/Drain Pan - Partial Replace	\$9,702	
	601	Concrete Flatwork - Partial Replace	\$8,812	
	602	Brick Paver Sidewalks - Repair	\$18,711	
	2007	Water Feature - Major Repairs	\$7,343	
	2020	Mailbox Structure - Major Repairs	\$4,095	\$100,278
	2024	1801	Groundcover - Replenish	\$6,883
	1804	Tree - Replacement/Major Maintenance	\$14,708	\$21,591
2025	1701	Irrigation System - Rebuild	\$16,758	\$16,758
2026	1604	Pole Lights - Replace	\$16,847	
	2020	Wood Trellis - Replace	\$4,515	\$21,362
2027		No Expenditures Projected		\$0
2028	402	Asphalt - Surface Application	\$15,886	
	404	Brick Pavers Drive - Repair/Replace	\$47,365	
	407	Curb and Gutters/Drain Pan - Partial Replace	\$11,889	
	601	Concrete Flatwork - Partial Replace	\$10,799	
	1801	Groundcover - Replenish	\$8,099	\$94,038
	2029	1804	Tree - Replacement/Major Maintenance	\$18,024
	2007	Water Feature - Major Repairs	\$9,372	\$27,396
2030	1013	Stone Wall - Major Repairs	\$26,599	
	1701	Irrigation System - Rebuild	\$20,536	\$47,136
2031	803	Mailboxes - Replace	\$11,496	\$11,496
2032	1703	Irrigation Controllers - Replace	\$24,434	
	1801	Groundcover - Replenish	\$9,529	\$33,964
2033	402	Asphalt - Surface Application	\$19,468	
	404	Brick Pavers Drive - Repair/Replace	\$58,044	
	407	Curb and Gutters/Drain Pan - Partial Replace	\$14,569	
	601	Concrete Flatwork - Partial Replace	\$13,233	
	602	Brick Paver Sidewalks - Repair	\$28,099	\$133,414
	2034	1804	Tree - Replacement/Major Maintenance	\$22,087
2035	1701	Irrigation System - Rebuild	\$25,166	
	2007	Water Feature - Major Repairs	\$11,962	\$37,128
2036	1801	Groundcover - Replenish	\$11,213	\$11,213
2037		No Expenditures Projected		\$0
2038	402	Asphalt - Surface Application	\$23,857	
	404	Brick Pavers Drive - Repair/Replace	\$71,130	
	407	Curb and Gutters/Drain Pan - Partial Replace	\$17,854	
	601	Concrete Flatwork - Partial Replace	\$16,217	
	1603	Landscape Lights - Replace	\$6,861	
	2020	Mailbox Structure - Major Repairs	\$7,537	\$143,455
	2039	1804	Tree - Replacement/Major Maintenance	\$27,067
2040	1013	Stone Wall - Major Repairs	\$39,945	
	1701	Irrigation System - Rebuild	\$30,840	
	1801	Groundcover - Replenish	\$13,193	\$83,978
2041	2007	Water Feature - Major Repairs	\$15,267	\$15,267
2042		No Expenditures Projected		\$0

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
	401	Asphalt - Major Overlay	\$211,721	
	402	Asphalt - Surface Application	\$29,236	
	404	Brick Pavers Drive - Repair/Replace	\$87,166	
	407	Curb and Gutters/Drain Pan - Partial Replace	\$21,879	
	601	Concrete Flatwork - Partial Replace	\$19,873	
	602	Brick Paver Sidewalks - Repair	\$42,198	\$412,073
2044	1703	Irrigation Controllers - Replace	\$39,803	
	1801	Groundcover - Replenish	\$15,523	
	1804	Tree - Replacement/Major Maintenance	\$33,169	\$88,495
2045	1701	Irrigation System - Rebuild	\$37,793	\$37,793
2046	1604	Pole Lights - Replace	\$37,994	
	2020	Wood Trellis - Replace	\$10,182	\$48,176
2047	2007	Water Feature - Major Repairs	\$19,486	\$19,486
2048	402	Asphalt - Surface Application	\$35,827	
	404	Brick Pavers Drive - Repair/Replace	\$106,818	
	407	Curb and Gutters/Drain Pan - Partial Replace	\$26,812	
	601	Concrete Flatwork - Partial Replace	\$24,353	
	1801	Groundcover - Replenish	\$18,265	\$212,075
2049	1804	Tree - Replacement/Major Maintenance	\$40,647	\$40,647
2050	1013	Stone Wall - Major Repairs	\$59,987	
	1701	Irrigation System - Rebuild	\$46,313	\$106,300

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Funding Principles –

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

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

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

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

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

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

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

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

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

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

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

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