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Penrith Park HOA

Bennett, CO

BRYAN FARLEY CAI-RS 00260 DESIGNATION RESERVE SPECIALIST

Report #: 45456-0
Beginning: January 1, 2023
Expires: December 31, 2023

RESERVE STUDY

"Full"

September 14, 2022

Welcome to your Reserve Study!

A Reserve Study is a valuable tool to help you budget responsibly for your property. This report contains all the information you need to avoid surprise expenses, make informed decisions, save money, and protect property values.

Regardless of the property type, it's a fact of life that the very moment construction is completed, every major building component begins a predictable process of physical deterioration. The operative word is " predictable" because planning for the inevitable is what a Reserve Study by **Association Reserves** is all about!

In this Report, you will find three key results:

- **Component List**
  Unique to each property, the Component List serves as the foundation of the Reserve Study and details the scope and schedule of all necessary repairs & replacements.
- **Reserve Fund Strength**
  A calculation that measures how well the Reserve Fund has kept pace with the property's physical deterioration.
- **Reserve Funding Plan**
  A multi-year funding plan based on current Reserve Fund strength that allows for component repairs and replacements to be completed in a timely manner, with an emphasis on fairness and avoiding "catch-up" funding.

Questions?

Please contact your Project Manager directly.

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Reserve Study Executive Summary — Full

Penrith Park HOA
Bennett, CO
Level of Service: **"Full"**

Report #: **45456-0**
# of Units: 175
January 1, 2023 through **December 31, 2023**

Findings & Recommendations — as of January 1, 2023

Starting Reserve Balance	**$100,000**
Fully Funded Reserve Balance	**$8,742**
Annual Rate (Cost) of Deterioration	**$8,742**
Percent Funded	**1,143.9 %**
Recommended 2023 Annual "Fully Funding" Contributions	**$8,000**
Alternate/Baseline Annual Minimum Contributions to Keep Reserves Above $0	**$5,530**
Recommended 2023 Special Assessments for Reserves	**$0**
Most Recent Annual Reserve Contribution Rate	**$17,000**

Reserve Fund Strength: 1143.9%

Weak	Fair	Strong
< 30%	< 70%	> 130%
		X

Risk of Special Assessment: High | Medium | Low

Economic Assumptions:

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

• This "Full", (original, created “from scratch”), is based on our site inspection on 8/4/2022.
• The Reserve Study was reviewed by a credentialed Reserve Specialist (RS).
• Your Reserve Fund is currently 1,143.9 % Funded. This means the client’s special assessment & deferred maintenance risk is currently Low.
• Based on this starting point and your anticipated future expenses, our recommendation is to budget the Annual Reserve contributions at $8,000 with 3% annual increases in order to be within the 70% to 130% level as noted above. 100% “Full” contribution rates are designed to achieve these funding objectives by the end of our 30-year report scope.
• The goal of the Reserve Study is to help the client offset inevitable annual deterioration of the common area components. The Reserve Study will guide the client to establish an appropriate Reserve Contribution rate that offsets the annual deterioration of the components and 'keep pace' with the rate of ongoing deterioration. No assets appropriate for Reserve designation were excluded. See photo appendix for component details; the basis of our assumptions.
• We recommend that this Reserve Study be updated annually, with a With-Site-Visit Reserve Study every three years. Clients that update their Reserve Study annually with a No-Site-Visit Reserve Study reduce their risk of special assessment by ~ 35%.
• Please watch this 5-minute video to understand the key results of a Reserve Study - https://youtu.be/u83t4BRRIRE

Executive Summary Table

Report # 45456-0
Full

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
	Sites & Grounds			
21090	Concrete Walkways - Repair - 5%	5	4	$4,000
21320	Site Fencing: Wood - Repair/Paint	5	4	$6,100
21340	Site Fencing: Split Rail - Replace	25	24	$35,350
21430	Pergola – Repair/Replace	40	39	$14,650
21600	Mailbox Kiosks - Replace	30	29	$22,800
	Mechanical			
25570	Irrigation Clocks - Replace	15	14	$2,000
	Amenities			
26030	Playground Cover - Refill	10	9	$7,650
26050	Playground Equipment - Replace	20	19	$60,000
26060	Picnic Tables/Benches - Replace	30	29	$8,500
9	**Total Funded Components**			

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 STUDY RESULTS

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 Full Reserve Study, we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents. We performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List *from scratch*.

Which Physical Assets are Funded by Reserves?

RESERVE COMPONENT "FOUR-PART TEST"

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 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?

FUNDING OBJECTIVES

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.*

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.

Site Inspection Notes

During our site visit on 8/4/2022 we visually inspected the common area assets and were able to see a majority of the common areas.

Please see photo appendix for component details; the basis of our assumptions.

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 as defined by your Reserve Component List. A summary of these expenses are shown in the 30-Year Reserve Plan Summary Table, while details of the projects that make up these expenses are shown in the 30-Year Income/Expense Detail.

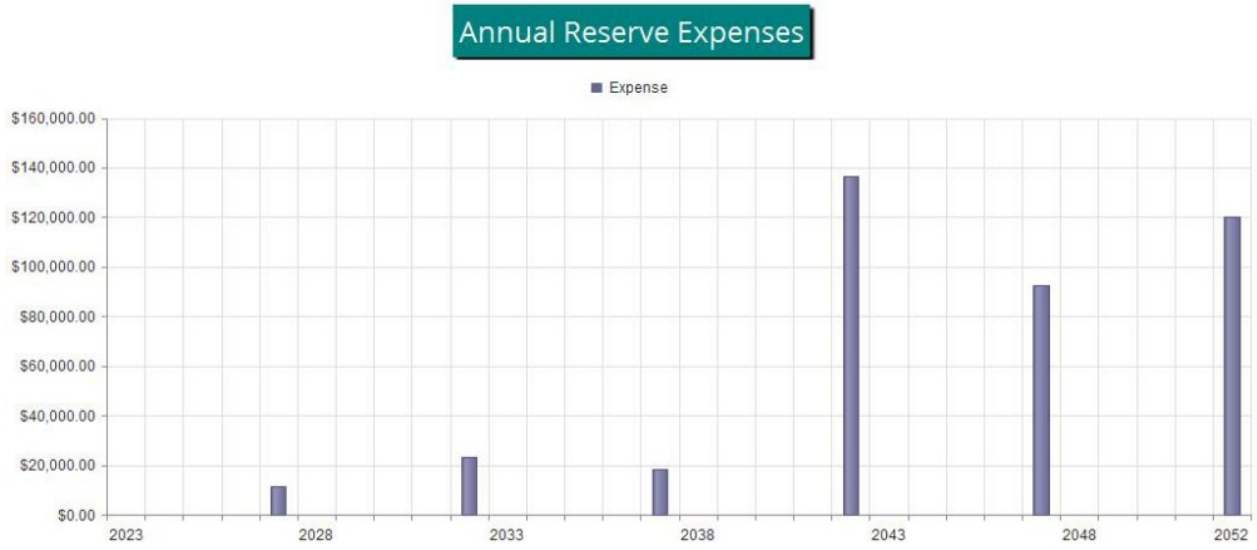

Figure 1

Reserve Fund Status

As of 1/1/2023 your Reserve Fund balance is projected to be $100,000 and your Fully Funded Balance is computed to be $8,742 (see the Fully Funded Balance Table). The Fully Funded Balance represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 1,143.9 % Funded.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending Annual budgeted contributions of $8,000. The overall 30-Year Plan, in perspective, is shown below in the Annual Reserve Funding (Fig. 2). This same information is shown numerically in both the 30-Year Reserve Plan Summary Table and the 30-Year Income/Expense Detail.

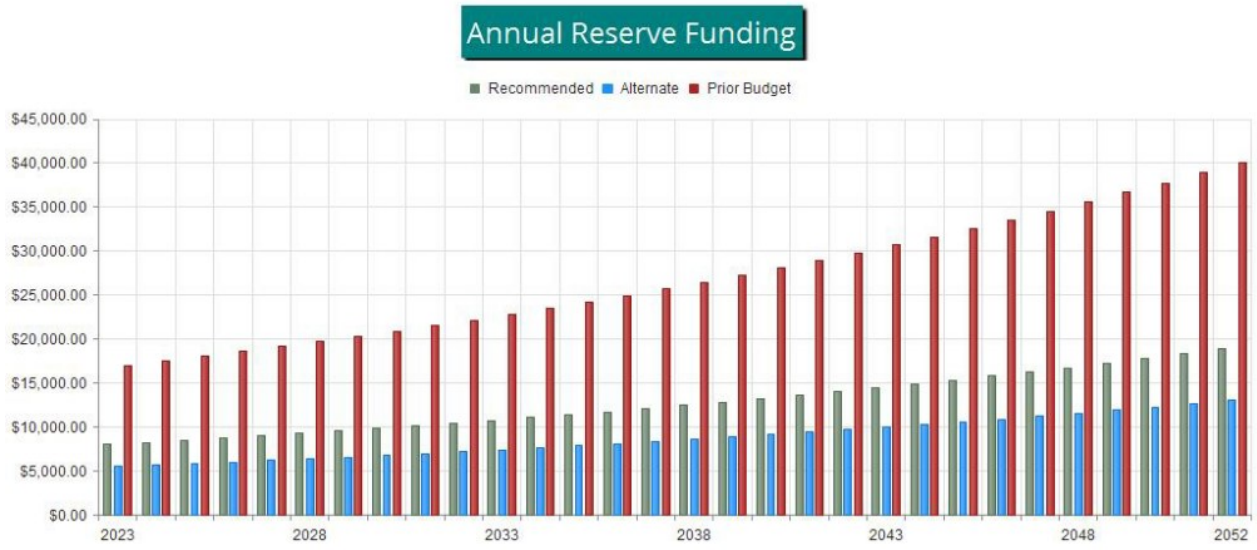

Figure 2

The reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted contribution rate, compared to your always—changing Fully Funded Balance target is shown in the 30-Yr Cash Flow (Fig. 3).

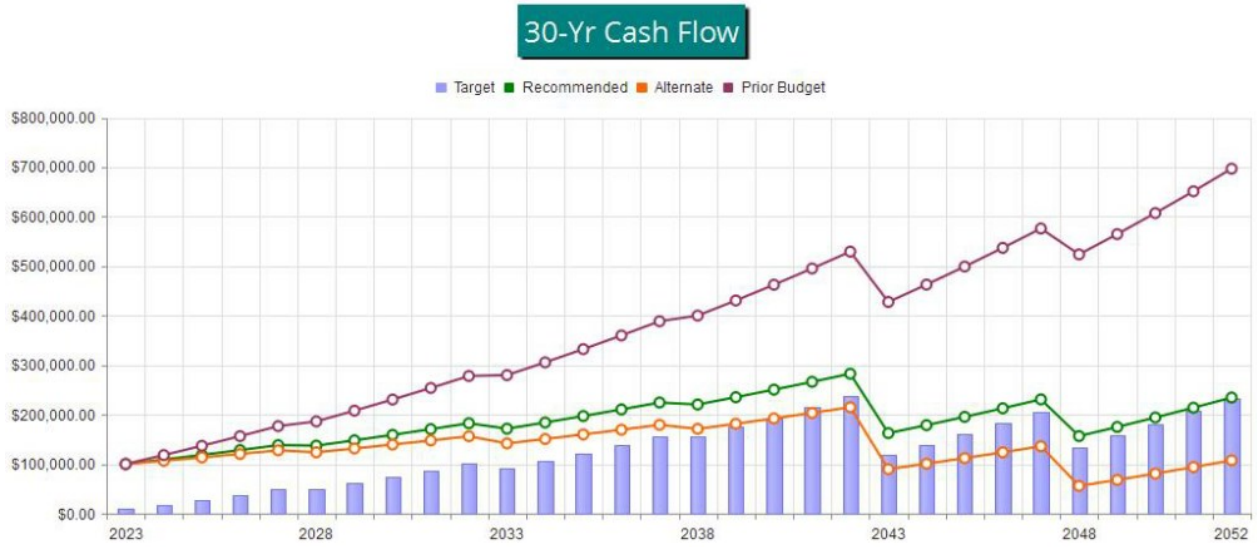

Figure 3

The information from Figure 3 is plotted on a Percent Funded scale in Figure 4. It is clear here to see how your Reserve Fund strength approaches the 100% Funded level under our recommended multi-yr Funding Plan.
A client that has a percent funded level of <30% may experience an ~ 20%-60% chance risk of special assessment. A client that is between 30% and 70% may experience an ~ 20%-5% chance risk of special assessment. A client that has a percent funded of >70% may experience an ~ <1% chance risk of special assessment.

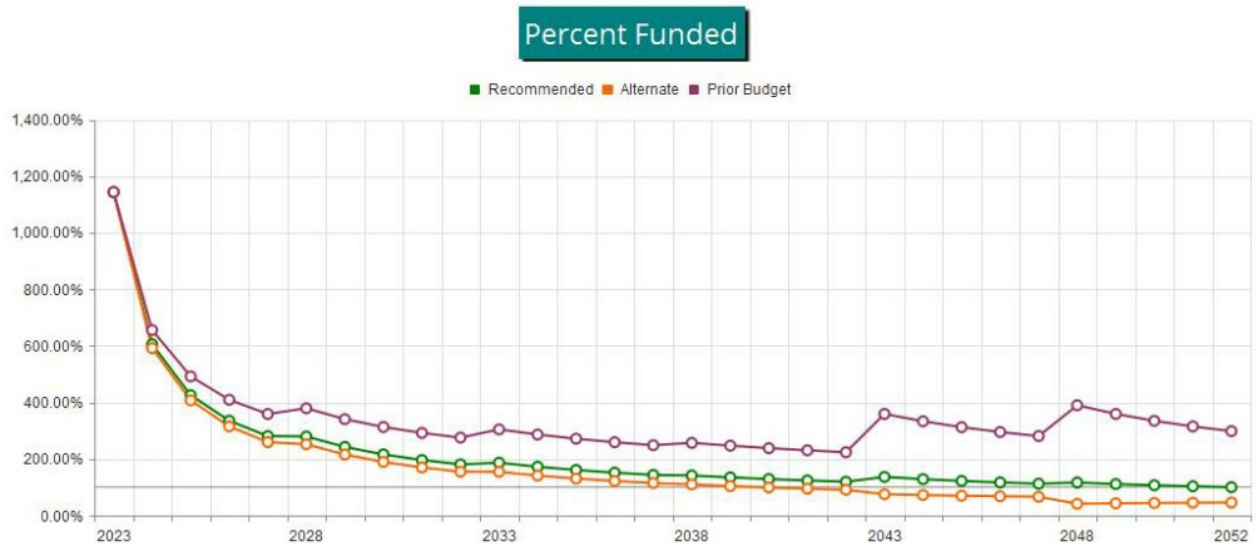

Figure 4

Table Descriptions

Executive Summary is a summary of your Reserve Components

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 property 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 property, 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.

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	Current Cost Estimate Worst Case
	Sites & Grounds					
21090	Concrete Walkways - Repair - 5%	5% of ~ 6400 GSF	5	4	$3,200	$4,800
21320	Site Fencing: Wood - Repair/Paint	~ 1010 LF	5	4	$5,100	$7,100
21340	Site Fencing: Split Rail - Replace	~ 1010 LF	25	24	$30,300	$40,400
21430	Pergola – Repair/Replace	~ (1) Pergola	40	39	$13,500	$15,800
21600	Mailbox Kiosks - Replace	~ (12) CBUs	30	29	$19,200	$26,400
	Mechanical					
25570	Irrigation Clocks - Replace	~ (1) Controller	15	14	$1,500	$2,500
	Amenities					
26030	Playground Cover - Refill	~ 3200 GSF	10	9	$6,400	$8,900
26050	Playground Equipment - Replace	~ (1) Piece	20	19	$55,000	$65,000
26060	Picnic Tables/Benches - Replace	~ (14) Pieces	30	29	$6,500	$10,500

9 Total Funded Components

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
	Sites & Grounds							
21090	Concrete Walkways - Repair - 5%	$4,000	X	1	/	5	=	$800
21320	Site Fencing: Wood - Repair/Paint	$6,100	X	1	/	5	=	$1,220
21340	Site Fencing: Split Rail - Replace	$35,350	X	1	/	25	=	$1,414
21430	Pergola – Repair/Replace	$14,650	X	1	/	40	=	$366
21600	Mailbox Kiosks - Replace	$22,800	X	1	/	30	=	$760
	Mechanical							
25570	Irrigation Clocks - Replace	$2,000	X	1	/	15	=	$133
	Amenities							
26030	Playground Cover - Refill	$7,650	X	1	/	10	=	$765
26050	Playground Equipment - Replace	$60,000	X	1	/	20	=	$3,000
26060	Picnic Tables/Benches - Replace	$8,500	X	1	/	30	=	$283
								$8,742

#	Component	Useful Life (yrs)	Current Cost Estimate	Deterioration Cost/Yr	Deterioration Significance
	Sites & Grounds				
21090	Concrete Walkways - Repair - 5%	5	$4,000	$800	9.15 %
21320	Site Fencing: Wood - Repair/Paint	5	$6,100	$1,220	13.96 %
21340	Site Fencing: Split Rail - Replace	25	$35,350	$1,414	16.17 %
21430	Pergola – Repair/Replace	40	$14,650	$366	4.19 %
21600	Mailbox Kiosks - Replace	30	$22,800	$760	8.69 %
	Mechanical				
25570	Irrigation Clocks - Replace	15	$2,000	$133	1.53 %
	Amenities				
26030	Playground Cover - Refill	10	$7,650	$765	8.75 %
26050	Playground Equipment - Replace	20	$60,000	$3,000	34.32 %
26060	Picnic Tables/Benches - Replace	30	$8,500	$283	3.24 %
9	Total Funded Components			$8,742	100.00 %

30-Year Reserve Plan Summary

Report # 45456-0
Full

Fiscal Year Start: 2023	Interest: 1.00 %	Inflation: 3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date				Projected Reserve Balance Changes					
Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	% Increase In Annual Reserve Funding	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2023	$100,000	$8,742	1,143.9 %	Low	-52.94 %	$8,000	$0	$1,045	$0
2024	$109,045	$18,008	605.5 %	Low	3.00 %	$8,240	$0	$1,137	$0
2025	$118,422	$27,823	425.6 %	Low	3.00 %	$8,487	$0	$1,232	$0
2026	$128,141	$38,210	335.4 %	Low	3.00 %	$8,742	$0	$1,331	$0
2027	$138,214	$49,196	280.9 %	Low	3.00 %	$9,004	$0	$1,377	$11,368
2028	$137,227	$49,097	279.5 %	Low	3.00 %	$9,274	$0	$1,425	$0
2029	$147,927	$61,008	242.5 %	Low	3.00 %	$9,552	$0	$1,534	$0
2030	$159,013	$73,590	216.1 %	Low	3.00 %	$9,839	$0	$1,647	$0
2031	$170,499	$86,872	196.3 %	Low	3.00 %	$10,134	$0	$1,764	$0
2032	$182,397	$100,884	180.8 %	Low	3.00 %	$10,438	$0	$1,768	$23,160
2033	$171,444	$91,804	186.7 %	Low	3.00 %	$10,751	$0	$1,776	$0
2034	$183,971	$106,659	172.5 %	Low	3.00 %	$11,074	$0	$1,904	$0
2035	$196,949	$122,323	161.0 %	Low	3.00 %	$11,406	$0	$2,036	$0
2036	$210,391	$138,831	151.5 %	Low	3.00 %	$11,748	$0	$2,173	$0
2037	$224,312	$156,218	143.6 %	Low	3.00 %	$12,101	$0	$2,222	$18,302
2038	$220,332	$155,673	141.5 %	Low	3.00 %	$12,464	$0	$2,276	$0
2039	$235,072	$174,372	134.8 %	Low	3.00 %	$12,838	$0	$2,426	$0
2040	$250,336	$194,052	129.0 %	Low	3.00 %	$13,223	$0	$2,581	$0
2041	$266,140	$214,756	123.9 %	Low	3.00 %	$13,619	$0	$2,742	$0
2042	$282,501	$236,528	119.4 %	Low	3.00 %	$14,028	$0	$2,224	$136,335
2043	$162,418	$118,987	136.5 %	Low	3.00 %	$14,449	$0	$1,704	$0
2044	$178,571	$138,819	128.6 %	Low	3.00 %	$14,882	$0	$1,869	$0
2045	$195,322	$159,734	122.3 %	Low	3.00 %	$15,329	$0	$2,039	$0
2046	$212,690	$181,779	117.0 %	Low	3.00 %	$15,789	$0	$2,216	$0
2047	$230,695	$205,003	112.5 %	Low	3.00 %	$16,262	$0	$1,935	$92,390
2048	$156,502	$134,295	116.5 %	Low	3.00 %	$16,750	$0	$1,656	$0
2049	$174,908	$157,176	111.3 %	Low	3.00 %	$17,253	$0	$1,844	$0
2050	$194,005	$181,310	107.0 %	Low	3.00 %	$17,770	$0	$2,038	$0
2051	$213,814	$206,750	103.4 %	Low	3.00 %	$18,303	$0	$2,240	$0
2052	$234,357	$233,553	100.3 %	Low	3.00 %	$18,853	$0	$1,845	$120,303

	Fiscal Year	2023	2024	2025	2026	2027
	Starting Reserve Balance	$100,000	$109,045	$118,422	$128,141	$138,214
	Annual Reserve Funding	$8,000	$8,240	$8,487	$8,742	$9,004
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$1,045	$1,137	$1,232	$1,331	$1,377
	Total Income	$109,045	$118,422	$128,141	$138,214	$148,595
#	Component					
	Sites & Grounds					
21090	Concrete Walkways - Repair - 5%	$0	$0	$0	$0	$4,502
21320	Site Fencing: Wood - Repair/Paint	$0	$0	$0	$0	$6,866
21340	Site Fencing: Split Rail - Replace	$0	$0	$0	$0	$0
21430	Pergola – Repair/Replace	$0	$0	$0	$0	$0
21600	Mailbox Kiosks - Replace	$0	$0	$0	$0	$0
	Mechanical					
25570	Irrigation Clocks - Replace	$0	$0	$0	$0	$0
	Amenities					
26030	Playground Cover - Refill	$0	$0	$0	$0	$0
26050	Playground Equipment - Replace	$0	$0	$0	$0	$0
26060	Picnic Tables/Benches - Replace	$0	$0	$0	$0	$0
	Total Expenses	$0	$0	$0	$0	$11,368
	Ending Reserve Balance	$109,045	$118,422	$128,141	$138,214	$137,227

	Fiscal Year	2028	2029	2030	2031	2032
	Starting Reserve Balance	$137,227	$147,927	$159,013	$170,499	$182,397
	Annual Reserve Funding	$9,274	$9,552	$9,839	$10,134	$10,438
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$1,425	$1,534	$1,647	$1,764	$1,768
	Total Income	$147,927	$159,013	$170,499	$182,397	$194,603
#	Component					
	Sites & Grounds					
21090	Concrete Walkways - Repair - 5%	$0	$0	$0	$0	$5,219
21320	Site Fencing: Wood - Repair/Paint	$0	$0	$0	$0	$7,959
21340	Site Fencing: Split Rail - Replace	$0	$0	$0	$0	$0
21430	Pergola – Repair/Replace	$0	$0	$0	$0	$0
21600	Mailbox Kiosks - Replace	$0	$0	$0	$0	$0
	Mechanical					
25570	Irrigation Clocks - Replace	$0	$0	$0	$0	$0
	Amenities					
26030	Playground Cover - Refill	$0	$0	$0	$0	$9,982
26050	Playground Equipment - Replace	$0	$0	$0	$0	$0
26060	Picnic Tables/Benches - Replace	$0	$0	$0	$0	$0
	Total Expenses	$0	$0	$0	$0	$23,160
	Ending Reserve Balance	$147,927	$159,013	$170,499	$182,397	$171,444

	Fiscal Year	2033	2034	2035	2036	2037
	Starting Reserve Balance	$171,444	$183,971	$196,949	$210,391	$224,312
	Annual Reserve Funding	$10,751	$11,074	$11,406	$11,748	$12,101
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$1,776	$1,904	$2,036	$2,173	$2,222
	Total Income	$183,971	$196,949	$210,391	$224,312	$238,635
#	Component					
	Sites & Grounds					
21090	Concrete Walkways - Repair - 5%	$0	$0	$0	$0	$6,050
21320	Site Fencing: Wood - Repair/Paint	$0	$0	$0	$0	$9,227
21340	Site Fencing: Split Rail - Replace	$0	$0	$0	$0	$0
21430	Pergola – Repair/Replace	$0	$0	$0	$0	$0
21600	Mailbox Kiosks - Replace	$0	$0	$0	$0	$0
	Mechanical					
25570	Irrigation Clocks - Replace	$0	$0	$0	$0	$3,025
	Amenities					
26030	Playground Cover - Refill	$0	$0	$0	$0	$0
26050	Playground Equipment - Replace	$0	$0	$0	$0	$0
26060	Picnic Tables/Benches - Replace	$0	$0	$0	$0	$0
	Total Expenses	$0	$0	$0	$0	$18,302
	Ending Reserve Balance	$183,971	$196,949	$210,391	$224,312	$220,332

	Fiscal Year	2038	2039	2040	2041	2042
	Starting Reserve Balance	$220,332	$235,072	$250,336	$266,140	$282,501
	Annual Reserve Funding	$12,464	$12,838	$13,223	$13,619	$14,028
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$2,276	$2,426	$2,581	$2,742	$2,224
	Total Income	$235,072	$250,336	$266,140	$282,501	$298,753
#	Component					
	Sites & Grounds					
21090	Concrete Walkways - Repair - 5%	$0	$0	$0	$0	$7,014
21320	Site Fencing: Wood - Repair/Paint	$0	$0	$0	$0	$10,696
21340	Site Fencing: Split Rail - Replace	$0	$0	$0	$0	$0
21430	Pergola – Repair/Replace	$0	$0	$0	$0	$0
21600	Mailbox Kiosks - Replace	$0	$0	$0	$0	$0
	Mechanical					
25570	Irrigation Clocks - Replace	$0	$0	$0	$0	$0
	Amenities					
26030	Playground Cover - Refill	$0	$0	$0	$0	$13,414
26050	Playground Equipment - Replace	$0	$0	$0	$0	$105,210
26060	Picnic Tables/Benches - Replace	$0	$0	$0	$0	$0
	Total Expenses	$0	$0	$0	$0	$136,335
	Ending Reserve Balance	$235,072	$250,336	$266,140	$282,501	$162,418

	Fiscal Year	2043	2044	2045	2046	2047
	Starting Reserve Balance	$162,418	$178,571	$195,322	$212,690	$230,695
	Annual Reserve Funding	$14,449	$14,882	$15,329	$15,789	$16,262
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$1,704	$1,869	$2,039	$2,216	$1,935
	Total Income	$178,571	$195,322	$212,690	$230,695	$248,892
#	Component					
	Sites & Grounds					
21090	Concrete Walkways - Repair - 5%	$0	$0	$0	$0	$8,131
21320	Site Fencing: Wood - Repair/Paint	$0	$0	$0	$0	$12,400
21340	Site Fencing: Split Rail - Replace	$0	$0	$0	$0	$71,859
21430	Pergola – Repair/Replace	$0	$0	$0	$0	$0
21600	Mailbox Kiosks - Replace	$0	$0	$0	$0	$0
	Mechanical					
25570	Irrigation Clocks - Replace	$0	$0	$0	$0	$0
	Amenities					
26030	Playground Cover - Refill	$0	$0	$0	$0	$0
26050	Playground Equipment - Replace	$0	$0	$0	$0	$0
26060	Picnic Tables/Benches - Replace	$0	$0	$0	$0	$0
	Total Expenses	$0	$0	$0	$0	$92,390
	Ending Reserve Balance	$178,571	$195,322	$212,690	$230,695	$156,502

	Fiscal Year	2048	2049	2050	2051	2052
	Starting Reserve Balance	$156,502	$174,908	$194,005	$213,814	$234,357
	Annual Reserve Funding	$16,750	$17,253	$17,770	$18,303	$18,853
	Recommended Special Assessments	$0	$0	$0	$0	$0
	Interest Earnings	$1,656	$1,844	$2,038	$2,240	$1,845
	Total Income	$174,908	$194,005	$213,814	$234,357	$255,054
#	Component					
	Sites & Grounds					
21090	Concrete Walkways - Repair - 5%	$0	$0	$0	$0	$9,426
21320	Site Fencing: Wood - Repair/Paint	$0	$0	$0	$0	$14,375
21340	Site Fencing: Split Rail - Replace	$0	$0	$0	$0	$0
21430	Pergola – Repair/Replace	$0	$0	$0	$0	$0
21600	Mailbox Kiosks - Replace	$0	$0	$0	$0	$53,730
	Mechanical					
25570	Irrigation Clocks - Replace	$0	$0	$0	$0	$4,713
	Amenities					
26030	Playground Cover - Refill	$0	$0	$0	$0	$18,028
26050	Playground Equipment - Replace	$0	$0	$0	$0	$0
26060	Picnic Tables/Benches - Replace	$0	$0	$0	$0	$20,031
	Total Expenses	$0	$0	$0	$0	$120,303
	Ending Reserve Balance	$174,908	$194,005	$213,814	$234,357	$134,751

Accuracy, Limitations, and Disclosures

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. Bryan Farley, R.S., president of the Colorado LLC, is a credentialed Reserve Specialist (#260). All work done by Association Reserves is performed under his Responsible Charge and is performed in accordance with National Reserve Study Standards (NRSS). There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the client's situation.

Per NRSS, information provided by official representative(s) of the client, vendors, and suppliers regarding financial details, component physical details and/or quantities, or historical issues/conditions will be deemed reliable, and is not intended to be used for the purpose of any type of audit, quality/forensic analysis, or background checks of historical records. As such, information provided to us has not been audited or independently verified.

Estimates for interest and inflation have been included, because including such estimates are more accurate than ignoring them completely. When we are hired to prepare Update reports, the client is considered to have deemed those previously developed component quantities as accurate and reliable, whether established by our firm or other individuals/firms (unless specifically mentioned in our Site Inspection Notes). During inspections our company standard is to establish measurements within 5% accuracy, and our scope includes visual inspection of accessible areas and components and does not include any destructive or other testing. Our work is done only for budget purposes. Uses or expectations outside our expertise and scope of work include, but are not limited to, project audit, quality inspection, and the identification of construction defects, hazardous materials, or dangerous conditions. Identifying hidden issues such as but not limited to plumbing or electrical problems are also outside our scope of work. Our estimates assume proper original installation & construction, adherence to recommended preventive maintenance, a stable economic environment, and do not consider frequency or severity of natural disasters. Our opinions of component Useful Life, Remaining Useful Life, and current or future cost estimates are not a warranty or guarantee of actual costs or timing.

Because the physical and financial status of the property, legislation, the economy, weather, owner expectations, and usage are all in a continual state of change over which we have no control, we do not expect that the events projected in this document will all occur exactly as planned. This Reserve Study is by nature a "one-year" document in need of being updated annually so that more accurate estimates can be incorporated. It is only because a long-term perspective improves the accuracy of near-term planning that this Report projects expenses into the future. We fully expect a number of adjustments will be necessary through the interim years to the cost and timing of expense projections and the funding necessary to prepare for those estimated expenses.

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

The primary purpose of the photographic appendix is to provide the reader with the basis of our funding assumptions resulting from our physical analysis and subsequent research. The photographs herein represent a wide range of elements that were observed and measured against National Reserve Study Standards to determine if they meet the criteria for reserve funding:

1) Common are maintenance, repair & replacement reasonability
2) Components must have a limited life
3) Life limit must be predictable
4) Above a minimum threshold cost (board's discretion – typically ½ to 1% of annual operating expenses).

Some components are recommended for reserve funding, while others are not. The components that meet these criteria in our judgment are shown with corresponding maintenance, repair or replacement cycles to the left of the photo (UL = Useful Life or how often the project is expected to occur, RUL = Remaining Useful Life or how many years from our reporting period) and a representative market cost range termed "Best Cost" and "Worst Cost" below the photo. There are many factors that can result in a wide variety of potential cost; we are attempting to represent a market average for budget purposes. Where there is no UL, the component is expected to be a one-time expense. Where no pricing, the component deemed inappropriate for Reserve Funding.

Comp #: 21090 Concrete Walkways - Repair - 5% **Quantity: 5% of ~ 6400 GSF**

Location: Perimeter and interior of the park, and Tracts E, F, and J.
Funded?: Yes.
History:
Comments: Concrete sidewalks determined to be in good condition typically exhibit smooth surfaces with positive slopes. Cracking and trip hazards are not present at this stage. Normal signs of wear and age. The Rocky Mountain region is home to expansive soils. One of the causes of concrete damage in this type of soil moisture. Expansive soils tend to swell in size when wet and contract as they dry out. As the soil expands and contracts it can create enough force to cause major damage to sidewalks. Repair any trip and fall hazards immediately to ensure safety. As routine maintenance inspect regularly, pressure wash for appearance and repair promptly as needed to prevent water penetrating into the base and causing extensive damage. In our experience larger repair/replacement expenses emerge as the community ages. Although difficult to predict timing, cost and scope we suggest a rotating funding allowance to supplement the Operating/maintenance budget for periodic repairs. Adjust as conditions actual expense patterns dictate within future Reserve Study updates.

Useful Life:
5 years

Remaining Life:
4 years

Best Case: $ 3,200 Worst Case: $ 4,800

Cost Source: Allowance

Comp #: 21320 Site Fencing: Wood - Repair/Paint **Quantity: ~ 1010 LF**
Location: Tracts E, F, and J.
Funded?: Yes.
History:
Comments: Includes all split-rail fencing along Tracts E, F, and J.

Wood fencing determined to be in good condition typically exhibits a uniform coating or surface finish with only minor deterioration or color fading. Appearance is consistent over most/all areas and has good curb appeal. Regular uniform professional paint or sealer applications are recommended for appearance, protection of wood, and to achieve maximum design life. Repair as needed and clean prior to application. Plan for regular applications as shown below. Timing of repair/paint cycles should be coordinated with eventual fence replacement.

Useful Life:
5 years

Remaining Life:
4 years

Best Case: $ 5,100 Worst Case: $ 7,100

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 21340 Site Fencing: Split Rail - Replace **Quantity: ~ 1010 LF**
Location: Tracts E, F, and J.
Funded?: Yes.
History:
Comments: Includes all split-rail fencing along Tracts E, F, and J.

Wood fencing determined to be in good physical/structural condition is stable and upright with no signs or reports of damage or required repairs. All components and hardware appear to be in serviceable condition with no unusual or advanced signs of wear or age. Fencing is in good aesthetic condition. As routine maintenance inspect regularly for any damage, repair as needed, and avoid contact with ground and surrounding vegetation wherever possible. Regular cycles of uniform professional sealing/painting will help to maintain appearance and maximize life. In our experience wood fencing will eventually break down due to a combination of sun and weather exposure which is sometimes exacerbated by other factors such as irrigation overspray, abuse, and lack of preventive maintenance. Recommendation and costs shown here are based on replacement with similar style and material.

Useful Life:
25 years

Remaining Life:
24 years

Best Case: $ 30,300 Worst Case: $ 40,400

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 21430 Pergola – Repair/Replace **Quantity: ~ (1) Pergola**

Location: Park

Funded?: Yes.

History:

Comments: Pergola measures approximately 45'x10'. Metal pergola structures determined to be in good condition typically exhibit good, consistent finishes or coatings and all frame members and hardware appear to be strong and sturdy. Appearance is good and upholding aesthetic standards of the development. As routine maintenance, inspect regularly and repair individual pieces or sections as needed from general Operating funds. Clean and repair along with other larger projects or as general maintenance to preserve the appearance of the pergola and extend its useful life. If present, vegetation should be well-maintained and not allowed to become overgrown, which can eventually compromise the structure. Assuming ordinary care and maintenance, plan for major repairs or possibly complete replacement (if warranted) at roughly the interval indicated below.

Useful Life:
40 years

Remaining Life:
39 years

Best Case: $ 13,500 Worst Case: $ 15,800

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 21600 Mailbox Kiosks - Replace **Quantity: ~ (12) CBUs**

Location: Common Areas

Funded?: Yes.

History:

Comments: Mailbox kiosks determined to be in good condition typically exhibit a uniform appearance without much surface wear. Hardware appears to be in good condition and boxes/panels appear to close and lock properly. Appearance and style are consistent with the aesthetic standards of the development. Inspect regularly and clean by wiping down exterior surfaces. If necessary, change lock cylinders, lubricate hinges, and repair as an Operating expense. Best to plan for total replacement at roughly the time frame below due to constant exposure, usage and wear over time. Note USPS has a limited budget for replacement and should not be relied upon for purposes of long term planning.

Useful Life:
30 years

Remaining Life:
29 years

Best Case: $ 19,200 Worst Case: $ 26,400

Cost Source: ARI Cost Database: Similar Project Cost History

Mechanical

Comp #: 25570 Irrigation Clocks - Replace **Quantity: ~ (1) Controller**

Location: Near community entrance on the west side of Penrith Way
Funded?: Yes.
History:
Comments: Minimal or no subjective/aesthetic value for this component. Useful life is based primarily on normal expectations for service/performance life in this location. Unless otherwise noted remaining useful life expectancy is based primarily on original installation or last replacement/purchase date. Irrigation controllers should have a relatively long life expectancy under normal circumstances. Replacement is often required due to lack of available replacement parts, lightning strikes, etc. as opposed to complete failure of existing equipment. Exposure to the elements can affect overall life expectancy and controllers should be located in protected areas or within protective enclosures whenever possible. When evaluating replacement options the client should consider replacement with "smart" models (i.e. respond to projected weather data) to minimize unnecessary water usage. Payback period for efficient controllers that minimize water use is typically very short

Useful Life:
15 years

Remaining Life:
14 years

Best Case: $ 1,500 Worst Case: $ 2,500

Cost Source: Research with Local Vendor/Contractor

Amenities

Comp #: 26030 Playground Cover - Refill **Quantity: ~ 3200 GSF**
Location: Park
Funded?: Yes.
History:
Comments: Coverage was generally sufficient. Playground surfaces should be inspected regularly for hazards, slip and fall risks, etc. Plan to replace at the approximate interval shown here for aesthetic and functional reasons. When evaluating replacement options the client should consult with vendors to ensure adequate protection from falls. Costs shown are based on replacement with same surface type unless otherwise noted.

Useful Life:
10 years

Remaining Life:
9 years

Best Case: $ 6,400 Worst Case: $ 8,900

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 26050 Playground Equipment - Replace **Quantity: ~ (1) Piece**
Location: Park
Funded?: Yes.
History:
Comments: The equipment was observed to be in good condition with no significant issues observed at the time of the inspection. Our inspection is not intended to identify any structural or latent defects, safety hazards, or other liability concerns. Funding recommendation shown here is strictly for budget purposes. As routine maintenance expense inspect for stability, damage and excessive wear and utilize maintenance funds for any repairs needed between replacement cycles. Life expectancy can vary depending on the amount of use/abuse. Unless otherwise noted cost estimates assume replacement would be with comparable size and style of equipment as noted during inspection.

Useful Life:
20 years

Remaining Life:
19 years

Best Case: $ 55,000 Worst Case: $ 65,000

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 26060 Picnic Tables/Benches - Replace **Quantity: ~ (14) Pieces**
Location: Park
Funded?: Yes.
History:
Comments: Includes (3) metal park benches, (3) tables, (6) metal benches near tables, and (2) metal trash cans. Outdoor/site furniture determined to be in good condition typically exhibits little to no signs of wear or age. Style is attractive and appropriate for the local aesthetic standards of the development. Inspect regularly, clean for appearance and repair as needed from general Operating funds. Cost to replace individual pieces may not meet threshold for Reserve funding. We recommend planning for regular intervals of complete replacement at the time frame indicated below to maintain a good consistent appearance in the common areas. Costs shown are based on replacement with comparable types unless otherwise noted.

Useful Life:
30 years

Remaining Life:
29 years

Best Case: $ 6,500 Worst Case: $ 10,500

Cost Source: ARI Cost Database: Similar Project Cost History

Comp #: 26070 Grills/BBQs – Replace **Quantity: ~ (1) BBQ**
Location: Park
Funded?: No. Too small for Reserve designation.
History:
Comments: BBQ was observed to be in good condition. No rust or corrosion noted. Barbecues were not tested during site inspection and are assumed to be functional. Should be cleaned after each use and covered when not in use in order to prolong life expectancy. Cost to replace one grill does not meet Reserve funding threshold and should be handled as an Operating expense.

Useful Life:

Remaining Life:

Best Case: Worst Case:

Cost Source:
