Tuesday, April 30, 2019

Level 1, Platinum Reserve Analysis

Gateway Park Master Association

Gateway Park Blvd. & Mount Meeker Ave.
Berthoud, CO. 80513

FINAL VERSION

Report Period – 01/01/19 – 12/31/19

Client Reference Number – 09779-19

Property Type – Single Family Dwellings

Fiscal Year End – December 31st

Number of Units – 217

Date of Property Observation – January 23, 2019

Property Observation Conducted by- Justin Huggins

Project Manager – Justin Huggins

Main Contact Person – Krysta Heath, CMCA

ASSOCIATION OF PROFESSIONAL RESERVE ANALYSTS
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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 $100,000 is a lot of money and they are in good shape. What they don't know is a major component will need to be replaced within 5 years, and the cost of the project is going to exceed $125,000. So while $100,000 sounds like a lot of money, in reality it won't even cover the cost of the component, 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 Gateway Park Master Association - Association ID # - 09779

Projected Starting Balance as of January 1, 2019 -	**$0**
Ideal Reserve Balance as of January 1, 2019 -	**$160,198**
Percent Funded as of January 1, 2019 -	**0%**
Current Reserve Allocation (per month) -	**$1,333 (Through 2019)**
Recommended Reserve Allocation (per month) -	**$3,640 (Starting 2020)**
Minimum Reserve Allocation (per month) -	**$3,440 (Starting 2020)**
Recommended Special Assessment -	**$54,250 (2019)**

Information to complete this Reserve Analysis was gathered during a property observation of the common area elements on January 23rd, 2019. 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 217 units that are part of a master community. For purposes of this report, the amenities the community is responsible to maintain were installed about 15 years ago in 2004. The maintenance responsibilities of this community include a extensive irrigation system with a pond and pump house, concrete sidewalks, an asphalt parking lot, monument, and decorative guard rails. Please refer to the *Projected Reserve Expenditures* table in the Financial Analysis section for a list of when components are supposed to be addressed.

There has not been a Reserve Account established for the association up to this point. As a result of the information contained in this report, we suggest increasing the Reserve contribution to $3,640 per month (an increase of $10.63 per unit) starting in 2020, followed by nominal annual increases of 3.25% thereafter to help offset the effects of inflation. In addition, a Special Assessment of $54,250 ($250 per unit) will be needed in 2019 to help pay for the Reserve projects scheduled during that year. By following the recommendation, the plan will maintain the Reserve account in a positive manner, while gradually increasing to a fully funded position within the thirty-year period.

In the percent Funded graph, you will see we have also provided a “minimum Reserve contribution” of $3,440 per month. If the Reserve contribution falls below this rate, then the Reserve fund will fall into a situation where additional 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 $0.92 per unit, per month in this case) 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 minimal, and based on the risk involved, we strongly suggest the recommended Reserve Allocation is followed.

Comp #: 103 Flat Roof - Replace

Observations:

- The roof appeared to be in fair to poor condition at the time of the site observation, with no issues reported.
- The average life for this type of roof ranges between 15 - 18 years, depending on quality of installation and roof materials.
- Remaining life is based on the age of the roof.

Location: ***Pump House***

Quantity: ***Approx. 3 Squares***

Life Expectancy: ***18*** *Remaining Life:* ***3***

Best Cost: ***$4,500***

Estimate to replace

Worst Cost: ***$6,000***

Higher estimate for more labor

Source of Information: Cost Database

General Notes:

Comp #: 309 Stone/Rock Siding - Major Repairs

Observations:

- No issues noted or reported with the walls of the pump house at the time of the site observation.
- This type of material has an extremely extended useful life and deterioration is very difficult to predict.
- No reserve funding is necessary for this component at this time.
- Continue to monitor conditions and adjust the report accordingly in future updates.

Location: ***Pump House***

Quantity: ***Approx. 510 GSF***

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

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Comp #: 401 Asphalt - Major Overlay

Observations:

- The asphalt parking lot had several very large cracks and other signs of deterioration at the time of the site observation.
- The average life expectancy for asphalt surfaces ranges between 20 - 24 years for surfaces that are maintained on a regular schedule.
- Maintenance includes crackseal and repairing small potholes annually as an operating expense.
- In addition, asphalt should be seal coated every 3 - 4 years, depending on the level of traffic and snow removing techniques.

Location: ***Park Parking Lot***

Quantity: ***Approx. 7,600 GSF***

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

Best Cost: ***$17,100***

$2.25/GSF; Est. to rotomill and 2" overlay

Worst Cost: ***$19,000***

$2.50/GSF; Higher estimate for more repairs

Source of Information: Cost Database

General Notes:

Comp #: 402 Asphalt - Surface Application

Observations:

- The asphalt had several large cracks did not appear to have been sealcoated in some time.
- In this environment, expect to seal asphalt every 3 - 4 years, depending on traffic levels and effects from weather.
- Sealcoating is applied to protect the asphalt from ultra-violet rays and water.
- This helps in slowing the process of oxidation and raveling.
- While acting as a protective barrier, it also maintains the appearance of the community to maintain or improve property values.
- We have extended the useful life to allow for funds to be used on more pertinent projects.

Location: ***Park Parking Lot***

Quantity: ***Approx. 7,600 GSF***

Life Expectancy: ***4*** *Remaining Life:* ***3***

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

Estimate for seal coat only

Worst Cost: ***$5,500***

Higher est. includes repairs/crack fill

Source of Information: Cost Database

General Notes:

Comp #: 601 Concrete - Partial Replace

Observations:

- The concrete throughout the property varied in condition, from very good to poor. There were several areas where trip hazards were noted. There were also some areas with cracks and spalling noted at the time of the site observation.
- 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 (10% or 4,600 GSF) every 4 years.
- We have extended the useful life to allow for funds to be used on more pertinent projects.

Location: ***See General Notes***

Quantity: ***Approx. 45,940 GSF***

Life Expectancy: ***4*** *Remaining Life:* ***3***

Best Cost: ***$50,600***

Allowance to repair 10% of area every 4 years

Worst Cost: ***$59,800***

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

Sidewalks:
Park Area: Approx. 15,500 GSF
Along Gateway Park Blvd: Approx. 6,445 GSF
Along Parking Lot: Approx. 2,765 GSF
Along Lake Ave: Approx. 1,255 GSF
By Office Bldg: Approx. 665 GSF
Along Mnt. Ave: Approx. 10,370 GSF

Drain Pan:
- Park Area: Approx. 3,570 GSF
- Parking Lot: Approx. 400 GSF

Curb/Gutter:
- Parking Lot: Approx. 1,285 GSF
- Lake Ave Median: Approx. 1,590 GSF
- Median by Office Bldg: Approx. 485 GSF
- Gateway Median: Approx. 1,610 GSF

Comp #: 801 Monuments - Rebuild

Observations:

- The structures of the monuments themselves were in good condition at the time of the site observation, and the signs were in fair conditions. There were some missing letters on the Lake Avenue monument.
- The materials used during construction have an extended life expectancy.
- While the structure should have an indefinite life expectancy, funding should be established for periodic upgrades and refurbishment of the signs and lighting, as well as repairs to the stone.
- Remaining life is based on the age of all monuments.

Location: ***See General Notes***

Quantity: ***(3) Monuments***

Life Expectancy: ***25*** *Remaining Life:* ***10***

Best Cost: ***$25,500***

Allowance for general repairs

Worst Cost: ***$30,000***

Higher allowance for more renovations costs

Source of Information: Cost Database

General Notes:

Lake/Berthoud:
- Stone: Approx. 155 GSF
- Stone Sign: Approx. 20 GSF
- Coated Letters "Gateway Park" & "Lake Avenue"
- (2) Lights

Southeast Corner:
- Stone: Approx. 250 GSF
- Stone Sign: Approx. 25 GSF
- Coated Letters "Gateway Park"
- (2) Lights

Mountain/Gateway:
- Stone: Approx. 155 GSF
- Stone Sign: Approx. 20 GSF
- Coated Letters "Gateway Park" & "Mnt. Avenue"
- (2) Lights

Comp #: 1009 Decorative Guard Rail - Major Repairs

Observations:

- These decorative guard rails were in good to fair condition at the time of the site observation.
- Despite these materials having an extended life expectancy, we recommend reserving an allowance for major repairs to these areas every 18 years.
- The stone and the caps will deteriorate over time and will need to be repaired or replaced.
- The metal railing should be painted every 3 - 4 years out of the operating budget to protect the metal from the elements.
- Remaining life is based on the observed conditions.

Location: ***See General Notes***

Quantity: ***See General Notes***

Life Expectancy: ***18*** *Remaining Life:* ***10***

Best Cost: ***$24,000***

Allowance for major repairs

Worst Cost: ***$28,000***

Higher allowance for more repairs

Source of Information: Cost Database

General Notes:

Lake/Berthoud:
- Stone: Approx. 220 GSF
- Metal Rail: Approx. 50 LF
- (6) Caps
By Office Bldg:
- Stone: Approx. 220 GSF
- Metal Rail: Approx. 50 LF
- (6) Caps
Mountain/Gateway:
- Stone: Approx. 220 GSF
- Metal Rail: Approx. 55 LF
- (6) Caps
Park Area:
- Stone: Approx. 220 GSF
- Metal Rail: Approx. 95 LF
- (6) Caps

Comp #: 1311 Pet Waste Pick Up Stations - Replace

Observations:

- Due to the low quantity, unlikely event that all will require replacement at the same time and the relatively low cost of individual replacement, we do not recommend reserving for replacement at this time.
- Maintain and replace on an as needed basis using operating funds.

Location: ***Park Area***

Quantity: ***(2) PWS***

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

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Comp #: 1320 Gazebo - Replace

Observations:

- There were several missing pickets on the gazebo at the time of the site observation and the roof was in fair condition.
- This line item is for the replacement of the composite shingle roof and the PVC around the structure.
- Expect to replace these components approximately every 20 years.
- Remaining life is based on the current condition of the structure.

Location: ***Park at South Entrance of Property***

Quantity: ***(1) Gazebo***

Life Expectancy: ***20*** *Remaining Life:* ***9***

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

Estimate to replace

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

Higher estimate for more labor

Source of Information: Cost Database

General Notes:

Comp Shingle Roof: Approx. 2 Squares

PVC: Approx. 40 LF

(2) Benches

Comp #: 1701 Irrigation System - Major Repairs

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***

Quantity: ***Moderate***

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

Best Cost: ***$15,000***

Allowance for major repairs

Worst Cost: ***$18,000***

Higher allowance for more repairs

Source of Information: Cost database

General Notes:

***NOTE** The association has budgeted $15,000 in the operating budget for repairs to the irrigation system. This line item is for funding repairs above and beyond that $15,000 already budgeted.*

Comp #: 1703 Irrigation Controllers - Replace (1)

Observations:

- These controllers are nearing the end of their typical useful life.
- Expect to replace irrigation controllers every 10 - 12 years if properly maintained and under normal conditions.
- Funding is for replacement with a similar controller.
- Remaining life is based on the age of the controller.

Location: ***Pump House***

Quantity: ***(2) Rain Bird Controllers***

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

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

Estimate to replace with a similar controller

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

Higher estimate for upgraded controller

Source of Information: Cost Database

General Notes:

Pump House:
Rain Bird ESP-32MC
- S/N: 0457142
- 30AP04
Rain Bird ESP-40MC
- S/N: 0473386
- 07MY04

Comp #: 1704 Irrigation Controllers - Replace (2)

Observations:

- Expect to replace irrigation controllers every 12 - 15 years if properly maintained and under normal conditions.
- Funding is for replacement with a similar controller.
- Remaining life is based on the age of the controller.

Location: ***Pump House***

Quantity: ***(1) Hunter Controller***

Life Expectancy: ***15*** *Remaining Life:* ***13***

Best Cost: ***$1,500***

Estimate to replace with a similar controller

Worst Cost: ***$2,000***

Higher estimate for upgraded controller

Source of Information: Cost Database

General Notes:

Southeast Corner:
Hunter I-Core
- June 2017

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 an a minimal cost, as opposed to being replaced.

Location: ***Adjacent to Pond***

Quantity: ***(1) Device w/S.S. Enclosure***

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

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Comp #: 1801 Groundcover - Replenish

Observations:

- There were several areas where the groundcover was worn-down and in need of some replenishment.
- 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 - 3 years.
- This line item is for cyclical refurbishment and should not be considered as complete landscaping replacement.

Location: ***Throughout Property***

Quantity: ***Moderate***

Life Expectancy: ***3*** *Remaining Life:* ***1***

Best Cost: ***$4,500***

Allowance for major replenishment

Worst Cost: ***$6,000***

Higher allowance for more material

Source of Information: Cost Database

General Notes:

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: ***Numerous Types and Sizes***

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

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Comp #: 1807 Pond - Major Maintenance

Observations:

- It was reported this pond was dredged in 2018 and was in good condition at that time.
- According to several local vendors, this should take place every 15 - 18 years to keep the pond in good condition.
- Remaining life is based on the timing of the last dredge.

Location: ***Park at South Entrance of Property***

Quantity: ***Approx 25,340 GSF***

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

Best Cost: ***$9,450***

Allowance for major maintenance/dredge

Worst Cost: ***$11,550***

Higher allowance for more labor

Source of Information: Research with contractor

General Notes:

Concrete Perimeter: Approx. 12,630 GSF

Liner: Approx. 12,710 GSF

Project History:
- 2018: Dredge - Approximately $10,000

Comp #: 2001 Control Panel - Replace (Pump House)

Observations:

- There were no reported issues with the control panel at the time of the site observation.
- This panel has a typical life expectancy of 20 - 24 years depending on the level of use and maintenance.
- Remaining life is based on the age of the panel.

Location: ***Pump House***

Quantity: ***(1) Metron Panel***

Life Expectancy: ***24*** *Remaining Life:* ***9***

Best Cost: ***$27,000***

Estimate to replace

Worst Cost: ***$33,000***

Higher estimate for more labor

Source of Information: Research with contractor

General Notes:

Metron Control Panel:
- M/N: VWP-VFD_50/50/5/5-460/3/60
- S/N: AGJ-03093043-02

Comp #: 2002 Control Panel - Replace (Southeast Corner)

Observations:

- There were no reported issues with the control panel at the time of the site observation.
- This panel has a typical life expectancy of 20 - 24 years depending on the level of use and maintenance.
- The useful life of this panel is shorter than the larger panel inside the pump house because it is exposed to the elements.
- Remaining life is based on the age of the panel.

Location: ***Southeast Corner of Property***

Quantity: ***(1) Metron Panel***

Life Expectancy: ***24*** *Remaining Life:* ***9***

Best Cost: ***$10,000***
Estimate to replace

Worst Cost: ***$15,000***
Higher estimate

Source of Information: Cost Database

General Notes:

Metron Control Panel:
- M/N: MSD-10-230
- S/N: CC-03093043-03

Comp #: 2003 Heat Exchanger - Replace

Observations:

- This unit was replaced in 2017 due to failed piping within the cooler.
- Expect a useful life of 10 - 12 years from this component.
- Remaining life is based on the age of the heat exchanger.

Location: ***Pump House***

Quantity: ***(1) Kooltronic***

Life Expectancy: ***12*** *Remaining Life:* ***10***

Best Cost: ***$2,500***

Estimate to replace

Worst Cost: ***$3,050***

Higher estimate for larger unit

Source of Information: Research with contractor

General Notes:

Kooltronic Heat Exchanger:
- M/N: KNHE28
- S/N: F16H0335

Comp #: 2004 Mini Power Center - Replace

Observations:

- There were no reported issues with the mini power center at the time of the site observation.
- This unit can expect a useful life of 12 - 15 years if properly maintained.
- Remaining life is based on the age of the unit.

Location: ***Pump House***

Quantity: ***(1) Eaton Power Center***

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

Best Cost: ***$6,500***
Estimate to replace

Worst Cost: ***$7,500***
Higher estimate

Source of Information: Research on website

General Notes:

Eaton Cutler-Hammer Mini Power Center:
- M/N: P48G11S05P
- S/N: J03B11179

Comp #: 2025 Pump - Rebuild (Southeast Corner)

Observations:

- It was reported that these pumps can be rebuilt instead of completely replaced. This should occur every 12 - 15 years depending on the maintenance and use.
- If the association properly rebuilds the motors and pumps every 12 - 15 years, complete replacement should be avoidable.
- Remaining life is based on the age of the motor/pump.

Location: ***Southeast Corner of Property***

Quantity: ***(1) 10HP Motor/Pump***

Life Expectancy: ***15*** *Remaining Life:* ***13***

Best Cost: ***$5,950***

Estimate to rebuild

Worst Cost: ***$7,275***

Higher estimate for more labor

Source of Information: Cost Database

General Notes:

Comp #: 2025 Pumps - Rebuild (Pumphouse)

Observations:

- It was reported that these pumps can be rebuilt instead of completely replaced. This should occur every 12 - 15 years depending on the maintenance and use.
- If the association properly rebuilds the motors and pumps every 12 - 15 years, complete replacement should be avoidable.
- Based on the age of the pumps and property, we recommend completing this rebuild during the current fiscal period.

Location: ***Pump House***

Quantity: ***(4) Pumps***

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

Best Cost: ***$46,950***

Estimate to rebuild

Worst Cost: ***$51,875***

Higher estimate for more labor

Source of Information: Research with contractor

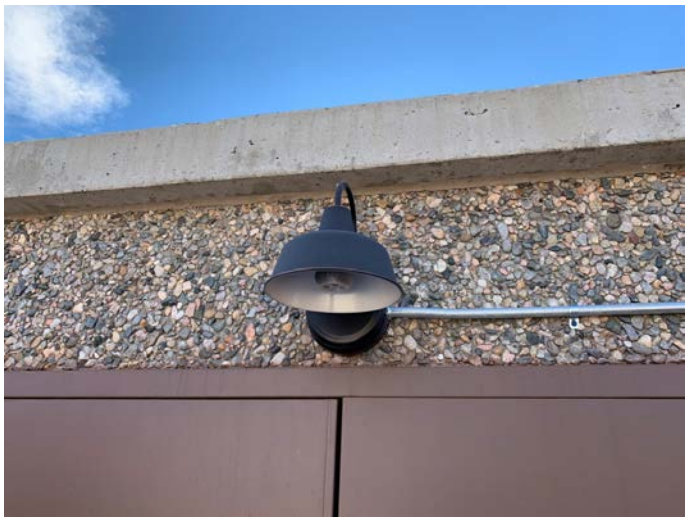
General Notes:

(2) 50 HP Motor/Pump - $19,800/Pump

(1) 10 HP Motor/Pump - $6,600

(1) Small Submerge Moto/Pump - $3,200

Comp #: 2035 Pump House - Replace



Observations:

- The pump house building should have an indefinite life and repairs to the structure are unpredictable.
- The doors and light should be replaced as needed with operating funds.
- Continue to monitor conditions and adjust accordingly in future reports.

Location: ***Park Area***

Quantity: ***(1) Building***

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

Best Cost: ***$0***

Worst Cost: ***$0***

Source of Information:

General Notes:

Funding Summary For Gateway Park Master Association

Beginning Assumptions	
Financial Information Source	Research With Client
# of units	217
Fiscal Year End	December 31, 2019
Monthly Dues from 2019 budget	$13,331.25
Monthly Reserve Allocation from 2019 Budget	$1,333.17
Projected Starting Reserve Balance (as of 1/1/2019)	$0
Reserve Balance: Average Per Unit	$0
Ideal Starting Reserve Balance (as of 1/1/2019)	$160,198
Ideal Reserve Balance: Average Per Unit	$738

Economic Factors	
Past 20 year Average Inflation Rate (Based on CCI)	3.75%
Current Average Interest Rate	1.00%

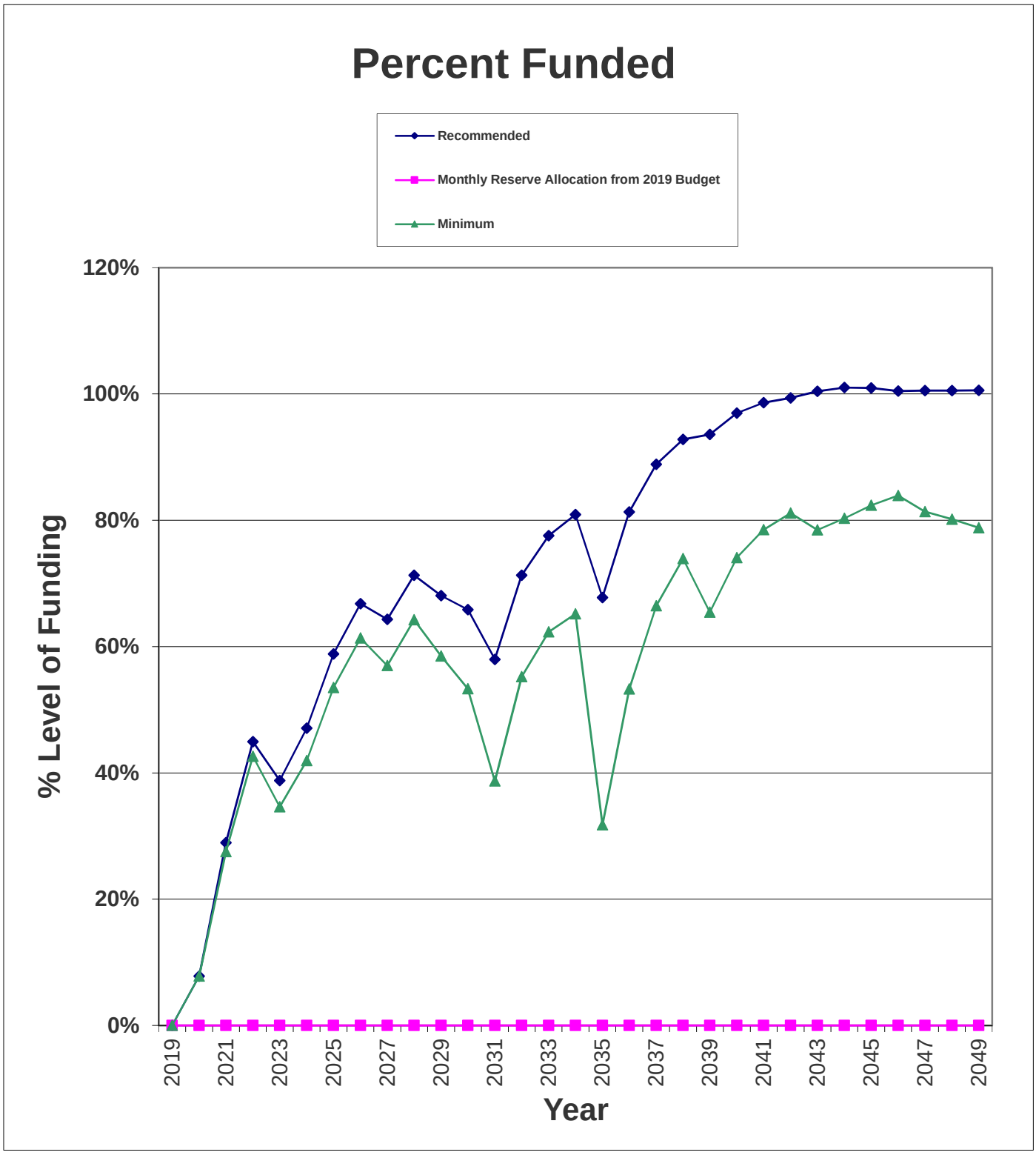
Current Reserve Status	
Current Balance as a % of Ideal Balance	0%

Recommendations for 2019 Fiscal Year	
Monthly Reserve Allocation (2019)	$1,333
Per Unit	$6.14
Monthly Reserve Allocation (starting 2020)	$3,640
Per Unit	$16.77
Minimum Monthly Reserve Allocation (starting 2020)	$3,440
Per Unit	$15.85
Primary Annual Increases	3.25%
# of Years	30
Special Assessment	$54,250
Per Unit	$250

Changes To Current 2019 Reserve Contribution	
Increase/Decrease to Reserve Allocation	$0
as Percentage	0%
Average Per Unit	$0.00

Changes from 2019 to 2020 Reserve Contribution	
Increase/Decrease to Reserve Allocation	$2,307
as Percentage	173%
Average Per Unit	$10.63

Percent Funded Graph For Gateway Park Master Association



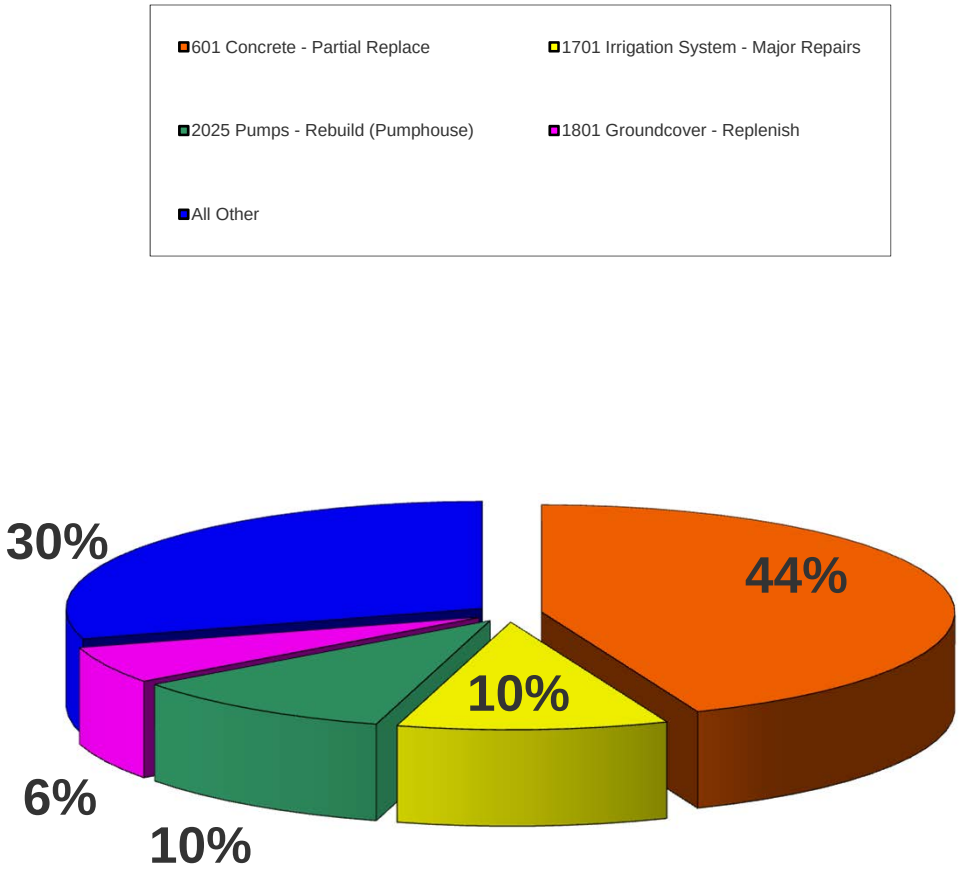
Component Inventory for Gateway Park Master Association

Category	Asset #	Asset Name	UL	RUL	Best Cost	Worst Cost
Roofing	103	Flat Roof - Replace	18	3	$4,500	$6,000
Siding Materials	309	Stone/Rock Siding - Major Repairs	N/A		$0	$0
Drive Materials	401	Asphalt - Major Overlay	24	11	$17,100	$19,000
	402	Asphalt - Surface Application	4	3	$3,000	$5,500
Walking Surfaces	601	Concrete - Partial Replace	4	3	$50,600	$59,800
Prop. Identification	801	Monuments - Rebuild	25	10	$25,500	$30,000
Fencing/Walls	1009	Decorative Guard Rail - Major Repairs	18	10	$24,000	$28,000
Recreation Equip.	1311	Pet Waste Pick Up Stations - Replace	N/A		$0	$0
	1320	Gazebo - Replace	20	9	$12,000	$15,000
Irrig. System	1701	Irrigation System - Major Repairs	5	4	$15,000	$18,000
	1703	Irrigation Controllers - Replace (1)	15	0	$3,000	$4,000
	1704	Irrigation Controllers - Replace (2)	15	13	$1,500	$2,000
	1706	Backflow Devices - Replace	N/A		$0	$0
Landscaping	1801	Groundcover - Replenish	3	1	$4,500	$6,000
	1804	Tree - Replacement/Major Maintenance	N/A		$0	$0
	1807	Pond - Major Maintenance	15	14	$9,450	$11,550
Miscellaneous	2001	Control Panel - Replace (Pump House)	24	9	$27,000	$33,000
	2002	Control Panel - Replace (Southeast Corn	24	9	$10,000	$15,000
	2003	Heat Exchanger - Replace	12	10	$2,500	$3,050
	2004	Mini Power Center - Replace	15	0	$6,500	$7,500
	2025	Pump - Rebuild (Southeast Corner)	15	13	$5,950	$7,275
	2025	Pumps - Rebuild (Pumphouse)	15	0	$46,950	$51,875
	2035	Pump House - Replace	N/A		$0	$0

Significant Components For Gateway Park Master Association

ID	Asset Name	UL	RUL	Ave Curr Cost	Significance: (Curr Cost/UL) As $	As %
103	Flat Roof - Replace	18	3	$5,250	$292	0.9277%
401	Asphalt - Major Overlay	24	11	$18,050	$752	2.3922%
402	Asphalt - Surface Application	4	3	$4,250	$1,063	3.3795%
601	Concrete - Partial Replace	4	3	$55,200	$13,800	43.8939%
801	Monuments - Rebuild	25	10	$27,750	$1,110	3.5306%
1009	Decorative Guard Rail - Major Repairs	18	10	$26,000	$1,444	4.5944%
1320	Gazebo - Replace	20	9	$13,500	$675	2.1470%
1701	Irrigation System - Major Repairs	5	4	$16,500	$3,300	10.4964%
1703	Irrigation Controllers - Replace (1)	15	0	$3,500	$233	0.7422%
1704	Irrigation Controllers - Replace (2)	15	13	$1,750	$117	0.3711%
1801	Groundcover - Replenish	3	1	$5,250	$1,750	5.5663%
1807	Pond - Major Maintenance	15	14	$10,500	$700	2.2265%
2001	Control Panel - Replace (Pump House)	24	9	$30,000	$1,250	3.9759%
2002	Control Panel - Replace (Southeast Corner)	24	9	$12,500	$521	1.6566%
2003	Heat Exchanger - Replace	12	10	$2,775	$231	0.7355%
2004	Mini Power Center - Replace	15	0	$7,000	$467	1.4843%
2025	Pump - Rebuild (Southeast Corner)	15	13	$6,613	$441	1.4022%
2025	Pumps - Rebuild (Pumphouse)	15	0	$49,413	$3,294	10.4778%

Significant Components Graph For Gateway Park Master Association

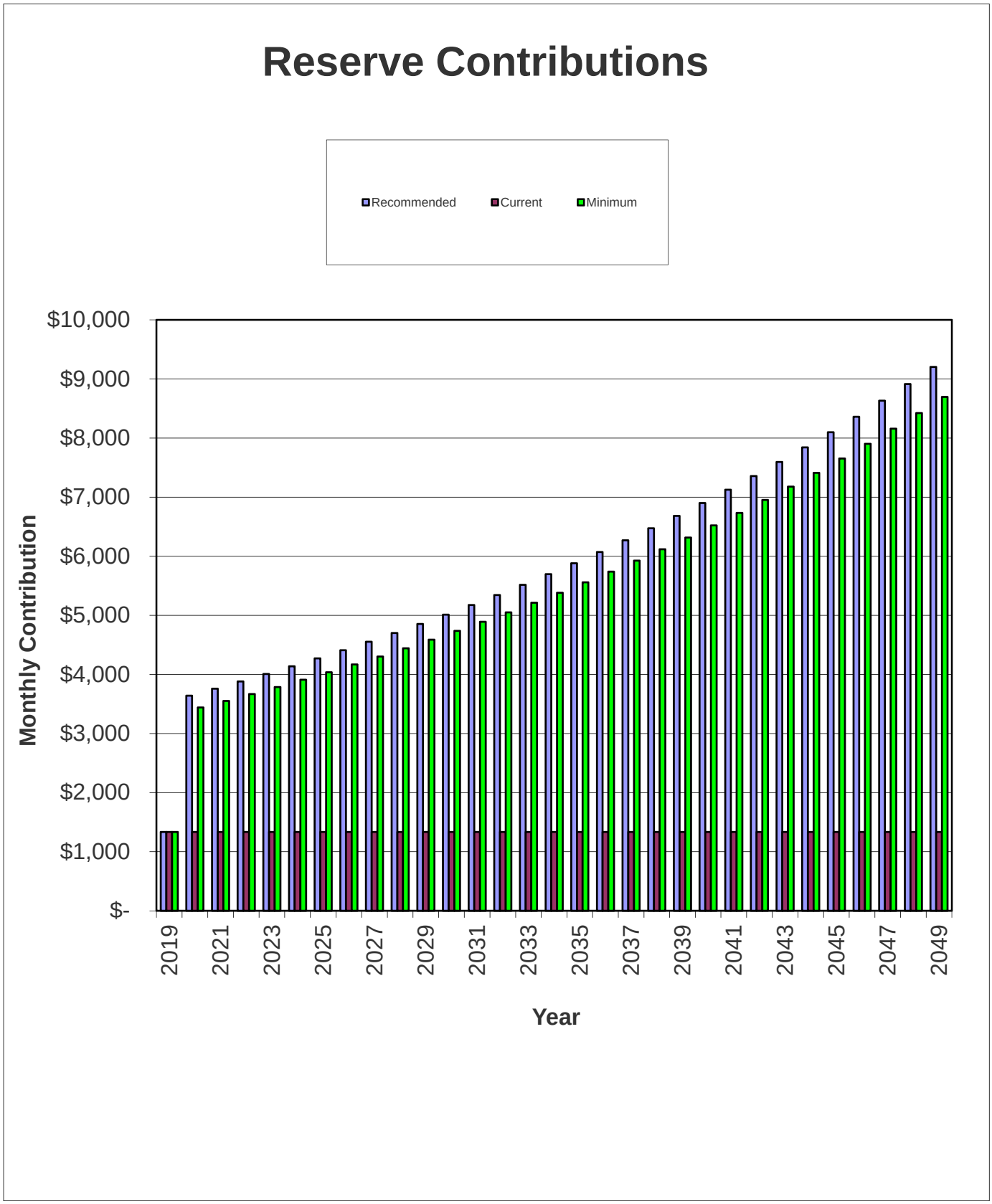


Asset ID	Asset Name	UL	RUL	Average Curr. Cost	Significance: (Curr Cost/UL) As $	As %
601	Concrete - Partial Replace	4	3	$55,200	$13,800	44%
1701	Irrigation System - Major Repairs	5	4	$16,500	$3,300	10%
2025	Pumps - Rebuild (Pumphouse)	15	0	$49,413	$3,294	10%
1801	Groundcover - Replenish	3	1	$5,250	$1,750	6%
All Other	See Expanded Table on Page 4 For Additional Breakdown				$9,295	30%

Yearly Summary For Gateway Park Master Association

Fiscal Year Start	Fully Funded Balance	Starting Reserve Balance	Percent Funded	Annual Reserve Contribs	Rec. Special Ass'mnt	Interest Income	Reserve Expenses
2019	$160,198	$0	0%	$15,998	$54,250	$324	$59,913
2020	$136,664	$10,660	8%	$43,680	$0	$299	$5,447
2021	$169,980	$49,192	29%	$45,100	$0	$721	$0
2022	$211,465	$95,013	45%	$46,565	$0	$825	$72,255
2023	$180,857	$70,148	39%	$48,079	$0	$820	$25,201
2024	$199,287	$93,846	47%	$49,641	$0	$1,192	$0
2025	$245,971	$144,679	59%	$51,255	$0	$1,711	$0
2026	$295,876	$197,645	67%	$52,920	$0	$1,831	$83,718
2027	$262,320	$168,678	64%	$54,640	$0	$1,969	$0
2028	$315,946	$225,287	71%	$56,416	$0	$2,039	$100,979
2029	$268,460	$182,763	68%	$58,250	$0	$1,680	$89,268
2030	$233,047	$153,426	66%	$60,143	$0	$1,260	$116,191
2031	$170,141	$98,638	58%	$62,097	$0	$1,303	$0
2032	$227,258	$162,038	71%	$64,116	$0	$1,840	$21,968
2033	$265,628	$206,025	78%	$66,199	$0	$2,175	$45,206
2034	$283,300	$229,194	81%	$68,351	$0	$1,604	$207,343
2035	$135,467	$91,806	68%	$70,572	$0	$1,229	$9,462
2036	$189,516	$154,145	81%	$72,866	$0	$1,915	$0
2037	$257,613	$228,926	89%	$75,234	$0	$2,678	$0
2038	$330,551	$306,837	93%	$77,679	$0	$2,652	$163,429
2039	$239,039	$223,739	94%	$80,204	$0	$2,651	$0
2040	$316,115	$306,593	97%	$82,810	$0	$3,439	$11,374
2041	$386,836	$381,468	99%	$85,502	$0	$4,171	$18,038
2042	$455,944	$453,103	99%	$88,280	$0	$4,299	$138,637
2043	$405,272	$407,045	100%	$91,149	$0	$4,346	$39,921
2044	$457,971	$462,621	101%	$94,112	$0	$5,054	$13,178
2045	$543,350	$548,608	101%	$97,170	$0	$5,999	$0
2046	$648,673	$651,778	100%	$100,328	$0	$6,245	$160,631
2047	$594,477	$597,720	101%	$103,589	$0	$5,967	$111,045
2048	$592,999	$596,231	101%	$106,956	$0	$5,935	$117,790

Reserve Contributions For Gateway Park Master Association



Component Funding Information For Gateway Park Master Association

ID	Component Name	Ave Current Cost	Ideal Balance	Current Fund Balance	Monthly
103	Flat Roof - Replace	$5,250	$4,375	$0	$12.37
401	Asphalt - Major Overlay	$18,050	$9,777	$0	$31.89
402	Asphalt - Surface Application	$4,250	$1,063	$0	$45.05
601	Concrete - Partial Replace	$55,200	$13,800	$0	$585.18
801	Monuments - Rebuild	$27,750	$16,650	$0	$47.07
1009	Decorative Guard Rail - Major Repairs	$26,000	$11,556	$0	$61.25
1320	Gazebo - Replace	$13,500	$7,425	$0	$28.62
1701	Irrigation System - Major Repairs	$16,500	$3,300	$0	$139.93
1703	Irrigation Controllers - Replace (1)	$3,500	$3,500	$0	$9.89
1704	Irrigation Controllers - Replace (2)	$1,750	$233	$0	$4.95
1801	Groundcover - Replenish	$5,250	$3,500	$0	$74.21
1807	Pond - Major Maintenance	$10,500	$700	$0	$29.68
2001	Control Panel - Replace (Pump House)	$30,000	$18,750	$0	$53.01
2002	Control Panel - Replace (Southeast Corner)	$12,500	$7,813	$0	$22.09
2003	Heat Exchanger - Replace	$2,775	$463	$0	$9.81
2004	Mini Power Center - Replace	$7,000	$7,000	$0	$19.79
2025	Pump - Rebuild (Southeast Corner)	$6,613	$882	$0	$18.69
2025	Pumps - Rebuild (Pumphouse)	$49,413	$49,413	$0	$139.69

Yearly Cash Flow For Gateway Park Master Association

Year	2019	2020	2021	2022	2023
Starting Balance	$0	$10,660	$49,192	$95,013	$70,148
Reserve Income	$15,998	$43,680	$45,100	$46,565	$48,079
Interest Earnings	$324	$299	$721	$825	$820
Special Assessments	$54,250	$0	$0	$0	$0
Funds Available	$70,572	$54,639	$95,013	$142,403	$119,047
Reserve Expenditures	$59,913	$5,447	$0	$72,255	$25,201
Ending Balance	$10,660	$49,192	$95,013	$70,148	$93,846

Year	2024	2025	2026	2027	2028
Starting Balance	$93,846	$144,679	$197,645	$168,678	$225,287
Reserve Income	$49,641	$51,255	$52,920	$54,640	$56,416
Interest Earnings	$1,192	$1,711	$1,831	$1,969	$2,039
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$144,679	$197,645	$252,396	$225,287	$283,742
Reserve Expenditures	$0	$0	$83,718	$0	$100,979
Ending Balance	$144,679	$197,645	$168,678	$225,287	$182,763

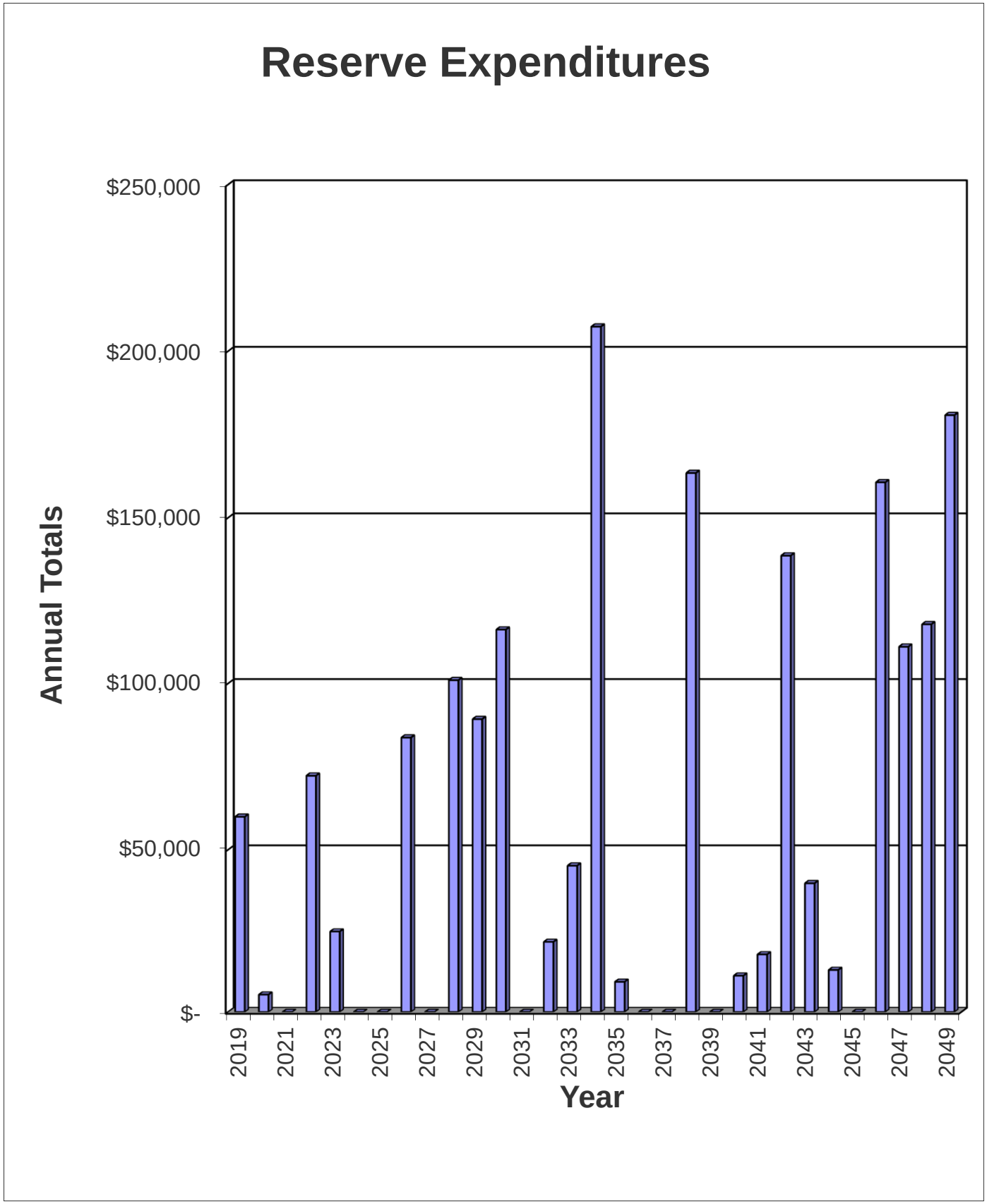
Year	2029	2030	2031	2032	2033
Starting Balance	$182,763	$153,426	$98,638	$162,038	$206,025
Reserve Income	$58,250	$60,143	$62,097	$64,116	$66,199
Interest Earnings	$1,680	$1,260	$1,303	$1,840	$2,175
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$242,693	$214,828	$162,038	$227,993	$274,400
Reserve Expenditures	$89,268	$116,191	$0	$21,968	$45,206
Ending Balance	$153,426	$98,638	$162,038	$206,025	$229,194

Year	2034	2035	2036	2037	2038
Starting Balance	$229,194	$91,806	$154,145	$228,926	$306,837
Reserve Income	$68,351	$70,572	$72,866	$75,234	$77,679
Interest Earnings	$1,604	$1,229	$1,915	$2,678	$2,652
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$299,149	$163,607	$228,926	$306,837	$387,168
Reserve Expenditures	$207,343	$9,462	$0	$0	$163,429
Ending Balance	$91,806	$154,145	$228,926	$306,837	$223,739

Year	2039	2040	2041	2042	2043
Starting Balance	$223,739	$306,593	$381,468	$453,103	$407,045
Reserve Income	$80,204	$82,810	$85,502	$88,280	$91,149
Interest Earnings	$2,651	$3,439	$4,171	$4,299	$4,346
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$306,593	$392,842	$471,141	$545,682	$502,541
Reserve Expenditures	$0	$11,374	$18,038	$138,637	$39,921
Ending Balance	$306,593	$381,468	$453,103	$407,045	$462,621

Year	2044	2045	2046	2047	2048
Starting Balance	$462,621	$548,608	$651,778	$597,720	$596,231
Reserve Income	$94,112	$97,170	$100,328	$103,589	$106,956
Interest Earnings	$5,054	$5,999	$6,245	$5,967	$5,935
Special Assessments	$0	$0	$0	$0	$0
Funds Available	$561,786	$651,778	$758,351	$707,276	$709,122
Reserve Expenditures	$13,178	$0	$160,631	$111,045	$117,790
Ending Balance	$548,608	$651,778	$597,720	$596,231	$591,331

Yearly Expenditures Graph For Gateway Park Master Association



Projected Reserve Expenditures For Gateway Park Master Association

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2019	1703	Irrigation Controllers - Replace (1)	$3,500	
	2004	Mini Power Center - Replace	$7,000	
	2025	Pumps - Rebuild (Pumphouse)	$49,413	$59,913
2020	1801	Groundcover - Replenish	$5,447	$5,447
2021		No Expenditures Projected		$0
2022	103	Flat Roof - Replace	$5,863	
	402	Asphalt - Surface Application	$4,746	
	601	Concrete - Partial Replace	$61,646	$72,255
2023	1701	Irrigation System - Major Repairs	$19,118	
	1801	Groundcover - Replenish	$6,083	$25,201
2024		No Expenditures Projected		$0
2025		No Expenditures Projected		$0
2026	402	Asphalt - Surface Application	$5,499	
	601	Concrete - Partial Replace	$71,426	
	1801	Groundcover - Replenish	$6,793	$83,718
2027		No Expenditures Projected		$0
2028	1320	Gazebo - Replace	$18,803	
	1701	Irrigation System - Major Repairs	$22,981	
	2001	Control Panel - Replace (Pump House)	$41,784	
	2002	Control Panel - Replace (Southeast Corner)	$17,410	$100,979
2029	801	Monuments - Rebuild	$40,100	
	1009	Decorative Guard Rail - Major Repairs	$37,571	
	1801	Groundcover - Replenish	$7,586	
	2003	Heat Exchanger - Replace	$4,010	$89,268
2030	401	Asphalt - Major Overlay	$27,061	
	402	Asphalt - Surface Application	$6,372	
	601	Concrete - Partial Replace	$82,758	$116,191
2031		No Expenditures Projected		$0
2032	1704	Irrigation Controllers - Replace (2)	$2,824	
	1801	Groundcover - Replenish	$8,472	
	2025	Pump - Rebuild (Southeast Corner)	$10,671	$21,968
2033	1701	Irrigation System - Major Repairs	$27,626	
	1807	Pond - Major Maintenance	$17,580	$45,206
2034	402	Asphalt - Surface Application	$7,383	
	601	Concrete - Partial Replace	$95,887	
	1703	Irrigation Controllers - Replace (1)	$6,080	
	2004	Mini Power Center - Replace	$12,160	
	2025	Pumps - Rebuild (Pumphouse)	$85,834	$207,343
2035	1801	Groundcover - Replenish	$9,462	$9,462
2036		No Expenditures Projected		$0
2037		No Expenditures Projected		$0
2038	402	Asphalt - Surface Application	$8,554	
	601	Concrete - Partial Replace	$111,100	
	1701	Irrigation System - Major Repairs	$33,209	
	1801	Groundcover - Replenish	$10,567	$163,429
2039		No Expenditures Projected		$0
2040	103	Flat Roof - Replace	$11,374	$11,374
2041	1801	Groundcover - Replenish	$11,800	
	2003	Heat Exchanger - Replace	$6,237	$18,038
2042	402	Asphalt - Surface Application	$9,911	
	601	Concrete - Partial Replace	$128,726	$138,637
2043	1701	Irrigation System - Major Repairs	$39,921	$39,921
2044	1801	Groundcover - Replenish	$13,178	$13,178

Year	Asset ID	Asset Name	Projected Cost	Total Per Annum
2045		No Expenditures Projected		$0
2046	402	Asphalt - Surface Application	$11,483	
	601	Concrete - Partial Replace	$149,148	$160,631
2047	1009	Decorative Guard Rail - Major Repairs	$72,885	
	1704	Irrigation Controllers - Replace (2)	$4,906	
	1801	Groundcover - Replenish	$14,717	
	2025	Pump - Rebuild (Southeast Corner)	$18,537	$111,045
2048	1320	Gazebo - Replace	$39,263	
	1701	Irrigation System - Major Repairs	$47,989	
	1807	Pond - Major Maintenance	$30,538	$117,790
2049	1703	Irrigation Controllers - Replace (1)	$10,561	
	2004	Mini Power Center - Replace	$21,122	
	2025	Pumps - Rebuild (Pumphouse)	$149,101	$180,784

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.

FFB = Replacement Cost X Effective Age / 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 that 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.