

ITEM 3.e

Reserve Study

Revised
RESERVE STUDY
Belvedere
Homeowners Association, Inc.



Austin, Texas
Inspected - May 26, 2022
Revised - August 2, 2022



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Belvedere Homeowners Association, Inc.
Austin, Texas

Dear Board of Directors of Belvedere Homeowners Association, Inc. :

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Belvedere Homeowners Association, Inc. in Austin, Texas and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 26, 2022.

This *Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II Reserve Study Update."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Belvedere Homeowners Association, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on August 2, 2022 by

Reserve Advisors, LLC

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¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Belvedere Homeowners Association, Inc. (Belvedere)

Location: Austin, Texas

Reference: 140617

Property Basics: Belvedere Homeowners Association, Inc. is a homeowners association responsible for the common elements shared by 222 single-family homes. The common elements were built from 2006 to 2014.

Reserve Components Identified: 36 HOA Reserve Components and 16 MUD Reserve Components

Inspection Date: May 26, 2022. We conducted previous inspections in 2014 and 2018.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes the following critical years:

- **HOA** – In 2048 due to repaving of the asphalt pavement
- **MUD** – In 2027 and 2047 due to replacement of the playground equipment and the irrigation system

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 0.7% anticipated annual rate of return on invested reserves
- 3.5% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the **Reserve Expenditures** tables and include a **Five-Year Outlook** table following the **Reserve Funding Plan** in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- **HOA** – Asphalt pavement repairs in order to extend the useful life of the pavement, repaving of the pavement at Phase I, replacement of the wood split rail fencing due to evidence of deterioration and replacement of the pond liner due to age
- **MUD** – Repaving of the amenity area parking lot due to evidence of deterioration, replacement of the playground equipment due to age, swale maintenance due to evidence of erosion and maintenance of the walking paths due to evidence of flagstone deterioration and damage,

Homeowners Association (HOA)

Unaudited Cash Status of Reserve Fund:

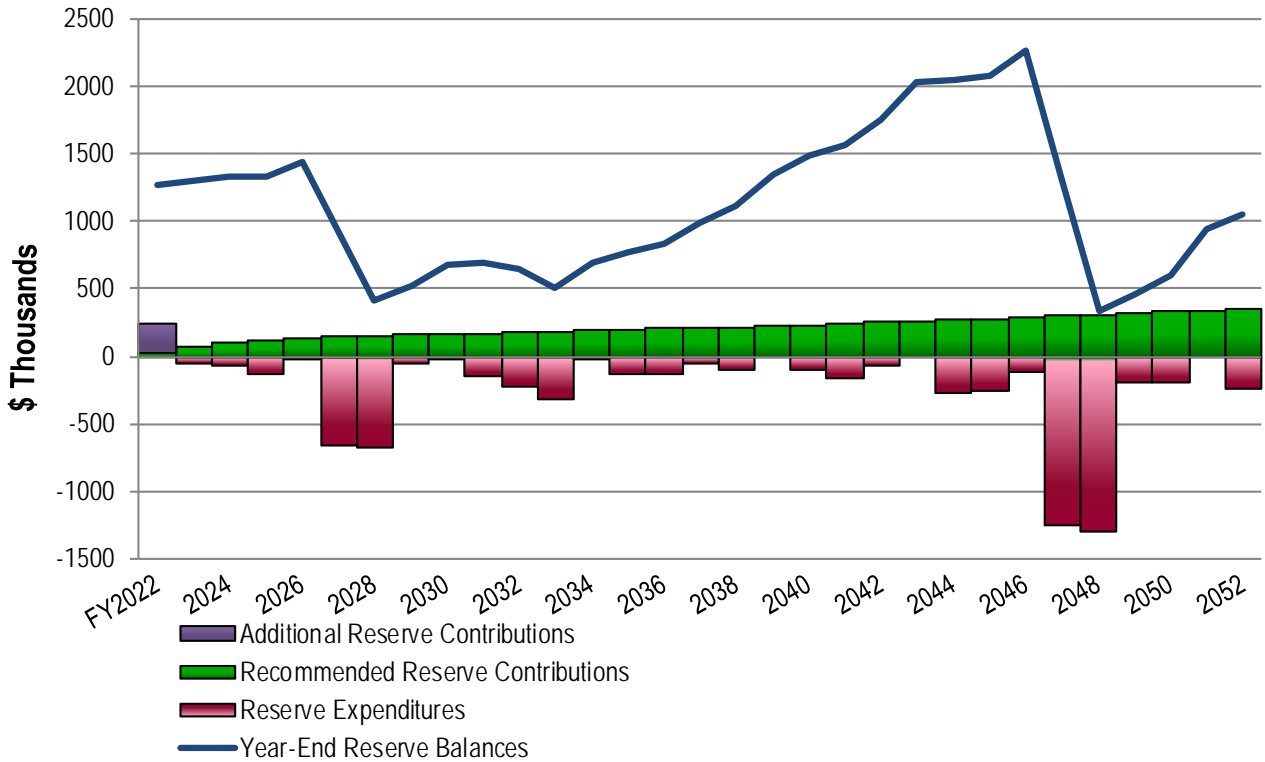
- \$1,021,689 as of March 31, 2022
- 2022 budgeted Reserve Contributions of \$57,000
- Management informs us the Association plans to transfer an additional \$218,000 to reserves in 2022

Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Phased increases of \$18,400 from 2023 through 2027
- Inflationary increases through 2052, the limit of this study's Cash Flow Analysis
- Initial adjustment of \$18,400 is equivalent to an increase of \$41.44 in the biannually contributions per homeowner.

HOA
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2023	75,400	1,299,166	2033	183,200	506,736	2043	258,400	2,029,245
2024	93,800	1,337,308	2034	189,600	690,690	2044	267,400	2,041,763
2025	112,200	1,323,581	2035	196,200	762,934	2045	276,800	2,078,302
2026	130,600	1,440,297	2036	203,100	838,986	2046	286,500	2,266,932
2027	149,000	932,681	2037	210,200	993,707	2047	296,500	1,320,302
2028	154,200	414,134	2038	217,600	1,115,490	2048	306,900	336,374
2029	159,600	522,700	2039	225,200	1,349,287	2049	317,600	458,144
2030	165,200	670,664	2040	233,100	1,484,462	2050	328,700	591,371
2031	171,000	694,462	2041	241,300	1,568,962	2051	340,200	936,901
2032	177,000	644,285	2042	249,700	1,757,637	2052	352,100	1,048,901





Municipal Utility District (MUD)

Unaudited Cash Status of Reserve Fund:

- \$0 as of March 31, 2022
- The MUD did not budget Reserve Contributions for 2022

Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$57,000 in 2023
- Inflationary increases from 2023 through 2027
- Decrease to \$46,800 by 2028 due to fully funding for replacement of playground equipment
- Initial adjustment of \$57,000 is equivalent to an increase of \$128.38 in the biannually contributions per homeowner.

MUD
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2023	57,000	57,200	2033	55,600	180,617	2043	78,500	288,621
2024	59,000	116,807	2034	57,500	239,583	2044	81,200	324,212
2025	61,100	45,282	2035	59,500	212,687	2045	84,000	267,430
2026	63,200	61,461	2036	61,600	154,165	2046	86,900	255,688
2027	65,400	17,513	2037	63,800	219,267	2047	89,900	60,027
2028	46,800	64,599	2038	66,000	287,033	2048	93,000	88,974
2029	48,400	97,023	2039	68,300	197,296	2049	96,300	125,569
2030	50,100	73,647	2040	70,700	102,144	2050	99,700	78,596
2031	51,900	126,244	2041	73,200	131,403	2051	103,200	159,576
2032	53,700	181,016	2042	75,800	208,388	2052	106,800	267,867

