Reserve Analysis Report

Montelena Master Community Association

Queen Creek, Arizona

Version 005

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Montelena Master Community Association

Table of Contents

Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format, reserve fund goals/objectives and calculation methods. The following sections are included in this preface:

♦ ♦ ♦ ♦ INTRODUCTION TO RESERVE BUDGETING ♦ ♦ ♦ ♦

The Board of Directors of an association has a fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes his “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

♦ ♦ ♦ ♦ UNDERSTANDING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

There are four key bits of information that a comprehensive reserve analysis should provide: Budget, Percent Funded, Projections and Inventory. This information is described as follows:

Budget
Amount recommended to be transferred into the reserve account for the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different goals/objectives. The Board should have a clear understanding of the differences among these funding goals/objectives prior to implementing one of them in the annual budget.

Percent Funded
Measure of the reserve fund “health” (expressed as a percentage) as of the beginning of the fiscal year for which the

reserve analysis was prepared. This figure is the ratio of the actual reserve fund on hand to the fully funded balance. A reserve fund that is "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains.

Projections
Indicate the "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an underfunded association will "catch up" or how a properly funded association will remain fiscally "healthy."

Inventory
Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

♦ ♦ ♦ ♦ RESERVE FUNDING GOALS / OBJECTIVES ♦ ♦ ♦ ♦

There are four reserve funding goals/objectives which may be used to develop a reserve funding plan that corresponds with the risk tolerance of the association: Full Funding, Baseline Funding, Threshold Funding and Statutory Funding. These goals/objectives are described as follows:

Full Funding
Describes the goal/objective to have reserves on hand equivalent to the value of the deterioration of each reserve component. The objective of this funding goal is to achieve and/or maintain a 100% percent funded reserve fund. The component calculation method or cash flow calculation method is typically used to develop a full funding plan.

Baseline Funding
Describes the goal/objective to have sufficient reserves on hand to never completely run out of money. The objective of this funding goal is to simply pay for all reserve expenses as they come due without regard to the association's percent funded. The cash flow calculation method is typically used to develop a baseline funding plan.

Threshold Funding
Describes the goal/objective other than the 100% level (full funding) or just staying cash-positive (baseline funding). This threshold goal/objective may be a specific percent funded target or a cash balance target. Threshold funding is often a value chosen between full funding and baseline funding. The cash flow calculation method is typically used to develop a threshold funding plan.

Statutory Funding
Describes the pursuit of an objective as described or required by local laws or codes. The component calculation method or cash flow calculation method is typically used to develop a statutory funding plan.

♦ ♦ ♦ ♦ RESERVE FUNDING CALCULATION METHODS ♦ ♦ ♦ ♦

There are two funding methods which can be used to develop a reserve funding plan based on a reserve funding goal/objective: Component Calculation Method and Cash Flow Calculation Method. These calculation methods are described as follows:

Component Calculation Method
This calculation method develops a funding plan for each individual reserve component. The sum of the funding plan for each component equals the total funding plan for the association. This method is often referred to as the "straight line"

method and is widely believed to be the most conservative reserve funding method. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal level of reserves in time, and then enables the association to maintain the ideal level of reserves through time. The following is a detailed description of the component calculation method:

Step 1: Calculation of fully funded balance for each component

The fully funded balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

$$\text{Fully Funded Balance} = \frac{\text{Age}}{\text{Useful Life}} \text{ X Current Cost}$$

Step 2: Distribution of current reserve funds

The association's current reserve funds are assigned to (or distributed amongst) the reserve components based on each component's remaining life and fully funded balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its fully funded balance, until reserves are exhausted.

Pass 2: If all components are assigned their fully funded balance and additional funds exist, they are assigned in a "second pass." Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any underfunded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop a "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

Using an annual contribution increase parameter that is greater than the inflation parameter will reduce the burden to the current membership at the expense of the future membership. Using an annual contribution increase parameter that is less than the inflation parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be precisely calculated. For example, using this calculation method, the reserve analysis can indicate the exact amount of current reserve funds “in the bank” for the roofs and the amount of money being funded towards the roofs each month. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

Cash Flow Calculation Method

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a specific timeframe (typically 30 years). This funding method structures a funding plan that enables the association to pay for all reserve expenditures as they come due, but is not necessarily concerned with the ideal level of reserves through time.

This calculation method tests reserve contributions against reserve expenditures through time to determine the minimum contribution necessary (baseline funding) or some other defined goal/objective (full funding, threshold funding or statutory funding). Unlike the component calculation method, this calculation method cannot precisely calculate the reserve funding for any single component (or group of components). In order to work-around this issue to provide this bookkeeping information, a formula has been applied to component method results to calculate a reasonable breakdown. This information is displayed on the Management / Accounting Summary and Charts as well as elsewhere within the report.

The **Directed Cash Flow Calculation Method** is our primary calculation method. It allows for several funding strategies to be manually tested until the optimal funding strategy accomplishing three goals is created:

Goal #1: Ensures that all scheduled reserve expenditures are covered by keeping the reserve cash balance above zero during the projected period (typically 30 years)

Goal #2: Uniformly distributes the costs of replacements over time to benefit both current & future members of the association by using consistent, incremental contribution increases

Goal #3: Provides for the lowest reserve funding recommendation as possible over time with the goal of approaching, reaching and/or maintaining a 100% fully funded reserve balance

These very important aspects of the **Directed Cash Flow Calculation Method** will greatly aid the board of directors during the annual budgeting process.

Preface

♦ ♦ ♦ ♦ READING THE RESERVE ANALYSIS ♦ ♦ ♦ ♦

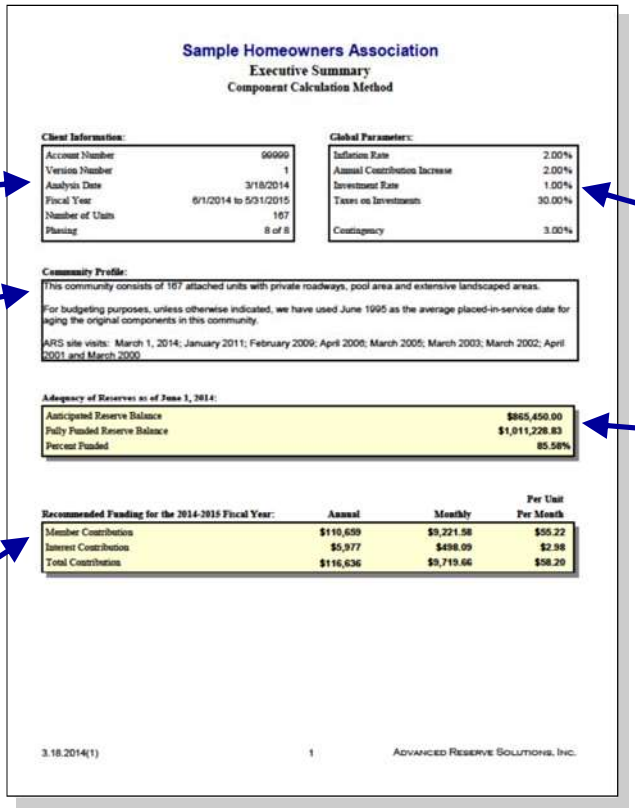
In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information. In this section, a description of most of the summary or report sections is provided along with comments regarding what to look for and how to use each section.

Executive Summary

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information
Provides various client information including fiscal year for which the reserve analysis was prepared, number of units, phasing, etc.

Global Parameters
Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.



Sample Homeowners Association
Executive Summary
Component Calculation Method

Client Information:

Account Number	99999
Version Number	1
Analysis Date	3/18/2014
Fiscal Year	6/1/2014 to 5/31/2015
Number of Units	167
Phasing	8 of 8

Global Parameters:

Inflation Rate	2.00%
Annual Contribution Increase	2.00%
Investment Rate	1.00%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile:
This community consists of 167 attached units with private roadways, pool area and extensive landscaped areas.

For budgeting purposes, unless otherwise indicated, we have used June 1995 as the average placed-in-service date for aging the original components in this community.

ARS site visits: March 1, 2014; January 2011; February 2009; April 2006; March 2005; March 2003; March 2002; April 2001 and March 2000

Adequacy of Reserves as of June 1, 2014:

Anticipated Reserve Balance	$865,450.00
Fully Funded Reserve Balance	$1,011,228.83
Percent Funded	85.58%

Recommended Funding for the 2014-2015 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	$110,659	$9,221.58	$55.22
Interest Contribution	$5,977	$498.09	$2.98
Total Contribution	$116,636	$9,719.66	$58.20

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Community Profile
Provides brief description of the community, as well as other "global" type comments.

Budget
Provides recommended funding for the fiscal year for which the reserve analysis was prepared. Indicates the reserve funding from the membership, anticipated interest contribution and the total contribution

Adequacy of Reserves
Displays the results of calculations with regard to the "health" of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, fully funded reserve balance and the percent funded.

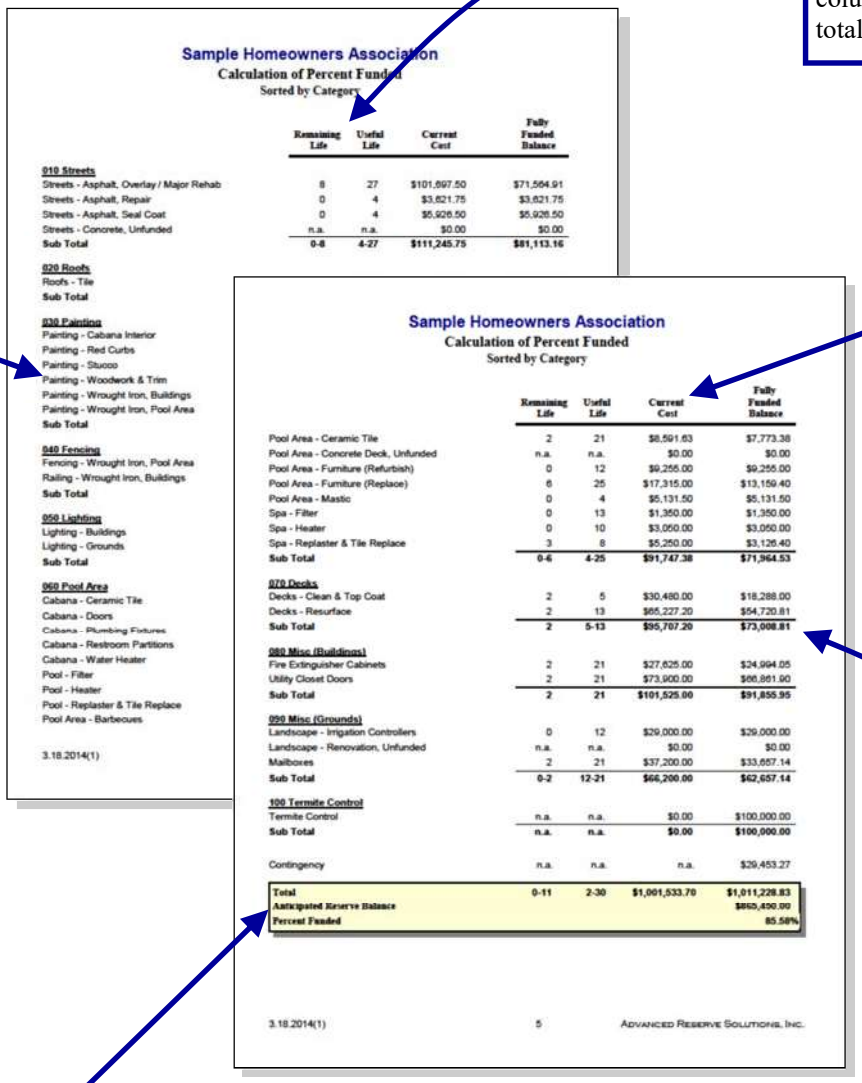
Preface

Calculation of Percent Funded

Summary displays all reserve components, shown here in "category" order. Provides the remaining life, useful life, current cost and the fully funded balance at the beginning of the fiscal year for which the reserve analysis was prepared.

Lifespans
Remaining life and useful life are displayed. And, these columns are conveniently sub totaled to show range.

Reserve Components
All components are displayed (shown here in "category" order).



Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	8	27	$101,697.50	$71,564.91
Streets - Asphalt, Repair	0	4	$3,621.75	$3,621.75
Streets - Asphalt, Seal Coat	0	4	$5,926.50	$5,926.50
Streets - Concrete, Unfunded	n.a.	n.a.	$0.00	$0.00
Sub Total	**0-8**	**4-27**	**$111,245.75**	**$81,113.16**
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				
Pool - Heater				
Pool - Replaster & Tile Replace				
Pool Area - Barbecues				

3.18.2014(1)

Sample Homeowners Association
Calculation of Percent Funded
Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
Pool Area - Ceramic Tile	2	21	$8,591.63	$7,773.38
Pool Area - Concrete Deck, Unfunded	n.a.	n.a.	$0.00	$0.00
Pool Area - Furniture (Refurbish)	0	12	$9,255.00	$9,255.00
Pool Area - Furniture (Replace)	6	25	$17,315.00	$13,159.40
Pool Area - Mastic	0	4	$5,131.50	$5,131.50
Spa - Filter	0	13	$1,350.00	$1,350.00
Spa - Heater	0	10	$3,050.00	$3,050.00
Spa - Replaster & Tile Replace	3	8	$5,250.00	$3,126.40
Sub Total	**0-6**	**4-25**	**$91,747.38**	**$71,964.53**
070 Decks				
Decks - Clean & Top Coat	2	5	$30,480.00	$18,288.00
Decks - Resurface	2	13	$65,227.20	$54,720.81
Sub Total	**2**	**5-13**	**$95,707.20**	**$73,008.81**
080 Misc (Buildings)				
Fire Extinguisher Cabinets	2	21	$27,625.00	$24,994.05
Utility Closet Doors	2	21	$73,900.00	$66,861.90
Sub Total	**2**	**21**	**$101,525.00**	**$91,855.95**
090 Misc (Grounds)				
Landscape - Irrigation Controllers	0	12	$29,000.00	$29,000.00
Landscape - Renovation, Unfunded	n.a.	n.a.	$0.00	$0.00
Mailboxes	2	21	$37,200.00	$33,657.14
Sub Total	**0-2**	**12-21**	**$66,200.00**	**$62,657.14**
100 Termite Control				
Termite Control	n.a.	n.a.	$0.00	$100,000.00
Sub Total	**n.a.**	**n.a.**	**$0.00**	**$100,000.00**
Contingency	n.a.	n.a.	n.a.	$29,453.27
Total	**0-11**	**2-30**	**$1,001,533.70**	**$1,011,228.83**
Anticipated Reserve Balance				**$860,400.00**
Percent Funded				**85.58%**

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Current Cost
Displays the current cost to replace or otherwise maintain each component. This column is conveniently sub totaled.

Fully Funded Balance
Displays the fully funded balance for each component. This column is conveniently sub totaled.

The total current cost to replace or otherwise maintain all components, total fully funded balance, anticipated reserve balance and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives and useful lives.

Preface

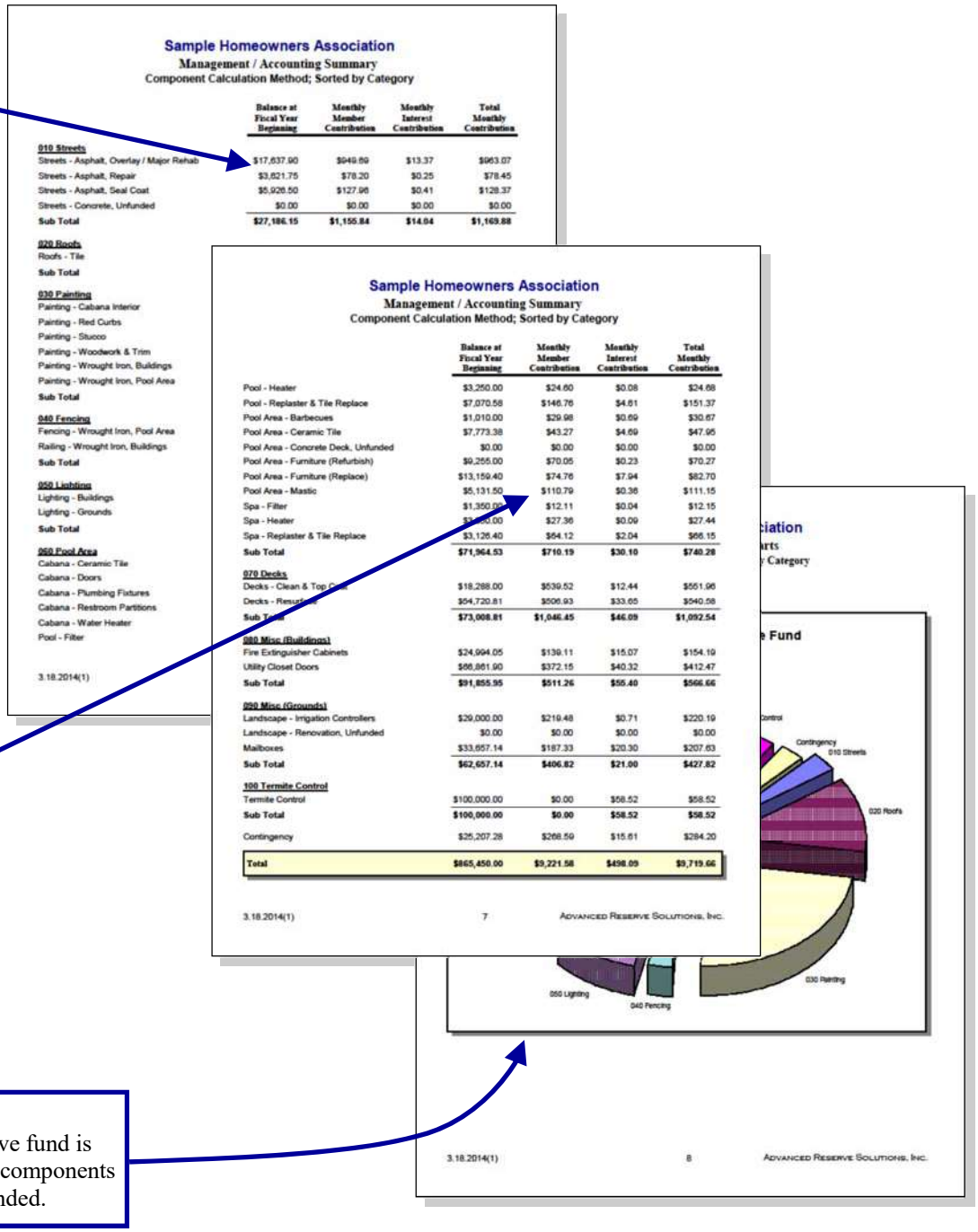
Management / Accounting Summary and Charts

Summary displays all reserve components, shown here in "category" order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

Balance at FYB
Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.

Monthly Funding
Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

Pie Charts
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.



Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Streets - Asphalt, Overlay / Major Rehab	$17,637.90	$949.69	$13.37	$963.07
Streets - Asphalt, Repair	$3,621.75	$78.20	$0.25	$78.45
Streets - Asphalt, Seal Coat	$5,926.50	$127.96	$0.41	$128.37
Streets - Concrete, Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	$27,186.15	$1,155.84	$14.04	$1,169.88
020 Roofs				
Roofs - Tile				
Sub Total				
030 Painting				
Painting - Cabana Interior				
Painting - Red Curbs				
Painting - Stucco				
Painting - Woodwork & Trim				
Painting - Wrought Iron, Buildings				
Painting - Wrought Iron, Pool Area				
Sub Total				
040 Fencing				
Fencing - Wrought Iron, Pool Area				
Railing - Wrought Iron, Buildings				
Sub Total				
050 Lighting				
Lighting - Buildings				
Lighting - Grounds				
Sub Total				
060 Pool Area				
Cabana - Ceramic Tile				
Cabana - Doors				
Cabana - Plumbing Fixtures				
Cabana - Restroom Partitions				
Cabana - Water Heater				
Pool - Filter				

3.18.2014(1)

Sample Homeowners Association
Management / Accounting Summary
Component Calculation Method; Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool - Heater	$3,250.00	$24.60	$0.08	$24.68
Pool - Replaster & Tile Replace	$7,070.58	$146.76	$4.61	$151.37
Pool Area - Barbecues	$1,010.00	$29.98	$0.69	$30.67
Pool Area - Ceramic Tile	$7,773.38	$43.27	$4.69	$47.95
Pool Area - Concrete Deck, Unfunded	$0.00	$0.00	$0.00	$0.00
Pool Area - Furniture (Refurbish)	$9,255.00	$70.05	$0.23	$70.27
Pool Area - Furniture (Replace)	$13,159.40	$74.76	$7.94	$82.70
Pool Area - Mastic	$5,131.50	$110.79	$0.36	$111.15
Spa - Filter	$1,350.00	$12.11	$0.04	$12.15
Spa - Heater	$3,060.00	$27.36	$0.09	$27.44
Spa - Replaster & Tile Replace	$3,126.40	$64.12	$2.04	$66.15
Sub Total	$71,964.53	$710.19	$30.10	$740.28
070 Decks				
Decks - Clean & Top Coat	$18,288.00	$539.52	$12.44	$551.96
Decks - Resurface	$54,720.81	$506.93	$33.65	$540.58
Sub Total	$73,008.81	$1,046.45	$46.09	$1,092.54
080 Misc (Buildings)				
Fire Extinguisher Cabinets	$24,994.05	$139.11	$15.07	$154.19
Utility Closet Doors	$66,861.90	$372.15	$40.32	$412.47
Sub Total	$91,855.95	$511.26	$55.40	$566.66
090 Misc (Grounds)				
Landscape - Irrigation Controllers	$29,000.00	$219.48	$0.71	$220.19
Landscape - Renovation, Unfunded	$0.00	$0.00	$0.00	$0.00
Mailboxes	$33,657.14	$187.33	$20.30	$207.63
Sub Total	$62,657.14	$406.82	$21.00	$427.82
100 Termite Control				
Termite Control	$100,000.00	$0.00	$58.52	$58.52
Sub Total	$100,000.00	$0.00	$58.52	$58.52
Contingency	$25,207.28	$268.59	$15.61	$284.20
Total	$865,450.00	$9,221.58	$498.09	$9,719.66

3.18.2014(1) 7 Advanced Reserve Solutions, Inc.

Fund

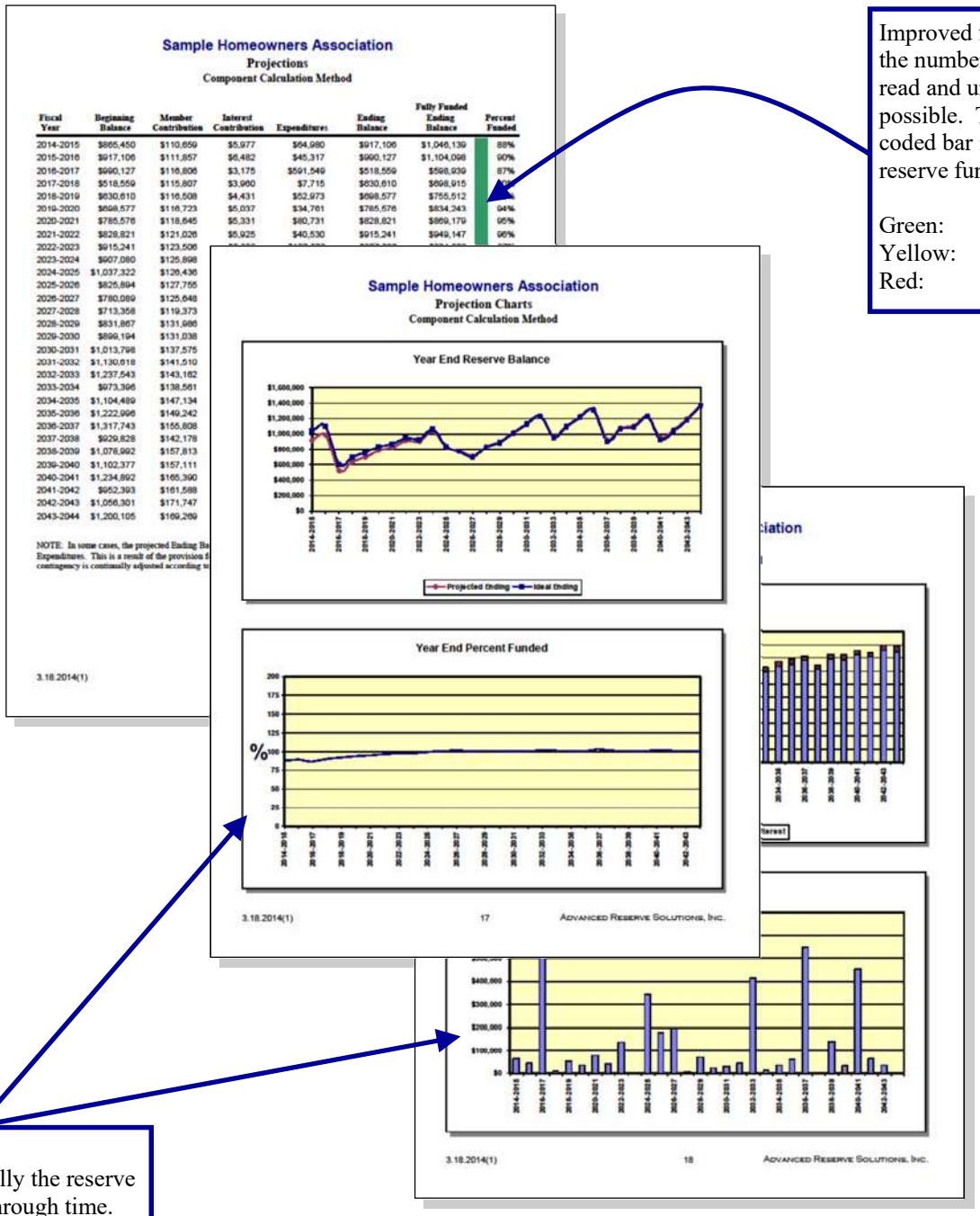
Contingency
010 Streets
020 Roofs
030 Painting
040 Fencing
050 Lighting

3.18.2014(1) 8 Advanced Reserve Solutions, Inc.

Preface

Projections and Charts

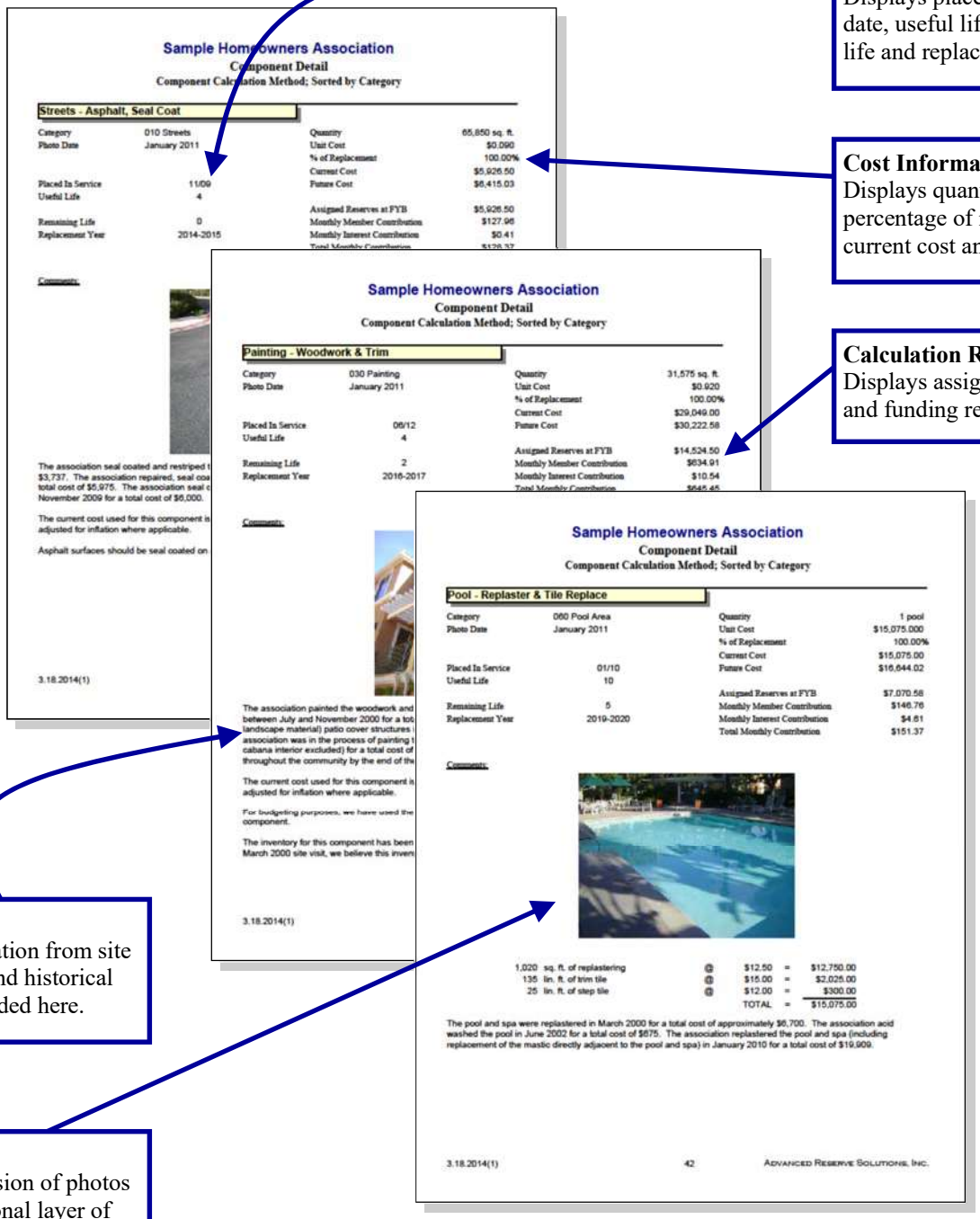
Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the fully funded ending balance and the percent funded for each year. Charts show the same information in an easy-to-understand graphic format.



Preface

Component Detail

Summary provides detailed information about each reserve component. These pages display all information about each reserve component as well as comments from site observations and historical information regarding replacement or other maintenance.



Lifespan Information
Displays placed-in-service date, useful life, remaining life and replacement year.

Cost Information
Displays quantity, unit cost, percentage of replacement, current cost and future cost.

Calculation Results
Displays assigned reserves and funding requirements.

Comments
Useful information from site observations and historical expenses included here.

Photos
Optional inclusion of photos adds an additional layer of detail to the reserve analysis.

Preface

♦ ♦ ♦ ♦ GLOSSARY OF KEY TERMS ♦ ♦ ♦ ♦

Annual Contribution Increase Parameter
The rate used in the calculation of the funding plan. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the inflation parameter. Matching the annual contribution increase parameter to the inflation parameter indicates, in theory, that member contributions should increase at the same rate as the cost of living (inflation parameter). Due to the "time value of money," this creates the most equitable distribution of member contributions through time.

This parameter is used to develop a funding plan only; it does not necessarily mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a total reserve contribution increase or decrease from year to year than this parameter. See the description of "reserve funding calculation methods" in this preface for more detail on this parameter.

Anticipated Reserve Balance (or Reserve Funds)
The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of reserve components. This figure is "anticipated" because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the fiscal year beginning date for which the reserve analysis is prepared.

Assigned Funds (and "Fixed" Assigned Funds)
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component has been assigned.

The assigned funds are considered "fixed" when the normal calculation process is bypassed and a specific amount of money is assigned to a reserve component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, "fixed" funds of $20,000 can be assigned.

Cash Flow Calculation Method
Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Component Calculation Method
Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the "reserve funding calculation methods" section of the preface.

Contingency Parameter
The rate used as a built-in buffer in the calculation of the funding plan. This rate will assign a percentage of the reserve funds, as of the fiscal year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

Current Replacement Cost
The amount of money, as of the fiscal year beginning date for which the reserve analysis is prepared, that a reserve component is expected to cost to replace.

Fiscal Year
Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

Fully Funded Reserve Balance (or Ideal Reserves)
The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Fully funded reserves are calculated for each reserve component based on the current replacement cost, age and useful life:

$$\text{Fully Funded Reserves} = \frac{\text{Age}}{\text{Useful Life}} \times \text{Current Replacement Cost}$$

The fully funded reserve balance is the sum of the fully funded reserves for each reserve component.

An association that has accumulated the fully funded reserve balance does not have all of the funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Future Replacement Cost
The amount of money, as of the fiscal year during which replacement of a reserve component is scheduled, that a reserve component is expected to cost to replace. This cost is calculated using the current replacement cost compounded annually by the inflation parameter.

Global Parameters
The financial parameters used to calculate the reserve analysis. See also "inflation parameter," "annual contribution increase parameter," "investment rate parameter" and "taxes on investments parameter."

Inflation Parameter
The rate used in the calculation of future costs for reserve components. This rate is used on an annual compounding basis. This rate represents the rate the association expects the cost of goods and services relating to their reserve components to increase each year.

Interest Contribution
The amount of money contributed to the reserve fund by the interest earned on the reserve fund and member contributions.

Investment Rate Parameter
The gross rate used in the calculation of interest contribution (interest earned) from the reserve balance and member contributions. This rate (net of the taxes on investments parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their reserve fund investments.

Membership Contribution
The amount of money contributed to the reserve fund by the association's membership.

Monthly Contribution (and "Fixed" Monthly Contribution)
The amount of money, for the fiscal year which the reserve analysis is prepared, that a reserve component will be funded.

The monthly contribution is considered "fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a reserve component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

Number of Units (or other assessment basis)
Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for commercial/industrial developments.

One-Time Replacement
Used for components that will be budgeted for only once.

Percent Funded
A measure, expressed as a percentage, of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the anticipated reserve fund balance to the fully funded reserve balance:

$$\text{Percent Funded} = \frac{\text{Anticipated Reserve Fund Balance}}{\text{Fully Funded Reserve Balance}}$$

An association that is 100% funded does not have all of the reserve funds necessary to replace all of its reserve components immediately; it has the proportionately appropriate reserve funds for the reserve components it maintains, based on each component's current replacement cost, age and useful life.

Percentage of Replacement
The percentage of the reserve component that is expected to be replaced.

For most reserve components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

Phasing
Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

Placed-In-Service Date
The date (month and year) that the reserve component was originally put into service or last replaced.

Remaining Life
The length of time, in years, until a reserve component is scheduled to be replaced.

Remaining Life Adjustment
The length of time, in years, that a reserve component is expected to last in excess (or deficiency) of its useful life for the current cycle of replacement.

If the current cycle of replacement for a reserve component is expected to be greater than or less than the "normal" life expectancy, the reserve component's life should be adjusted using a remaining life adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the useful life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the useful life should remain at 4 years and a remaining life adjustment of +1 year should be used.

Replacement Year
The fiscal year that a reserve component is scheduled to be replaced.

Reserve Components
Line items included in the reserve analysis.

Taxes on Investments Parameter
The rate used to offset the investment rate parameter in the calculation of the interest contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the reserve funds and member contributions.

Total Contribution
The sum of the membership contribution and interest contribution.

Useful Life
The length of time, in years, that a reserve component is expected to last each time it is replaced. See also "remaining life adjustment."

♦ ♦ ♦ ♦ LIMITATIONS OF RESERVE ANALYSIS ♦ ♦ ♦ ♦

This reserve analysis is intended as a tool for the association's Board of Directors to be used in evaluating the association's current physical and financial condition with regard to reserve components. The results of this reserve analysis represent the independent opinion of the preparer. There is no implied warranty or guarantee of this work product.

For the purposes of this reserve analysis, it has been assumed that all components have been installed properly, no construction defects exist and all components are operational. Additionally, it has been assumed that all components will be maintained properly in the future.

The representations set forth in this reserve analysis are based on the best information and estimates of the preparer as of the date of this analysis. These estimates are subject to change. This reserve analysis includes estimates of replacement costs and life expectancies as well as assumptions regarding future events. Some estimates are projections of future events based on information currently available and are not necessarily indicative of the actual future outcome. The longer the time period between the estimate and the estimated event, the more likely the possibility or error and/or discrepancy. For example, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the preparation of this reserve analysis. Therefore, the actual replacement costs and remaining lives may vary from this reserve analysis and the variation may be significant. Additionally, inflation and other economic events may impact this reserve analysis, particularly over an extended period of time and those events could have a significant and negative impact on the accuracy of this reserve analysis and, further, the funds available to meet the association's obligation for repair, replacement or other maintenance of major components during their estimated useful life. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods, acts of nature or other unforeseen events cannot be predicted and/or accounted for and are excluded when assessing life expectancy, repair and/or replacement costs of the components.

Montelena Master Community Association

Executive Summary

Directed Cash Flow Calculation Method

Client Information:

Account Number	2259
Version Number	005
Analysis Date	05/03/2023
Fiscal Year	1/1/2024 to 12/31/2024
Number of Units	403
Phasing	1 of 1

Global Parameters:

Inflation Rate	3.00 %
Annual Contribution Increase	4.00 %
Investment Rate	3.50 %
Taxes on Investments	0.00 %
Contingency	0.00 %

Community Profile:

Unless otherwise indicated in this report, we have used mid-2005 as the basis for aging the original components examined in this analysis.

Reserve Balance as of 1/25/2023: $632,000
Remaining 2023 Reserve Contributions: $57,348 ($4,779/month x 12 months)
Remaining 2023 Interest to be Earned (Average 3.50%): $22,000
Remaining 2023 Reserve Expenditures: None Planned Specifically
Projected Reserve Balance as of 1/1/2024: $711,348

See asset titled "Comment: Estimates" for notes pertaining to the fact that this reserve study is comprised of estimates. The investment rate of 3.50% is an average that has been derived from information provided by the management team.

REPORTS: 2004. Updated 2008, 2014, 2015, 2019, 5/2023 (updated with site visit) (revised)

Adequacy of Reserves as of January 1, 2024:

Anticipated Reserve Balance	**$711,348.00**
Fully Funded Reserve Balance	**$813,574.24**
Percent Funded	**87.43%**

Recommended Funding for the 2024 Fiscal Year:	Annual	Monthly	Per Unit Per Month
Member Contribution	**$93,790**	**$7,815.83**	**$19.39**
Interest Contribution	**$17,946**	**$1,495.48**	**$3.71**
Total Contribution	**$111,736**	**$9,311.32**	**$23.11**

Montelena Master Community Association

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Fully Funded Balance	Assigned Reserves
Grounds: Concrete Components (Repairs)	0	$5,000.00	$5,000.00
Grounds: Drywell Maintenance	0	$10,000.00	$10,000.00
Grounds: Granite Replenishment	0	$215,000.00	$215,000.00
Tract F: Tot Turf (Replace)	0	$7,750.00	$7,750.00
Tract N: Tot Turf (Replace)	0	$11,750.00	$11,750.00
Tract E: Shade Structure Fabric	1	$3,844.07	$3,844.07
Tract E: Tot Turf (Replace)	1	$4,745.76	$4,745.76
Tract F: Shade Structure Fabric	1	$6,833.90	$6,833.90
Tract N: Shade Structure Fabric	1	$3,844.07	$3,844.07
Paint: Block Walls & Wrought Iron	2	$84,000.00	$84,000.00
Walls: Block (Repairs)	2	$38,296.77	$38,296.77
Grounds: Irrigation Controllers	6	$8,863.64	$8,863.64
Grounds: Mailboxes	6	$74,616.22	$74,616.22
Paint: Ramadas & Shade Supports	6	$2,272.73	$2,272.73
Tract E: Park Equipment	6	$6,054.05	$6,054.05
Tract E: Playstructure & Spring Mate	6	$22,702.70	$22,702.70
Tract F: Park Equipment	6	$9,837.84	$9,837.84
Tract F: Playstructure	6	$37,837.84	$37,837.84
Tract K: Park Equipment	6	$6,054.05	$6,054.05
Tract N: Park Equipment	6	$6,054.05	$6,054.05
Tract N: Playstructure	6	$30,270.27	$30,270.27
Grounds: Artificial Turf (Chandler Heigths)	14	$733.33	$733.33
Tract K: Basketball Backboard & Rim	16	$160.00	$160.00
Fencing: Wrought Iron (Replace)	21	$217,052.94	$114,826.71
****** Comment: Estimates ******	n.a.	$0.00	$0.00
Grounds: Irrigation System (Unfunded)	n.a.	$0.00	$0.00
Grounds: Light Fixtures (Unfunded)	n.a.	$0.00	$0.00
Grounds: Metal Ramada Roofs (Unfunded)	n.a.	$0.00	$0.00
Grounds: Monument Sign Letters (Unfunded)	n.a.	$0.00	$0.00
Grounds: Tree Trimming (Unfunded)	n.a.	$0.00	$0.00

Montelena Master Community Association

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Fully Funded Balance	Assigned Reserves
Contingency	n.a.	$0.00	$0.00
Total	**0-21**	**$813,574.24**	**$711,348.00**
Percent Funded			**87.43%**

Montelena Master Community Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
001 Comment				
****** Comment: Estimates ******	n.a.	n.a.	$0.00	$0.00
Sub Total	**n.a.**	**n.a.**	**$0.00**	**$0.00**
030 Painting				
Paint: Block Walls & Wrought Iron	2	5	$140,000.00	$84,000.00
Paint: Ramadas & Shade Supports	6	8	$12,500.00	$2,272.73
Sub Total	**2-6**	**5-8**	**$152,500.00**	**$86,272.73**
040 Fencing/Walls				
Fencing: Wrought Iron (Replace)	21	40	$461,237.50	$217,052.94
Walls: Block (Repairs)	2	21	$42,400.00	$38,296.77
Sub Total	**2-21**	**21-40**	**$503,637.50**	**$255,349.72**
061 Tract E Amenities				
Tract E: Park Equipment	6	25	$8,000.00	$6,054.05
Tract E: Playstructure & Spring Mate	6	25	$30,000.00	$22,702.70
Tract E: Shade Structure Fabric	1	20	$4,050.00	$3,844.07
Tract E: Tot Turf (Replace)	1	20	$5,000.00	$4,745.76
Sub Total	**1-6**	**20-25**	**$47,050.00**	**$37,346.59**
062 Tract F Amenities				
Tract F: Park Equipment	6	25	$13,000.00	$9,837.84
Tract F: Playstructure	6	25	$50,000.00	$37,837.84
Tract F: Shade Structure Fabric	1	20	$7,200.00	$6,833.90
Tract F: Tot Turf (Replace)	0	19	$7,750.00	$7,750.00
Sub Total	**0-6**	**19-25**	**$77,950.00**	**$62,259.57**
063 Tract K Amenities				
Tract K: Basketball Backboard & Rim	16	20	$800.00	$160.00
Tract K: Park Equipment	6	25	$8,000.00	$6,054.05
Sub Total	**6-16**	**20-25**	**$8,800.00**	**$6,214.05**
064 Tract N Amenities				
Tract N: Park Equipment	6	25	$8,000.00	$6,054.05
Tract N: Playstructure	6	25	$40,000.00	$30,270.27
Tract N: Shade Structure Fabric	1	20	$4,050.00	$3,844.07
Tract N: Tot Turf (Replace)	0	19	$11,750.00	$11,750.00
Sub Total	**0-6**	**19-25**	**$63,800.00**	**$51,918.39**

Montelena Master Community Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Fully Funded Balance
100 Grounds				
Grounds: Concrete Components (Repairs)	0	3	$5,000.00	$5,000.00
Grounds: Drywell Maintenance	0	1	$10,000.00	$10,000.00
Grounds: Granite Replenishment	0	7	$215,000.00	$215,000.00
Grounds: Irrigation Controllers	6	15	$15,000.00	$8,863.64
Grounds: Irrigation System (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Light Fixtures (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Mailboxes	6	25	$98,600.00	$74,616.22
Grounds: Metal Ramada Roofs (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Monument Sign Letters (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Tree Trimming (Unfunded)	n.a.	n.a.	$0.00	$0.00
Grounds: Artificial Turf (Chandler Heigths)	14	15	$11,000.00	$733.33
Sub Total	**0-14**	**1-25**	**$354,600.00**	**$314,213.19**
Contingency	n.a.	n.a.	n.a.	$0.00
Total	**0-21**	**1-40**	**$1,208,337.50**	**$813,574.24**
Anticipated Reserve Balance				**$711,348.00**
Percent Funded				**87.43%**

Montelena Master Community Association

Projections

Directed Cash Flow Calculation Method

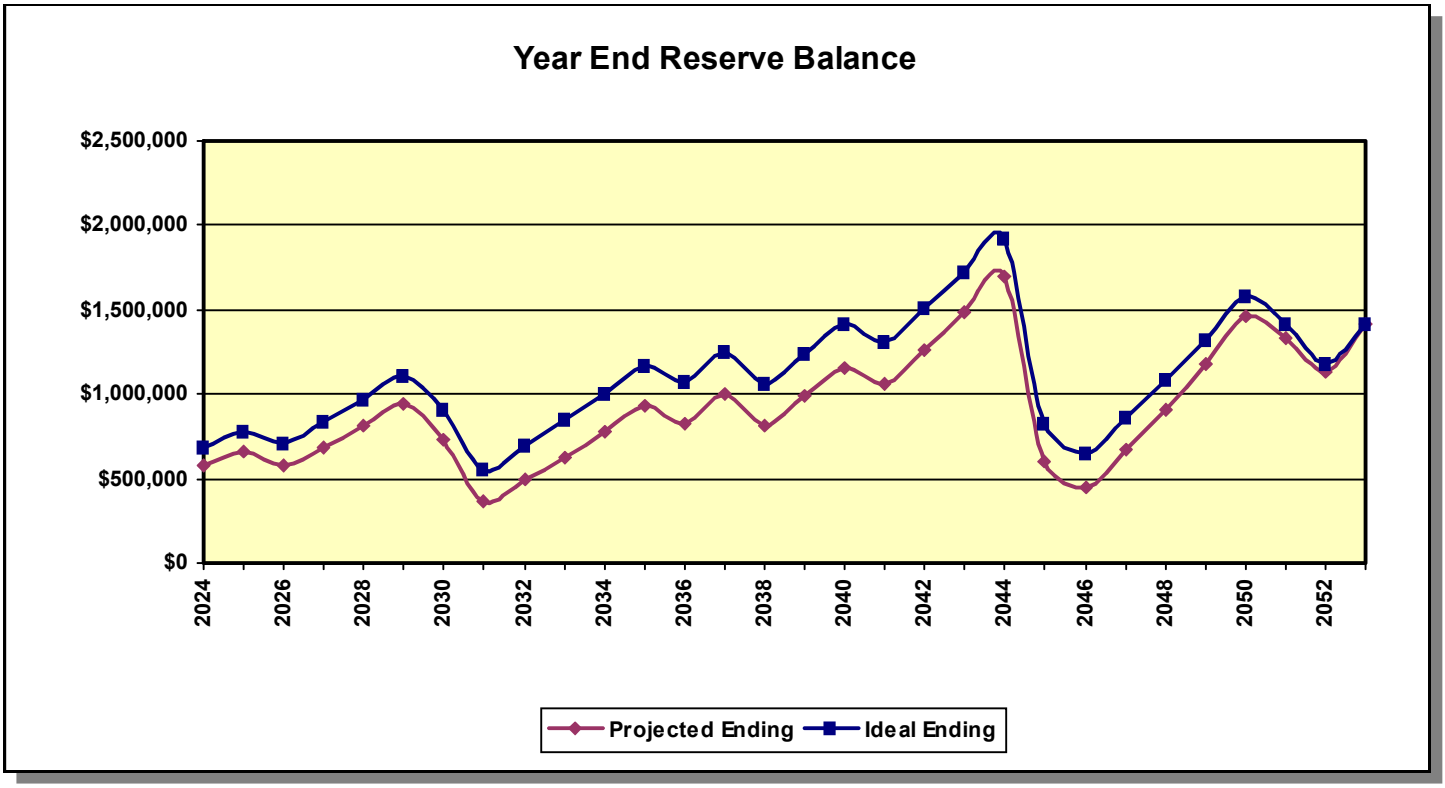
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Fully Funded Ending Balance	Percent Funded
2024	$711,348	$93,790	$17,946	$249,500	$573,584	$683,925	84%
2025	$573,584	$97,542	$20,871	$31,209	$660,787	$778,566	85%
2026	$660,787	$101,443	$17,886	$204,117	$575,999	$708,163	81%
2027	$575,999	$105,501	$21,613	$16,391	$686,721	$832,500	82%
2028	$686,721	$109,721	$25,802	$11,255	$810,989	$969,457	84%
2029	$810,989	$114,110	$30,281	$11,593	$943,787	$1,113,882	85%
2030	$943,787	$118,674	$22,830	$355,947	$729,344	$911,401	80%
2031	$729,344	$123,421	$10,119	$501,051	$361,833	$557,311	65%
2032	$361,833	$128,358	$14,498	$12,668	$492,022	$699,671	70%
2033	$492,022	$133,492	$18,966	$19,572	$624,909	$843,353	74%
2034	$624,909	$138,832	$23,997	$13,439	$774,299	$1,001,946	77%
2035	$774,299	$144,385	$29,386	$13,842	$934,228	$1,169,296	80%
2036	$934,228	$150,161	$25,650	$281,445	$828,593	$1,070,582	77%
2037	$828,593	$156,167	$31,478	$14,685	$1,001,553	$1,248,352	80%
2038	$1,001,553	$162,414	$24,884	$375,879	$812,973	$1,064,250	76%
2039	$812,973	$168,910	$30,820	$23,370	$989,333	$1,242,677	80%
2040	$989,333	$175,667	$36,543	$41,883	$1,159,661	$1,412,505	82%
2041	$1,159,661	$182,694	$32,894	$318,008	$1,057,241	$1,308,290	81%
2042	$1,057,241	$190,001	$39,772	$25,536	$1,261,478	$1,507,623	84%
2043	$1,261,478	$197,601	$47,444	$17,535	$1,488,989	$1,726,768	86%
2044	$1,488,989	$205,505	$54,393	$53,280	$1,695,607	$1,921,430	88%
2045	$1,695,607	$213,726	$16,711	$1,323,111	$602,932	$819,752	74%
2046	$602,932	$222,275	$11,081	$392,610	$443,678	$649,545	68%
2047	$443,678	$231,166	$18,823	$19,736	$673,931	$864,580	78%
2048	$673,931	$240,412	$26,780	$30,492	$910,630	$1,081,463	84%
2049	$910,630	$250,029	$35,694	$20,938	$1,175,415	$1,321,364	89%
2050	$1,175,415	$260,030	$45,251	$21,566	$1,459,130	$1,574,685	93%
2051	$1,459,130	$270,431	$40,682	$438,482	$1,331,761	$1,413,260	94%
2052	$1,331,761	$281,248	$33,613	$514,784	$1,131,839	$1,175,690	96%
2053	$1,131,839	$292,498	$43,234	$49,488	$1,418,083	$1,417,755	100%

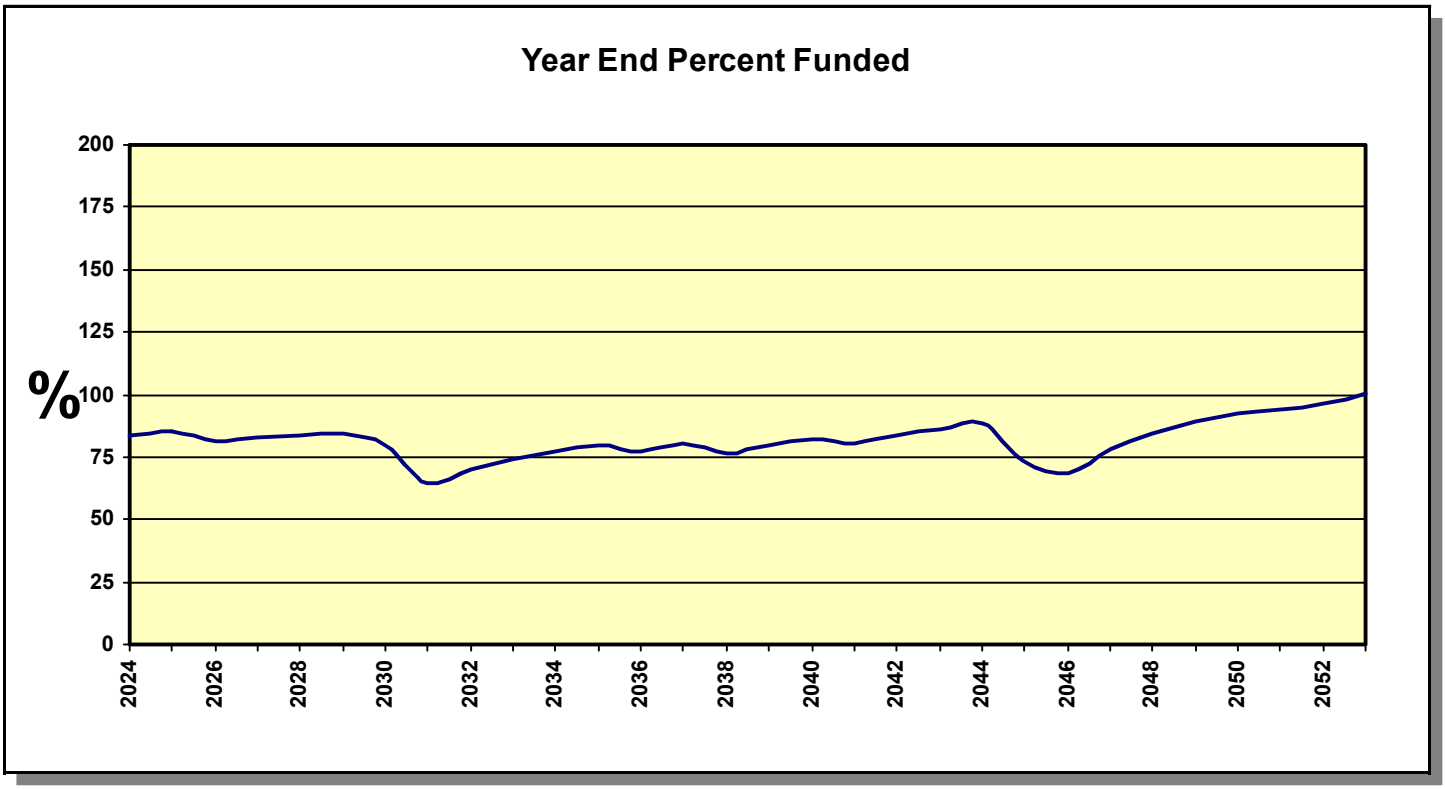
NOTE: In some cases, the projected Ending Balance may exceed the Fully Funded Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

Montelena Master Community Association

Projection Charts

Directed Cash Flow Calculation Method

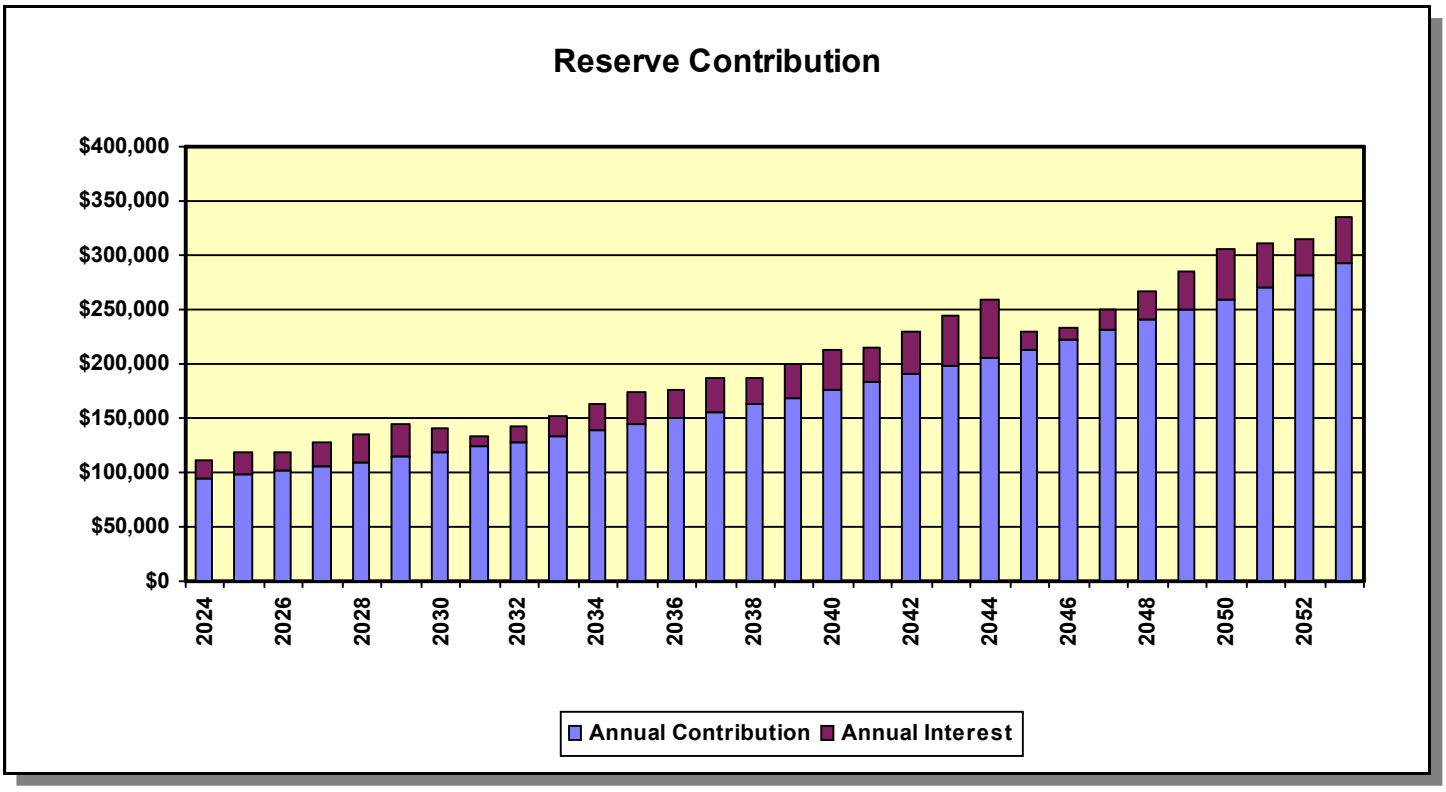


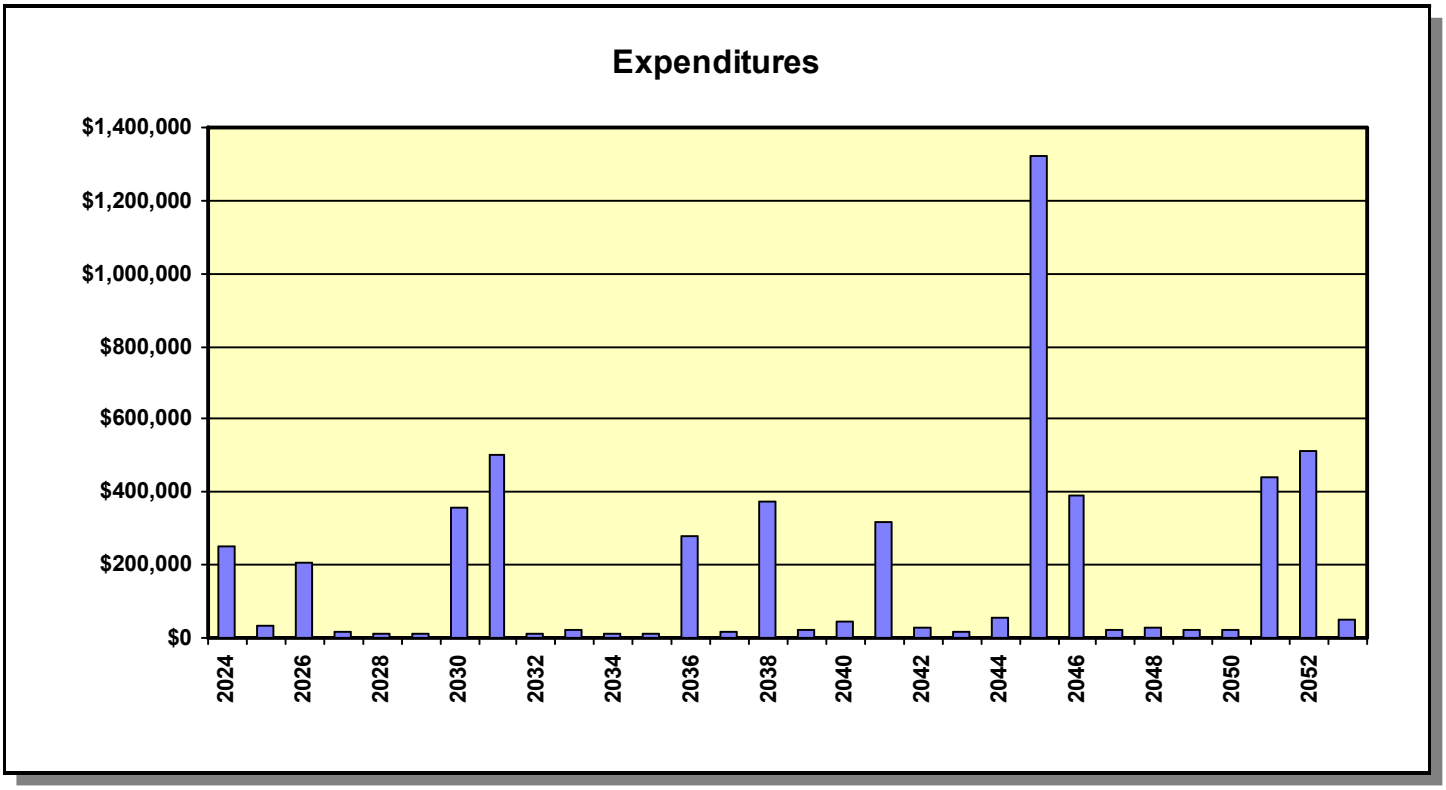


Montelena Master Community Association

Projection Charts

Directed Cash Flow Calculation Method





Montelena Master Community Association

Annual Expenditure Detail

Sorted by Description

2024 Fiscal Year	
Grounds: Concrete Components (Repairs)	$5,000.00
Grounds: Drywell Maintenance	$10,000.00
Grounds: Granite Replenishment	$215,000.00
Tract F: Tot Turf (Replace)	$7,750.00
Tract N: Tot Turf (Replace)	$11,750.00
Sub Total	**$249,500.00**
2025 Fiscal Year	
Grounds: Drywell Maintenance	$10,300.00
Tract E: Shade Structure Fabric	$4,171.50
Tract E: Tot Turf (Replace)	$5,150.00
Tract F: Shade Structure Fabric	$7,416.00
Tract N: Shade Structure Fabric	$4,171.50
Sub Total	**$31,209.00**
2026 Fiscal Year	
Grounds: Drywell Maintenance	$10,609.00
Paint: Block Walls & Wrought Iron	$148,526.00
Walls: Block (Repairs)	$44,982.16
Sub Total	**$204,117.16**
2027 Fiscal Year	
Grounds: Concrete Components (Repairs)	$5,463.64
Grounds: Drywell Maintenance	$10,927.27
Sub Total	**$16,390.91**
2028 Fiscal Year	
Grounds: Drywell Maintenance	$11,255.09
Sub Total	**$11,255.09**
2029 Fiscal Year	
Grounds: Drywell Maintenance	$11,592.74
Sub Total	**$11,592.74**
2030 Fiscal Year	
Grounds: Concrete Components (Repairs)	$5,970.26
Grounds: Drywell Maintenance	$11,940.52
Grounds: Irrigation Controllers	$17,910.78
Grounds: Mailboxes	$117,733.56
Paint: Ramadas & Shade Supports	$14,925.65

Montelena Master Community Association

Annual Expenditure Detail

Sorted by Description

Tract E: Park Equipment	$9,552.42
Tract E: Playstructure & Spring Mate	$35,821.57
Tract F: Park Equipment	$15,522.68
Tract F: Playstructure	$59,702.61
Tract K: Park Equipment	$9,552.42
Tract N: Park Equipment	$9,552.42
Tract N: Playstructure	$47,762.09
Sub Total	**$355,946.99**
2031 Fiscal Year	
Grounds: Drywell Maintenance	$12,298.74
Grounds: Granite Replenishment	$264,422.88
Paint: Block Walls & Wrought Iron	$172,182.34
Walls: Block (Repairs)	$52,146.65
Sub Total	**$501,050.61**
2032 Fiscal Year	
Grounds: Drywell Maintenance	$12,667.70
Sub Total	**$12,667.70**
2033 Fiscal Year	
Grounds: Concrete Components (Repairs)	$6,523.87
Grounds: Drywell Maintenance	$13,047.73
Sub Total	**$19,571.60**
2034 Fiscal Year	
Grounds: Drywell Maintenance	$13,439.16
Sub Total	**$13,439.16**
2035 Fiscal Year	
Grounds: Drywell Maintenance	$13,842.34
Sub Total	**$13,842.34**
2036 Fiscal Year	
Grounds: Concrete Components (Repairs)	$7,128.80
Grounds: Drywell Maintenance	$14,257.61
Paint: Block Walls & Wrought Iron	$199,606.52
Walls: Block (Repairs)	$60,452.26
Sub Total	**$281,445.20**

Montelena Master Community Association

Annual Expenditure Detail

Sorted by Description

2037 Fiscal Year	
Grounds: Drywell Maintenance	$14,685.34
Sub Total	**$14,685.34**
2038 Fiscal Year	
Grounds: Drywell Maintenance	$15,125.90
Grounds: Granite Replenishment	$325,206.79
Grounds: Artificial Turf (Chandler Heigths)	$16,638.49
Paint: Ramadas & Shade Supports	$18,907.37
Sub Total	**$375,878.55**
2039 Fiscal Year	
Grounds: Concrete Components (Repairs)	$7,789.84
Grounds: Drywell Maintenance	$15,579.67
Sub Total	**$23,369.51**
2040 Fiscal Year	
Grounds: Drywell Maintenance	$16,047.06
Tract E: Shade Structure Fabric	$6,499.06
Tract F: Shade Structure Fabric	$11,553.89
Tract K: Basketball Backboard & Rim	$1,283.77
Tract N: Shade Structure Fabric	$6,499.06
Sub Total	**$41,882.84**
2041 Fiscal Year	
Grounds: Drywell Maintenance	$16,528.48
Paint: Block Walls & Wrought Iron	$231,398.67
Walls: Block (Repairs)	$70,080.74
Sub Total	**$318,007.88**
2042 Fiscal Year	
Grounds: Concrete Components (Repairs)	$8,512.17
Grounds: Drywell Maintenance	$17,024.33
Sub Total	**$25,536.50**
2043 Fiscal Year	
Grounds: Drywell Maintenance	$17,535.06
Sub Total	**$17,535.06**
2044 Fiscal Year	
Grounds: Drywell Maintenance	$18,061.11

Tract F: Tot Turf (Replace)	$13,997.36
Tract N: Tot Turf (Replace)	$21,221.81
Sub Total	**$53,280.28**
2045 Fiscal Year	
Fencing: Wrought Iron (Replace)	$858,037.62
Grounds: Concrete Components (Repairs)	$9,301.47
Grounds: Drywell Maintenance	$18,602.95
Grounds: Granite Replenishment	$399,963.33
Grounds: Irrigation Controllers	$27,904.42
Tract E: Tot Turf (Replace)	$9,301.47
Sub Total	**$1,323,111.26**
2046 Fiscal Year	
Grounds: Drywell Maintenance	$19,161.03
Paint: Block Walls & Wrought Iron	$268,254.48
Paint: Ramadas & Shade Supports	$23,951.29
Walls: Block (Repairs)	$81,242.78
Sub Total	**$392,609.59**
2047 Fiscal Year	
Grounds: Drywell Maintenance	$19,735.87
Sub Total	**$19,735.87**
2048 Fiscal Year	
Grounds: Concrete Components (Repairs)	$10,163.97
Grounds: Drywell Maintenance	$20,327.94
Sub Total	**$30,491.91**
2049 Fiscal Year	
Grounds: Drywell Maintenance	$20,937.78
Sub Total	**$20,937.78**
2050 Fiscal Year	
Grounds: Drywell Maintenance	$21,565.91
Sub Total	**$21,565.91**
2051 Fiscal Year	
Grounds: Concrete Components (Repairs)	$11,106.45
Grounds: Drywell Maintenance	$22,212.89
Paint: Block Walls & Wrought Iron	$310,980.46

Montelena Master Community Association

Annual Expenditure Detail

Sorted by Description

Walls: Block (Repairs)	$94,182.65
Sub Total	**$438,482.45**
2052 Fiscal Year	
Grounds: Drywell Maintenance	$22,879.28
Grounds: Granite Replenishment	$491,904.45
Sub Total	**$514,783.73**
2053 Fiscal Year	
Grounds: Drywell Maintenance	$23,565.66
Grounds: Artificial Turf (Chandler Heigths)	$25,922.22
Sub Total	**$49,487.88**

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

******** Comment: Estimates ********

Category	001 Comment	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	01/05	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

As noted in the Preface on page xiii in the section titled "Limitations of Reserve Analysis", everything in this reserve study is an estimate including the costs, useful lives and replacement dates used, based on our observations of current conditions noted during our site visit and based on how Montelena's reserve components compare to the components in the other 4,500+ communities that we prepared reserve studies for. There is no guarantee that components will perform as noted in this analysis. There is no guarantee that the parameters used to create this reserve analysis will be accurate. Financial markets are volatile and unpredictable which in turns leads to a potentially volatile and unpredictable future. Therefore, this reserve analysis should be used as a tool to base future financial reserve budgeting decisions on, but it should not be the sole tool used by the Association's Board. The Board should seek expert opinions related to each reserve component that they feel are necessary when planning to spend reserve funds. Note that this comment applies to all reserve components in this analysis.

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Paint: Block Walls & Wrought Iron

Category	030 Painting	Quantity	1 total
		Unit Cost	$140,000.000
		% of Replacement	100.00%
		Current Cost	$140,000.00
Placed In Service	01/21	Future Cost	$148,526.00
Useful Life	5		
		Assigned Reserves at FYB	$84,000.00
Remaining Life	2	Monthly Member Contribution	$2,185.11
Replacement Year	2026	Monthly Interest Contribution	$285.00
		Total Monthly Contribution	$2,470.11

Comments:

According to previous information provided by the client, the block walls & wrought iron view fencing were repainted in 2016 at a cost of $32,980 ($18,020 for the block walls & $14,960 for the wrought iron view fencing). These costs were extremely low for the quantities that were repainted.

The block walls and wrought iron were repainted again in 12/2020 for $111,975 by Mansour Valley Painting. No warranty is specified on the proposal. Based on condition, we are budgeting to paint all walls, wrought iron and ramadas every five (5) years going forward.

Cost has been adjusted to account for inflation.

Measurements: Block Walls (106,000 SF), Wrought Iron Fencing (85,590 SF)

Per the CCRs, page 20, section 4.3.24.2, it states, "Any wall which consists of masonry columns and/r masonry base and wrought iron fencing which separates a Lot or Parcel and Master Common Area shall be maintained, repaired and replaced by the Owner of the Lot, except that the Master Association shall be responsible for the painting, repair, maintenance and replacement of (i) the top of the masonry wall or columns, (ii) the side(s) of the masonry wall or columns which are visible from the Master Common Area, and (iii) all portions of any wrought iron fencing. The Owner of the Lot or Parcel shall be responsible for reimbursing the Master Association for one-half (1/2) of the cost incurred by the Master Association in painting, repairing and/or replacing and such wrought iron."

Per the CCRs, page 20, section 4.3.24.4, it states, "Any wall which is placed on the boundary line between a Lot or Parcel and public-right-of-way shall be maintained, repaired and replaced by the Master Association except that the Owner of the Lot or Parcel shall be responsible for the repair and replacement of the surface of the wall which faces the Lot or Parcel."

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Paint: Ramadas & Shade Supports

Category	030 Painting	Quantity	1 total
		Unit Cost	$12,500.000
		% of Replacement	100.00%
		Current Cost	$12,500.00
Placed In Service	09/22	Future Cost	$14,925.65
Useful Life	8		
		Assigned Reserves at FYB	$2,272.73
Remaining Life	6	Monthly Member Contribution	$130.25
Replacement Year	2030	Monthly Interest Contribution	$8.93
		Total Monthly Contribution	$139.18

Comments:

Jesus Robles completed a project to paint the tot lot ramadas and shade supports in 9/2022 for $12,500. We are budgeting to paint these components every eight (8) years.

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Fencing: Wrought Iron (Replace)

Category	040 Fencing/Walls	Quantity	1 total
		Unit Cost	$922,475.000
		% of Replacement	50.00%
		Current Cost	$461,237.50
Placed In Service	05/05	Future Cost	$858,037.62
Useful Life	40		
		Assigned Reserves at FYB	$114,826.71
Remaining Life	21	Monthly Member Contribution	$1,088.81
Replacement Year	2045	Monthly Interest Contribution	$357.25
		Total Monthly Contribution	$1,446.07

Comments:

This component budgets to replace the wrought iron view fencing located on boundary lines between lots & common areas throughout the community:

7,315	LF of 1'8" fencing	@	$25.00	=	$182,875.00
18,490	LF of 3'10" fencing	@	$40.00	=	$739,600.00
			TOTAL	=	$922,475.00

Per the CCRs, page 20, section 4.3.24.2, it states, "Any wall which consists of masonry columns and/r masonry base and wrought iron fencing which separates a Lot or Parcel and Master Common Area shall be maintained, repaired and replaced by the Owner of the Lot, except that the Master Association shall be responsible for the painting, repair, maintenance and replacement of (i) the top of the masonry wall or columns, (ii) the side(s) of the masonry wall or columns which are visible from the Master Common Area, and (iii) all portions of any wrought iron fencing. The Owner of the Lot or Parcel shall be responsible for reimbursing the Master Association for one-half (1/2) of the cost incurred by the Master Association in painting, repairing and/or replacing and such wrought iron."

Per the CCRs, page 20, section 4.3.24.4, it states, "Any wall which is placed on the boundary line between a Lot or Parcel and public-right-of-way shall be maintained, repaired and replaced by the Master Association except that the Owner of the Lot or Parcel shall be responsible for the repair and replacement of the surface of the wall which faces the Lot or Parcel."

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Walls: Block (Repairs)

Category	040 Fencing/Walls	Quantity	106,000 sq. ft.
		Unit Cost	$40.000
		% of Replacement	1.00%
		Current Cost	$42,400.00
Placed In Service	05/05	Future Cost	$44,982.16
Useful Life	5		
Adjustment	+16	Assigned Reserves at FYB	$38,296.77
Remaining Life	2	Monthly Member Contribution	$146.29
Replacement Year	2026	Monthly Interest Contribution	$115.45
		Total Monthly Contribution	$261.74

Comments:

This component will accumulate funds to be used in conjunction with each paint cycle for the repair/replacement of a percentage of the common area walls. The accumulated funds should be used “as needed”, and the percentage budgeted for repair/replacement should be adjusted over time as conditions dictate. These walls have an indefinite useful life and should last for the life of the community if properly maintained and painted.

At the time of our site visit, we noted that the condition of the paint on common area walls is poor and has peeled off the walls in a number of areas. Due to the landscape layout, there is little to no plant or irrigation material on the common area side of the walls that would be causing this level of deterioration. It is our opinion that the majority of the paint and wall condition issues are being caused by moisture/water that is getting into the block walls from the homeowner side due to dirt, soil, landscape material that is up against the walls.

In order to reduce the occurrence of this happening going forward, homeowners will need to pull the landscape material back from the wall and apply Drylok waterproofing material to the homeowner side of the wall in order to prevent water from penetrating through the block.

Drylok website: drylok.com

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract E: Park Equipment

Category	061 Tract E Amenities	Quantity	1 total
		Unit Cost	$8,000.000
		% of Replacement	100.00%
		Current Cost	$8,000.00
Placed In Service	05/05	Future Cost	$9,552.42
Useful Life	25		
		Assigned Reserves at FYB	$6,054.05
Remaining Life	6	Monthly Member Contribution	$22.41
Replacement Year	2030	Monthly Interest Contribution	$18.24
		Total Monthly Contribution	$40.65

Comments:

This component will accumulate funds on a 25 year cycle to replace the following park equipment on an "as needed" basis:

1 - 6' picnic table (multi-pedestal, metal frame w/recycled plastic slats)
2 - 6' benches (metal frame w/recycled plastic slats)
1 - trash receptacle (metal frame w/recycled plastic slats)
1 - BBQ grill, pedestal mounted (charcoal)

Location: 203rd Court & Stonecrest Drive

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract E: Playstructure & Spring Mate

Category	061 Tract E Amenities	Quantity	1 total
		Unit Cost	$30,000.000
		% of Replacement	100.00%
		Current Cost	$30,000.00
Placed In Service	05/05	Future Cost	$35,821.57
Useful Life	25		
		Assigned Reserves at FYB	$22,702.70
Remaining Life	6	Monthly Member Contribution	$84.04
Replacement Year	2030	Monthly Interest Contribution	$68.40
		Total Monthly Contribution	$152.45

Comments:

This component budgets to replace the Playworld Systems playstructure & wave winder spring mate, and includes a provision for sand replenishment on an "as needed" basis.

Location: 203rd Court & Stonecrest Drive

Tract E: Shade Structure Fabric

Category	061 Tract E Amenities	Quantity	900 sq. ft.
		Unit Cost	$4.500
		% of Replacement	100.00%
		Current Cost	$4,050.00
Placed In Service	05/05	Future Cost	$4,171.50
Useful Life	15		
Adjustment	+5	Assigned Reserves at FYB	$3,844.07
Remaining Life	1	Monthly Member Contribution	$14.80
Replacement Year	2025	Monthly Interest Contribution	$11.59
		Total Monthly Contribution	$26.39

Comments:

This component budgets to replace the shade fabric (hip/ridge structure) in conjunction with the replacement of the playstructure. However, the condition of the fabric should be monitored over time, and the useful life estimate adjusted accordingly.

This is a 30' x 30' shade structure.

Location: 203rd Court & Stonecrest Drive

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract E: Tot Turf (Replace)

Category	061 Tract E Amenities	Quantity	200 sq. ft.
		Unit Cost	$25.000
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	05/05	Future Cost	$5,150.00
Useful Life	20		
		Assigned Reserves at FYB	$4,745.76
Remaining Life	1	Monthly Member Contribution	$18.27
Replacement Year	2025	Monthly Interest Contribution	$14.31
		Total Monthly Contribution	$32.58

Comments:

This component budgets to replace the Tot Turf.

NOTE: The accumulated funds should be used to repair the Tot Turf on an "as needed" basis.

Location: 203rd Court & Stonecrest Drive

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract F: Park Equipment

Category	062 Tract F Amenities	Quantity	1 total
		Unit Cost	$13,000.000
		% of Replacement	100.00%
		Current Cost	$13,000.00
Placed In Service	05/05	Future Cost	$15,522.68
Useful Life	25		
		Assigned Reserves at FYB	$9,837.84
Remaining Life	6	Monthly Member Contribution	$36.42
Replacement Year	2030	Monthly Interest Contribution	$29.64
		Total Monthly Contribution	$66.06

Comments:

This component will accumulate funds on a 25 year cycle to replace the following park equipment on an "as needed" basis:

- 3 - 6' picnic tables (multi-pedestal, metal frame w/recycled plastic slats)
- 2 - 6' benches (metal frame w/recycled plastic slats)
- 2 - trash receptacles (metal frame w/recycled plastic slats)
- 2 - BBQ grills, pedestal mounted (charcoal)

Location: 203rd Street & Avenida Del Valle

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract F: Playstructure

Category	062 Tract F Amenities	Quantity	1 total
		Unit Cost	$50,000.000
		% of Replacement	100.00%
		Current Cost	$50,000.00
Placed In Service	05/05	Future Cost	$59,702.61
Useful Life	25		
		Assigned Reserves at FYB	$37,837.84
Remaining Life	6	Monthly Member Contribution	$140.07
Replacement Year	2030	Monthly Interest Contribution	$114.00
		Total Monthly Contribution	$254.08

Comments:

This component budgets to replace the Playworld Systems playstructure, and includes a provision for sand replenishment on an "as needed" basis.

Location: 203rd Street & Avenida Del Valle

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract F: Shade Structure Fabric

Category	062 Tract F Amenities	Quantity	1,600 sq. ft.
		Unit Cost	$4.500
		% of Replacement	100.00%
		Current Cost	$7,200.00
Placed In Service	05/05	Future Cost	$7,416.00
Useful Life	15		
Adjustment	+5	Assigned Reserves at FYB	$6,833.90
Remaining Life	1	Monthly Member Contribution	$26.31
Replacement Year	2025	Monthly Interest Contribution	$20.61
		Total Monthly Contribution	$46.92

Comments:

This component budgets to replace the shade fabric (hip/ridge structure) in conjunction with the replacement of the playstructure. However, the condition of the fabric should be monitored over time, and the useful life estimate adjusted accordingly. There are five (5) small holes, however, the overall condition of the shade structure is still fair. We are budgeting to replace the shade fabric in 2025.

This is a 40' x 40' shade structure.

Location: 203rd Street & Avenida Del Valle

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract F: Tot Turf (Replace)

Category	062 Tract F Amenities	Quantity	310 sq. ft.
		Unit Cost	$25.000
		% of Replacement	100.00%
		Current Cost	$7,750.00
Placed In Service	05/05	Future Cost	$13,997.36
Useful Life	20		
Adjustment	-1	Assigned Reserves at FYB	$7,750.00
Remaining Life	0	Monthly Member Contribution	$26.84
Replacement Year	2024	Monthly Interest Contribution	$0.46
		Total Monthly Contribution	$27.30

Comments:

This component budgets to replace the Tot Turf in 2024, based on condition.

NOTE: The accumulated funds should be used to repair the Tot Turf on an "as needed" basis.

Location: 203rd Street & Avenida Del Valle

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract K: Basketball Backboard & Rim

Category	063 Tract K Amenities	Quantity	1 set
		Unit Cost	$800.000
		% of Replacement	100.00%
		Current Cost	$800.00
Placed In Service	01/20	Future Cost	$1,283.77
Useful Life	20		
		Assigned Reserves at FYB	$160.00
Remaining Life	16	Monthly Member Contribution	$2.79
Replacement Year	2040	Monthly Interest Contribution	$0.52
		Total Monthly Contribution	$3.31

Comments:

This component budgets to replace the metal backboard & rim. The cost does not include the replacement of the metal pole.

The backboard used to be a large square shaped backboard and is now rounded on top with a flat bottom. We have estimated that it was replaced in 2020.

Location: 202nd Way & Via Del Rancho

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract K: Park Equipment

Category	063 Tract K Amenities	Quantity	1 total
		Unit Cost	$8,000.000
		% of Replacement	100.00%
		Current Cost	$8,000.00
Placed In Service	05/05	Future Cost	$9,552.42
Useful Life	25		
		Assigned Reserves at FYB	$6,054.05
Remaining Life	6	Monthly Member Contribution	$22.41
Replacement Year	2030	Monthly Interest Contribution	$18.24
		Total Monthly Contribution	$40.65

Comments:

This component will accumulate funds on a 25 year cycle to replace the following park equipment on an "as needed" basis:

1 - 6' picnic table (multi-pedestal, metal frame w/recycled plastic slats)
2 - 6' benches (metal frame w/recycled plastic slats)
1 - trash receptacle (metal frame w/recycled plastic slats)
1 - BBQ grill, pedestal mounted (charcoal)

Location: 202nd Way & Via Del Rancho

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract N: Park Equipment

Category	064 Tract N Amenities	Quantity	1 total
		Unit Cost	$8,000.000
		% of Replacement	100.00%
		Current Cost	$8,000.00
Placed In Service	05/05	Future Cost	$9,552.42
Useful Life	25		
		Assigned Reserves at FYB	$6,054.05
Remaining Life	6	Monthly Member Contribution	$22.41
Replacement Year	2030	Monthly Interest Contribution	$18.24
		Total Monthly Contribution	$40.65

Comments:

This component will accumulate funds on a 25 year cycle to replace the following park equipment on an "as needed" basis:

1 - 6' picnic table (multi-pedestal, metal frame w/recycled plastic slats)
2 - 6' benches (metal frame w/recycled plastic slats)
1 - trash receptacle (metal frame w/recycled plastic slats)
1 - BBQ grill, pedestal mounted (charcoal)

Location: 203rd Street & Via De Colina

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract N: Playstructure

Category	064 Tract N Amenities	Quantity	1 total
		Unit Cost	$40,000.000
		% of Replacement	100.00%
		Current Cost	$40,000.00
Placed In Service	05/05	Future Cost	$47,762.09
Useful Life	25		
		Assigned Reserves at FYB	$30,270.27
Remaining Life	6	Monthly Member Contribution	$112.06
Replacement Year	2030	Monthly Interest Contribution	$91.20
		Total Monthly Contribution	$203.26

Comments:

This component budgets to replace the Playworld Systems playstructure, and includes a provision for sand replenishment on an "as needed" basis.

Location: 203rd Street & Via De Colina

Tract N: Shade Structure Fabric

Category	064 Tract N Amenities	Quantity	900 sq. ft.
		Unit Cost	$4.500
		% of Replacement	100.00%
		Current Cost	$4,050.00
Placed In Service	05/05	Future Cost	$4,171.50
Useful Life	15		
Adjustment	+5	Assigned Reserves at FYB	$3,844.07
Remaining Life	1	Monthly Member Contribution	$14.80
Replacement Year	2025	Monthly Interest Contribution	$11.59
		Total Monthly Contribution	$26.39

Comments:

This component budgets to replace the shade fabric (hip/ridge structure) in conjunction with the replacement of the playstructure. However, the condition of the fabric should be monitored over time, and the useful life estimate adjusted accordingly.

This is a 30' x 30' shade structure.

Location: 203rd Street & Via De Colina

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Tract N: Tot Turf (Replace)

Category	064 Tract N Amenities	Quantity	470 sq. ft.
		Unit Cost	$25.000
		% of Replacement	100.00%
		Current Cost	$11,750.00
Placed In Service	05/05	Future Cost	$21,221.81
Useful Life	20		
Adjustment	-1	Assigned Reserves at FYB	$11,750.00
Remaining Life	0	Monthly Member Contribution	$40.69
Replacement Year	2024	Monthly Interest Contribution	$0.70
		Total Monthly Contribution	$41.39

Comments:

This component budgets to replace the Tot Turf in 2024, based on condition.

NOTE: The accumulated funds should be used to repair the Tot Turf on an "as needed" basis.

Location: 203rd Street & Via De Colina

Grounds: Concrete Components (Repairs)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$5,000.000
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	01/20	Future Cost	$5,463.64
Useful Life	3		
		Assigned Reserves at FYB	$5,000.00
Remaining Life	0	Monthly Member Contribution	$131.22
Replacement Year	2024	Monthly Interest Contribution	$2.24
		Total Monthly Contribution	$133.46

Comments:

We are not budgeting for complete replacement of concrete components in this analysis (curbing, sidewalks). It is anticipated that any repairs/replacements required will be addressed immediately due to safety concerns. There should not be a need for complete replacement at a single point in time, and good maintenance practice won't allow the need for repairs to accumulate to a point of major expense.

This component will accumulate $5,000 every three (3) years to be used as needed for repairs.

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Grounds: Drywell Maintenance

Category	100 Grounds	Quantity	1 total
		Unit Cost	$10,000.000
		% of Replacement	100.00%
		Current Cost	$10,000.00
Placed In Service	01/22	Future Cost	$10,300.00
Useful Life	1		
		Assigned Reserves at FYB	$10,000.00
Remaining Life	0	Monthly Member Contribution	$799.29
Replacement Year	2024	Monthly Interest Contribution	$13.61
		Total Monthly Contribution	$812.90

Comments:

The client previously advised us that there are 34 drywells in the water retention tracts throughout the community. Drywell maintenance used to be accounted for as an operating expense at $10,000 annually per the 2014 budget. However, the client's 2023 operating budgets doesn't account for drywell maintenance. Instead of assuming that drywell maintenance will be put back into the operating budget, we have continued to budget for drywell maintenance (repairs & clean-outs) as an annual reserve expense. The following comments apply:

Drywell systems should be inspected annually to determine how much debris has accumulated in the system and to develop a clean out schedule. Some drywell systems will require immediate repair of broken components and clean out, while others won't require maintenance for a number of years. On average, drywell systems require clean out every 5 - 7 years. A drywell should be cleaned out once 10% or more of the chamber is occupied. If maintained properly, drywells are designed to last as long as any other part of the community infrastructure. Thus, no provision has been included for their replacement.

Montelena Master Community Association

Component Detail

Directed Cashflow Calculation Method; Sorted by Category

Grounds: Granite Replenishment

Category	100 Grounds	Quantity	1 total
		Unit Cost	$215,000.000
		% of Replacement	100.00%
		Current Cost	$215,000.00
Placed In Service	01/15	Future Cost	$264,422.88
Useful Life	7		
		Assigned Reserves at FYB	$215,000.00
Remaining Life	0	Monthly Member Contribution	$2,346.48
Replacement Year	2024	Monthly Interest Contribution	$39.98
		Total Monthly Contribution	$2,386.46

Comments:

In 2015, the client advised us to budget for granite replenishment at $200,000, every seven (7) years, next in 2022. We were not advised of any granite replenishment projects that may have occurred in 2022 and have not been advised of a planned granite replenishment project in 2023. Therefore, we have scheduled a granite replenishment project for 2024 at $260,000 (adjusted for inflation).

Grounds: Irrigation Controllers

Category	100 Grounds	Quantity	1 total
		Unit Cost	$15,000.000
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	05/15	Future Cost	$17,910.78
Useful Life	15		
		Assigned Reserves at FYB	$8,863.64
Remaining Life	6	Monthly Member Contribution	$74.99
Replacement Year	2030	Monthly Interest Contribution	$27.42
		Total Monthly Contribution	$102.40

Comments:

This component will accumulate $15,000 every 15 years to be used as needed for replacement of the six (6) irrigation controllers.

Grounds: Irrigation System (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	05/18	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

Irrigation systems are one of the most difficult items to budget for without specific information provided by an expert who is familiar with the system inventory and system condition. We have been advised by irrigation system experts that most system components (piping, sprinkler heads, valves, etc) have a useful life of 20+ years. However, budgeting for the replacement of an irrigation system requires evaluation of the present condition (to identify remaining useful life) and replacement cost - both of which call for expert evaluation, but fall outside the scope of a reserve study.

Therefore, we recommend that the Association board and/or management company have the system evaluated to determine the appropriate scope of work, projected replacement cost and remaining life, all of which are necessary so that budgeting can be included in a revision or future update of this analysis.

Grounds: Light Fixtures (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	05/18	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We are not budgeting to replace any ground level landscape, monument or pathway lighting systems. Individual light fixtures are most often replaced as needed using operating funds due to frequent damage by pedestrians, landscape personnel, and/or weather conditions. Should complete replacement of the lighting system(s) be required, expert evaluation will be necessary to provide replacement cost information.

Grounds: Mailboxes

Category	100 Grounds	Quantity	1 total
		Unit Cost	$98,600.000
		% of Replacement	100.00%
		Current Cost	$98,600.00
Placed In Service	05/05	Future Cost	$117,733.56
Useful Life	25		
		Assigned Reserves at FYB	$74,616.22
Remaining Life	6	Monthly Member Contribution	$276.23
Replacement Year	2030	Monthly Interest Contribution	$224.80
		Total Monthly Contribution	$501.03

Comments:

This component budgets to replace the following wall mounted mailboxes scattered throughout the community:

7	8 box sets w/2 parcel lockers	@	$2,600.00	=	$18,200.00
18	12 box sets w/1 parcel locker	@	$2,800.00	=	$50,400.00
10	16 box sets w/2 parcel lockers	@	$3,000.00	=	$30,000.00
			TOTAL	=	$98,600.00

Grounds: Metal Ramada Roofs (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	05/18	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We are not budgeting to replace the four, corrugated metal ramada roofs because this type of roof has an indefinite useful life. Any required repairs should be handled on an “as needed” basis using operating funds.

Grounds: Monument Sign Letters (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	05/18	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We are not budgeting to replace the steel letters making up the four monument signs that indicate “MONTELENA” because they should last indefinitely under normal circumstances. Any repairs required should be handled on an "as needed" basis using operating funds. Should the client wish to budget for the replacement of the steel letters for aesthetic/remodeling purposes, we will do so at their request.

Grounds: Tree Trimming (Unfunded)

Category	100 Grounds	Quantity	1 comment
		Unit Cost	$0.000
		% of Replacement	0.00%
		Current Cost	$0.00
Placed In Service	05/18	Future Cost	$0.00
Useful Life	n.a.		
		Assigned Reserves at FYB	$0.00
Remaining Life	n.a.	Monthly Member Contribution	$0.00
Replacement Year	n.a.	Monthly Interest Contribution	$0.00
		Total Monthly Contribution	$0.00

Comments:

We have been advised by arborists that major tree trimming is usually required every 3 – 5 years and could be considered a reserve expense. However, the cost for a major tree trimming project depends on the size, type, maturity and number of trees at the community – all of which call for expert evaluation, but fall outside the scope of a reserve study.

Should the Board obtain a proposal and trimming schedule, we will include budgeting for tree trimming in a revision or future update of this analysis at the Board's request.

Grounds: Artificial Turf (Chandler Heigths)

Category	100 Grounds	Quantity	1 total
		Unit Cost	$11,000.000
		% of Replacement	100.00%
		Current Cost	$11,000.00
Placed In Service	01/23	Future Cost	$16,638.49
Useful Life	15		
		Assigned Reserves at FYB	$733.33
Remaining Life	14	Monthly Member Contribution	$52.85
Replacement Year	2038	Monthly Interest Contribution	$3.07
		Total Monthly Contribution	$55.91

Comments:

GTO Lion Masonry completed a project to install artifical turf at the Chandler Heights entrance in late 2022 for $11,000.

Measurement: 1,800 SF

Montelena Master Community Association

Detail Report Index

Number of components included in this reserve analysis is 30.