

Aix La Chapelle Condominium Association – Reserve Study Analysis Report 2025

Purpose of the Reserve Study

A *reserve study* is a financial and physical analysis of the common area components that a homeowners' association (HOA) is obligated to maintain, repair, and replace. Condominium associations must complete a reserve analysis at least once every six years, with an annual review of the funding plan to ensure adequate reserves are maintained. The intent is to provide a roadmap for long-term asset management while protecting owners from unexpected and burdensome special assessments.

This process identifies the estimated useful life, replacement cost, and funding requirements for major components, such as roofs, HVAC systems, asphalt, and other shared infrastructure.

Reserve Study History

In 2017, current management began working closely with a professional reserve study specialist to identify all major association components and determine their expected life spans. At that time, the reserve account stood at \$483,420, growing to \$675,400 by 2019.

Since then, funds have been strategically invested in high-priority projects, including:

- Central plant structural upgrades.
- Domestic water system replacement (central plant and tunnel system).
- North pool boiler and South + North pool filtration system replacement.
- Roof replacements (buildings 1,7, and 18).
- Additional HVAC boiler costs exceeding special assessment funds.
- Replacement of three carports (400s building North, East, and South parking lots).
- Replacement of exterior lighting.
- Community renovation of gathering room, manager office, and board room.
- Renovation of fitness room and sauna.
- Replacement of brick fencing and signs.

Current Financial Position

As of 2025, the reserve account balance is \$125,000, earmarked for the following upcoming projects over the next six years and beyond:

- Remaining roof replacements (buildings 18,5, and 13)
- Chiller replacement

- Pool resurfacing (overdue)
- Rain gutter replacements
- Asphalt resurfacing
- Carpet replacement

Operational Cost Trends

Over the past four years, operational costs have increased significantly for all condominium associations, particularly for aging properties such as ours. While annual assessments have increased by approximately 3% per year on average for the past decade, this rate has not kept pace with the accelerating cost of replacing aging components. The Board of Directors and management are actively strategizing to reduce operating costs through long-term, efficiency-minded upgrades to building systems and infrastructure.

Although the proposed 10-year component replacement plan aligns well with physical upgrade needs, it does not align with current funding levels due to the rising costs of operations and materials. This gap will require careful long-term planning and possible funding adjustments to maintain financial stability.

Reserve Fund Trend

The chart illustrates the historical reserve balance and the drawdown resulting from major capital projects.

Legal Disclaimer

This reserve study is intended for planning purposes and does not constitute a guarantee of actual costs or replacement timing. Actual expenses may vary due to inflation, unexpected deterioration, regulatory changes, or unforeseen events. The board of directors reserves the right to modify the reserve funding plan, defer projects, or seek alternative funding sources as circumstances require.

The association and its board members are acting in accordance with Utah law, the governing documents, and their fiduciary duties to maintain the common property in a safe and functional condition. This document is prepared in good faith based on the best available data at the time of writing.

Status: *For Internal association owners, Board and Management Review Only*

Prepared by: General Manager

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Reserves Trend Chart

Aix La Chapelle - Reserve Fund vs. Inflation & Fee Growth

