

Introduction: What is the Reserve Study and its Funding Plan?

The Oakridge Village II Association Reserve Policy (Updated: April, 2026) provides the essential requirements and descriptions of the Reserve Study and a proposed 20 year Reserve Fund plan. As required by the Colorado Common Interest Ownership Act ("CCIOA"), the Home Owner's Association (hereafter referred to as "Association" or "Oakridge Village II Association") which holds common interest elements (common area spaces, landscaping, buildings, etc.) is required to form, publish and periodically update a Reserve Study and funding plan specific to the Association's common element sustaining needs. Specifically, the Reserve Study should quantify the Association's "common elements" (turf-landscape, irrigation, arbor/shrubs, drainage/culverts) that require periodic expenditures for their upkeep, replacement, or necessary augmentation. Such expenditures are separate from those that might normally be managed with the Association's Operating funds.

The Reserve Study is meant to demonstrate that the Association can fiscally support a Reserve Fund plan with a reasonably modeled projection of cash flow (income, expenditures and allowances) and may either avoid or fully disclose the purpose and timing of special assessments to the Association's homeowners. Further the Reserve Study provides transparent disclosure to current and prospective Association homeowners about the common elements and long-term fiscal plans for the retention and upkeep of the Association's common interest property and elements.

The Oakridge Village II Association "common elements" or "components" that are subject to the Reserve Study analysis are limited to common-area-space turf, irrigation system, arbor/shrubs/landscaping and drainage/culverts. The Association does not own fences, buildings, utilities, roadways, etc. as part of its common interest property. Historically, the upkeep of the Association's common elements has been managed exclusively through Association annual dues (i.e. no loans). The Association Board Members (duly elected Association members who volunteer to act on behalf of all Association members) manage the state of the Association's common elements using both its Operating Fund and Reserve Fund. The condition of these funds is annually published to Association members alongside the Associations Annual Budget and Assessment (dues). At least once a year, a portion the Association's annual income is transferred to the Reserve Fund for select long-term improvements of the common elements that are not managed within its annual Operating budget. Since about 2017, the Association has contributed 10-20% of its annual income to the Reserve Fund.

The Association's Reserve Study is prepared and reviewed by the Association Board who has direct knowledge of the Association's common interest property history, finances, and the condition and cost estimates to maintain/replace the Association's common elements. The study also uses guidelines and examples used by other Reserve Studies and funding plans successfully implemented at other common interest property ownership associations.

As demonstrated in this 2026 report, the Association's Reserve Fund and prospective 20 year plan is well positioned against both Annual Income and Operating expenses to maintain the upkeep of its common interest property while avoiding special assessments or loans and avoid annual homeowner assessment increases that substantially exceed expected rates of annual inflation.

Outline of the Reserve Study and Funding Plan

The Reserve Study first covers a physical inventory/analysis which define the Association's common elements or components and their present condition. This includes the following:

- Component Inventory (identify components of the community that the Association is responsible to maintain, repair, and replace)
- Condition Assessment (estimates of the useful life of those components)
- Life and Valuation Estimates (establish a maintenance, repair, and replacement schedule for those components)

Within the common element/component analysis, we distinguish those scheduled maintenance items that are to be managed from regular annual Operating Funds from those managed by Reserve Funds.

The Reserve Funding Plan is a published timeline and financial analysis that demonstrates what specific future items will be funded by the Reserve Fund to maintain the Association's common interest property. The financial analysis includes the following:

- Fund Status (identify the finances currently available to the Association that are specifically reserved for the work of maintaining, repairing, and replacing common elements/components)
- Funding Plan (establish a 20 year plan for long-term ongoing funding of such maintenance, repair, and replacement while considering the impact of inflation, projected assessment collections, and any reserve fund investment revenue)
- A Reserve Fund Cash Flow worksheet/analysis of the plan extending out at least 20 years.

The Reserve Study and Funding Plan should be updated at least once every 3 to 5 years.

It is important to note that the Reserve Fund Plan and any projected modeled Annual Assessment income and Operating budget is meant help guide the Association and its Board members in its long-term fiscal planning. It is not meant to represent any annual "Board Approved" fiscal plan that stipulates future annual Operating budgets, pre-approved Reserve Fund expenditures or annual Association Homeowner Assessments.

[This document was initially prepared by James T. Cook (HOA member), who has over 20 years of engineering consulting experience and previously served on the HOA board of directors for over 7 years. The document has been updated for 2026 by Dr. Leonard J. Mahoney (HOA member), who has over 30 years in research engineering and project/budget planning and has served on the Association's Board of Directors for 3 years. The document has also received input and guidance of many of its 2026 Board members.]

Physical Analysis of Oakridge Village II: Property Description

The Oakridge Village II Association consists of 94 private homes (Oakridge Village 1st Filing lots 14-40 and 2nd Filing lots 1-67) and 7.28 acres (about 320,000 square feet) of adjacent common interest “green space” areas that were originally developed circa 1986. Keenland Drive, a municipal street, forms its northern border. The “Power Trail”, a municipal pathway that runs beside the Union Pacific railway line and under high voltage transmission lines, forms its eastern border. The Southridge Golf Course forms its boarder to the south. Oakridge Village 1 Association (Oakridge Village 1st Filing lots 1-13 around Twinberry Court) forms its western border. Coralberry Court, Honeylocust Court, Iris Court, Wisteria Court, Elderberry Court, and Barberry Drive are municipal streets completely encompassed within the Association area. Significant portions of municipal streets Wheaton Drive and McMurry Ave also lie within the Association’s layout. Please see the maps in the Appendix for more details.

Muskrat Ditch/Creek runs through the common area just south and along Keenland Drive. It is lined with a concrete drain pan that is about 5 feet wide and 1 foot deep. Water flows in the Muskrat Ditch/Creek drain pans year-round. Three additional concrete drain pan segments run through the common areas and feed seasonal storm water runoff into Muskrat Ditch/Creek. One is a shallow approximately 2 feet wide drain pan that originates at Wheaton Drive between Coralberry Court and Honeylocust Court. Two additional 6 foot wide curbed cement-lined drainage segments drain storm run-off from the Wisteria Court area. Maintenance of these concrete drain pans is the responsibility of the Association.

A buried perforated drainpipe (10 inch diameter) was installed many years ago to help alleviate excess ground and surface water. It has four sections.

- The first section originates in the utility easement adjacent to Southridge Golf Course just behind 5231 Wheaton Drive and runs east about 100 feet parallel to the home property lines to a cleanout connection.
- The second section continues parallel to the home property lines and runs to the east-northeast about 200 feet through the Association common area to a large drain hole junction located between 5267 and 5307 Wheaton Drive.
- The third section turns to the north-northwest and runs about 100 feet under Wheaton Drive to another cleanout connection just to the north of the street.
- The final (forth) section continues in the same direction and runs through Association common area for about 200 feet just to the east of the smaller drain pan between Coralberry Court and Honeylocust Court and drains into Muskrat Ditch/Creek between 5206 Coralberry Court and 5213 Honeylocust Court.

[No other buried drainpipes have been identified that are the responsibility of the Association.]

Municipal concrete sidewalks run along each street in the Oakridge Village II area. Their maintenance is not the responsibility of the Association. It has also been determined (through contact with City of Fort Collins engineering departments and review of county/city maps) that even the sidewalk running along Keenland and the Association common areas, just as the streets along private homes, is a municipal sidewalk and not the responsibility of the Association. (The Association is responsible to keep the sidewalks adjacent to the common areas clear of snow and ice in the winter.)

The common areas contain vegetation (irrigated grass, shrubs, trees, and non-irrigated native grass and forbs), but currently do not contain any structural apparatus (play equipment, benches, etc) of any kind.

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There are currently about 175 trees (110 are deciduous and 65 are evergreen). Around 25 of these are relatively young, but the majority are mature trees planted by the developer (or already in place) almost 40 years ago. Many are reaching their life expectancy and eventually will need to be removed. There are approximately 35 ash trees that receive biennial pesticide treatment for to prevent probable damage and death from the invasive emerald ash borer beetle.

The red lines of the aerial image below (Fig. 1) indicate the approximate boundaries of the Oakridge Village II Association common areas.

Figure 1. Oakridge Village II Association Ariel Image / Map



Physical Analysis of Oakridge Village II: Common Elements/Component Inventory

This section lists the common interest property components that must be maintained, repaired, and replaced by the Association and are subject to the Reserve Fund Study. [In this section we use “City” in reference to the City of Fort Collins as the governing municipality and utilities provider.]

Sprinkler irrigation system

There are two (2) water taps with controllers that serve the 7.6 acre Association landscape:

1. 5285 Wheaton Drive: 1.5” tap with PVB (pressure vacuum breaker backflow valves). As of 2026 this system has a master valve, flow meter and isolation valves for 28 zones on each side of Wheaton Drive. Also as of 2026, all zones are integrated into one central controller (A). (Controller A – ET Water SmartBox Controller that was newly installed in August, 2015 at a cost of \$3115.)

2. 1501 Keenland Drive: 1.0" tap with PVB (pressure vacuum breaker backflow valves). As of 2026 this system has a master valve, flow meter and isolation valves for 25 zones each side of Barberry Drive. Also as of 2026, all zones are integrated into one central controller (C). (Controller C - ET Water SmartBox Controller was newly installed in June, 2014 at a cost of \$3715).

Note: In early 2026, the Association integrated the use of two "satellite" controllers into just into the two main 2 controllers listed above to simplify the irrigation control system. The unused "satellite" controllers were physically removed from service.

The PVB valves are to be tested and certified annually (as required by the City) by a licensed backflow tester/contractor. The inclusion of master-shut off valves and flow valves on each tap provides "sentry" support to the water tap after the city meter/shutoff in case of any downstream large leak in the irrigation system.

Within the distributed irrigation field, the system includes the following:

1. Irrigation zone solenoid valve ground boxes (qty = 54)
2. Multiple manual quick-connect hose risers for local manual watering (infrequently used)
3. Irrigation piping (underground) approximately 8000 linear feet.
4. Irrigation rotation rotary heads and drip heads (approximately 350)
5. City of Fort Collins water utility connections, manual isolation valves and "access holes" for City water flow metering.

Baseline water allotment/allocation for the two water taps is a type of common element/component purchased from the City. Water allotments have been subject to Reserve Fund consideration when the City altered step-wise allotment fees and policies by tap size. The Association's allotment management can be subject to special restrictions/fees/rates during years of severe regional droughts.

Between the years of 2018 and 2023, the water allocation of the two taps was increased/changed with the City to avoid excess use surcharges. Before 2018 the allocations for the two taps were as follows:

Wheaton water tap annual allotment (2018): 1,629,260 gallons

Keenland water tap annual allotment (2018): 814,630 gallons

Starting in 2018, actions were taken with the City and with approval of the Association to modify the annual allotment of the two taps.

- a. In 2018, the City informed the Association that our water costs might begin to increase substantially. Base rates would be increasing, and significant surcharges would begin to apply for any usage over our annual water tap allotments.
- b. In 2019, the Association voted and approved a significant increase in annual dues from \$480 to \$655 per homeowner. The Association also began efforts to reduce water usage and to purchase additional water allotments.
- c. In 2019, the Association spent **\$16,210** to purchase an additional 159,027 gallons per year of allotment for the Wheaton water tap.

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- d. In 2020, the Association spent **\$20,016** to purchase an additional 158,000 gallons per year of allotment for the Wheaton water tap.
- e. In 2020, the Association obtained a 2-year waiver from the City for any 2019 and 2020 water surcharges.
- f. In 2022, the Association requested and the City approved the transfer of 200,000 gallons per year allotment from the Wheaton water tap to the Keenland water tap. This was done after a special native grass planting initiative to reduce water needs to the east of Barberry and Keenland.

Thus by 2023, the two water taps were balanced to the following allotments.

Wheaton water tap annual allotment (2023): 1,746,287 gallons

Keenland water tap annual allotment (2023): 1,014,630 gallons

As demonstrated in years 2022-2025, the updated and balanced annual allotments meet the typical annual irrigation needs of the Association. The Association has managed its irrigation needs with 10-20% less water than the allotment and no surcharges for overuse have been charged by the City. This positive trend is subject to spring-through-fall climate conditions in northern Colorado.

Vegetation/Arbor/Landscape

The following table is a general inventory of trees / shrubs / turf within in the Association common space area. This is inclusive of ~14 localized landscape zones with shrubs and ground cover that often included edging/mulching.

Table 1. Common Space Vegetation Inventory

1. Deciduous Trees: Ash = 37 Hackberry = 15. Cottonwood = 10 Locust = 9 Aspen = 8 Oak = 6 Maple = 5 Others: Crabapple(4), Plum(3), Willow-leaf Poplar(3), Catalpa(2), Linden(2), Willow(2), Chokecherry(2), Elm(2), unknown(3)			
2. Evergreen trees (quantity=66) Austrian Pine = 23 Blue Spruce = 17 Scotch Pine = 14 Spruce = 9 Others: Limber Pine = 2, Juniper Cedar = 1			
3. Shrubs (approximately 50) – not inventoried by variety/species			
4. Irrigated turf grass (approximately 6 acres) <i>(Note: In 2020, the Association spent \$3,761 (Northern Water District also provided additional matching funds) to alter and/or repair portions of the irrigation system.)</i> Presently, the Association has determined that no further <i>major</i> irrigation system alterations or repairs are needed. On occasion select irrigation zone extensions may be needed to improve local water coverage for problematic dry turf areas. The Association has considered re-seeding certain “less trafficked” sections of irrigated turf to drought tolerant grass species that require less water and mowing/maintenance.			
5. Non-irrigated native grass and forbs (approximately 1 acre) <i>(Note: In 2020, the Association spent \$6,406 (Northern Water District also provided additional matching funds) to convert about 1 acre of previously irrigated common area to non-irrigated native grass and forbs.)</i> As of 2026, the Association has no further plans for turf conversion to non-irrigated native grass and forbs.			
6. Irrigated Planting/Landscape Beds There are 14 planting beds (about 1000 sq ft) with shrubs and edging distributed throughout the property with some containing edging and wood or mulch ground cover. Only a few of these landscaped beds include drip irrigation if they are not managed by lawn irrigation coverage. Many beds require mulch/stone additions, edge replacement and periodic replanting. The Association has determined that several beds need revitalization and alteration of protective ground cover (mulch/stone/gravel) and re-planting.			

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Maintenance of the Vegetation/Arbor/Landscape component of the Common Area Space accounts for the largest expected expense within the Reserve Fund Plan. The main Reserve Fund expenses for vegetation are broken down as follows.

1. Biennial (2 yr) tree pesticide treatment (i.e. emerald ash borer)

Starting in 2021 the Association decided to begin treating the ash trees with pesticide to prevent or delay their probable demise by the emerald ash borer beetle. This is a significant cost. The cost in 2025 was \$4,300 for emerald ash borer treatment.

2. Mature or Damaged Tree Removal

With many of our trees nearing their expected lifespan, the Association identified a need to begin planning for their removal, which can be quite costly. For instance, the following trees had to be removed in recent years:

2020 a large blue spruce tree removal cost \$1885

2021 a medium-large ash tree removal cost \$2046

2023 a large cottonwood tree removal cost \$3000

2026 a large fallen blue spruce tree removal cost \$2500

3. Tree/shrub replanting

As mature trees are removed, new trees need to be replanted and established. In some cases alternative varieties are recommended for better long-term growth and maintenance.

Estimates need to be generated for such replacement against variety and size of the tree. A typical "small tree" (< 10 ft) replacement cost for 2026 is estimated at \$500 if completed by the landscape maintenance contractor.

4. Landscape Beds

Of the 14 landscape beds, ~50% could benefit from some level of maintenance. These needs involve improved edging, ground cover (mulch/stone/gravel), conversion from drip-line to rotor-irrigation, replanting/seeding and other maintenance improvements. A general cost per square foot is used to approximate the aggregate maintenance for these beds spread out over a long-term plan. In 2026, many Association members have expressed need to for investment in this category.

5. Turf mitigation/amendment

Select surface ground of the turf landscape may not recover from local tree root growth/soil conditions or become too stressed from late summer heat despite irrigation. In such instances local ground surface landscape work is needed (soil addition and tilling, re-seeding, fertilization, ground-cover) to rebuild the turf. A general cost per square foot is used to approximate the cost of these mitigation needs.

Turf Management as linked to Irrigation/Costs

Starting in 2019 and in response to changes to City irrigation water rates/policies, the Association converted portions of the existing bluegrass turf to native grass seeds and forbs. In

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Phase 1 of 2020, approximately 22,750 square feet of turf located at the east end of the community along the Power Line Trail was converted into native grass and forb. Irrigation system maintenance and upgrades were also included in the project (i.e. disuse of irrigation rotor coverage and use of drip irrigation around trees). The project totaled \$16,571. The Association received a 50% matching grant from Northern Water in outside funding.

In 2022, the Association had planned a Phase 2 that would have included the conversion of approximately 20,000 square feet of turf located in the south side of the community adjacent to the City's Southridge Golf Course. Project costs would have been similar to Phase 1. However, the project was postponed indefinitely for the following reasons: failure to get consensus from homeowner's adjacent to the area, failure to apply for a financial grant to offset a significant portion of the expense, and proving that water usage could be held below our annual allocation by managing and maintaining the current irrigation system on the existing bluegrass turf more closely. As an alternative, the Association took other measures including reseeding the area with a more drought tolerant grass, adjusting the watering schedule of the area and using less frequent grass cutting along a thirty (30) foot wide strip boundary adjacent to the Southridge Golf Course.

Drainage and landscape infrastructure

The Association owns about 8000 square feet (or 110 sections) of concrete drain pans and 500 liner feet of drainage piping (along Wheaton Drive and between Honeylocust and Coralberry Courts). These infrastructures require periodic inspection and maintenance activities. Replacement of surface concrete drain pads can be elective from year to year depending on any problematic spots seeing erosion/blockage. To recent knowledge the drain pads have not been replaced and have held up well in the northern Colorado climate. Underground drain systems require more proactive review and maintenance when problems are suspected or spotted.

1. Concrete Drain Pads Considerations – (110 sections / ~8000 square feet)

In 2018, an audit of the Associations drain pans shows 22 out of about 110 sections (about 60-80 square feet each) had cracks or showed wear. In 2018, the replacement cost to demolish, remove, and replace (6 inches thick, reinforced with steel rebar, 3500psi concrete) was \$8.70 per square foot. Despite wear/cracks the drain pans were fully function and to date none have been replaced. Seasonally, the drain pans are cleared of debris by the landscape maintenance contractor within the Association's Operating budget. This service includes sloped-edge turf-trimming to clear the pans from intrusive soil erosion and turf grasses.

It is helpful to distinguish the 5ft-wide drain pans that line the Muskrat Ditch/Creek which runs along the northern border of the Association's common space from others. This drainage infrastructure constitutes 80% of the concrete drain pan infrastructure. The three other concrete drain pan segments which manage street water run-off from Wheaton Drive and Wisteria Court are often dry and are least susceptible to freeze-thaw damage and erosion. As such the Muskrat Ditch/Creek drain pans are of greater concern for maintenance/repair.

In recent years the Association has determined that the current drain pans are well constructed and maintained and are in good working order despite some noted cracks in a limited number of segments. A few drain pans lining the 1000ft of the Muskrat Ditch/Creek have some larger cracks and should be reviewed for future replacement with an appropriate contractor.

In 2026, the replacement cost is expected to be ~\$10-11 per square foot. A 2026 estimate to replace 10% (800 sq ft) of the drain pans would be \$8000-8,500.

For the purposes of this 2026 Reserve Fund Study, the replacement model for drain pans starts in year 2030 with nominally 10% replacement (800 sq ft) which is repeated every 10 years. In future years, a more complete audit and field contractor assessment is recommended including re-leveling of sloped-soil step elevation along the outer edging of some sections of the pans.

2. Drain Pipe Considerations – (~500 linear feet / 4 sections)

In July 2019, a video inspection of the drain piping was conducted by a contractor for \$590 that determined the first (upper) section is laid flat without proper slope but remaining sections were mostly clear and draining well. The recommendation was to eventually excavate and re-level this first upper section. In 2023, the estimate for this work was around \$3500. In 2026 the current Common Area Landscape Manager indicated that the replacement of this section of the drain pipe was an elective item versus a necessity as drainage has remained effective.

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In June of June 2023, after multiple heavy rains, it was determined that the second section (and also possibly the lower third section) was mostly clogged and not draining well. This section was serviced in 2023 at a cost of \$1400.

The third and fourth lower sections of the pipe which runs under Wheaton drive and between Coralberry Court and Honeylocust Court (and exits behind 5213/5207 Honeylocust Court) has not been addressed to date. This section requires a flood conductance test and/or scope inspection in 2026 or 2027 to access its capability.

Physical Analysis of Oakridge Village II: Component Assessment and Projected Expenditures

The following section combines the lifetime and cost assessment for the Association's three common component categories.

1. Sprinkler Irrigation System
2. Common Areas Space Vegetation (Arbor/Turf/Shrubs)
3. Drainage/Landscape Infrastructure

The cost estimates include materials and labor for repair and replacement.

Sprinkler Irrigation System Expenditures

In spring of 2026, several upgrades were made to simplify and enhance the performance of the irrigation system components. With the upgrades, the system's controls were reduced from 4 to 2 field controllers. At End of Year (EOY) 2025, the Association had excess income from home transaction fees and a large budget savings for landscape maintenance. With these 2025 financial windfalls, the ~\$12k cost of the irrigation system upgrades were paid for with funds in the 2026 Operating Funds and versus a withdrawal from the Reserve Fund. Having completed the irrigation control system upgrades, they are not included in the 2026 Reserve Fund expenses.

Tables 2 and 3 define the current sub-components, lifetime and estimated maintenance cost for the two water taps (post the 2026 controller and valve upgrades noted above).

Table 2. 1.5" Tap Irrigation System Components and Expenses

1.5" Water Tap – 5285 Wheaton Drive					
Item	Operating or Reserve Funds	Replacement Cycle	Estimated Cost as of 2026 (Parts/Labor)	Last Serviced	Remaining Lifetime (as of 2026)
PVB (backflow valve) and Riser Valves	Reserve	25	\$1000	2017 1.5" PVB Febco model 765	11
Riser Valves Maint.	Operating	15	\$200 per valve	2015	0
Master Shut Off Valve	Reserve	25	\$1000	2026	25
Flow Meter	Reserve	25	\$1000	2026	25
Branching Isolation Valves	Reserve	30	\$500	Unknown	0
Solenoid Zone valves and boxes	Operating	As needed annually	\$100 x 24 zones \$2400	As needed	NA
Rotors	Operating	As needed annually	\$20 each	As needed	NA
Controller (A) System	Reserve	25	\$4000	2015 and 2026	9
Controller Pedestal (mechanical)	Reserve	35	\$5000	NA	0
Controller Hi-Gain Antenna	Reserve	25	\$500	2026	25
Underground Piping	Operating	As needed per break/leak	As quoted per project	NA	NA
Zone/rotor modifications	Reserve	As needed	\$500-\$1000 for each zone-line modification	NA	NA
Underground piping	Reserve or Operating	As needed	\$500-\$1000/10ft of major line repair/replacement	NA	NA

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Table 3. 1.5" Tap Irrigation System Components and Expenses

1.0" Water Tap – 1501 Keenland Drive					
Item	Operating or Reserve Funds	Replacement Cycle	Estimated Cost (Parts/Labor)	Last Serviced	Remaining Lifetime
PVB (backflow valve) and Riser Valves	Reserve	25	\$1000	0	0 (replace as needed at annual inspection)
Riser Valves Maint.	Operating	15	\$200 per valve	2015	0
Master Shut Off Valve	Reserve	25	\$1000	2026	25
Flow Meter	Reserve	25	\$1000	2026	25
Branching Isolation Valves	Reserve	30	\$500	Unknown	0
Solenoid Zone valves and boxes	Operating	As needed	\$100 x 24 zones \$2400	As needed	NA
Rotors	Operating	As needed	\$20 each	As needed	NA
Controller (C) System	Reserve	25	\$3000	2014	8
Controller Pedestal (mechanical)	Reserve	35	\$5000	NA	0
Controller Hi-Gain Antenna	Reserve	25	\$500	2026	25
Underground Piping	Operating	As needed	Quote as needed	NA	NA
Zone/rotor modifications	Reserve	As needed	\$500-\$1000 for each zone-line modification	NA	NA
Piping routing for improved rotor coverage.	Reserve or Operating	As needed	\$500-\$1000/10ft of major line repair/replacement	NA	NA

Prior to 2022, annual irrigation water costs and surcharges could impact either the Operating or Reserve Fund cash flow. Changes made to irrigation water allotment, landscape adjustments and active irrigation system monitoring have paid off. After 2022, there have been no over-use surcharges and the Association's annual irrigation water usage has been 10-20% below its annual allotment. See Table 4.

However, entering 2026, the Association is on alert for possible water-use restrictions and City levied fines/assessments due to regional drought conditions in Colorado. Provisions and planning against City-imposed water restrictions were undetermined when this study was prepared. In future, any known cost or risks of ongoing regional water-restrictions by the City should be considered.

Table 4. Irrigation System Water Allotments as of 2022 and 2022-2026 Surcharge Fees for overuse.

Water Allotment & Costs	Operating Budget	Annual	Cost Basis for 2025: \$0.19X/gallon	Surcharge: (varies by year)	
Allotment	1.5" Zone A Water Tap: 1,746,287 gallons 1.0" Zone C Water Tap: 1,014,630 gallons				
Year	2022	2023	2024	2025	2026
Annual Cost	Allowed water allotment cost are carried in Operating budget				
Surcharges (Fee) Either Operating or Reserve funded	\$0	\$0	\$0	\$0	TBD

Note: 2025/2026 irrigation surcharge rates are on the order of \$5.5/1000 gal.

Comments on Sprinkler Irrigation System and Water Expenditures

It is helpful to comment on some of the irrigation system components and cost as listed in Tables 3 and 4 (see above). Maintenance or replacement of several components are covered by the Annual Operating Fund. A few others such as underground piping have no definitive baseline of life-time or future replacement timeline. They must be managed when local problems are identified during seasonal inspection and use. While most irrigation system components are covered by the Annual Operating Budget, the Association Board may elect to fund infrequent and relatively high-cost repairs from its Reserve Fund.

1. Irrigation rotor heads/drip heads/solenoid valves and valve-boxes

The Association has determined that irrigation zone solenoid valves, rotor heads, drip-lines and valve boxes are replaced or maintained on an as needed basis by the landscape contractor or volunteer homeowners. The working condition of these field components are inspected annually, and each irrigation zone is monitored through the automated controller software. Repair/replacement of these components constitute a relatively small expense and is included in the Annual Operating budget each year and does not need Reserve Fund planning.

2. Underground Irrigation Piping and Control Wiring

The Association has determined that irrigation piping and wiring is replaced or repaired on an as-needed basis by the landscape contractor or volunteer homeowners. The age and use of the piping and signal wire is not tracked. Most repairs have a relatively small expense that is included in the Annual Operating Budget, and therefore does not require Reserve Fund planning. At the discretion of the Association Board, any unexpected *large-cost* repair or adjustments for landscape changes may be covered from the Reserve Fund. On occasion a landscape maintenance may recommend upgrades to valve signal wires in select areas of the common property.

3. Water-tap allotment and surcharges

Dating back to 2018, water tap allotment and surcharges strongly factored into the Association's Operating Budget and Reserve Fund. Between 2018-2022, the Association purchased increases to its water allotments for its two taps from the City (~\$16k in 2019 and \$20k in 2020). By 2022, the combination of increased water allotment and water conservation mitigated water overuse surcharges.

The recent 4-year track record (2022-2026) indicates the current water tap allotments are appropriately scaled for the Association's common-space irrigation needs. In past years, the Association has managed to keep under its allotment by 10-20%. For normal water-use, surcharges are not expected or modeled in either the Operating or Reserve Fund cash flow.

4. Water-use surcharges against risk of major leak or line failure

An un-mitigated irrigation line bursts or high-flow leak can potentially lead to running over the Association's annual allotment and subsequent surcharges. Fortunately, the Association has integrated flow meters and master shut-off valves into its two taps and irrigation control

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software. This provides automated “sentry” monitoring of unexpected flows and master-valve shut-off in the event of an unexpected water line burst or any excessive unscheduled flow.

5. Water-use surcharges against severe drought

In 2026, Colorado and several western mountain states have experienced severe drought. There is certain risk of regional municipal water restrictions. It is not yet known if or when the City of Fort Collins may issue water restrictions and the impact of such restrictions to Association’s vegetation (arbor, turf, shrubs) and budget. City water restriction penalties/incentives may come in the form of limited watering days/week, mandatory reduced watering allotment and related surcharges and fines. Should drought restriction surcharge occur, it may be treated as either an Operating or Reserve funded item. For example, if a surcharge results mitigating drought stress to arbor and dying turf and is <5% of the irrigation water budget, the surcharge may be carried as an Operating Budget expense. If the surcharge was the result of a prolonged City-imposed severe drought restriction, it might be addressed by use of the Reserve Fund.

There has been no official guidance on City water restriction or policy for 2026 or 2027. If ongoing drought conditions are severe and persistent, the Association may have to budget for short-term impacts such as annual turf-reseeding, tree replacement or landscape-bed changes. Given the unknowns, the Association’s response to any prolonged and severe drought is difficult to model for both likelihood and cost and are beyond the scope of the 2026 Reserve Fund Study. More data is required to model future responses to prolonged severe drought conditions.

Common Area Landscape – Vegetation Expenditures

Table 5 breaks down the expected costs of Vegetation expenditures.

Table 5. Vegetation/Landscape Component and Expenses

Item	Reserve / Operating Funded	Estimated Cost
1. Deciduous Trees:		
Mature tree removal – 2 every 3 years	Reserve	\$2,500 - \$3,500/tree
New tree planting – 2 to 3 every 3 years	Operating	\$100-200/tree
Biennial Emerald Ash Borer Treatment	Reserve (preferred)	\$4500-\$5000
2. Evergreen trees		
Mature tree removal – 2 every 3 years	Reserve	\$2,500 - \$3,500/tree
New 6ft tree planting – 2 to 3 every 3 years	Operating	\$100-200/tree
3. Shrubs		
Replanting of new shrubs as needed	Operating	\$500/ per bed
4. Irrigated turf grass (~6 acres)		
Bare/dead turf patch mitigation	Operating or Reserve	\$1000/ 10 sq yards
5. Non-irrigated native grass and forbs (approximately 1 acre)		
Periodic Re-seeding	Operating	\$500
6. Irrigated Planting/Landscape Beds (14 locations)		
Concrete Edging (by project)	Reserve	\$300/bed
Stone Cover (by project)	Reserve	\$1000/bed
Mulch Cover (by project)	Operating	\$250/bed
Irrigation Amendments (as needed)	Reserve	\$500-\$1500
Replanting (sustaining)	Operating	\$250/bed

Comments on Common Area Landscape Vegetation Expenditures

Common space vegetation needs are supported by either Operating or Reserve Funds depending upon the relative cost and scope of the maintenance need. The high cost of mature tree removal is generally assigned to the Reserve fund while the much lower cost of planting multiple new trees is carried as part of the annual Operating budget. Larger scale initiatives, such as overhauling one or more landscape beds would be covered by Reserve Funds as they carry a higher cost for permanent adjustments to common area landscaping.

1. Deciduous and Evergreen Trees

Mature Tree Removal: The costs depend on the size of the tree and need for root removal. Efforts require quotations. Historical costs for large tree removal range from \$2500-\$3000 in 2026. We expect to remove 3 mature trees every 4 years. Mature tree removal/replanting plans may also include arborist consulting fees.

New tree planting: The Association has determined that new trees are planted and/or maintained on a regular basis by a contracted arborist, the landscape maintenance contractor or volunteer homeowners. It is recommended that trees be planted in consideration of irrigation layout and to avoid attrition of early young trees. Caution should be used in replanting evergreen trees which have shallow roots system in regional clay soils. New tree planting is included in the Operating budget each year and therefore does not need Reserve Fund planning. It is removed as a Reserve Fund Cash Flow item and carried by Annual Operating expenses.

Biennial Emerald Ash Borer Treatment: The costs for recommended pesticide treatment in 2023 and 2025 was between \$4300 and \$4600 for the Association's ash tree population. The cost of the biennial treatment is mainly in the chemicals. We use \$5000 cost starting in 2027 in the Reserve Fund model.

2. Shrubs and Landscape Bed Areas

Shrubs are typically associated with Landscaped Bed areas in the common space. While shrub maintenance (including mulching) and vegetation replacement is managed in the Operating Budget, improvements, more permanent features such as concrete edging and stone/mulch ground cover and permanent changes to irrigation piping and rotors should be managed by a Board-approved project for Reserve funding.

In 2026, the Association is generating a long-term prioritized plan for its 14 landscaped beds with only half using metal edging. The Reserve expenditures include costs to fund one bed upgrade per year while starting with 2-3 beds in 2026. Upgrading beds with cement edging (versus metal) would have a lifetime of 25 yrs. Cement edging cost is ~\$4.80 per linear feet such that 50-ft of edging is ~\$250. Updating or adding landscape rock to cover 200-500 sqft is \$200-\$800. Some beds holding shrubs/trees can benefit extension of rotors within an existing irrigation zone. Extending an irrigation zone to cover watering of the bed is estimated at ~\$500 a line.

- Large project: Concrete edging, replanting, stone ground cover, irrigation: \$2000-2500 per bed
- Med project: Concrete adjustment, replanting, mulch/stone ground cover: \$500-1000 per bed
- Small project: Mulching ground cover and replanting: \$250-500 per bed

Reserve Funds may be targeted for large or medium bed projects. Such projects involve significant logistical efforts and include new long-term improvements designed to last for > 10 years. The Reserve Fund Study uses a cost of \$1000 to overhaul or add a landscape bed. Smaller projects which involve adding stone, mulch, or new shrubs are carried in the Operating Budget.

3. Irrigated Turf Grass

The Association has determined that existing grass is replaced and/or maintained on an as-needed basis by the landscape contractor or volunteer homeowners. This includes amendment of stressed/dead turf near mature tree roots. It is a relatively small expense that is included in the operating budget each year, and, therefore, does not need Reserve fund planning. It is removed as a Reserve Fund Cash Flow item and carried by Annual Operating expenses.

4. Non-Irrigated Native Grass and Forbs

Post the 2019-2022 one-acre conversion of landscape to non-irrigated native grass, sustaining maintenance cost is very low. No other turf areas of consideration from the 2019 studies are targeted in the future. The Association has determined additional irrigated turf conversion projects to non-irrigated native grass and forbs is not need. No additional costs are modeled in the Reserve Fund Cash Flow Projection.

Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

Drainage Expenditures

Table 6 breaks down the expected costs of Drainage System expenditures.

Table 6. Drainage System Component and Expenses.

Item	Reserve / Operating Funded	Estimated Cost
1. Concrete Drain Pans 10% replacement cycle starting in 2030 with a 40-50 yr lifetime		
Concrete drain pan replacement (total of 110) Replacement of ~780 sq ft every 10 yrs	Reserve	\$8000 for 10% (780sqft) First 10% in 2030 Replace an additional 10% every 10 years
Drain pan clean out	Operating	Part of Maint. Contract
2. Drain Pipes (inspection and clean out when draining is evident). 30 yr lifetime is dependent upon inspection/performance.		
Upper Section 1 – Replacement/level ^[1]	Reserve	\$3,500/100 linear feet
Upper Sections 1/2 – Inspect/Clean-out	Operating (every 5 yrs)	\$2000 per section
Lower Section 3 – Inspect/Clean out	Operating (every 5 yrs)	\$2000 per section
Lower Section 4 – Inspect/Clean out	Operating (every 5 yrs)	\$2000 per section

[1] In 2026, this the line replacement/leveling is considered an elective item and dependent on periodic performance and inspection recommendations.

Comments on Drainage Expenditures

The main drainage system Reserve Fund expenditure is the replacement of the concrete drain pans. In this Reserve Fund Study, this expenditure is modeled for 10% (800sqft) replacement of concrete drain pans every 10 years. However, this model should be periodically evaluated as concrete drain pan replacements are a long-term maintenance where the end of useful life of the drain pans is not clearly known. An approved replacement may be scheduled to address a small or large % of drain pan segments depending on cost and logistics. Further there may be hidden costs for concrete excavation hauling, water diversion (Muskrat Ditch/Creek), and updated City permitting/requirements. Special attention and priority should be given to the concrete pans lining the Muskrat Ditch/Creek drainage area.

Financial Analysis of Oakridge Village II Association: Assumptions/Considerations

The Reserve Fund Analysis is modeled for a Reserve Fund capacity over a 20-year cash flow period (spreadsheet) based on the following criteria:

- Annual Reserve Fund Expenditures
- Projected Annual Income and Annual Operating Budget
- Annual Reserve Fund Allocation (as % of Annual Income)
- Annual Inflation Increases for all Expenditures and Homeowner Association dues

The Reserve Fund cash flow spreadsheet tracks the annual distribution of income and expenses for income and the balance of both Operating and Reserve funds. Graphs from the spreadsheet illustrate if the Association's Annual Income (mainly from HOA member dues) can support both Operating and Reserve fund expenses while maintaining a minimum recommended fund balance.

Ideally, a sustained long-term Reserve Fund Plan should satisfy three cash flow goals:

1. As best practice, any EOY Operating Fund Balance should always hold 2.5-3 months of average annual Operating expenses (or 15-20% annual expenses). Retaining a healthy positive balance in Operating cash flow at EOY can limit the % of available Operating cash that the Board can transferred to reserves.
2. In any given year, the starting Reserve Fund balance should cover 100% of the year's planned Reserve Fund expenses.
3. Over the 20 year plan, a consistent % (or %-range) of Annual Income should be routinely allocated to the Reserve Fund to cover 100% of future "peak-year" Reserve Fund expenditures.

The following analysis will show that Oakridge Village II is well positioned to sustain these three goals over the next 20 years of planned common interest property needs with an annual Reserve Fund allocation that is 9-10% of projected Annual Income.

Starting Operating and Reserve Fund Balances - 2026

As of January 2026, the Oakridge Village II Association Operating Fund balance was ~\$25,578 inclusive of a 10k CD and the Reserve Fund balance was \$39,183 (after a \$5k addition at the end of 2025).

Starting Annual Income and Operating Budget Basis - 2026

In practice, the Association uses the Operating Fund to manage payment of all expenses and deposits of Income. Near the EOY, a budgeted % of Annual Income (plus any excess or unused cash) is transferred to the Reserve Fund. When Reserve Funds are needed, select amounts are transferred back to the Operating Fund. In this manner, the Reserve Fund condition is tied to the Operating Fund. With this accounting practice, the Operating Fund account operates as the key cash flow account between Income and Reserve Fund. When preparing and executing on the Annual Budget and setting Annual Assessments (HOA dues), the Association Board must attempt to sustain minimum balances of both Operating and Reserve Funds.

Annual Income Basis: Association Income comes from Annual Assessments (94 x \$Annual HOA dues], home-sale transfer fees (\$800/sale) and any interest on CDs. In 2026, the budgeted Annual Income was \$65,190 less additional interest in one \$10k CD with 35% taxes. This income is considered

Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

“conservative” as it only includes one (1) home-sale transfer/year when on average the Association may see 2 to 3/year.

Operating Fund Annual Expense Basis: Between 2022-2025 the average actual Operating expenses ranged between \$56k-66k/year. In this period, the Association had no water use surcharges or fees associated with mandatory water restrictions. In the 2026 Annual Operating budget (~\$72k) included \$12k that was earmarked for irrigation system upgrades. Those upgrades would normally be covered as a Reserve funded item. This was allowed as the Association had a \$10-11k excess in its 2025 EOY Operating Fund (derived from multiple home sale transfer fees and \$10k reduction in landscape maintenance contract services). Removing this \$12k infrastructure expense, the nominal Operating Fund Annual Expenses basis starting in 2026 is \$60k/year.

Annual Reserve Fund Allocation as % of Annual Income

The Reserve Fund Cash Flow model anticipates transfer of a certain % Allocation of the Associations Annual Income to Reserve Fund savings. In practice, this is reviewed every year when examining the EOY Operating Fund, reviewing the Reserve Fund’s annual expenses/schedule and setting the next year’s Annual Assessment. For many common interest HOA’s, the recommendation for Reserve Fund %-allocation may be as high as 20-50%. However, that level of funding is for associations that hold “large expense” common interest and property components such as buildings, roads, pools and capital-based infrastructure. Oakridge Village II does not retain such components/elements. Thus the % of income from Association dues transferred to reserves is significantly less than commonly recommended.

When one reviews the expected schedule of Reserve Fund expenses in the next 20 yrs, average Reserve Fund expenditures are about **9-10%** of the Association’s Annual Income. This range is used in the cash flow model and analysis.

Annual Inflation for Expenses and Income

For this analysis, the assumed annual inflation rate is between **+2.5 and +3%** (based on recent reports and historical averages of 2.48% last 10 years, 2.49% last 30 years). Estimates of inflation for 2026 in northern Colorado are ~2.4% while increases to utilities and water are expected to be significantly higher (6-9%) which accounts for about 1/6th of Annual Operating Expenses. *The rate of inflation is applied equally to Annual Income, Operating Budget and prospective Reserve Fund expenses.*

Increases to Annual Assessments by the Board membership is restricted to no more than **+5%** in any year. Any annual increase >5% is considered a special assessment and requires 2/3rds voting approval by the Association membership. (See Association’s Declaration of Covenants, Conditions and Restrictions Article V Section 3).

Three income models are illustrated:

- (a) Annual Assessment based on +2.5%/year increases for inflation for all years
- (b) Annual Assessment based on +2.5%/year inflation with a one-time +5% increase in 2028
- (c) Annual Assessment based on +3.0%/year inflation with a one-time +5% increase in 2028

Important Note: The modeled Annual Assessment increases against inflation are hypothetical and do not constitute any formal Board-approved Annual Assessment plan or schedule. As customary for a Reserve Fund Study, annual increases to Annual Income should be modeled to mirror inflationary increases to Operating and Reserve Fund expenses in the projected cash flow.

Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

Summary of Assumptions/Considerations

Table 7 summarizes initial fund balances, annual income, inflation rates and estimated annual expenses. These values are used in the 20 year model.

Table 7. Summary of Financial Assumptions and Consideration for Reserve Fund Cash Flow Model.

Item	Assumption/Considerations	
Estimated Starting Operating Fund Balance (2026)	\$25,578 (includes a \$10k 12 mo CD)	
Starting Reserve Fund Balance (2026)	\$39,183 (includes a \$5k addition at the start of 2026)	
Annual Inflation Rate	+2.5% to +3%	
Annual Assessment Models	Starting Annual Dues Basis for 2026: \$685/home Model 1: +2.5% increase per year to match inflation Model 2: +2.5% increase per year w/ a one-time +5% increase (in 2028) Model 2: +3.0% increase per year w/ a one-time +5% increase (in 2028)	
Annual Income Models	Annual Assessment x 94 homes + \$800 (one home transfer fee) and interest on 12 Mo CDs for \$10k to \$20k (less 35% HOA taxes)	
Starting Estimate of Annual Operating Expenses	\$60,000 (2026)	
Targeted % of Annual Income Transferred to Reserve	9 to 10%	
20 yr Estimated Reserve Fund Annual Expense Schedule (in 2026 \$s – does not reflect inflation)		
Sum of estimated Reserve Fund expenses by year for all irrigation, vegetation and drainage common components.	2026 - \$7,000	2037 - \$8,500
	2027 - \$9,500	2038 - \$4,000
	2028 - \$7,000	2039 - \$4,500
	2029 - \$4,500	2040 - \$12,000 (peak year)
	2030 - \$12,000 (peak year)	2041 - \$6,500
	2031 - \$5,500	2042 - \$5,000
	2032 - \$7,000	2043 - \$4,500
	2033 - \$8,500	2044 - \$4,000
	2034 - \$8,100	2045 - \$4,500
	2035 - \$8,500	2046 - \$5,000
	2036 - \$5,000	

Note: “peak-years” include 10 year schedule on partial concrete drain pan replacement.

Important Note: The Reserve Fund Cash Flow projection does not include variances to the cost basis listed in Table 7. We consider the costs as mean-centered values for the analysis. Also, there is no modeling for Reserve Fund coverage against catastrophic wind/storm/flood damage wherein the cost for multiple mature tree removal or landscape damage would have to be specially accessed.

Financial Analysis of Oakridge Village II: Reserve Fund Cash Flow Model and Projections

The goals of the Reserve Fund Cash Flow Model and Analysis are as follows:

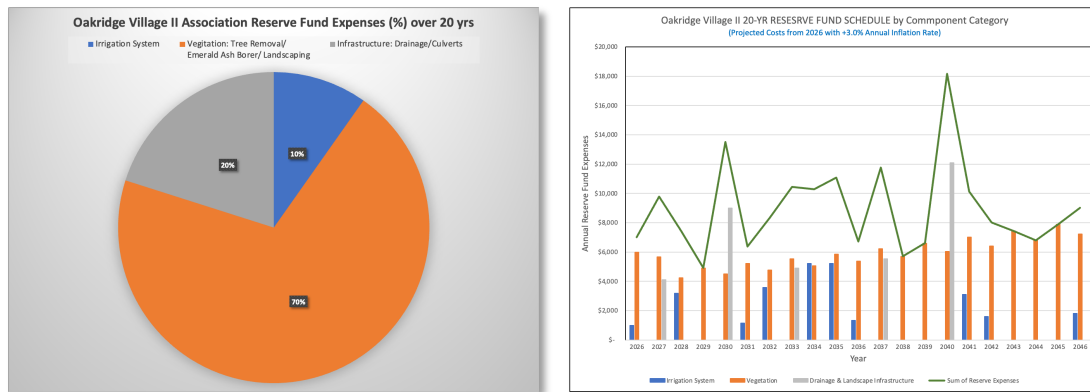
1. Using Tables 3-6, map out the 20 year Reserve Fund expenditures for all common element/component categories: irrigation systems and irrigation surcharges, landscape vegetation and arbor, drainage infrastructure.
2. Using the Summary of financial values in Table 7, provide a 20 year Cash Flow Projection of Annual Income, Operating Fund and Reserve Fund balances against various rates of inflation (+2.5-3%), any Annual Assessment adjustments above the rate of inflation, and Reserve Fund Annual allocation or savings starting with +9-10% of Annual Income.
3. Demonstrate the Association's capability to sustain Operating and Reserve Fund balances at "best practice" recommended levels using three ***"minimum recommended % metrics"***:
 - a. **EOY Operating Fund Balance**: Within any year, sustain an End of Year (EOY) Operating Fund balance with cash flow that can cover ~20% of Annual Operating Fund Expenses (~3 months of Operating expenses).
 - b. **BOY Reserve Fund Balance**: Within any year, sustain a Reserve Fund Annual Beginning of Year (BOY) Balance that can cover 100% of the year's planned Annual Reserve Fund Expenses.
 - c. **Three-Year Reserve Fund Capacity**: Within any year, the sustain a 3 year Reserve Fund Capacity (= BOY Reserve Fund Balance + 2 additional years of Reserve Fund additions) can cover 100% of 3 years of Reserve Fund Expenses. [This secondary provision demonstrates the Association's capacity to consistently hold sufficient reserves to address "peak-year" expenses without depleting the fund for future years' needs.]
4. Identify any recommendations for projected increases/decreases in Annual Income from Association assessments (dues) and Reserve Fund items that might be subject to ongoing review for timing or cost savings.
5. Publish the Reserve Fund Plan for the Association Members for fiduciary transparency and to guide the Association Board as part of its Annual Budget and Assessment planning process.

20 Year Allocation of Reserve Fund over Common Component Categories

The plots in Fig. 2 illustrate the Reserve Fund expenses by % of category and the anticipated 20 year plan as listed in Table 7. The dominating expenditures are for Vegetation at 70% (biennial emerald ash borer treatment, mature tree removal, and landscape maintenance). The second category is drainage infrastructure at 20% (underground drainage lines and concrete drain pans). The high-peak costs for years 2030 and 2040 are from cement drain pan replacement when added to regular vegetation work. Cement drain pan maintenance/replacement is a high-peak yr that occurs about every 10 years.

Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

Figure 2. Expected Reserve Fund expenditures by component/element category from 2026-2046.



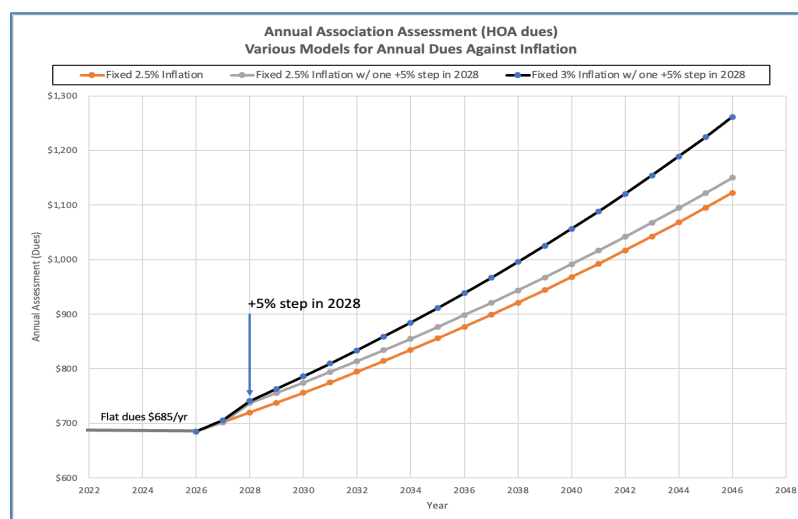
20 Year Annual Assessment / Income

The bulk of the Association's income is from Annual Assessments. Between 2022 and 2026, Assessments for homeowner dues remained constant at \$685/yr/home with no increases for inflation. This was the result of ongoing cost reduction efforts. However, for a customary Reserve Fund Analysis, income and expenses should at least track inflation if there are no future planned cost reduction initiatives. The Cash Flow analysis uses three models of Annual Assessment increases against inflation, which are illustrated in Figure 3.

1. +2.5 % Annual Inflation increase (all years)
2. +2.5 % Annual Inflation increase with a single-year +5% increase (in 2028)
3. +3.0 % Annual Inflation increase with a single-year +5% increase (in 2028)

The rationale for the single-year +5% step in two models will be demonstrated in the analysis. Specifically, the analysis will show that the Association's Annual Income basis may need to increase modestly (~2% over inflation) in one early in the plan to meet the Operating and Reserve Fund goals.

Fig. 3. Annual Association Assessment (Dues) Projection for three income models.



Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

20 Year Reserve Fund and Operating Fund Cash Flow Model

The Reserve Fund Cash Flow Analysis uses all the stated inputs from Table 7 and projects the 20 year values of Annual Income, Operating Fund balance/expense and Reserve Fund balance/expense. The following sets of figures show the results of the analysis for the three Annual Assessment models (shown in Figure 3).

For each of the three Assessment (Income) models, the resulting Cash Flow Analysis is presented in a set of 3 graphs (Figs 4 through 6) that illustrate the following:

- 1) Operating Cash Flow: Includes Annual Income, Annual Operating Expenses, the Annual Reserve Transfer (or contribution form Annual Income) and the EOY Operating Fund balance.
- 2) Reserve Fund Cash Flow: Annual Reserve Transfer, Annual Reserve Expenditure (or withdrawal), EOY Reserve Fund balance.
- 3) Reserve Fund Metrics: (BOY Reserve Fund/Annual Reserve Expense) and 3 year Reserve Fund Capacity (as defined above). Ideally these metrics should be between 100-200% or > 200% when the fund is being held to address one or more peak-year Reserve Fund expenses (example: cement drain pan replacement).

Tables for the Reserve Fund Cash Flow Analysis are given in the Appendix section of this report.

Cash Flow for Income Model 1 (Fig 4.): +2.5% Annual Inflation, 9.0% transfer of Annual Income to reserves

Graphs in Fig. 4 show the analysis when a flat +2.5% rate of inflation is applied to Annual Assessments and projected Operating and Reserve expenses. In this model, 9.0% of Annual Income is transferred to the Reserve Fund. The Association's Operating and Reserve Fund capacities are satisfactory in the first ~8 years, but by 2034, EOY Operating Funds start to drop below the "best practice minimum" and eventually shows a deficit in 20 years. Also, the Reserve Fund capacity is projected to have several years of risk near 2040 to cover concrete drain pan replacement work. This cash flow projection suggests the Association is well positioned in the first 8 years, but after 2035, the EOY Operating Fund struggles to maintain a healthy cash flow. This "fixed inflation" income model analysis suggests the current Assessment "basis" starting in 2026 (\$685/yr/home) is slightly "low" for long-term Operating and Reserve Fund needs.

Cash Flow for Income Model 2 (Fig 5): +2.5% Annual Inflation with one-time +5% increase in 2028, 9.7% transfer of Annual Income to reserves

Graphs of Fig 5 show the analysis when a +2.5% rate of inflation is applied to Annal Assessments, with exception of a single-year step of +5% (2028). The rate of +2.5 inflation is applied to Operating and Reserve expenses. In this model, 9.7% of Annual Income is transferred to reserves. With these two variations over "Model 1", the cash flow projections of Operating and Reserve Funds meet all the desired and recommended fiscal metrics throughout the 20 year plan. Specifically, the EOY Operating Fund always remains > 20% of the Annual Budget and the % Reserve Fund Capacity metrics are above 100%.

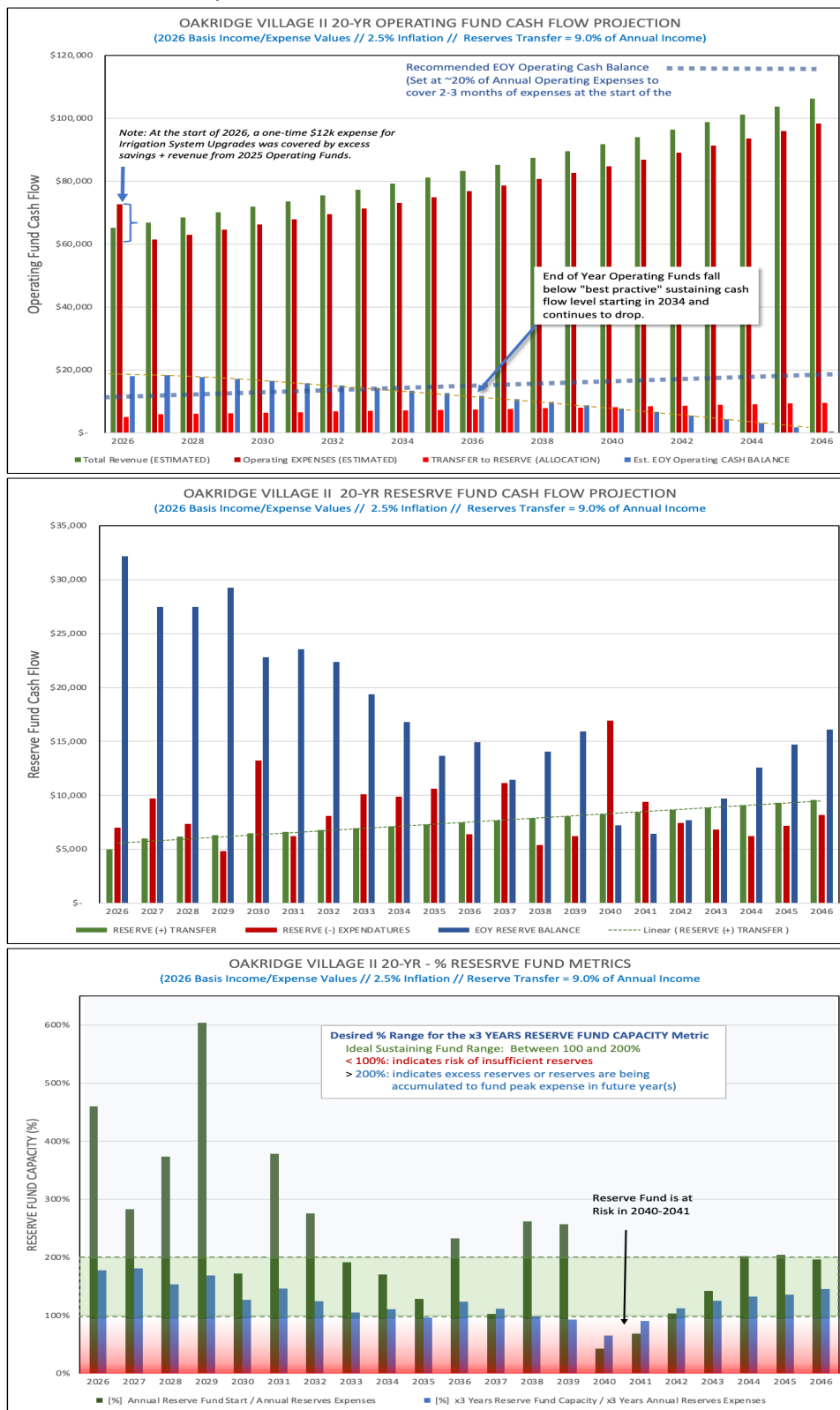
Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

Cash Flow for Income Model 3 (Fig 6): +3% Annual Inflation with one-time +5% increase in 2028, 9.4% transfer of Annual Income to reserves

Graphs of Fig 6 show the analysis when a +3.0% rate of inflation is applied to Annual Assessments except for a single-year step of +5% (2028). The rate of +3.0 inflation is applied to Operating and Reserve expenses. In this model, 9.4% of Annual Income is transferred to reserves. The result is quite similar to "Model 2" whereby the cash flow projections of Operating and Reserve Funds meet all the desired and recommended fiscal metrics throughout the 20 year plan with the exception of minor risk in 2040, which is scheduled to have a large peak in Reserve expenditures.

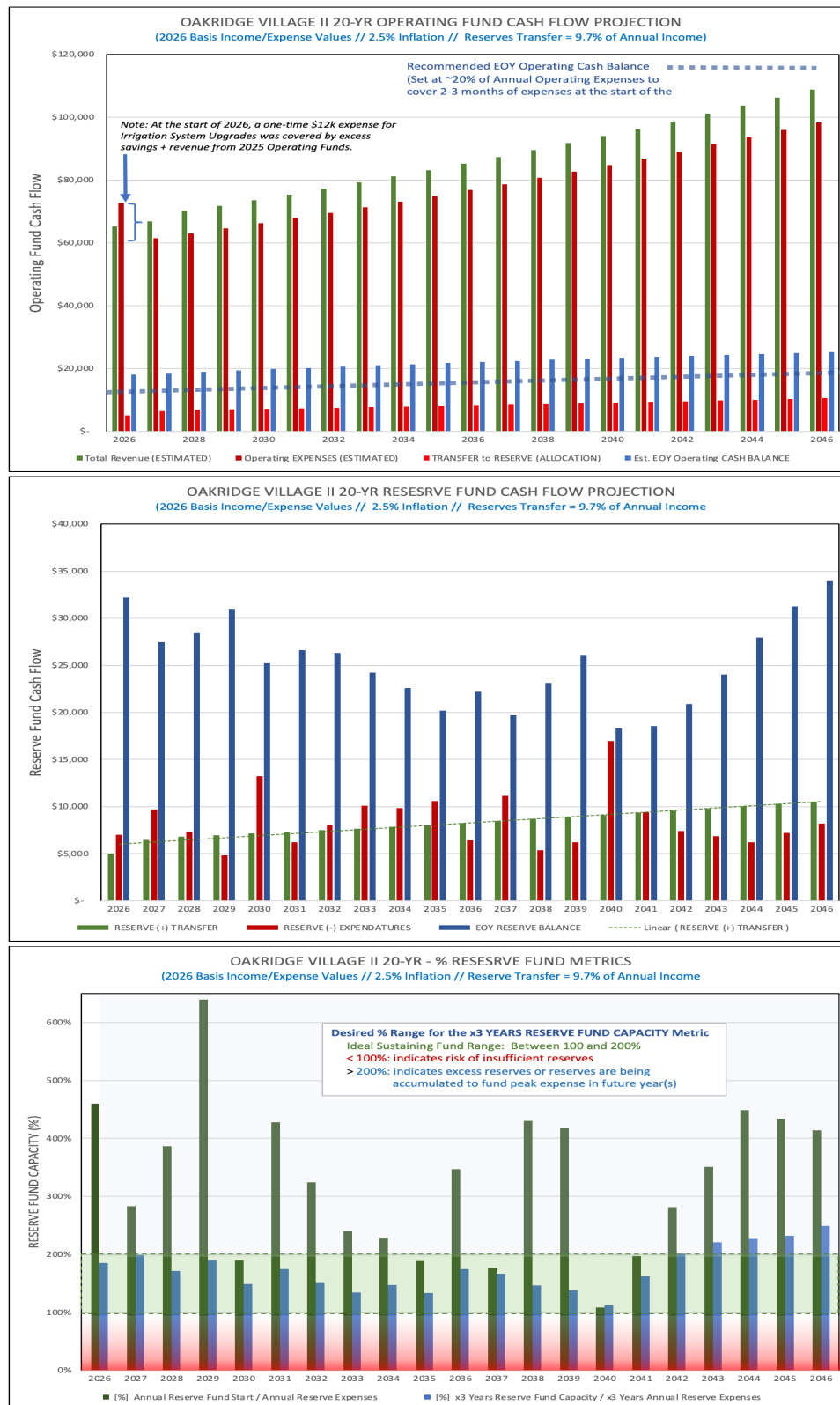
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Figure 4. Model 1 Cash Flow Projection: 2.5% Annual Inflation, Reserve Transfer = 9% Annual Income.



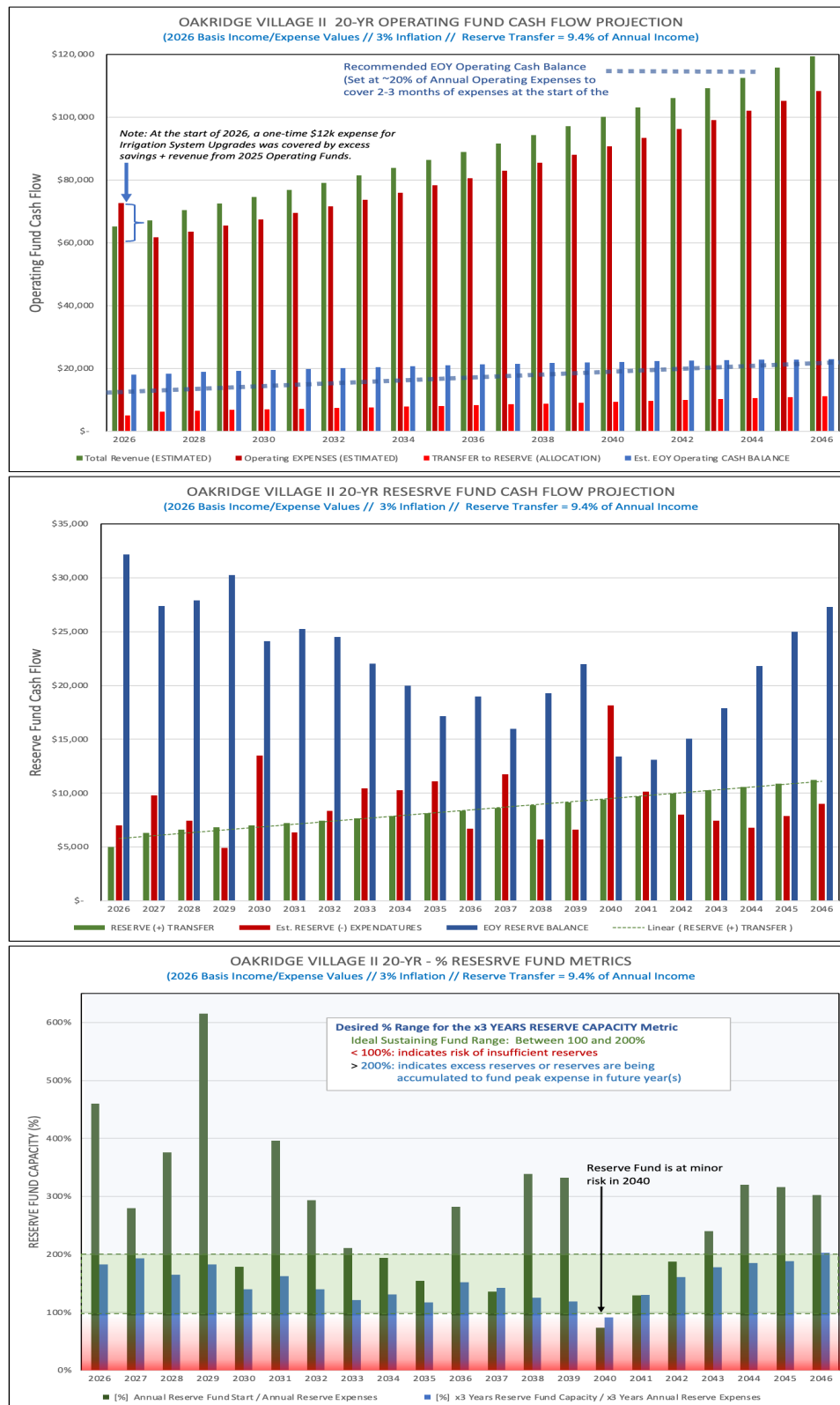
Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

Figure 5. Model 2 Cash Flow Projection: 2.5% Annual Inflation with +5% increase in 2028 dues, Reserve Transfer = 9.7% Annual Income.



Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

Figure 6. Model 3 Cash Flow Projection: 3.0% Annual Inflation with +5% increase in 2028 dues, Reserve Transfer = 9.4% Annual Income.



Reserve Study and Funding Plan for Oakridge Village II Association, Inc. (2026)

Recommendations from the Cash Flow Analysis

The 20 year Reserve Fund Cash Flow analysis shows the Association has a healthy starting Reserve Fund balance in 2026 and is well positioned to meet its goals for the first 10 years of the plan with Annual Assessments, Operating expenses and Reserve expenses *equally increasing at the same rate of annual inflation*. After 10 years, however, the Annual Income falls short of supporting the minimum recommended Operating and Reserve fund balances. This suggests that the current Annual Income basis is slightly low (by about 2%).

Additional modeling demonstrates that including a relatively early, one-year step increase of +5% in Annual Assessments (e.g. near 2028) would be enough to fully support a 20 year Reserve Fund Plan.

Important Note: The modeled Annual Assessment increases used in the analysis are for the purposes of cash-flow projections. While they are reasonable and customary, they are hypothetical. They do not constitute any formal Board-approved Annual Assessment schedule in future years.

The alternative approach to manage a risk of projected shortfall in the 20 year Reserve Fund plan is to realize modest sources of additional Annual Income or reductions Operating expenses of about 2% (about \$1.2k based on the 2026 Annual Operating Budget). An increase of Income might be realized from additional home-sale transfer fees, but such income cannot be assured. A reduction in Operating expenses would require active HOA member volunteer support for irrigation system and landscaping/arbor maintenance to offset contracted maintenance labor costs.

Table 8 gives examples of initiatives to realize Annual Income increases or Operating/Reserve expense decreases that the Association could consider in future.

Table 8. Income/Expense Initiatives to manage would be Operating and Reserve Fund Planning risks.

Annual Income (+)	
Home Sale Transfer Fees	Currently at \$800. Review option for a scheduled increase by ~10% ever 3-5 yrs.
Interest on Operating/Reserve Funds (e.g. 12 mo CDs.)	Income from CD interest is modeled in the Cash Flow Analysis. The HOA Treasurer recommends that \$10k always be held as “liquid” in all funds to avoid early withdrawal penalties on CDs.
Operating Fund Expenses (-)	
Switch from PO to physical mailbox	Removing PO box fees would save \$240/yr (planned in 2026-7)
Irrigation Controllers/Subscription	Reduce from 3 to 2 subscriptions (started in 2026)
Irrigation Water Cost	Leverage (2016) upgrades and “ETwater” monitoring utilities to keep water use under budget
Landscaping Beds	Solicit HOA volunteer support to reduce labor for replanting and adding mulch/stone/gravel ground cover.
Reserve Fund Expenses (-)	
Arbor management	Make a long-term “Arbor Maintenance” plan to manage cost of mature tree removal, replanting and fall-trim maintenance.
Concrete Drain Pans	Consult with specialist to examine life-extending “crack sealing” options over full replacement of cracked segments. Plan early to determine hidden costs for replacement work.

Financial Analysis of Oakridge Village II: Conclusions and Recommendations

In past years (2018-2022) the Association's financial situation was highly variable due to irrigation water changes imposed by the City. Through a series of Annual Assessment adjustments and water allocation and conservation activities, the Association was able to purchase an increase in water allotment and stabilize the high variability in its finances associated with water use. Between 2022 and 2026, Annual Assessments have remained constant and several cost savings in the Operating expenses were realized. By 2026 the Reserve Fund account has been sufficiently funded.

An updated 20 year Reserve Study and Funding Plan has been conducted using 2026 as the basis for the Association's income and expense cost basis as projected in future years using +2.5-3% average annual inflation. The 2026 report includes an updated review of the Associations common interest components (Irrigation System/Surcharges, Vegetation and Drainage infrastructure) and their estimated cost and timeline for maintenance/replacement expenditures. The updated schedule for 2026 can be referenced by the Association's Board to review Reserve funded items as part of its Annual Budget planning work. A review of average Reserve Fund expenses over the next 20 years suggests the Association's annual contribution of income to reserve savings should be ~9-10%.

A 20 year (2026-2046) projected Reserve Fund Cash Flow Analysis was made while including Operating Fund Cash Flow. Tracking both Operating and Reserve fund cash flow is customary to assure the cash flow balance in *both* funds can be sustained at "best recommended practice" levels. Using three models of Annual Income with inflation, the Cash Flow Analysis demonstrates that the Association's Income can meet its near-term Reserve Fund Plan goals (2026 thru 2036). However, the Association should consider a single year +5% increase of income (or alternatively about a -2% consistent decrease in overall expenses) to maintain its Operating and Reserve balances at "best recommended practice" levels throughout the entire 20 year projection. The analysis does not reveal high-risk cash flow shortfalls in the Reserve Fund that might trigger special Annual Assessment increases that are >5%. However, assumptions about timing and cost of replacing concrete drain pans lining the Muskrat Ditch/Creek should be investigated in the next 3 years.

The Cash Flow Analysis highlights a few that the Association Board may utilize to manage ongoing costs and risks within the 2026 Reserve Fund Plan.

- 1) Arbor (Vegetation): As arbor maintenance is the largest Reserve Fund expense, the Association could benefit from a detailed review of its tree inventory with the assistance of a professional arborist or landscaper and a plan that maps a timeline for mature tree removal and replacement. Such a plan may help provide Board Members with year-over-year logistics of tree removal and new tree replacement. Such a review may also include recommendations on select mature ash trees that are close to end of useful life and where their biennial emerald ash borer treatment might be discontinued.

- 2) Drainage Infrastructure: The largest forgoing cost for drainage infrastructure is the ever-flowing drain pans that line the Muskrat Ditch drainage along Keenland Drive. It represents 80% of the concrete drain pan surface area for which the Ditch is ever flowing. Repairs along Muskrat Ditch would require temporary water diversion that can significantly add to cost. The Association is advised to do a more complete/contemporary investigation of concrete maintenance of the drain pans that include the following:
- a. Consult with appropriate City public works/engineering department(s) to verify ownership and determine what restrictions, permitting or shared cost might be applied to any proposal for repair/replacement of the Muskrat Ditch drain pans. While the Association most likely owns the maintenance of the pan set on its “private property”, the infrastructure may be subject to shared City ownership and rules for storm-water drainage.
 - b. Determine what contractor services and permitting processes are required for the specific needs of the Muskrat Ditch prior to budgeting/scheduling repairs.
 - c. Access cost for repairs that can be scheduled for individual concrete drain pan segments vs. a long-term plan for full replacement of the original drain pans, which may be unnecessary.
 - d. Revise a long-term schedule of the drain pan infrastructure in future Reserve Fund Studies.
- 3) Landscape Beds (Vegetation): A priority list of landscape bed work is needed for the ~14 beds distributed about the common area. In many instances, new edging, groundcover, planting and irrigation adjustments are needed. A more detailed plan would help define the timeline and costs for Reserve Funded projects associated with these features and their priority.

This 2026 report should be reviewed and referenced for guidance during Annual Budget preparation by the Association’s Board. It is expected that the analysis and report be updated by the Association’s Board and republished to the Association in 3 to 5 years (2029-2031).

Appendix A. 20 yr Operating and Reserve Fund Cash Flow Worksheet – Model 1

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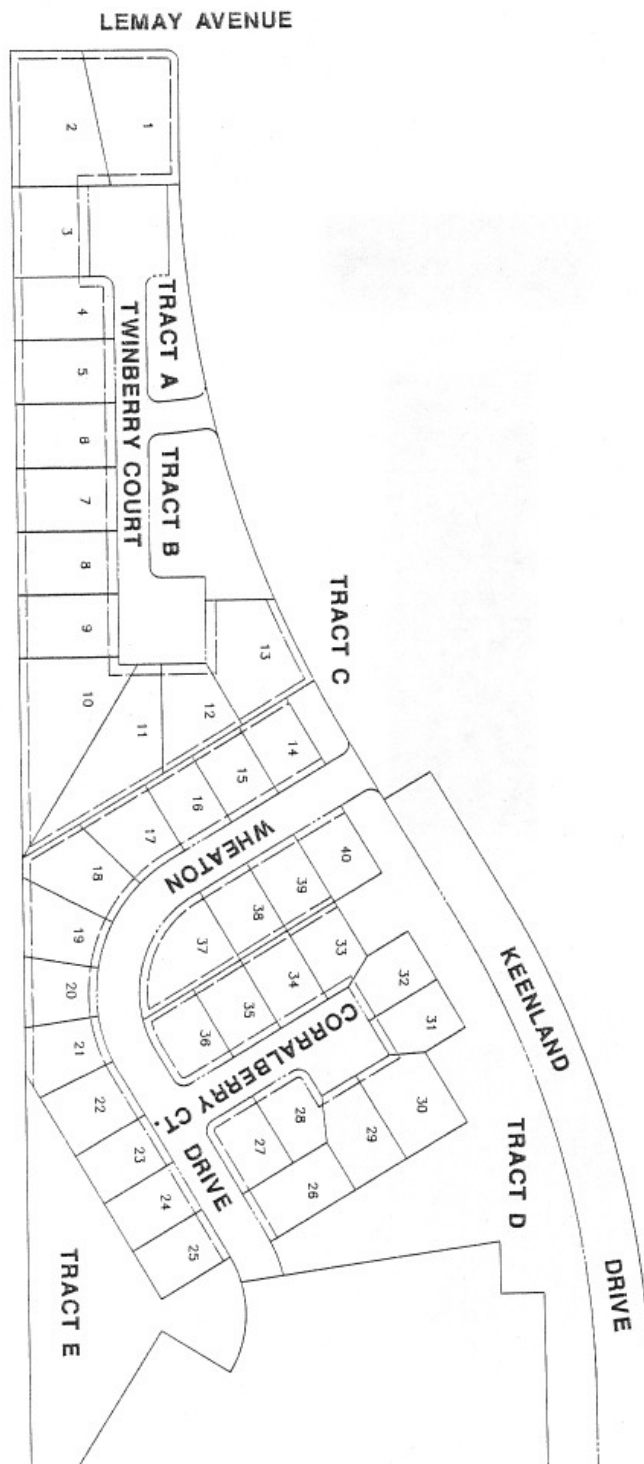
Appendix B. 20 yr Operating and Reserve Fund Cash Flow Worksheet - Model 2

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Appendix C. 20 yr Operating and Reserve Fund Cash Flow Worksheet - Model 3

[illegible]

Appendix D. Layout of Oakridge Village II Association (1st and 2nd Filing)



OAK RIDGE VILLAGE P.U.D. FIRST FILING

