

2010-2011

RA Current Assessment Funding Model Summary

Report Date	June 03, 2010
Budget Year Beginning	September 01, 2010
Budget Year Ending	August 31, 2011
Total Units	374

Inflation	3.00%
Annual Assessment Increase	3.50%
Interest Rate on Reserve Deposit	3.00%
Tax Rate on Interest	0.00%
Contingency	0.00%
2010 Beginning Balance	\$720,000.00

[Our free reserve study meets national standards and Hawaii state law.](#)

Required Annual Contribution	\$140,640.00
<i>\$376.04 per unit annually</i>	
Average Net Annual Interest Earned	\$33,104.70
Total Annual Allocation to Reserves	\$173,744.70
<i>\$464.55 per unit annually</i>	

Project Summary

A Reserve Study was prepared using the cash flow method of analysis for . This Reserve Study has been prepared for the fiscal year ending July 31, 2011. It is estimated that the reserve fund at 2010 year end will be approximately \$720,000.00. Association will collect \$140,604.00 in contributions to the reserve fund in 2010. Interest earned on reserve contributions must remain in the reserve accounts to meet future funding requirements. This funding plan calls for future increases in the amount contributed to the reserves as defined in the funding plan. This funding plan provides for fully funded reserve fund balances and complies with HRS 514B-148. The Reserve Study was approved by the association's Board of Directors as part of the 2010 Budget.

It is important to recognize that a reserve study is a financial forecast of future funds required to maintain the capital components of the project. Hawaii law requires directors of the association to use reasonable efforts to project inflation, interest income, component inventory, component life & remaining life, and replacement costs of the project's components for a 20 year period. From this information, reserve contributions are calculated to fund the statutory replacement reserves. By its nature, a Reserve Study is an estimate to be used for annual budgeting purposes. The Reserve Study is a requirement of HRS 514A-83.6 and HRS 514B-148. The reserve study is not an audit or quality inspection of the project.

Based on this Reserve Study, has adopted a funding plan based on the cash flow method that provides full funding. The Reserve Study reflects that the Association is fully funded and has complied with the reserve requirements of HRS514B-148; provided however, the association implements the funding plan and the criteria used reflects the project's actual operating experience during the life of the funding plan. The Reserve Study Specialist has no conflict of interest with the association, its Directors, its employees, if any and has prepared this report as an independent Reserve Study Professional.

Casey Rothstein, RS-201
Reserve Specialist

2010-2011
RA Current Assessment Funding Model Projection

Beginning Balance: \$720,000

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves
<i>2010</i>	<i>Special Assess.</i>	<i>2,000,000</i>	<i>Loan</i>	
2010	140,640	33,105	1,757,150	1,136,595
2011	145,562	30,554	263,680	1,049,031
2012	150,657	12,311	789,310	422,690
2013	155,930	15,998	45,348	549,270
2014	161,388	19,041	75,972	653,727
2015	167,036	23,162	48,690	795,236
2016	172,882	25,999	101,494	892,622
2017	178,933	29,306	94,700	1,006,161
2018	185,196	35,380	12,034	1,214,702
2019	191,678	15,603	886,267	535,717
2020	198,387	20,082	64,710	689,475
2021	205,330	19,868	232,551	682,122
2022	212,517	26,518	10,693	910,464
2023	219,955	33,714	6,608	1,157,524
2024	227,653	39,264	76,386	1,348,056
2025	235,621	36,877	354,438	1,266,116
2026	243,868	12,227	1,102,433	419,777
2027	243,868	13,141	225,614	451,172
2028	243,868	19,957	29,793	685,205
2029	243,868	26,912	32,001	923,983
2030	243,868	30,205	161,015	1,037,041
2031	243,868	24,559	462,283	843,185
2032	243,868	32,065	18,203	1,100,915
2033	243,868	1,592	1,291,712	54,663
2034	243,868	6,821	71,148	234,204
2035	243,868	9,066	175,877	311,260
2036	243,868	14,907	58,228	511,807
2037	243,868	19,538	104,401	670,813
2038	243,868	24,214	107,533	831,362
2039	243,868	27,361	163,192	939,399

A 20-year projection of your reserve fund balance.

2010-2011
RA Annual Expenditure Detail

A description by year of the funds required by component.

Description	Expenditures
Replacement Year 2010	
Asphalt Repairs-Lower Parking Levels, Entry and Refuse Area	75,000
Elevator - Refurbish Equipment	1,500,000
Elevator Cabs - Refurbish	65,000
Exercise Room Refurbish - Carpet, Paint, Equipment	15,000
Laundry Machines -14 dryers, 15 washers	30,000
Lighting - Building/Garage	25,000
Office Computers	3,000
Pool Heater- Solar	10,650
Sauna - Equipment and Wood Refurbish	9,000
Security Cameras-22 camera, 6 monitors	20,000
Trash Chute- Annual Cleaning	2,000
Unit Drain Pipes - Annual Repairs/replace	2,500
Total for 2010	\$1,757,150
Replacement Year 2011	
Balcony Hallway Coating	103,000
Exhaust Fans - Roof A	41,200
Furo - Equipment	1,545
Lobby -Refurbish	2,575
Pipe Replacements-Contingency	5,150
Pool Deck - Coating (materials)	5,150
Roof to Ground Drain Pipe Replacement	36,050
Roofing Building A	30,900
Roofing Building B	20,600
Tile - Elevator Lobbies- Phase 1	12,875
Trash Chute- Annual Cleaning	2,060
Unit Drain Pipes - Annual Repairs/replace	2,575
Total for 2011	\$263,680
Replacement Year 2012	
Concrete Spalling Repairs - Pre Painting	159,135
Painting -Full Exterior	530,450
Tile - Elevator Lobbies- Phase 2	13,261
Trash Chute- Annual Cleaning	2,122
Trash Compactor	23,340
Unit Drain Pipes - Annual Repairs/replace	2,652
Water Booster Pumps and Motors	58,349
Total for 2012	\$789,310
Replacement Year 2013	
A/C Split System	6,010

Defines contributions by owners to capital and maintenance reserves. Tax benefits may be available for owners on capital reserve contributions.

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	
Capital Reserve						
A/C Split System	6,010	3	15	4,400	378	4,400
Asphalt Repairs-Lower Parking Leve..	75,000	0	25	75,000	4,182	75,000
Backflow Preventer	16,391	3	40	13,875	386	13,875
Balcony Hallway Railings	155,797	15	25	0	8,133	40,000
Bike Rack	9,786	9	15	3,000	561	3,000
Concrete Spalling Repairs - Pre Paint..	159,135	2	7	107,143	21,745	107,143
Elevator - Refurbish Equipment	1,500,000	0	30	1,500,000	74,300	1,500,000
Elevator Cabs - Refurbish	65,000	0	15	65,000	5,286	65,000
Emergency Generator	65,673	6	25	41,800	2,366	41,800
Entry Phone System II	9,348	15	20	0	488	1,500
Exercise Room Refurbish - Carpet, P..	15,000	0	10	15,000	1,707	15,000
Exhaust Fans - Roof A	41,200	1	20	38,000	2,000	38,000
Exhaust Fans - Roof B	5,970	6	20	3,500	269	3,500
Fire Alarm System	30,747	7	20	16,250	1,364	16,250
Fire Hoses	3,939	4	5	700	731	700
Furo - Equipment	1,545	1	10	1,350	150	1,350
Furo -Tile - Materials	6,720	10	20	0	569	2,500
Garage Gates and Motors	28,982	5	15	16,667	1,767	16,667
Laundry Machines -14 dryers, 15 wa..	30,000	0	7	30,000	4,675	30,000
Laundry Water Heater	3,588	9	10	275	309	275
Lighting - Building/Garage	25,000	0	20	25,000	1,631	25,000
Mailboxes	4,567	9	20	564	366	1,925
Office Computers	3,000	0	6	3,000	538	3,000
Pipe Replacements-Contingency	5,150	1	5	4,000	1,000	4,000
Pool Area Furnishings	5,065	4	7	1,929	672	1,929
Pool Cabanas - Roofing	27,904	21	25	0	945	2,400
Pool Deck -Concrete Resurfacing	76,031	17	25	0	3,392	14,720
Pool Equipment -Filter, Pump, Chlor..	6,149	7	10	1,500	545	1,500
Pool Heater- Solar	10,650	0	10	10,650	1,212	10,650
Pool- Resurface Plaster	44,129	16	20	0	2,126	5,500
Recreation Room - Refurbish	5,628	4	10	3,000	522	3,000
Roof to Ground Drain Pipe Replacem..	36,050	1	35	34,000	1,000	34,000
Roofing Building A	30,900	1	10	27,000	3,000	27,000
Roofing Building B	20,600	1	10	18,000	2,000	18,000
Sauna - Equipment and Wood Refurb..	9,000	0	10	9,000	1,024	9,000
Security Cameras-22 camera, 6 moni..	20,000	0	15	20,000	1,627	20,000
Signs, Etc.	5,628	4	10	3,000	522	3,000
Tile - Elevator Lobbies- Phase 1	12,875	1	25	12,000	500	12,000
Tile - Elevator Lobbies- Phase 2	13,261	2	25	11,500	507	11,500
Tile - Elevator Lobbies- Phase 3	13,659	3	25	11,000	515	11,000
Tile - Elevator Lobbies- Phase 4	14,069	4	25	10,500	522	10,500
Tile - Elevator Lobbies- Phase 5	14,491	5	25	10,000	530	10,000
Tile - Elevator Lobbies- Phase 6	14,926	6	25	9,500	538	9,500
Tile - Elevator Lobbies- Phase 7	15,373	7	25	9,000	545	9,000
Tile Floor - Rec. Meeting Room, Hall..	33,765	4	25	25,200	1,254	25,200
Trash Chute	42,065	15	20	0	2,196	6,750
Trash Compactor	23,340	2	15	19,067	1,488	19,067
Vehicle	9,786	9	10	0	935	750
Water Booster Pumps and Motors	58,349	2	15	47,667	3,721	47,667
Capital Reserve - Total	\$2,831,241				\$2,258,036	\$166,738

This amount reflects the annual capital contribution to the reserve fund. Multiplied by the owners PCI% is the potential adjustment to the tax basis.

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	
Maintenance Reserve						
Balcony Hallway Coating	103,000	1	10	90,000	10,000	90,000
Lobby -Refurbish	2,575	1	10	2,250	250	2,250
Painting -Full Exterior	530,450	2	7	357,143	72,484	357,143
Pool Bathrooms/ shower	2,814	4	10	1,500	261	1,500
Pool Deck - Coating (materials)	5,150	1	7	4,286	714	4,286
Roof Catwalk Coating	4,371	3	7	2,286	588	2,286
Trash Chute- Annual Cleaning	2,000	0	1	2,000	2,000	2,000
Unit Drain Pipes - Annual Repairs/re..	<u>2,500</u>	0	1	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
Maintenance Reserve - Total	\$652,860				\$461,964	\$88,798
 Grand Total:	 <u>\$3,484,100</u>			 <u>\$2,720,000</u>	 <u>\$255,536</u>	 <u>\$2,795,481</u>

Percent Fully Funded 97%

Current Average Liability per Unit (Total Units: 374) \$202