



Mountainview Townhouse Association, Inc.
Reserve Fund Analysis Review

Mountainview Townhouse Association, Inc.
October 2015 Annual Meeting
Reserve Fund Analysis Review – Recommendations & Options

Background: During 2015 we retained Reserve Advisors, a firm specializing in reserve fund analysis of housing associations, to conduct a study and submit a report on how well Mountainview is funding its reserves according to the Association's responsibilities now and into the future. As an incoming board, we wanted surety that Mountainview is on solid footing and prepared for the future.

Summary Results: Reserve Advisors has determined we are not reserving for all future Association responsibilities and that the pricing utilized in the current reserves is inadequate. These findings have resulted in the recommendation of substantial increases to Mountainview Reserves over the next 4 years to "catch up" with their projected capital requirements.

Board Opinion and Recommendation: While we believe some valuable information has been communicated in the Reserve Advisor Report, we find their recommended increases, along with some of their cost assumptions, too high to recommend adoption by the Association. We do, however, agree that the Association needs to adjust the annual dues per unit to both allow for a more gradual ramp up of reserve funding to levels we believe will meet future requirements and to incorporate increased annual operating costs, which have not been adjusted since the Association started 10 years ago.

The following pages summarize both the Reserve Advisor report findings and the Board's recommendations for adoption. Also attached are the actual summary pages from the Reserve Advisor study (a full electronic copy will be made available to Association members on request).

The Board believes the adoption of our recommended gradual increase to Association Dues allows for both an inflation-increased Annual Operating Budget and will meet all anticipated future Mountainview costs that are the responsibility of the Homeowner's Association.



Mountainview Townhouse Association, Inc.
Reserve Fund Analysis Review

Reserve Expenditures:

<u>Reserve Description</u>	<u>Being Reserved For</u>	<u>Useful Life Expectancy (years)</u>	<u>Useful Life Expectancy Remaining</u>	<u>Estimated Replacement Cost</u>	<u>Current Reserve Cost Estimates</u>
Exterior Building					
Balconies & Decks		20 - 25	14 - 16	\$193,800	\$0
Gutters & Downspouts	<input checked="" type="checkbox"/>	15 - 20	9 - 11	\$22,680	\$0
Light Fixtures		25	12	\$5,850	\$0
Roofs, Asphalt Shingles	<input checked="" type="checkbox"/>	15 - 20	9 - 11	\$109,650	\$33,828 (over 25 years)
Walls – siding & paint	<input checked="" type="checkbox"/>	8 - 10	4	\$34,860	\$22,325 (over 5 years)
Walls – masonry veneer		8 - 12	4	\$6,600	
Property Site					
Asphalt Repair & Seal		3 - 5	1	\$4,845	
Asphalt Mill & Overlay		15 - 20	8	\$48,450	
Asphalt Replace	<input checked="" type="checkbox"/>	15 – 20	26	\$94,050	\$17,653 (over 20 years)
Catch Basin Repair		15 - 20	8	\$4,800	
Concrete Curbs		65	30	\$36,850	
Sidewalks & Patios		65	30	\$49,400	
Concrete Stairs		10 – 15	4	\$13,750	
Wood Guard Rails		15 – 20	8	\$6,500	
Landscape Replace		5	1	\$5,000	
Light Poles/Fixtures		25	13	\$36,800	
Rip Rap, Liner Replace		20	10	\$15,400	

The report has taken these replacement costs, used a 3% annual inflation rate, and applied the expected costs by year over the next 30 years, then taken our existing reserve in 2015 and calculated the required annual reserve funds to meet those costs.

The net result is a large increase in required reserve funding over the next 4 years followed by annual inflation increases.

By extending some of the life expectancies, and reducing a relatively small amount of the required reserve costs over the next 30 years (\$1.4 million versus \$1.7 million) the annual increase to reserve funding can be substantially reduced and spread out over 6 years then reduced to annual inflation increases. (See chart on next page)



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Reserve Fund Analysis Review

Association Dues:

Year	Current Annual/Quarterly Dues (Per Unit)	Reserve Report Recommended Dues (Per Unit)	Annual/Quarterly Increase (%)	Board Analysis Recommended Dues (Per Unit)	Annual/Quarterly Increase (%)
2015	\$1,986/\$497				
2016		\$2,497/\$624	26%	\$2,333/\$583	17%
2017		\$2,901/\$725	16%	\$2,487/\$622	7%
2018		\$3,307/\$827	14%	\$2,648/\$662	6%
2019		\$3,714/\$928	12%	\$2,816/\$704	6%
2020		\$3,814/\$953	3%	\$2,989/\$747	6%
2021		\$3,919/\$980	3%	\$3,171/\$793	6%
2022		\$4,026/\$1,006	3%	\$3,278/\$819	3%

Notes:

- Incorporated into both the reserve and board annual increases are 2.5% annual increases in Operating Budget, starting with the 2016 Budget of \$44,617
- The annual Reserve Fund Balance projections (attached) show a negative balance in several years (2030's), these years may be dealt with through lower actual costs, spreading costs further into future years, short-term loan etc.
- The Board recommendation results in annual dues that are almost 20% less than the recommended reserve report
- Other Local Association Quarterly Fees:
 - Stone Ridge - \$765
 - Alpine Meadows - \$609
 - Woods - \$600
 - Wildflower - \$735
 - Glenn Burn Trail - \$900

**Mountainview Townhouse Association
Reserve Funding Plan Analysis - October 2015
Cash Flow Analysis of Different Scenarios**

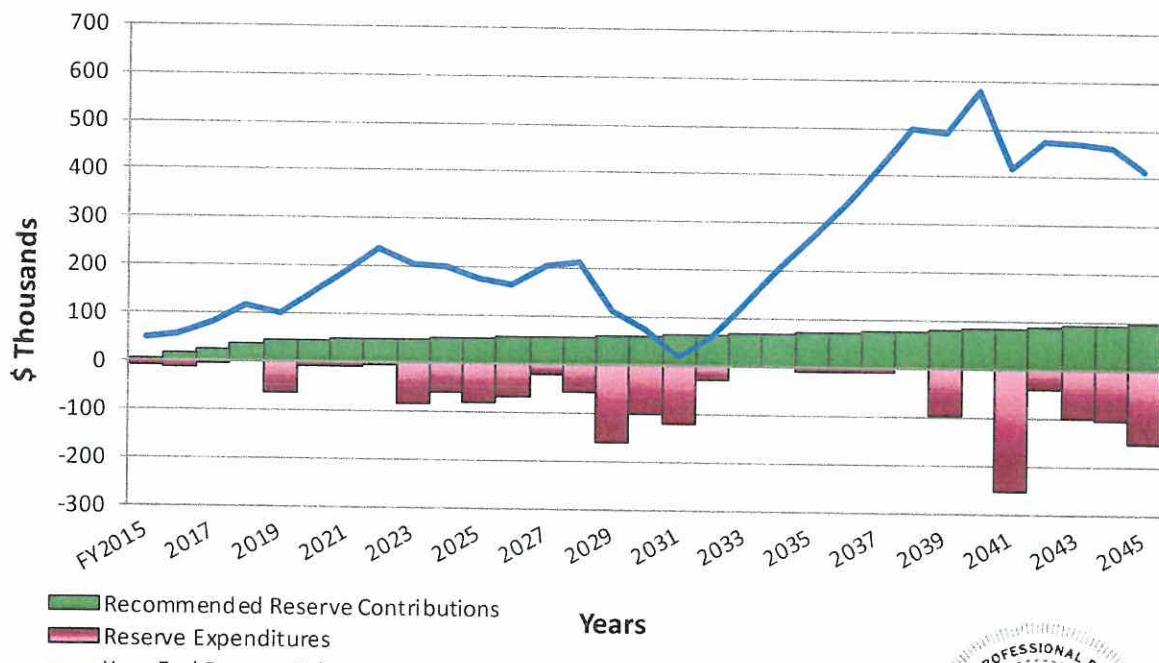
Individual Reserve Budgets & Cash Flows for the Next 30 Years

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total Capital
Reserves at beginning of year	\$63,358	\$56,240	\$54,682	\$87,135	\$124,195	\$108,615	\$150,678	\$194,301	\$342,309	\$211,955	\$209,157	\$185,512	\$175,189	\$151,105	\$222,495	\$125,402	
Total recommended reserve contributions	\$6,121	\$17,800	\$26,800	\$35,800	\$44,800	\$46,100	\$47,500	\$48,500	\$50,400	\$51,900	\$53,500	\$55,100	\$56,800	\$58,500	\$60,300	\$62,100	
Plus: Estimated interest earned during year	\$0	\$782	\$937	\$1,260	\$1,759	\$1,580	\$2,093	\$2,625	\$3,210	\$3,855	\$3,831	\$3,557	\$3,443	\$3,932	\$3,032	\$1,877	
Less: Anticipated Expenditures, by Year	\$13,239	\$10,140	\$284	\$0	\$62,139	\$5,617	\$5,970	\$3,517	\$83,964	\$57,553	\$79,976	\$67,980	\$19,327	\$54,042	\$160,425	\$100,645	
Anticipated Reserves at Year End	\$56,240	\$64,682	\$87,135	\$124,195	\$108,615	\$150,678	\$194,301	\$242,309	\$211,955	\$209,157	\$185,512	\$175,189	\$151,105	\$222,495	\$125,402	\$79,818	
Annual Increases per Unit in Association Fees	\$0	\$362	\$360	\$360	\$360	\$52	\$56	\$56	\$60	\$60	\$64	\$64	\$68	\$68	\$72	\$72	
Projected Annual Operating Budget (2.5% annual increase)	\$3,529	\$4,617	\$5,733	\$6,876	\$8,048	\$9,249	\$10,480	\$11,742	\$13,036	\$14,362	\$15,721	\$17,114	\$18,542	\$20,005	\$21,505	\$23,043	
Quarterly dues per unit	\$497	\$624	\$725	\$827	\$928	\$953	\$980	\$1,006	\$1,034	\$1,063	\$1,092	\$1,122	\$1,153	\$1,185	\$1,213	\$1,241	
Annual dues per unit	\$1,986	\$2,497	\$3,901	\$3,307	\$3,714	\$3,810	\$3,919	\$4,026	\$4,137	\$4,250	\$4,369	\$4,489	\$4,614	\$4,740	\$4,872	\$5,006	
Anticipated Reserves based on 2015 funding level of	\$8,758																
	\$56,240	\$55,585	\$59,779	\$69,307	\$16,810	\$20,205	\$23,288	\$28,861	\$15,946	\$95,739	\$167,548	\$228,778	\$241,989	\$290,124	\$445,220	\$542,397	
Anticipated Reserved based on:																	
Larger increase in 2016																	
Smaller increase next 5 years																	
Annual inflation increases																	
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	Total Capital
Reserves at beginning of year	\$63,358	\$56,240	\$40,572	\$72,560	\$52,859	\$93,528	\$114,671	\$139,054	\$167,585	\$178,816	\$169,231	\$185,324	\$216,902	\$238,001	\$280,260	\$253,637	
Total recommended reserve contributions	\$6,121	\$13,715	\$16,406	\$19,313	\$22,324	\$25,485	\$28,804	\$30,198	\$31,620	\$33,071	\$34,550	\$36,059	\$37,598	\$39,168	\$40,769	\$42,403	
Plus: Estimated interest earned during year	\$0	\$757	\$826	\$987	\$1,248	\$1,275	\$1,549	\$1,850	\$2,201	\$2,344	\$2,238	\$2,440	\$2,828	\$3,091	\$3,608	\$3,298	
Less: Anticipated Expenditures, by Year	\$13,239	\$10,140	\$5,284	\$0	\$22,964	\$5,617	\$5,970	\$3,517	\$22,589	\$45,000	\$20,696	\$6,921	\$19,327	\$71,000	\$72,000	\$324,204	
Anticipated Reserves at Year End	\$56,240	\$60,572	\$72,560	\$92,859	\$93,528	\$114,671	\$139,054	\$167,585	\$178,816	\$169,231	\$185,324	\$216,902	\$238,001	\$280,260	\$253,637	\$227,338	
Annual Increase per Unit in Association Fees	\$0	\$198	\$209	\$115	\$120	\$126	\$133	\$56	\$57	\$58	\$59	\$60	\$62	\$53	\$64	\$65	
Projected annual Operating Budget (2.5% annual increase)	\$43,529	\$44,617	\$45,733	\$46,876	\$48,048	\$49,249	\$50,480	\$51,742	\$53,036	\$54,362	\$55,721	\$57,114	\$58,542	\$60,005	\$61,505	\$63,043	
Quarterly dues per unit	\$497	\$583	\$622	\$662	\$704	\$747	\$793	\$819	\$847	\$874	\$903	\$932	\$961	\$992	\$1,023	\$1,054	
Annual dues per unit	\$1,986	\$2,333	\$2,487	\$2,648	\$2,815	\$2,989	\$3,171	\$3,278	\$3,386	\$3,497	\$3,611	\$3,727	\$3,846	\$3,967	\$4,091	\$4,218	

Individual Reserve Budgets & Cash Flows for the Next 30 Years

Mountainview
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2016	17,800	58,696	2026	55,100	166,137	2036	74,200	336,775
2017	26,800	81,045	2027	56,800	205,828	2037	76,400	412,162
2018	35,800	118,032	2028	58,500	212,783	2038	78,700	496,280
2019	44,800	102,005	2029	60,300	114,611	2039	81,100	489,129
2020	46,100	143,955	2030	62,100	77,210	2040	83,500	579,000
2021	47,500	187,462	2031	64,000	22,341	2041	86,000	418,884
2022	48,900	235,367	2032	65,900	61,286	2042	88,600	472,238
2023	50,400	204,426	2033	67,900	130,329	2043	91,300	468,226
2024	51,900	201,192	2034	69,900	202,212	2044	94,000	463,837
2025	53,500	176,971	2035	72,000	268,267	2045	96,800	413,670



Respectfully submitted on August 10, 2015 by
RESERVE ADVISORS, INC.



Alan M. Ebert, PRA¹, RS², Associate Director of Quality Assurance
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Visual Inspection and Report by: Louise L. Heffernan



¹ PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.

² RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

RESERVE EXPENDITURES

Years 2015 to 2030

**Mountainview
Townhouses Association, Inc.**
Elmwood, New York

Explanatory Notes:

¹⁾ 3.0% is the estimated future Inflation Rate for estimating Future Replacement Costs.

2) FY2015 is the fiscal Year beginning January 1, 2015 and ending December 31, 2015.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated Life Analysis, Years				Unit Cost, \$ (2015)	Per Phase Total (2015)	30-Year Total (in Millions)	RUL = 0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
					1st Year of Event	Useful Remaining Event	Unit	Per Phase																			
Exterior Building Elements																											
1,840	5,700	1,800	Square Feet	Balconies and Decks, Composite, Painted	20/29	20 to 25	14 to 16	34.00	\$4,600	193,600	302,022																
1,240	2,520	840	Linear Feet	Gutters and Downspouts, Aluminum, Painted	2024	15 to 20	9 to 11	9.00	7,500	22,500	83,952																
1,260	65	65	Each	Light Fixtures	2027	10 to 25	12	90.00	5,850	5,850	8,341																
1,263	255	85	Stucco	Roots, Asphalt Shingles, Painted	2024	15 to 20	9 to 11	43.00	35,550	109,650	405,875																
1,760	24,900	24,900	Square Feet	Walk, Flue, Cement, Stucco, Painted and Painted Repairs	2019	8 to 10	4	140	34,800	34,800	162,827																
1,820	6,500	6,500	Square Feet	Walls, Masonry, Venetian, Inspections and Repairs	2019	8 to 12	4	100	6,600	6,600	30,827																
Property Site Elements																											
4,020	2,850	2,850	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal, Coat	2016	3 to 5	1	170	4,845	4,845	55,650	4,980															
4,040	2,850	2,850	Square Yards	Asphalt Pavement, ADA and Overlay	2023	15 to 20	8	17,00	48,450	48,450	61,375																
4,045	2,850	2,850	Square Yards	Asphalt Pavement, Tree Replacement	2024	15 to 20	26	33.00	94,050	94,050	202,827																
4,100	6	6	Each	Catch Basins, Inspections and Capital Repairs	2023	15 to 20	8	800.00	4,800	4,800	16,432																
4,110	1,100	1,100	Linear Feet	Concrete Curbs, Piping, Pavers	2023	10 to 25	8 to 10+	33.50	6,533	36,850	22,583																
4,140	3,800	220	Square Feet	Concrete Slabwork and Pavers, Pavers	2017	10 to 25	2 to 30+	13.00	2,950	49,400	27,189																
4,151	1,100	1,100	Square Feet	Concrete Slab, Inspections, Resetting and Partial Replacement, Inspections, Pavers	2019	10 to 15	4	12,50	13,750	13,750	71,578																
4,200	260	260	Linear Feet	Guardrails, Wood	2023	15 to 20	8	25,00	6,500	6,500	22,252																
4,500	1	1	Allowance	Landscape Plant Repairs	2016	10 to 15	1	5,000.00	5,000	5,000	45,449																
4,500	23	23	Each	Light Posts and Fixtures	2018	10 to 25	13	1,600.00	36,800	36,800	54,904																
4,710	700	700	Square Yards	Ru, Rep, Augmentation and Lining Replacement	2025	10 to 20	10	27,00	15,400	15,400	54,904																
1. Allowance 2015 Reserve Expenditures					2015	N/A	0	5,700	5,700	5,700	5,700																
1. Allowance Reserve Study Update with Site Visit					2017	2	2	2,250.00	2,250	2,250	2,250																
Anticipated Expenditures By Year																											
									\$1,635,555	5,700	10,140	5,284	0	62,139	5,617	5,670	3517	83,594	57,553	78,976	67,980	19,327	54,042	160,425	100,645		

RESERVE EXPENDITURES

Years 2031 to 2045

Line Item	Total Quantity	Per Piece Quantity	Units	Estimated Life Analysis, Year 18																				
				18-Year of Event	Useful Remaining	Unit	Per Piece	Costs \$ Total	30-Year Total	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Reserve Component Inventory																								
Exterior Building Elements																								
1,040	5,710	1,900	Square Feet	Balconies and Decks, Composite, Phased	2029	20 to 25	14 to 16	34.40	64,536	193,800	302,022	163,554												
1,246	2,560	840	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2024	15 to 20	9 to 11	9.00	7,560	22,680	83,952										17,297	17,816	18,250	
1,260	65	65	Each	Light Fixtures	2027	10 to 25	12	90.00	5,850	5,850	8,341													
1,280	265	65	Squares	Roofs, Asphalt Shingles, Phased	2024	15 to 20	9 to 11	430.00	36,550	109,550	405,875													
1,760	24,900	24,900	Square Feet	Walls, Fiber-Cement Siding, Paint Finishes and Paint Replacements	2019	8 to 10	4	140	34,860	34,860	162,827										83,624	86,132	86,716	
1,820	5,600	6,000	Square Feet	Walls, Masonry, Ceramic, Inspections and Repairs	2019	8 to 12	4	160	5,600	5,600	30,827										13,416			
Property Site Elements																								
4,020	2,850	2,850	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2016	3 to 5	1	470	4,845	4,845	56,680	7,775									8,751			
4,040	2,850	2,850	Square Yards	Asphalt Pavement, Mat, Bit, Overlay	2023	15 to 20	8	17,80	43,450	48,450	61,375											11,260		
4,045	2,850	2,850	Square Yards	Asphalt Pavement, Total Replacement	2041	15 to 20	26	33,00	94,650	94,650	202,827											202,827		
4,100	6	6	Each	Crab Baskets, Inspections and Critical Repairs	2023	15 to 20	8	800.00	4,800	4,800	16,432										10,352			
4,110	1,100	1,100	Linear Feet	Concrete Curbs, Piping	2023	10 to 25	8	33.50	6,533	36,850	22,363										14,098			
4,140	3,800	220	Square Feet	Concrete Sidewalks and Patios, Piping	2017	10 to 25	2 to 30+	13,80	2,865	49,420	27,188										5,480			
4,161	1,100	1,100	Square Feet	Concrete Slabs, Inspections, Resetting and Patch Replacements (Includes Pavers)	2019	10 to 15	4	12.50	13,750	13,750	71,578	22,777									6,353			
4,200	260	260	Linear Feet	Guard Rail, Wood	2023	15 to 20	8	25.00	6,500	6,500	22,252										33,375			
4,500	1	1	Each	1 Allowance	2016	10 to 5	1	5,000.00	5,000	5,000	46,149	8,024									14,018			
4,560	23	23	Each	Light Fixtures and Piping	2023	10 to 25	13	1,000.00	36,800	36,800	54,042										10,783			
4,710	700	700	Square Yards	Top Hat, Augmentation and Liner Replacement	2025	10 to 20	10	22.00	15,400	15,400	54,934										34,203			
1 Allowance	2015 Reserve Event (\$1,000)																							
1 Allowance	Reserve Study Updated with Site Visit																							

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Mountainview

Townhouses Association, Inc.	Individual Reserve Budgets & Cash Flows for the Next 30 Years															
	FY2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Reserves at Beginning of Year (Note 1)	\$2,180	50,385	58,696	61,045	118,032	102,005	143,955	187,462	235,367	204,426	201,192	176,971	166,137	205,828	212,783	114,611
Total Recommended Reserve Contributions (Note 2)	3,649	17,800	26,800	35,800	44,800	46,100	47,500	48,900	50,400	51,900	53,500	55,100	56,800	58,500	60,300	62,100
Plus Estimated Interest Earned, During Year (Note 3)	255	651	833	1,187	1,312	1,467	1,977	2,522	2,623	2,419	2,255	2,046	2,218	2,497	1,983	1,144
Less Anticipated Expenditures, By Year	(5,700)	(10,140)	(5,284)	0	(62,139)	(5,617)	(5,970)	(3,517)	(83,984)	(57,553)	(79,976)	(67,980)	(19,327)	(54,042)	(160,425)	(100,545)
Anticipated Reserves at Year End	\$20,385	\$58,696	\$81,045	\$118,032	\$102,005	\$143,955	\$187,462	\$235,367	\$204,426	\$201,192	\$176,971	\$166,137	\$205,828	\$212,783	\$144,611	\$27,210
Predicted Reserves based on 2015 funding level of	\$8,758	50,385	49,599	53,689	63,144	10,200	13,482	16,449	21,919	(53,475)	(103,204)					

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	
Reserves at Beginning of Year	77,210	22,341	61,286	130,329	202,212	268,267	336,775	412,162	496,280	488,129	579,000	418,884	472,238	468,226	463,837
Total Recommended Reserve Contributions	64,000	65,900	67,900	69,900	72,000	74,200	76,400	78,700	81,100	83,500	86,000	88,600	91,300	94,000	96,800
Plus Estimated Interest Earned, During Year	594	499	1,143	1,983	2,806	3,609	4,467	5,418	5,877	6,371	5,952	5,315	5,609	5,559	5,234
Less Anticipated Expenditures, By Year	(119,463)	(27,454)	0	0	(8,751)	(9,301)	(5,480)	0	(94,128)	0	(252,068)	(40,551)	(100,921)	(103,948)	(152,201)
Anticipated Reserves at Year End	\$22,341	\$61,286	\$130,329	\$202,212	\$268,267	\$336,775	\$412,162	\$496,280	\$488,129	\$579,000	\$418,884	\$472,238	\$468,226	\$463,837	\$443,670
(NOTE 5)															

Explanatory Notes:

- 1) Year 2015 starting reserves are as of July 23, 2015. FY2015 starts January 1, 2015 and ends December 31, 2015.
- 2) Reserve Contributions for 2015 are the remaining budgeted 5 months. 2016 is the first year of recommended contributions.
- 3) 1.2% is the estimated annual rate of return on invested reserves. 2015 is a partial year of interest earned.
- 4) Accumulated year 2045 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).