

San Mateo County Community Colleges Educational Housing Corporation
Board of Directors | Regular Meeting
January 23, 2018 | 3:00 p.m.
SMCCCD District Office | Board Room | 3401 CSM Drive, San Mateo, CA 94402

Notice about Public Participation at Board Meetings: The Housing Corporation Board welcomes public discussion. The public's comments on agenda items will be taken at the time the item is discussed by the Board. To comment on items not on the agenda, members of the public can speak under the agenda item titled "Public Comment." Normally, no more than 20 minutes will be allocated for this section of the agenda. No response on behalf of the Board will be given at this time and Board action is not permitted on items presented under this agenda item.

CLOSED SESSION AGENDA

- I. Call to Order**
- II. Announcement of Closed Session Items for Discussion:**
 - a. Discussion of Pending Litigation: San Mateo Community College District vs. Segue Construction Co., Case # CIV534343
- III. Public Comments on Closed Session Items Only**
- IV. Recess to Closed Session**
- V. Reconvene to Public Session**

PUBLIC SESSION AGENDA

- I. Call To Order and Roll Call**
- II. Public Comments on Non-Agenda Items**
- III. Approve Minutes from September 20, 2017 Meeting (*Enclosure #01*)**
- IV. Action Items**
 - a. Review Financial Statements/Information Ending December 31, 2017 (*Enclosure #02*)
 - i. Revised Budget and Second Quarter Financials for College Vista (*Enclosure #02A*)
 - ii. Revised Budget and Second Quarter Financials for CañadaVista (*Enclosure #02B*)
 - b. Trower Reserve Study – College Vista (*Enclosure #03*)
 - c. Policy Issue: Impacts of Employment Status (*Enclosure #04*)
- V. Informational Reports**
 - a. Skyline College Housing Development Update (*verbal*)
 - b. Board Membership Update (*verbal*)
- VI. Board Members' Comments and/or Requests for Future Agenda Items**
- VII. Adjourn**

**Minutes of the Educational Housing Corporation Board Meeting
September 20, 2017
Cañada Vista Club House
3 Olive Ct., Redwood City, CA 94061**

Attendees:	Absent:
Dennis McBride, President	
Peggy Berlese	
Kathy Blackwood	
Kate Browne	Other Attendees:
Maurice Goodman	Mitchell Bailey
Ron Granville	Caryn Kenny
Annette Perot	Mike Kenny
Michael Pierce	Greg Korbel
Karen Schwarz	Carina Warne

Call to Order

The meeting was called to order at 2:30 p.m.

Announcement of Closed Session Items for Discussion

Mr. McBride announced that during closed session the Board will hold a conference with legal counsel regarding one case of pending litigation as listed on the printed agenda.

Public Comments on Closed Session Items Only

None

Recess to Closed Session

The Board recessed to closed session at 2:33 p.m.

Reconvene to Public Session

The Board reconvened to open session at 3:08 p.m.

Announcement of Reportable Action Taken in Closed Session

Mr. McBride said that the Board took no reportable action during closed session.

Public Comments on Non-Agenda Items

None

Approve Minutes from June 7, 2017 Meeting

It was moved by Ms. Blackwood and seconded by Ms. Berlese to approve the minutes. There being no other discussion, two members abstained, all other members voted Aye and the motion passed.

ACTION ITEMS

Rental Increase Recommendation

Mr. Bailey discussed the possibility of annual rental increases. Currently, the average rental rates for College Vista and Cañada Vista are roughly 47% - 55% below market rate.

Mr. Bailey asked the Board to consider two issues: First, differential rates for rents among each Vista due to age. College Vista is 11 years old, Cañada Vista is 6 years old and Skyline Vista will be brand new. Secondly, Mr. Bailey asked the Board to consider length of occupancy. For example, renters occupying a unit today pay the same as those that have lived in their unit for several years.

Mr. Bailey also said that the condition of Cañada Vista and what residents are likely to endure in the coming months/year should be considered before increasing rent. Ms. Schwarz asked about College Vista and Mr. Kenny said College Vista has only had two rent increases in the last 11 years.

Ms. Blackwood said that increases in rent should be predictable for tenants. She said increases in rent should be communicated early or in annual terms, for example, 2% increase every year. Trustee Goodman said he believed that rent should be the same at all three locations.

Mr. Bailey recommended that the Board delay any action on rental increases until further discussion in Spring 2018 and that any future rental increases occur on September 1 of that particular year. The Board discussed and agreed that due to the current conditions at Cañada Vista, no rental increases should be implemented at either College Vista or Cañada Vista at this time. After this discussion, a motion was made by Mr. Goodman and seconded by Ms. Blackwood to (1) delay any rental increases, and (2) effectuate any future rental increases on a September 1 start date, was made with all members voting Aye.

Policy Issue: Part-time, classified employees

Mr. Bailey recommended the Housing Board approve additional language in the eligibility guidelines for residents. A recent tenant inquired about reducing her full-time work hours to part-time (below 55%) so they may attend graduate school. Mr. Bailey said in responding to her inquiry there is no clear guidance in past practices or policies, so the additional proposed language will assist in responding to similar future requests. The additional language is for full-time, classified staff only.

The Board discussed the proposed additional language and suggested removing the language about rent increase and instead simplify the policy to a 60 day notice to vacate. Mr. Bailey will present the updated policy at the next meeting.

DISCUSSION ITEMS

Review Financial Statements/Information Ending June 30, 2017

Ms. Blackwood presented the Year-End Financials for College Vista, Year-End Financials for Cañada Vista, Maintenance Reserves Balances, and Debt Payment Balances. Ms. Blackwood said that the District is still transferring to the capital reserve the amounts according to the Trower Study. She also noted that College Vista is almost 50% paid off and Cañada Vista is almost 30% paid off.

Ms. Berlese inquired about the reduction in budget for Utilities, PG&E, Fire Alarm repairs and inspections, etc. Ms. Kenny replied that initially the budget is projected for nine months, so that may account for the discrepancy.

Mr. Pierce asked about separating repair and replacement costs on future financials. Ms. Kenny said she keeps repair and replacement separate in Kenny Realty's records, so that can be easily changed for future reports. Mr. Bailey suggested that revised financials be presented at the next meeting.

Mr. Bailey said that the Trower Study will be ready in December for College Vista. Cañada Vista's Trower Study is being postponed for now due to construction repairs.

Regarding the Capital Maintenance Reserve Funds, Ms. Blackwood said that Tables 2 and 3 show College Vista and Cañada Vista funds that have been spent on work due to construction defects. The charges associated with this work were originally charged to the Capital Maintenance Reserve Fund, but have been transferred out. Ms. Kenny noted a typographical error on Table 3. Six water heaters were replaced instead of two.

Ms. Blackwood also noted to the Board that although there is a table titled "Debt Schedule", there is no actual "debt". The District issued a Certificate of Participation (COP) to build College Vista and Cañada Vista. The District defeased that debt and is returning the funds to the Capital Outlay Fund to be used for Capital Projects.

Review of expected/planned resident turnover

Mr. Bailey discussed actual and anticipated turnover at College Vista and Cañada Vista. He said Cañada Vista's turnover was higher than expected in the past year. The reasons for the high turnover vary and do not seem to be related to the construction at Cañada Vista.

Mr. Bailey said there will be 30 units available at Skyline Vista in 2020. The goal is that not all 30 units will be filled with new tenants, hopefully some residents from College Vista or Cañada Vista will move to Skyline Vista. Currently, there are 200 employees on the Faculty Housing wait list. Mr. Bailey said he plans to send an email to those 200 employees tomorrow to update their information. In 2019 and 2020, there is a large turnover expected due to end of lease for many tenants.

Mr. Goodman asked about turnaround time for the employees on the Faculty Housing wait list. Mr. Bailey said it largely depends on the employees preferences i.e. location, size of unit, amenities, etc. Also, some employees are offered units, but they do not accept due to various reasons. Generally, the average wait is two or three years. Mr. Bailey said planned vacancies, due to end of lease, allow the District to reach out to employees on the top of the wait list early and allow them to plan.

Mr. McBride asked about the length of time it takes to prepare a unit for a new tenant after another tenant has moved out. Mr. Kenny replied that it is usually a few weeks if the repairs are minor and cosmetic such as paint, carpet, etc.

Mr. Pierce inquired if there was a program in place to match up individual tenants as roommates. Mr. Bailey said this issue deserves more discussion as well as a conversation about “who” is allowed to live in the unit with the employee. The Board discussed roommates and what is considered part of the “nuclear family”. Ms. Kenny said that all adults living in the unit are named on the rental agreement and per the rental agreement, subleasing is not allowed. The committee also discussed tenants using units for Air BNB purposes and Ms. Kenny said she would add the language to the lease agreements.

The Board also discussed household size and if changes in household size are reported to the District or Kenny Realty. Mr. Bailey said he receives notification of changes in household size only if residents have an increase and require additional rooms or a larger unit. Mr. Goodman said an annual “check-in” or certification process might be of value.

Due to a prior scheduled obligation, Mr. McBride had to leave the meeting and asked Mr. Goodman to preside over the remainder of the meeting.

Update from Ad-hoc Committee Discussing Mission/Values of Employee Housing Program

Mr. Bailey said the Ad-hoc Committee met to review the Employee Housing Program Mission and Values. The purpose of the committee is to reexamine and improve how we interact, communicate and create community amongst residents. The committee identified three areas:

1. **Community Resources & Education** – Assisting residents with resources and education regarding saving capital to purchase a home, other affordable housing options, the District’s Home Buying Loan Program, how to purchase a home, informational sessions with credit unions and financial institutions.
2. **Sense of Community** – Creating opportunities for residents to have shared experiences in the form of social activities and events.
3. **Communication** – Strengthening communications channels on all levels so residents are more involved, informed and aware.

Ms. Schwarz said it is important that tenants be informed of resources available to them. She said it is crucial to emphasize that living in Faculty and Staff Housing is temporary. Ms. Schwarz also said that many tenants are not aware there is a Housing Board and it may be beneficial to host community meetings or events where Board members can attend. Mr. Bailey said we should utilize the onsite Resident Managers with community engagement.

INFORMATIONAL REPORTS

Skyline College Housing Development Update

Mr. Bailey gave a brief update on the Skyline College Housing Project. Mr. Bailey said the project is still in the entitlement process with the City of San Bruno. He said the city's architectural review commission and parks commission have reviewed the plans and have given favorable approval. Mr. Bailey reported that the next approval needed would be from the city's Planning Commission. If the commission issues a favorable approval, then it goes before the City Council for approval in early 2018.

BOARD MEMBERS' COMMENTS AND/OR REQUESTS FOR FUTURE AGENDA ITEMS

None

ADJOURNMENT

Mr. Goodman adjourned the meeting at 4:25pm.

HOUSING BOARD REPORT

PREPARED FOR: Educational Housing Corporation Board of Directors

PREPARED BY: Bernata Slater, Chief Financial Officer – (650) 358-6795
Caryn Kenny, Kenny Realty

MEETING DATE: January 23, 2018

REPORT SUBJECT: Mid-Year Financial Statements

The second quarter/mid-year financial information for College Vista (Enclosure #02A) and Cañada Vista (Enclosure #02B) are included for review.

Staff would like to bring to the Housing Board's attention a few notes regarding the financials:

1. Based on discussion at the September 2017 Board meeting, staff revised the budget format and consolidated some income categories and expense categories (for similar items) and separated other items (repairs vs. replacements). Additionally, a mid-year budget revision is also reflected for both income and expenses.
2. The finances of the Housing program are strong, with healthy reserves and solid transfers to the District for debt repayment.

SMCC Educational Housing Corporation

College Vista

Budget vs Actual for 2017-18

	Budget	Revised Budget	7/1/2017 to 12/31/2017			Variance from Revised Budget	Notes:
			Actual		% to date		
			2017-18	2017-18			
Operation Revenues							
Rent	644,349	650,000	314,973	48%	335,027		
Club House Rental	1,500	1,500	350	23%	1,150		
Total Operation Revenues	645,849	651,500	315,323	48%	336,177		
Operation Expenses							
Property Administration							
Property Management	27,450	27,450	13,728	50%	13,722		
Resident Management Fee	7,200	7,200	3,600	50%	3,600		
Supplies (Clubhouse)	1,000	1,000	41	4%	959		
Insurances	8,863	9,500	-	0%	9,500		
Audit & Accounting	1,250	2,000	1,575	79%	425	*1	
Admin Expenses-Misc.	1,310	1,500	-	0%	1,500		
Total Property Administration	47,073	48,650	18,944	39%	29,706		
Service Maintenance							
Appliance Repair	5,000	2,000	1,171	59%	829		
Appliance Replacement		3,000	1,984	66%	1,016		
Cleaning	1,500	1,500	840	56%	660		
Dryer Vent cleaning (annual)	4,400	3,000	2,750	92%	250	*2	
Electrical Repair and Supplies	3,000	10,000	6,050	60%	3,950	*3	
Fire Alarm Repairs/Inspections	7,118	8,500	8,333	98%	167	*4	
Flooring Repair	15,000	12,500	9,582	77%	2,918	*5	
Flooring Replacement		500	-	0%	500		
Garage Door Repair	2,000	2,000	940	47%	1,060		
Gutters	1,700	1,700	1,000	59%	700		
Heating Repair	4,000	4,000	-	0%	4,000		
Maintenance General	6,000	10,000	5,811	58%	4,189	*6	
Painting	15,000	10,000	4,250	43%	5,750		
Plumbing Repair	5,000	10,000	5,533	55%	4,467	*7	
Sprinkler Inspections/Repairs	3,480	3,500	1,740	50%	1,760		
Window Washing (annual)	2,950	3,000	1,350	45%	1,650		
Total Service Maintenance	76,148	85,200	51,334	60%	33,866		
Monthly Services							
Fire Alarm System/Monitoring	7,200	5,000	2,706	54%	2,294		
Garbage	10,900	11,000	4,230	38%	6,770		
Internet/Cable	750	750	158	21%	592		
Landscape/Gardening	11,000	11,000	4,962	45%	6,038		
Pest Control	1,356	1,500	765	51%	735		
PG&E	16,500	16,500	6,868	42%	9,632		
Water	16,800	17,500	10,432	60%	7,068		
Total Monthly Services	64,506	63,250	30,121	48%	33,129		
Total Operation Expenses	187,727	197,100	100,400	51%	96,700		
Net Operation Profit/(Loss)	458,122	454,400	214,923	47%	239,477		
Other Financial Uses							
Transfer to District	362,000	358,400	165,200	46%	193,200		
Transfer to Capital Reserve	95,000	95,000	47,500	50%	47,500		
Total Other Financial Sources/Uses	457,000	453,400	212,700	47%	240,700		
Excess of Revenues Over Expenditures and Other Sources	1,122	1,000	2,223	222%	(1,223)		
Vacancy Factor (reflected in rents)	(5,355)						

Notes:

- 1 \$875 for previous tax yr filing.
- 2 Annual expense, one time, lower than budgeted, new contract/company
- 3 Electrical pole lights, street lights, light bulbs, ballasts
- 4 \$4,728 one time fee for installation of wireless system
- 5 4 apts - new carpets
- 6 Aging of units and turnover
- 7 \$1,835 power vents replaced on water heaters

SMCC Educational Housing Corporation

Cañada Vista

Budget vs Actual for 2017-18

	Budget	Revised Budget	Actual	Variance from		Notes:
			7/1/2017 to 12/31/2017		2017-18	
	2017-18	2017-18	2017-18	% to date		
Operation Revenues						
Rent	871,831	871,831	423,516	49%	448,315	
Club House Rental	9,000	9,000	2,625	29%	6,376	
Club House Liab. Insurance	-	2,000	1,570	0%	430	
Total Operation Revenues	880,831	882,831	427,710	48%	455,121	
Operation Expenses						
Property Administration						
Property Management	37,500	37,500	18,720	50%	18,780	
Resident Management Fee	8,500	8,500	4,254	50%	4,246	
Supplies (club house)	1,000	1,000	461	46%	539	
Insurances	10,013	12,000	-	0%	12,000	
Audit & Accounting	1,250	2,000	1,575	79%	425	*1
Admin Expenses-Misc.	1,310	1,500	-	0%	1,500	
Total Property Administration	59,573	62,500	25,010	40%	37,490	
Service Maintenance						
Appliance Repair	8,000	3,000	1,761	59%	1,239	
Appliance Replacement		5,000	3,274	65%	1,726	
Cleaning	3,000	3,000	1,270	42%	1,730	
Dryer Vent cleaning (annual)	5,940	4,019	4,019	100%	-	*2
Electrical Repair and Supplies	3,000	6,000	3,251	54%	2,749	*3
Fire Alarm Inspections/Repairs	6,043	6,500	6,439	99%	61	*4
Flooring Replacement	20,000	15,000	7,591	51%	7,409	
Flooring Repair		5,000	1,305	26%	3,695	
Garage Door Repair	1,000	1,000	-	0%	1,000	
Gutters	-	-	-	0%	-	*5
Heating Repair	1,200	1,200	555	46%	645	
Maintenance General	15,000	10,000	2,778	28%	7,222	
Painting	17,000	17,000	6,400	38%	10,600	
Plumbing Repair	7,500	8,000	4,045	51%	3,955	
Sprinkler Inspections/Repairs	1,884	1,884	942	50%	942	
Window Washing (annual)	3,969	3,969	-	0%	3,969	
Total Service Maintenance	93,536	90,572	43,630	48%	46,942	
Monthly Services						
Garbage	22,300	22,300	8,197	37%	14,103	
Internet/Cable	600	600	277	46%	323	
Landscape/Gardening	12,360	13,000	6,313	49%	6,687	
Pest Control	2,343	2,343	1,518	65%	825	
PG&E	17,000	17,000	8,228	48%	8,772	
Fire Alarm System/Monitoring	5,400	5,400	2,880	53%	2,520	*6
Water	2,799	2,799	995	36%	1,804	
Total Monthly Services	62,802	63,442	28,408	45%	35,034	
Total Operation Expenses	215,911	216,514	97,048	45%	119,466	
Net Operation Profit/(Loss)	664,920	666,317	330,663	50%	335,654	
Other Financial Uses						
Transfer to District	588,000	665,000	321,500	48%	343,500	
Transfer to LT Capital Reserve	76,920	-	-	-	-	
Total Other Financial Sources/Uses	664,920	665,000	321,500	48%	343,500	
Excess of Revenues Over Expenditures and Other Sources	-	1,317	9,163	696%	(7,846)	
Vacancy Factor (reflected in rents)		(12,495)				

Notes:

- 1 Paid additional fees for previous year filings
- 2 Annual expense, one time, lower than budgeted, new contract/company
- 3 Electrical pole lights, street lights, light bulbs, ballasts
- 4 \$2,364 one time fee for installation of new wireless system
- 5 Holding off due to roof replacement and other repairs
- 6 Paid a few months of double monitoring - new wireless system

HOUSING BOARD REPORT

PREPARED FOR: Educational Housing Corporation Board of Directors

PREPARED BY: Mitchell Bailey, Chief of Staff – (650) 574-6510
Mike Kenny, Kenny Realty

MEETING DATE: January 23, 2018

REPORT SUBJECT: Trower Study – College Vista

Every three years, the Housing Corporation contracts for a maintenance reserve study for College Vista and Cañada Vista. The purpose of the study is to determine what funds need to be allocated to a reserve account to conduct necessary maintenance on the housing complexes. As the complexes age, the need for repair and replacement accelerates.

Staff have commissioned the maintenance reserve study (Trower Study) for College Vista, and that report is attached to this cover. As reported to the Board in September 2017, staff did not commission a study for Cañada Vista as there will be significant repairs to the complex in the coming months and the assumptions in the study would be invalidated as a result of those repairs.



T R O W E R



RESERVE STUDY BY TROWER

College Vista

Report Completed: September 18, 2017

Executive Summary
Property Description
Financial Analysis
Reserve Summary
Evaluation of Components
General Information and Limitations
Definitions

Phone: 858-638-9227
Fax: 858-638-9226
e-mail: ptrower@reservestudies.com
www.reservestudies.com

RESERVE STUDY BY TROWER EXECUTIVE SUMMARY

College Vista San Mateo, CA

44 Units

Site Inspection: July 8, 2017

Accounting Dates

Fiscal Year End:	June 30, 2017	
Budget Year Start:	July 1, 2017	
Budget Year End:	June 30, 2018	
Current Annual Allocation	\$76,032	per unit per month:\$144.00

Projections for Fiscal Year Ending June 30, 2017

Reserve Fund Balance	\$319,312	
Fully-Funded Balance	\$514,124	
Percentage Funded	62%	
Surplus (deficit)	(\$194,812)	per unit: (\$4,428)
Replacement Cost	\$947,052	

Recommended Funding

	Annual Allocation	Per Unit per Month	Annual Disbursements	Year-End Reserve Bal.	Fully-Funded Reserve Bal.	Percent Funded
Year 1	\$76,032	\$144.00	\$12,405	\$382,845	\$573,595	67%
Year 2	\$78,313	\$148.32	\$20,508	\$440,241	\$628,054	70%
Year 3	\$80,662	\$152.77	\$107,391	\$408,779	\$594,685	69%
Year 4	\$83,082	\$157.35	\$2,034	\$490,400	\$672,755	73%
Year 5	\$85,575	\$162.07	\$0	\$576,774	\$757,174	76%

Interest rate used in projections: 0.15%

Inflation rate used in projections: 3.00%

Date Printed:

9/18/2017

PROPERTY DESCRIPTION

This study generates reserve funding recommendations to the Board of Directors based on the actual balance, projected expenditures and income.

Data gathered through conversations with Mr. Mike Kenny , vendors and a site inspection on July 8, 2017.

The College Vista , located in San Mateo, CA, has 44 units and was completed in 2005. This development is 12 years old. The association is responsible for sustaining all common areas as described within.

FINANCIAL ANALYSIS:

(Recommended Allocation in Dashed Box)	<u>Per Year</u>	<u>Per Month</u>	<u>Per Unit Per Month</u>
ALLOCATION BUDGETED IN 2016-2017	76,032	6,336.00	144.00
STRAIGHT-LINE ALLOCATION IN 2017-2018 (WITHOUT DEFICIT REDUCTION)	55,411	4,617.58	104.95
STRAIGHT-LINE ALLOCATION IN 2017-2018 (WITH DEFICIT REDUCTION) <i>Recommended Annual Allocation plus any underfunded balance divided by the years remaining until replacement of each component.</i>	66,467	5,538.92	125.88
MINIMUM CASH BALANCE IN 2017-2018	67,075	5,589.58	127.04
PERCENTAGE OF ACTUAL RESERVES AT FISCAL YEAR END VERSUS FULLY-FUNDED RESERVES AT FISCAL YEAR END: 62%			

CA Civil Code 5570 Assessment and Reserve Funding Disclosure Summary

California Civil Code section 5300 requires that this Assessment and Reserve Funding Disclosure Summary be distributed to all owners not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the Association's fiscal year, along with the Association's pro forma Operating Budget or Summary. The required disclosures shall be summarized in the following format pursuant to California Civil Code 5570.

(1) The current regular assessment per ownership interest is \$144.00 per unit, per month, into reserves in fiscal year ending 06/30/17

Note: Fractional responsibility is not calculated in this study. If assessments vary by the size or type of ownership interest, the assessment applicable to each ownership interest will need to be determined.

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the Board and/or members: N/A

College Vista

(3) Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve allocations and account balances be sufficient at the end of each year to meet the Association's obligation for repair and/or replacement of major components during the next 30 years:

Yes No

This question cannot at this time be answered as a definitive "yes" or "no". Reserve Studies prepared by TROWER utilize estimates of replacement value and life expectancy of the components which the Association is obligated to maintain. However, some items may last a longer or shorter time than estimated, or unanticipated events or disasters may occur which affect the reserve funds. Thus, the replacement costs and life expectancy will vary from the reserve study being performed, by inflation, weather, earthquakes, building code changes and other factors beyond the control of the Association or TROWER projected over the thirty (30) year time period referred to above. Currently, please note that California law currently does not require reserve funds to be funded 100% to cover a period of thirty (30) years and studies must be reviewed and updated annually.

(4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the Board or the members.

This question cannot at this time be answered with a definitive contribution for the next 30 years. Reserve Studies prepared by TROWER utilize estimates of replacement value and life expectancy of the components which the Association is obligated to maintain. However, some items may last a longer or shorter time than estimated, or unanticipated events or disasters may occur which affect the reserve funds. Thus, the replacement costs and life expectancy will vary from the reserve study being performed, by inflation, weather, earthquakes, building code changes and other factors beyond the control of the Association or TROWER projected over the thirty (30) year time period referred to above.

(5) All major components are included in the reserve study and are included in its calculations except those components that the board has determined will not be replaced or repaired.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$514,123.72, based in whole or in part on the last reserve study or update prepared by TROWER as of 06/30/17. The projected reserve fund cash balance at the end of the current fiscal year is \$319,312.00, resulting in reserves being 62.1 percent funded at this date, with a reserve deficit of \$4,427.54 per unit.

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the California Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is:

2018: 573,595

2019: 628,054

2020: 594,685

2021: 672,755

2022: 757,174

College Vista

The projected reserve fund cash balance and percent funding in each of those years, taking into account only assessments already approved and other known revenues, is:

2018: 382,845 (66.7% funded)
2019: 440,241 (70.1% funded)
2020: 408,779 (68.7% funded)
2021: 490,400 (72.9% funded)
2022: 576,774 (76.2% funded)

If the reserve funding plan recommended by TROWER is approved by the association and implemented, the projected reserve fund cash balance and percent funding in each of those years is:

2018: 382,845 (66.7% funded)
2019: 440,241 (70.1% funded)
2020: 408,779 (68.7% funded)
2021: 490,400 (72.9% funded)
2022: 576,774 (76.2% funded)

NOTE: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 0.15 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00 percent per year.

For the purposes of preparing a summary pursuant to this section:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, as long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.
- (3) The form set out in subdivision (a) shall accompany each annual budget or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the Board to fund reserves in accordance with this calculation.

TROWER has made a reasonable effort to ensure this disclosure summary is accurate. The information is deemed reliable as of the date of this disclosure summary, but is not guaranteed. TROWER has obtained certain information, documentation and materials from the Association agent and this disclosure summary is based upon the accuracy of such information. Material inaccuracies could adversely affect this disclosure summary and TROWER is not responsible for such inaccuracies. The Association, by accepting this disclosure summary, agrees to release TROWER from any claims, demands or damages and further agrees to indemnify, defend and hold harmless TROWER from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this disclosure summary.

Reserve Summary By TROWER

Fiscal Year End: June 30, 2017
Site Inspection On: July 8, 2017
Number of Units: 44

College Vista

Completion Date of Report: September 18, 2017

CATEGORY Component	Est. Comp.	Est. Unit Cost	Unit Type	Estimated Cost to Replace	Life Expectancy Normal Rmng	Source & Condition See Legend	Fully-Funded		Projected	Allocation	
	Qty						Allocation in 2018	Balance @ FYE2017	Balance @ FYE	Under Funded	w/Deficit Reduction
ROOFING											
Composition Shingle	38,406	3.47	SqFt	133,269	22	10 3,5 G	6,058	72,692	72,692	0	6,058
Gutter & Downspout	1	23,755	Estimate	23,755	32	20 3,5 G	742	8,908	0	(8,908)	1,188
Subtotal				157,024			6,800	81,600	72,692	(8,908)	7,245
RECOMMEND ANNUAL ROOF INSPECTION, CLEANING & REPAIRS (1)											
PAINTING											
Stucco	13,127	2.17	SqFt	28,486	14	10 3,5 G	2,035	8,139	8,139	0	2,035
Wood Trim & Siding	28,880	2.58	SqFt	74,510	7	3 3,5 G-F	10,644	42,577	42,577	0	10,644
Subtotal				102,996			12,679	50,716	50,716	0	12,679
RECOMMEND ANNUAL PAINT TOUCH-UP (1)											
ASPHALT PAVING											
Slurry & Repair	18,833	0.67	SqFt	12,618	5	2 3,5 G-F	2,524	7,571	7,571	0	2,524
Overlay & Replace	18,833	1.56	SqFt	29,379	30	18 3,5 G	979	11,752	0	(11,752)	1,632
Subtotal				41,998			3,503	19,323	7,571	(11,752)	4,156
CONCRETE											
Repair & Replace	30	555	Annual	16,650	30	18 3,5 G	555	6,660	0	(6,660)	925
Subtotal				16,650			555	6,660	0	(6,660)	925
CLUBHOUSE											
Carpeting	54	34	SqYd	1,821	15	3 3,5 G	121	1,457	1,457	0	121
Interior Paint	1,281	1.08	SqFt	1,383	15	3 3,5 G	92	1,107	1,107	0	92
Charmglow Grill	1	1,807	Estimate	1,807	121	4 3,5 F	15	1,747	1,747	0	15
Appliances	1	1204	Estimate	1,204	15	3 3,5 G	80	963	963	0	80
AC Compressors	1	2168	Unit	2,168	14	2 3,5 G	155	1,858	1,858	0	155
Forced Air Units	1	3854	Unit	3,854	25	13 3,5 G	154	1,850	1,184	(666)	205
Restroom Floor Tile	185	12.65	SqFt	2,340	25	13 3,5 G	94	1,123	719	(404)	125
Sym. Wood Flooring	99	11.45	SqFt	1,134	25	13 3,5 G	45	544	348	(196)	60
Furnishings	1	10839	Estimate	10,839	15	3 3,5 G	723	8,671	8,671	0	723
Subtotal				26,550			1,479	19,321	18,055	(1,266)	1,577
CABINETS, COUNTERS AND OTHER INTERIOR RENOVATIONS Future Capital Improvements (5)											
MISCELLANEOUS											

Reserve Summary By TROWER

Fiscal Year End: June 30, 2017
Site Inspection On: July 8, 2017
Number of Units: 44

College Vista

Completion Date of Report: September 18, 2017

CATEGORY Component	Est. Comp.	Est. Unit	Unit	Estimated Cost to Replace	Life Expectancy	Source & Condition	Fully-Funded		Projected Balance	Allocation		
	Qty	Cost	Type		Normal Rmng	See Legend	Allocation in 2018	Balance @ FYE2017	@ FYE	Under Funded	w/Deficit Reduction	
Street Lights	12	3131	Estimate	37,572	30	18 3,5 G	1,252	15,029	0	(15,029)	2,087	
Bollard Lights	9	662	Estimate	5,958	28	16 3,5 G	213	2,553	0	(2,553)	372	
Metal Garage Doors	44	783	Unit	34,452	28	16 3,5 G	1,230	14,765	0	(14,765)	2,153	
Chain Link Fence	359	19.88	LnFt	7,137	38	26 3,5 G	188	2,254	0	(2,254)	274	
Water Heaters	2	6022	Systems	12,044	12	1 3,5 F-P	1,004	11,040	11,040	0	1,004	
Domestic Valve	2	1499	Estimate	2,998	30	23 3,5 G	100	700	0	(700)	130	
Standpipes	2	542	Estimate	1,084	35	18 3,5 G	31	527	0	(527)	60	
Fire Alarm Panels	2	4260	Estimate	8,520	15	3 3,5 G-F	568	6,816	6,816	0	568	
Trash Gates	3	1024	Unit	3,072	25	13 3,5 G-P	123	1,475	944	(531)	164	
Subtotal				112,837			4,709	55,158	18,800	(36,358)	6,813	
IRRIGATION												
System Upgrades	1	5425	Estimate	5,425	15	8 3,5 G	362	2,532	2,532	0	362	
Backflow Valve 2"	1	1628	Unit	1,628	30	18 3,5 G	54	651	0	(651)	90	
Plant Replacement	1	4545	Estimate	4,545	4	2 3,5 G-f	1,136	2,273	2,273	0	1,136	
Subtotal				11,598			1,552	5,455	4,804	(651)	1,588	
TREE TRIMMING Maintenance Expense (5)												
UNIT INTERIORS												
Cabinets	44	7595	Estimate	334,180	25	13 3,5 G	13,367	160,406	102,672	(57,735)	17,808	
Countertops	44	3255	Estimate	143,220	25	13 3,5 G	5,729	68,746	44,002	(24,743)	7,632	
Subtotal				477,400			19,096	229,152	146,674	(82,478)	25,440	
ELECTRICAL, WOOD REPLACEMENT AND ANY COMPONENTS NOT LISTED ABOVE Maintenance or Contingency Expense (5)												
CONTINGENCY 10%							5,037	46,739	0	(46,739)	6,042	
REPLACEMENT COST				947,052			55,411	514,124	319,312	(194,812)	66,467	
FULLY-FUNDED RESERVE BALANCE												

1) Trower Estimate 2) Previous Study Info 3) Local Historical Cost 4) Bid on File with HOA

5) Manager and Board Direction Condition: G-good, F-fair, P-poor

Report Based on Inflation Rate of: 3.0% Report Based on Interest Rate on Reserve Savings of: 0.15%

THIRTY YEAR PROJECTED RESERVE EXPENSES STRAIGHT LINE METHOD *

CATEGORY	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Component	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16
ROOFING																	
Composition Shingle	0	0	0	0	0	0	0	0	0	0	179,102	0	0	0	0	0	0
Gutter & Downspout	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal																	
PAINTING																	
Stucco	0	0	0	0	0	0	0	0	0	0	38,282	0	0	0	0	0	0
Wood Trim & Siding	0	0	0	81,420	0	0	0	0	0	0	100,136	0	0	0	0	0	0
Subtotal																	
ASPHALT PAVING																	
Slurry & Repair	0	0	13,387	0	0	0	0	15,519	0	0	0	0	17,990	0	0	0	0
Overlay & Replace	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal																	
CONCRETE																	
Repair & Replace	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal																	
CLUBHOUSE																	
Carpeting	0	0	0	1,990	0	0	0	0	0	0	0	0	0	0	0	0	0
Interior Paint	0	0	0	1,512	0	0	0	0	0	0	0	0	0	0	0	0	0
Charmglow Grill	0	0	0	0	2,034	0	0	0	0	0	0	0	0	0	0	0	0
Appliances	0	0	0	1,316	0	0	0	0	0	0	0	0	0	0	0	0	0
AC Compressors	0	0	2,300	0	0	0	0	0	0	0	0	0	0	0	0	0	3,479
Forced Air Units	0	0	0	0	0	0	0	0	0	0	0	0	0	5,660	0	0	0
Restroom Floor Tile	0	0	0	0	0	0	0	0	0	0	0	0	0	3,437	0	0	0
Sym. Wood Flooring	0	0	0	0	0	0	0	0	0	0	0	0	0	1,665	0	0	0
Furnishings	0	0	0	11,844	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal																	
MISCELLANEOUS																	
Street Lights	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bollard Lights	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,561
Metal Garage Doors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	55,285
Chain Link Fence	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Heaters	0	12,405	0	0	0	0	0	0	0	0	0	0	0	17,687	0	0	0
Domestic Valve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Standpipes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fire Alarm Panels	0	0	0	9,310	0	0	0	0	0	0	0	0	0	0	0	0	0
Trash Gates	0	0	0	0	0	0	0	0	0	0	0	0	0	4,511	0	0	0
Subtotal																	
IRRIGATION																	
System Upgrades	0	0	0	0	0	0	0	0	6,872	0	0	0	0	0	0	0	0
Backflow Valve 2"	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plant Replacement	0	0	4,822	0	0	0	5,427	0	0	0	6,108	0	0	0	6,875	0	0
Subtotal																	
UNIT INTERIORS																	
Cabinets	0	0	0	0	0	0	0	0	0	0	0	0	0	490,755	0	0	0

College Vista

September 18, 2017

THIRTY YEAR PROJECTED RESERVE EXPENSES STRAIGHT LINE METHOD *

CATEGORY	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Component	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12	Yr 13	Yr 14	Yr 15	Yr 16	
Countertops	0	0	0	0	0	0	0	0	0	0	0	0	0	0	210,323	0	0	0
Subtotal																		

CONTINGENCY 10%

REPLACEMENT COST	0	12,405	20,508	107,391	2,034	0	5,427	15,519	6,872	0	323,628	0	17,990	734,037	6,875	0	68,325
FULLY-FUNDED RESERVE BALANCE	514,124	573,595	628,054	594,685	672,755	757,174	840,354	917,418	1,007,918	1,110,454	878,425	981,479	1,071,036	413,801	502,810	604,223	639,526
RECOMMENDED BALANCE	319,312	382,845	440,241	408,779	490,400	576,774	660,145	735,682	823,145	920,767	681,362	784,641	872,239	210,715	315,546	431,111	478,507

Report Based on Inflation Rate of 3.0% and Interest Rate on Reserve Savings of 0.15%

THIRTY YEAR PROJECTED RESERVE EXPENSES STRAIGHT LINE METHOD *

CATEGORY	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Component	Yr 17	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25	Yr 26	Yr 27	Yr 28	Yr 29	Yr 30
ROOFING														
Composition Shingle	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gutter & Downspout	0	0	0	42,904	0	0	0	0	0	0	0	0	0	0
Subtotal														
PAINTING														
Stucco	0	0	0	0	0	0	0	57,905	0	0	0	0	0	0
Wood Trim & Siding	123,154	0	0	0	0	0	0	151,464	0	0	0	0	0	0
Subtotal														
ASPHALT PAVING														
Slurry & Repair	20,856	0	0	0	0	24,178	0	0	0	0	28,028	0	0	0
Overlay & Replace	0	50,017	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal														
CONCRETE														
Repair & Replace	0	28,346	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal														
CLUBHOUSE														
Carpeting	0	3,100	0	0	0	0	0	0	0	0	0	0	0	0
Interior Paint	0	2,355	0	0	0	0	0	0	0	0	0	0	0	0
Charmglow Grill	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Appliances	0	2,050	0	0	0	0	0	0	0	0	0	0	0	0
AC Compressors	0	0	0	0	0	0	0	0	0	0	0	0	0	5,262
Forced Air Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restroom Floor Tile	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sym. Wood Flooring	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Furnishings	0	18,453	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal														
MISCELLANEOUS														
Street Lights	0	63,964	0	0	0	0	0	0	0	0	0	0	0	0
Bollard Lights	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Metal Garage Doors	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chain Link Fence	0	0	0	0	0	0	0	0	0	15,391	0	0	0	0
Water Heaters	0	0	0	0	0	0	0	0	25,217	0	0	0	0	0
Domestic Valve	0	0	0	0	0	0	5,917	0	0	0	0	0	0	0
Standpipes	0	1,845	0	0	0	0	0	0	0	0	0	0	0	0
Fire Alarm Panels	0	14,505	0	0	0	0	0	0	0	0	0	0	0	0
Trash Gates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal														
IRRIGATION														
System Upgrades	0	0	0	0	0	0	10,707	0	0	0	0	0	0	0
Backflow Valve 2"	0	2,772	0	0	0	0	0	0	0	0	0	0	0	0
Plant Replacement	0	7,738	0	0	0	8,709	0	0	0	9,802	0	0	0	11,032
Subtotal														
UNIT INTERIORS														
Cabinets	0	0	0	0	0	0	0	0	0	0	0	0	0	0

THIRTY YEAR PROJECTED RESERVE EXPENSES STRAIGHT LINE METHOD *

CATEGORY	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Component	Yr 17	Yr 18	Yr 19	Yr 20	Yr 21	Yr 22	Yr 23	Yr 24	Yr 25	Yr 26	Yr 27	Yr 28	Yr 29	Yr 30
Countertops	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal														

CONTINGENCY 10%

REPLACEMENT COST	144,010	195,143	0	42,904	0	32,886	16,624	209,370	25,217	25,193	28,028	0	0	16,294
FULLY-FUNDED RESERVE BALANCE	599,087	506,492	618,850	692,445	816,298	912,429	1,031,706	955,457	1,073,661	1,198,916	1,328,537	1,495,169	1,670,603	1,838,109
RECOMMENDED BALANCE	450,001	371,386	501,480	590,571	728,882	836,967	966,549	898,164	1,027,687	1,162,069	1,298,453	1,469,417	1,645,707	1,810,362

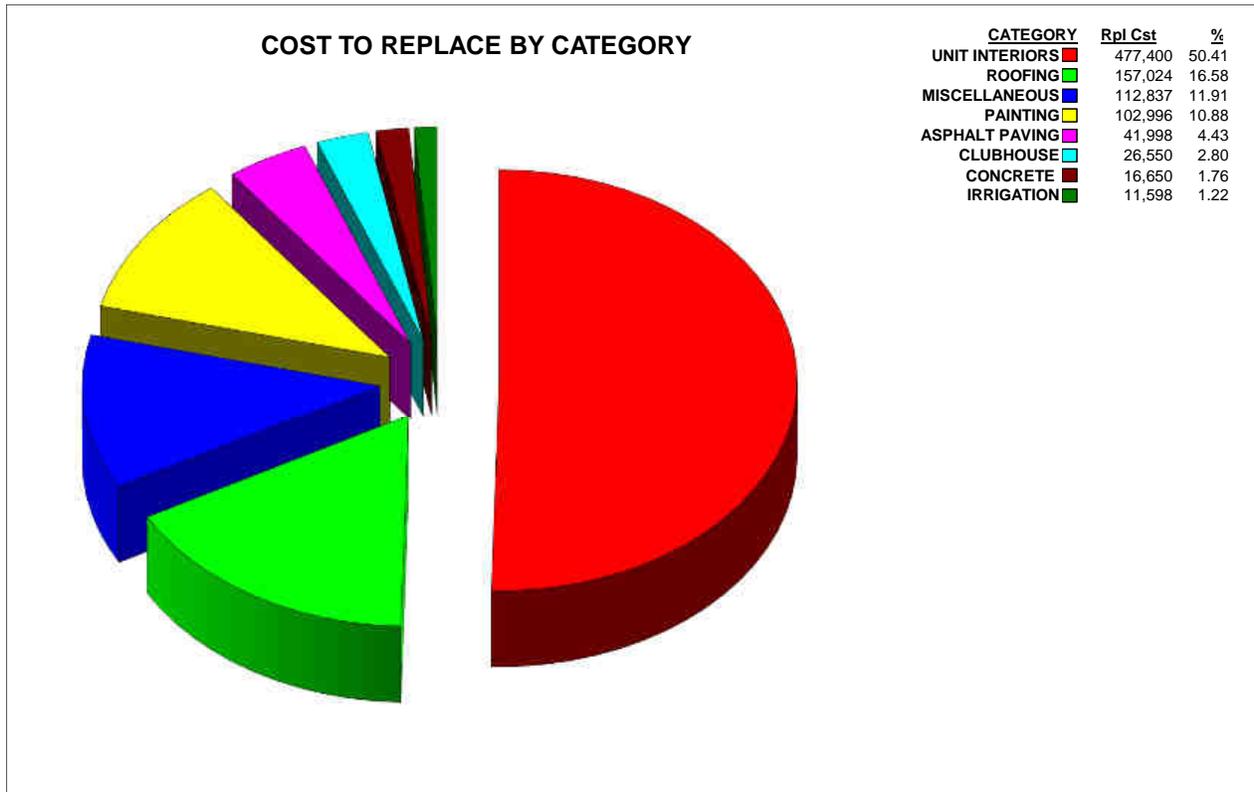
Report Based on Inflation Rate of 3.0% and Interest Rate on Reserve Savings of 0.15%

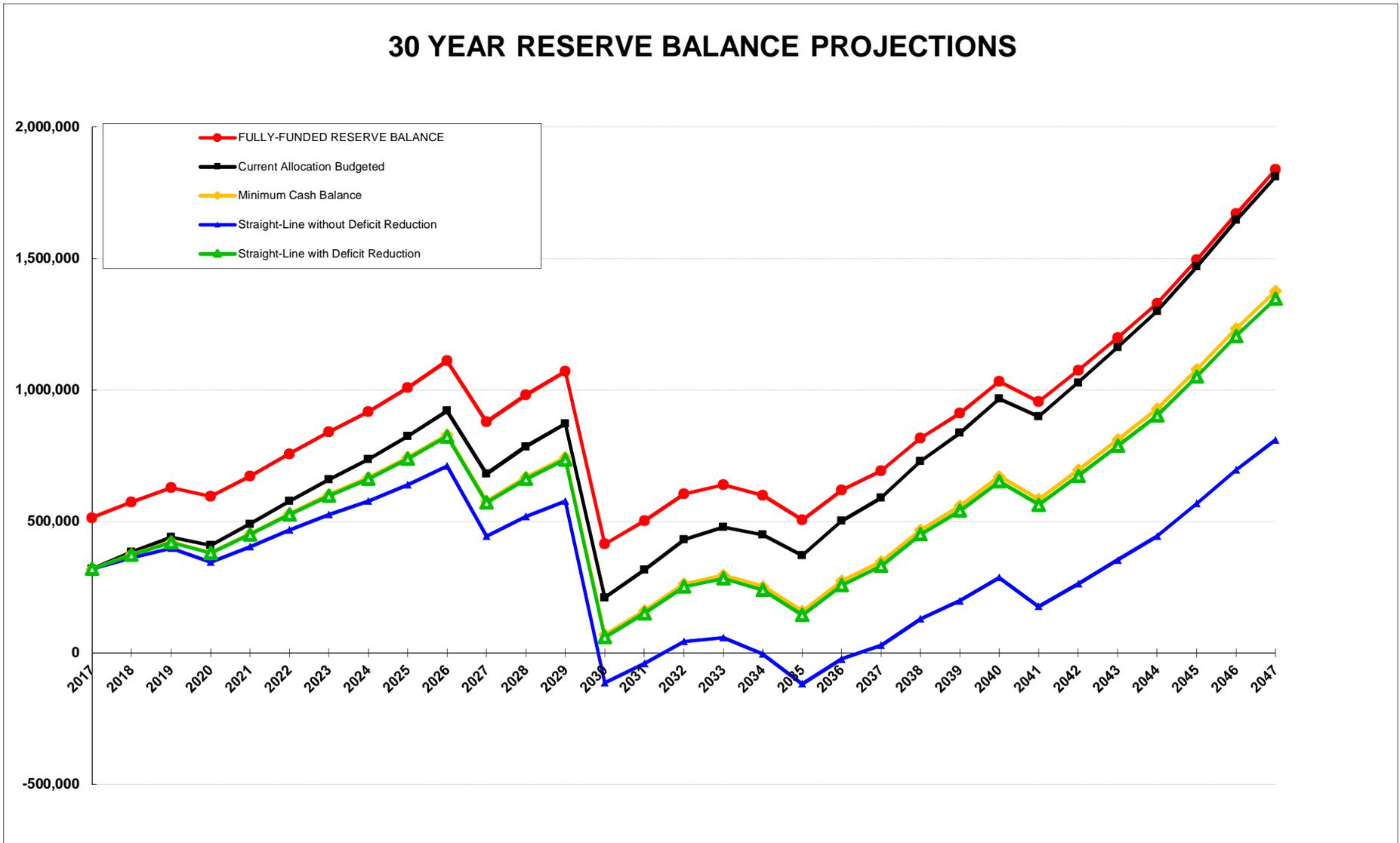
RESERVE FUNDING SUMMARY

(Recommend Allocation Model in Dashed Box)

	<u>Per Year</u>	<u>Per Month</u>	<u>Per Unit Per Month</u>
ALLOCATION BUDGETED IN 2016-2017	76,032	6,336.00	144.00
STRAIGHT-LINE ALLOCATION IN 2017-2018 (WITHOUT DEFICIT REDUCTION)	55,411	4,617.58	104.95
STRAIGHT-LINE ALLOCATION IN 2017-2018 (WITH DEFICIT REDUCTION)	66,467	5,538.92	125.88
<small>Recommended Annual Allocation plus any underfunded balance divided by the years remaining until replacement of each component (also shown on graph)</small>			
MINIMUM CASH BALANCE IN 2017-2018	67,075	5,589.58	127.04

PERCENTAGE OF ACTUAL RESERVES AT FISCAL YEAR END VERSUS FULLY-FUNDED RESERVES AT FISCAL YEAR END: 62%







ROOFING: Composition Shingle

- 38,406 SqFt with a replacement cost of \$3.47 per SqFt.
- Normal life of 22 years with 10 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$133,269.
- **Estimated cost to replace at FYE 2027 is \$179,102.**
- Recommended annual allocation in 2018 is \$6,058.
- **Recommended annual allocation with deficit reduction in 2018 is \$6,058.**
- Recommended balance at fiscal year end is \$72,692.
- We allocated \$72,692, leaving this component underfunded by \$0.

ROOFING: Gutter & Downspout

- 1 Estimate with a replacement cost of \$23,755 per Estimate.
- Normal life of 32 years with 20 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$23,755.
- **Estimated cost to replace at FYE 2037 is \$42,904.**
- Recommended annual allocation in 2018 is \$742.
- **Recommended annual allocation with deficit reduction in 2018 is \$1,188.**
- Recommended balance at fiscal year end is \$8,908.
- We allocated \$0, leaving this component underfunded by \$8,908.





PAINTING: Stucco

- 13,127 SqFt with a replacement cost of \$2.17 per SqFt.
- Normal life of 14 years with 10 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$28,486.
- **Estimated cost to replace at FYE 2027 is \$38,283.**
- Recommended annual allocation in 2018 is \$2,035.
- **Recommended annual allocation with deficit reduction in 2018 is \$2,035.**
- Recommended balance at fiscal year end is \$8,139.
- We allocated \$8,139, leaving this component underfunded by \$0.

PAINTING: Wood Trim & Siding

- 28,880 SqFt with a replacement cost of \$2.58 per SqFt.
- Normal life of 7 years with 3 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$74,510.
- **Estimated cost to replace at FYE 2020 is \$81,419.**
- Recommended annual allocation in 2018 is \$10,644.
- **Recommended annual allocation with deficit reduction in 2018 is \$10,644.**
- Recommended balance at fiscal year end is \$42,577.
- We allocated \$42,577, leaving this component underfunded by \$0.

College Vista

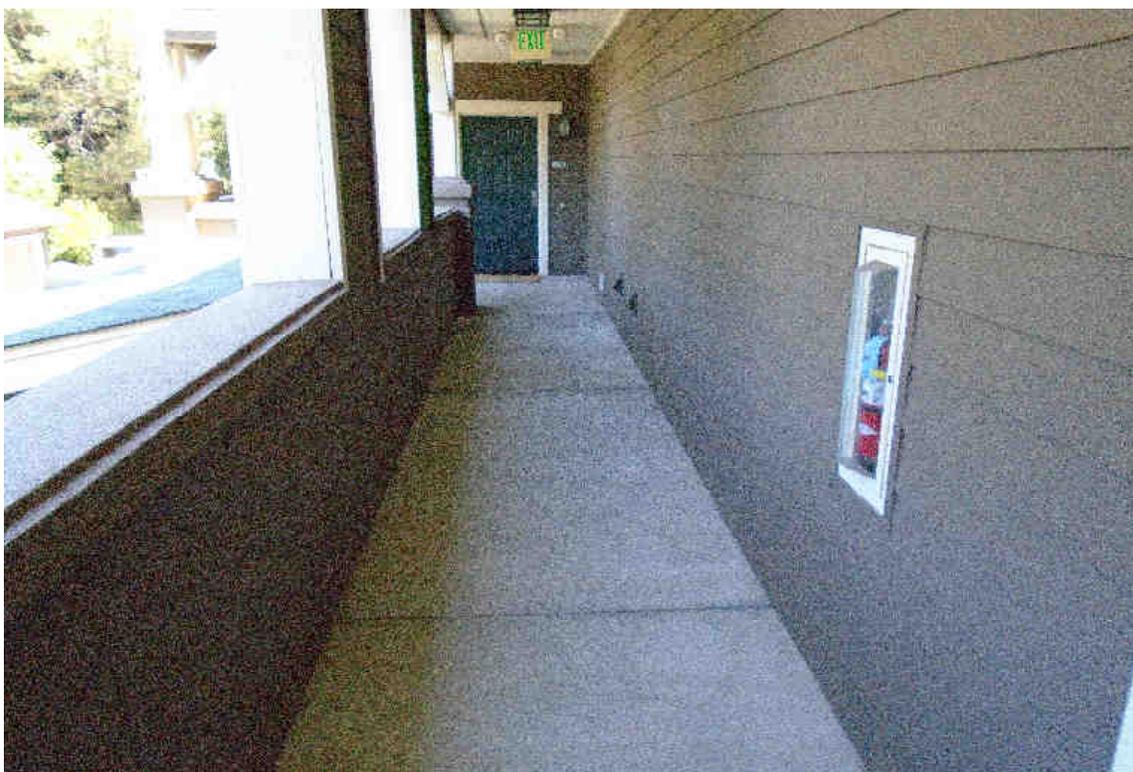


ASPHALT PAVING: Slurry & Repair

- 18,833 SqFt with a replacement cost of \$0.67 per SqFt.
- Normal life of 5 years with 2 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$12,618.
- **Estimated cost to replace at FYE 2019 is \$13,386.**
- Recommended annual allocation in 2018 is \$2,524.
- **Recommended annual allocation with deficit reduction in 2018 is \$2,524.**
- Recommended balance at fiscal year end is \$7,571.
- We allocated \$7,571, leaving this component underfunded by \$0.

ASPHALT PAVING: Overlay & Replace

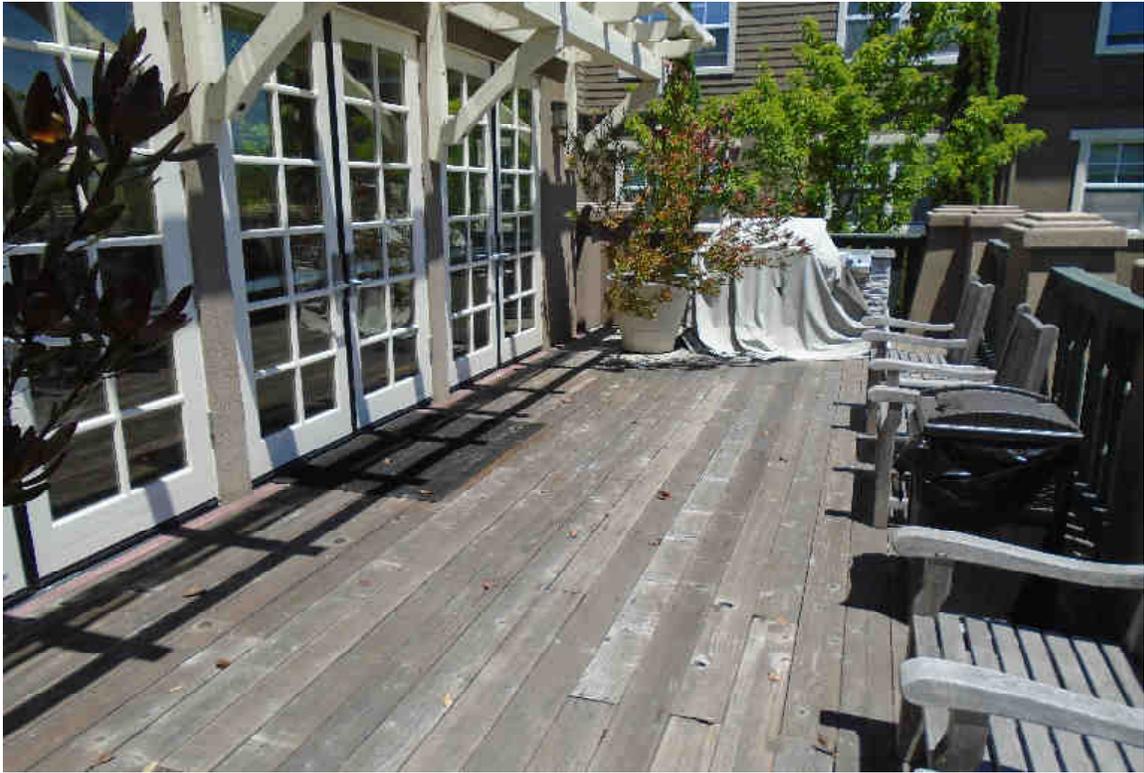
- 18,833 SqFt with a replacement cost of \$1.56 per SqFt.
- Normal life of 30 years with 18 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$29,379.
- **Estimated cost to replace at FYE 2035 is \$50,016.**
- Recommended annual allocation in 2018 is \$979.
- **Recommended annual allocation with deficit reduction in 2018 is \$1,632.**
- Recommended balance at fiscal year end is \$11,752.
- We allocated \$0, leaving this component underfunded by \$11,752.



CONCRETE : Repair & Replace

- 30 annual allocations with a replacement cost of \$555 per year.
- Normal life of 30 years with 18 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$16,650.
- **Estimated cost to replace at FYE 2035 is \$28,346.**
- Recommended annual allocation in 2018 is \$555.
- **Recommended annual allocation with deficit reduction in 2018 is \$925.**
- Recommended balance at fiscal year end is \$6,660.
- We allocated \$0, leaving this component underfunded by \$6,660.





CLUBHOUSE: Carpeting

- 54 SqYds with a replacement cost of \$33.72 per SqYd.
- Normal life of 15 years with 3 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$1,821.
- **Estimated cost to replace at FYE 2020 is \$1,990.**
- Recommended annual allocation in 2018 is \$121.
- **Recommended annual allocation with deficit reduction in 2018 is \$121.**
- Recommended balance at fiscal year end is \$1,457.
- We allocated \$1,457, leaving this component underfunded by \$0.

CLUBHOUSE: Interior Paint

- 1,281 SqFt with a replacement cost of \$1.08 per SqFt.
- Normal life of 15 years with 3 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$1,383.
- **Estimated cost to replace at FYE 2020 is \$1,511.**
- Recommended annual allocation in 2018 is \$92.
- **Recommended annual allocation with deficit reduction in 2018 is \$92.**
- Recommended balance at fiscal year end is \$1,107.
- We allocated \$1,107, leaving this component underfunded by \$0.

CLUBHOUSE: Charmglow Grill

- 1 Estimate with a replacement cost of \$1,807 per Estimate.
- Normal life of 121 years with 4 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$1,807.
- **Estimated cost to replace at FYE 2021 is \$2,034.**
- Recommended annual allocation in 2018 is \$15.
- **Recommended annual allocation with deficit reduction in 2018 is \$15.**
- Recommended balance at fiscal year end is \$1,747.
- We allocated \$1,747, leaving this component underfunded by \$0.

CLUBHOUSE: Appliances

- 1 Estimate with a replacement cost of \$1,204 per Estimate.
- Normal life of 15 years with 3 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$1,204.
- **Estimated cost to replace at FYE 2020 is \$1,316.**
- Recommended annual allocation in 2018 is \$80.
- **Recommended annual allocation with deficit reduction in 2018 is \$80.**
- Recommended balance at fiscal year end is \$963.
- We allocated \$963, leaving this component underfunded by \$0.

CLUBHOUSE: AC Compressors

- 1 Units with a replacement cost of \$2,168 per Unit.
- Normal life of 14 years with 2 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$2,168.
- **Estimated cost to replace at FYE 2019 is \$2,300.**
- Recommended annual allocation in 2018 is \$155.
- **Recommended annual allocation with deficit reduction in 2018 is \$155.**
- Recommended balance at fiscal year end is \$1,858.
- We allocated \$1,858, leaving this component underfunded by \$0.

CLUBHOUSE: Forced Air Units

- 1 Units with a replacement cost of \$3,854 per Unit.
- Normal life of 25 years with 13 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$3,854.
- **Estimated cost to replace at FYE 2030 is \$5,660.**
- Recommended annual allocation in 2018 is \$154.
- **Recommended annual allocation with deficit reduction in 2018 is \$205.**
- Recommended balance at fiscal year end is \$1,850.
- We allocated \$1,184, leaving this component underfunded by \$666.

CLUBHOUSE: Restroom Floor Tile

- 185 SqFt with a replacement cost of \$12.65 per SqFt.
- Normal life of 25 years with 13 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$2,340.
- **Estimated cost to replace at FYE 2030 is \$3,436.**
- Recommended annual allocation in 2018 is \$94.
- **Recommended annual allocation with deficit reduction in 2018 is \$125.**
- Recommended balance at fiscal year end is \$1,123.
- We allocated \$719, leaving this component underfunded by \$404.

CLUBHOUSE: Sym. Wood Flooring

- 99 SqFt with a replacement cost of \$11.45 per SqFt.
- Normal life of 25 years with 13 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$1,134.
- **Estimated cost to replace at FYE 2030 is \$1,665.**
- Recommended annual allocation in 2018 is \$45.
- **Recommended annual allocation with deficit reduction in 2018 is \$60.**
- Recommended balance at fiscal year end is \$544.
- We allocated \$348, leaving this component underfunded by \$196.

CLUBHOUSE: Furnishings

- 1 Estimate with a replacement cost of \$10,839 per Estimate.
- Normal life of 15 years with 3 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$10,839.
- **Estimated cost to replace at FYE 2020 is \$11,844.**
- Recommended annual allocation in 2018 is \$723.
- **Recommended annual allocation with deficit reduction in 2018 is \$723.**
- Recommended balance at fiscal year end is \$8,671.
- We allocated \$8,671, leaving this component underfunded by \$0.







MISCELLANEOUS: Street Lights

- 12 Estimate with a replacement cost of \$3,131 per Estimate.
- Normal life of 30 years with 18 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$37,572.
- **Estimated cost to replace at FYE 2035 is \$63,964.**
- Recommended annual allocation in 2018 is \$1,252.
- **Recommended annual allocation with deficit reduction in 2018 is \$2,087.**
- Recommended balance at fiscal year end is \$15,029.
- We allocated \$0, leaving this component underfunded by \$15,029.

MISCELLANEOUS: Bollard Lights

- 9 Estimate with a replacement cost of \$662 per Estimate.
- Normal life of 28 years with 16 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$5,958.
- **Estimated cost to replace at FYE 2033 is \$9,561.**
- Recommended annual allocation in 2018 is \$213.
- **Recommended annual allocation with deficit reduction in 2018 is \$372.**
- Recommended balance at fiscal year end is \$2,553.
- We allocated \$0, leaving this component underfunded by \$2,553.

MISCELLANEOUS: Metal Garage Doors

- 44 Units with a replacement cost of \$783 per Unit.
- Normal life of 28 years with 16 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$34,452.
- **Estimated cost to replace at FYE 2033 is \$55,285.**
- Recommended annual allocation in 2018 is \$1,230.
- **Recommended annual allocation with deficit reduction in 2018 is \$2,153.**
- Recommended balance at fiscal year end is \$14,765.
- We allocated \$0, leaving this component underfunded by \$14,765.

MISCELLANEOUS: Chain Link Fence

- 359 LnFt with a replacement cost of \$19.88 per LnFt.
- Normal life of 38 years with 26 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$7,137.
- **Estimated cost to replace at FYE 2043 is \$15,392.**
- Recommended annual allocation in 2018 is \$188.
- **Recommended annual allocation with deficit reduction in 2018 is \$274.**
- Recommended balance at fiscal year end is \$2,254.
- We allocated \$0, leaving this component underfunded by \$2,254.

MISCELLANEOUS: Water Heaters

- 2 Systems with a replacement cost of \$6,022 per Systems.
- Normal life of 12 years with 1 year remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$12,044.
- **Estimated cost to replace at FYE 2018 is \$12,405.**
- Recommended annual allocation in 2018 is \$1,004.
- **Recommended annual allocation with deficit reduction in 2018 is \$1,004.**
- Recommended balance at fiscal year end is \$11,040.
- We allocated \$11,040, leaving this component underfunded by \$0.

MISCELLANEOUS: Domestic Valve

- 2 Estimate with a replacement cost of \$1,499 per Estimate.
- Normal life of 30 years with 23 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$2,998.
- **Estimated cost to replace at FYE 2040 is \$5,917.**
- Recommended annual allocation in 2018 is \$100.
- **Recommended annual allocation with deficit reduction in 2018 is \$130.**
- Recommended balance at fiscal year end is \$700.
- We allocated \$0, leaving this component underfunded by \$700.

MISCELLANEOUS: Standpipes

- 2 Estimate with a replacement cost of \$542 per Estimate.
- Normal life of 35 years with 18 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$1,084.
- **Estimated cost to replace at FYE 2035 is \$1,845.**
- Recommended annual allocation in 2018 is \$31.
- **Recommended annual allocation with deficit reduction in 2018 is \$60.**
- Recommended balance at fiscal year end is \$527.
- We allocated \$0, leaving this component underfunded by \$527.

MISCELLANEOUS: Fire Alarm Panels

- 2 Estimate with a replacement cost of \$4,260 per Estimate.
- Normal life of 15 years with 3 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$8,520.
- **Estimated cost to replace at FYE 2020 is \$9,310.**
- Recommended annual allocation in 2018 is \$568.
- **Recommended annual allocation with deficit reduction in 2018 is \$568.**
- Recommended balance at fiscal year end is \$6,816.
- We allocated \$6,816, leaving this component underfunded by \$0.

MISCELLANEOUS: Trash Gates

- 3 Units with a replacement cost of \$1,024 per Unit.
- Normal life of 25 years with 13 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$3,072.
- **Estimated cost to replace at FYE 2030 is \$4,511.**
- Recommended annual allocation in 2018 is \$123.
- **Recommended annual allocation with deficit reduction in 2018 is \$164.**
- Recommended balance at fiscal year end is \$1,475.
- We allocated \$944, leaving this component underfunded by \$531.

IRRIGATION: System Upgrades

- 1 Estimate with a replacement cost of \$5,425 per Estimate.
- Normal life of 15 years with 8 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$5,425.
- **Estimated cost to replace at FYE 2025 is \$6,872.**
- Recommended annual allocation in 2018 is \$362.
- **Recommended annual allocation with deficit reduction in 2018 is \$362.**
- Recommended balance at fiscal year end is \$2,532.
- We allocated \$2,532, leaving this component underfunded by \$0.

IRRIGATION: Backflow Valve 2"

- 1 Units with a replacement cost of \$1,628 per Unit.
- Normal life of 30 years with 18 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$1,628.
- **Estimated cost to replace at FYE 2035 is \$2,772.**
- Recommended annual allocation in 2018 is \$54.
- **Recommended annual allocation with deficit reduction in 2018 is \$90.**
- Recommended balance at fiscal year end is \$651.
- We allocated \$0, leaving this component underfunded by \$651.

IRRIGATION: Plant Replacement

- 1 Estimate with a replacement cost of \$4,545 per Estimate.
- Normal life of 4 years with 2 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$4,545.
- **Estimated cost to replace at FYE 2019 is \$4,822.**
- Recommended annual allocation in 2018 is \$1,136.
- **Recommended annual allocation with deficit reduction in 2018 is \$1,136.**
- Recommended balance at fiscal year end is \$2,273.
- We allocated \$2,273, leaving this component underfunded by \$0.

UNIT INTERIORS: Cabinets

- 44 Estimate with a replacement cost of \$7,595 per Estimate.
- Normal life of 25 years with 13 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$334,180.
- **Estimated cost to replace at FYE 2030 is \$490,755.**
- Recommended annual allocation in 2018 is \$13,367.
- **Recommended annual allocation with deficit reduction in 2018 is \$17,808.**
- Recommended balance at fiscal year end is \$160,406.
- We allocated \$102,672, leaving this component underfunded by \$57,735.

UNIT INTERIORS: Countertops

- 44 Estimate with a replacement cost of \$3,255 per Estimate.
- Normal life of 25 years with 13 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$143,220.
- **Estimated cost to replace at FYE 2030 is \$210,323.**
- Recommended annual allocation in 2018 is \$5,729.
- **Recommended annual allocation with deficit reduction in 2018 is \$7,632.**
- Recommended balance at fiscal year end is \$68,746.
- We allocated \$44,002, leaving this component underfunded by \$24,743.

GENERAL INFORMATION

In the production of a reserve study we utilize information from a variety of sources. The most accurate of these sources are the completed contracts or pending contracts that the Association has solicited. The second source of information we utilize is the actual costs for similar work performed for other associations in the same area. When actual or estimated costs are not available or total replacement is not applicable, we develop an allowance for component replacement. These costs are often listed as an annual allowance to be used to repair or replace the items.

Since 1986, **TROWER** has been actively engaged in architecture, general contracting, cost estimating and consulting throughout America. **Our primary objective is to provide management and associations with current and accurate construction cost data for future repair and replacement of the major common area components the association must maintain.**

Paul Trower has a professional degree in Architecture and 35 years of construction experience and is a licensed general contractor. We have completed over 10,200 studies as of April 2013. We produce a study that contains estimated quantities, estimated replacement costs, projected life expectancies and budget recommendations to assist the associations.

The construction industry and available materials are ever evolving. We make every effort to correctly represent these changes.

FACTORS AFFECTING UNIT COSTS

Project type and size will have an impact on cost. Economies of scale may reduce costs. Material and labor costs are calculated per standard construction practice based on US Government specifications. If overtime or holiday pay is anticipated costs should be adjusted. Output or productivity calculations are based upon working an eight-hour day in daylight.

Additional factors affecting costs are time of year, management fees, weather, labor and union restrictions, permits, building code requirements, utility access, skilled labor and building materials availability.

LIMITATIONS OF THE STUDY

This study attempts to determine the estimated quantity and remaining useful life of the components which are visually inspected and included in this study. This study is not a guarantee, warranty, or a recommendation to purchase. Estimated remaining useful life is calculated with reasonable consideration for weather conditions. Natural disasters, including seismic activity have not been

addressed in this study. Reserve Funding for earthquake damage and other disasters exceeds the scope of this study. We recommend the Association consider additional insurance to cover unforeseen disasters. We assume the components of the association will receive proper maintenance.

This report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements.

TROWER has made a reasonable effort to ensure that quantities in this report are accurate. We do not assume any liability for damages which may result from this study. We are not responsible for conditions this report fails to disclose. The information contained in this study is deemed reliable as of the date of this study, but is not guaranteed. This study does not preclude errors resulting from unforeseen conditions or circumstances, unreliable information or unpredictable cost conditions. **The scope of this report is expressly limited to the components described herein.**

This study is limited to a visual inspection and there has been no destructive testing or inspection of the interior of private units; floors, wall or ceiling cavities; or structural elements requiring testing. It is assumed that the components have been constructed per original construction documents and comply with applicable codes.

This study is not designed to uncover latent or patent defects. Estimates represent replacement of a component with similar materials only.

Local building codes have not been researched to determine whether or not current ordinances will permit the replacement of any component with like material. The estimates do not take into account the abbreviated useful life of a component as a result of defect in its original construction, installation, or design.

TROWER is not responsible for any claims, demands, or damages arising out of the discovery of asbestos or other hazardous materials.

The Association, by accepting this study, agrees to release **TROWER** from any claims, demands or damages. The Association, in consideration of **TROWER** performing the reserve study, hereby agrees to indemnify, defend and hold harmless **TROWER** from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this reserve study.

DEFINITIONS

COMPONENT: Major repair or replacement item

ESTIMATED COMPONENT QUANTITY: (Est. Comp. Qty.) Quantity or volume

ESTIMATED UNIT COST: Quantitative unit cost per unit of measure

ESTIMATED COST TO REPLACE: Current replacement cost of component

LIFE EXPECTANCY NORMAL: Expected Life of component

LIFE EXPECTANCY REMAINING: Normal life minus years in service

SOURCE & CONDITION: Information acquired from:

1. **TROWER** estimate or allowance for total or partial replacement or repair
 2. Information from a previous reserve study
 3. Contractor bid for similar work in the same cost area
 4. Bid supplied by Board of Directors or Property Manager for completed or pending work
 5. Information or direction per the Board of Directors or Property Manager
- Condition graded from good to poor (G, G-F, F, F-P and P)

RECOMMENDED ALLOCATION FOR CURRENT FISCAL YEAR: Cost to Replace divided by Normal Life

RECOMMENDED BALANCE @ FYE: (Fiscal Year End): Annual Allocation multiplied by age of component

PROJECTED BALANCE @ FYE: The reserve account balance at FYE calculated from most recent financials (distributed by priority of need)

UNDER FUNDED \ OVER FUNDED: Recommended Balance @ FYE minus Expected Balance @ FYE

CONTINGENCY: An allowance for miscellaneous components (**TROWER** uses five percent unless directed otherwise by Board of Directors or Property Manager)

ANNUAL ALLOCATION w/ DEFICIT REDUCTION: Recommended Annual Allocation plus any under funded balance divided by the years remaining until replacement of each component (also shown on graph)

THIRTY YEAR PROJECTED RESERVE EXPENSES: Replacement cost and year in future dollars (adjusted for annual inflation)

HOUSING BOARD REPORT

PREPARED FOR: Educational Housing Corporation Board of Directors

PREPARED BY: Mitchell Bailey, Chief of Staff – (650) 574-6510

MEETING DATE: January 23, 2018

REPORT SUBJECT: Policy Recommendation for Employment Status

The Board discussed this item at its September 2017 meeting, and as a result of feedback received from the Board, staff is providing an updated recommendation.

Currently, campus housing is available to eligible first-time homebuyers who are full-time faculty, full-time classified staff, or adjunct faculty who have taught 60% of a full time load (or .52 FTE for science faculty) for in six semesters during the past four years and who continue to teach 60% of a full time assignment each semester and who qualify as first time home buyers (FTHB)*.

The Housing Board has not formalized a policy statement regarding classified employees who work less than full-time. A recent tenant issue has exposed this void and staff recommends the Housing Board's consideration of the following policy statement that would be incorporated into the eligibility guidelines for residents. The proposed language is included in red:

Loss of Eligibility: If a resident/employee voluntarily leaves District employment or is dismissed from employment, the resident/employee will be issued a notice to vacate the unit within 60 days. for cause or poor performance, the rental unit will immediately be increased 9% and then increased a second time to market rate rent as established annually by the County Office of Housing (maximum affordable rent for moderate income persons) as soon as possible as allowed under State laws. The former employee may be allowed to stay in the unit at market rate for a two-month period. At the end of that time, the former employee will be required to vacate the unit.

If a resident is laid off from his/her job or does not achieve tenure; if an adjunct faculty member loses all of his/her load or who is no longer teaching 60% of a full time load (or .52 FTE for science faculty) at the Colleges as a result of staffing decisions by the District; or if an employee retires from his/her position, the (former) employee may be allowed to stay in the unit at the established below market rate for a maximum of 6 months.

A full-time, classified resident who voluntarily reduces his/her hours of work to less than 37.5 hours per week but more than 50% of standard full-time hours, may do so for no longer than six months to maintain eligibility to live in their rental unit. If a full-time, classified resident voluntarily reduces his/her hours of work to less than 50% of standard full-time hours, the employee/resident will be issued a notice to vacate the unit within 60 days.

RECOMMENDATION

Staff recommends the Housing Board approve the above policy statement to be incorporated into the eligibility guidelines for residents.