

**San Mateo County Community Colleges Educational Housing Corporation**  
**Board of Directors | Regular Meeting**  
**May 2, 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 January 23, 2018 Meeting (*Enclosure #01*)**
- IV. Action/Discussion Items**
  - a. Trower Reserve Study – College Vista (*Enclosure #02*)
  - b. Review Financial Statements/Information Ending March 31, 2018
    - College Vista (*Enclosure #03A*)
    - Cañada Vista (*Enclosure #03B*)
  - c. Review of Draft FY 2019 Budgets
    - College Vista (*Enclosure #03A*)
    - Cañada Vista (*Enclosure #03B*)
- V. Informational Reports**
  - a. Skyline College Housing Development Update (*verbal*)
  - b. Update on Housing and Financial Education Resources for Residents (*verbal*)
- VI. Board Members' Comments and/or Requests for Future Agenda Items**
- VII. Adjourn**



**Minutes of the Educational Housing Corporation Board Meeting**  
**January 23, 2018**  
**District Office Board Room**  
**3401 CSM Drive, San Mateo, CA**

<b>Attendees:</b>	<b>Absent:</b>
Dennis McBride, President	
Peggy Berlese	<b>Other Attendees:</b>
Kathy Blackwood, Treasurer	Mitchell Bailey
Kate Browne	Bernata Slater
Maurice Goodman, Vice President	Ginny Brooks
Ron Granville	Caryn Kenny
Michael Pierce	Mike Kenny
Karen Schwarz	Nelly Gonzalez

**CLOSED SESSION AGENDA**

**I. Call to Order**

The meeting was called to order at 3:09 p.m.

**II. 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.

**III. Public Comments on Closed Session Items Only**

None

**IV. Recess to Closed Session**

The Board recessed to closed session at 3:10 p.m.

**V. Reconvene to Public Session**

The Board reconvened to open session at 3:40 pm. Mr. McBride announced that no action was taken during closed session.

**PUBLIC SESSION AGENDA**

**I. Call to Order and Roll Call**

**II. Public Comments on Non-Agenda Items**

None

**III. Approve Minutes from the September 20, 2017 Meeting**

It was moved by Ms. Schwarz and seconded by Mr. Goodman to approve the minutes. The motion carried, all members voting Aye.

#### IV. Action Items

- a. Review Financial Statements/Information Ending December 31, 2017
  - i. Revised Budget and Second Quarter Financials for College Vista
  - ii. Revised Budget and Second Quarter Financials for Cañada Vista

Mr. Bailey noted that at the September 2017 meeting, there were a number of questions and comments relating to budget format and the duplication or confusion among various budget line items. At that meeting, staff suggested and the Board agreed that a revised budget be presented with updated figures, consolidation of some income categories and expense categories and differentiating repairs versus replacements.

Ms. Berlese asked for an explanation of the “Excess of Revenues Over Expenditures and Other Sources” line item. Ms. Slater said this figure reflects a net profit.

It was moved by Mr. Granville and seconded by Ms. Berlese to approve the revised budgets and financials as presented. All members voted Aye.

- b. Trower Reserve Study – College Vista

Mr. Bailey said the Reserve Study is updated every three years. He said the most recent Study for College Vista is included in the packet. A Study will be commissioned for Cañada Vista after repairs are finished.

Mr. Granville noted that the reserve fund never gets to 100 percent; the closest it gets is 76 percent in Year 5. Ms. Blackwood said the projections were run for only five years and it is assumed that the growth will be ongoing. She said the Board of Directors could recommend to the District that more money be put into the reserve fund and less into the Capital Outlay Fund. Mr. McBride asked that Mr. Bailey seek advice from Trower regarding the reserve fund should be at 100 percent every year.

Ms. Berlese asked how the decision is made on what to fund and what to underfund. Mr. Bailey said he will ask that question of Trower as well.

The Board of Directors agreed hold action on the Reserve Study pending answers to the above referenced questions.

- c. Policy Issue: Impacts of Employment Status

Mr. Bailey said a classified employee inquired about how reducing working hours to less than full-time would affect eligibility for a housing unit. He said the Board of Directors has a policy for part-time (adjunct) faculty and that policy was used to craft a draft policy for part-time classified employees.

The Board discussed the proposed new language and questions arose around being able to use some discretion when making decisions but not being overly ambiguous. It was agreed that Ms. Blackwood and Ms. Browne would work with Mr. Bailey to further define the language and bring it back to the Board at a future meeting for review.

## **V. Informational Reports**

### **a. Skyline College Housing Development Update**

Mr. Bailey said a San Bruno City Council meeting on January 23 will include a hearing on the housing project. He said the project has been presented to many City commissions and the feedback has been positive. He said Ms. Browne spoke very well at a Planning Commission meeting. Mr. Bailey said a second reading by the City Council will take place in February.

In response to a question from Ms. Berlese, Ms. Blackwood said SummerHill Homes has paid \$900,000 in earnest money. She said the District has a good relationship with SummerHill Homes and they have been good about making payments.

Mr. Granville asked if SummerHill Homes will have a role in building the project. Mr. Bailey said the project will be put out to bid and SummerHill Homes is expected to be one of the bidders.

Mr. Bailey said that if the project is approved by the San Bruno City Council in February, the District will begin to work on construction documents.

### **b. Board Membership Update**

Mr. Bailey said the Educational Housing Corporation bylaws specify that one member of the Board of Directors shall be recommended by the local CSEA chapter. He said Ms. Perot's term ended in December and a replacement is being sought. He said he hopes to have a new member named in time for the next meeting.

## **VI. Board Members' Comments and/or Requests for Future Agenda Items**

Mr. Goodman said the District Board of Trustees has held preliminary discussions on student housing for international students as well as veterans, foster youth and underserved communities. He said the housing would be financed by fees charged to international students. He said preliminary estimates are for 85 percent of the housing to be occupied by international students and 15 percent by domestic students in the categories listed above. Mr. Goodman said financing becomes an issue if the percentage of domestic increases. He said other options include working with HIP Housing and other non-profit organizations on shared housing, micro-units, etc. He said he would be interested in discussing what the role of the Educational Housing Corporation might be.

Mr. Granville said he would be interested in attending a Board of Trustees meeting at which this topic is discussed. Ms. Blackwood said she will send a copy of the January 10, 2018 meeting minutes at which it was discussed.

Ms. Browne said she would like a future topic to be how to support current residents as they look for permanent housing.

## **VII. Adjourn**

The meeting was adjourned at 4:35 p.m.

## 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:** May 2, 2018

**REPORT SUBJECT:** Trower Study – College Vista

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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.

At the meeting on January 23, 2018, the Board reviewed the Trower Study for College Vista and had additional questions which staff have discussed with Trower and additional information is provided below:

**1. The study never gets to a position where we are fully funded. Why?**

What is shown is a five-year timeframe. The reserve will be fully funded in 2044.

**2. How is it determined what gets fully funded and what gets underfunded?**

The components with the least remaining life get funded in full first and others get funded within their remaining lives.

### RECOMMENDATION

Staff recommends the Board accept the Trower Study for College Vista.



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

**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	Unit	Estimated Cost to Replace	Life Expectancy	Source & Condition	Fully-Funded		Projected	Allocation		
	Qty	Cost	Type		Normal Rmng	See Legend	Allocation in 2018	Balance @ FYE2017	Balance @ FYE	Under Funded	w/Deficit Reduction	
<b>ROOFING</b>												
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
<b>Subtotal</b>				157,024				6,800	81,600	72,692	(8,908)	7,245
<b>RECOMMEND ANNUAL ROOF INSPECTION, CLEANING &amp; REPAIRS (1)</b>												
<b>PAINTING</b>												
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
<b>Subtotal</b>				102,996				12,679	50,716	50,716	0	12,679
<b>RECOMMEND ANNUAL PAINT TOUCH-UP (1)</b>												
<b>ASPHALT PAVING</b>												
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
<b>Subtotal</b>				41,998				3,503	19,323	7,571	(11,752)	4,156
<b>CONCRETE</b>												
Repair & Replace	30	555	Annual	16,650	30	18	3,5 G	555	6,660	0	(6,660)	925
<b>Subtotal</b>				16,650				555	6,660	0	(6,660)	925
<b>CLUBHOUSE</b>												
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
<b>Subtotal</b>				26,550				1,479	19,321	18,055	(1,266)	1,577
<b>CABINETS, COUNTERS AND OTHER INTERIOR RENOVATIONS Future Capital Improvements (5)</b>												
<b>MISCELLANEOUS</b>												

**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	
<b>Subtotal</b>				<u>112,837</u>			<u>4,709</u>	<u>55,158</u>	<u>18,800</u>	<u>(36,358)</u>	<u>6,813</u>	
<b>IRRIGATION</b>												
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	
<b>Subtotal</b>				<u>11,598</u>			<u>1,552</u>	<u>5,455</u>	<u>4,804</u>	<u>(651)</u>	<u>1,588</u>	
<b>TREE TRIMMING Maintenance Expense (5)</b>												
<b>UNIT INTERIORS</b>												
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	
<b>Subtotal</b>				<u>477,400</u>			<u>19,096</u>	<u>229,152</u>	<u>146,674</u>	<u>(82,478)</u>	<u>25,440</u>	
<b>ELECTRICAL, WOOD REPLACEMENT AND ANY COMPONENTS NOT LISTED ABOVE Maintenance or Contingency Expense (5)</b>												
<b>CONTINGENCY 10%</b>							5,037	46,739	0	(46,739)	6,042	
<b>REPLACEMENT COST</b>				<u>947,052</u>			<u>55,411</u>	<u>514,124</u>	<u>319,312</u>	<u>(194,812)</u>	<u>66,467</u>	
<b>FULLY-FUNDED RESERVE BALANCE</b>												

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
<b>ROOFING</b>																	
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
<b>Subtotal</b>																	
<b>PAINTING</b>																	
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
<b>Subtotal</b>																	
<b>ASPHALT PAVING</b>																	
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
<b>Subtotal</b>																	
<b>CONCRETE</b>																	
Repair & Replace	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>																	
<b>CLUBHOUSE</b>																	
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
<b>Subtotal</b>																	
<b>MISCELLANEOUS</b>																	
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
<b>Subtotal</b>																	
<b>IRRIGATION</b>																	
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
<b>Subtotal</b>																	
<b>UNIT INTERIORS</b>																	
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	210,323	0	0	0
<b>Subtotal</b>																	

### CONTINGENCY 10%

<b>REPLACEMENT COST</b>	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
<b>FULLY-FUNDED RESERVE BALANCE</b>	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
<b>RECOMMENDED BALANCE</b>	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
<b>ROOFING</b>														
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
<b>Subtotal</b>														
<b>PAINTING</b>														
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
<b>Subtotal</b>														
<b>ASPHALT PAVING</b>														
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
<b>Subtotal</b>														
<b>CONCRETE</b>														
Repair & Replace	0	28,346	0	0	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>														
<b>CLUBHOUSE</b>														
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
<b>Subtotal</b>														
<b>MISCELLANEOUS</b>														
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
<b>Subtotal</b>														
<b>IRRIGATION</b>														
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
<b>Subtotal</b>														
<b>UNIT INTERIORS</b>														
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
<b>Subtotal</b>														

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
<b>Report Based on Inflation Rate of 3.0% and Interest Rate on Reserve Savings of 0.15%</b>														

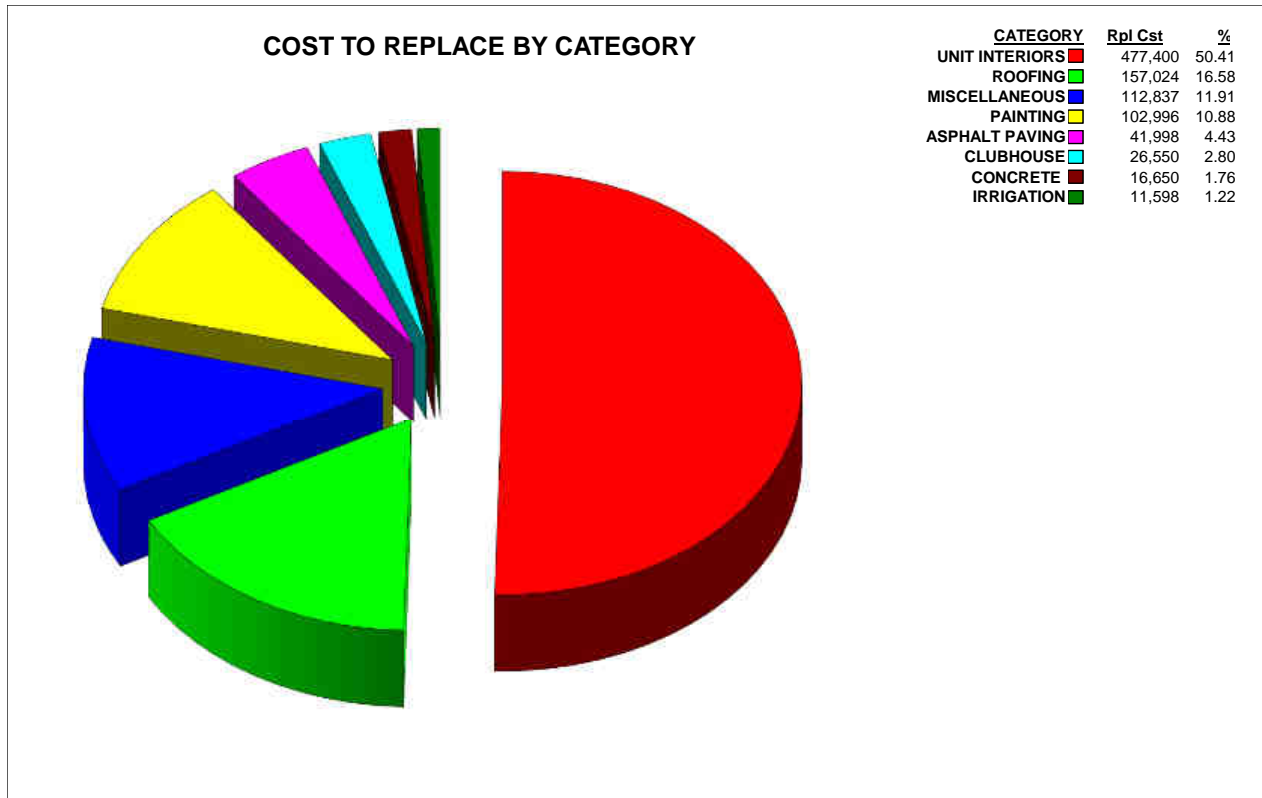


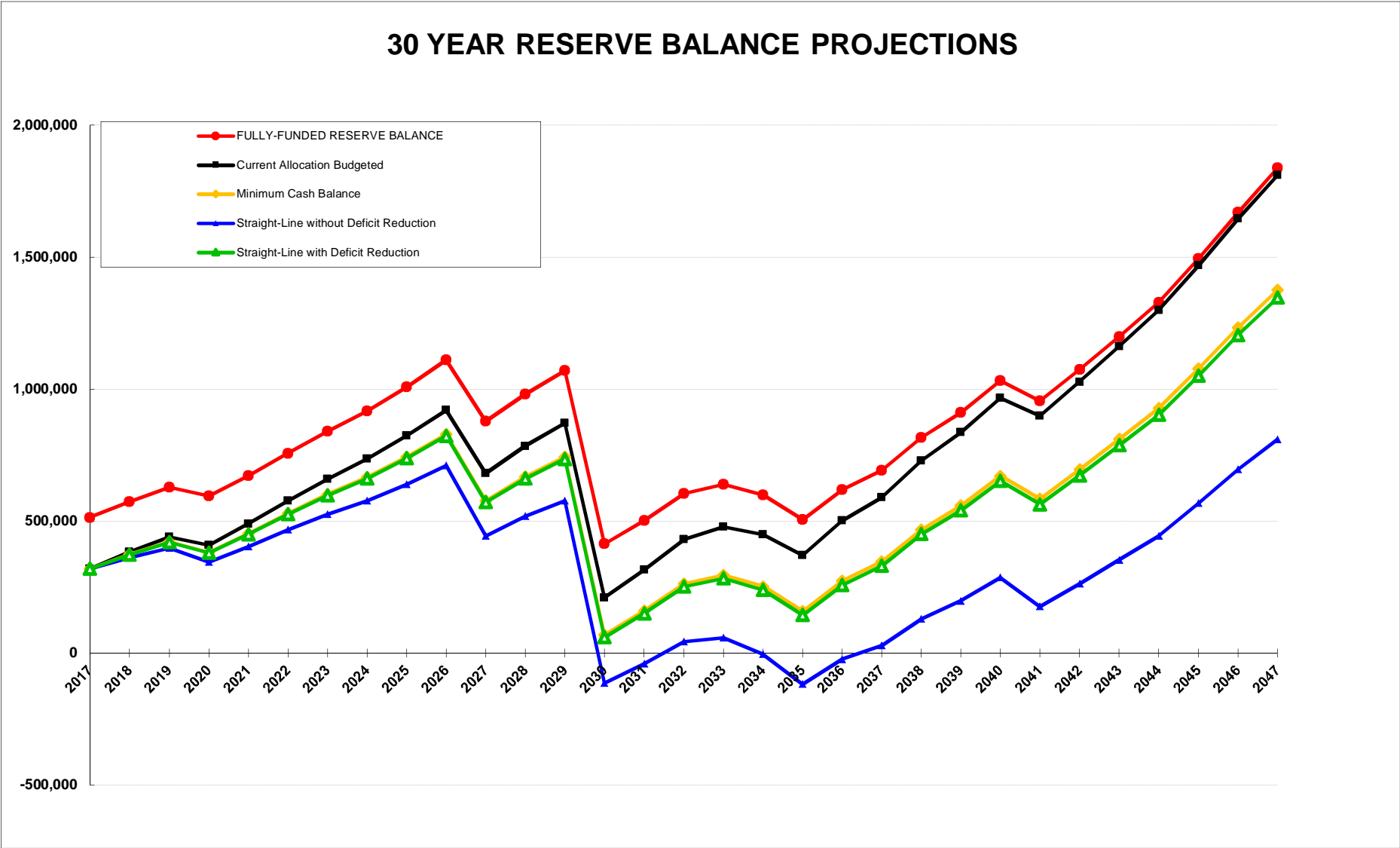
**RESERVE FUNDING SUMMARY**

(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.



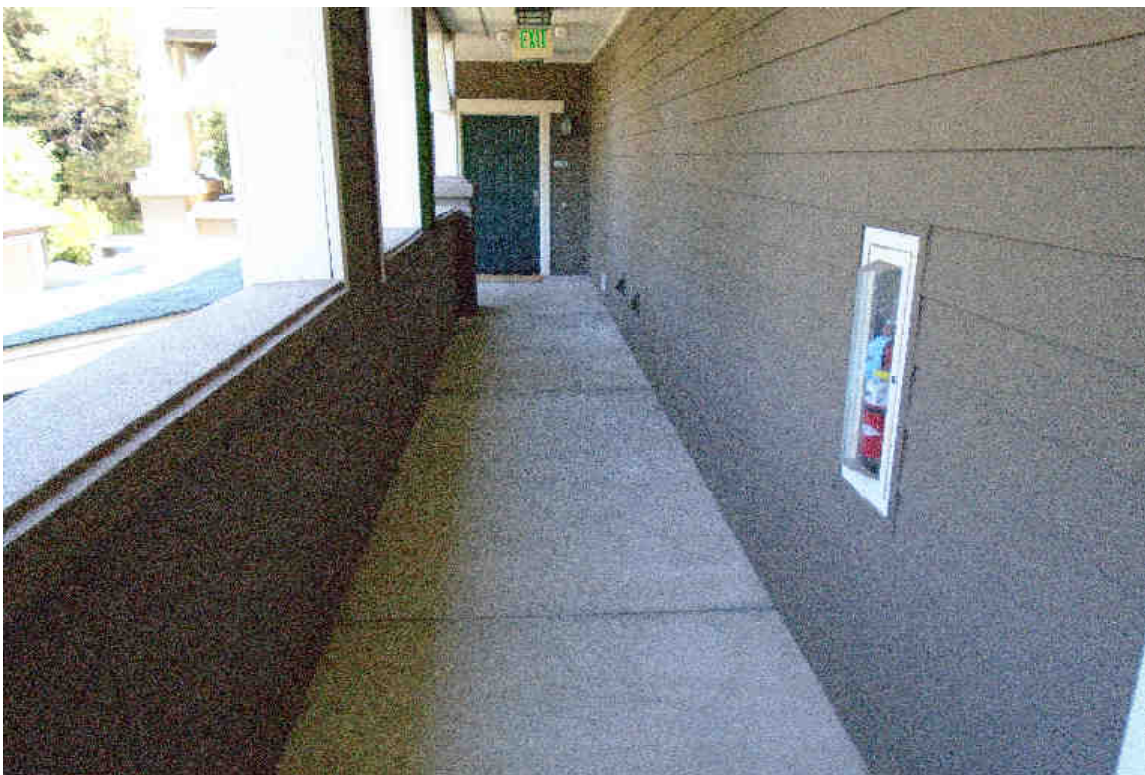


### ASPHALT PAVING: Slurry & Repair

- 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

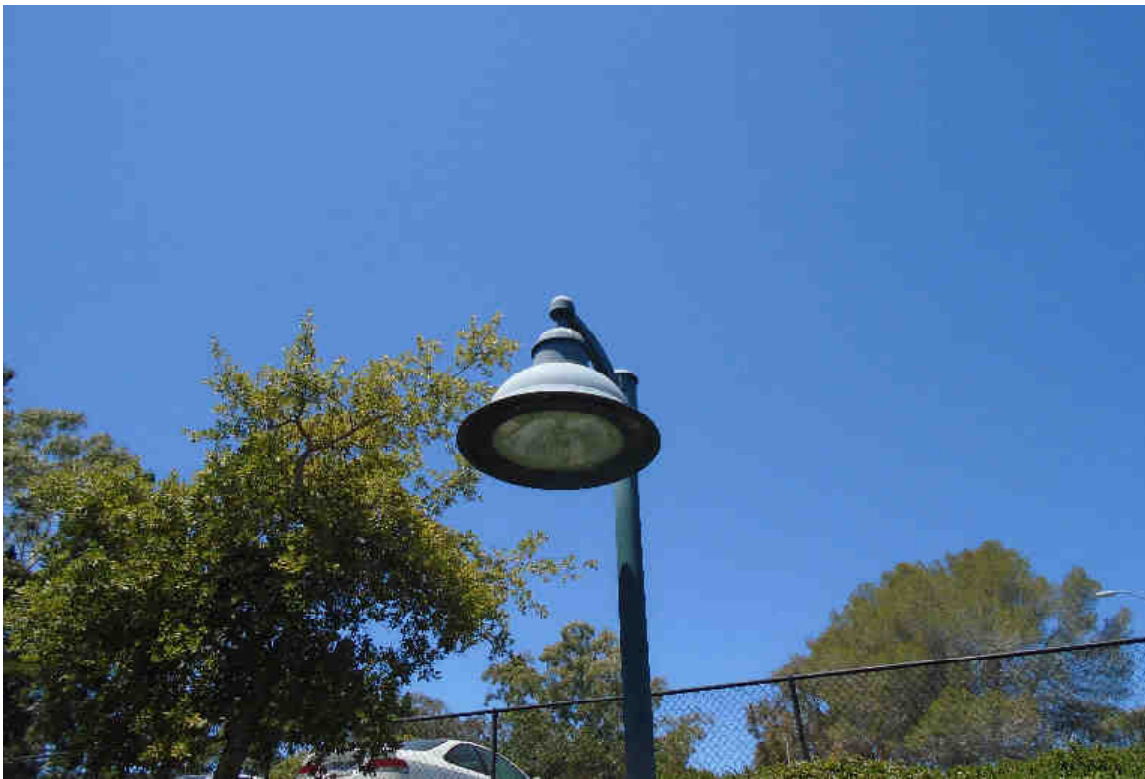
- 185 SqFt with a replacement cost of \$12.65 per SqFt.
- Normal life of 25 years with 13 years remaining until replacement.
- Estimated cost to replace at Fiscal Year End (FYE) 2017 is \$2,340.
- **Estimated cost to replace at FYE 2030 is \$3,436.**
- Recommended annual allocation in 2018 is \$94.
- **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:** Bernata Slater, Chief Financial Officer – (650) 358-6795  
Caryn Kenny, Kenny Realty

**MEETING DATE:** May 2, 2018

**REPORT SUBJECT: Financial Statements and Draft Budgets for FY2019**

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The financial statements for College Vista (Enclosure #03A) and Cañada Vista (Enclosure #03B) are included for review. Included with the statements is a draft budget projection for FY2019 which will be presented to the Board in July for final consideration.

**SMCC Educational Housing Corporation**  
**College Vista**

**Budget vs. Actual for 2017-18 and Tentative Budget 2018-19**

	Revised Budget	Actual	Variance from Revised Budget	Tentative Budget	Notes:
	7/1/2017 to 3/31/2018				
	2017-18	2017-18	2017-18	2018-19	
<b>Operation Revenues</b>					
Rent	650,000	470,127	179,873	645,000	
Club House Rental	1,500	850	650	1,500	
<b>Total Operation Revenues</b>	<b>651,500</b>	<b>470,977</b>	<b>180,523</b>	<b>646,500</b>	
<b>Operation Expenses</b>					
Property Administration					
Property Management	27,450	20,592	6,858	27,450	
Resident Management Fee	7,200	5,400	1,800	7,200	
Supplies (Clubhouse)	1,000	172	828	750	
Insurance	9,500	-	9,500	10,000	1
Audit & Accounting	2,000	2,850	(850)	2,125	
Administrative Misc.	1,500		1,500	1,280	2
<b>Total Property Administration</b>	<b>48,650</b>	<b>29,014</b>	<b>19,636</b>	<b>48,805</b>	
<b>Service Maintenance</b>					
Appliance Repair	2,000	2,570	(570)	3,500	3
Appliance Replacement	3,000	1,984	1,016	4,000	4
Cleaning	1,500	1,115	385	1,500	
Dryer Vent Cleaning (annual)	3,000	2,750	250	2,750	5
Electrical Repair and Supplies	10,000	6,094	3,906	4,000	6
Fire Alarm Repairs/Inspections	8,500	12,557	(4,057)	10,000	7
Flooring Repair	12,500	14,794	(2,294)	18,000	8
Flooring Replacement	500	-	500	1,000	9
Garage Door Repair	2,000	1,140	860	2,000	
Gutters (cleaning and repair)	1,700	1,000	700	1,000	10
Heating Repair	4,000	511	3,489	1,000	11
Maintenance General	10,000	7,521	2,479	10,000	12
Painting (Interior)	10,000	7,150	2,850	15,000	13
Plumbing Repair	10,000	6,953	3,047	10,000	14
Sprinkler Inspections/Repairs	3,500	1,740	1,760	-	15
Window Washing (annual)	3,000	1,350	1,650	1,500	16
<b>Total Service Maintenance</b>	<b>85,200</b>	<b>69,229</b>	<b>15,971</b>	<b>85,250</b>	
<b>Monthly Services</b>					
Fire Alarm System/Monitoring	5,000	2,235	2,765	1,500	
Garbage	11,000	6,833	4,167	11,000	
Internet/Cable	750	316	434	500	
Landscape/Gardening	11,000	7,524	3,476	11,000	
Pest Control	1,500	1,147	353	1,530	
PG & E	16,500	11,658	4,842	17,500	
Water Grounds & Tenants	17,500	14,157	3,343	17,500	
<b>Total Monthly Services</b>	<b>63,250</b>	<b>43,870</b>	<b>19,380</b>	<b>60,530</b>	
<b>Total Operation Expenses</b>	<b>197,100</b>	<b>142,113</b>	<b>54,987</b>	<b>194,585</b>	
<b>Net Operation Profit/(Loss)</b>	<b>454,400</b>	<b>328,864</b>	<b>125,536</b>	<b>451,915</b>	
<b>Other Financial Uses</b>					
Transfer to District	358,400	255,800.00	102,600	372,402	
Transfer to Capital Reserve	95,000	71,250	23,750	78,313	17
<b>Total Other Financial Sources/Uses</b>	<b>453,400</b>	<b>327,050</b>	<b>126,350</b>	<b>450,715</b>	
<b>Excess of Revenues Over Expenditures and Other Sources</b>	<b>1,000</b>	<b>1,814</b>	<b>(814)</b>	<b>1,200</b>	
<b>Vacancy Factor (reflected in rents )</b>	<b>(5,355)</b>			<b>(5,200)</b>	

**Notes**

- 1 3% estimated increase over prior year
- 2 Legal/Office Supplies/Tax and License
- 3 Increased number of repairs
- 4 Approx. 6 appliances
- 5 Annual, new vendor
- 6 Lower projections due to extensive electrical repairs in 17/18
- 7 Siemens annual contract + repairs
- 8 4 units due to upcoming vacancies/turnover / budgeted for 6
- 9 Due to upcoming vacancies/turnover
- 10 Annual, new vendor
- 11 Minimal repairs - electric heaters
- 12 Increase due to vacancies and age
- 13 Due to upcoming vacancies/turnover
- 14 Replacement of fixtures due to age
- 15 Included in Siemens estimates under Fire Alarm
- 16 Annual, new vendor
- 17 Based on new Trower Study



**SMCC Educational Housing Corporation**  
**Cañada Vista**  
**Budget vs. Actual for 2017-18 and Tentative Budget 2018-19**

	Revised Budget	Actual	Variance from	Tentative	Notes:
	7/1/2017 to 3/31/2018		Revised Budget	Budget	
	2017-18	2017-18	2017-18	2018-19	
<b>Operation Revenues</b>					
Rent	871,831	628,726	243,105	875,000	1
Club House Rental	9,000	5,175	3,825	2,500	2
Club House Liab. Insurance	2,000	2,620	(620)	1,000	
Rent Concessions	-	-	-	(125,000)	3
<b>Total Operation Revenues</b>	<b>882,831</b>	<b>636,521</b>	<b>246,310</b>	<b>753,500</b>	
<b>Operation Expenses</b>					
Property Administration					
Property Management	37,500	28,080	9,420	37,500	
Resident Management Fee	8,500	6,381	2,119	8,500	
Supplies (club house)	1,000	548	452	1,000	
Insurance	12,000		12,000	12,500	4
Insurance (Clubhouse)	2,000		2,000	1,000	
Audit & Accounting	2,000	2,825	(825)	2,125	
Admin Expenses-Misc.	1,500		1,500	1,500	5
<b>Total Property Administration</b>	<b>64,500</b>	<b>37,834</b>	<b>26,666</b>	<b>64,125</b>	
<b>Service Maintenance</b>					
Appliance Repair	3,000	1,886	1,114	3,000	
Appliance Replacement	5,000	3,274	1,726	5,000	
Cleaning	3,000	1,540	1,460	3,000	
Dryer Vent cleaning (annual)	4,019	4,019	-	4,500	
Electrical Repair and Supplies	6,000	3,669	2,331	5,000	6
Fire Alarm Inspections/Repairs	6,500	10,714	(4,214)	10,000	7
Flooring Replacement	15,000	13,184	1,816	10,000	8
Flooring Repair	5,000	1,305	3,695	2,500	9
Garage Door Repair	1,000	455	545	1,000	
Gutters Cleaning	-	-	-	-	10
Heating Repair/AC Repairs/Water heater Repairs	1,200	545	655	7,500	11
Maintenance General	10,000	11,216	(1,216)	15,000	
Painting (Interior)	17,000	11,350	5,650	17,000	12
Plumbing Repair	8,000	9,570	(1,570)	10,000	
Sprinkler Inspection/Repairs	1,884	942	942	-	13
Window Washing (annual)	3,969	-	3,969	-	14
<b>Total Service Maintenance</b>	<b>90,572</b>	<b>73,669</b>	<b>16,903</b>	<b>93,500</b>	
<b>Monthly Services</b>					
Garbage	22,300	13,090	9,210	25,000	
Internet/Cable	600	416	184	750	
Landscape/Gardening	13,000	9,463	3,537	13,000	
Pest Control	2,343	2,128	215	2,500	15
PG&E	17,000	12,802	4,198	20,000	
Fire Alarm System/Monitoring	5,400	2,481	2,919	1,500	
Water	2,799	1,192	1,607	3,000	
<b>Total Monthly Services</b>	<b>63,442</b>	<b>41,572</b>	<b>21,870</b>	<b>65,750</b>	
<b>Total Operation Expenses</b>	<b>218,514</b>	<b>153,075</b>	<b>65,439</b>	<b>223,375</b>	
<b>Net Operation Profit/(Loss)</b>	<b>664,317</b>	<b>483,446</b>	<b>180,871</b>	<b>530,125</b>	
<b>Other Financial Uses</b>					
Transfer to District	663,000	482,250	180,750	528,825	
Transfer to LT Capital Reserve	-	-	-	-	16
<b>Total Other Financial Sources/Uses</b>	<b>663,000</b>	<b>482,250</b>	<b>180,750</b>	<b>528,825</b>	17
<b>Excess of Revenues Over Expenditures and Other Sources</b>	<b>1,317</b>	<b>1,196</b>	<b>121</b>	<b>1,300</b>	
<b>Vacancy Factor (reflected in rents)</b>	<b>(12,495)</b>			<b>(13,000)</b>	

**Notes**

- 1 Several longterm vacancies due to constructions/repairs under the lawsuit
- 2 Club House will be used minimally during construction phase
- 3 Reduction in rent due to construction (\$100 to \$150 per unit per month)
- 4 3% increase over prior year
- 5 Legal/Office Supplies/Tax and License
- 6 Internal lighting, carbon monoxide detectors, exterior lights
- 7 Annual \$8,600 + repairs
- 8 Vacancy/turnover and repairs/replacement
- 9 Minimal repairs
- 10 No cleaning during construction
- 11 Anticipated increase in replacement of water heaters (currently under review)
- 12 Vacancy/turnover and repairs/replacement
- 13 Included in Siemens estimates under Fire Alarm
- 14 No contract for FY19 due to upcoming construction
- 15 Annual contract
- 16 No transfer to Capital Reserve in 17/18 and 18/19 as it was overfunded in 16/17
- 17 Transfer will be adjusted per new Trower Study when available