



2010 Reserve Study

In the 2010 Reserve Study, the intention is to create a more accurate view of the expenditures and contributions to the reserve fund for the next 10 years. Discussions were conducted with each vendor to obtain their best assessment of what funds they anticipate the Association will need based on their experience with the machinery and when.

Adjustments were made to reflect actual payments and timelines. The Internal Revenue Service has determined that the reserve fund may not be used for landscaping, painting, and contingency. The following categories were removed due to these rules and adjusted to more accurate cost and timing:

1. Removed Landscaping line item **-\$5,000**
2. Removed Hallway Refurbish (painting) line item **-\$84,000**
3. Removed Refurbish Entry Doors (painting) **-\$5,000**
4. Adjusted concrete repairs for years 2015 and 2020.
5. Adjusted EIFS repairs. The \$280,000 allotted for EFIS repairs in 2015, will not be utilized. \$30,000 was spent this year and APS Stucco estimated that \$5,000 would be needed for 2015 and 2020. (\$10,000 was placed in each year's line.) That leaves \$230,000 of current reserve total of \$433,000 that will not be spent for EIFS repairs.

Assessment: Because of these adjustments, the current reserve fund is fully capable of handling any major expense in the next 10 years. We propose that the annual contribution be lowered from \$60,000 to \$50,000 for the next three years to reflect these modifications and that reserve studies will be conducted yearly . The larger expenditures in the distant future (over 10 years) remain the same, as they are more difficult to estimate and none of these major systems has experienced any significant issues that would warrant any expectation of replacement in the near future.

Recommended Reserve Expenses for 2011:

1. Remove dead Plum trees and plant 12 Pear trees	
\$6,340	
2. New entry gate	\$6,000
3. Sump pumps	<u>\$6,000</u>
	\$18,340

(A new elliptical machine will be needed in the next couple of years. It can be considered for replacement in 2011.)

Finally, attached please find a hard copy of the 2010 reserve study. It is now Colorado law that these studies be conducted every 3 years. Since No. 25 Downing is self-managed, the Director of Operations and the Association's accountant conduct a study/analysis every year for the next 10 years. In 2011, we will assess the reduced contribution and continue to fine-tune the line items with actual cost, current replacement rates and the health of the property's equipment and structure.