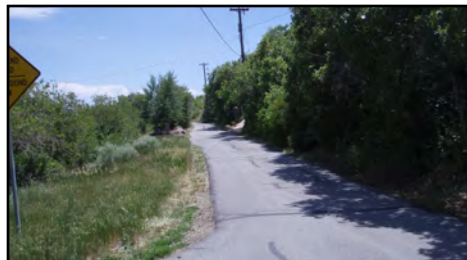




# Interlaken Water Company Reserve Study

Fiscal Year 2014



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## 2014 RESERVE STUDY RESULTS SUMMARY

Association Information:	Management Service:	Reserve Study Preparer:
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### Development Description

Property Description Interlaken Mutual Water Company is located in Midway, Utah. It is a single-family home development consisting of 180 lots, located on a hillside overlooking the valley. Due to the remote location, the development owns and maintains its own water supply system, which is sourced from a well owned by the association. The development is located a few miles from I-40, which provides access throughout the valley.

Number of Residential Units:	<b>180</b>
Number of Buildings:	<b>1</b>
Year Constructed:	<b>2004</b>

### Pre-Study Reserve Fund Status

Fiscal Year End	<b>December 31</b>
Fiscal Year Begin	<b>January 1</b>
Current Reserve Allocation (Annually)	<b>\$30,000</b>
Current Reserve Allocation (Monthly per Unit)	<b>\$13.89</b>
Starting Reserve Account Balance	<b>\$75,000</b>
Financial Information Provided:	<b>10/30/2013</b>

### Recommended Reserve Contributions

The Cash-flow Method was used in determining our recommendation, also called the "Minimum Reserve Contribution". This factor is shown as an "Annual Contribution" by the Association and as a "Monthly Contribution" by the Individual Association member. Typically, we target a "Funding Percentage" level between 70%-100%. Of course all associations are different, so we try to consider as many factors as possible when making this recommendation. This Study is founded on the principal that the Minimum Reserve Contribution increases by 3% annually to keep up with inflation

Interest Rate Earned on Reserve Account	<b>1.00%</b>
Recommended Minimum Reserve Contribution (Annually)	<b>\$30,000</b>
Minimum Reserve Contribution (Monthly per Unit)	<b>\$13.89</b>
Estimated Expenditures over 30 years	<b>\$2,555,923</b>
Estimated Reserve Contributions (factoring interest earned) over 30 Years	<b>\$3,158,926</b>

### 5-Year Funding Projections

Fiscal Year	Recommended Reserve Contributions	Recommended Monthly Reserve Contributions	Reserve Contributions Per Unit/ Per Month	Projected Year End Balance	Anticipated Funding Percentage
2014	\$30,000.00	\$2,500.00	\$13.89	\$64,539.00	18%
2015	\$30,888.00	\$2,574.00	\$14.30	\$94,436.66	26%
2016	\$31,802.28	\$2,650.19	\$14.72	\$94,215.06	23%
2017	\$32,743.63	\$2,728.64	\$15.16	\$72,448.41	16%
2018	\$33,712.84	\$2,809.40	\$15.61	\$104,750.84	24%

### Component Life & Cost Analysis

Component Description	Condition	Installation Date (Year)	Expected Useful Life (Years)	Remaining Useful Life (Years)	Estimated Replacement Date	Included in Reserve Schedule?	Effective Age	Component Quantity	Units	Unit Cost	Replacement Value in Current Year
<b>110 - Building Cladding Components - Other</b>											
Wood Siding	Good	2004	45	35	2049	NO	10	1275	SF		\$0
<b>120 - Building Cladding Components - Sealants and Finishes</b>											
Exterior Paint	Good	2004	12	2	2016	YES	10	1275	SF	\$1.56	\$1,989
<b>130 - Building Cladding Components - Roofing</b>											
Composition Roofing	Good	2004	25	15	2029	YES	10	900	SF	\$3.60	\$3,240
<b>140 - Stairs, Railings, Decks, Etc.</b>											
Metal Ladders	Good	2004	45	35	2049	NO	10	1	EA		\$0
<b>150 - Exterior Openings</b>											
Skylights	Good	2004	50	40	2054	NO	10	1	EA		\$0
Access Hatches	Good	2004	35	25	2039	YES	10	1	EA	\$1,087.00	\$1,087
Metal Doors and Frames	Good	2004	50	40	2054	NO	10	1	EA		\$0
<b>180 - Site Specialties</b>											
Site Benches	Good	2004	25	15	2029	YES	10	1	EA	\$250.00	\$250
Traffic Signage	Good	2004	15	5	2019	YES	10	1	Allowance	\$600.00	\$600
Monument Sign	Good	2004	25	15	2029	YES	10	1	Allowance	\$1,000.00	\$1,000
<b>260 - Plumbing</b>											
Water Meters	Good	2004	20	10	2024	YES	10	180	EA	\$245.00	\$44,100
6" Valves	Good	2004	25	15	2029	YES	10	2	EA	\$5,400.00	\$10,800
3" Valves	Good	2004	25	15	2029	YES	10	4	EA	\$3,500.00	\$14,000
Pressure Reduction Valves (Pumphouse)	Good	2004	35	25	2039	YES	10	2	EA	\$4,975.00	\$9,950
Pressure Reduction Valves (Residential)	Good	2004	35	25	2039	YES	10	180	EA	\$2,250.00	\$405,000
3" Sensus Turbo Meeter	Good	2004	20	10	2024	YES	10	1	EA	\$1,750.00	\$1,750
Fire Hydrants (Replacement Allowance)	Good	2012	8	6	2020	YES	2	21	EA 25%	\$2,275.00	\$11,944
Submersible Pump	Good	2004	12	2	2016	YES	10	2	EA	\$14,000.00	\$28,000
Submersible Pump	Good	2011	12	9	2023	YES	3	2	EA	\$14,000.00	\$28,000
<b>270 - HVAC</b>											
Gas Space Heater	Good	2004	20	10	2024	YES	10	1	EA	\$1,565.00	\$1,565
<b>290 - Lighting Fixtures</b>											
Interior Lighting	Good	2004	25	15	2029	YES	10	4	EA	\$125.00	\$500
Building Lighting	Good	2004	20	10	2024	YES	10	1	EA	\$85.00	\$85
<b>310 - Electronic Safety and Security</b>											
Pump System Control Panel	Good	2004	20	10	2024	YES	10	1	EA	\$4,365.00	\$4,365
Alarm Sensors	Good	2004	20	10	2024	YES	10	2	EA	\$680.00	\$1,360
<b>320 - Site Access</b>											
Vehicle Entrance/Exit Gates	Good	2004	30	20	2034	YES	10	1	EA	\$685.00	\$685
<b>330 - Exterior Improvements</b>											
Asphalt Paving Overlay	Fair	2004	31	21	2035	YES	10	330000	SF	\$0.89	\$293,700
Asphalt Sealants Sealer	Fair	2012	5	3	2017	YES	2	330000	SF	\$0.15	\$49,500
Road Maintenance / Rock Wall	n/a	2014	50	50	2064	NO	0	1	Allowance	\$40,000.00	\$40,000
Shoulder Work	Good	2013	1	0	2014	YES	1	1	Allowance	\$1,100.00	\$1,100
Stone Retaining Walls	Good	2004	50	40	2054	NO	10	1	Allowance		\$0
<b>340 - Consultant Fees</b>											
Reserve Study Update	n/a	2012	3	1	2015	YES	2	1	EA	\$770.00	\$770
Reserve Study Update w/ Site Visit	n/a	2012	6	4	2018	YES	2	1	EA	\$1,078.00	\$1,078

<b>Reserve Study Schedule</b>							
Component Description	Replacement Value in Current Year	First Replacement Year	Remaining Useful Life	Replacement Interval	Total Spent Over 30 Years	0	
						2014	
<b>120 - Building Cladding Components - Sealants and Finishes</b>						<b>\$9,347</b>	
Exterior Paint	\$1,989	2016	2	12	\$9,347		
<b>130 - Building Cladding Components - Roofing</b>						<b>\$5,018</b>	
Composition Roofing	\$3,240	2029	15	25	\$5,018		
<b>150 - Exterior Openings</b>						<b>\$2,254</b>	
Access Hatches	\$1,087	2039	25	35	\$2,254		
<b>180 - Site Specialties</b>						<b>\$3,706</b>	
Site Benches	\$250	2029	15	25	\$387		
Traffic Signage	\$600	2019	5	15	\$1,769		
Monument Sign	\$1,000	2029	15	25	\$1,549		
<b>260 - Plumbing</b>						<b>\$1,373,407</b>	
Water Meters	\$44,100	2024	10	20	\$164,839		
6" Valves	\$10,800	2029	15	25	\$16,728		
3" Valves	\$14,000	2029	15	25	\$21,685		
Pressure Reduction Valves (Pumphouse)	\$9,950	2039	25	35	\$20,632		
Pressure Reduction Valves (Residential)	\$405,000	2039	25	35	\$839,785		
3" Sensus Turbo Meeter	\$1,750	2024	10	20	\$6,541		
Fire Hydrants (Replacement Allowance)	\$11,944	2020	6	8	\$83,542		
Submersible Pump	\$28,000	2016	2	12	\$131,583		
Submersible Pump	\$28,000	2023	9	12	\$88,071		
<b>270 - HVAC</b>						<b>\$5,850</b>	
Gas Space Heater	\$1,565	2024	10	20	\$5,850		
<b>290 - Lighting Fixtures</b>						<b>\$1,092</b>	
Interior Lighting	\$500	2029	15	25	\$774		
Building Lighting	\$85	2024	10	20	\$318		
<b>310 - Electronic Safety and Security</b>						<b>\$21,399</b>	
Pump System Control Panel	\$4,365	2024	10	20	\$16,316		
Alarm Sensors	\$1,360	2024	10	20	\$5,083		
<b>320 - Site Access</b>						<b>\$1,228</b>	
Vehicle Entrance/Exit Gates	\$685	2034	20	30	\$1,228		
<b>330 - Exterior Improvements</b>						<b>\$1,117,962</b>	
Asphalt Paving Overlay	\$293,700	2035	21	31	\$541,930		
Asphalt Sealants Sealer	\$49,500	2017	3	5	\$481,398		
Road Maintenance / Rock Wall	\$40,000	2014	50	50	\$40,000	\$40,000	
Shoulder Work	\$1,100	2014	0	1	\$54,634	\$1,100	
<b>340 - Consultant Fees</b>						<b>\$14,661</b>	
Reserve Study Update	\$770	2015	1	6	\$5,799		
Reserve Study Update w/ Site Visit	\$1,078	2018	4	6	\$8,861		
Total Estimated Expenditures	\$2,555,923					<b>\$41,100</b>	
Recommended Reserve Contributions	\$30,000					\$30,000	
Interest Rate Earned on Reserve Account	1.00%					1.00%	
DDW Reserves/Loan Payment	\$60,000						
Starting Balance	\$75,000	Year End Balance				<b>\$64,539</b>	

<b>Reserve Study Schedule</b>				<b>Years 1-5</b>				
	Component Description	Replacement Value in Current Year	First Replacement Year	1	2	3	4	5
				2015	2016	2017	2018	2019
<b>120 - Building Cladding Components - Sealants and Finishes</b>								
	Exterior Paint	\$1,989	2016		\$2,108			
<b>130 - Building Cladding Components - Roofing</b>								
	Composition Roofing	\$3,240	2029					
<b>150 - Exterior Openings</b>								
	Access Hatches	\$1,087	2039					
<b>180 - Site Specialties</b>								
	Site Benches	\$250	2029					
	Traffic Signage	\$600	2019					\$694
	Monument Sign	\$1,000	2029					
<b>260 - Plumbing</b>								
	Water Meters	\$44,100	2024					
	6" Valves	\$10,800	2029					
	3" Valves	\$14,000	2029					
	Pressure Reduction Valves (Pumphouse)	\$9,950	2039					
	Pressure Reduction Valves (Residential)	\$405,000	2039					
	3" Sensus Turbo Meter	\$1,750	2024					
	Fire Hydrants (Replacement Allowance)	\$11,944	2020					
	Submersible Pump	\$28,000	2016		\$29,682			
	Submersible Pump	\$28,000	2023					
<b>270 - HVAC</b>								
	Gas Space Heater	\$1,565	2024					
<b>290 - Lighting Fixtures</b>								
	Interior Lighting	\$500	2029					
	Building Lighting	\$85	2024					
<b>310 - Electronic Safety and Security</b>								
	Pump System Control Panel	\$4,365	2024					
	Alarm Sensors	\$1,360	2024					
<b>320 - Site Access</b>								
	Vehicle Entrance/Exit Gates	\$685	2034					
<b>330 - Exterior Improvements</b>								
	Asphalt Paving Overlay	\$293,700	2035					
	Asphalt Sealants Sealer	\$49,500	2017			\$54,027		
	Road Maintenance / Rock Wall	\$40,000	2014					
	Shoulder Work	\$1,100	2014	\$1,133	\$1,166	\$1,201	\$1,236	\$1,273
<b>340 - Consultant Fees</b>								
	Reserve Study Update	\$770	2015	\$793				
	Reserve Study Update w/ Site Visit	\$1,078	2018				\$1,211	
	Total Estimated Expenditures	\$2,555,923		\$1,925	\$32,957	\$55,228	\$2,448	\$1,967
	Recommended Reserve Contributions	\$30,000		\$30,888	\$31,802	\$32,744	\$33,713	\$34,711
	Interest Rate Earned on Reserve Account	1.00%		1.00%	1.00%	1.00%	1.00%	1.00%
	DDW Reserves/Loan Payment	\$60,000						
	Starting Balance	\$75,000	Year End Balance	\$94,437	\$94,215	\$72,448	\$104,751	\$138,870

<b>Reserve Study Schedule</b>				<b>Years 6-10</b>				
	Component Description	Replacement Value in Current Year	First Replacement Year	6	7	8	9	10
				2020	2021	2022	2023	2024
<b>120 - Building Cladding Components - Sealants and Finishes</b>								
	Exterior Paint	\$1,989	2016					
<b>130 - Building Cladding Components - Roofing</b>								
	Composition Roofing	\$3,240	2029					
<b>150 - Exterior Openings</b>								
	Access Hatches	\$1,087	2039					
<b>180 - Site Specialties</b>								
	Site Benches	\$250	2029					
	Traffic Signage	\$600	2019					
	Monument Sign	\$1,000	2029					
<b>260 - Plumbing</b>								
	Water Meters	\$44,100	2024					\$59,037
	6" Valves	\$10,800	2029					
	3" Valves	\$14,000	2029					
	Pressure Reduction Valves (Pumphouse)	\$9,950	2039					
	Pressure Reduction Valves (Residential)	\$405,000	2039					
	3" Sensus Turbo Meeter	\$1,750	2024					\$2,343
	Fire Hydrants (Replacement Allowance)	\$11,944	2020	\$14,228				
	Submersible Pump	\$28,000	2016					
	Submersible Pump	\$28,000	2023				\$36,406	
<b>270 - HVAC</b>								
	Gas Space Heater	\$1,565	2024					\$2,095
<b>290 - Lighting Fixtures</b>								
	Interior Lighting	\$500	2029					
	Building Lighting	\$85	2024					\$114
<b>310 - Electronic Safety and Security</b>								
	Pump System Control Panel	\$4,365	2024					\$5,843
	Alarm Sensors	\$1,360	2024					\$1,821
<b>320 - Site Access</b>								
	Vehicle Entrance/Exit Gates	\$685	2034					
<b>330 - Exterior Improvements</b>								
	Asphalt Paving Overlay	\$293,700	2035					
	Asphalt Sealants Sealer	\$49,500	2017			\$62,511		
	Road Maintenance / Rock Wall	\$40,000	2014					
	Shoulder Work	\$1,100	2014	\$1,310	\$1,349	\$1,389	\$1,430	\$1,473
<b>340 - Consultant Fees</b>								
	Reserve Study Update	\$770	2015		\$944			
	Reserve Study Update w/ Site Visit	\$1,078	2018					\$1,443
	<b>Total Estimated Expenditures</b>	<b>\$2,555,923</b>		<b>\$15,539</b>	<b>\$2,294</b>	<b>\$63,900</b>	<b>\$37,836</b>	<b>\$74,168</b>
	Recommended Reserve Contributions	\$30,000		\$35,738	\$36,796	\$37,885	\$39,007	\$40,161
	Interest Rate Earned on Reserve Account	1.00%		1.00%	1.00%	1.00%	1.00%	1.00%
	DDW Reserves/Loan Payment	\$60,000						
	Starting Balance	\$75,000	Year End Balance	<b>\$160,660</b>	<b>\$197,114</b>	<b>\$172,810</b>	<b>\$175,720</b>	<b>\$143,130</b>

<b>Reserve Study Schedule</b>				<b>Years 11-15</b>				
Component Description	Replacement Value in Current Year	First Replacement Year	11	12	13	14	15	
			2025	2026	2027	2028	2029	
<b>120 - Building Cladding Components - Sealants and Finishes</b>								
Exterior Paint	\$1,989	2016				\$2,992		
<b>130 - Building Cladding Components - Roofing</b>								
Composition Roofing	\$3,240	2029					\$5,018	
<b>150 - Exterior Openings</b>								
Access Hatches	\$1,087	2039						
<b>180 - Site Specialties</b>								
Site Benches	\$250	2029					\$387	
Traffic Signage	\$600	2019						
Monument Sign	\$1,000	2029					\$1,549	
<b>260 - Plumbing</b>								
Water Meters	\$44,100	2024						
6" Valves	\$10,800	2029					\$16,728	
3" Valves	\$14,000	2029					\$21,685	
Pressure Reduction Valves (Pumphouse)	\$9,950	2039						
Pressure Reduction Valves (Residential)	\$405,000	2039						
3" Sensus Turbo Meter	\$1,750	2024						
Fire Hydrants (Replacement Allowance)	\$11,944	2020				\$17,968		
Submersible Pump	\$28,000	2016				\$42,123		
Submersible Pump	\$28,000	2023						
<b>270 - HVAC</b>								
Gas Space Heater	\$1,565	2024						
<b>290 - Lighting Fixtures</b>								
Interior Lighting	\$500	2029					\$774	
Building Lighting	\$85	2024						
<b>310 - Electronic Safety and Security</b>								
Pump System Control Panel	\$4,365	2024						
Alarm Sensors	\$1,360	2024						
<b>320 - Site Access</b>								
Vehicle Entrance/Exit Gates	\$685	2034						
<b>330 - Exterior Improvements</b>								
Asphalt Paving Overlay	\$293,700	2035						
Asphalt Sealants Sealer	\$49,500	2017			\$72,326			
Road Maintenance / Rock Wall	\$40,000	2014						
Shoulder Work	\$1,100	2014	\$1,516	\$1,561	\$1,607	\$1,655	\$1,704	
<b>340 - Consultant Fees</b>								
Reserve Study Update	\$770	2015			\$1,125			
Reserve Study Update w/ Site Visit	\$1,078	2018						
Total Estimated Expenditures	\$2,555,923		\$1,516	\$1,561	\$75,059	\$64,738	\$47,846	
Recommended Reserve Contributions	\$30,000		\$41,350	\$42,574	\$43,834	\$45,132	\$46,467	
Interest Rate Earned on Reserve Account	1.00%		1.00%	1.00%	1.00%	1.00%	1.00%	
DDW Reserves/Loan Payment	\$60,000		\$167,660	\$60,000	\$61,776	\$63,605	\$65,487	
Starting Balance	\$75,000	Year End Balance	\$354,130	\$459,695	\$495,149	\$544,538	\$614,734	

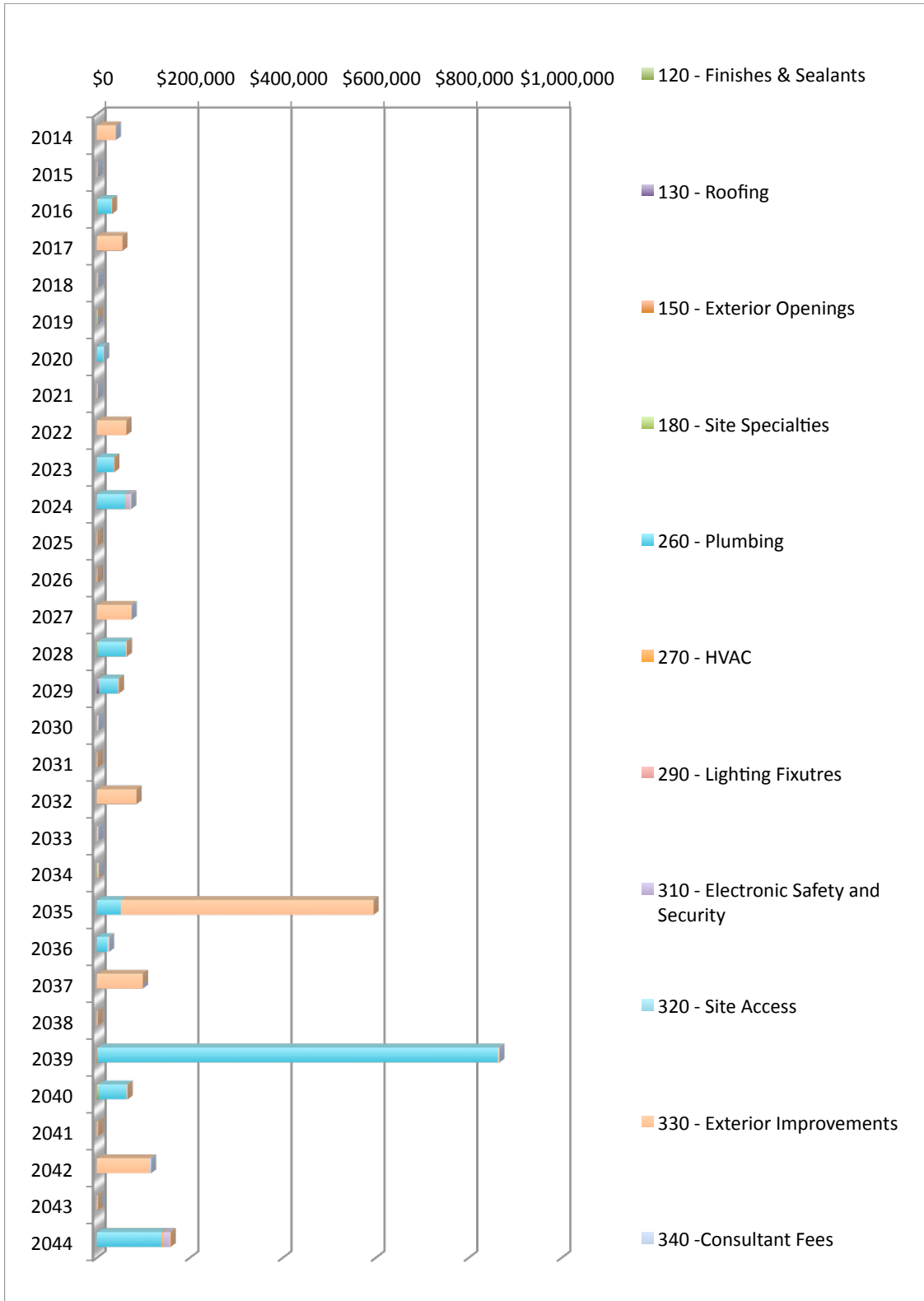


<b>Reserve Study Schedule</b>				<b>Years 16-20</b>				
	Component Description	Replacement Value in Current Year	First Replacement Year	16	17	18	19	20
				2030	2031	2032	2033	2034
<b>120 - Building Cladding Components - Sealants and Finishes</b>								
	Exterior Paint	\$1,989	2016					
<b>130 - Building Cladding Components - Roofing</b>								
	Composition Roofing	\$3,240	2029					
<b>150 - Exterior Openings</b>								
	Access Hatches	\$1,087	2039					
<b>180 - Site Specialties</b>								
	Site Benches	\$250	2029					
	Traffic Signage	\$600	2019					\$1,075
	Monument Sign	\$1,000	2029					
<b>260 - Plumbing</b>								
	Water Meters	\$44,100	2024					
	6" Valves	\$10,800	2029					
	3" Valves	\$14,000	2029					
	Pressure Reduction Valves (Pumphou	\$9,950	2039					
	Pressure Reduction Valves (Residentia	\$405,000	2039					
	3" Sensus Turbo Meeter	\$1,750	2024					
	Fire Hydrants (Replacement Allowanc	\$11,944	2020					
	Submersible Pump	\$28,000	2016					
	Submersible Pump	\$28,000	2023					
<b>270 - HVAC</b>								
	Gas Space Heater	\$1,565	2024					
<b>290 - Lighting Fixtures</b>								
	Interior Lighting	\$500	2029					
	Building Lighting	\$85	2024					
<b>310 - Electronic Safety and Security</b>								
	Pump System Control Panel	\$4,365	2024					
	Alarm Sensors	\$1,360	2024					
<b>320 - Site Access</b>								
	Vehicle Entrance/Exit Gates	\$685	2034					\$1,228
<b>330 - Exterior Improvements</b>								
	Asphalt Paving Overlay	\$293,700	2035					
	Asphalt Sealants Sealer	\$49,500	2017			\$83,683		
	Road Maintenance / Rock Wall	\$40,000	2014					
	Shoulder Work	\$1,100	2014	\$1,754	\$1,806	\$1,860	\$1,915	\$1,971
<b>340 - Consultant Fees</b>								
	Reserve Study Update	\$770	2015				\$1,340	
	Reserve Study Update w/ Site Visit	\$1,078	2018	\$1,719				
	Total Estimated Expenditures	\$2,555,923		\$3,473	\$1,806	\$85,543	\$3,255	\$4,274
	Recommended Reserve Contributions	\$30,000		\$47,843	\$49,259	\$50,717	\$52,218	\$53,764
	Interest Rate Earned on Reserve Account	1.00%		1.00%	1.00%	1.00%	1.00%	1.00%
	DDW Reserves/Loan Payment	\$60,000		\$67,426	\$69,421	\$71,476	\$73,592	\$75,770
	Starting Balance	\$75,000	Year End Balance	\$733,794	\$859,175	\$904,784	\$1,037,613	\$1,174,502

<b>Reserve Study Schedule</b>				<b>Years 21-25</b>				
Component Description	Replacement Value in Current Year	First Replacement Year	21	22	23	24	25	
			2035	2036	2037	2038	2039	
<b>120 - Building Cladding Components - Sealants and Finishes</b>								
Exterior Paint	\$1,989	2016						
<b>130 - Building Cladding Components - Roofing</b>								
Composition Roofing	\$3,240	2029						
<b>150 - Exterior Openings</b>								
Access Hatches	\$1,087	2039					\$2,254	
<b>180 - Site Specialties</b>								
Site Benches	\$250	2029						
Traffic Signage	\$600	2019						
Monument Sign	\$1,000	2029						
<b>260 - Plumbing</b>								
Water Meters	\$44,100	2024						
6" Valves	\$10,800	2029						
3" Valves	\$14,000	2029						
Pressure Reduction Valves (Pumphouse)	\$9,950	2039					\$20,632	
Pressure Reduction Valves (Residential)	\$405,000	2039					\$839,785	
3" Sensus Turbo Meeter	\$1,750	2024						
Fire Hydrants (Replacement Allowance)	\$11,944	2020		\$22,691				
Submersible Pump	\$28,000	2016						
Submersible Pump	\$28,000	2023	\$51,665					
<b>270 - HVAC</b>								
Gas Space Heater	\$1,565	2024						
<b>290 - Lighting Fixtures</b>								
Interior Lighting	\$500	2029						
Building Lighting	\$85	2024						
<b>310 - Electronic Safety and Security</b>								
Pump System Control Panel	\$4,365	2024						
Alarm Sensors	\$1,360	2024						
<b>320 - Site Access</b>								
Vehicle Entrance/Exit Gates	\$685	2034						
<b>330 - Exterior Improvements</b>								
Asphalt Paving Overlay	\$293,700	2035	\$541,930					
Asphalt Sealants Sealer	\$49,500	2017			\$96,824			
Road Maintenance / Rock Wall	\$40,000	2014						
Shoulder Work	\$1,100	2014	\$2,030	\$2,090	\$2,152	\$2,215	\$2,281	
<b>340 - Consultant Fees</b>								
Reserve Study Update	\$770	2015					\$1,597	
Reserve Study Update w/ Site Visit	\$1,078	2018		\$2,048				
<b>Total Estimated Expenditures</b>	<b>\$2,555,923</b>		<b>\$595,625</b>	<b>\$26,828</b>	<b>\$98,975</b>	<b>\$2,215</b>	<b>\$866,549</b>	
Recommended Reserve Contributions	\$30,000		\$55,355	\$56,994	\$58,681	\$60,418	\$62,206	
Interest Rate Earned on Reserve Account	1.00%		1.00%	1.00%	1.00%	1.00%	1.00%	
DDW Reserves/Loan Payment	\$60,000		\$78,013	\$80,322	\$82,700	\$85,148	\$87,668	
Starting Balance	\$75,000	Year End Balance	<b>\$719,368</b>	<b>\$838,155</b>	<b>\$889,366</b>	<b>\$1,043,044</b>	<b>\$329,633</b>	

<b>Reserve Study Schedule</b>				<b>Years 26-30</b>				
Component Description	Replacement Value in Current Year	First Replacement Year	26	27	28	29	30	
			2040	2041	2042	2043	2044	
<b>120 - Building Cladding Components - Sealants and Finishes</b>								
Exterior Paint	\$1,989	2016	\$4,246					
<b>130 - Building Cladding Components - Roofing</b>								
Composition Roofing	\$3,240	2029						
<b>150 - Exterior Openings</b>								
Access Hatches	\$1,087	2039						
<b>180 - Site Specialties</b>								
Site Benches	\$250	2029						
Traffic Signage	\$600	2019						
Monument Sign	\$1,000	2029						
<b>260 - Plumbing</b>								
Water Meters	\$44,100	2024						\$105,802
6" Valves	\$10,800	2029						
3" Valves	\$14,000	2029						
Pressure Reduction Valves (Pumphouse)	\$9,950	2039						
Pressure Reduction Valves (Residential)	\$405,000	2039						
3" Sensus Turbo Meeter	\$1,750	2024						\$4,198
Fire Hydrants (Replacement Allowance)	\$11,944	2020						\$28,655
Submersible Pump	\$28,000	2016	\$59,778					
Submersible Pump	\$28,000	2023						
<b>270 - HVAC</b>								
Gas Space Heater	\$1,565	2024						\$3,755
<b>290 - Lighting Fixtures</b>								
Interior Lighting	\$500	2029						
Building Lighting	\$85	2024						\$204
<b>310 - Electronic Safety and Security</b>								
Pump System Control Panel	\$4,365	2024						\$10,472
Alarm Sensors	\$1,360	2024						\$3,263
<b>320 - Site Access</b>								
Vehicle Entrance/Exit Gates	\$685	2034						
<b>330 - Exterior Improvements</b>								
Asphalt Paving Overlay	\$293,700	2035						
Asphalt Sealants Sealer	\$49,500	2017			\$112,027			
Road Maintenance / Rock Wall	\$40,000	2014						
Shoulder Work	\$1,100	2014	\$2,348	\$2,418	\$2,489	\$2,563	\$2,639	
<b>340 - Consultant Fees</b>								
Reserve Study Update	\$770	2015						
Reserve Study Update w/ Site Visit	\$1,078	2018			\$2,440			
<b>Total Estimated Expenditures</b>	<b>\$2,555,923</b>		<b>\$66,373</b>	<b>\$2,418</b>	<b>\$116,957</b>	<b>\$2,563</b>	<b>\$158,988</b>	
Recommended Reserve Contributions	\$30,000		\$64,048	\$65,943	\$67,895	\$69,905	\$71,974	
Interest Rate Earned on Reserve Account	1.00%		1.00%	1.00%	1.00%	1.00%	1.00%	
DDW Reserves/Loan Payment	\$60,000		\$90,263	\$92,935	\$95,686	\$98,518	\$101,434	
Starting Balance	\$75,000	Year End Balance	<b>\$421,747</b>	<b>\$583,990</b>	<b>\$636,920</b>	<b>\$810,808</b>	<b>\$833,481</b>	

## Annual Expenditure Chart



<b>Component Funding Allocation</b>					
	<b>Component Description</b>	<b>Percentage of Annual Allocation</b>	<b>Funds Allocated Annually</b>	<b>Manager's Work Space</b>	<b>Manager's Work Space</b>
<b>120 - Building Cladding Components - Sealants and Finishes</b>					
	Exterior Paint	0.37%	\$109.71		
<b>130 - Building Cladding Components - Roofing</b>					
	Composition Roofing	0.20%	\$58.90		
<b>150 - Exterior Openings</b>					
	Access Hatches	0.09%	\$26.46		
<b>180 - Site Specialties</b>					
	Site Benches	0.02%	\$4.55		
	Traffic Signage	0.07%	\$20.77		
	Monument Sign	0.06%	\$18.18		
<b>260 - Plumbing</b>					
	Water Meters	6.45%	\$1,934.79		
	6" Valves	0.65%	\$196.35		
	3" Valves	0.85%	\$254.52		
	Pressure Reduction Valves (Pumphouse)	0.81%	\$242.16		
	Pressure Reduction Valves (Residential)	32.86%	\$9,856.93		
	3" Sensus Turbo Meeter	0.26%	\$76.78		
	Fire Hydrants (Replacement Allowance)	3.27%	\$980.57		
	Submersible Pump	5.15%	\$1,544.44		
	Submersible Pump	3.45%	\$1,033.73		
<b>270 - HVAC</b>					
	Gas Space Heater	0.23%	\$68.66		
<b>290 - Lighting Fixtures</b>					
	Interior Lighting	0.03%	\$9.09		
	Building Lighting	0.01%	\$3.73		
<b>310 - Electronic Safety and Security</b>					
	Pump System Control Panel	0.64%	\$191.50		
	Alarm Sensors	0.20%	\$59.67		
<b>320 - Site Access</b>					
	Vehicle Entrance/Exit Gates	0.05%	\$14.41		
<b>330 - Exterior Improvements</b>					
	Asphalt Paving Overlay	21.20%	\$6,360.87		
	Asphalt Sealants Sealer	18.83%	\$5,650.38		
	Road Maintenance / Rock Wall	1.56%	\$469.50		
	Shoulder Work	2.14%	\$641.27		
<b>340 - Consultant Fees</b>					
	Reserve Study Update	0.23%	\$68.07		
	Reserve Study Update w/ Site Visit	0.35%	\$104.01		
	<b>Total</b>	<b>100.00%</b>	<b>\$30,000</b>		

### 30-Year Funding Analysis

#	YEAR	IDEAL YEAR END RESERVE BALANCE	YEAR END RESERVE BALANCE	TOTAL DEPOSITS	TOTAL EXPENDITURES	FUNDING PERCENTAGE
0	2014	\$349,516	\$64,539	\$30,000	\$41,100	18%
1	2015	\$361,857	\$94,437	\$30,888	\$1,925	26%
2	2016	\$415,502	\$94,215	\$31,802	\$32,957	23%
3	2017	\$440,703	\$72,448	\$32,744	\$55,228	16%
4	2018	\$445,107	\$104,751	\$33,713	\$2,448	24%
5	2019	\$506,033	\$138,870	\$34,711	\$1,967	27%
6	2020	\$570,104	\$160,660	\$35,738	\$15,539	28%
7	2021	\$623,611	\$197,114	\$36,796	\$2,294	32%
8	2022	\$693,897	\$172,810	\$37,885	\$63,900	25%
9	2023	\$704,438	\$175,720	\$39,007	\$37,836	25%
10	2024	\$743,777	\$143,130	\$40,161	\$74,168	19%
11	2025	\$748,573	\$354,130	\$209,010	\$1,516	47%
12	2026	\$830,065	\$459,695	\$102,574	\$1,561	55%
13	2027	\$915,725	\$495,149	\$105,610	\$75,059	54%
14	2028	\$930,104	\$544,538	\$108,736	\$64,738	59%
15	2029	\$957,445	\$614,734	\$111,955	\$47,846	64%
16	2030	\$1,004,954	\$733,794	\$115,269	\$3,473	73%
17	2031	\$1,101,581	\$859,175	\$118,681	\$1,806	78%
18	2032	\$1,204,871	\$904,784	\$122,194	\$85,543	75%
19	2033	\$1,227,150	\$1,037,613	\$125,810	\$3,255	85%
20	2034	\$1,337,023	\$1,174,502	\$129,534	\$4,274	88%
21	2035	\$1,434,846	\$719,368	\$133,369	\$595,625	50%
22	2036	\$1,227,150	\$838,155	\$137,316	\$26,828	89%
23	2037	\$1,337,023	\$889,366	\$141,381	\$98,975	84%
24	2038	\$1,434,846	\$1,043,044	\$145,566	\$2,215	98%
25	2039	\$945,583	\$329,633	\$149,875	\$866,549	28%
26	2040	\$1,053,245	\$421,747	\$154,311	\$66,373	100%
27	2041	\$1,068,934	\$583,990	\$158,878	\$2,418	133%
28	2042	\$1,187,270	\$636,920	\$163,581	\$116,957	116%
29	2043	\$421,824	\$810,808	\$168,423	\$2,563	149%
30	2044	\$440,603	\$833,481	\$173,409	\$158,988	126%

Current Reserve Fund Status	0% - 30% Funded	31% - 69% Funded	70% - 99% Funded	100% + Funded
The reserve account balance is currently in a Weak funding level. The funding level is expected to drastically improve in 2025 when funds are diverted from the DDW account to the reserve account and a portion of payments into the DDW account are allocated to the reserve account. For this reason there is no reason to increase reserve contributions at this time.	is a weak financial position. Reserve accounts which fall into this category are subject to special assessment charges and deferred maintenance which may harm the property value and building performance. If the reserve account is in this position, immediate action should be taken to improve the reserve account balance.	is a fair financial position. The majority of reserve accounts are within this range. Special assessments probably won't occur in this position; however, improvements should be made to the reserve account to stabilize the balance.	is a strong financial position. This position indicates a near-adequate reserve account balance and special assessments are likely to be omitted in this category. Efforts should be taken to maintain this level of status of the reserve account.	is an ideal financial position. This means the reserve account is equal to, or exceeds, the amount of money needed to maintain the development. A 100% or more funding status does not necessarily indicate halting reserve contributions. This funding status indicates the reserve account balance is adequate, as intended.
<b>Economic Variables</b>				

Economic variables such as inflation of goods and services are factored into the estimated future replacement costs of common components, using historical data provided by www.Inflationdata.com. Inflation is compounded over the 30-year period to give an accurate portrait of what costs may look like over the 30 years. Using historical data allows us to forecast a fairly accurate 30-year cost analysis. Actual prices should be adjusted annually, using the current RS-Means Facilities Construction Cost Data guide, in order to provide the most up to date cost analysis. Updating your Reserve Study annually is important and will help to prevent large fluctuation in Recommended Annual Contributions.

Projected Annual Inflation (%)	Based on inflation history 2002-2012 by www.Inflationdata.com	<b>2.96%</b>
Reserve Account Interest Rate		<b>1.00%</b>

The purpose of the Economic Variables section is to identify estimates of inflation and interest rates based on relative history of these figures. Inflation and interest rates are subject to change and may not reflect the actual future rates.

**RESERVE STUDY METHODS**

**ELEMENTS OF THIS RESERVE STUDY**

The on site observation of this development was performed on **October 04, 2012**. A visual assessment was made of all Common Element Components and documented by way of an Inventory List as well as by Photo. This Reserve Study Report is based upon the findings of those inspections.

This Reserve Study shall include the following elements:

1. Preparation of Major Common Elements Components Inventory
2. Assess Component Condition based upon an on-site visual observation
3. Assess the Use Life, Remaining Use Life and Valuation Estimates of Repair or Replacement
4. Test the Current fund Status and other Funding Methods
5. Develop and recommend a practical Funding Plan

This Study addresses the normal deterioration of properly constructed and installed components with a predictable life expectancy.

Our criteria to determine major components was:

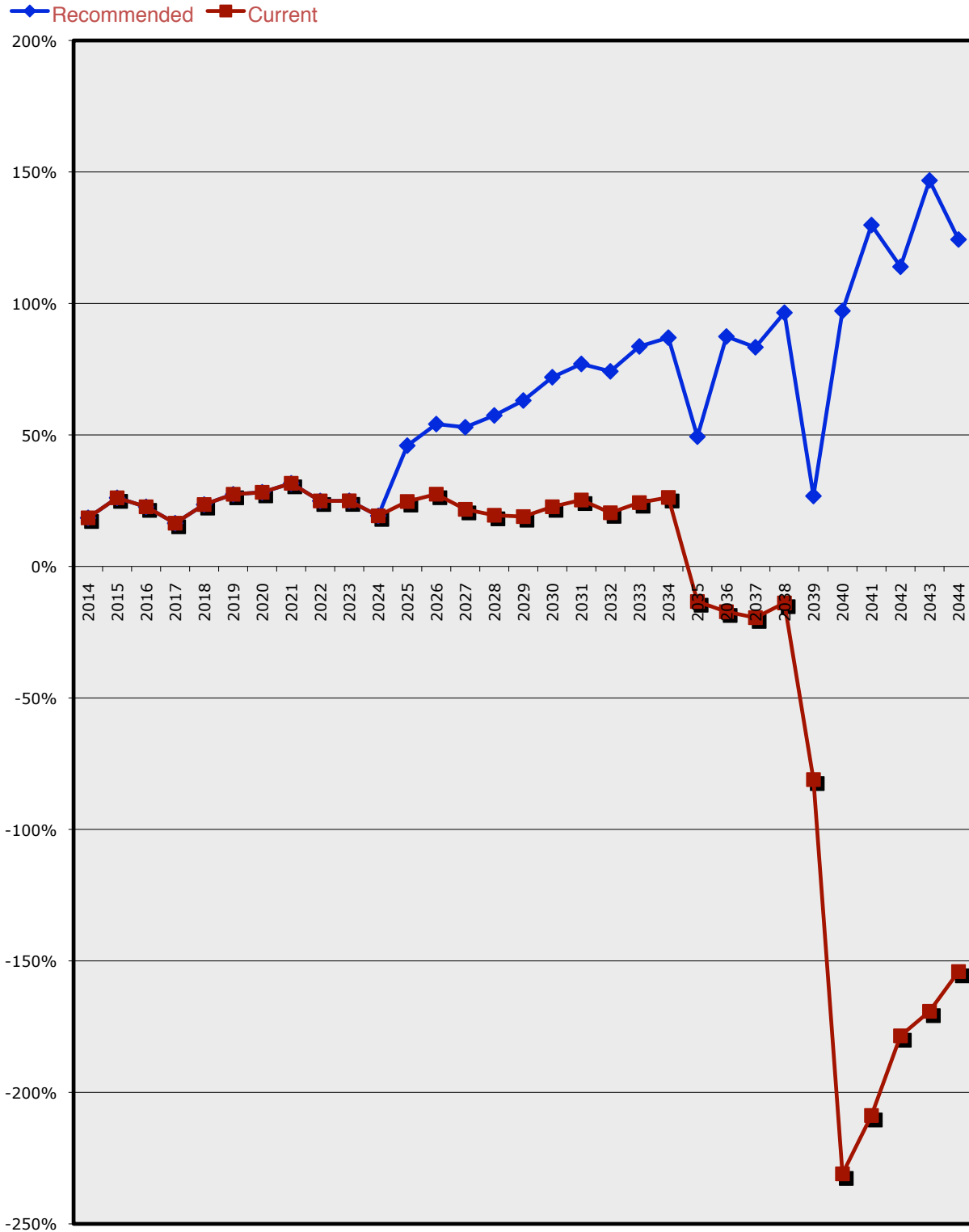
1. The component was a Common Element
2. The component or sub-component had a Use Life of one (1) year or more

The following Components types are typically excluded from this report as their use-life cannot be determined due to lack of accessibility without "destructive" Investigation methods implemented. If any of these items are of concern to the association, or would like to have them included, please notify us so that we can determine the best way to assess the condition of these components:

1. In wall or underground plumbing, fittings and valves
2. In wall or underground electrical wiring
3. Electrical meter/breaker panels
4. Telephone lines and junction boxes
5. Environmental hazards, (radon, asbestos, etc.)
6. Mechanical systems and equipment that are inaccessible

The Replacement Cost Projections are based on current "estimated" replacement costs, using the RS Means Facilities Construction Data book as well as Bid Documents and other recourses available in this office. We project future costs by applying the annual inflation rate listed above. We do this as a way to budget for future costs; however, we have no way of predicting future market fluctuations that may cause the costs of goods and services to change.

## Funding Graph





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## **Terms and Definitions**

The following list of terms and definitions is based on the standards set fourth by Community Associations Institute (CAI). Not all of these terms and definitions may be utilized within this reserve study report; however, some may be used in the process of collecting information, calculating the financial and physical analysis, or reviewing the reserve study with consultants.

**CASH FLOW METHOD:** A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

**COMPONENT:** The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

**COMPONENT INVENTORY:** The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate representative(s) of the association or cooperative.

**COMPONENT METHOD:** A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See “Cash Flow Method.”

**CONDITION ASSESSMENT:** The task of evaluating the current condition of the component based on observed or reported characteristics.

**CURRENT REPLACEMENT COST:** See “Replacement Cost.”

**DEFICIT:** An actual (or projected) Reserve Balance less then the Fully Funded Balance. The opposite would be a Surplus.

**EFFECTIVE AGE:** The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

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**FINANCIAL ANALYSIS:** The portion of the Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of the Reserve Study.

**FULLY FUNDED:** 100% funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

**FULLY FUNDED BALANCE (FFB):** Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, and then summed together for an association total.

**FUND STATUS:** The status of the reserve fund as compared to an established benchmark such as percent funding.

**FUNDING GOALS:** Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than “Fully Funding.”

**FUNDING PLAN:** An association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**FUNDING PRINCIPLES:**

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

**LIFE AND VALUATION ESTIMATES:** The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

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**PERCENT FUNDED:** The ratio at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded balance, expressed as a percentage.

**PHYSICAL ANALYSIS:** The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**REMAINING USEFUL LIFE (RUL):** Also referred to as “Remaining Life” (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

**REPLACEMENT COST:** The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during the particular year.

**RESERVE BALANCE:** Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

**RESERVE PROVIDER:** An individual that prepares Reserve Studies.

**RESERVE STUDY:** A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. “Our budget and finance committee is soliciting proposals to update our Reserve Study for next year’s budget.”

**RESPONSIBLE CHARGE:** A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he/she is in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;
2. The failure to personally inspect or review the work of subordinate where necessary and appropriate;
3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

**SPECIAL ASSESSMENT:** An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**SURPLUS:** An actual (or projected) Reserve Balance greater than the Full Funded Balance. See "Deficit."

**USEFUL LIFE (UL):** Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

Interlaken Mutual Water Company  
Attn: Board of Directors  
264 Big Matterhorn Circle  
Midway, Ut 84049

This reserve study is a budget-planning tool that identifies the status of the reserve fund and schedules the anticipated major commonly owned item replacements. This reserve study will also estimate the expected useful life and remaining useful life of building and site components or systems, and will provide an estimated replacement or refurbishment cost for those components or systems. Major components or systems may include, but are not limited to roofing, siding, paving, mechanical equipment, common area finishes and amenities, and other commonly owned systems or items.

The scope of work identified within our contract is to provide you with a “full” reserve study, which includes:

- Component/System Inventory
- Expected Useful Life and Remaining Useful Life Estimates
- Condition Assessment (based upon on-site visual observations using Good/Fair/Poor grading scale)
- Reserve Replacement Schedule and Estimated Pricing
- Identify Current Reserve Account Balance & Financial Status
- 30 Year Funding Plan

### **How to Use a Reserve Study**

The documents included within the reserve study are intended to be used as guidelines and estimates. It is nearly impossible to know exactly when a common component or system will fail; however, an estimation of useful life based on similar product history and professional experience is used to estimate the time of replacement and associated costs. All costs included within this reserve study should be used as budgeting figures. For exact pricing, a qualified, licensed contractor should be contacted to provide a bid for any anticipated replacements.

The replacement schedule lists all components and systems which are anticipated to ‘wear out’ or fail within 30 years. Items which are anticipated to be replaced or repaired in the current year (2014) are included within the reserve study. These items should already be budgeted for and scheduled to be replaced.

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On the reserve schedule, review which items are anticipated to fail in the near future, and keep a close eye on them. It is always better to replace items prior to failure to eliminate the opportunity for surrounding components or associated systems to be affected. Be aware of items scheduled within 2-3 years of the current year. Remember, items listed are scheduled based on history and replacement is scheduled as an estimate. Items commonly fail sooner or later than the estimated date.

If items fail prematurely, a warranty may still be valid. Be sure to check with the manufacturer about warranty coverage prior to replacing the item. Warranty information may be available on the actual items, located within the “Warranty” section of this document. This reserve study is not a guarantee or warranty for any components or systems. The product manufacturer or installation contractor generally provides warranties. The manufacturer and/or installation contractor may not be identified for some components or systems and therefore may be difficult to obtain warranty information. Anytime warranty info is provided by a service provider or upon the purchase of a new component or system, that information should be stored in the “Warranty” section of this document for future reference.

The anticipated funds per unit assume all units are participating. If vacant units exist or otherwise do not contribute to the reserve fund, adjustments may need to be made to compensate for that loss of revenue.

The reserve account anticipates earning **1.0%** interest annually on the reserve account, based on average market assessments. If the association has multiple accounts with varying rates a conservative estimate for interest earned has been made. If the association believes that the stated rate is inaccurate, they can request an adjustment to the interest rate in writing, providing the new interest rate, so necessary revisions can be made.

Over time, deposits, interest rates, inflation, and replacement costs will vary, making the reserve study inaccurate. It is required to update this reserve study at least every 3 years, per the state of *Utah Code Title 57 Chapter 8, Section 7.5*, to ensure accuracy and adequate funding.

## Preparation of a Reserve Study

Data is collected from many sources to prepare a reserve study as a variety of document reviews, interviews, and site observations are required to adequately fulfill our duties as a reserve provider. The following sources and methods may have been utilized in preparation of this reserve study document:

- Property Management Personnel Interviews
- As-built Plans and Specifications Document Reviews
- On-site Observations
- In-house Architects and Engineers Consulting
- Interviewing Engineering Consultants
- RS Means Facilities Maintenance & Repair Cost Data, 19<sup>th</sup> Edition (2012) printed manual
- RS Means Facilities Construction Cost Data, 27<sup>th</sup> Edition (2012) printed manual
- Interviewing General Contractor Consultants

A tabular list of commonly owned items is developed and given a current condition grade, expected useful life, and remaining useful life. This document is called a “Component Life & Cost Analysis” and also determines which items are to be replaced over the upcoming 30 years.

A “Reserve Schedule” identifies the quantity of items throughout the development and a current replacement or refurbishment cost. Based on the remaining useful life of the item (per the Component Life & Cost Analysis), it is scheduled to be replaced if expected to fail or wear out within the next 30 years.

The “Funding Analysis” portion of the reserve study is the association’s plan to provide income to a reserve fund in order to pay for anticipated expenditures (per the Reserve Schedule) to maintain the development. The funding plan is developed through a “Cash Flow Method”, which is a method of developing a reserve-funding plan where contributions into the reserve account are designed to offset the variable annual expenditures in order to maintain the development. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

The goal of the Funding Analysis is to achieve a funded status between 70%-100%, which the association is generating enough cash flow to meet the financial needs of the association. As monthly deposits are made into the reserve account in order to save for future costs, the funding plan rarely reaches a “fully funded” status. The motivation of achieving a “fully funded” status is to save enough money to afford the replacement of items as they are expected to fail or wear out.

## Disclosures

1. **General – Template Association** and Western Architectural have no professional or personal involvements with one another, other than the scope of work identified in the reserve study contract. This relationship cannot be perceived as a conflict of interest.
2. **Physical Analysis** - On-site observations were limited to visual observations only. Destructive testing (invasive testing) was not performed. Any items that were not clearly visible at the time of the site observation were not viewed, and therefore were not included in the drafting of this report.
3. **Measurements** - Measuring and inventory were identified via a combination of on-site physical measurements and drawing take-offs. Drawing sets were provided by the property management for our use relating only to the reserve study scope of work.
4. **Completeness** - Western Architectural has found no material issues which, if not disclosed, would cause a distortion of the association's situation.
5. **Reliance on Client Data** - Data received from property management and association representatives is deemed reliable by Western Architectural. Such data received may include financial information, physical deficiencies or physical conditions, quantity of physical assets, or historical issues.
6. **Scope** - This reserve study is a reflection of information provided by Western Architectural and was assembled for use by Template Association. The intent of this reserve study is not to be used for performing an audit, quality or forensic analysis, or background checks of historical records.
7. **Reserve Balance** - The actual or projected total presented in the reserve study is based upon information provided or collected and was not audited.
8. **Reserve Projects** - Information provided or collected for the purpose of the reserve study will be considered reliable and should not be considered a project audit or quality inspection.



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## Reserve Provider Personal Credentials

Mr. Justin Barnhart has prepared hundreds of reserve studies since 2007. He has provided reserve studies for high-rise condominiums of more than 300 residential units, to rural apartment-style condominiums containing less than 10 residential units, to master HOA's containing over 2,000 homes.

- Graduated from Portland State University with a degree in Art History, 2006.
- Received the LEED AP designation from the GBCI in 2009.
- Certified EIFS Inspector, Association of the Wall and Ceiling Industry, #989009.
- Conducted hundreds of reserve studies in four states since 2007.
- Active member of ASTM International and Community Associations Institute (CAI).
- Excels in programs such as ASTM training for property condition assessments & RS Means Maintenance & Facilities Cost Estimating.
- Co-developed the Reserve Study and Maintenance Plan department for current company.
- Reserve study clients range from management companies, new construction contractors, and community associations.

Justin Barnhart



Manager, Maintenance Plan and Reserve Study Department

Interlaken Mutual Water Company  
Job #: UT13-192



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## Compliance with State of Utah Requirements

The State of Utah has a statute describing reserve studies and requirements of these documents (Utah Code Title 57 Chapter 8 Section 7.5). This document is provided following this page.

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## Utah Code Title 57 Chapter 8 Section 7.5

### Real Estate Condominium Ownership Act

#### 57-8-7.5. Reserve analysis -- Reserve fund.

(1) As used in this section:

(a) "Reserve analysis" means an analysis to determine:

(i) the need for a reserve fund to accumulate money to cover the cost of repairing, replacing, or restoring common areas and facilities that have a useful life of no fewer than three years but less than 30 years, when the cost cannot reasonably be funded from the general budget or other funds of the association of unit owners; and

(ii) the appropriate amount of any reserve fund.

(b) "Reserve fund line item" means a line item in the annual budget of an association of unit owners that identifies the amount to be placed into a reserve fund.

(2) Except as otherwise provided in the declaration, a management committee shall:

(a) (i) subject to Subsection (2)(a)(ii), cause a reserve analysis to be conducted no less frequently than every six years; and

(ii) if no reserve analysis has been conducted since March 1, 2008, cause a reserve analysis to be conducted before July 1, 2012; and

(b) review and, if necessary, update a previously conducted reserve analysis no less frequently than every three years.

(3) The management committee may conduct a reserve analysis itself or may engage a reliable person or organization, as determined by the management committee, to conduct the reserve analysis.

(4) A reserve analysis shall include:

(a) a list of the components identified in the reserve analysis that will reasonably require reserve funds;

(b) a statement of the probable remaining useful life, as of the date of the reserve analysis, of each component identified in the reserve analysis;

(c) an estimate of the cost to repair, replace, or restore each component identified in the reserve analysis;

(d) an estimate of the total annual contribution to a reserve fund necessary to meet the cost to repair, replace, or restore each component identified in the reserve analysis during the component's useful life and at the end of the component's useful life; and

(e) a reserve funding plan that recommends how the association of unit owners may fund the annual contribution described in Subsection (4)(d).

(5) Each year, an association of unit owners shall provide:

(a) a summary of the most recent reserve analysis, including any updates, to each unit owner; and

(b) a complete copy of the most recent reserve analysis, including any updates, to a unit owner upon request.

(6) (a) An association of unit owners shall include a reserve fund line item in its annual budget.

(b) The amount of the reserve fund line item shall be determined by:

(i) the management committee, based on the reserve analysis and the amount that the management committee determines is prudent under the circumstances; or

(ii) the declaration, if the declaration requires an amount greater than the amount determined under Subsection (6)(b)(i).

(c) Within 45 days after the day on which an association of unit owners adopts its annual budget, the unit owners may veto the reserve fund line item by a 51% vote of the allocated voting interests in the association of unit owners at a special meeting called by the unit owners for the purpose of voting whether to veto a reserve fund line item.

(d) If the unit owners veto a reserve fund line item under Subsection (6)(c) and a reserve fund line item exists in a previously approved annual budget of the association of unit owners that was not vetoed, the association of unit owners shall fund the reserve account in accordance with that prior reserve fund line item.

(7) (a) Subject to Subsection (7)(b), if an association of unit owners does not comply with the requirements described in Subsection (5) or (6) and fails to remedy the noncompliance within the time specified in Subsection (7)(c), a unit owner may file an action in state court for:

(i) injunctive relief requiring the association of unit owners to comply with the requirements of Subsection (5) or (6);

(ii) \$500 or actual damages, whichever is greater;

(iii) any other remedy provided by law; and

(iv) reasonable costs and attorney fees.

(b) No fewer than 90 days before the day on which a unit owner files a complaint under Subsection (7)(a), the unit owner shall deliver written notice described in Subsection (7)(c) to the association of unit owners.

(c) A notice described in Subsection (7)(b) shall state:

(i) the requirement in Subsection (5) or (6) with which the association of unit owners has failed to comply;

(ii) a demand that the association of unit owners come into compliance with the requirements; and

(iii) a date, no fewer than 90 days after the day on which the unit owner delivers the notice, by which the association of unit owners shall remedy its noncompliance.

(d) In a case filed under Subsection (7)(a), a court may order an association of unit owners to produce the summary of the reserve analysis or the complete reserve analysis on an expedited basis and at the association of unit owners' expense.

(8) (a) A management committee may not use money in a reserve fund:

(i) for daily maintenance expenses, unless a majority of the members of the association of unit owners vote to approve the use of reserve fund money for that purpose; or

(ii) for any purpose other than the purpose for which the reserve fund was established.

(b) A management committee shall maintain a reserve fund separate from other funds of the association of unit owners.

(c) This Subsection (4) may not be construed to limit a management committee from prudently investing money in a reserve fund, subject to any investment constraints imposed by the declaration.

(9) Subsections (2), (3), (4), and (6) do not apply to an association of unit owners during the period of declarant management.

(10) This section applies to each association of unit owners, regardless of when the association of unit owners was created.

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## Utah Code Title 57 Chapter 8a Section 211

### Real Estate Community Association Act

#### 57-8a-211. Reserve analysis -- Reserve fund.

(1) As used in this section:

(a) "Reserve analysis" means an analysis to determine:

(i) the need for a reserve fund to accumulate money to cover the cost of repairing, replacing, or restoring common areas that have a useful life of no fewer than three years but less than 30 years, when the cost cannot reasonably be funded from the association's general budget or from other association funds; and

(ii) the appropriate amount of any reserve fund.

(b) "Reserve fund line item" means a line item in the annual budget of an association that identifies the amount to be placed into a reserve fund.

(2) Except as otherwise provided in the governing documents, a board shall:

(a) (i) subject to Subsection (2)(a)(ii), cause a reserve analysis to be conducted no less frequently than every six years; and

(ii) if no reserve analysis has been conducted since March 1, 2008, cause a reserve analysis to be conducted before July 1, 2012; and

(b) review and, if necessary, update a previously conducted reserve analysis no less frequently than every three years.

(3) The board may conduct a reserve analysis itself or may engage a reliable person or organization, as determined by the board, to conduct the reserve analysis.

(4) A reserve analysis shall include:

(a) a list of the components identified in the reserve analysis that will reasonably require reserve funds;

(b) a statement of the probable remaining useful life, as of the date of the reserve analysis, of each component identified in the reserve analysis;

(c) an estimate of the cost to repair, replace, or restore each component identified in the reserve analysis;

(d) an estimate of the total annual contribution to a reserve fund necessary to meet the cost to repair, replace, or restore each component identified in the reserve analysis during the component's useful life and at the end of the component's useful life; and

(e) a reserve funding plan that recommends how the association may fund the annual contribution described in Subsection (4)(d).

(5) Each year, an association shall provide:

(a) a summary of the most recent reserve analysis, including any updates, to each lot owner; and

(b) a complete copy of the most recent reserve analysis, including any updates, to a lot owner upon request.

(6) (a) An association shall include a reserve fund line item in its annual budget.

(b) The amount of the reserve fund line item shall be determined by:

(i) the board, based on the reserve analysis and the amount that the board determines is prudent under the circumstances; or

(ii) the governing documents, if the governing documents require an amount greater than the amount determined under Subsection (6)(b)(i).

(c) Within 45 days after the day on which an association adopts its annual budget, the lot owners may veto the reserve fund line item by a 51% vote of the allocated voting interests in the association at a special meeting called by the lot owners for the purpose of voting whether to veto a reserve fund line item.

(d) If the lot owners veto a reserve fund line item under Subsection (6)(c) and a reserve fund line item exists in a previously approved annual budget of the association that was not vetoed, the association shall fund the reserve account in accordance with that prior reserve fund line item.

(7) (a) Subject to Subsection (7)(b), if an association does not comply with the requirements described in Subsection (5) or (6) and fails to remedy the noncompliance within the time specified in Subsection (7)(c), a lot owner may file an action in state court for:

- (i) injunctive relief requiring the association to comply with the requirements of Subsection (5) or (6);
- (ii) \$500 or the lot owner's actual damages, whichever is greater;
- (iii) any other remedy provided by law; and
- (iv) reasonable costs and attorney fees.

(b) No fewer than 90 days before the day on which a lot owner files a complaint under Subsection (7)(a), the lot owner shall deliver written notice described in Subsection (7)(c) to the association.

(c) A notice described in Subsection (7)(b) shall state:

- (i) the requirement in Subsection (5) or (6) with which the association has failed to comply;
- (ii) a demand that the association of unit owners come into compliance with the requirements; and
- (iii) a date, no fewer than 90 days after the day on which a lot owner delivers the notice, by which the association shall remedy its noncompliance.

(d) In a case filed under Subsection (7)(a), a court may summarily order an association to produce the summary of the reserve analysis or the complete reserve analysis on an expedited basis and at the association's expense.

(8) (a) A board may not use money in a reserve fund:

- (i) for daily maintenance expenses, unless a majority of association members vote to approve the use of reserve fund money for that purpose; or
- (ii) for any purpose other than the purpose for which the reserve fund was established.

(b) A board shall maintain a reserve fund separate from other association funds.

(c) This Subsection (4) may not be construed to limit a board from prudently investing money in a reserve fund, subject to any investment constraints imposed by the governing documents.

(9) Subsections (2), (3), (4), and (6) do not apply to an association during the period of administrative control.

(10) This section applies to each association, regardless of when the association was created.