

2013

Conservatory Metropolitan District Reserve Study



Prepared by: Stephen A. Prokopiak, P.E.

Stephen A. Prokopiak, P.E.

- Project Management
- Community Planning and Development
- Project Due-Diligence, Feasibility
- Community Reserve Analysis
- Projecting Budgeting and Analysis

July 29, 2013

Conservatory Metropolitan District Board of Directors
C/o AJ Beckman
Special District Management Services, Inc.
141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Re: Reserve Plan for Conservatory Metropolitan District

Board of Directors:

Per your authorization and further supporting documentation received in June, 2013, attached for your review and comment is the draft of the Reserve Plan for the Conservatory Metropolitan District for your review and distribution to the District Board.

This plan is based on additional information provided by the Board including the following:

1. Use provided data on number of columns, number of monuments, and length of existing fence although these numbers have been independently confirmed by the author.
2. The initial life expectancy of the existing fence is not a consideration of this analysis since the decision has been made to replace all the existing fence over the next few years, 2014 through 2017.
3. Per direction I will use \$34.00 per foot installed cost (2013 cost) for the new fence (will need to add \$\$ to remove old fence and repair landscape damage, etc.) Depending on style and type of fence used this may be low to average fence quality. The estimate received from a local fence company to replace the fence with existing fence quality was in the \$30-\$35 range.
4. Use 3% annual CPI increase
5. Assume fence will be installed over the next 4 years (25% in 2014, 25% in 2015, 25% in 2016 and 25% in 2017)
6. There was some discussion about a 5 or 6 year phase in, but I have used the 4 year phase in unless otherwise directed.
7. Assumed starting cash as of December 31, 2013 to be \$200,000
8. Annual reserve contributions will be funded from mill levy generated income from operations. This assumes that the District has the capacity to generate this income. If not true then the project may have to be extended over additional years.
9. Initial reserve contributions will be higher than subsequent year's contribution since it is the District's desire to expedite some of the improvements.

10. Assume life of new fence to be 50 years (with proper maintenance a metal ornamental fence should last this long, PVC privacy fence can also last this long.
11. Assume the life of the existing columns and monuments to only be an additional 30 years at which time the columns and monuments will be replaced with a more long lasting material that would be expected to last 50-75 years.
12. Assume that the replacement of columns and monuments in 37 years.
13. There was discussion about certain retaining walls to be included in the reserve study. I have added those disclosed to me. Concrete and masonry retaining walls are normally considered to have a very long life of the components (75 years) and the reserves allocated for these walls are usually directed at minor wall replacement projects.

It is especially important that Exhibits 3, 8, 9 and 10 be reviewed and discussed. Exhibit 9 shows a reasonable projection for 30 years, while Exhibit 8 reflects an extended 50+ year projection and Exhibit 10 a too short 20 year projection. Each of these exhibits portrays a different viewpoint.

I am available to meet with you and your Board if required. Thanks you for this opportunity to assist your District with this forward planning tool.

If you have any questions please do not hesitate to contact me.

Sincerely;
Stephen A. Prokopiak, LLC

Stephen A. Prokopiak

Stephen A. Prokopiak, P.E.
Professional Engineer
Colorado License #15323

Table of Contents

- ✓ Introduction
- ✓ Overview
- ✓ Executive Summary
- ✓ Status of Current Reserves
- ✓ Preliminary Reserve Projections
- ✓ Final Reserve Projections
- ✓ Definitions
- ✓ Exhibits
- ✓ Answers to your frequent questions
- ✓ Normal Life Expectancy of Major Components
- ✓ Property Inspection
- ✓ Disclaimer

Introduction:

It is the author's opinion that the lack of adequate reserves for capital replacement requirements will be a significant issue in future years for many Homeowners Districts and Metropolitan Districts in Colorado. In recent years the Colorado State Legislature has taken steps to address this issue for Homeowner Associations. The completion of a current Reserve Study is the first step to assuring that adequate reserves for capital replacements will be available to future Boards of Directors. The second step, left up to the Board of Directors is the implementation and continuation of actual funding of the District Reserves.

Your Board of Directors should be commended for taking this critical first step to secure the financial strength of your District.

Overview

In April, 2013 the Conservatory District Board of Directors retained the author to prepare a current Reserve Study for the Conservatory District. Between then and June 20, 2013 the author was provided with documents required to initiate the Reserve Study.

The District manager provided the author with information upon which to base the Reserve Study. This information was supplemented with additional information gathered by interviews with the District manager and then with a conference call with several Board members and the District manager and later with several on-site physical inventories.

On July 24, 2013 the author met on site with District Board President to review the assumptions, components and preliminary quantities. Minor changes were suggested and these changes incorporated into the Reserve Study.

It is recommended that the study be periodically after several years or major capital expenses.

Executive Summary

This Reserve Study was prepared by the author in 2013 and submitted to the District Board of Directors for review, comment and ultimate approval.

The District Reserve balance is estimated by the District Board to be \$ 200,000.00 at the end of the fiscal year 2013. This amount is used as the 2013 year-end balance available for reserve investments.

Based on this study and the estimated District reserve balance at the end of the current fiscal year the proposed reserve contributions for the next several years is as follows:

| | |
|------|-----------|
| 2014 | \$163,672 |
| 2015 | \$196,645 |
| 2016 | \$202,211 |
| 2017 | \$216,176 |
| 2018 | \$ 71,100 |
| 2019 | \$ 73,004 |

The 2014 through 2017 contribution amounts are higher than 2017 and beyond since the Board of Directors has elected to construct certain improvements earlier than might normally be contemplated. The 2014 through 2017 contributions are set to approximate the 2014 through 2017 projected expenses keeping a reserve balance of approximately \$200,000. Thereafter the annual contribution can be lowered to save for expected future replacement costs.

However, there are many variables that could be adjusted to calculate a different annual contribution. For example the recommended contribution is based on the following givens:

1. \$200,000 cash on hand as provided by the Board
2. Ornamental fence construction in 2014 through 2017
3. Inflation rate assumption provided: 3%
4. Investment rate of return: 2%
5. 2014 through 2017 contribution estimated to approximate 2014 through 2017 expenses
6. Desire to maintain a \$200,000 balance throughout 2014 through 2017
7. Annual increase in contributions: 3% after 2017

If the annual contribution increase for 2018 and thereafter would be increased then the annual contribution can be lowered initially. For example, approximate values initially calculated are as follows:

| | |
|---------------------------------|---|
| Annual contribution increase 3% | Annual contribution in 2018 = \$63,482* |
| Annual contribution increase 4% | Annual contribution in 2018 = \$57,400* |
| Annual contribution increase 5% | Annual contribution in 2018 = \$52,300* |
| Annual contribution increase 6% | Annual contribution in 2018 = \$48,000* |
| Annual contribution increase 7% | Annual contribution in 2018 = \$44,500* |
| Annual contribution increase 8% | Annual contribution in 2018 = \$41,500* |

- Before adjustment

Status of Current Reserves

The Board of Directors directed that the author assume that at the end of the current Fiscal Year the District Reserves will be \$ 200,000.00

Existing Reserve Projections

Based on information provided by the District manager the reserve contribution for 2014 is projected to be \$ 163,672.00.

Final Reserve Projections

After discussions with the District manager and the District Board of Directors the Reserve Study was revised and approved on _____ (Insert date here)

The projected current annual reserve contribution is estimated to be for the next few years as follows:

| | |
|------|-----------|
| 2014 | \$163,672 |
| 2015 | \$196,645 |
| 2016 | \$202,211 |
| 2017 | \$216,176 |
| 2018 | \$ 71,100 |
| 2019 | \$ 73,004 |

Sources of Funding for the Reserve Account

The current plan for Reserve funding assumes that all reserve contribution will be made from annual contributions from the annual budget cash flow (mill levy). No additional fees, special assessments, loans, etc as anticipated.

Definitions

1. Age

The estimated amount of years from the initial installation to the end of the current Fiscal Year

2. Annual Contribution

Total Reserve contribution made or proposed to be made for a specific year.

3. Anticipated Reserve Balance

See Reserve Balance. Anticipated Reserve Balance as of a specific date.

4. Board Elective Deferral

District Board of Directors' specific direction or approval of recommended reduction in Annual Reserve Contribution. Normally part of a long term plan which should include planned increases in Reserve Contributions.

5. Capital Replacement Item

Same as Capital Reserve Item

6. Capital Reserve Item

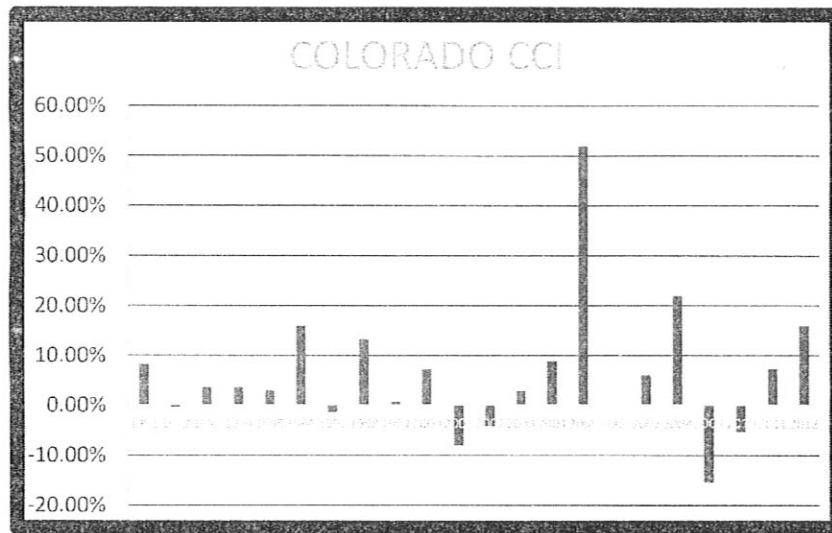
See Component definition

7. CD Investment Balance

The current amount of funds invested District Certificates of Deposit (CD's), may also be used as the expected value at Fiscal Year-End.

8. Colorado Construction Index (CCI)

The **Colorado Construction Index** (CCI) is a measure of the average price of construction materials and labor by public and quasi public entities. The Colorado Construction Index measures a price change for a constant market basket of goods and services from one period to the next within the state. It is a price index determined by measuring the price of a standard group of materials and labor meant to represent the typical market basket of a typical construction project. Major components of the CCI are structural concrete, asphalt, steel, labor, flatwork concrete, etc. The past 12 year recent average is over 15%. However the 2008 to 2013 increase has been 0%, while the 2009 through 2013 has been 4.4% on average. This study has been completed using a 3.0% increase per Board of Directors direction.



Source: Colorado Department of Transportation, Contracts and Market Analysis Branch

9. Component

A distinct and identifiable description of a long term replacement item within the Reserve Study. The more detailed and unique the component the more accurate estimate of the life expectancy and component cost. For example: Swimming pool is too general, it should be broken into more distinct components including pool deck, pool fence, re-plastering of pool surface, pool heater, pool filter(s), motors, gates, access system, etc.

10. Component Calculation Method

The method of calculation of the Reserve Amount used in this Reserve Study. Each component is individually identified, with individual quantities, costs, life expectancy, age, remaining life, etc. The suggested component contribution is then calculated for each component. The total District current year calculated contribution is determined by summing all the component contribution requirements. This method allows the District Board of Directors to see each line item funding. Individual line items expenses can also be tracked and offset against previous line item contributions. Investment income, net of taxes, is also allocated to each line item component. If the actual expense of a line item exceeds the previously established reserve line item budget this variance is easily noted and adjustments made to the Reserve Study. This method has been time tested by the author of the Reserve Study for over 20 years and is the most conservative method of Reserve Funding.

11. Component Cost

The product of the Quantity times the Unit Cost.

12. Consumer Price Index (CPI)

The **consumer price index** (CPI) is a measure of the average price of consumer goods and services purchased by households. A consumer price index measures a price change for a constant market basket of goods and services from one period to the next within the same area (city, region, or nation). It is a price index determined by measuring the price of a standard group of goods meant to represent the typical market basket of a typical urban consumer.

The CPI is different than the CCI which is a better indicator on construction costs.

13. Cumulative Contributions

The sum of all projected contributions for all component for future years, calculated on an annual basis and normally shown as a graph against Cumulative Expenses and projected surplus (deficit). Based on current year expected contributions without inflation.

14. Cumulative Expense

The sum of all projected expenses for all component costs for future years, calculated on an annual basis and normally shown as a graph against Cumulative Contributions and projected surplus (deficit). Based on current year expected costs without inflation, expected life expectancy, etc.

15. Current Position of Investments

Current value of the District's investments

16. Current Year Contribution

The Current Year Shortfall divided by the remaining life of the component.

17. Current Year Shortfall

A calculation of the remaining total of unfunded amounts for a component between the end of the current fiscal year and the end of the life expectancy of the component.

18. Distribution of Current Reserve Funds

Expressed either as a percentage or a dollar amount. Indicates percentage or value of District reserve's as distributed over various investment options including money market, CD's, bonds, etc.

19. Existing Reserve Projection

The planned Reserve Contribution for the current year, as previously approved by the Board of Directors.

20. Final Reserve Projection

The Board of Directors approved and adopted Reserve Contribution for the identified Fiscal Year. Includes all changes and modifications made to the Preliminary reserve Projection presented by the author of the Reserve Study to the District Management Company and Board of Directors.

21. Fiscal Year

Normally a calendar year, but may differ depending upon District's governing documents. For example: Fiscal Year ending December 31, 2009.

22. Full Contribution

Projected Reserve Contribution prior to any District Board of Directors' approved deferrals.

23. Fully Funded

Can be applied to either a specific component or the entire Reserve Study. Normally used in connection to the entire Reserve Study. Identifies that the reserve study in total has or is projected to have at a specified date 100% of the contributions to date to meet future requirements. Does not mean that future contribution will not be required.

| | |
|--------------------------------------|--|
| For example: Fence Replacement cost: | \$100,000 |
| Life Expectancy: | 20 years |
| Age: | 5 years ($5/20 = 25\%$) |
| Component Funding: | \$25,000 actual on hand |
| Percent Funded: | $\$25,000 / 25\% \times \$100,000 = 100\%$ |

24. Life Expectancy

The estimate of the total life of a component, expressed in years. Assumes normal maintenance and repairs. The life expectancy of a component may be extended by additional and continuous maintenance or may be shortened by deferred maintenance, weather, exposure to elements, vandalism, etc. Not a fixed number as the life expectancy may be extended or shortened in subsequent Reserve Studies depending upon input of the author of the Reserve Study and direction of Boards of Directors. One of the top inputs into the value of estimated annual reserve contributions.

25. Minor Component

A component judged to be of a minor nature and therefore not considered to be a part of the Reserve Study, normally components with a Component Cost of less than \$1000.00

26. Money Market Funds Balance

The current amount of funds invested in District Money market funds, may also be used as the expected amount at Fiscal Year end.

27. Normal Life Expectancy

See Life Expectancy

28. One Time Reserve Contribution

An amount prescribed by the District's governing documents to be collected at the time of closing, either initial closing or every closing, and deposited into the District's Reserve Account.

29. Operating Item

Normal budget item based on annual District budget approved in accordance to the District governing documents, includes items such as utilities (water, sewer, electric, gas, telephone, cable, etc), repair items, insurance, landscape maintenance, facility maintenance, management fees. **Specifically NOT a Reserve Item.**

30. Percent Contribution

Percent of the annual contribution attributed to components or classification of components. For example: Columns, 10 Percent Contribution would indicate that 10% of the current year's contribution was ear-marked for funding of Reserves for Columns.

31. Percent Funded

The ratio, at a particular point in time (typically the beginning of the fiscal year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage. A District is considered to be Fully Funded when the Percent Funded is 100%.

32. Percent Total Value

Percent total value indicates the percentage that any component or classification of components to the Total Value of Districts capital improvements.

33. Preliminary Reserve Projection

Initial Reserve calculation presented to the District Board of Directors and Management Company, not yet approved by the Board of Directors, prior to any requested changes and adjustments.

34. Previous Contributions

The sum of all previous reserve contributions, through a specific year. Normally shown as a graph.

35. Projected Expense

Normally used to indicate the total projected expenditures for the District reserves in a particular year.

36. Proposed Annual Contribution

Reserve contribution projection not yet approved by the District Board of Directors.

37. Quantity

The numerical estimate of the component expressed in such manners as lineal feet, area, count, square feet, square yards, each, etc. Normally an estimate based on field observations by author of Reserve Study unless provided by District existing records. One of the top inputs into the value of estimated annual reserve contributions.

38. Remaining Life

The Remaining Life is the Life Expectancy less the age of the component

39. Reserve Balance

The total amount of funds contained in all District Reserve accounts as of a certain date, normally either month end or year end. Normally the sum of money market reserve accounts, brokerage accounts and certificates of deposit. If future projected contributions are included may be called projected Reserve Balance.

40. Reserve Contribution

Amount added to the District Reserves, may be contributed on a periodic, non-periodic or annual basis.

41. Reserve Funding and Investment Policy

A written and Board adopted policy written in accordance to District governing documents and Colorado law.

42. Reserves

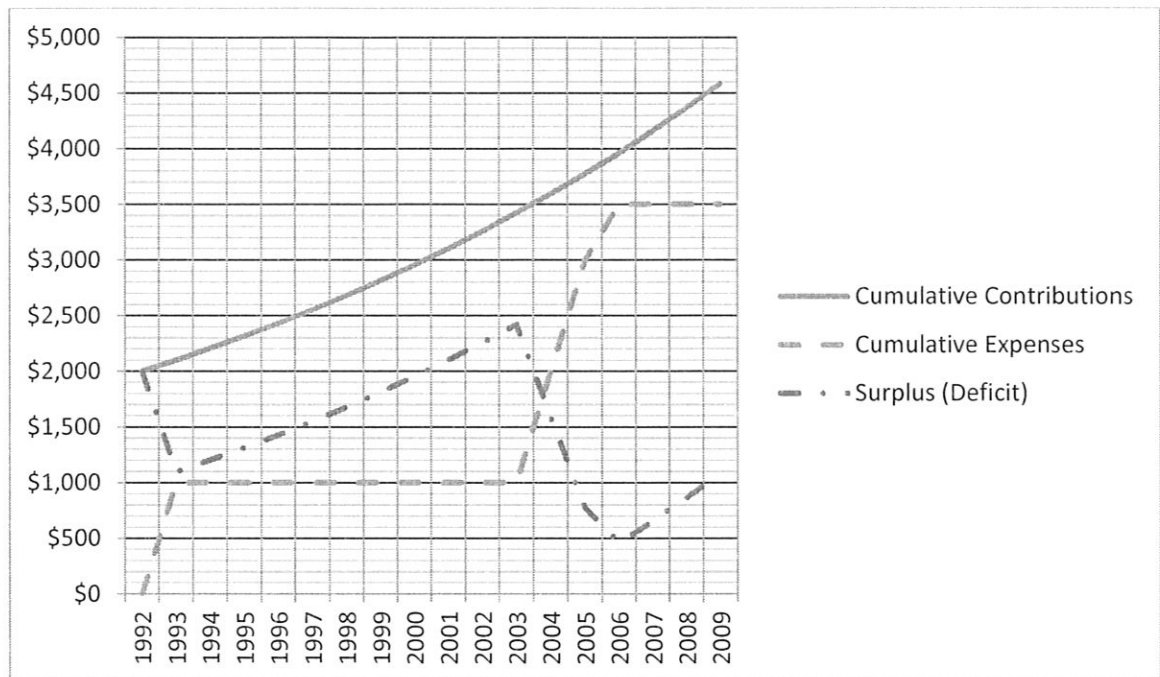
Normally used in lieu of Reserve Balance. See Reserve Balance.

43. Special Assessment

An additional charge proportionately levied on homeowners and landowners to cover the costs of improvements that will be for the benefit of all upon whom it is imposed. May be part of a long term plan or may be a short term reaction to decreased funding or unexpected increases in expenses. Normally collected for capital expenditures (Reserves) but may also be assessed for operating expenses.

44. Surplus (Deficit)

The value of the Cumulative Contributions less the Cumulative Expenses for all component costs for future years, calculated on an annual basis and normally shown as a graph. Based on current year expected costs without inflation and contributions without investment income. Should always be a positive number with few exceptions. Exceptions are acceptable if planned and of short duration. Deficits indicate inadequate reserve funding contributions.



Graph of Cumulative Contributions, Cumulative Expenses and Surplus

45. Taxes on Investments

Income from investments made with Reserve Funds are normally taxable in accordance to both State and Federal income tax rules. Consult your District's accountant or tax preparer for more details.

46. Total Value

The sum of the replacement value of all components contained in the District's Reserve Study.

47. Unit Cost

Estimated unit cost of Reserve Study component, normally to include removal of component being replaced, protection of existing surrounding areas, installation of new component, sales tax, disposal of old component, etc. One of the top inputs into the value of estimated annual reserve contributions.

48. Year Accepted by the District

Normally the year the component was placed into service by the District. Under some circumstances this year may pre-date the year placed into service by the District if initial construction was not initially accepted by the District immediately following completion of construction.

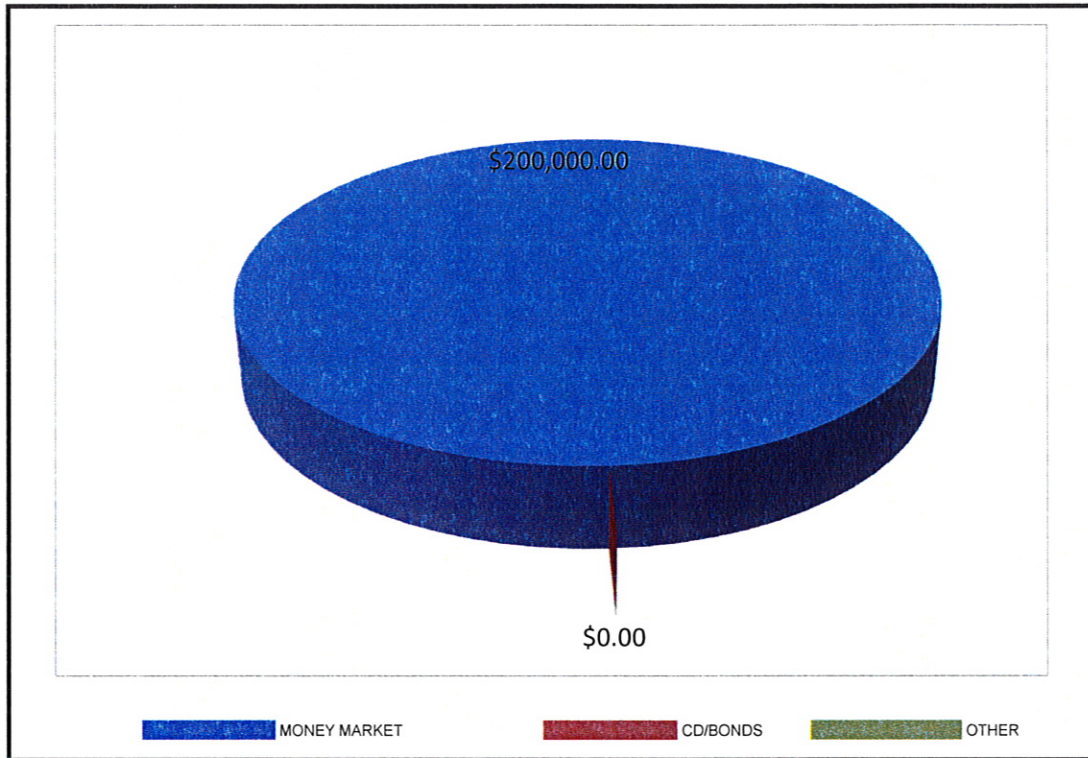
CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : (Disclaimer)

THIS RESERVE ANALYSIS UPDATE HAS BEEN PREPARED USING THE BEST AVAILABLE INFORMATION COLLECTED FROM MANY SOURCES INCLUDING INDIVIDUAL BUILDERS, DATA PROVIDED BY THE ASSOCIATION, THE ASSOCIATION MANAGEMENT COMPANY, RECENT PAST ACTUAL EXPENSES OF THE ASSOCIATION, JOB COSTING GUIDES, INTERVIEWS, CONTRACTORS, AND CONSULTANTS.

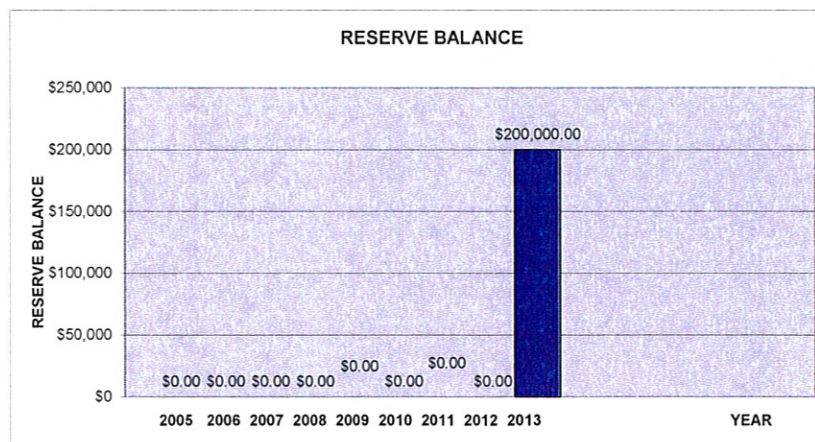
CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



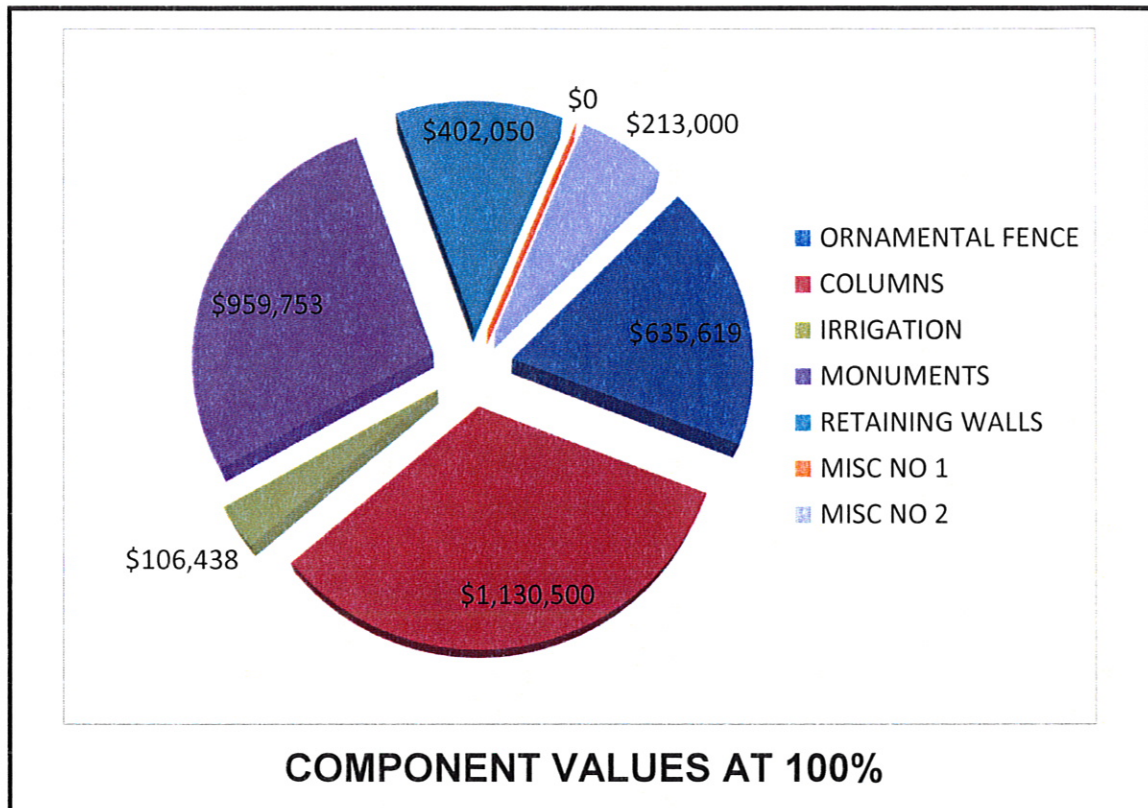
DESCRIPTION : CURRENT POSITION OF INVESTMENTS

| <u>YEAR</u> | <u>RESERVE BALANCE</u> | <u>CD INVESTMENTS</u> | <u>MONEY MARKET FUNDS</u> | <u>OTHER</u> |
|-------------|----------------------------|---------------------------|-------------------------------|--------------------------|
| 2005 | \$0.00 | | | NOT AVAILABLE |
| 2006 | \$0.00 | | | NOT AVAILABLE |
| 2007 | \$0.00 | | | NOT AVAILABLE |
| 2008 | \$0.00 | | | NOT AVAILABLE |
| 2009 | \$0.00 | | | NOT AVAILABLE |
| 2010 | \$0.00 | | | NOT AVAILABLE |
| 2011 | \$0.00 | | | NOT AVAILABLE |
| 2012 | \$0.00 | | | NOT AVAILABLE |
| 2013 | \$200,000.00 | \$0.00 | \$200,000.00 | \$0.00 ASSUMED, PER SDMS |
| 2014 | | | | |
| 2015 | | | | |
| 2016 | | | | |
| 2017 | | | | |

NOTE: ALL BALANCES SHOWN ABOVE ARE AS OF DECEMBER 31ST OF YEAR SHOWN, UNLESS OTHERWISE NOTED



CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION :

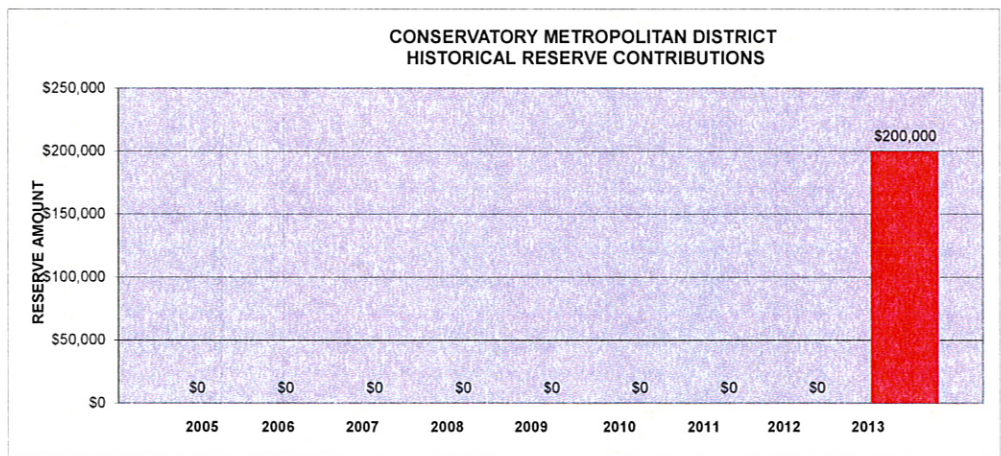
SUMMARY SHEET

| COMPONENT | TOTAL COMPONENT VALUE | AMOUNT IN RESERVES | ADJUSTED YEAR ANNUAL CONTRIBUTION | PERCENT CONTRIBUTION | PERCENT TOTAL VALUE |
|--|-----------------------------|-----------------------|--|-------------------------|--|
| ORNAMENTAL FENCE | \$635,619 | \$200,000 | \$4,383 | 6.90% | 18.44% |
| COLUMNS | \$1,130,500 | \$0 | \$19,255 | 30.33% | 32.79% |
| IRRIGATION | \$106,438 | \$0 | \$18,031 | 28.40% | 3.09% |
| MONUMENTS | \$959,753 | \$0 | \$13,696 | 21.57% | 27.84% |
| RETAINING WALLS | \$402,050 | \$0 | \$3,424 | 5.39% | 11.66% |
| MISCELLANEOUS NO 1 | \$0 | \$0 | \$0 | 0.00% | 0.00% |
| MISCELLANEOUS NO 2 | \$213,000 | \$0 | \$4,693 | 7.39% | 6.18% |
| SUB-TOTAL = | <u>\$3,447,360</u> | <u>\$200,000</u> | <u>\$63,482</u> | 100.00% | 100.00% |
| LESS INTEREST ESTIMATED FOR STUDIED YEAR = | | | -\$4,000 | | SEE ADMINISTRATIVE PAGE FOR DETAILS |
| LESS BOARD AUTHORIZED ADJUSTMENT | | | INCLUDED | | |
| LESS REMAINING RESERVE CONTRIBUTIONS IN CURRENT YEAR = | | | INCLUDED | | SEE ADMINISTRATIVE PAGE FOR DETAILS |
| | | | <u>\$59,482</u> | <<----- | NORMAL ANNUAL CONTRIBUTION FOR ANALYSIS YEAR, 2018 (NOT FOR 2014-2017) |

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : PREVIOUS CONTRIBUTIONS

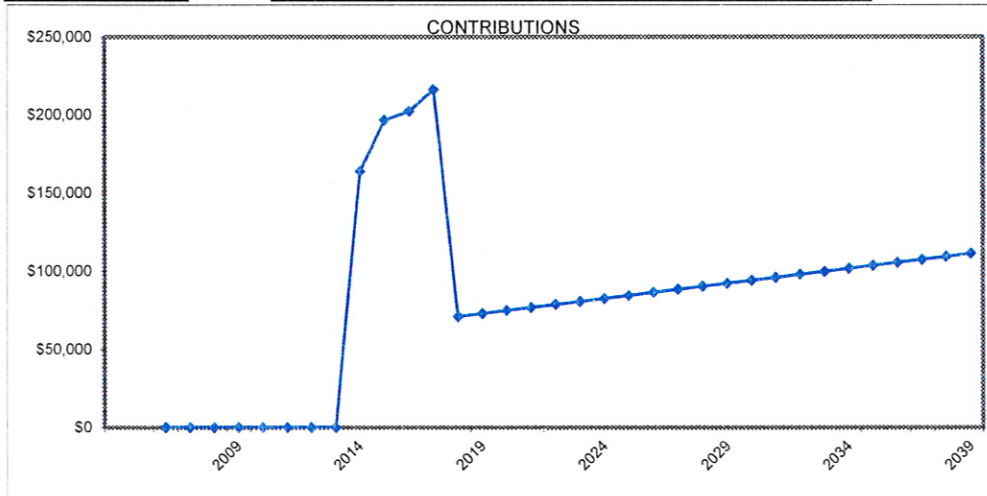


| YEAR | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|---------------------|
| RESERVE AMOUNT = | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$200,000 |
| | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL | PROJECTED, YEAR END |

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : PROJECTED ANNUAL RESERVE CONTRIBUTIONS



| YEAR | FULL CONTRIBUTION | PERCENT ADJUSTMENT | BALANCE WITH INTEREST | YEAR | FULL CONTRIBUTION | PERCENT ADJUSTMENT | BALANCE WITH INTEREST |
|-------------------|-------------------|--------------------|-----------------------|------|-------------------|--------------------|-----------------------|
| 2004 | | | | 2016 | \$202,211 | | \$202,211 |
| 2005 | | | | 2017 | \$216,176 | | \$216,176 |
| 2006 | \$0 | | \$0 | 2018 | \$63,482 | 12.00% | \$71,100 |
| 2007 | \$0 | | \$0 | 2019 | \$63,482 | 15.00% | \$73,004 |
| 2008 | \$0 | | \$0 | 2020 | \$63,482 | 18.00% | \$74,909 |
| 2009 | \$0 | | \$0 | 2021 | \$63,482 | 21.00% | \$76,813 |
| 2010 | \$0 | | \$0 | 2022 | \$63,482 | 24.00% | \$78,717 |
| 2011 | \$0 | | \$0 | 2023 | \$63,482 | 27.00% | \$80,622 |
| 2012 | \$0 | | \$0 | 2024 | \$63,482 | 30.00% | \$82,526 |
| 2013 | \$0 | | \$0 | 2025 | \$63,482 | 33.00% | \$84,431 |
| STARTING BALANCE= | | | | 2026 | \$63,482 | 36.00% | \$86,335 |
| 2014 | \$163,672 | | \$163,672 | 2027 | \$63,482 | 39.00% | \$88,240 |
| 2015 | \$196,645 | | \$196,645 | 2028 | \$63,482 | 42.00% | \$90,144 |

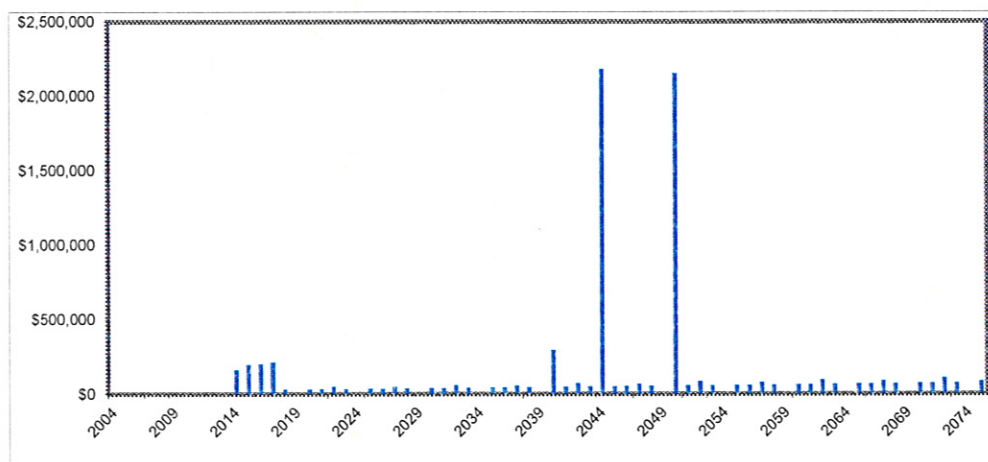
NOTE:
THE GRAPH REPRESENTS A HYPOTHETICAL SCENARIO IF THERE WERE NO ADDITIONAL FACILITIES TO BE RESERVED

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : **PROJECTED ANNUAL EXPENSE WITH INFLATION**

3.00%



| MARKER | YEAR | PROJECTED EXPENSE | MARKER | YEAR | PROJECTED EXPENSE | MARKER | YEAR | PROJECTED EXPENSE |
|--------|------|-------------------|--------|------|-------------------|--------|------|-------------------|
| 1 | 2004 | HISTORY | 13 | 2016 | \$202,211 | 25 | 2028 | \$38,584 |
| 2 | 2005 | HISTORY | 14 | 2017 | \$216,176 | 26 | 2029 | \$0 |
| 3 | 2006 | HISTORY | 15 | 2018 | \$30,601 | 27 | 2030 | \$40,180 |
| 4 | 2007 | HISTORY | 16 | 2019 | \$0 | 28 | 2031 | \$40,979 |
| 5 | 2008 | HISTORY | 17 | 2020 | \$32,198 | 29 | 2032 | \$61,402 |
| 6 | 2009 | HISTORY | 18 | 2021 | \$32,996 | 30 | 2033 | \$42,575 |
| 7 | 2010 | \$0 | 19 | 2022 | \$49,669 | 31 | 2034 | \$0 |
| 8 | 2011 | \$0 | 20 | 2023 | \$34,592 | 32 | 2035 | \$44,172 |
| 9 | 2012 | \$0 | 21 | 2024 | \$0 | 33 | 2036 | \$44,970 |
| 10 | 2013 | \$0 | 22 | 2025 | \$36,189 | 34 | 2037 | \$58,668 |
| 11 | 2014 | \$163,672 | 23 | 2026 | \$36,987 | 35 | 2038 | \$46,567 |
| 12 | 2015 | \$196,645 | 24 | 2027 | \$48,436 | 36 | 2039 | \$0 |

NOTE:
THE GRAPH REPRESENTS A HYPOTHETICAL SCENARIO IF THERE WERE NO ADDITIONAL FACILITIES TO BE RESERVED

EXHIBIT

6

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION :

PROJECTED ANNUAL EXPENSE WITH INFLATION FACTOR INCLUDED

| YEAR NUMBER YEAR | 1 2010 | 2 2011 | 3 2012 | 4 2013 | 5 2014 | 6 2015 | 7 2016 | 8 2017 |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| FENCE | \$0 | \$0 | \$0 | \$0 | \$163,672 | \$168,439 | \$173,206 | \$177,973 |
| COLUMNS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| IRRIGATION | \$0 | \$0 | \$0 | \$0 | \$0 | \$28,206 | \$29,004 | \$29,803 |
| MONUMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RETAIN. WALLS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MISC NO. 1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MISC NO 2 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,400 |
| TOTAL | \$0 | \$0 | \$0 | \$0 | \$163,672 | \$196,645 | \$202,211 | \$216,176 |

| YEAR NUMBER YEAR | 9 2018 | 10 2019 | 11 2020 | 12 2021 | 13 2022 | 14 2023 | 15 2024 | 16 2025 |
|---------------------|-----------|------------|------------|------------|------------|------------|------------|------------|
| FENCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COLUMNS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| IRRIGATION | \$30,601 | \$0 | \$32,198 | \$32,996 | \$33,794 | \$34,592 | \$0 | \$36,189 |
| MONUMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RETAIN. WALLS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MISC NO. 1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MISC NO 2 | \$0 | \$0 | \$0 | \$0 | \$15,875 | \$0 | \$0 | \$0 |
| TOTAL | \$30,601 | \$0 | \$32,198 | \$32,996 | \$49,669 | \$34,592 | \$0 | \$36,189 |

| YEAR NUMBER YEAR | 17 2026 | 18 2027 | 19 2028 | 20 2029 | 21 2030 | 22 2031 | 23 2032 | 24 2033 |
|---------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| FENCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COLUMNS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| IRRIGATION | \$36,987 | \$37,786 | \$38,584 | \$0 | \$40,180 | \$40,979 | \$41,777 | \$42,575 |
| MONUMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RETAIN. WALLS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MISC NO. 1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MISC NO 2 | \$0 | \$10,650 | \$0 | \$0 | \$0 | \$0 | \$19,625 | \$0 |
| TOTAL | \$36,987 | \$48,436 | \$38,584 | \$0 | \$40,180 | \$40,979 | \$61,402 | \$42,575 |

| YEAR NUMBER YEAR | 25 2034 | 26 2035 | 27 2036 | 28 2037 | 29 2038 | 30 2039 |
|---------------------|------------|------------|------------|------------|------------|------------|
| FENCE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| COLUMNS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| IRRIGATION | \$0 | \$44,172 | \$44,970 | \$45,768 | \$46,567 | \$0 |
| MONUMENTS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| RETAIN. WALLS | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MISC NO. 1 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| MISC NO 2 | \$0 | \$0 | \$0 | \$12,900 | \$0 | \$0 |
| TOTAL | \$0 | \$44,172 | \$44,970 | \$58,668 | \$46,567 | \$0 |

EXHIBIT

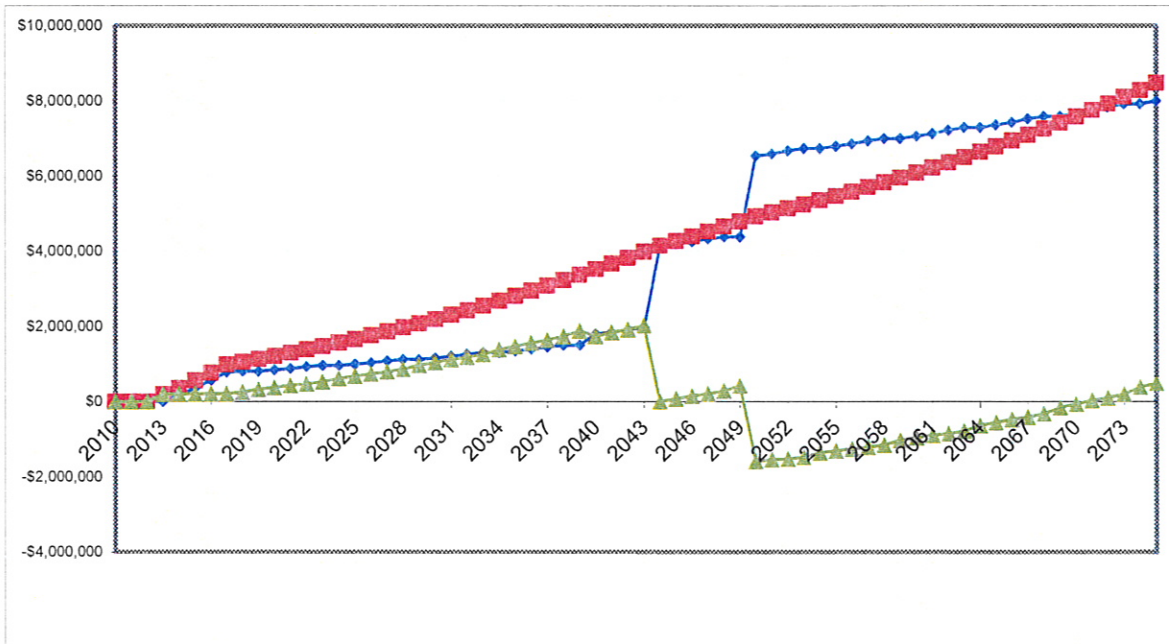
7

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : CUMULATIVE EXPENSE VERSUS CONTRIBUTIONS, 50 YEAR FORECAST

| | |
|--|---------|
| ESTIMATED AVERAGE INTEREST RATE ON INVESTMENTS = | 2.0000% |
| ESTIMATED AVERAGE ANNUAL RESERVE CONTRIBUTION = | 3.0000% |
| ESTIMATED AVERAGE INFLATION RATE = | 3.0000% |



ANNUAL CONTRIBUTIONS

PROJECTED EXPENSES

CASH BALANCE

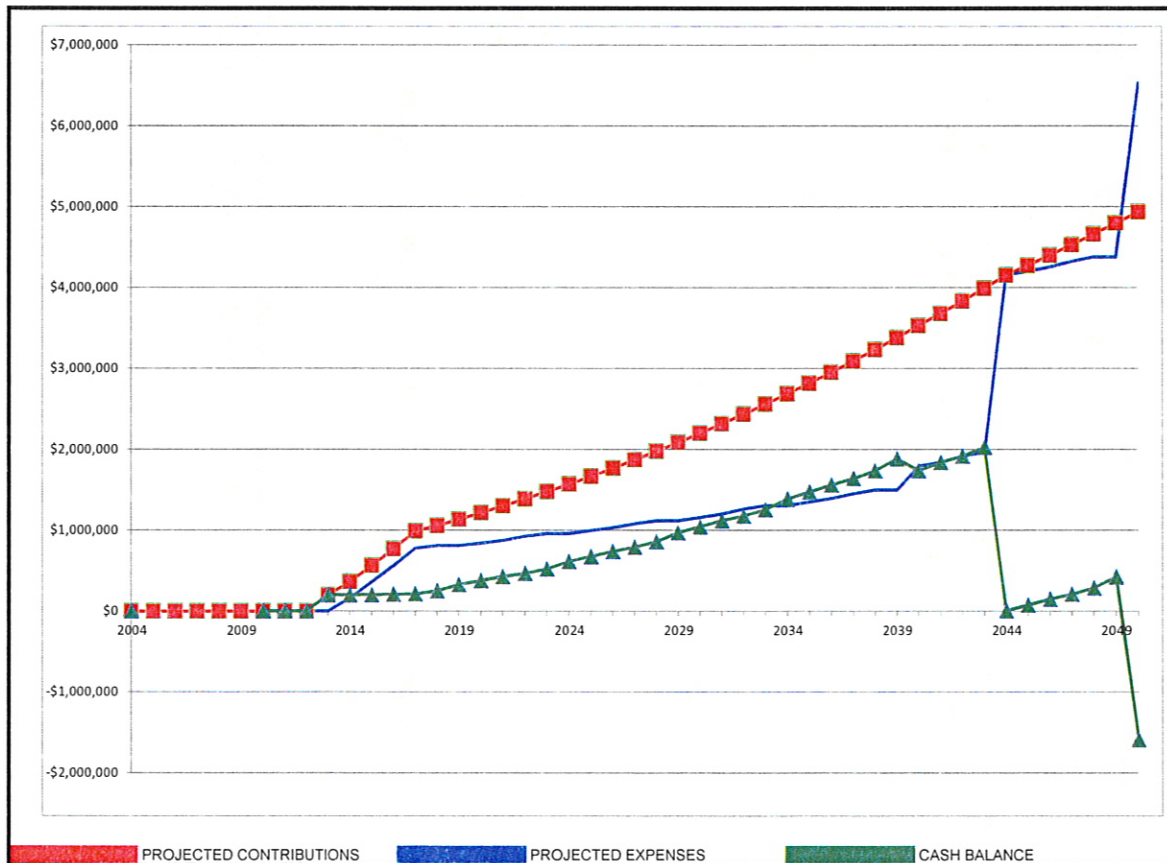
EXHIBIT

8

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : CUMULATIVE EXPENSE VERSUS CONTRIBUTIONS, 35 YEAR FORECAST



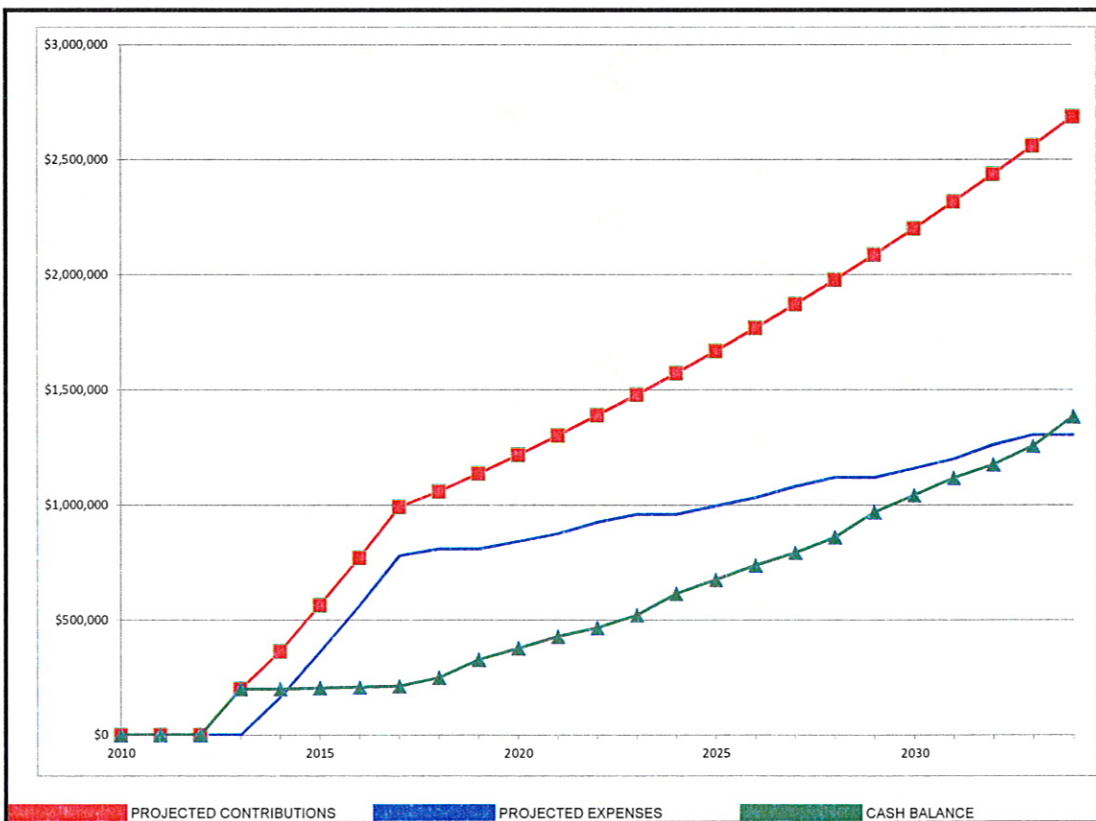
EXHIBIT

9

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



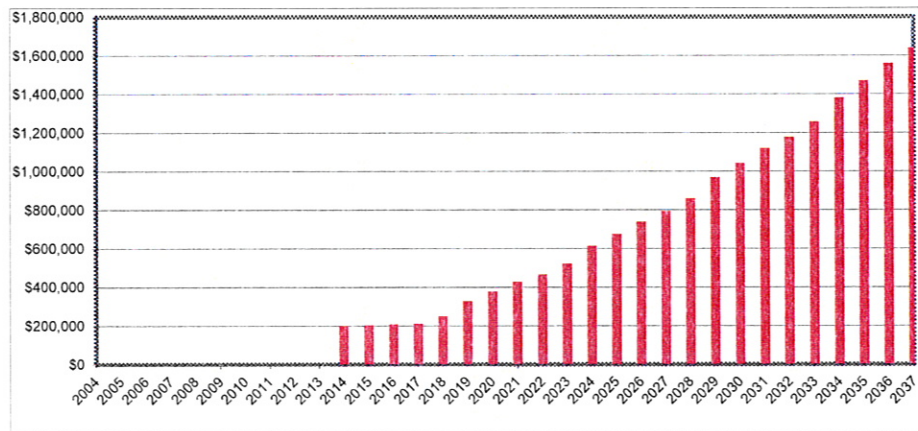
DESCRIPTION : CUMULATIVE EXPENSE VERSUS CONTRIBUTIONS, 20 YEAR FORECAST



CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : CASH BALANCE



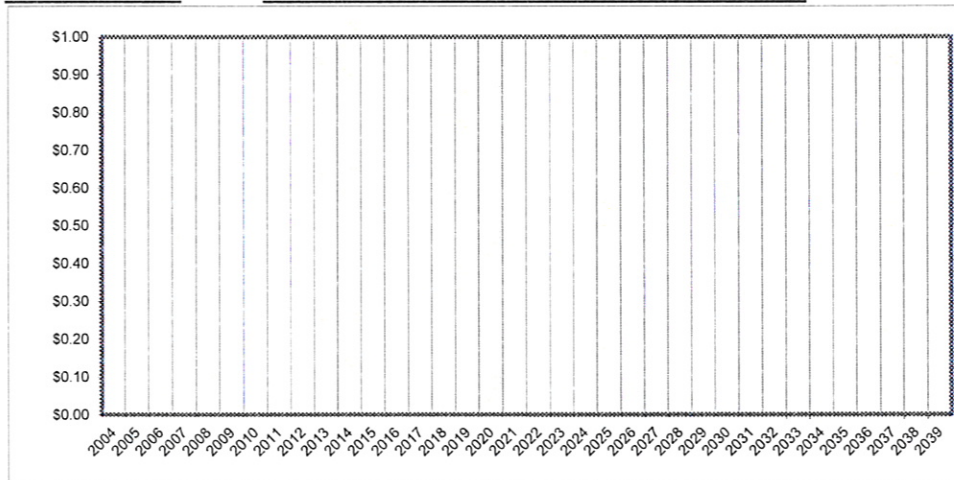
| YEAR | PROJECTED CASH BALANCE | MARKER | YEAR | PROJECTED CASH BALANCE | YEAR | PROJECTED CASH BALANCE |
|------|------------------------|--------|------|------------------------|------|------------------------|
| 2004 | HISTORY | 1 | 2016 | \$208,247 | 2028 | \$859,476 |
| 2005 | HISTORY | 2 | 2017 | \$212,496 | 2029 | \$968,714 |
| 2006 | HISTORY | 3 | 2018 | \$249,627 | 2030 | \$1,041,861 |
| 2007 | HISTORY | 4 | 2019 | \$327,624 | 2031 | \$1,117,577 |
| 2008 | \$0 | 5 | 2020 | \$376,887 | 2032 | \$1,176,289 |
| 2009 | \$0 | 6 | 2021 | \$428,242 | 2033 | \$1,256,905 |
| 2010 | \$0 | 7 | 2022 | \$465,856 | 2034 | \$1,383,615 |
| 2011 | \$0 | 8 | 2023 | \$521,202 | 2035 | \$1,470,590 |
| 2012 | \$0 | 9 | 2024 | \$614,153 | 2036 | \$1,560,412 |
| 2013 | \$200,000 | 10 | 2025 | \$674,678 | 2037 | \$1,640,236 |
| 2014 | \$200,000 | 11 | 2026 | \$737,519 | 2038 | \$1,735,663 |
| 2015 | \$204,082 | 12 | 2027 | \$792,074 | 2039 | \$1,881,469 |

NOTE:
THE GRAPH REPRESENTS A HYPOTHETICAL SCENARIO IF THERE WERE NO ADDITIONAL FACILITIES TO BE RESERVED FOR NOR INFLATION

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : SPECIAL ASSESSMENT PER MONTH PER UNIT



| <u>YEAR</u> | <u>SPECIAL ASSESSMENT PER MONTH</u> |
|-------------|---|
| 2004 | \$0 |
| 2005 | \$0 |
| 2006 | \$0 |
| 2007 | \$0 |
| 2008 | \$0 |
| 2009 | \$0 |
| 2010 | \$0 |
| 2011 | \$0 |
| 2012 | \$0 |
| 2013 | \$0 |
| 2014 | \$0 |
| 2015 | \$0 |

| <u>YEAR</u> | <u>SPECIAL ASSESSMENT PER MONTH</u> |
|-------------|---|
| 2016 | \$0 |
| 2017 | \$0 |
| 2018 | \$0 |
| 2019 | \$0 |
| 2020 | \$0 |
| 2021 | \$0 |
| 2022 | \$0 |
| 2023 | \$0 |
| 2024 | \$0 |
| 2025 | \$0 |
| 2026 | \$0 |
| 2027 | \$0 |

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION :

HISTORY OF RESERVE CONTRIBUTIONS

| <u>YEAR</u> | <u>HOA ANNUAL CONTRIBUTION</u> | <u>AMOUNT INVESTED AT YEAR-END</u> | <u>ESTIMATED INVESTMENT RETURN</u> |
|-------------|--|--|--|
| 1995 | UNKNOWN | UNKNOWN | |
| 1996 | UNKNOWN | UNKNOWN | |
| 1997 | UNKNOWN | UNKNOWN | |
| 1998 | UNKNOWN | UNKNOWN | |
| 1999 | UNKNOWN | UNKNOWN | |
| 2000 | UNKNOWN | UNKNOWN | |
| 2001 | UNKNOWN | UNKNOWN | |
| 2002 | UNKNOWN | UNKNOWN | |
| 2003 | UNKNOWN | UNKNOWN | |
| 2004 | UNKNOWN | UNKNOWN | |
| 2005 | UNKNOWN | UNKNOWN | |
| 2006 | \$0 | \$0 | NOT AVAILABLE |
| 2007 | \$0 | \$0 | NOT AVAILABLE |
| 2008 | \$0 | \$0 | NOT AVAILABLE |
| 2009 | \$0 | \$0 | NOT AVAILABLE |
| 2010 | \$0 | \$0 AS CALCULATED | NOT PROVIDED |
| 2011 | \$0 | \$0 AS CALCULATED | NOT PROVIDED |
| 2012 | \$0 | \$0 AS CALCULATED | NOT PROVIDED |
| 2013 | \$200,000 | \$200,000 AS CALCULATED | NOT PROVIDED |

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



ESTIMATES OF QUANTITIES BY TRACT LOCATION

| TRACT | AREA | COLUMNS | LENGTH | ORNAMENTAL FENCE | FAUX WALL | TRACT | AREA | COLUMNS | LENGTH | ORNAMENTAL FENCE | FAUX WALL |
|---|-----------------------------------|---------|--------|---------------------|--------------|------------------|-----------------------------------|---------|--------|---------------------|--------------|
| EAST SIDE | | | | | | WEST SIDE | | | | | |
| A | 9,612 | 0 | 0 | 0 | | AA | 3,110 | 3 | 247 | 247 | |
| B | 87,853 | 4 | 254 | 254 | | BB | 12,911 | 7 | 434 | 434 | |
| C | 33,096 | 8 | 644 | 644 | | CC | 1,582 | 3 | 193 | 193 | |
| D | 36,549 | 10 | 871 | 871 | | DD | 7,281 | 3 | 235 | 235 | |
| E | 3,092 | 3 | 179 | 179 | | EE | 14,285 | 9 | 658 | 658 | |
| F | NOT METRO DISTRICT RESPONSIBILITY | | | | | FF | 11,429 | 6 | 483 | 483 | |
| G | 2,968 | 2 | 122 | 122 | | GG | 1,211 | 2 | 97 | 97 | |
| H | NOT METRO DISTRICT RESPONSIBILITY | | | | | HH | NOT METRO DISTRICT RESPONSIBILITY | | | 0 | |
| I | THIS AREA NOT BUILT | | | | | II | 2,440 | 2 | 100 | 100 | |
| J | 3,000 | 2 | 210 | 210 | | JJ | 4,000 | 4 | 202 | 202 | |
| K | NOT METRO DISTRICT RESPONSIBILITY | | | | | KK | 45,922 | 12 | 1,067 | 1,067 | |
| L | 74,021 | 17 | 1,419 | 1,419 | | LL | 47,414 | 12 | 917 | 917 | |
| M | 30,382 | 12 | 759 | 759 | | MM | 52,649 | 25 | 1,785 | 1,785 | |
| N | 8,008 | 3 | 198 | 198 | | DDD | 1,640 | 2 | 114 | 114 | |
| O | 1,386 | 2 | 99 | 99 | | EEE | 27,955 | 6 | 626 | 626 | |
| P | NOT METRO DISTRICT RESPONSIBILITY | | | | | FFF | 33,571 | 10 | 710 | 710 | |
| Q | NOT METRO DISTRICT RESPONSIBILITY | | | | | GGG | 18,776 | 4 | 437 | 437 | |
| R | 1,946 | 3 | 206 | 206 | | III | 208,255 | 22 | 1,409 | | 1,409 |
| S | 2,177 | 3 | 228 | 228 | | NN | 6,000 | 0 | 0 | | |
| T | 847 | 2 | 99 | 99 | | OTHER | | | | | |
| U | 39,390 | 0 | 0 | 0 | | W | | 0 | 0 | 0 | |
| V | 47,580 | 0 | 0 | 0 | | TT | 46,364 | 24 | 929 | | 929 |
| W | 1,449 | 2 | 107 | 107 | | RR | 12,873 | 8 | 402 | | 402 |
| X | 1,246 | 2 | 97 | 97 | | SS | 9,552 | 7 | 437 | 437 | |
| Y | NOT METRO DISTRICT RESPONSIBILITY | | | | | XX | 10,547 | 10 | 604 | 604 | |
| Z | 1,500 | 2 | 116 | 116 | | PP | 1,218 | 2 | 97 | 97 | |
| ADJUSTMENT FOR FRONT SETBACKS = | | | | -500 | | OO | 8,136 | 5 | 344 | 344 | |
| ADJUSTMENT FOR ADDITIONAL COLUMNS TO MATCH DISTRICT RECORDS | | | | | | ZZ | 5,062 | 2 | 105 | 105 | |
| | | 13 | | | | AAA | 18,821 | 11 | 680 | 680 | |
| | | | | | | BBB | 1,565 | 2 | 109 | 109 | |
| | | | | | | UU | 48,797 | 26 | 1,152 | | 1,152 |
| | | | | | | VV | 7,000 | 0 | 0 | 0 | |
| | | | | | | WW | 6,000 | 0 | 0 | 0 | |
| | | | | | | HHH | 1,914 | 4 | 100 | 100 | |
| SUB-TOTALS | 386,102 | 90 | 5,610 | 5,110 | 0 | | 678,280 | 233 | 14,673 | 10,781 | 3,892 |
| | | | | | | | 386,102 | 90 | 5,610 | 5,110 | 0 |
| | | | | | | TOTALS | 1,064,382 | 323 | 20,283 | 15,890 | 3,892 |

TOTAL LENGTH OF ORNAMENTAL AND FAUX FENCE/WALL = 19,783

NOTE: COLUMNS BUILT AS PART OF MONUMENTS ARE INCLUDED IN MONUMENT ESTIMATED COSTS

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION :

ORNAMENTAL METAL FENCING

| COMPONENT | YEAR TO BE REPLACE | QUANTITY | AGE | LIFE | PROPOSED SECONDARY REPLACEMENT YEAR | UNIT COST | AMOUNT | AMOUNT IN RESERVES | CURRENT YEAR SHORTFALL | CURRENT YEAR CONTRIBUTION AFTER ADJUSTMENT |
|---------------------------------|-----------------------|----------|-----|------|--|-----------|----------|-----------------------|---------------------------|---|
| ORNAMENTAL METAL FENCING | | | | | | | | | | |
| SECTION 1 | 2014 | 1,986 | -1 | 50 | 2063 | \$40.00 | \$79,452 | \$25,000 | \$54,452 | \$564 |
| SECTION 2 | 2014 | 1,986 | -1 | 50 | 2063 | \$40.00 | \$79,452 | \$25,000 | \$54,452 | \$564 |
| SECTION 3 | 2015 | 1,986 | -2 | 50 | 2064 | \$40.00 | \$79,452 | \$25,000 | \$54,452 | \$553 |
| SECTION 4 | 2015 | 1,986 | -2 | 50 | 2064 | \$40.00 | \$79,452 | \$25,000 | \$54,452 | \$553 |
| SECTION 5 | 2016 | 1,986 | -3 | 50 | 2065 | \$40.00 | \$79,452 | \$25,000 | \$54,452 | \$542 |
| SECTION 6 | 2016 | 1,986 | -3 | 50 | 2065 | \$40.00 | \$79,452 | \$25,000 | \$54,452 | \$542 |
| SECTION 7 | 2017 | 1,986 | -4 | 50 | 2066 | \$40.00 | \$79,452 | \$25,000 | \$54,452 | \$532 |
| SECTION 8 | 2017 | 1,986 | -4 | 50 | 2066 | \$40.00 | \$79,452 | \$25,000 | \$54,452 | \$532 |

SPECIAL REPLACEMENT SCHEDULE

| | YEAR | AMOUNT, W/O INFLATION ADJUSTMENT |
|-----------|------|----------------------------------|
| SECTION 1 | 2014 | \$79,452 |
| SECTION 2 | 2014 | \$79,452 |
| SECTION 3 | 2015 | \$79,452 |
| SECTION 4 | 2015 | \$79,452 |
| SECTION 5 | 2016 | \$79,452 |
| SECTION 6 | 2016 | \$79,452 |
| SECTION 7 | 2017 | \$79,452 |
| SECTION 8 | 2017 | \$79,452 |

TOTAL VALUE = \$635,619 \$200,000

TOTAL CONTRIBUTION FOR THIS YEAR = \$4,383

NOTE: REPLACEMENT COST INCLUDES REMOVAL, NEW INSTALLATION, LANDSCAPE REPAIR, PERMITS, TAX, ETC.

NOTE: BASED ON BOARD OF DIRECTOR'S PLAN TO REPLACE FENCE OVER A 4 YEAR TIME SPAN

EXHIBIT

15

COPPERLEAF HOMEOWNERS ASSOCIATION RESERVE ANALYSIS



DESCRIPTION : COMPOSITE FENCE COLUMNS

| COMPONENT | YEAR ACCEPTED BY HOA | QUANTITY | AGE | LIFE | PROPOSED REPLACEMENT YEAR | UNIT COST | AMOUNT | AMOUNT IN RESERVES | CURRENT YEAR SHORTFALL | CURRENT YEAR CONTRIBUTION AFTER ADJUSTMENT |
|-------------------------|-------------------------|----------|-----|------|---------------------------------|------------|-----------|-----------------------|---------------------------|---|
| COMPOSITE FENCE COLUMNS | | | | | | | | | | |
| SECTION 1 | 2000 | 40 | 13 | 44 | 2043 | \$3,500.00 | \$141,313 | \$0 | \$141,313 | \$2,407 |
| SECTION 2 | 2000 | 40 | 13 | 44 | 2043 | \$3,500.00 | \$141,313 | \$0 | \$141,313 | \$2,407 |
| SECTION 3 | 2000 | 40 | 13 | 44 | 2043 | \$3,500.00 | \$141,313 | \$0 | \$141,313 | \$2,407 |
| SECTION 4 | 2000 | 40 | 13 | 44 | 2043 | \$3,500.00 | \$141,313 | \$0 | \$141,313 | \$2,407 |
| SECTION 5 | 2000 | 40 | 13 | 44 | 2043 | \$3,500.00 | \$141,313 | \$0 | \$141,313 | \$2,407 |
| SECTION 6 | 2000 | 40 | 13 | 44 | 2043 | \$3,500.00 | \$141,313 | \$0 | \$141,313 | \$2,407 |
| SECTION 7 | 2000 | 40 | 13 | 44 | 2043 | \$3,500.00 | \$141,313 | \$0 | \$141,313 | \$2,407 |
| SECTION 8 | 2000 | 40 | 13 | 44 | 2043 | \$3,500.00 | \$141,313 | \$0 | \$141,313 | \$2,407 |
| | | 323 | | | | | | | | |

TOTAL VALUE = \$1,130,500 \$0

TOTAL CONTRIBUTION FOR THIS YEAR = \$19,255

NOTE: REPLACEMENT COST INCLUDES REMOVAL, NEW INSTALLATION, LANDSCAPE REPAIR, PERMITS, TAX, ETC.

NOTE: REPLACEMENT SCHEDULE BASED ON BOARD DIRECTION THAT COLUMNS TO BE REPLCED IN 30 YEARS

EXHIBIT

16

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION :

IRRIGATION

| COMPONENT | YEAR STARTED | SQUARE FOOTAGE QUANTITY | AGE | LIFE | PROPOSED REPLACEMENT YEAR | UNIT COST | AMOUNT | AMOUNT IN RESERVES | CURRENT YEAR SHORTFALL | CURRENT YEAR CONTRIBUTION AFTER ADJUSTMENT |
|--|--------------|----------------------------|-----|------|---------------------------------|---------------|-----------|-----------------------|---------------------------|---|
| IRRIGATION SYSTEM INSTALLATION , AREAS PER OFFICIAL DEVELOPMENT PLAN | | | | | | | | | | |
| TRACT DESIGNATION TBD | 2010 | 133,048 | 3 | 5 | 2014 | \$0.10 | \$13,305 | \$0 | \$13,305 | \$3,512 |
| TRACT DESIGNATION | 2010 | 133,048 | 3 | 5 | 2014 | \$0.10 | \$13,305 | \$0 | \$13,305 | \$3,512 |
| TRACT DESIGNATION | 2011 | 133,048 | 2 | 5 | 2015 | \$0.10 | \$13,305 | \$0 | \$13,305 | \$2,342 |
| TRACT DESIGNATION | 2011 | 133,048 | 2 | 5 | 2015 | \$0.10 | \$13,305 | \$0 | \$13,305 | \$2,342 |
| TRACT DESIGNATION | 2012 | 133,048 | 1 | 5 | 2016 | \$0.10 | \$13,305 | \$0 | \$13,305 | \$1,756 |
| TRACT DESIGNATION | 2012 | 133,048 | 1 | 5 | 2016 | \$0.10 | \$13,305 | \$0 | \$13,305 | \$1,756 |
| TRACT DESIGNATION | 2013 | 133,048 | 0 | 5 | 2017 | \$0.10 | \$13,305 | \$0 | \$13,305 | \$1,405 |
| TRACT DESIGNATION | 2013 | 133,048 | 0 | 5 | 2017 | \$0.10 | \$13,305 | \$0 | \$13,305 | \$1,405 |
| | | 1,064,382 | | | | TOTAL VALUE = | \$106,438 | \$0 | | |
| TOTAL CONTRIBUTION FOR THIS YEAR = | | | | | | | | | | \$18,031 |

NOTE: REPLACEMENT COST INCLUDES REMOVAL, NEW INSTALLATION, LANDSCAPE REPAIR, PERMITS, TAX, ETC.

NOTE: REPLACEMENTS INCLUDE BACK FLOWS, PUMPS, MAJOR IRRIGATION UPGRADES, CONTROLEERS UPGRADES

NOTE: REPLACEMENT COST BASED ON CURRENT REPLACEMENT COSTS, 50 YEAR LIFE AND 5 YEAR INCREMENTS

NOTE: AREAS BASED ON TOTAL AREA IN 8 PHASES

EXHIBIT

17

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO

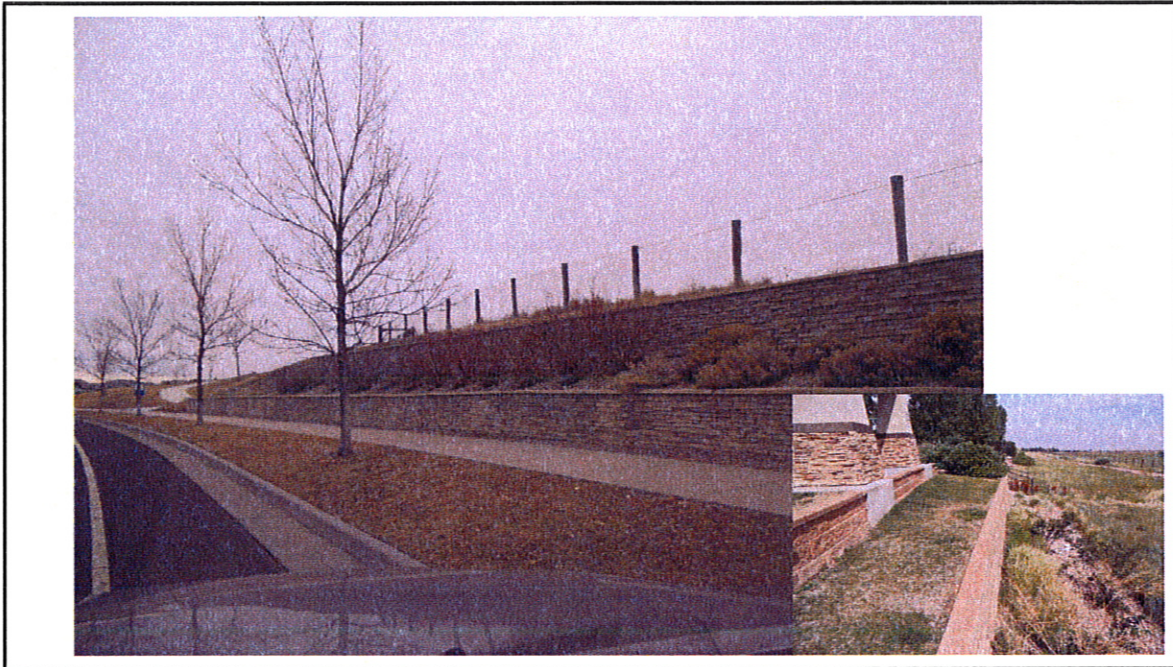


DESCRIPTION : MONUMENTS

| COMPONENT | YEAR ACCEPTED BY HOA | QUANTITY | AGE | LIFE | PROPOSED REPLACEMENT YEAR | UNIT COST | AMOUNT | AMOUNT IN RESERVES | CURRENT YEAR SHORTFALL | CURRENT YEAR CONTRIBUTION AFTER ADJUSTMENT |
|------------------------------------|-------------------------|----------|-----|------|---------------------------------|---------------|-----------|-----------------------|---------------------------|---|
| MONUMENTS | | | | | | | | | | |
| HAMPDEN AND SOUTH JERICO | 2000 | 1 | 13 | 50 | 2049 | \$75,000.00 | \$75,000 | \$0 | \$75,000 | \$1,070 |
| HAMPDEN AND CONSERVATORY P | 2000 | 1 | 13 | 50 | 2049 | \$75,000.00 | \$75,000 | \$0 | \$75,000 | \$1,070 |
| HAMPDEN AND CONSERVATORY P | 2000 | 1 | 13 | 50 | 2049 | \$30,000.00 | \$30,000 | \$0 | \$30,000 | \$428 |
| MINOR MONUMENT NO. 1 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 2 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 3 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 4 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 5 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 6 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 7 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 8 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 9 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 10 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| MINOR MONUMENT NO. 11 | 2000 | 1 | 13 | 50 | 2049 | \$12,500.00 | \$12,500 | \$0 | \$12,500 | \$178 |
| FAUX WALL REPLACEMENT | | | | | | | | | | |
| SECTION 1, TRACT III | 2000 | 1,409 | 13 | 50 | 2049 | \$165.00 | \$232,516 | \$0 | \$232,516 | \$3,318 |
| SECTION 2, TRACT TT | 2000 | 929 | 13 | 50 | 2049 | \$165.00 | \$153,282 | \$0 | \$153,282 | \$2,187 |
| SECTION 3, TRACT RR | 2000 | 402 | 13 | 50 | 2049 | \$165.00 | \$66,389 | \$0 | \$66,389 | \$947 |
| SECTION 4, TRACT UU | 2000 | 1,152 | 13 | 50 | 2049 | \$165.00 | \$190,065 | \$0 | \$190,065 | \$2,712 |
| SECTION 5 FUTURE USE | 2000 | | 13 | 50 | 2049 | \$165.00 | \$0 | \$0 | \$0 | \$0 |
| SECTION 6 FUTURE USE | 2000 | | 13 | 50 | 2049 | \$165.00 | \$0 | \$0 | \$0 | \$0 |
| SECTION 7 FUTURE USE | 2000 | | 13 | 50 | 2049 | \$165.00 | \$0 | \$0 | \$0 | \$0 |
| SECTION 8 FUTURE USE | 2000 | | 13 | 50 | 2049 | \$165.00 | \$0 | \$0 | \$0 | \$0 |
| WALL RECONSTRUCTION COSTS | | | | | | | | | | |
| NEW CONSTRUCTION = | | \$130.00 | | | | TOTAL VALUE = | \$959,753 | \$0 | | |
| DEMOLITION / REPAIR ESTIMATE = | | \$35.00 | | | | | | | | |
| | | \$165.00 | | | | | | | | |
| TOTAL CONTRIBUTION FOR THIS YEAR = | | | | | | | | | | \$13,696 |

NOTE: REPLACEMENT COST INCLUDES REMOVAL, NEW INSTALLATION, LANDSCAPE REPAIR, PERMITS, TAX, ETC.

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : RETAINING WALLS

| <u>COMPONENT</u> | <u>YEAR ACCEPTED BY HOA</u> | <u>SQUARE FOOTAGE QUANTITY</u> | <u>AGE</u> | <u>LIFE</u> | <u>PROPOSED REPLACEMENT YEAR</u> | <u>UNIT COST</u> | <u>AMOUNT</u> | <u>AMOUNT IN RESERVES</u> | <u>CURRENT YEAR SHORTFALL</u> | <u>CURRENT YEAR CONTRIBUTION AFTER ADJUSTMENT</u> |
|------------------------|---------------------------------|------------------------------------|------------|-------------|--|------------------|---------------|-------------------------------|-----------------------------------|---|
| RETAINING WALLS | | | | | | | | | | |
| SECTION 1 | 2000 | 1645 | 13 | 75 | 2074 | \$50.00 | \$82,250 | \$0 | \$82,250 | \$700 |
| SECTION 2 | 2000 | 6396 | 13 | 75 | 2074 | \$50.00 | \$319,800 | \$0 | \$319,800 | \$2,723 |

TOTAL VALUE = \$402,050 \$0

TOTAL CONTRIBUTION FOR THIS YEAR = \$3,424

EXHIBIT

19

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION :

| COMPONENT | YEAR ACCEPTED | QUANTITY | ADJ | AGE | LIFE | PROPOSED REPLACEMENT YEAR | UNIT COST | AMOUNT | AMOUNT IN RESERVES | CURRENT YEAR SHORTFALL | CURRENT YEAR CONTRIBUTION AFTER ADJUSTMENT |
|-----------|---------------|----------|-----|-----|------|---------------------------------|-----------|--------|-----------------------|---------------------------|---|
|-----------|---------------|----------|-----|-----|------|---------------------------------|-----------|--------|-----------------------|---------------------------|---|

TOTAL VALUE = \$0 \$0

TOTAL CONTRIBUTION FOR THIS YEAR = \$0

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : MISCELLANEOUS

| <u>COMPONENT</u> | <u>YEAR ACCEPTED</u> | <u>QUANTITY</u> | <u>AGE</u> | <u>LIFE</u> | <u>PROPOSED REPLACEMENT YEAR</u> | <u>UNIT COST</u> | <u>AMOUNT</u> | <u>AMOUNT IN RESERVES</u> | <u>CURRENT YEAR SHORTFALL</u> | <u>CURRENT YEAR CONTRIBUTION AFTER ADJUSTMENT</u> |
|--|--|-----------------|------------|-------------|--|------------------|---------------|-------------------------------|-----------------------------------|---|
| RESERVE STUDY UPDATE | 2013 | 1 | 1 | 5 | 2,017 | \$5,000 | \$7,500 | \$0 | \$7,500 | \$990 |
| MAILBOXES, NCBU (QUANTITY PER METRO DISTRICT) | 2000 | 91 | 13 | 40 | 2,039 | \$1,500 | \$136,500 | \$0 | \$136,500 | \$2,669 |
| MAILBOX KIOSKS (QUANTITY PER METRO DISTRICT) | 2000 | 17 | 13 | 50 | 2,049 | \$2,000 | \$34,000 | \$0 | \$34,000 | \$485 |
| INSURANCE DEDUCTIBLE | 2012 | 1 | 1 | 10 | 2,021 | \$1,000 | \$5,000 | \$0 | \$5,000 | \$293 |
| SHADE STRUCTURE AT TRACT V | 2000 | 1 | 13 | 75 | 2,074 | \$30,000 | \$30,000 | \$0 | \$30,000 | \$255 |
| NO PARKING SIGNS | | | | | | | | | | |
| CONSERVATORY POOL COMPLEX | NOT A RESPONSIBILITY OF THE CONSERVATORY METROPOLITAN DISTRICT | | | | | | | | | |
| CONSERVATORY RECREATION CENTER | NOT A RESPONSIBILITY OF THE CONSERVATORY METROPOLITAN DISTRICT | | | | | | | | | |

TOTAL VALUE = \$213,000 \$0

TOTAL CONTRIBUTION FOR THIS YEAR = \$4,693

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION :

SPECIFIC EXCLUSIONS

| <u>COMPONENT</u> | <u>EXPLANATION</u> |
|-----------------------------------|--|
| ANY NORMAL MAINTENANCE | INDETERMINATE LIFE OF VERY LONG DURATION |
| PAINTING | INDETERMINATE LIFE OF VERY LONG DURATION |
| HOA SWIMMING POOL COMPLEX | INDETERMINATE LIFE OF VERY LONG DURATION |
| FACILITIES NOT YET CONSTRUCTED | INDETERMINATE LIFE OF VERY LONG DURATION |
| TREE REPLACEMENTS | INDETERMINATE LIFE OF VERY LONG DURATION |
| STREETS | CITY RESPONSIBILITY |
| SIDEWALKS | INDETERMINATE LIFE OF VERY LONG DURATION |
| CITY WATER | INDETERMINATE LIFE OF VERY LONG DURATION |
| CITY SANITARY SEWER | INDIVIDUAL OWNER RESPONSIBILITY |
| CITY STORM SEWER SYSTE, | MINOR ITEM, SHOULD BE HANDLED IN ANNUAL MAINTENANCE BUDGET |
| LANDSCAPE IMPROVEMENTS / UPGRADES | NOT A RESERVE ITEM |

CONSERVATORY METROPOLITAN DISTRICT, AURORA , COLORADO



DESCRIPTION : Administrative Data Sheet

| | | |
|---|--------------|--|
| Analysis as of this year= | 2013 | |
| Actual amount of monies in Reserve Account = | \$200,000.00 | PROJECTED AS OF JULY 1, 2013 PER MANAGEMENT COMPANY |
| Amount of money allocated in Reserve Analysis = | \$200,000.00 | |
| VARIANCE | \$0.00 | |
| Adjustment factor to adjust money allocation = | 1.000000 | |

| | | |
|---|----------|--|
| ADJUSTMENT FACTOR FOR ANNUAL AMOUNT OF RESERVES = | 52.8000% | |
| RESERVE AMOUNT | | \$59,482 FROM SUMMARY PAGE, WITH INTEREST, OTHER CONTRIBUTIONS |
| | | \$63,482 FROM SUMMARY PAGE, BEFORE INTEREST AND OTHER |
| ANNUAL INCREASE IN INCOME = | 3.00% | |
| ANNUAL INFLATION RATE = | 3.00% | |

RESERVE STUDY ASSUMPTIONS ON ONE TIME FEES COLLECTED IN ANALYSIS YEAR

| | |
|--------------------------------------|-----|
| ESTIMATED NUMBER OF CLOSINGS = | N/A |
| PROJECTED ANNUAL DUES = | N/A |
| 25% ONE TIME FEE AT CLOSING = | N/A |
| TOTAL COLLECTABLE IN ANALYSIS YEAR = | N/A |

RESERVE STUDY INVESTMENT ANALYSIS

| | | |
|--|-----------|----------------------------|
| ESTIMATED AMOUNT AT BEGINNING OF ANALYSIS YEAR = | | \$0 PER MANAGEMENT COMPANY |
| ESTIMATED AMOUNT AT END OF ANALYSIS YEAR = | | \$200,000 |
| | AVERAGE = | \$200,000 |
| ESTIMATE AVERAGE RETURN ON INVESTMENTS = | | 2.00% |
| ESTIMATED EARNINGS IN ANALYSIS YEAR = | | \$4,000 |
| LONG TERM ESTIMATED INTEREST RATES = | | 1.50% |

Answers to Frequent Questions on Reserve Studies

What is a Reserve Study?

A Reserve Study is performed by a experienced individual to provide information to the members of a Metropolitan District, its Board of Directors and the District manager of projected future capital cost obligations and the estimated annual contributions required to be included as part of its annual budget to meet said obligations.

The Reserve Study is comprised of two parts, the “Physical Inventory” and the Financial Review.

The amount of the annual reserve contribution is determined based on many factors including:

1. Amount of current reserve funds
2. Components required to be included in the Reserve Study
3. Current age of each component
4. Life expectancy of each component
5. Amount of deferred maintenance in the past
6. Fluctuation of cost of each component over the life of the component

Are there different type of Reserve Studies?

1. Yes, there are basically three types of Reserve Studies. See Component Calculation Method in the definitions section.

- | | |
|---------|---|
| Type 1: | Full Reserve Study including full component inventory, condition assessment, life assessment, valuation estimate, fund status and a funding plan. |
| Type 2: | Reserve Study update including verification of components, condition assessment, life assessment, valuation estimate, fund status and a funding plan. This type of Reserve Study does not include a full inventory but rather a review of previously identified components. |
| Type 3: | This update does not include any onsite review or verification. Only a valuation estimate, fund status and a funding plan are included. |

What is the difference between a Capital Reserve Item and an Operating Item?

A Capital Reserve item (also referred to as a component in this Reserve Study) is the District’s way of setting aside money to meet future capital replacement requirements of

the District. On an annual basis a certain portion of the District's assessments are set aside to fund future expected costs related to replacement of improvements. This set aside money is planned each year as part of the budgeting process.

A Capital Reserve Item is different from a contingency item in the annual operating budget. An operating contingency is to account for unexpected or forgotten items that are required for the day to day operation of the District.

Who performs Reserve Studies?

Reserve Studies are performed by individuals with appropriate educational experience, life experience and District experience in the management and functionality of homeowner Districts.

While Colorado does not have any licensing requirements for the preparation of reserve Studies these Reserve Studies are normally prepared by degreed and licensed Professional Engineers with experience

What is excluded from a Reserve Study?

The following components and related components have not been nor are appropriate for inclusion in the Reserve Study:

1. Minor components normally not considered if valued at less than \$1,000.00 individually.
 2. Normal operating costs as identified on the annual District budget, including but not limited to the following:
 - a. Irrigation repair
 - b. Annual maintenance items
 - c. Fence repair
 - d. Monument repair
 - e. Operating utilities, electric, gas, telephone, etc.
 3. Replacement of trees, shrubs, etc
 4. Replacement of non-District owned property including public streets, utility owned street lights, public water systems, public sanitary sewer systems
-
1. Interior or private units
 2. Leased equipment
 3. Exterior of private units

4. Individual single family units when in a community of detached dwellings
5. Long lasting items with estimated economic lives exceeding 50 years unless specifically discuss and included. These long life components may be included if their value is a major component of the overall District value, for example: major component value of masonry fencing, column, monuments.

How are Reserve Funds Invested?

Reserve funds, like individual retirement accounts, have many choices for investments, some are best suited for long term reserve investments while other choices are totally inappropriate.

District reserves should always be invested in accordance to carefully developed and Board of Director approved Reserve Funding and Investment Policies. These Reserve Funding and Investment Policies must be in writing and approved by the Board of Directors.

Reserves must be invested in such a manner as to assure that funds will be available when required to meet District capital funding requirements. Safety of principal and liquidity of some funds for short term obligations should be considered.

Many Districts will only invest in appropriately termed (duration) Certificates of Deposit in an FDIC insured instrument or similar insured vehicles.

What does an District Reserve Funding and Investment Policy include?

District Reserve Funding and Investment Policies should include the following:

1. General Policy
2. Goals and Objectives
3. Investment Strategy
4. Investment Selection Criteria
5. Review and Control Policies

Are the Reserve Study “Estimates” guaranteed?

Unfortunately no estimates of future costs can be guaranteed by anyone. For this reason it is best that the Reserve Study be periodically reviewed and adjustments, if any, made to annual contributions.

By periodically adjusting reviewing and adjusting the reserve contributions the District can be comfortable that the needed reserves will be available to the District Board of Directors to meet their replacement obligations.

How often should the Reserve Study be updated?

The Reserve Study should be frequently reviewed and updated.

At a minimum the Reserve Study should be reviewed **annually** to ascertain if new major components have been added to the reserve study or if initially unknown circumstances have modified or changed the underlying assumptions. For example, has a new park playground been installed that should be added to the Reserve Components.

It is recommended that unit costs and life expectancy be reviewed every **3-5 years** depending on local construction cost escalation. Depending on the review results the Reserve Study may be determined to require updating.

It is also recommended that the Reserve Study be reviewed by a reserve study consultant at the most every **five** years.

Should inflation be estimated in the Reserve Study?

Estimating future inflation and/or increases in construction costs is a very inexact science. The Consumer Price Index increased approximately 3.5-4.0% per year from 1992 until 2008. From 1992 until 2005 the Colorado Construction Index (CCI) increased a moderate 4% per year. From 2005 until 2009 the CCI increased an average of 37% per year. However then from 2008 to 2013 increase was 0%, while the 2009 through 2013 has been 4.4% on average

Long term attempts to estimate reserve contributions based on either the 4% or the 37% will cause concern and conflict for Boards of Directors. It is more exact, more supportable and easier to explain to members of Districts if the Reserve Study is updated every few years. If the wrong prediction is made for future years the Reserve Contribution could be greatly and incorrectly established.

Are there income tax consequences to establishing and funding a Reserve Account?

There may be significant income tax consequences to collecting and funding a reserve account. It is recommended that the District consult its accountant / tax advisor as to these consequences.

Should Reserve contributions be keep in separate accounts?

Yes, reserve funds should always be held in separate accounts once a minimal balance has been reached. District documents may require this to be a separate account. In addition, it is easier to audit the reserve account this way, past contributions and expenditures are easier to track, interest easier to determine as well as financial management becomes much easier.

Can reserve contributions be borrowed by the District Board of Directors to meet short term operating requirements?

There may be significant income tax consequences to borrowing from reserves to meet short term operating requirements, especially if the time span crosses over a fiscal year. It is recommended that the District consult its accountant / tax advisor as to these consequences.

Our District has over \$50,000 in our Reserve Account? Isn't that sufficient?

Without a full understanding of the District's Reserve requirements and timing of requirements it is impossible to determine if that amount is sufficient. \$50,000 may be sufficient for some small Districts and significantly underfunded for others.

In your experience what mistakes can be made in performing or reviewing the reserve study?

In the author's opinion the following mistakes should be avoided:

1. Assuming that reserve estimates are fixed and not subject to change based on changed conditions (i.e. life of components)
2. Overestimating life of components
3. Excluding items from the Reserve Study with a life over 20 years. Big mistake!
4. Assuming that reserve estimates are actual construction bids
5. Incomplete component inventories, normally the more detail the better. A missing street sign (if District responsibility) would not be a major item, but if there are 200 such signs it would be significant. For the outside reserve study author this can sometimes be difficult if proper disclosures by the manager are not included in documentation.
6. Not starting reserve study practices soon enough in the life of the District
7. Not including in estimates all replacement cost factors including removal, damage mitigation, permitting, taxes, difficulty of access, temporary facilities (i.e. temporary fence during construction, etc. Replacement can easily cost 50% more than new installation.
8. Not giving enough direction to District manager on Investment Policy, not having a written investment policy
9. Not updating the reserve study at frequent intervals

10. Not paying close attention to assumptions
11. Not sitting down and reviewing the reserve study with the preparer. Allow adequate time, consider a separate study session to review the Reserve Study in detail.
12. Not reserving at all

What is “Mark to Market” and could it affect my Reserve Contributions?

The term “Mark to Market” has been discussed more and more on national television shows in the past 5 years. This accounting term refers to the practice of a company (District) “marking” its assets or investments (certificates of deposits, bonds, etc) to reflect their current value – the price that they could be sold for right now. There are arguments about its drawbacks but properly designed investment strategy for District’s should ignore these market fluctuations in calculating Reserve Funding Contributions.

For example: An District purchases a 5 year term bank certificate of deposit through it’s brokerage account (longer term CD’s have even more dramatic potential value fluctuations). Brokerage account CD’s can normally be traded without interest penalty. However they may have market penalties and even market gains. Several months after purchasing the CD the market interest rate for 5 year bank CD’s significantly **decreased**. The value of the CD **increased** to a value greater than the face value.

The reverse is also true. An District purchases a 5 year term bank certificate of deposit through it’s brokerage account (longer term CD’s have even more dramatic potential value fluctuations). Several months after purchasing the CD the market interest rate for 5 year bank CD’s significantly **increased**. The value of the CD increased to a value **less** than the face value.

Should the increased value or the decreased value of the CD be reflected in the Reserve Study? The author does not believe so. Annual financial audits of the District should reflect the Fiscal Year end value per GASP (Governmental Accounting Standards Board) accounting pronouncements for Homeowner Districts. This would reflect the increased or decreased value of the CD’s at the end of the Fiscal year.

However, in a properly prepared and administered investment strategy for District Reserves the fluctuations of the CD value would not be of significance since the CD would not be cashed prior to the need for the cash. Any unrealized capital gains on the CD during the term would be offset by subsequent capital losses during the term. At maturity the CD would be worth the face value. The Face value, plus accrued interest, should be used in the annual Reserve Study analysis.

Normal Life Expectancy of Major Components:

The normal life expectancy of major components is greatly affected by elements out of the control of the District. These elements include:

1. Weather, including wind, rain, snow load, etc
2. Drainage
3. Humidity
4. Quality of materials
5. Materials appropriate to Colorado
6. Quality of Installation
7. Maintenance
8. Vandalism and Theft

Normal Life expectancy of Major Components:

Fencing / Monuments

| | |
|-----------------------|---------------------------------------|
| Fence material, wood | 20-25 years |
| Fence material, metal | 40-50 years with periodic maintenance |
| Fence Stain | 4-5 years |
| Masonry Columns | 75-100 years |
| Masonry Monumentation | 75-100 years |
| Monument Letters | 15-25 years |
| Monument Lighting | 5-10 years |

Irrigation Components

| | |
|------------------------|-------------|
| Backflow Components | 10-25 years |
| Irrigation Controllers | 18-25 years |

Pool Facilities

| | |
|---------------------------|-------------|
| Pool resurfacing | 5-12 years |
| Pool Filters | 25-50 years |
| Pool Filter Sand | 12-20 years |
| Pool Pumps/Motors | 10-20 years |
| Pool Heaters | 15-30 years |
| Chemical Controllers | 7-10 years |
| Ornamental Iron Fence | 20-40 years |
| Life Guard Stands | 15-25 years |
| Pool Decking | 40-75 years |
| Water Spray Toys | 20 years |
| Pool Cover | 10-15 years |
| Pool Tile / Coping Stones | 20-25 years |
| Pool Furniture | 5-12 years |

Buildings

| | |
|------------------------|-------------|
| Roofing | 20-40 years |
| Hot Water Heater | 8-12 years |
| Carpeting | 5-10 years |
| Floor Tile | 20-30 years |
| Interior Lighting | 15-25 years |
| Exterior Lighting | 15-25 years |
| Gutters and Downspouts | 20-25 years |
| Interior Paint | 4-6 years |
| Furniture | 5-10 years |
| HVAC Condenser | 15-20 years |
| HVAC Furnace | 15-20 years |
| Exterior Siding | 20-30 years |
| Metal Handrails | 20-25 years |
| Entry Doors | 20-40 years |
| Windows | 30-50 years |
| Kitchen Replacement | 25-30 years |
| Restroom Fixtures | 20-30 years |
| Restroom stalls, metal | 20-30 years |

Parking Lot

| | |
|------------------------------|-------------|
| Crack Seal | 1-4 years |
| Seal Coat | 5-7 years |
| Overlay | 12-15 years |
| Full Removal and replacement | 20-30 years |
| Curb and Gutter | 20-40 years |
| Pole Lights | 20-30 years |

Kitchen Appliances

| | |
|--------------|-------------|
| Refrigerator | 10-20 years |
| Stove | 15-25 years |
| Microwave | 10-15 years |
| Sink | 20-25 years |

Playground Equipment / Toys

| | |
|-------------------------------|--------------------------------|
| Tot Lot Equipment | 25-40 years |
| Benches | 20-40 years |
| Trash Cans | 20-40 years |
| Exercise Equipment (interior) | 5-8 years, if owned not leased |

Other

| | |
|---------------------------|-------------|
| Mail Boxes (NCBU type) | 25-35 years |
| Street Signs / Stop Signs | 20-30 years |

While the ranges shown above are normal estimated life expectancies these lives can be modified (to reflect differences of opinion and condition) by the author after consulting with the District Board of Directors and the management company.

Property Inspection

A physical onsite inspection was conducted by the author following a cursory review of any provided District documents, a discussion with the District manager and a meeting with a District Board member onsite.

District documents that were reviewed included:

1. Final plat(s)
2. Final Development Plans
3. Previous reserve studies, if any

The physical onsite inspection was conducted during the months of May, June and July 2013. The onsite inspection included observation of all components easily accessible to the author as well as documentary photographs.

Field measurements and aerial photographs were used to supplement other material provided by the District, where required in the opinion of the Author.

Disclaimer:

This Reserve Study was prepared using the best available information made available to the author by the District and the District Manager. It is the responsibility of the District Board of Directors to establish reserve funding levels and investment strategies.

It is not a guaranty of future life expectancy or costs but only a guide to establishing District Reserve Contributions. The author has no control over maintenance, material quality, installation methods, costs or the price of labor and materials, or over the contractor's method of pricing. Construction pricing depending on many factors including material, labor, overhead, profit, permitting and general bidding environment, The author makes no warranty, expressed or implied, as to the accuracy of any such opinions as compared to actual bid or experienced costs.

The Reserve Study should be frequently reviewed and updated by the District. At a minimum the Reserve Study should be reviewed **annually** to ascertain if new major components have been added to the reserve study or if initially unknown circumstances have modified or changed the underlying assumptions. For example, has a new park playground been installed that should be added to the Reserve Components.

It is recommended that unit costs and life expectancy be reviewed every 3-5 years depending on local construction cost escalation.