

# Nisqually Pines Community Club Annual Reserve Fund Budget Disclosure Summary

This summary fulfills the requirements defined in RCW 64.34.308 Section 4 and RCW 64.38.025

Fiscal Year: 2021

Date of last reserve study update: 2020  
 Reserve study provided by: Jeff Samdal & Associates, Inc. | www.samdalassoc.com  
*Jeff Samdal & Associates cannot warrant the accuracy or completeness of this form given the number of variables entered by other parties.*

**KEY**  Source: Jeff Samdal & Associates  
 Source: Association Budget (completed by Board, Property Manager and/or Accountant)  
*All inquiries regarding the information in this form should be directed to your Board*

**Percent funded as of the latest reserve study** 95.4%

**Current budgeted contribution to reserves (monthly) in 2021** \$20,650.00

**Per reserve study, recommended contribution to reserves (monthly) in 2021** \$11,279.93

**Funding plan type used for recommendation in reserve study** 10 Years to Full Funding

**Are there any special assessments planned? (Yes/No)** No

If yes, provide details using the chart below: *(attach additional sheets if necessary)*

Due Date(s)	Avg. Amount Per Unit Total	Payment Schedule	Purpose

Based upon the most recent reserve study and current contribution rate, **will the Association have sufficient funds to cover the anticipated reserve expenses over the next 30 years? (Yes/No)** Yes *[note: For 30-year projections, reserve study calculations assume an average 3% inflation rate for expenses and contributions.]*

If no, the following additional assessments may be necessary: *(attach additional sheets if necessary)*

Est. Due Date(s)	Est. Avg. Amount Per Unit Total	Est. Payment Schedule	Purpose

**Recommended reserve account balance at the end of 2021** \$702,943

**Actual projected reserve account balance at the end of 2021** \$817,070

**Per reserve study, projected reserve account ending balances for the next five fiscal years:**

based on:	2022	2023	2024	2025	2026
Recommended contributions	\$785,546	\$927,834	\$1,067,177	\$1,207,012	\$974,282
Current contributions (at time of study)	\$1,020,799	\$1,291,528	\$1,566,957	\$1,850,867	\$1,770,556
Percent funded (at time of study)	124.4%	134.7%	143.2%	150.5%	178.3%

**Is the Board proposing a new funding plan that has not been adopted yet? (Yes/No)** No

**If yes, what is the proposed annual contribution to the reserve fund for the next five fiscal years?**

	2022	2023	2024	2025	2026
Proposed Contributions	n/a				

**Per proposed funding plan, projected reserve account ending balances for the next five fiscal years:**

based on:	2022	2023	2024	2025	2026
Proposed Contributions	n/a				
Percent funded (based on proposed)					

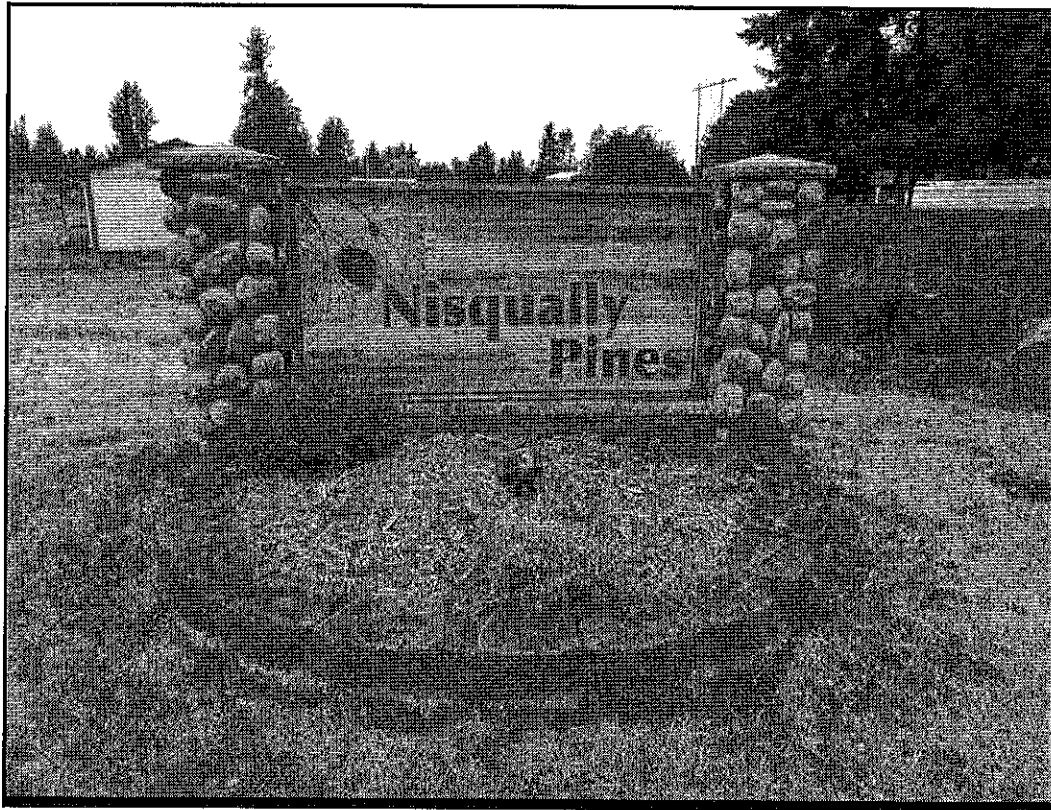
*Calculations should include all planned repair expenses, revenues and assessments*



JEFF SAMDAL  
& ASSOCIATES

# PROFESSIONAL RESERVE STUDY

LEVEL 3 UPDATE



## Nisqually Pines Community Club

8903 Pepperidge Lane Southeast, Yelm, WA 98597

For:

Nisqually Pines Homeowners Association  
c/o Charity Mayetl  
Office Manager  
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Date Prepared:

August 11, 2020

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## 1.0 EXECUTIVE SUMMARY

### 1.1 DISCLOSURES REQUIRED BY STATE OF WA RCW 64.90.550

The undersigned makes the following disclosures required by RCW 64.90.550 to establish that this Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW:

- a. This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b. This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c. This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

### 1.2 GENERAL DESCRIPTION OF PROPERTY

The subject property is approximately 364 acres and is located in North Yelm to the south and west of the Nisqually River. There are 827 lots containing an assortment of single-family homes. According to Tonie Williams, the property was developed in 1969 as a campground and developed into a community of permanent residences. The property is relatively flat, but does sloped down toward the river. The common elements consist of private roads, a one-story clubhouse with loft with a swimming pool, an office building and maintenance garage, a private water supply system, and three parks outside of the single family lots themselves. Adjacent to the property there are housing areas and trailer parks.

Like all properties, this property will require capital maintenance. We have itemized areas of capital maintenance that we anticipate over the next thirty (30) years along with estimated costs and estimated schedule of repair/replacement.

### 1.3 IMMEDIATE NECESSARY CAPITAL EXPENDITURES

Table 1.3 below shows the items that are in need of action immediately or within the near future. This is a summary; all tasks are explained in greater detail in Section 3.0 Physical Analysis.

**Table 1.3: Summary of Immediate Necessary Capital Expenditures**

Component	Cost	Urgency
Numerous projects listed in Table 3.1A		

## 2.0 RESERVE STUDY BACKGROUND

### 2.1 PURPOSE OF THIS LEVEL 3 RESERVE STUDY

The primary purpose of this Level 3 Reserve Study is to provide the Association with a planning and budgeting tool to adequately maintain the property 30 years into the future without unexpected special assessments. This study is intended to provide the Association with an understanding of their property and to bring to light necessary immediate expenditures and reasonably anticipated future capital expenses that should be addressed.

Associations have a responsibility to their members to adequately maintain their properties and our Reserve Studies provide our clients with the tools to implement capital maintenance. When small issues and maintenance items are addressed prior to becoming larger problems, there is typically a significant overall savings for a property owner. Properly maintained properties maintain higher property values than those with an abundance of deferred maintenance.

An additional benefit of this Reserve Study is that it is one of the qualifications required for Associations to obtain FHA approval (which is very helpful in selling or refinancing individual units). Many other sources of funding are also beginning to require them as well.

### 2.2 WASHINGTON STATE RCW 64.90.550

As of July 1, 2018, WA State RCW 64.90.550 defined a Reserve Study in WA State as the following:

- (1) Any reserve study is supplemental to the association's operating and maintenance budget.
- (2) A reserve study must include:
  - (a) A reserve component list, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;
  - (b) The date of the study and a disclosure as to whether the study meets the requirements of this section;
  - (c) The following level of reserve study performed:
    - (i) Level I: Full reserve study funding analysis and plan;
    - (ii) Level II: Update with visual site inspection; or
    - (iii) Level III: Update with no visual site inspection;
  - (d) The association's reserve account balance;
  - (e) The percentage of the fully funded balance to which the reserve account is funded;
  - (f) Special assessments already implemented or planned;
  - (g) Interest and inflation assumptions;
  - (h) Current reserve account contribution rates for a full funding plan and a baseline funding plan;
  - (i) A recommended reserve account contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;
  - (j) A projected reserve account balance for thirty years based on each funding plan presented in the reserve study;

This reserve study meets the qualifications of WA State RCW 64.90.550

(k) A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and

(l) A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that if the fraction or percentage of the common expenses of the association allocable vary by unit, the association must calculate any current deficit or surplus in a manner that reflects the variation.

(3) A reserve study must also include the following disclosure:

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."

### 2.3 SCOPE AND METHODOLOGY

Our Level 2 Reserve Study was finalized on August 8, 2019 at this property.

This report is an off-site update of that report based solely on the information provided to us by Charity Mayerl on August 4, 2020.

**Financial Analysis:** We performed an analysis on the financial needs and current status at the property. The financial analysis provides the following:

- Forecasts the anticipated Capital Reserves necessary at the property over the next 30 years.
- Projects future Capital Reserve balances and determines the appropriate funding levels necessary.
- Reviews the Association's current funding plan and current financial position.
- Provides our recommended annual contribution to the Reserve Fund to maintain Full Funding.

### 2.4 SOURCES OF INFORMATION

The following people provided us information for this study:

- Charity Mayerl, Property Manager

### 2.5 DEFINITIONS

**Assumed Inflation** - Our assumed inflation rate is our best guess of the long term average of the inflation rate over the next thirty years; it is not based on the current Consumer Price Index (CPI). Our number is much closer to the historical average of the CPI over the previous 25 years.

**Capital Reserves 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.

**Component** - An individual line item in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks of 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 is accomplished through onsite visual observations, review of Association design and organizational documents, and a review of established Association precedents.

**Deficit** - An actual (or projected) reserve balance less than 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 computation.

**Financial Analysis** - The portion of a 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. The financial analysis is one of the two parts of a 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. In essence, it is the reserve balance that is proportional to the current Repair/replacement cost and the fraction of life "used up". This number is calculated for each component, then summed together for an Association total.

**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.

**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.

## 2.6 FREQUENTLY ASKED QUESTIONS ABOUT RESERVE STUDIES

### What is a reserve study?

Reserve studies are comprehensive reports that are used as budget planning tools that will assess the current financial health of the reserve fund as well as create a plan for future funding to offset anticipated major future common area expenditures.

According to *Community Association Institute's Best Practices, Reserve Studies/Management*: "There are two components of a reserve study—a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association's major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses only the association's reserve balance or fund status (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate (funding plan)."

### What are the different types of reserve studies?

Reserve studies fit into one of three categories: Full; Update with Site Visit; and Update with No Site Visit. They are frequently called Level 1, Level 2, and Level 3 respectively (as defined by Washington State RCW 64.90.550).

**Level 1: A full reserve study** – the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan. They typically extend 30-years. A full reserve study must be in place before a Level 2 or Level 3 can take place.

**Level 2: An update with site visit (on-site review)** -- the reserve study provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan. A Level 2 update is performed every third year, with the first one scheduled 3 years after the Level 1 was completed.

**Level 3: An update with no site visit (off-site review)** -- the reserve study provider conducts life and valuation estimates to determine a fund status and a funding plan. A Level 3 update is performed annually, except in years when a Level 1 or Level 2 has been conducted.

## When should associations obtain reserve studies?

Most association experts would agree that an initial full 30-year reserve study should be conducted sooner rather than later if one is not already in place. They are typically updated annually after that to account for things such as inflation and any adjustments in funding levels, budgets, repairs or replacements.

If you follow Washington State RCW 64.90.555 (which we recommend), your reserve study schedule would look like this:

- Year 1: Level 1 full 30-year study
- Years 2, 3: Level 3 annual updates
- Year 4: Level 2 update with site visit
- Years 5, 6: Level 3 annual updates
- Year 7: Level 2 update with site visit

The cycle of Level 2 and Level 3 updates continues indefinitely. A Level 1 full study is not necessary after year 1.

## What are the benefits of a Reserve Study?

Benefits of reserve studies, in short, include improved property maintenance (and therefore value) as well as complying with the law. In more detail:

### Complying with Washington State law

View the rules regarding Reserve Studies and Reserve Accounts here:

<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90> - Sections 535, 540, 545, 550, 555, and 560

### Fulfilling lender requirements (such as FHA)

Many lenders are requiring up-to-date reserve studies that indicate adequate financial health before they lend. Having a reserve study in place that shows a healthy funding plan before a homeowner finds a buyer could save significant time in the closing process.

### Help maintain the property's value and appearance

A reserve study helps maintain the property's value and the property owner's investment. By identifying and budgeting for future repairs or replacement (anticipated capital expenditures), the property's common elements continue to look attractive and well-kept, adding to the community's overall quality of life. Many features, when properly maintained, can also benefit from an extended lifespan resulting in overall cost savings to the owners. Well maintained properties almost always have higher resale values than those that have been neglected.

### Establishing sound financial planning and budget direction

A comprehensive reserve study lays out a schedule of anticipated major repairs or replacements to common property elements and applies cost estimates to them. It typically spans a 30-year period, and will serve as a financial planning tool for the association to use when determining homeowners dues and contributions to the reserve fund.

### Reducing the need for special assessments

An association that has properly implemented their reserve study will strategically collect fees over time from homeowners (via monthly dues) rather than need large sums of cash unexpectedly (special assessments). Therefore, the need for special assessments should be minimized because expenses have already been planned for and the funds exist when needed.

### Fulfilling the board of directors' fiduciary responsibility

Board members of community associations have a fiduciary responsibility to their members. Directors are legally bound to use sound business judgment in guiding the association and cannot ignore major capital expenditures or eliminate them from the budget.



### 3.0 PHYSICAL ANALYSIS

#### 3.1 COMPONENT ASSESSMENT AND VALUATION

The component assessment and valuation of the itemized capital expenses on this property was done by providing our opinion of Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. Table 3.1A lists this component inventory, and is based on the information that we were provided and on onsite visual observations.

The remainder of "Section 3.0 Physical Analysis" details each of the items in Table 3.1A using narratives and photos. They are meant to be read together.

Table 3.1B is a summary of expenses, grouped according to their expense category. Chart 3.1B is a pie chart illustrating the same.

#### Table 3.1A Key:

**Quantity** - The total quantity of each component.

**Units** - SF = Square Feet                      SY = Square Yards                      LF = Lineal Feet  
EA = Each                      LS = Lump Sum                      SQ = Roofing Square (10 ft X 10 ft)

**Cost/Unit** - The cost of a component. The unit cost is multiplied by the component's quantity to obtain the total estimated replacement cost for the component.

**Remaining Life** – An opinion of the probable remaining life, in years, that a reserve component can be expected to continue to serve its intended function. Replacements anticipated to occur in the initial or base year have "zero" Remaining Life.

**Useful Life** - Total Useful Life or Depreciable Life. An opinion of the total probable life, in years, that a reserve component can be expected to serve its intended function in its present condition.

**Table 3.1A: Component Assessment and Valuation**

Note: All numbers provided are the engineer's opinion of probable life and cost in 2020 dollars. Exact numbers may vary.

	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost	Cost per Unit	Avg. Cost per Unit per Year
3.2	<b>SITE</b>								
	Asphalt overlay	105,600	SF	\$2.97	1	5	\$313,632	\$379	\$75.85
	Asphalt patching and repairs	5,000	SF	\$7.85	5	5	\$39,250	\$47.46	\$9.49
	Asphalt striping	1	LS	\$16,830	1	5	\$16,830	\$20.35	\$4.07
	Playground equipment replacement in both parks	1	LS	\$36,000	20	20	\$36,000	\$43.53	\$2.18
	Picnic shelters and picnic assets allotment	1	LS	\$14,500	2	7	\$14,500	\$17.53	\$2.50
	Replace front entrance sign	1	LS	\$6,000	1	10	\$6,000	\$7.26	\$0.73
	Replace clubhouse sign	1	LS	\$3,600	1	10	\$3,600	\$4.35	\$0.44
3.3	<b>STRUCTURES</b>								
	Replacement of backhoe shed and 5 water pump buildings	6	EA	\$5,500	12	25	\$33,000	\$39.90	\$1.60
	Replace covered picnic structures	2	EA	\$9,000	12	25	\$18,000	\$21.77	\$0.87
3.4	<b>ROOFING</b>								
	Resurface roof of office	29	SQ	\$475	15	25	\$13,775	\$16.66	\$0.67
	Resurface roof of clubhouse	44	SQ	\$1,481	49	50	\$65,170	\$78.80	\$1.58
	Replace roofs of water sheds and backhoe shed	10	SQ	\$475	2	25	\$4,750	\$5.74	\$0.23
3.5	<b>EXTERIOR</b>								
	Paint exterior of clubhouse	6,800	SF	\$2.75	0	8	\$18,700	\$22.61	\$2.83
	<i>Painting of the office is performed via the main budget outside of the Reserve Fund</i>								
3.6	<b>ELECTRICAL SYSTEMS</b>								
	Replace water systems generator #1	1	EA	\$30,000	9	30	\$30,000	\$36.28	\$1.21
	Replace water systems generator #2	1	EA	\$30,000	25	30	\$30,000	\$36.28	\$1.21

	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost	Cost per Unit	Avg. Cost per Unit per Year
3.7	<b>PLUMBING SYSTEMS</b>								
	Purchase electronic water meter readers and new software	1	LS	\$70,000	18	20	\$70,000	\$84.64	\$4.23
	Replace booster pumps	4	EA	\$12,000	23	40	\$48,000	\$58.04	\$1.45
	Replace meters with new electronic meters - Phase 4 of 8	1	LS	\$18,900	0	N/A	\$18,900	\$22.85	N/A
	Replace meters with new electronic meters - Phase 5 of 8	1	LS	\$18,900	1	N/A	\$18,900	\$22.85	N/A
	Replace meters with new electronic meters - Phase 6 of 8	1	LS	\$18,900	2	N/A	\$18,900	\$22.85	N/A
	Replace meters with new electronic meters - Phase 7 of 8	1	LS	\$18,900	3	N/A	\$18,900	\$22.85	N/A
	Replace meters with new electronic meters - Phase 8 of 8	1	LS	\$18,900	4	N/A	\$18,900	\$22.85	N/A
	Upgrade the computer monitoring system	1	LS	\$25,000	8	10	\$25,000	\$30.23	\$3.02
	Clean the concrete reservoirs	2	EA	\$1,600	0	3	\$3,200	\$3.87	\$1.29
	Caulk and seal the cracks in the concrete reservoirs	2	EA	\$3,500	0	6	\$7,000	\$8.46	\$1.41
	Replace the fire hydrants	57	EA	\$3,700	17	50	\$210,900	\$255.02	\$5.10
	Replace the office septic tank and drain field	1	LS	\$25,000	7	30	\$25,000	\$30.23	\$1.01
	Replace the clubhouse septic tank and drain field	1	LS	\$25,000	7	30	\$25,000	\$30.23	\$1.01
3.8	<b>HVAC SYSTEMS</b>								
	Replace clubhouse furnace	1	EA	\$5,000	0	20	\$5,000	\$6.05	\$0.30
3.9	<b>ELEVATORS</b>								
	<i>No elevators on property</i>								
3.10	<b>FIRE DETECTION &amp; SUPPRESSION</b>								
	<i>No fire detection and suppression systems on this property beyond smoke detectors and fire extinguishers</i>								
3.11	<b>COMMON INTERIOR FINISHES</b>								
	Replace the office carpet	45	SY	\$48	0	12	\$2,160	\$2.61	\$0.22
	Replace the clubhouse carpet	520	SY	\$48	0	12	\$24,960	\$30.18	\$2.52
	Renovate the clubhouse kitchen and upgrade all appliances	1	LS	\$25,000	0	20	\$25,000	\$30.23	\$1.51
	Clubhouse locker room enhancement	2	EA	\$9,000	0	15	\$18,000	\$21.77	\$1.45
	<i>Interior painting performed via the operating budget</i>								

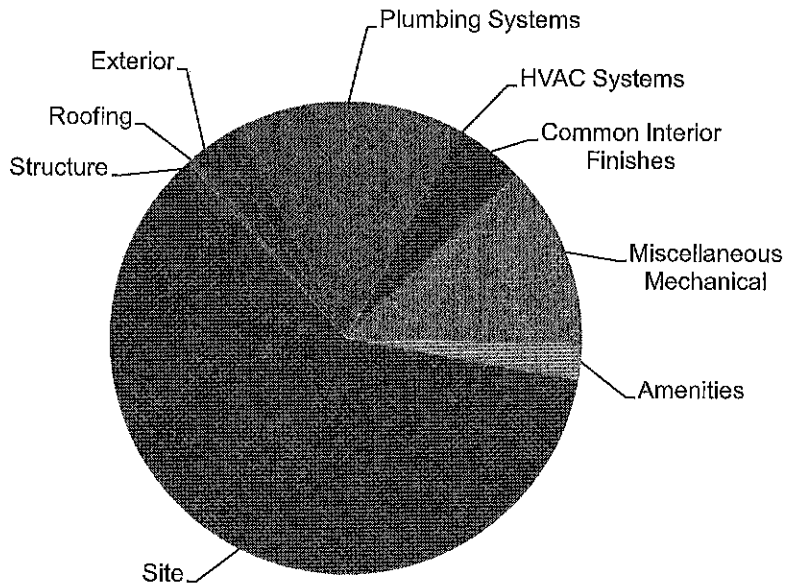
PROFESSIONAL RESERVE STUDY FOR NISQUALLY PINES DATED AUGUST 11, 2020

Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost	Cost per Unit	Avg. Cost per Unit per Year
<b>3.12 MISCELLANEOUS</b>								
Replace chipper	1	EA	\$8,800	12	20	\$8,800	\$10.64	\$0.53
Replace mowers	3	EA	\$12,000	2	10	\$36,000	\$43.53	\$4.35
Truck allotment	1	LS	\$10,000	1	5	\$10,000	\$12.09	\$2.42
Office computer replacement	5	EA	\$1,500	1	3	\$7,500	\$9.07	\$3.02
Server replacement	1	LS	\$2,000	3	3	\$2,000	\$2.42	\$0.81
Sauna renovation	2	EA	\$6,000	1	12	\$12,000	\$14.51	\$1.21
Replace back hoe	1	EA	\$85,000	1	20	\$85,000	\$102.78	\$5.14
Replace hydraulic trailer	1	EA	\$4,500	1	20	\$4,500	\$5.44	\$0.27
Replace water tank trailer	1	EA	\$2,500	1	20	\$2,500	\$3.02	\$0.15
Replace diesel tank	1	EA	\$3,200	1	25	\$3,200	\$3.87	\$0.15
Surveillance system allotment	1	LS	\$7,000	4	10	\$7,000	\$8.46	\$0.85
<b>3.13 AMENITIES</b>								
Re-plaster swimming pool	3,378	SF	\$12.50	13	25	\$42,225	\$51.06	\$2.04
Re-tile swimming pool	1	LS	\$4,800	13	25	\$4,800	\$5.80	\$0.23
Replace pool pump	1	EA	\$10,000	9	10	\$10,000	\$12.09	\$1.21
Replace pool furnace	1	EA	\$9,000	0	20	\$9,000	\$10.88	\$0.54
Replace sand pool filter system	1	LS	\$1,800	1	10	\$1,800	\$2.18	\$0.22
<b>Average Cost Per Unit Per Year</b>								<b>\$153</b>

**Table 3.1B: Table of Categorized Expenses over the Duration of the Study**

Category	Total Expenditure over 30 Years	Percentage
Site	\$3,685,304	59.3%
Structure	\$72,714	1.2%
Roofing	\$37,051	0.6%
Exterior	\$110,410	1.8%
Electrical Systems	\$101,957	1.6%
Plumbing Systems	\$981,251	15.8%
HVAC Systems	\$14,031	0.2%
Elevators	\$0	0.0%
Fire Detection & Suppreslon	\$0	0.0%
Common Interior Finishes	\$280,803	4.5%
Miscellaneous Mechanical	\$779,796	12.5%
Amenities	\$156,155	2.5%
<b>TOTAL</b>	<b>\$6,219,471</b>	

**Figure 3.1B: Pie Chart of Categorized Expenses over the Duration of the Study**



**3.20 SUMMARY OF ANNUAL ANTICIPATED EXPENSES**

Using the conclusions described throughout "Section 3.0 Physical Analysis", the following Table 3.20 lists the annual anticipated capital expenses for each reserve item in the year that we believe is most probable. All of these anticipated expenses already have inflation factored into them at the assumed level that is listed in "Section 4.3 Assumptions for Future Interest Rate and Inflation".





LEVEL 3 RESERVE STUDY FOR NISQUALLY PINES COMMUNITY CLUB

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

Action Required	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>3.12 MISCELLANEOUS</b>													
Replace chipper													\$12,547
Replace mowers			\$38,192										\$51,327
Truck allotment		\$10,300					\$11,941					\$13,842	
Office computer replacement		\$7,725			\$8,441			\$9,224			\$10,079		
Server replacement				\$2,185			\$2,388			\$2,610			\$2,852
Sauna renovation		\$12,360											
Replace back hoe		\$87,550											
Replace hydraulic trailer		\$4,635											
Replace water tank trailer		\$2,575											
Replace diesel tank		\$3,296											
Surveillance system allotment					\$7,879								
<b>3.13 AMENITIES</b>													
Re-plaster swimming pool													
Re-tile swimming pool													
Replace pool pump										\$13,048			
Replace pool furnace	\$9,000												
Replace sand pool filter system		\$1,854										\$2,492	
<b>ANNUAL EXPENSES BY YEAR</b>													
	\$131,920	\$500,026	\$78,666	\$26,335	\$37,592	\$45,502	\$421,097	\$70,718	\$55,358	\$77,895	\$62,828	\$487,059	\$192,649







LEVEL 3 RESERVE STUDY FOR NISQUALLY PINES COMMUNITY CLUB

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
<b>3.12 MISCELLANEOUS</b>													
Replace chipper													
Replace mowers										\$68,980			
Truck allotment				\$16,047					\$18,603				
Office computer replacement	\$11,014			\$12,035			\$13,151			\$14,371			\$15,703
Server replacement			\$3,116			\$3,405			\$3,721			\$4,066	
Sauna renovation	\$17,622												\$25,125
Replace back hoe									\$158,125				
Replace hydraulic trailer									\$8,371				
Replace water tank trailer									\$4,651				
Replace diesel tank													
Surveillance system allotment		\$10,588										\$14,230	
<b>3.13 ADVERTISEMENTS</b>													
Re-plaster swimming pool	\$62,009												
Re-tile swimming pool	\$7,049												
Replace pool pump							\$17,535						
Replace pool furnace								\$16,255					
Replace sand pool filter system									\$3,349				
<b>ANNUAL EXPENSES BY YEAR</b>													
	\$97,694	\$10,588	\$118,756	\$611,653	\$348,586	\$182,501	\$30,686	\$206,348	\$835,388	\$83,350	\$123,349	\$132,172	\$185,823

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

	Action Required	2046	2047	2048	2049	2050
<b>3.2 SITE</b>						
	Asphalt overlay	\$676,376				
	Asphalt patching and repairs					\$95,270
	Asphalt striping	\$36,295				
	Playground equipment replacement in both parks					
	Picnic shelters and picnic assets allotment					\$35,195
	Replace front entrance sign					
	Replace clubhouse sign					
<b>3.3 STRUCTURE</b>						
	Replacement of backhoe shed and 5 water pump buildings					
	Replace covered picnic structures					
<b>3.4 ROOFING</b>						
	Resurface roof of office					
	Resurface roof of clubhouse					
	Replace roofs of water sheds and backhoe shed		\$10,551			
<b>3.5 EXTERIOR</b>						
	Paint exterior of clubhouse					
<b>3.6 ELECTRICAL SYSTEMS</b>						
	Replace water systems generator #1					
	Replace water systems generator #2					

**TABLE 3.20: ANNUAL CAPITAL EXPENSES**

	Action Required	2046	2047	2048	2049	2050
<b>3.7 PLUMBING SYSTEMS</b>						
	Purchase electronic water meter readers and new software					
	Replace booster pumps					
	Replace meters with new electronic meters - Phase 4 of 8					
	Replace meters with new electronic meters - Phase 5 of 8					
	Replace meters with new electronic meters - Phase 6 of 8					
	Replace meters with new electronic meters - Phase 7 of 8					
	Replace meters with new electronic meters - Phase 8 of 8					
	Upgrade fire computer monitoring system			\$57,198		
	Clean the concrete reservoirs	\$7,108				\$7,767
	Caulk and seal the cracks in the concrete reservoirs					\$16,991
	Replace the fire hydrants					
	Replace the office septic tank and drain field					
	Replace the clubhouse septic tank and drain field					
<b>3.8 HVAC SYSTEMS</b>						
	Replace clubhouse furnace					
<b>3.9 ELEVATORS</b>						
	No elevators on property					
<b>3.10 FIRE DETECTION &amp; SUPPRESSION</b>						
	No fire detection and suppression systems on this property beyond smoke detectors and fire extinguishers					
<b>3.11 COMMON INTERIOR FINISHES</b>						
	Replace the office carpet					
	Replace the clubhouse carpet					
	Renovate the clubhouse kitchen and upgrade all appliances					
	Clubhouse locker room enhancement					\$43,691

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required	2046	2047	2048	2049	2050
<b>3.12 MISCELLANEOUS</b>					
Replace chipper					
Replace mowers					
Truck allotment	\$21,566				
Office computer replacement			\$17,159		
Server replacement		\$4,443			\$4,855
Sauna renovation					
Replace back hoe					
Replace hydraulic trailer					
Replace water tank trailer					
Replace diesel tank	\$6,901				
Surveillance system allotment					
<b>3.13 AVENUES</b>					
Re-plaster swimming pool					
Re-tile swimming pool					
Replace pool pump				\$23,566	
Replace pool furnace					
Replace sand pool filter system					
<b>ANNUAL EXPENSES BY YEAR</b>	<b>\$741,138</b>	<b>\$22,102</b>	<b>\$74,358</b>	<b>\$23,566</b>	<b>\$203,769</b>

## 4.0 FINANCIAL ANALYSIS

The financial analysis in this Reserve Study is a proprietary system that was developed by Jeff Samdal & Associates. We have provided the funding method that we believe will most adequately fund the reserves of this Association.

### 4.1 CURRENT FINANCIAL INFORMATION AND CURRENT FUNDING PLAN

The Association's Reserve Fund balance was \$897,288 as of September 30, 2019 (Balance provided by Charity Mayerl). According to our calculations detailed in this report, the Reserve Fund balance required for "Full Funding" of this property at this time is \$940,701. Therefore, the property is 95.4% funded.

The current annual contribution to the reserve fund is \$247,800, which averages \$24.97 per unit per month. For the purpose of comparison to our recommended funding plans, we have assumed that the Association will increase their current reserve fund contribution by 3% annually to account for inflation. This is shown in Table 4.5 "Reserve Fund Balance Sheet" (Section 4.5) and all subsequent figures.

This property is currently  
**95.4% funded.**

**This funding contribution is not adequate to obtain "Full Funding" of this property.**

### 4.2 RECOMMENDED RESERVE FUNDING PLAN

Full Funding is the ideal position for any property and represents a strong financial position. We recommend that all properties be Fully Funded, as Full Funding allows Associations to maintain their properties adequately and minimizes their risk of unplanned special assessments.

Ideally, the Association should be Fully Funded immediately; however, we recognize that financial realities can sometimes make this difficult. Therefore, we have provided three different plans to get the Association Fully Funded within three different time frames: Immediately, Within Five Years, and Within Ten Years. It is to the Association's benefit to be Fully Funded as soon as possible.

Our funding recommendations are as follows:

#### Option One: Immediate Full Funding

If the Association desires to be Fully Funded immediately, then based on the anticipated expenditures the Association will need to immediately contribute a total of \$43,413 to the Reserve Fund. This translates to an average of \$52 per unit. Following this initial contribution, the funding plan necessary to maintain a Fully Funded Capital Reserve Fund for the duration of this study will be a total property contribution of \$130,418 per year in the initial year, which translates to \$12.76 per unit per month. This annual contribution will need to be increased 3% each subsequent year to maintain Full Funding and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 "Reserve Fund Balance Sheet" (Section 4.5).

-OR-

**Option One**

Average Immediate Contribution Per Unit:  
**\$52**

Avg. Contribution Thereafter Per Unit Per Month:  
**2021 \$12.76**  
(with 3% annual increase thereafter)

**Option Two: Full Funding Within Five Years**

There is currently a “full funding” deficiency of \$43,413. This option makes up this deficiency over the next five years. Starting in 2021 for five years through 2025, the Association will make up their Reserve Fund deficiency by contributing \$139,621 annually (which includes \$9,203 in make-up funds and \$130,418 in capital maintenance funds that will increase annually with inflation). This translates to an average of \$14.07 per unit per month in the initial year.

If this plan is followed, the Association will be Fully Funded by the start of 2026. From this point on, the funding plan will be identical to funding plan listed above in the “Immediate Full Funding” option to maintain Full Funding. This means that the Association will reduce their Reserve Fund contribution to \$151,190 in 2026, which translates to \$15.23 per unit per month. This 2026 annual contribution will need to be increased 3% each subsequent year (to account for inflation) for the duration of this 30 year study to maintain Full Funding and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

-OR-

**Option Three: Full Funding Within Ten Years**

There is currently a “full funding” deficiency of \$43,413. This option makes up this deficiency over the next ten years. Starting in 2021 for ten years through 2030, the Association will make up their Reserve Fund deficiency by contributing \$135,359 annually (which includes \$4,941 in make-up funds and \$130,418 in capital maintenance funds that will increase annually with inflation). This translates to an average of \$13.64 per unit per month in the initial year.

If this plan is followed, the Association will be Fully Funded by the start of 2031. From this point on, the funding plan will be identical to funding plan listed above in the “Immediate Full Funding” option to maintain Full Funding. This means that the Association will reduce their Reserve Fund contribution to \$175,271 in 2031, which translates to \$17.66 per unit per month. This 2031 annual contribution will need to be increased 3% each subsequent year for the duration of this 30 year study to maintain Full Funding and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

Other funding options are also possible. Section 4.6 details other common funding methods as well. It is up to the Association to decide which funding option is best for them.

**Option Two**

Average Contributions  
Per Unit Per Month:

2021 \$14.07

Increasing at 3% per  
year through:

2025 \$15.72

At year end, full funding  
will be achieved. Then:

2026 \$15.23

(with 3% annual  
increase thereafter)

**Option Three**

Average Contributions  
Per Unit Per Month:

2021 \$13.64

Increasing at 3% per  
year through:

2030 \$17.64

At year end, full funding  
will be achieved. Then:

2031 \$17.66

(plus 3% annual  
increase thereafter)



### 4.3 OTHER REQUIRED FUNDING PLAN OPTIONS

Per Washington State RCW 64.90.550, our Reserve Study is required to provide the following funding plans:

- **30-Year Make up** - Funding Plan necessary for the Association Reserve Fund to reach a Full Funding Level in 30 years.
- **Baseline Funding** - Minimum level of funding required in order to maintain the Reserve Fund above zero while paying for all components listed in Table 3.1 - Component Assessment and Valuation Table.

*Special Note: Because these are “bare minimum” funding options that increase an Association’s risk for special assessments (and financial instability), we do not recommend either of these funding options. We recommend that the Association obtain a level of Full Funding as soon as possible to ensure that the Association has the resources necessary to adequately maintain its collective property and minimize the burden of special assessments.*

These required options are as follows:

#### Option Four: Full Funding in 30 Years

There is currently a “full funding” deficiency of \$43,413. This option makes up this deficiency over the next thirty years. Starting in 2021 for thirty years through 2050, the Association will make up their Reserve Fund deficiency by contributing \$132,568 annually (which includes \$2,150 in make-up funds and \$130,418 in capital maintenance funds that will increase annually with inflation). This translates to an average of \$13.36 per unit per month in the initial year.

If this plan is followed, the Association will be Fully Funded by the start of 2050.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

-OR-

#### Option Five: Baseline Funding – Keeping Reserve Balance above Zero

The funding plan necessary to maintain the Reserve Fund above zero for the duration of this study will be an annual contribution of \$107,378 per year in the initial year, which translates to \$10.82 per unit per month. This annual contribution will need to be increased 3% each subsequent year to maintain the Reserve Fund above zero and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 “Reserve Fund Balance Sheet” (Section 4.5).

<b>Option Four</b>	
Average Contributions Per Unit Per Month:	
2021	\$13.36
Increasing at 3% per year through:	
2050	\$31.19

<b>Option Five</b>	
Average Contributions Per Unit Per Month:	
\$10.82	
(with 3% annual increase thereafter)	

#### 4.4 ASSUMPTIONS FOR FUTURE INTEREST RATE AND INFLATION

For the purposes of this report, we have assumed that the inflation rate over the next 30 years will average 3%. This is based on historical averages over the last 25 years and our conservative best guess for the future. This percentage can vary greatly just as global economic conditions can vary, which is one reason why this Reserve Study should be updated annually per Washington RCW 64.90.550, which we provide complimentary over the next two years with this Reserve Study (see Appendix).

For the purpose of this study, we will assume that the Association manages their money in the Reserve Fund so that the average interest rate return on its money will be equal to that of inflation. This is a conservative estimate given that since 1965, the average yield between short term treasuries and inflation has been 1.04%, which means that these relatively conservative investments have been able to outpace inflation over the long term (according to Crestmont Research, [www.crestmontresearch.com](http://www.crestmontresearch.com)). Since we have assumed that the inflation rate over the duration of this study will average 3%, we have conservatively also assumed that the Reserve Fund average interest rate will equal 3%. Again, this does not reflect current averages but rather a best guess of the future assuming you have invested effectively.

A common strategy is to invest in multiple accounts. Funds that will be necessary in the shorter term must be kept in a relatively liquid account. Funds that are not allotted for near future planned expenditures can be deposited into longer term investments which frequently earn higher interest rates. Consult with a qualified financial advisor for the best solution for your Association.

#### 4.5 ANNUAL FUND BALANCES; ANNUAL FUNDING TABLE AND FIGURES

The table and figures shown in this section are intended to give the Association a clearer view of the likely future financial position that the Association will be in, provided that the reserve funding plan is followed.

- Table 4.5: “Reserve Fund Balance Sheet”. This table lists annual revenue, expenses, and year end reserve fund balances. All Section 4.5 Figures are based on this data.
- Figure 4.5A-1: “Comparison of Funding Plans -- Reserve Fund Balances Through 2050”. This line graph depicts the funding balances of the proposed funding options vs. the current. Note the current plan, in dotted red, falls below zero in several places. This represents insufficient funding for repairs needed in these years.
- Figure 4.5A-2: “Comparison of Funding Plans -- Reserve Fund Balances Through 2030”. This line graph focuses on the next ten years, comparing the proposed plans to get the Association to a Full Funding status.
- Figure 4.5B: “Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year”
- Figure 4.5C: “Comparison of Funding Plans – Percentage of Full Funding by Year”



LEVEL 3 RESERVE STUDY FOR NISQUALLY PINES COMMUNITY CLUB

TABLE 4.5: RESERVE FUND BALANCE SHEET

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
<b>FULL FUNDING WITHIN 10 YEARS</b>												
Beginning Reserve Balance	897,288	1,041,825	702,943	785,546	927,834	1,067,177	1,207,012	974,282	1,094,809	1,239,284	1,370,103	1,525,169
Full Funding Annual Maintenance Funding	247,800	130,418	134,331	138,360	142,511	146,787	151,180	155,726	160,398	165,210	170,166	175,271
Planned Special Assessments / Make up Funds												
Annual Total Property Contribution to The Reserve Fund	247,800	135,359	139,272	143,302	147,452	151,728	156,131	160,667	165,339	170,151	175,107	175,271
Average Monthly Contribution to the Reserve Fund per Unit	24.97	13.64	14.03	14.44	14.86	15.29	15.73	16.19	16.66	17.15	17.64	17.66
Annual Capital Expenses	131,920	500,026	78,666	26,335	37,592	45,502	421,097	70,718	55,358	77,895	62,828	487,059
Interest Income	28,657	25,785	21,997	25,321	29,463	33,609	32,236	30,578	34,484	38,562	42,787	41,078
<b>Ending Reserve Balance</b>	<b>1,041,825</b>	<b>702,943</b>	<b>785,546</b>	<b>927,834</b>	<b>1,067,177</b>	<b>1,207,012</b>	<b>974,282</b>	<b>1,094,809</b>	<b>1,239,284</b>	<b>1,370,103</b>	<b>1,525,169</b>	<b>1,254,459</b>
Percentage of Full Funding	110.7%	94.7%	95.7%	96.7%	97.5%	98.1%	98.1%	98.7%	99.2%	99.6%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>												
<b>FULL FUNDING WITHIN 30 YEARS</b>												
Beginning Reserve Balance	897,288	1,041,825	700,110	779,796	919,079	1,055,327	1,191,974	955,960	1,073,105	1,214,096	1,341,326	1,492,696
Full Funding Annual Maintenance Funding	247,800	130,418	134,331	138,360	142,511	146,787	151,180	155,726	160,398	165,210	170,166	175,271
Planned Special Assessments / Make up Funds												
Annual Total Property Contribution to The Reserve Fund	247,800	132,568	136,481	140,511	144,662	148,937	153,341	157,876	162,548	167,360	172,316	177,421
Average Monthly Contribution to the Reserve Fund per Unit	24.97	13.36	13.75	14.16	14.58	15.01	15.45	15.91	16.38	16.86	17.36	17.88
Annual Capital Expenses	131,920	500,026	78,666	26,335	37,592	45,502	421,097	70,718	55,358	77,895	62,828	487,059
Interest Income	28,657	25,743	21,871	25,107	29,178	33,211	31,743	29,986	33,801	37,765	41,882	40,136
<b>Ending Reserve Balance</b>	<b>1,041,825</b>	<b>700,110</b>	<b>779,796</b>	<b>919,079</b>	<b>1,055,327</b>	<b>1,191,974</b>	<b>955,960</b>	<b>1,073,105</b>	<b>1,214,096</b>	<b>1,341,326</b>	<b>1,492,696</b>	<b>1,223,195</b>
Percentage of Full Funding	110.7%	94.4%	95.0%	95.8%	96.4%	96.9%	96.3%	96.8%	97.2%	97.6%	97.9%	97.5%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>												
<b>CASH FUNDING</b>												
Beginning Reserve Balance	897,288	1,041,825	674,542	727,191	837,903	943,979	1,049,782	779,180	860,915	964,597	1,052,535	1,162,546
Full Funding Annual Maintenance Funding	247,800	107,378	110,599	113,917	117,335	120,855	124,481	128,215	132,061	136,023	140,104	144,307
Planned Special Assessments / Make up Funds												
Annual Total Property Contribution to The Reserve Fund	247,800	107,378	110,599	113,917	117,335	120,855	124,481	128,215	132,061	136,023	140,104	144,307
Average Monthly Contribution to the Reserve Fund per Unit	24.97	10.82	11.14	11.48	11.82	12.18	12.54	12.92	13.31	13.71	14.12	14.54
Annual Capital Expenses	131,920	500,026	78,666	26,335	37,592	45,502	421,097	70,718	55,358	77,895	62,828	487,059
Interest Income	28,657	25,365	20,715	23,129	26,333	29,450	27,014	24,238	26,978	29,810	32,735	29,735
<b>Ending Reserve Balance</b>	<b>1,041,825</b>	<b>674,542</b>	<b>727,191</b>	<b>837,903</b>	<b>943,979</b>	<b>1,048,782</b>	<b>779,180</b>	<b>860,915</b>	<b>964,597</b>	<b>1,052,535</b>	<b>1,162,546</b>	<b>849,529</b>
Percentage of Full Funding	110.7%	90.9%	88.6%	87.4%	86.3%	85.3%	78.5%	77.6%	77.2%	76.5%	76.2%	67.7%

TABLE 4.5: RESERVE FUND BALANCE SHEET

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>CURRENT FUNDING PLAN</b>												
Beginning Reserve Balance	2,956,536	3,197,852	3,653,231	4,018,442	4,398,900	4,301,895	4,480,748	4,845,651	5,388,065	5,781,300	5,561,089	6,111,216
Planned Special Assessments												
Regular Reserve Fund Contribution	343,013	353,304	363,903	374,820	386,064	397,646	409,576	421,863	434,519	447,554	460,981	474,810
Annual Total Property Contribution to the Reserve Fund	343,013	353,304	363,903	374,820	386,064	397,646	409,576	421,863	434,519	447,554	460,981	474,810
Average Monthly Contribution to the Reserve Fund per Unit	34.56	35.60	36.67	37.77	38.90	40.07	41.27	42.51	43.78	45.10	46.45	47.84
Annual Capital Expenses	192,649	97,694	10,588	118,756	611,653	348,586	182,501	30,686	206,348	835,388	83,350	123,349
Interest Income	90,952	98,770	111,897	124,384	128,583	129,793	137,829	151,237	165,065	167,622	172,497	188,608
<b>Ending Reserve Balance</b>	<b>3,197,852</b>	<b>3,553,231</b>	<b>4,018,442</b>	<b>4,398,900</b>	<b>4,301,895</b>	<b>4,480,748</b>	<b>4,845,651</b>	<b>5,388,065</b>	<b>5,781,300</b>	<b>5,561,089</b>	<b>6,111,216</b>	<b>6,651,286</b>
Percentage of Full Funding	249.9%	252.4%	246.0%	249.6%	307.1%	344.3%	352.7%	334.8%	344.1%	495.7%	464.0%	447.9%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>												

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>IMMEDIATE FULL FUNDING</b>												
Beginning Reserve Balance	1,254,459	1,279,791	1,407,759	1,633,641	1,762,340	1,400,618	1,301,244	1,373,837	1,609,264	1,680,217	1,121,788	1,317,096
Full Funding Annual Maintenance Funding	180,529	185,945	191,523	197,269	203,187	209,283	215,561	222,028	228,689	235,549	242,616	249,894
Planned Special Assessments / Make up Funds												
Annual Total Property Contribution to the Reserve Fund	180,529	185,945	191,523	197,269	203,187	209,283	215,561	222,028	228,689	235,549	242,616	249,894
Average Monthly Contribution to the Reserve Fund per Unit	18.19	18.74	19.30	19.88	20.47	21.09	21.72	22.37	23.04	23.74	24.45	25.18
Annual Capital Expenses	192,649	97,694	10,588	118,756	611,653	348,586	182,501	30,686	206,348	835,388	83,350	123,349
Interest Income	37,452	39,717	44,947	50,187	46,743	39,929	39,533	44,085	48,613	41,409	36,043	41,411
<b>Full Funding - Ending Reserve Balance</b>	<b>1,279,791</b>	<b>1,407,759</b>	<b>1,633,641</b>	<b>1,762,340</b>	<b>1,400,618</b>	<b>1,301,244</b>	<b>1,373,837</b>	<b>1,609,264</b>	<b>1,680,217</b>	<b>1,121,788</b>	<b>1,317,096</b>	<b>1,485,052</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>												

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>FULL FUNDING WITHIN 5 YEARS</b>												
Beginning Reserve Balance	1,254,459	1,279,791	1,407,759	1,633,641	1,762,340	1,400,618	1,301,244	1,373,837	1,609,264	1,680,217	1,121,788	1,317,096
Full Funding Annual Maintenance Funding	180,529	185,945	191,523	197,269	203,187	209,283	215,561	222,028	228,689	235,549	242,616	249,894
Planned Special Assessments / Make up Funds												
Annual Total Property Contribution to the Reserve Fund	180,529	185,945	191,523	197,269	203,187	209,283	215,561	222,028	228,689	235,549	242,616	249,894
Average Monthly Contribution to the Reserve Fund per Unit	18.19	18.74	19.30	19.88	20.47	21.09	21.72	22.37	23.04	23.74	24.45	25.18
Annual Capital Expenses	192,649	97,694	10,588	118,756	611,653	348,586	182,501	30,686	206,348	835,388	83,350	123,349
Interest Income	37,452	39,717	44,947	50,187	46,743	39,929	39,533	44,085	48,613	41,409	36,043	41,411
<b>Ending Reserve Balance</b>	<b>1,279,791</b>	<b>1,407,759</b>	<b>1,633,641</b>	<b>1,762,340</b>	<b>1,400,618</b>	<b>1,301,244</b>	<b>1,373,837</b>	<b>1,609,264</b>	<b>1,680,217</b>	<b>1,121,788</b>	<b>1,317,096</b>	<b>1,485,052</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>												

LEVEL 3 RESERVE STUDY FOR NISQUALLY PINES COMMUNITY CLUB

TABLE 4.5: RESERVE FUND BALANCE SHEET

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
<b>FULL FUNDING WITHIN 10 YEARS</b>												
Beginning Reserve Balance	1,254,459	1,279,791	1,407,759	1,633,641	1,762,340	1,400,618	1,301,243	1,373,837	1,609,264	1,680,217	1,121,788	1,317,096
Full Funding Annual Maintenance Funding	180,529	185,945	191,523	197,269	203,187	209,283	215,561	222,028	228,689	235,549	242,616	249,894
Planned Special Assessments / Make up Funds												
Annual Total Property Contribution to The Reserve Fund	180,529	185,945	191,523	197,269	203,187	209,283	215,561	222,028	228,689	235,549	242,616	249,894
Average Monthly Contribution to the Reserve Fund per Unit	18.19	18.74	19.30	19.88	20.47	21.09	21.72	22.37	23.04	23.74	24.45	25.18
Annual Capital Expenses	192,649	97,694	10,588	118,756	611,653	348,586	182,501	30,686	206,348	835,388	83,350	123,349
Interest Income	37,452	39,717	44,947	50,187	46,743	39,929	39,533	44,085	48,613	41,409	36,043	41,411
<b>Ending Reserve Balance</b>	<b>1,279,791</b>	<b>1,407,759</b>	<b>1,633,641</b>	<b>1,762,340</b>	<b>1,400,618</b>	<b>1,301,243</b>	<b>1,373,837</b>	<b>1,609,264</b>	<b>1,680,217</b>	<b>1,121,788</b>	<b>1,317,096</b>	<b>1,485,052</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>												
<b>FULL FUNDING WITHIN 50 YEARS</b>												
Beginning Reserve Balance	1,223,195	1,249,771	1,379,022	1,606,224	1,736,284	1,375,962	1,278,031	1,352,111	1,589,068	1,661,599	1,104,793	1,301,774
Full Funding Annual Maintenance Funding	180,529	185,945	191,523	197,269	203,187	209,283	215,561	222,028	228,689	235,549	242,616	249,894
Planned Special Assessments / Make up Funds	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Annual Total Property Contribution to The Reserve Fund	182,679	188,095	193,674	199,419	205,337	211,433	217,711	224,178	230,839	237,700	244,766	252,045
Average Monthly Contribution to the Reserve Fund per Unit	18.41	18.95	19.52	20.09	20.69	21.31	21.94	22.59	23.26	23.95	24.66	25.40
Annual Capital Expenses	192,649	97,694	10,588	118,756	611,653	348,586	182,501	30,686	206,348	835,388	83,350	123,349
Interest Income	36,546	38,849	44,117	49,397	45,994	39,222	38,869	43,466	48,039	40,883	35,565	40,984
<b>Ending Reserve Balance</b>	<b>1,249,771</b>	<b>1,379,022</b>	<b>1,606,224</b>	<b>1,736,284</b>	<b>1,375,962</b>	<b>1,278,031</b>	<b>1,352,111</b>	<b>1,589,068</b>	<b>1,661,599</b>	<b>1,104,793</b>	<b>1,301,774</b>	<b>1,471,454</b>
Percentage of Full Funding	97.7%	98.0%	98.3%	98.5%	98.2%	98.2%	98.4%	98.7%	98.9%	98.5%	98.8%	99.1%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>												
<b>BASELINE FUNDING</b>												
Beginning Reserve Balance	849,529	830,342	911,484	1,068,135	1,185,097	749,023	592,574	605,254	777,811	782,815	155,226	278,033
Full Funding Annual Maintenance Funding	148,636	153,095	157,688	162,419	167,291	172,310	177,479	182,804	188,288	193,937	199,755	205,747
Planned Special Assessments / Make up Funds												
Annual Total Property Contribution to The Reserve Fund	148,636	153,095	157,688	162,419	167,291	172,310	177,479	182,804	188,288	193,937	199,755	205,747
Average Monthly Contribution to the Reserve Fund per Unit	14.98	15.43	15.89	16.37	16.86	17.36	17.88	18.42	18.97	19.54	20.13	20.73
Annual Capital Expenses	192,649	97,694	10,588	118,756	611,653	348,586	182,501	30,686	206,348	835,388	83,350	123,349
Interest Income	24,826	25,741	29,551	33,299	28,287	19,827	17,702	20,439	23,063	13,863	6,403	9,577
<b>Ending Reserve Balance</b>	<b>830,342</b>	<b>911,484</b>	<b>1,068,135</b>	<b>1,165,097</b>	<b>749,023</b>	<b>592,574</b>	<b>605,254</b>	<b>777,811</b>	<b>782,815</b>	<b>155,226</b>	<b>278,033</b>	<b>370,008</b>
Percentage of Full Funding	64.9%	64.7%	66.6%	66.1%	53.5%	45.5%	44.1%	48.3%	46.6%	13.8%	21.1%	24.9%



TABLE 4.5: RESERVE FUND BALANCE SHEET

	2044	2045	2046	2047	2048	2049	2050
<b>FULL FUNDING WITHIN 10 YEARS</b>							
Beginning Reserve Balance	1,485,052	1,656,701	1,786,881	1,365,395	1,669,400	1,938,051	2,275,136
Full Funding Annual Maintenance Funding	257,391	265,113	273,066	281,258	289,696	298,387	307,339
Planned Special Assessments / Make up Funds							
Annual Total Property Contribution to The Reserve Fund	257,391	265,113	273,066	281,258	289,696	298,387	307,339
Average Monthly Contribution to the Reserve Fund per Unit	25.94	26.71	27.52	28.34	29.19	30.07	30.97
Annual Capital Expenses	132,172	185,823	741,138	22,102	74,358	23,566	203,769
Interest Income	46,430	50,890	46,585	44,849	53,312	62,264	69,808
<b>Ending Reserve Balance</b>	<b>1,656,701</b>	<b>1,786,881</b>	<b>1,365,395</b>	<b>1,669,400</b>	<b>1,938,051</b>	<b>2,275,136</b>	<b>2,448,513</b>
Percentage of Full Funding	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>							
<b>FULL FUNDING WITHIN 30 YEARS</b>							
Beginning Reserve Balance	1,471,454	1,644,877	1,776,885	1,357,281	1,663,226	1,933,874	2,273,017
Full Funding Annual Maintenance Funding	257,391	265,113	273,066	281,258	289,696	298,387	307,339
Planned Special Assessments / Make up Funds	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Annual Total Property Contribution to The Reserve Fund	259,542	267,263	275,217	283,409	291,846	300,537	308,489
Average Monthly Contribution to the Reserve Fund per Unit	26.15	26.93	27.73	28.56	29.41	30.28	31.19
Annual Capital Expenses	132,172	185,823	741,138	22,102	74,358	23,566	203,769
Interest Income	46,054	50,568	46,318	44,638	53,159	62,171	69,776
<b>Ending Reserve Balance</b>	<b>1,644,877</b>	<b>1,776,885</b>	<b>1,357,281</b>	<b>1,663,226</b>	<b>1,933,874</b>	<b>2,273,017</b>	<b>2,448,513</b>
Percentage of Full Funding	99.3%	99.4%	99.4%	99.6%	99.8%	99.9%	100.0%
<i>Yellow Highlighted Cells Represent Make-Up Funds</i>							
<b>BASELINE FUNDING</b>							
Beginning Reserve Balance	370,008	462,052	508,855	64	212,676	385,679	622,688
Full Funding Annual Maintenance Funding	211,920	218,277	224,826	231,570	238,518	245,673	253,043
Planned Special Assessments / Make up Funds							
Annual Total Property Contribution to The Reserve Fund	211,920	218,277	224,826	231,570	238,518	245,673	253,043
Average Monthly Contribution to the Reserve Fund per Unit	21.35	21.99	22.65	23.33	24.03	24.76	25.50
Annual Capital Expenses	132,172	185,823	741,138	22,102	74,358	23,566	203,769
Interest Income	12,296	14,348	7,521	3,144	8,843	14,902	19,420
<b>Ending Reserve Balance</b>	<b>462,052</b>	<b>508,855</b>	<b>64</b>	<b>212,676</b>	<b>385,679</b>	<b>622,688</b>	<b>691,383</b>
Percentage of Full Funding	27.9%	28.5%	0.0%	12.7%	19.9%	27.4%	28.2%



Figure 4.5A-1 Comparison of Funding Plans – Reserve Fund Balances Through 2050

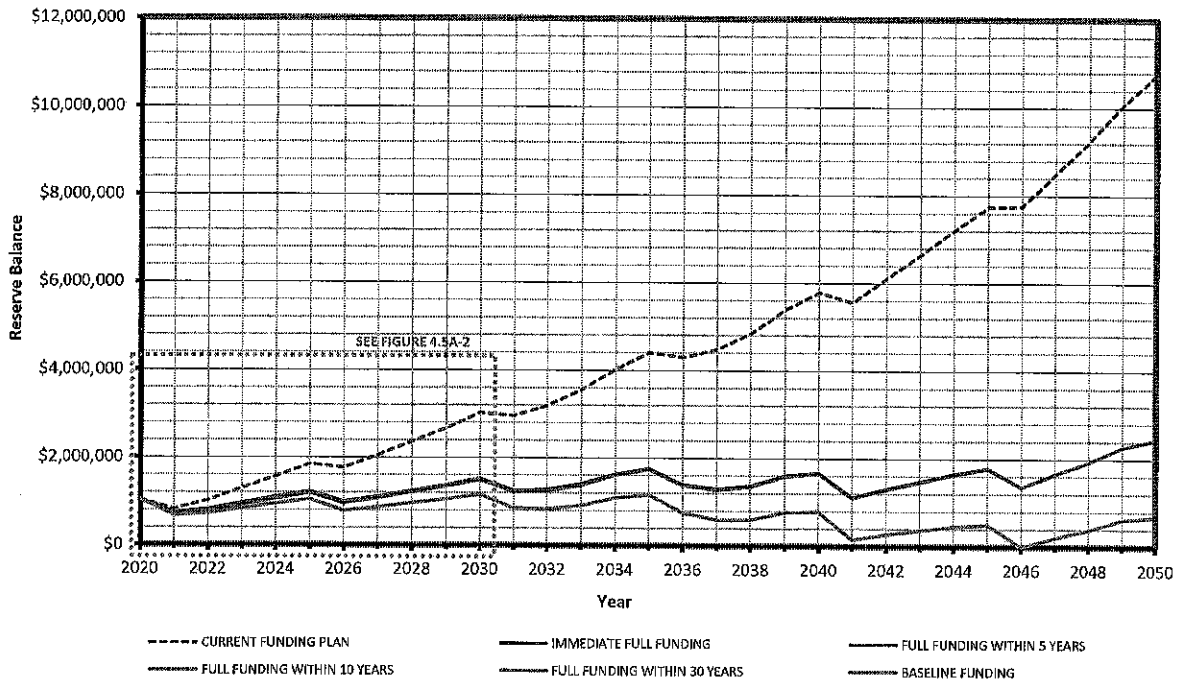


Figure 4.5A-2 Comparison of Funding Plans – Reserve Fund Balances Through 2030

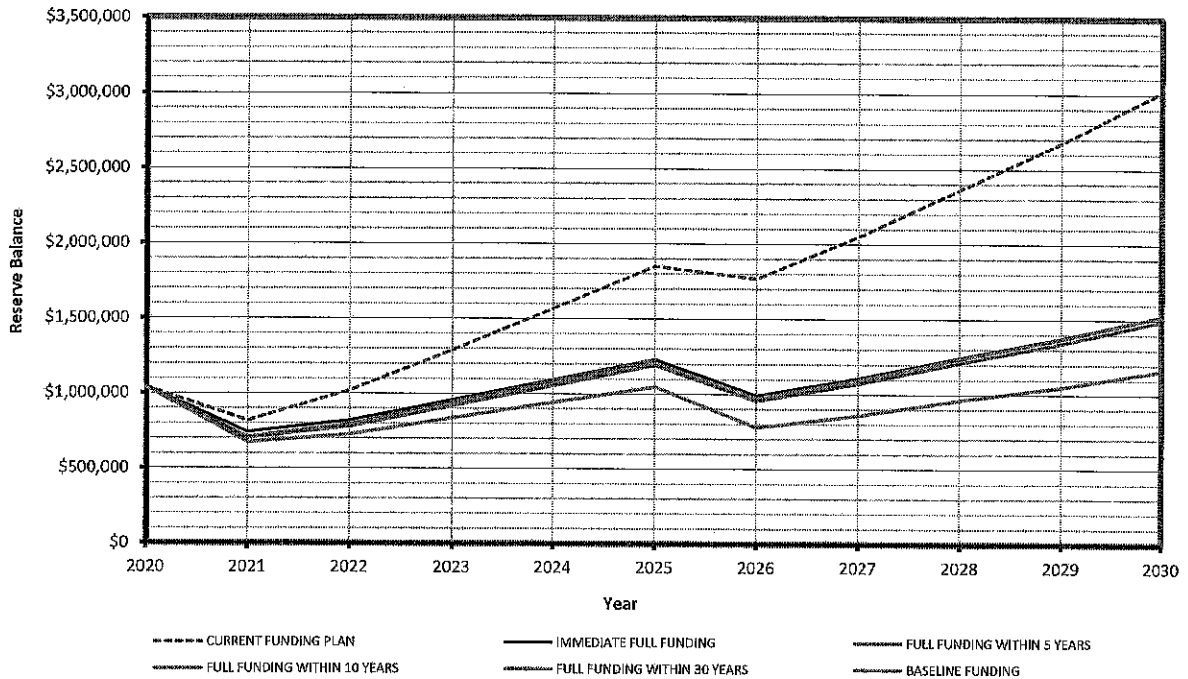


Figure 4.5B Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year

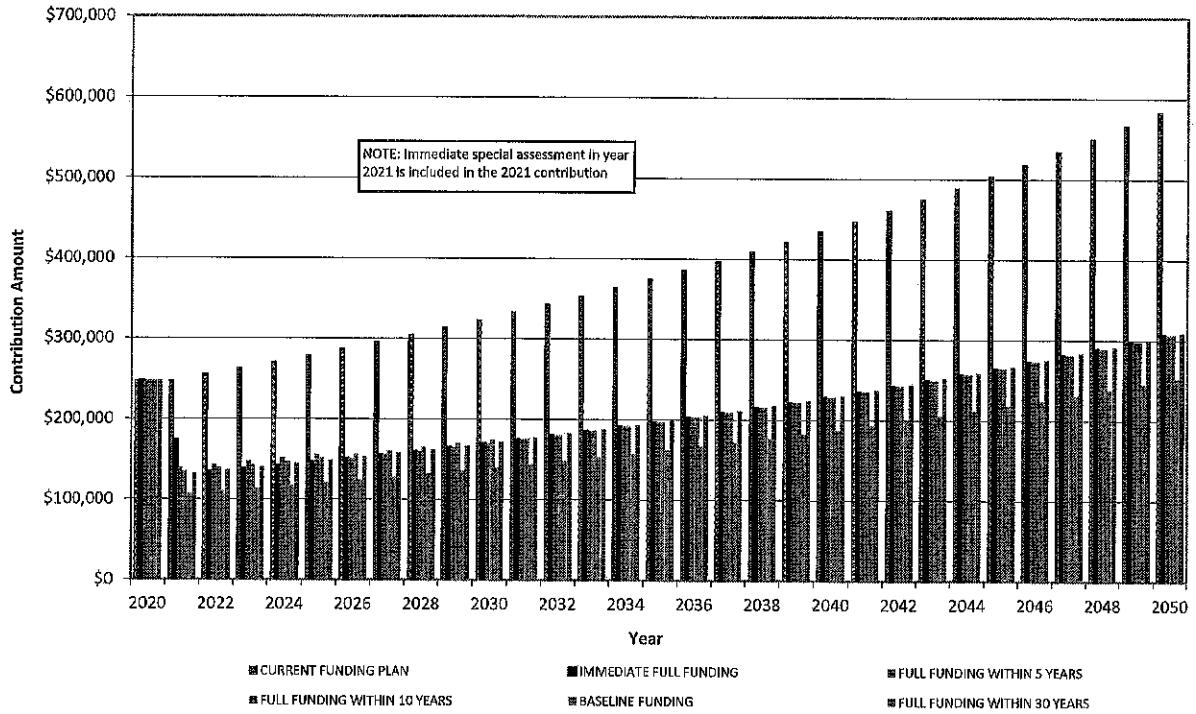
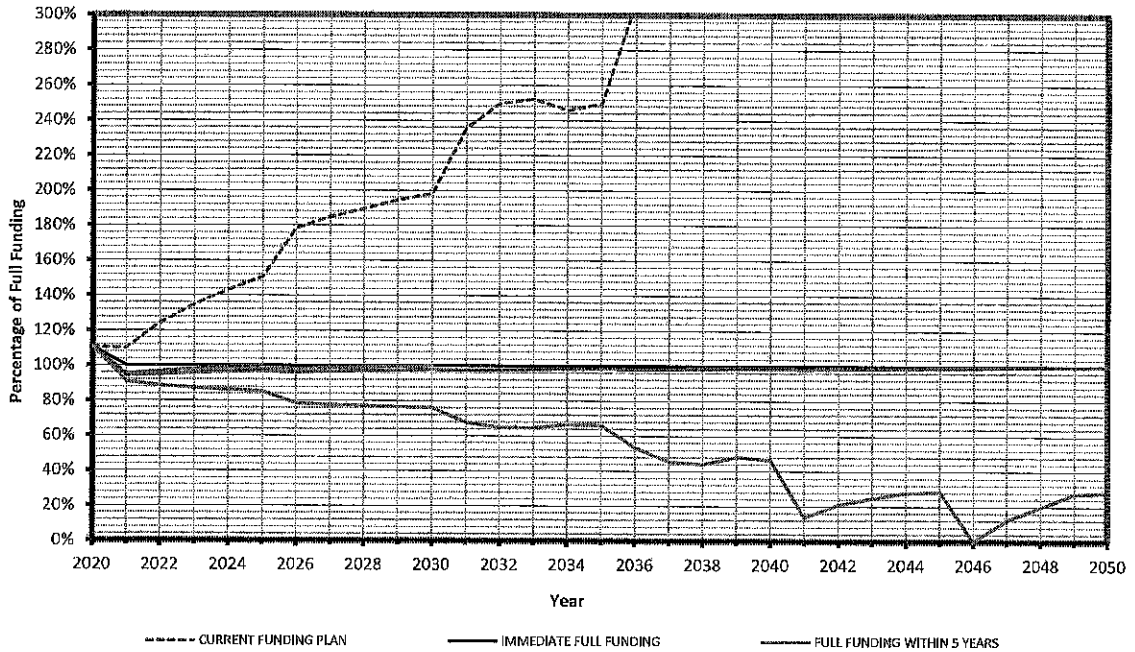


Figure 4.5C Comparison of Funding Plans – Percentage of Full Funding by Year



## 4.6 OTHER COMMON FUNDING METHODS

The following methods are methods that are sometimes implemented. We believe that many of these funding methods that keep the reserve fund at less than "Fully Funded" represent a weaker position for the Association. As the Fully Funded percentage decreases, the likelihood of unplanned special assessments increases.

### **Cash Flow Method**

A method of calculating Reserve contributions 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 Method**

A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual components.

### **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 the Reserve Fund at or near 100% funded. *Recommended by Jeff Samdal & Associates*

### **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 Funded."

## 5.0 LIMITATIONS

This report has been prepared for the exclusive use of Nisqually Pines Homeowners Association and their property management company. We do not intend for any other party to rely on this report for any reason without our expressed written consent. If another individual or party relies on this study, they shall indemnify and hold Jeff Samdal & Associates harmless for any damages, losses, or expenses they may incur as a result of its use.

The Level 3 Reserve Study is a reflection of the information provided to us. This report has been prepared for Nisqually Pines Homeowners Association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records. Our inspection report is not an exhaustive technical inspection of the property; we merely comment on the items that we believe that our clients would benefit from knowing. During a typical inspection, no invasive inspection is performed, no furnishings are moved, and no finishes are removed.

This report is a snap shot in time of the condition of the property at the time of inspection. The remaining life values that we list are based on our opinion of the remaining useful life and are by no means a guarantee. Our opinions are based on what we believe one could reasonably expect and are not based on worst case scenarios. These opinions are based upon our experience with other buildings of similar age and construction type. Opinions will vary and you may encounter contractors and/or consultants with differing opinions from ours. Ratings of various building components are most often determined by comparison to other buildings of similar age and construction type. The quality of materials originally impacts our judgment of their current state.

The life expectancy estimates that we prepare are based on National Association of Home Builders (NAHB) averages, Building Owners and Managers (BOMA) averages, product defined expected life averages, and our own assessment of typical life expectancy based on our experience with similar components in our area.

This report will tell you a great deal about the overall condition of this property. However, this report does not constitute a warranty, an insurance policy, or a guarantee of any kind. Owning any property involves some risk and while we can give an excellent overview of the property, we cannot inspect what we cannot see.

Our inspection and report do not include building code compliance or municipal regulatory compliance. Nor do they include mold investigations, hazardous materials investigations, or indoor air quality analysis.

The purpose of this report is not intended to be a statement of insurability of this property as insurance companies have particular standards for insurability of certain building types and certain building materials.

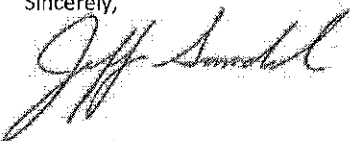
While we may comment that certain components have been recalled that we are aware of, we are not aware of all recalls. It is beyond the scope of this inspection to determine all systems or components that are currently or will be part of any recall in the future. You may wish to subscribe or contact the CPSC (Consumer Product Safety Commission) web site for recall information regarding any system or component. If a problem is encountered on your property, we cannot be responsible for any corrective action that you take, unless we have the opportunity to review the conditions, before repairs are made.

Please ensure that you have read and understand the entire proposal to perform this Level 3 Reserve Study that was signed prior to our inspection. If you have any questions regarding this document, please contact us.

We appreciate the opportunity to be of assistance and we hope that we have provided you a clear understanding of your financial situation and given you a better overall understanding of the your property. This report supersedes any opinion or discussion that occurred during the inspection and should be considered our complete opinion of the condition of this property.

Please contact us if you have any questions regarding this report. We will be happy to be of assistance.

Sincerely,



Jeff Samdal, PE, RS, PRA

## **APPENDIX**

### Resume of Engineer Performing Study

# Jeff Samdal, P.E., Principal

## Professional Qualifications and Experience

### Areas of Expertise

Mr. Samdal is the owner of Jeff Samdal & Associates, Inc. (formerly Samdal Engineering), a corporation that specializes in building inspections, engineering, project management, and related services. He is a double-licensed Professional Engineer (Mechanical and Civil) in Washington State. He is also an accredited Building Inspection Engineer (BIE) and Reserve Specialist (RS). He has performed thousands of building inspections as well as numerous additional services such as building envelope investigations, construction management, and general consulting for property owners pertaining to building maintenance and long term budgeting. Mr. Samdal consistently earns repeat and referral business because of his attention to detail, practical approach, knowledge of the industry, and genuine appreciation for clients' concerns for their real estate investments.

### Capabilities

Mr. Samdal is experienced at performing residential (single- and multi-family), commercial, and industrial inspections in Washington State and beyond. Mr. Samdal's experience includes the following:

- Property Condition Assessments (PCAs)
- Capital Needs Assessments (CNAs)
- Reserve Studies for Condominiums and Homeowner's Association
- Building Envelope Studies

### Relevant Work History

Mr. Samdal has been owner and operator of Jeff Samdal & Associates / Samdal Engineering since 2005. Before concentrating on building inspections, Mr. Samdal worked for Washington Group International's (WGI) Hydropower and Water Resources Group. While working for WGI, Mr. Samdal was involved in rebuilding and rehabilitating hydro facilities. He served as the on-site powerhouse and switchyard inspector during construction. His duties included design, drawing and specification preparation, cost estimating, scheduling, and construction management. Prior to working for WGI, Mr. Samdal worked for Duke Energy in a similar role.

### Education

BS in Mechanical Engineering, University of Washington

### Licenses and Certifications

- *Licensed Professional Engineer (PE)*, Mechanical Engineering, State of Washington, #40985
- *Licensed Professional Engineer (PE)*, Civil Engineering, State of Washington, #40985
- *Reserve Specialist (RS)*, Community Associations Institute (CAI), #173
- *Professional Reserve Analyst (PRA)*, Association of Professional Reserve Analysts
- *Building Inspection Engineer (BIE)*, National Association of Building Inspection Engineers
- *Structural Pest Inspector*, State of Washington, #70763

### Professional Affiliation

American Society of Mechanical Engineers, 2002 – present

### Community Involvement

Mr. Samdal is married with two kids and lives in Woodinville. He has volunteered as a Little League coach since 2009 starting with tee-ball and volunteers as a scout leader.