

Notes on Structural Integrity Reserve Study

September 12, 2023

Dear Owners,

Please find attached the report that has been prepared for us by O & S Associates. It is a lot of information and complex with detailed projections.

Reserve Studies are done for condominium associations as a “budgeting tool” and to help them develop a “funding strategy” going forward. The report utilizes the concept of “Ideal Fully Funded Balance” as a measuring stick to evaluate the overall health of the reserve fund. The fully funded balance is not a statement of how much money needs to be in the reserve fund and should not be interpreted as such.

This Reserve Study will be updated next summer to reflect our condominium’s situation at that time. The calculations done next summer will be what we will be required to fund come January 1, 2025.

Summary on upper Right Corner of Spreadsheet

Fiscal Year 2024 – Fully Funded Balance of \$2,895,000

This is a calculation of what the reserve fund balance would be if the association had “fully funded” reserves since inception of the association. As mentioned, the fully funded balance is used to evaluate the reserve balance. The current reserve balance is zero dollars which equates to 0% funded.

Remember, we have not funded Reserves for our Property.

Reserve Contribution for 2024 -- \$845,000 with expenditures of \$624,000

We will use their figures on our Reserve Schedule for the 2024 Budget along with our other Reserve Items (Paving, Pool, Elevators, Plumbing, Pavers & Pool Fencing). We will isolate out the “structural integrity portion” and give you a vote separately for this. You will have 2 reserves to vote upon next year 2024.

Budget for 2025 will show the mandated structural integrity reserve portion which will be adjusted and reviewed by O & S Engineering to reflect what we have done during the year of 2024, primarily the electrical portion and these amounts will be automatically set up to bill for January 1, 2025.