

# *HAWAII INSPECTION GROUP*



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Licensed General Contractors · Licensed Civil Engineers**

October 25, 2016

## **Letter of Transmittal**

Commercial Properties of Maui  
1962B Wells Street  
Wailuku, Hawaii 96793  
Attn: Ms Jane Kramer

Subject: Haleakala Gardens AOA 2017 Reserve Study, Final version, 10-25-16.

Ms Kramer

Attached you will find a copy of:

Report Cover Sheet  
Table of Contents  
Reserve Study Summary  
Reserve Item Summary  
Cash Flow  
Expense Report  
Expense Summary

If you have any questions concerning this matter please call.

Sincerely,

Prepared by:

**Bud Stanton for  
Hawaii Inspection Group, Inc.**

Encl  
cc: File

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## **Funding Reserve Analysis**

*for*

## **Haleakala Gardens AOA 2017**

October 25, 2016



15 Kulanihako Street, Kihei, Hawaii

**Funding Reserve Analysis**  
*for*  
**Haleakala Gardens AOA 2017**

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October 25, 2016

Ms Jane Kramer  
Commercial Properties of Maui  
1962B Wells Street,  
Wailuku, Hawaii 96793

Ms. Kramer,

Hawaii Inspection Group, Inc. is pleased to present to Ms Jane Kramer the requested Reserve Funding study. We believe that you will find the attached study to be thorough and complete. After you have had an opportunity to review the report you may have questions. Please do not hesitate to write or call - we would be pleased to answer any questions you may have.

## **Project Description**

Haleakala Gardens is a residential condominium complex located in Kihei, Hawaii, consisting of 164 units in 20 buildings and a recreation building.

**Summary of Financial Assumptions**

The below table contains a partial summary of information provided by Ms Jane Kramer for the Haleakala Gardens AOA 2017 funding study.

<i>Reserve Study by Calendar Year Starting</i>	<i>January 1, 2017</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Dues Paying Members</i>	<i>164</i>
<i>Initial Reserves<sup>1</sup></i>	<i>\$ 711,759</i>
<i>Annual Inflation Rate</i>	<i>2.70%</i>
<i>Tax Rate on Reserve Interest</i>	<i>0.00%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$ 0</i>
<i>Dues Change Period</i>	<i>1 Year</i>
<i>Annual Operating Budget</i>	<i>\$ 0</i>

<sup>1</sup> See Appendix A

**Recommended Payment Schedule**

The below table contains Hawaii Inspection Group, Inc. recommended schedule of payments for the next five years. Failure to follow the propose schedule of payments may result in inadequate reserve funds or require the use of Special Assessments in the future.

**Proposed Modified Payment**

Calendar Year	Member Monthly Reserve Payment	Monthly Reserve Payment	Annual Reserve Payment	Proposed Reserve Balance
2017	\$ 73.84	\$ 12,109	\$ 145,313	\$ 598,183
2018	\$ 75.83	\$ 12,436	\$ 149,236	\$ 482,509
2019	\$ 77.88	\$ 12,772	\$ 153,266	\$ 631,980
2020	\$ 79.98	\$ 13,117	\$ 157,404	\$ 584,002
2021	\$ 82.14	\$ 13,471	\$ 161,654	\$ 494,718
2022	\$ 84.36	\$ 13,835	\$ 166,019	\$ 458,259

\* Annual Reserve Payments have been manually modified.

Payments to reserve account have been manipulated to reduce financial burden to the AOA members, and increases annually by rate of inflation.

**Reserve Study Assumptions**

- Cost estimates and financial information are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurable risks.
- The association plans to continue to maintain the existing common areas and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

### **Impact of Component Life**

The projected life expectancy of the major components and the reserve funding needs of the association are closely tied. Performing the appropriate routine maintenance for each major component generally increases the component useful life, effectively moving the component expense into the future which reduces the reserve funding payments of the association. Failure to perform such maintenance can shorten the remaining useful life of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

### **Inflation Estimate**

Inflation for the last year has been reviewed and a best estimate of the expected inflation for 2010 has been used to inflate future Expenses. Further adjustments to this rate should be reviewed and made at time of updates if necessary, to keep funding as accurate as possible.

### **Initial Reserves**

Initial reserves for this Reserve Study were known to be \$ 711,759 on July 31, 2016. Based upon a study start date of January 1, 2017 a total of 154 days of accrued interest at 0.00 percent per annum were compounded to yield an initial reserve balance of \$ 711,759.

The implicit assumption has been made that the reserve accounts were not drawn down between the date of the known reserve balance and the study start date.

### **Financial Condition of Association**

Reserve balances taken from the July 2016 Balance Sheet provided by CPMMI. It is assumed for the purpose of this study that the funds in the reserve accounts will not be drawn down prior to the start of the study.

### **Reserve Funding Goal**

The reserve fund is set to be at or above the prescriptive value of \$0. (Statutory Funding) January 1, 2017

### **Study Method**

Funding studies may be done in several ways, but we believe that the value of a funding study lies in the details. "Bulk" studies are quick, usually inexpensive, and almost always border on worthless. We believe that meaningful answers to funding studies lie in the details. In this study, we have used the "Component" method because it is the only method which allows scrutiny of the funding details. The method is pragmatic, and allows human judgement and experience to enter into the equation.

Unless noted otherwise, the present cost of every reserve item in this report has been estimated using the "National Construction Estimator", a nationally recognized standard, and modified by an area cost adjustment factor. Where possible, known costs have been used. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine the inflated cost.

Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year

using the end of period payment method. Interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur until fully depleted, reducing annual reserve payments to a minimum. As you review this report, we are certain that you will appreciate the level of detail provided, allowing you to review each reserve item in detail.

### **Summary of Findings**

Hawaii Inspection Group, Inc. has estimated future projected expenses for Haleakala Gardens AOA 2017 based upon preservation of existing improvements.

The attached funding study is limited in scope to those expense items listed in the attached "Haleakala Gardens AOA 2017 Reserve Study Expense Items". Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long lived items overlaps the 30 Years reserve study envelope.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that member monthly fees as shown in the attached "Haleakala Gardens AOA 2017 Dues Summary" will realize this goal. Some reserve items in the "Revenue Summary Table" may not contain payments. In this analysis the initial reserves were used to make annual payments for expense items in their order of occurrence until the initial reserve was consumed. As a result reserve items without payments may be expected, particularly in the first few years of the funding study. Ms Jane Kramer represents and warrants that the information provided to Hawaii Inspection Group, Inc., including but not limited to that information contained in the attached Reserve Study Information Summary, that the maintenance records are complete and accurate, and that Hawaii Inspection Group, Inc. may rely upon such information and documents without further verification or corroboration. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, Ms Jane Kramer shall provide to Hawaii Inspection Group, Inc. Ms Jane Kramer's best-estimated age of that item. If Ms Jane Kramer is unable to provide and estimate of a Reserve Item's age, Hawaii Inspection Group, Inc. shall make its own estimate of age of the Reserve Item. The Reserve Study is created for the association's use, and is a reflection of information provided to Hawaii Inspection Group, Inc.. This information is not for the purpose of performing an audit, historical records, quality or forensic analyses. Any on site inspection is not considered to be a project audit or quality inspection.

### **Keeping Your Reserve Study Current**

Hawaii Inspection Group, Inc. believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is at best a few years, and certainly not more than five years.

This reserve study should be updated:

- At least once a year
- At changes in interest rates
- At changes in inflation rates
- At changes in the number of dues paying members
- Before starting new improvements
- Before making changes to the property
- After a flood or fire
- After the change of ownership or management

- After Annexation or Incorporation

**Items Beyond the Scope of this Report**

- Building or land appraisals for any purpose.
- State or local zoning ordinance violations.
- Building code violations.
- Soils conditions, soils contamination or geological stability of site.
- Engineering analysis or structural stability of site.
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, radon, water quality or other environmental hazards.
- Invasions by pests, termites and any or all other destroying organisms, insects, birds, bats or animals to buildings or site. This study is not a pest inspection.
- Adequacy or efficiency of any system or component on site.

Specifically excluded reserve items:

- Septic systems and septic tanks. Buried or concealed portions of swing pools, pool liners, Jacuzzis and spas or similar items.
- Items concealed by signs, carpets or other things are also excluded from this study.
- Missing or omitted information supplied by the Commercial Properties of Maui for the purposes of reserve study preparation.
- Hidden improvements such as sewer lines, water lines, irrigation lines or other buried or concealed items.

**Conflict of Interest**

As the preparer of this reserve study, Hawaii Inspection Group, Inc. certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

**Statement of Qualifications**

Hawaii Inspection Group, Inc. is a professional in the business of preparing reserve studies for community associations. I have inspected the association improvements, and have made a complete review of all components required to complete a reserve study. I have completed a physical inspection of the components listed in this reserve study. My inspection included a review of current condition, economic life, remaining useful life, and replacement cost of all components included in this reserve study. No destructive testing was done. This was done by field measurements not drawing take-offs.

Hawaii Inspection Group, Inc. would like to thank Commercial Properties of Maui for the opportunity to be of service in the preparation of the attached Funding Study. Again, please feel free to write or call at our letterhead address if you have any questions.



*Prepared by Hawaii Inspection Group, Inc.*

*Haleakala Gardens AOA 2017 Funding Study Summary - Continued*

Prepared by:

**Bud Stanton for  
Hawaii Inspection Group, Inc.**

Enclosures:

APPENDIX "A" - Summary of Reserve Accounts

**APPENDIX "A"**  
**Summary of Reserve Accounts**

<b>Account Description</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Statement Date</b>
1111 Reserve 2	\$ 262,444.46	.00%	July 31, 2016
1108 FHB Reserves	\$ 79,597.72	.00%	July 31, 2016
1109 ASB Reserve Checking	\$ 202,204.67	.00%	July 31, 2016
1103 Citigroup Reserves	\$ 107,562.10	.00%	July 31, 2016
2016 Reserve Contributions, Aug to Dec.	\$ 59,950.00	.00%	July 31, 2016
Reserve Account Total Earned Interest	\$ 0.00		January 1, 2017
<i>Reserve Values Used :</i>	<i>\$ 711,758.95</i>	<i>.00%</i>	<i>January 1, 2017</i>

*Initial reserve balances have been provided by client and have not been audited for use in this report.*

***Evaluation of Initial Reserve Account:***

*Reserve balances taken from the July 2016 Balance Sheet provided by CPMMI. It is assumed for the purpose of this study that the funds in the reserve accounts will not be drawn down prior to the start of the study.*

*Initial reserve funds are contained in 5 separate funding accounts. The future value of each account was calculated based upon the account interest rate and the number of elapsed days until the study start date (January 1, 2017). The future value of the accounts was totaled and the interest rates were blended to yield a weighted average interest rate of 0.00%. The implicit assumption has been made that the reserve accounts were not drawn down between the date of the known reserve balance and the study start date.*

**Haleakala Gardens AOA 2017 Reserve Study Expense Item Summary**

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
<b>AOAO Common Buildings</b>						
(1) Stairway Repair Allowance	\$ 10,000	3 Years	10 Years	\$ 11,139	\$ 2,785	Yes
(2) Wood Repair Allowance	\$ 105,000	16 Years	20 Years	\$ 166,076	\$ 9,769	Yes
(3) 2nd Floor Stair Landing Repairs Phase 1	\$ 250,000	0 Years	20 Years	\$ 256,834	\$ 256,834	Yes
2nd Floor Stair Landing Repairs Phase 2	\$ 250,000	1 Years	20 Year	\$ 263,855	\$ 131,928	Yes
<b>(C1) Electrical</b>						
Single Meter with 150amp Disconnect for Recreation Bldg	\$ 285	24 Years	45 Years	\$ 559	\$ 22.37	Yes
30 Space 240v 225amp Recreation Bldg Breaker Panel	\$ 1,888	24 Years	45 Years	\$ 3,704	\$ 148	Yes
600amp Main Disconnect Bldg 7	\$ 4,272	24 Years	45 Years	\$ 8,384	\$ 335	Yes
4 Bank Meters with 100amp Disconnects Bldg 7	\$ 1,530	26 Years	45 Years	\$ 3,169	\$ 117	Yes
450amp Main Disconnects for 8 Unit Bldgs	\$ 56,487	26 Years	45 Years	\$ 117,002	\$ 4,333	Yes
3 Bank Meters with 100amp Disconnects for 8 Unit Bldgs	\$ 21,774	25 Years	45 Years	\$ 43,901	\$ 1,688	Yes
<b>Fire System</b>						
Fire Hydrants	\$ 9,800	18 Years	45 Years	\$ 16,359	\$ 861	Yes
<b>Landscaping</b>						
(4) Upgrade Allowance	\$ 20,000	8 Years	10 Years	\$ 25,494	\$ 2,833	Yes
(5) Irrigation Repair and Upgrade Allowance	\$ 2,500	3 Years	5 Years	\$ 2,785	\$ 696	Yes
Backflow Preventer Replacement	\$ 1,675	15 Years	18 Years	\$ 2,579	\$ 161	Yes
24 Station Irrigation Controllers	\$ 750	8 Years	10 Years	\$ 956	\$ 106	Yes
<b>(C2) Lighting</b>						
Parking Pole Lights 10 ft	\$ 12,000	6 Years	20 Years	\$ 14,493	\$ 2,070	Yes
Trellis Downlighting	\$ 10,125	5 Years	20 Years	\$ 11,903	\$ 1,984	Yes
Bollards	\$ 12,400	7 Years	20 Years	\$ 15,386	\$ 1,923	Yes
Mailbox lighting	\$ 525	3 Years	20 Years	\$ 585	\$ 146	Yes
<b>(C3) Paving</b>						
(6) Repair, Sealcoat, and Restripe Parking Areas	\$ 70,376	4 Years	7 Years	\$ 80,536	\$ 16,107	Yes

Haleakala Gardens AOA 2017 Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
Overlay Buildings 1 through 6	\$ 134,471	7 Years	30 Years	\$ 166,852	\$ 20,856	Yes
Overlay Buildings 7 through 14	\$ 140,189	7 Years	30 Years	\$ 173,947	\$ 21,743	Yes
Overlay Buildings 15 through 20	\$ 107,452	8 Years	30 Years	\$ 136,971	\$ 15,219	Yes
Overlay Center Lot by Recreation Building	\$ 112,559	8 Years	30 Years	\$ 143,481	\$ 15,942	Yes
(7) Sidewalk & Parking Curb Repairs	\$ 100,000	3 Years	30 Years	\$ 111,391	\$ 27,848	Yes
<b>Plumbing</b>						
Common Water Lines and Valves Repair Allowance	\$ 3,000	3 Years	10 Years	\$ 3,342	\$ 835	Yes
Common 2 inch Backflow Preventer Replacements	\$ 5,457	15 Years	18 Years	\$ 8,402	\$ 525	Yes
Sanitary/Storm Drain Repair Allowance	\$ 10,000	8 Years	10 Years	\$ 12,747	\$ 1,416	Yes
Sewer/Storm Drains Camera Inspect and Repair Allow. Bldgs 1-10	\$ 20,034	8 Years	10 Years	\$ 25,537	\$ 2,837	Yes
Sewer/Storm Drains Camera Inspect and Repair Allow. Bldgs 11-20	\$ 20,034	9 Years	10 Years	\$ 26,235	\$ 2,624	Yes
(8) Irrigation Water Well	\$ 62,000	30 Years	35 Years	\$ 143,050	\$ 4,615	Yes
Water Well and Casing Assessment	\$ 2,500	5 Years	10 Years	\$ 2,939	\$ 490	Yes
Water Well Test and Assessment	\$ 1,000	1 Years	3 Year	\$ 1,055	\$ 528	Yes
Water Main Repair Allowance	\$ 10,000	3 Years	10 Years	\$ 11,139	\$ 2,785	Yes
<b>Project Property</b>						
Mailboxes Replacements	\$ 21,854	3 Years	32 Years	\$ 24,343	\$ 6,086	Yes
Trash Enclosure Refurbishment and Repairs	\$ 2,000	0 Years	5 Years	\$ 2,055	\$ 2,055	Yes
Building and Directional Signage Allowance	\$ 10,000	3 Years	20 Years	\$ 11,139	\$ 2,785	Yes
Street Signage Refurbishment	\$ 2,500	3 Years	20 Years	\$ 2,785	\$ 696	Yes
6 ft Wood Fence Replacement	\$ 9,327	8 Years	25 Years	\$ 11,889	\$ 1,321	Yes
(9) Retaining Wall Repair Allowance	\$ 3,500	2 Years	9 Years	\$ 3,795	\$ 1,265	Yes
<b>Recreation Building</b>						

Haleakala Gardens AOA 2017 Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
Remodeling Allowance	\$ 12,000	3 Years	15 Years	\$ 13,367	\$ 3,342	Yes
Trellis Repair Allowance	\$ 5,000	16 Years	20 Years	\$ 7,908	\$ 465	Yes
Restroom Refurbishment and ADA upgrades	\$ 2,000	3 Years	10 Years	\$ 2,228	\$ 557	Yes
<b>(C4) Roofing</b>						
(10) Composition Shingles Buildings 1 through 7	\$ 101,629	27 Years	30 Years	\$ 216,260	\$ 7,724	Yes
(11) Composition Shingles Buildings 8 through 14	\$ 88,531	27 Years	30 Years	\$ 188,387	\$ 6,728	Yes
(12) Composition Shingles Buildings 15 through 21	\$ 81,098	27 Years	30 Years	\$ 172,570	\$ 6,163	Yes
Roofing Repair Allowance	\$ 10,000	3 Years	6 Years	\$ 11,139	\$ 2,785	No
<b>(C5) Waterproofing</b>						
(13) Building Painting 1 through 7	\$ 95,161	4 Years	10 Years	\$ 108,899	\$ 21,780	Yes
(14) Stair and Landing Non Slip Epoxy Coating 1 to 7	\$ 13,144	4 Years	10 Years	\$ 15,042	\$ 3,008	Yes
(15) Building Painting 8 through 14	\$ 98,175	5 Years	10 Years	\$ 115,419	\$ 19,237	Yes
Stair and Landing Non Slip Epoxy Coating 8 to 14	\$ 13,144	5 Years	10 Years	\$ 15,453	\$ 2,576	Yes
(16) Building Painting 15 through 21	\$ 86,075	6 Years	10 Years	\$ 103,960	\$ 14,851	Yes
Stair and Landing Non Slip Epoxy Coating 15 to 21	\$ 15,335	6 Years	10 Years	\$ 18,521	\$ 2,646	Yes
(17) Trellis Painting Buildings 1 through 7	\$ 39,600	4 Years	10 Years	\$ 45,317	\$ 9,063	Yes
(18) Trellis Painting Buildings 8 through 14	\$ 46,283	5 Years	10 Years	\$ 54,412	\$ 9,069	Yes
(19) Trellis Painting Buildings 15 through 21	\$ 32,065	6 Years	10 Years	\$ 38,728	\$ 5,533	Yes
<b>(C6) Contingency</b>						
(20) Consulting Fees	\$ 0.00	0 Year	1 Years	\$ 0	\$ 0.00	No
(21) Insurance Deductible	\$ 0.00	0 Year	1 Years	\$ 0	\$ 0.00	No
(22) Mold Related Fees	\$ 0.00	0 Year	1 Years	\$ 0	\$ 0.00	No

Raw Annual Payments do not include earned interest, tax adjustments or salvage.

Months Remaining in Calendar Year 2017: 12

Expected annual inflation: 2.70%

Interest earned on reserve funds: 0.00%

Initial Reserve: \$ 711,759

Category Comments

Haleakala Gardens AOA 2017 Funding Study Expense Item Summary - Continued

- (C1) - The electrical systems examined were found to be in very good condition; this influences the "expected life" of the equipment.
- (C2) - Some energy efficient measures have been taken with the lighting (compact fluorescents in the walkway lights). Further energy savings should be investigated at time of replacements.
- (C3) - It was stated that the parking areas were to be re-paved in 2017 via bid through Pacific Asphalt.
- (C4) - Roofing has been split into 3 zones to limit financial burden to the AOA.
- (C5) - Painting has been split into 3 zones to limit financial burden to the AOA. Rough pricing \$11,000/Bldg in 2012 - CPMMI.
- (C6) - The following Contingency items were funded in the 2010 study, and should be replenished when used: Consulting (\$2500), Insurance Deductible (\$5000), Mold Related Fees (\$2500).

Reserve Item Comments

- (1) Last performed in 2012 with completion of wood painting project.
- (2) Wood repair allowance figure based on average pricing of \$5,000/bldg provided by CPMMI for work done in 2012.
- (3) Pricing via verbal bid to CPMMI from vendor.
- (4) Last irrigation upgrades were started in 2013, and continued into 2014.
- (5) Irrigation overhaul completed in 2013 when irrigation well was installed.
- (6) Last repaired, sealcoated, and striped in October 2013 for approx. \$70K per CPMMI.
- (7) Pricing via verbal bid to CPMMI from vendor.
- (8) Well installed in 2012; pricing is for replacement well, and does not include the original engineering, etc. fees.
- (9) While no damage to the retaining wall systems was noted at this time, the AOA should have some funding for future repairs.
- (10) Buildings last re-roofed in 2014, with 30 year warranty, and included installation of ridge venting - CPMMI
- (11) Buildings last re-roofed in 2014, with 30 year warranty, and included installation of ridge venting - CPMMI
- (12) Buildings last re-roofed in 2014, with 30 year warranty, and included installation of ridge venting - CPMMI
- (13) Last painted in 2012.
- (14) Last painted in 2012.
- (15) Last painted in 2012.
- (16) Last painted in 2012.
- (17) Last painted in 2012.
- (18) Last painted in 2012.
- (19) Last painted in 2012.
- (20) Item funded in 2010; renew when used. (\$2500)
- (21) Item funded in 2010; renew when used. (\$5000)
- (22) Item funded in 2010; renew when used. (\$2500)

**Haleakala Gardens AOA 2017 Funding Study Modified Cash Flow Analysis**

Calendar Year	Annual Dues	Annual Interest	Salvage	Annual Expenses	Annual Income Tax	Net Reserve Funds
2017	\$ 145,313			\$ 258,889		\$ 598,183
2018	\$ 149,236			\$ 264,911		\$ 482,509
2019	\$ 153,266			\$ 3,795		\$ 631,980
2020	\$ 157,404			\$ 205,382		\$ 584,002
2021	\$ 161,654			\$ 250,937		\$ 494,718
2022	\$ 166,019			\$ 202,478		\$ 458,259
2023	\$ 170,501			\$ 175,702		\$ 453,058
2024	\$ 175,105			\$ 357,426		\$ 270,737
2025	\$ 179,832			\$ 360,263		\$ 90,307
2026	\$ 184,688			\$ 26,235		\$ 248,759
2027	\$ 189,674			\$ 4,036		\$ 434,397
2028	\$ 194,796			\$ 102,107		\$ 527,086
2029	\$ 200,055					\$ 727,141
2030	\$ 205,457			\$ 41,574		\$ 891,024
2031	\$ 211,004			\$ 221,654		\$ 880,374
2032	\$ 216,701			\$ 260,550		\$ 836,524
2033	\$ 222,552			\$ 386,680		\$ 672,396
2034	\$ 228,561					\$ 900,957
2035	\$ 234,732			\$ 242,820		\$ 892,869
2036	\$ 241,070			\$ 36,072		\$ 1,097,867
2037	\$ 247,579			\$ 450,152		\$ 895,294
2038	\$ 254,263			\$ 452,503		\$ 697,054
2039	\$ 261,128			\$ 1,859		\$ 956,323
2040	\$ 268,179			\$ 77,416		\$ 1,147,086
2041	\$ 275,420			\$ 302,918		\$ 1,119,588
2042	\$ 282,856			\$ 535,051		\$ 867,393
2043	\$ 290,493			\$ 421,495		\$ 736,391
2044	\$ 298,337			\$ 603,603		\$ 431,124
2045	\$ 306,392			\$ 118,670		\$ 618,846
2046	\$ 314,664			\$ 52,853		\$ 880,657
2047	\$ 323,160			\$ 147,665		\$ 1,056,153
<b>Totals :</b>	<b>\$ 6,910,091</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 6,565,697</b>	<b>\$ 0</b>	

The cash distribution shown in this table applies to repair and replacement cash reserves only.

Basis of Funding Study - Modified Cash Flow

Cash reserves have been set to a minimum of \$ 0

Cash Flow has been modified with the forced Fixed Payments.

Months Remaining in Calendar Year 2017: 12      Inflation = 2.70 %      Interest = 0.00 %

Study Life = 30 years      Initial Reserve Funds = \$ 711,758.95      Final Reserve Value = \$ 1,056,152.94

**Haleakala Gardens AOA 2017 Funding Study - Expenses by Item and by Calendar Year**


Item Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>Reserve Category : AOA Common Buildings</b>																				
Stairway Repair Allowance				\$ 11,139										\$ 14,587						
Wood Repair Allowance																	\$ 166,076			
2nd Floor Stair Landing Repairs Phase 1	\$ 256,834																			
2nd Floor Stair Landing Repairs Phase 2		\$ 263,855																		
<b>Category Subtotal :</b>	<b>\$ 256,834</b>	<b>\$ 263,855</b>		<b>\$ 11,139</b>										<b>\$ 14,587</b>			<b>\$ 166,076</b>			
<b>Reserve Category : Electrical</b>																				
Single Meter with 150amp Disconnect for Recreation Bldg																				
30 Space 240v 225amp Recreation Bldg Breaker Panel																				
600amp Main Disconnect Bldg 7																				
4 Bank Meters with 100amp Disconnects Bldg 7																				
450amp Main Disconnects for 8 Unit Bldgs																				
3 Bank Meters with 100amp Disconnects for 8 Unit Bldgs																				
<b>Category Subtotal :</b>																				
<b>Reserve Category : Fire System</b>																				
Fire Hydrants																				\$ 16,359
<b>Reserve Category : Landscaping</b>																				
Upgrade Allowance									\$ 25,494											\$ 33,387
Irrigation Repair and Upgrade Allowance				\$ 2,785					\$ 3,187					\$ 3,647						\$ 4,173
Backflow Preventer Replacement																\$ 2,579				
24 Station Irrigation Controllers									\$ 956											\$ 1,252
<b>Category Subtotal :</b>				<b>\$ 2,785</b>					<b>\$ 29,637</b>					<b>\$ 3,647</b>		<b>\$ 2,579</b>			<b>\$ 38,812</b>	
<b>Reserve Category : Lighting</b>																				
Parking Pole Lights 10 ft							\$ 14,493													
Trellis Downlighting						\$ 11,903														
Bollards								\$ 15,386												
Mailbox lighting				\$ 585																

Payments made with Initial Reserves



**Haleakala Gardens AOA 2017 Funding Study Expenses by Calendar Year - Continued**

Item Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>Category Subtotal :</b>				\$ 585		\$ 11,903	\$ 14,493	\$ 15,386												
<b>Reserve Category : Paving</b>																				
Repair, Sealcoat, and Restripe Parking Areas					\$ 80,536							\$ 97,270								\$ 117,481
Overlay Buildings 1 through 6								\$ 166,852												
Overlay Buildings 7 through 14								\$ 173,947												
Overlay Buildings 15 through 20									\$ 136,971											
Overlay Center Lot by Recreation Building									\$ 143,481											
Sidewalk & Parking Curb Repairs				\$ 111,391																
<b>Category Subtotal :</b>				\$ 111,391	\$ 80,536			\$ 340,799	\$ 280,452			\$ 97,270								\$ 117,481
<b>Reserve Category : Plumbing</b>																				
Common Water Lines and Valves Repair Allowance				\$ 3,342										\$ 4,376						
Common 2 inch Backflow Preventer Replacements																\$ 8,402				
Sanitary/Storm Drain Repair Allowance									\$ 12,747											\$ 16,693
Sewer/Storm Drains Camera Inspect and Repair Allow. Bldgs 1-10									\$ 25,537											\$ 33,443
Sewer/Storm Drains Camera Inspect and Repair Allow. Bldgs 11-20										\$ 26,235										\$ 34,357
Irrigation Water Well																				
Water Well and Casing Assessment						\$ 2,939										\$ 3,849				
Water Well Test and Assessment		\$ 1,055			\$ 1,144			\$ 1,241			\$ 1,345			\$ 1,459			\$ 1,582			\$ 1,715
Water Main Repair Allowance				\$ 11,139										\$ 14,587						
<b>Category Subtotal :</b>		\$ 1,055		\$ 14,481	\$ 1,144	\$ 2,939		\$ 1,241	\$ 38,284	\$ 26,235	\$ 1,345			\$ 20,422		\$ 12,251	\$ 1,582		\$ 50,136	\$ 36,072
<b>Reserve Category : Project Property</b>																				
Mailboxes Replacements				\$ 24,343																
Trash Enclosure Refurbishment and Repairs	\$ 2,055					\$ 2,351					\$ 2,691					\$ 3,079				
Building and Directional Signage Allowance				\$ 11,139																
Street Signage Refurbishment				\$ 2,785																

 Payments made with Initial Reserves

**Haleakala Gardens AOA 2017 Funding Study Expenses by Calendar Year - Continued**

Item Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
6 ft Wood Fence Replacement									\$ 11,889											
Retaining Wall Repair Allowance			\$ 3,795									\$ 4,838								
<b>Category Subtotal :</b>	<b>\$ 2,055</b>		<b>\$ 3,795</b>	<b>\$ 38,267</b>		<b>\$ 2,351</b>			<b>\$ 11,889</b>		<b>\$ 2,691</b>	<b>\$ 4,838</b>				<b>\$ 3,079</b>				
<b>Reserve Category : Recreation Building</b>																				
Remodeling Allowance				\$ 13,367																\$ 20,032
Trellis Repair Allowance																	\$ 7,908			
Restroom Refurbishment and ADA upgrades				\$ 2,228										\$ 2,917						
<b>Category Subtotal :</b>				<b>\$ 15,595</b>										<b>\$ 2,917</b>			<b>\$ 7,908</b>			<b>\$ 20,032</b>
<b>Reserve Category : Roofing</b>																				
Composition Shingles Buildings 1 through 7																				
Composition Shingles Buildings 8 through 14																				
Composition Shingles Buildings 15 through 21																				
Roofing Repair Allowance				\$ 11,139																
<b>Category Subtotal :</b>				<b>\$ 11,139</b>																
<b>Reserve Category : Waterproofing</b>																				
Building Painting 1 through 7				\$ 108,899											\$ 142,610					
Stair and Landing Non Slip Epoxy Coating 1 to 7					\$ 15,042										\$ 19,698					
Building Painting 8 through 14						\$ 115,419										\$ 151,149				
Stair and Landing Non Slip Epoxy Coating 8 to 14						\$ 15,453										\$ 20,237				
Building Painting 15 through 21							\$ 103,960												\$ 136,143	
Stair and Landing Non Slip Epoxy Coating 15 to 21							\$ 18,521												\$ 24,255	
Trellis Painting Buildings 1 through 7					\$ 45,317										\$ 59,345					
Trellis Painting Buildings 8 through 14						\$ 54,412										\$ 71,256				
Trellis Painting Buildings 15 through 21							\$ 38,728												\$ 50,716	
<b>Category Subtotal :</b>					<b>\$ 169,258</b>	<b>\$ 185,284</b>	<b>\$ 161,209</b>								<b>\$ 221,653</b>	<b>\$ 242,642</b>	<b>\$ 211,114</b>			

Payments made with Initial Reserves

**Haleakala Gardens AOA 2017 Funding Study Expenses by Calendar Year - Continued**

Item Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>Reserve Category : Contingency</b>																				
Consulting Fees																				
Insurance Deductible																				
Mold Related Fees																				
<b>Category Subtotal :</b>																				
<b>Expense Totals :</b>	<b>\$ 258,889</b>	<b>\$ 264,911</b>	<b>\$ 3,795</b>	<b>\$ 205,382</b>	<b>\$ 250,937</b>	<b>\$ 202,478</b>	<b>\$ 175,702</b>	<b>\$ 357,426</b>	<b>\$ 360,263</b>	<b>\$ 26,235</b>	<b>\$ 4,036</b>	<b>\$ 102,107</b>		<b>\$ 41,574</b>	<b>\$ 221,654</b>	<b>\$ 260,550</b>	<b>\$ 386,680</b>		<b>\$ 242,820</b>	<b>\$ 36,072</b>

Payments made with Initial Reserves

**Haleakala Gardens AOA 2017 Funding Study Expenses by Calendar Year - Continued**

Item Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
<b>Reserve Category : AOA Common Buildings</b>											
Stairway Repair Allowance				\$ 19,103							
Wood Repair Allowance											
2nd Floor Stair Landing Repairs Phase 1	\$ 440,462										
2nd Floor Stair Landing Repairs Phase 2		\$ 452,503									
<b>Category Subtotal :</b>	<b>\$ 440,462</b>	<b>\$ 452,503</b>		<b>\$ 19,103</b>							
<b>Reserve Category : Electrical</b>											
Single Meter with 150amp Disconnect for Recreation Bldg					\$ 559						
30 Space 240v 225amp Recreation Bldg Breaker Panel					\$ 3,704						
600amp Main Disconnect Bldg 7					\$ 8,384						
4 Bank Meters with 100amp Disconnects Bldg 7							\$ 3,169				
450amp Main Disconnects for 8 Unit Bldgs							\$ 117,002				
3 Bank Meters with 100amp Disconnects for 8 Unit Bldgs						\$ 43,901					
<b>Category Subtotal :</b>					<b>\$ 12,647</b>	<b>\$ 43,901</b>	<b>\$ 120,171</b>				
<b>Reserve Category : Fire System</b>											
Fire Hydrants											
<b>Reserve Category : Landscaping</b>											
Upgrade Allowance									\$ 43,722		
Irrigation Repair and Upgrade Allowance				\$ 4,776					\$ 5,465		
Backflow Preventer Replacement											
24 Station Irrigation Controllers									\$ 1,640		
<b>Category Subtotal :</b>				<b>\$ 4,776</b>					<b>\$ 50,827</b>		
<b>Reserve Category : Lighting</b>											
Parking Pole Lights 10 ft							\$ 24,856				
Trellis Downlighting						\$ 20,414					
Bollards								\$ 26,386			
Mailbox lighting				\$ 1,003							

**Haleakala Gardens AOA 2017 Funding Study Expenses by Calendar Year - Continued**

Item Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
<b>Category Subtotal :</b>				\$ 1,003		\$ 20,414	\$ 24,856	\$ 26,386			
<b>Reserve Category : Paving</b>											
Repair, Sealcoat, and Restripe Parking Areas						\$ 141,891					
Overlay Buildings 1 through 6											
Overlay Buildings 7 through 14											
Overlay Buildings 15 through 20											
Overlay Center Lot by Recreation Building											
Sidewalk & Parking Curb Repairs											
<b>Category Subtotal :</b>						\$ 141,891					
<b>Reserve Category : Plumbing</b>											
Common Water Lines and Valves Repair Allowance				\$ 5,731							
Common 2 inch Backflow Preventer Replacements											
Sanitary/Storm Drain Repair Allowance									\$ 21,861		
Sewer/Storm Drains Camera Inspect and Repair Allow. Bldgs 1-10									\$ 43,796		
Sewer/Storm Drains Camera Inspect and Repair Allow. Bldgs 11-20										\$ 44,993	
Irrigation Water Well											\$ 143,050
Water Well and Casing Assessment						\$ 5,040					
Water Well Test and Assessment			\$ 1,859			\$ 2,016			\$ 2,186		
Water Main Repair Allowance				\$ 19,103							
<b>Category Subtotal :</b>			\$ 1,859	\$ 24,834		\$ 7,056			\$ 67,843	\$ 44,993	\$ 143,050
<b>Reserve Category : Project Property</b>											
Mailboxes Replacements											
Trash Enclosure Refurbishment and Repairs	\$ 3,524					\$ 4,032					\$ 4,615
Building and Directional Signage Allowance				\$ 19,103							
Street Signage Refurbishment				\$ 4,776							

**Haleakala Gardens AOA 2017 Funding Study Expenses by Calendar Year - Continued**

Item Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
6 ft Wood Fence Replacement											
Retaining Wall Repair Allowance	\$ 6,166									\$ 7,861	
<b>Category Subtotal :</b>	<b>\$ 9,690</b>			<b>\$ 23,879</b>		<b>\$ 4,032</b>				<b>\$ 7,861</b>	<b>\$ 4,615</b>
<b>Reserve Category : Recreation Building</b>											
Remodeling Allowance											
Trellis Repair Allowance											
Restroom Refurbishment and ADA upgrades				\$ 3,821							
<b>Category Subtotal :</b>				<b>\$ 3,821</b>							
<b>Reserve Category : Roofing</b>											
Composition Shingles Buildings 1 through 7								\$ 216,260			
Composition Shingles Buildings 8 through 14								\$ 188,387			
Composition Shingles Buildings 15 through 21								\$ 172,570			
Roofing Repair Allowance											
<b>Category Subtotal :</b>								<b>\$ 577,217</b>			
<b>Reserve Category : Waterproofing</b>											
Building Painting 1 through 7					\$ 186,758						
Stair and Landing Non Slip Epoxy Coating 1 to 7					\$ 25,796						
Building Painting 8 through 14						\$ 197,940					
Stair and Landing Non Slip Epoxy Coating 8 to 14						\$ 26,501					
Building Painting 15 through 21							\$ 178,288				
Stair and Landing Non Slip Epoxy Coating 15 to 21							\$ 31,764				
Trellis Painting Buildings 1 through 7					\$ 77,717						
Trellis Painting Buildings 8 through 14						\$ 93,314					
Trellis Painting Buildings 15 through 21							\$ 66,417				
<b>Category Subtotal :</b>					<b>\$ 290,271</b>	<b>\$ 317,755</b>	<b>\$ 276,469</b>				

**Haleakala Gardens AOA 2017 Funding Study Expenses by Calendar Year - Continued**

Item Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
<b>Reserve Category : Contingency</b>											
Consulting Fees											
Insurance Deductible											
Mold Related Fees											
<b>Category Subtotal :</b>											
<b>Expense Totals :</b>	<b>\$ 450,152</b>	<b>\$ 452,503</b>	<b>\$ 1,859</b>	<b>\$ 77,416</b>	<b>\$ 302,918</b>	<b>\$ 535,051</b>	<b>\$ 421,495</b>	<b>\$ 603,603</b>	<b>\$ 118,670</b>	<b>\$ 52,853</b>	<b>\$ 147,665</b>

# HAWAII INSPECTION GROUP



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Licensed General Contractors · Licensed Civil Engineers

October 25, 2016

Year	Category	Item Name	Expense
2017	AOAO Common Buildings	2nd Floor Stair Landing Repairs Phase 1	\$ 256,834
	Project Property	Trash Enclosure Refurbishment and Repairs	\$ 2,055
2017 Annual Expense Total = \$ 258,889			
2018	AOAO Common Buildings	2nd Floor Stair Landing Repairs Phase 2	\$ 263,855
	Plumbing	Water Well Test and Assessment	\$ 1,055
2018 Annual Expense Total = \$ 264,910			
2019	Project Property	Retaining Wall Repair Allowance	\$ 3,795
2019 Annual Expense Total = \$ 3,795			
2020	AOAO Common Buildings	Stairway Repair Allowance	\$ 11,139
	Landscaping	Irrigation Repair and Upgrade Allowance	\$ 2,785
	Lighting	Mailbox lighting	\$ 585
	Paving	Sidewalk & Parking Curb Repairs	\$ 111,391
	Plumbing	Common Water Lines and Valves Repair Allowance	\$ 3,342
		Water Main Repair Allowance	\$ 11,139
	Plumbing Subtotal = \$ 14,481.00		
Project Property	Mailboxes Replacements	\$ 24,343	
	Building and Directional Signage Allowance	\$ 11,139	
	Street Signage Refurbishment	\$ 2,785	



Year	Category	Item Name	Expense	
Project Property Subtotal = \$ 38,267.00				
	Recreation Building	Remodeling Allowance	\$ 13,367	
		Restroom Refurbishment and ADA upgrades	\$ 2,228	
	Recreation Building Subtotal = \$ 15,595.00			
	Roofing	Roofing Repair Allowance	\$ 11,139	
2020 Annual Expense Total = \$ 205,382				
2021	Paving	Repair, Sealcoat, and Restripe Parking Areas	\$ 80,536	
	Plumbing	Water Well Test and Assessment	\$ 1,144	
	Waterproofing	Building Painting 1 through 7	\$ 108,899	
		Stair and Landing Non Slip Epoxy Coating 1 to 7	\$ 15,042	
		Trellis Painting Buildings 1 through 7	\$ 45,317	
	Waterproofing Subtotal = \$ 169,258.00			
	2021 Annual Expense Total = \$ 250,938			
2022	Lighting	Trellis Downlighting	\$ 11,903	
	Plumbing	Water Well and Casing Assessment	\$ 2,939	
	Project Property	Trash Enclosure Refurbishment and Repairs	\$ 2,351	
	Waterproofing	Building Painting 8 through 14	\$ 115,419	
		Stair and Landing Non Slip Epoxy Coating 8 to 14	\$ 15,453	
		Trellis Painting Buildings 8 through 14	\$ 54,412	
	Waterproofing Subtotal = \$ 185,284.00			
2022 Annual Expense Total = \$ 202,477				
2023	Lighting	Parking Pole Lights 10 ft	\$ 14,493	
	Waterproofing	Building Painting 15 through 21	\$ 103,960	
		Stair and Landing Non Slip Epoxy Coating 15 to 21	\$ 18,521	
		Trellis Painting Buildings 15 through 21	\$ 38,728	
	Waterproofing Subtotal = \$ 161,209.00			
2023 Annual Expense Total = \$ 175,702				
2024	Lighting	Bollards	\$ 15,386	
	Paving	Overlay Buildings 1 through 6	\$ 166,852	
		Overlay Buildings 7 through 14	\$ 173,947	
	Paving Subtotal = \$ 340,799.00			
Plumbing	Water Well Test and Assessment	\$ 1,241		
2024 Annual Expense Total = \$ 357,426				

Year	Category	Item Name	Expense	
2025	Landscaping	Upgrade Allowance	\$ 25,494	
		Irrigation Repair and Upgrade Allowance	\$ 3,187	
		24 Station Irrigation Controllers	\$ 956	
	Landscaping Subtotal = \$ 29,637.00			
	Paving	Overlay Buildings 15 through 20	\$ 136,971	
		Overlay Center Lot by Recreation Building	\$ 143,481	
	Paving Subtotal = \$ 280,452.00			
	Plumbing	Sanitary/Storm Drain Repair Allowance	\$ 12,747	
		Sewer/Storm Drains Camera Inspect and Repair Allow. Bldgs 1-10	\$ 25,537	
	Plumbing Subtotal = \$ 38,284.00			
Project Property	6 ft Wood Fence Replacement	\$ 11,889		
2025 Annual Expense Total = \$ 360,262				
2026	Plumbing	Sewer/Storm Drains Camera Inspect and Repair Allow. Bldgs 11-20	\$ 26,235	
2026 Annual Expense Total = \$ 26,235				
2027	Plumbing	Water Well Test and Assessment	\$ 1,345	
	Project Property	Trash Enclosure Refurbishment and Repairs	\$ 2,691	
2027 Annual Expense Total = \$ 4,036				