

5116 Heather Drive
Anacortes, WA 98221
360.588.9956

Funding Reserve Analysis
for
The Meadows Community Level 3a Study 2025

November 04, 2024



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The Meadows Community Level 3a Study 2025

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5116 Heather Drive
Anacortes, WA 9822
360.588.9956

November 4, 2024

Ms. Brandye Hubbs
Windermere Property Management - Bellingham
541 W. Bakerview Rd
Bellingham WA 98226

Dear Ms. Brandye Hubbs,

Introduction

First, we would like to thank you for utilizing our services. Our approach is to provide the members, the board and management with understandable information to make informed decisions needed to best manage your reserve fund and annual contributions. We strive to understand the association's needs and design a funding strategy for meeting those needs based on a realistic approach to finances available and real-world workings of most associations. We live and work in the local area and work hard to keep up to date with costs in your association's neighborhood.

Included within the following pages you will find:

Three funding models which detail how your association finances will look during the 30-year forecast window.

- Current Level of Contributions
- Baseline Funded
- Fully Funded (per the State of Washington RCW 64.34.380)

A list of the community components that the association is responsible for maintaining.

- Estimated current cost of replacement of each component.
- Timeline of estimated remaining life and estimated cost at replacement date per component.

Annual expenditure detail.

Expenses by item and by calendar year.

Average deficit or surplus from a Fully Funded Balance for the association and per member in dollar amount and percentage (based on equal percentage ownership for all units). This amount is calculated by subtracting the association's reserve account balance as of the date of the study (*Budget Year Beginning Date*) from the Fully Funded Balance. Also included is the same calculated amounts as projected at the end of the each study year (*Budget Year Ending Date*).

What is our Recommended Funding Goal? Maintaining the Reserve Fund at a level equal to the value of deterioration is called "Full Funding" (100% Funded). As each asset ages and becomes "used up", the Reserve Fund grows proportionally. This is simple, responsible, and our recommendation.

Evidence shows that associations in the:

- 0-50% range are considered in **Poor** condition and at a high risk of special assessments or deferred maintenance.
- 60-80% range are considered in **Good** condition and should strive to gradually increase reserves.
- 90-130% range are considered in **Excellent** condition and enjoy a low risk of special assessments or deferred maintenance.

The attached funding study is limited in scope to those expense items listed in the attached Expense Detail Report. 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.

The Meadows Community Level 3a Study 2025

Executive Summary

Name	The Meadows Community Level 3a Study 2025
Location	Ferndale, WA
Contributing Members	157
Year Built	2016
Fiscal Year Ends	2025
Depth of Study	Level 3a Study (<i>Without Site Visit</i>)
Date of Study	November 4, 2024
Last On-Site Inspection Date	November 9, 2023
Inflation Rate for Projections	5%

Reserve Account Summary

Reported Current Annual Reserve Contribution	\$6,984 per year
Estimated Fiscal Year Starting Balance	\$63,965
Fiscal Year Beginning Balance If Fully Funded	\$91,128 (<i>ideal amount in reserves</i>)
Average Deficit/Surplus Per Member (<i>As of Budget Year Beginning Date</i>)	-\$173 Percent Funded 70%



5 - Year Summary - Current vs. Baseline vs. Fully Funded (*As of Budget Year Ending Date*)

	Current Funding Model <i>Contribution amount supplied by Client</i>		Baseline Funded Model <i>Reserve account above \$0 within study timeframe</i>		Fully Funded Model Recommended <i>Achieve 100% funded within the 30 year study timeframe</i>	
2025	\$52,999	52%	\$63,499	62%	\$64,894	64%
2026	\$5,827	11%	\$27,527	51%	\$30,410	57%
2027	\$4,897	7%	\$38,534	59%	\$43,002	66%
2028	\$12,021	14%	\$58,370	67%	\$64,527	74%
2029	-\$154	0%	\$59,725	67%	\$67,680	76%
	<i>Contribution increases vary</i>		<i>Contribution set for minimum to maintain positive balance</i>		<i>Model goal is to achieve 100% funded by year 30</i>	

The percentage figures above represent the percentage each model is above or below fully funded for the noted time period

Project Description

The Meadows is a 157 residential lot community located in Ferndale Washington. The first homes were built in 2016 and construction continues as the community grows. Assets include wooden foot bridges along the extensive gravel pathways, asphalt paved areas, wetlands, split rail fencing, signage and residence mailboxes.

This year's report is a Level 3 Reserve financial update only and does not include a site inspection or revision to the community's assets. For this report we have relied on current information provided by management, previous reserve studies and field notes from our last site visit.

The association reported several projects planned for the coming year. Please refer to the detailed report pages in the following sections of the report.

(Report Note - material and labor costs appear to be continuing to increase in all construction categories. Many associations have reported dramatic cost differences in recent contractor bids on the same projects. We highly recommend associations request contractor bids on upcoming projects early in the process. Until such time as cost increases moderate all models will include an inflation factor of 5%.

Reserve Fund Status and Funding Plan Recommendation - Based on our findings, the current level of funding of the reserve account is ***not adequate to fund projected expenses for the long term.*** We recommend the association gradually adopt a reserve funding plan based on the Fully Funding Model in order to ensure that adequate funding is available throughout the 30-year study period.

Current Assessment Projection - The initial reserve assessment is the association's reported current fiscal year funding level and projected out 30 years to illustrate the adequacy of the current funding over time.

Current Total Reported Annual Reserve Contribution - \$6,984

Baseline Funded Model - The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. A facility using this funding method must understand that even a minor reduction in a component's remaining useful life **or unplanned expenses** can result in a deficit in the reserve cash balance **and may require additional funding.**

Recommended Total Annual Reserve Contribution - \$17,313

Fully Funded Model - This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments. This is the most conservative funding model. It leads to or maintains a fully funded reserve position. (Please note that the Fully Funded Model incorporates funding parameters that seek to reach 100% funded at year 30 reserve study limit. The recommended contribution amount may be unusually high or low for the first few years depending on the current reserve account balance and upcoming expenses).

Recommended Total Annual Reserve Contribution - \$18,685

In this Reserve Study the following components are excluded:

Power Lines – Generally utility companies.

Utility Main Lines – Generally utility companies or City.

Depth of Study

We have completed a Level 3 Reserve Study for your association. A field inspection was not made to verify the current status of the various reserve study components, their physical condition, and to verify component quantities.

Understanding the Budget Year

Your study is based on the standard calendar year January 1 through December 31st. January is the “*budget year beginning*”. This account balance is the starting point for determining the distribution of available funds for the year. Reserve contributions plus any addition income or deposits and interest for the 12-month period are calculated then projected expenses for the year are deducted. The result is the *budget year ending* balance estimated for December 31st.

Initial Reserves

Initial reserves for this reserve study are estimated to be \$63,965 as of December 31,2024. We have relied upon the client to provide the current (or projected) reserve balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the reserve fund.

Keeping Your Reserve Study Current

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the facilities site and computations made subsequently in preparing this reserve analysis study are retained in our computer files.

Conflict of Interest

As the preparer of this reserve study, Pacific Crest Reserves 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.

Date of Physical Inspection

The property was physically inspected by Pacific Crest Reserves on November 9, 2023.

Pacific Crest Reserves would like to thank the members and management for the opportunity to be of service in the preparation of the attached funding study. Again, please feel free to contact us if you have any questions.

Prepared by:

Charlie Barefield

Charlie Barefield
Reserve Analyst Principal

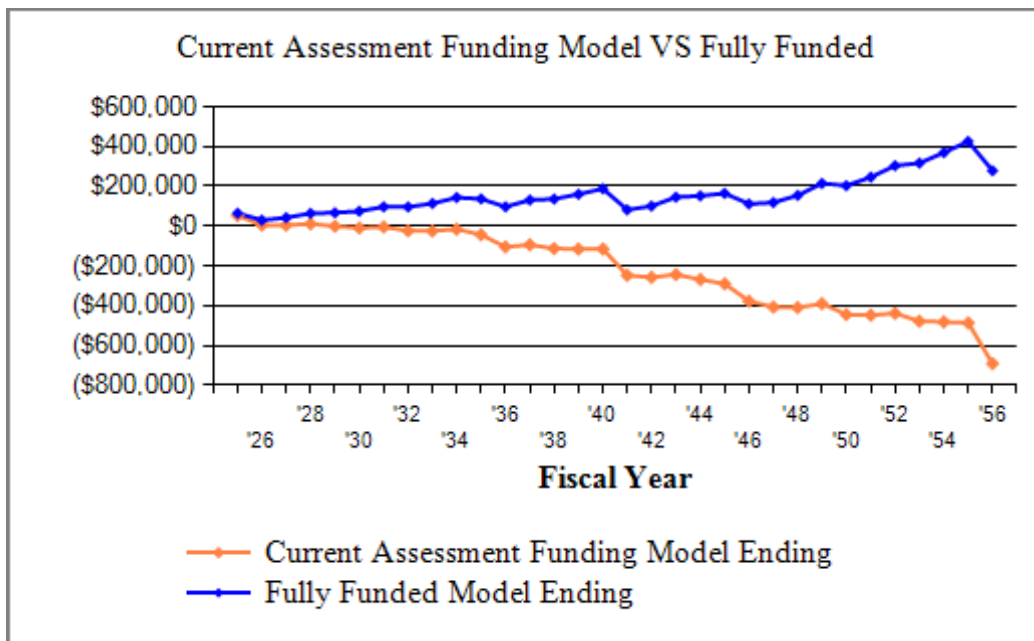
The Meadows Community Level 3a Study 2025

Ferndale, WA

Current Assessment Projection Summary

Report Date	November 4, 2024
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	157

Report Parameters	
Inflation	5.00%
Interest Rate on Reserve Deposit	2.37%
Tax Rate on Interest	30.00%
2025 Beginning Balance	\$63,965



The **Current Assessment Funding Model** is based on the current annual assessment, parameters, and reserve fund balance. Because it is calculated using the current annual assessment, it will give the accurate projection of how well the association is funded for the next 30 years of planned reserve expenditures. The monthly contribution noted is the Average Amount per lot.

Current Assessment Funding Model Summary of Calculations

Required Annual Contribution	\$6,984.00
<i>\$44.48 per unit annually</i>	
Average Net Annual Interest Earned	\$864.90
Total Annual Allocation to Reserves	\$7,848.90
<i>\$49.99 per unit annually</i>	

**The Meadows Community Level 3a Study 2025
Current Assessment Projection**

Beginning Balance: \$63,965

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	6,984	865	18,815	52,999	101,918	52%
2026	7,333	95	54,600	5,827	53,566	11%
2027	7,700	80	8,710	4,897	65,400	7%
2028	8,085	196	1,158	12,021	86,670	14%
2029	8,489		20,664	-154	89,484	
2030	8,914		17,772	-9,013	96,714	
2031	9,359		4,342	-3,995	119,477	
2032	9,827		28,846	-23,014	118,775	
2033	10,319		11,672	-24,367	137,250	
2034	10,834		1,551	-15,084	168,515	
2035	11,376		39,419	-43,127	162,884	
2036	11,945		73,374	-104,555	122,686	
2037	12,542		1,796	-93,809	157,070	
2038	13,169		32,056	-112,696	162,906	
2039	13,828		15,641	-114,509	187,851	
2040	14,519		14,604	-114,595	216,794	
2041	15,245		147,671	-247,021	109,208	
2042	16,007		26,129	-257,142	125,693	
2043	16,808		2,407	-242,741	169,835	
2044	17,648		42,958	-268,051	175,623	
2045	18,531		40,065	-289,585	186,859	
2046	19,457		106,535	-376,663	131,089	
2047	20,430		49,729	-405,963	134,514	
2048	21,452		24,265	-408,776	167,303	
2049	22,524		3,225	-389,477	226,399	
2050	23,650		77,971	-443,798	212,674	
2051	24,833		28,090	-447,055	253,478	
2052	26,074		16,801	-437,781	311,160	
2053	27,378		66,642	-477,045	322,524	
2054	28,747		32,517	-480,815	373,576	
2055	30,184		35,440	-486,071	427,567	
2056	31,694		235,978	-690,355	277,317	

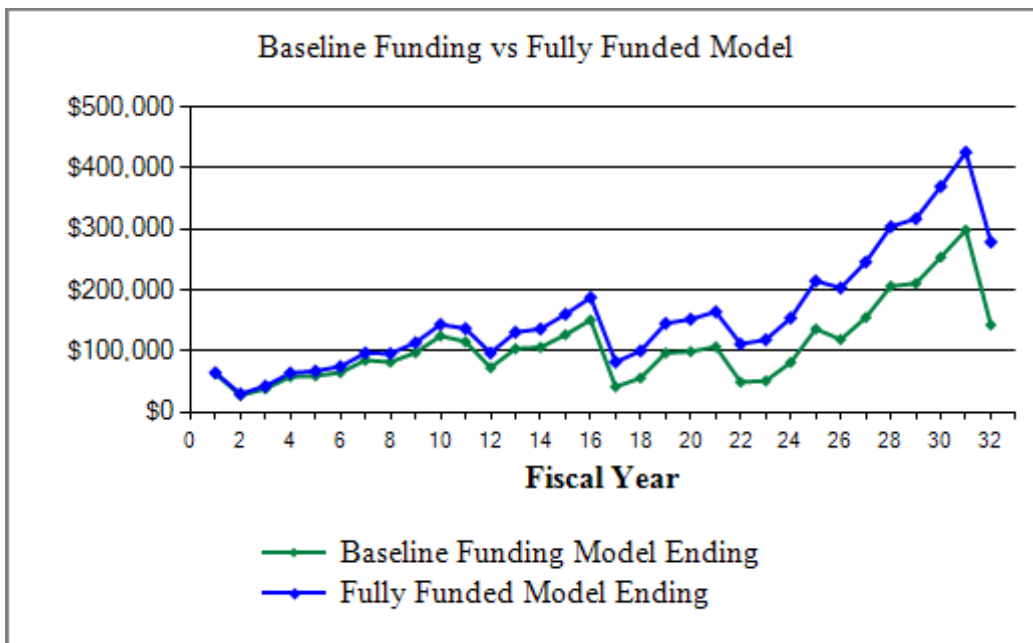
The Meadows Community Level 3a Study 2025

Ferndale, WA

Baseline Funding Model Summary

Report Date	November 4, 2024
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	157

Report Parameters	
Inflation	5.00%
Annual Assessment Increase	5.00%
Interest Rate on Reserve Deposit	2.37%
Tax Rate on Interest	30.00%
2025 Beginning Balance	\$63,965



The **Baseline Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$0 or other predetermined baseline, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Baseline Funding Model** allows the client to choose the level of conservative funding they desire by choosing the baseline dollar amount. The monthly contribution noted is the Average Amount per lot.

Baseline Funding Model Summary of Calculations

Required Annual Contribution	\$17,312.91
<i>\$110.27 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$1,036.26</u>
Total Annual Allocation to Reserves	\$18,349.17
<i>\$116.87 per unit annually</i>	

**The Meadows Community Level 3a Study 2025
Baseline Funding Model Projection**

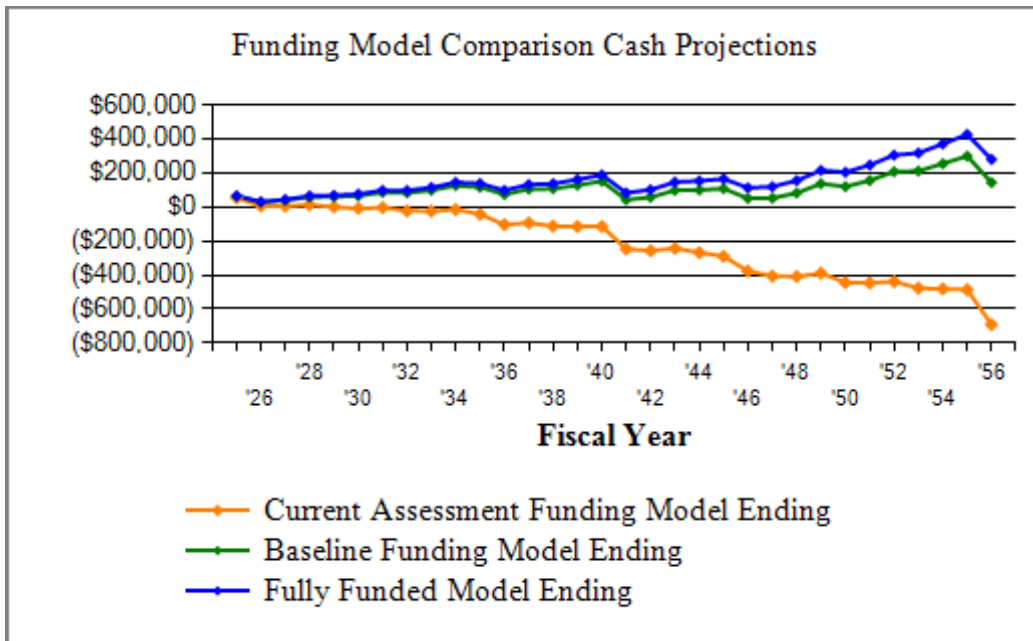
Beginning Balance: \$63,965

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	17,313	1,036	18,815	63,499	101,918	62%
2026	18,179	449	54,600	27,527	53,566	51%
2027	19,087	629	8,710	38,534	65,400	59%
2028	20,042	953	1,158	58,370	86,670	67%
2029	21,044	975	20,664	59,725	89,484	67%
2030	22,096	1,063	17,772	65,112	96,714	67%
2031	23,201	1,393	4,342	85,364	119,477	71%
2032	24,361	1,342	28,846	82,221	118,775	69%
2033	25,579	1,595	11,672	97,723	137,250	71%
2034	26,858	2,041	1,551	125,071	168,515	74%
2035	28,201	1,889	39,419	115,741	162,884	71%
2036	29,611	1,194	73,374	73,173	122,686	60%
2037	31,091	1,700	1,796	104,168	157,070	66%
2038	32,646	1,738	32,056	106,496	162,906	65%
2039	34,278	2,076	15,641	127,209	187,851	68%
2040	35,992	2,465	14,604	151,062	216,794	70%
2041	37,792	683	147,671	41,866	109,208	38%
2042	39,682	919	26,129	56,338	125,693	45%
2043	41,666	1,586	2,407	97,183	169,835	57%
2044	43,749	1,625	42,958	99,599	175,623	57%
2045	45,936	1,750	40,065	107,220	186,859	57%
2046	48,233	812	106,535	49,730	131,089	38%
2047	50,645	840	49,729	51,485	134,514	38%
2048	53,177	1,334	24,265	81,731	167,303	49%
2049	55,836	2,229	3,225	136,570	226,399	60%
2050	58,628	1,945	77,971	119,172	212,674	56%
2051	61,559	2,532	28,090	155,174	253,478	61%
2052	64,637	3,368	16,801	206,378	311,160	66%
2053	67,869	3,444	66,642	211,049	322,524	65%
2054	71,262	4,144	32,517	253,938	373,576	68%
2055	74,825	4,866	35,440	298,189	427,567	70%
2056	78,567	2,336	235,978	143,113	277,317	52%

The Meadows Community Level 3a Study 2025
 Ferndale, WA
Fully Funded Model Summary

Report Date	November 4, 2024
Budget Year Beginning	January 1, 2025
Budget Year Ending	December 31, 2025
Total Units	157

Report Parameters	
Inflation	5.00%
Interest Rate on Reserve Deposit	2.37%
Tax Rate on Interest	30.00%
2025 Beginning Balance	\$63,965



The **Fully Funded Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model. The monthly contribution noted is the Average Amount per lot.

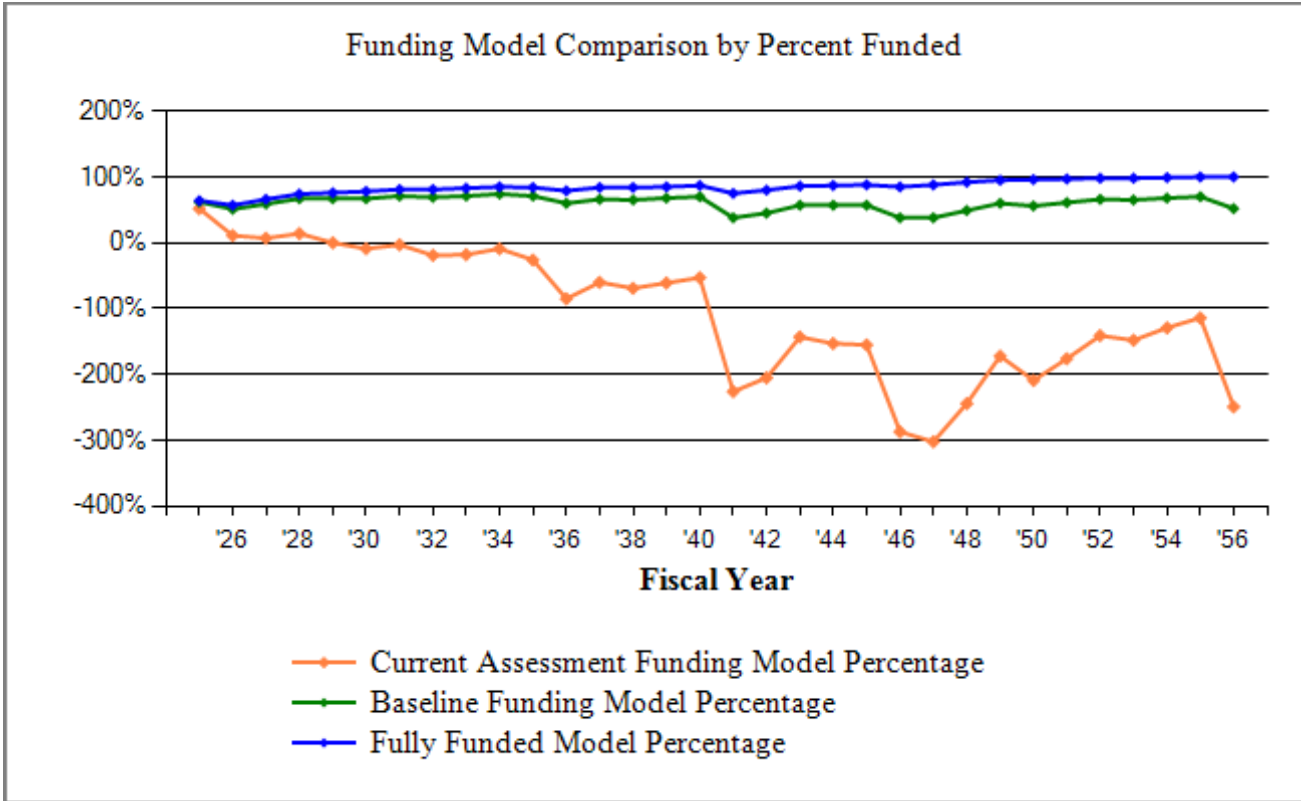
Fully Funded Model Summary of Calculations	
Required Annual Contribution	\$18,685.00
<i>\$119.01 per unit annually</i>	
Average Net Annual Interest Earned	<u>\$1,059.02</u>
Total Annual Allocation to Reserves	\$19,744.02
<i>\$125.76 per unit annually</i>	

**The Meadows Community Level 3a Study 2025
Fully Funded Model Projection**

Beginning Balance: \$63,965

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2025	18,685	1,059	18,815	64,894	101,918	64%
2026	19,619	496	54,600	30,410	53,566	57%
2027	20,600	702	8,710	43,002	65,400	66%
2028	21,630	1,053	1,158	64,527	86,670	74%
2029	22,712	1,104	20,664	67,680	89,484	76%
2030	23,847	1,224	17,772	74,979	96,714	78%
2031	25,040	1,587	4,342	97,264	119,477	81%
2032	26,292	1,571	28,846	96,281	118,775	81%
2033	27,606	1,862	11,672	114,077	137,250	83%
2034	28,987	2,348	1,551	143,860	168,515	85%
2035	30,436	2,238	39,419	137,114	162,884	84%
2036	31,958	1,588	73,374	97,286	122,686	79%
2037	33,556	2,141	1,796	131,187	157,070	84%
2038	35,233	2,229	32,056	136,593	162,906	84%
2039	36,995	2,620	15,641	160,567	187,851	85%
2040	38,845	3,066	14,604	187,873	216,794	87%
2041	40,787	1,344	147,671	82,332	109,208	75%
2042	42,826	1,643	26,129	100,673	125,693	80%
2043	44,968	2,376	2,407	145,610	169,835	86%
2044	47,216	2,486	42,958	152,354	175,623	87%
2045	49,577	2,685	40,065	164,552	186,859	88%
2046	52,056	1,826	106,535	111,898	131,089	85%
2047	54,658	1,938	49,729	118,765	134,514	88%
2048	57,391	2,520	24,265	154,412	167,303	92%
2049	60,261	3,508	3,225	214,956	226,399	95%
2050	63,274	3,322	77,971	203,581	212,674	96%
2051	66,438	4,014	28,090	245,943	253,478	97%
2052	69,760	4,959	16,801	303,860	311,160	98%
2053	74,350	5,169	66,642	316,737	322,524	98%
2054	79,242	6,030	32,517	369,491	373,576	99%
2055	84,456	6,943	35,440	425,451	427,567	100%
2056	84,676	4,548	235,978	278,696	277,317	100%

**The Meadows Community Level 3a Study 2025
Funding Model Comparison by Percent Funded**



The chart above compares the projected Reserve Percentage Funded of the three funding models (Current Assessment Funding Model, Baseline Funding Model and Fully Funded Model) over 30 years.

**The Meadows Community Level 3a Study 2025
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2025	
Foot Bridge Repair Fund	1,000
Gravel Pathway Refurbish	7,200
Landscape Refurbish/Maintenance - 2025	8,615
Split Rail Fence Repair - 2025	2,000
Total for 2025	\$18,815
Replacement Year 2026	
Foot Bridge Repair Fund	1,050
Landscape Refurbish/Maintenance	36,750
Street Tree Maintenance/Trimming	16,800
Total for 2026	\$54,600
Replacement Year 2027	
Foot Bridge Repair Fund	1,102
Split Rail Fence Maintenance/Repair	7,607
Total for 2027	\$8,710
Replacement Year 2028	
Foot Bridge Repair Fund	1,158
Total for 2028	\$1,158
Replacement Year 2029	
Foot Bridge Repair Fund	1,216
Street Tree Maintenance/Trimming	19,448
Total for 2029	\$20,664
Replacement Year 2030	
Asphalt Paved Areas	7,690
Foot Bridge Repair Fund	1,276
Split Rail Fence Maintenance/Repair	8,806
Total for 2030	\$17,772
Replacement Year 2031	
Foot Bridge Repair Fund	1,340
Signage	3,002
Total for 2031	\$4,342

**The Meadows Community Level 3a Study 2025
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2032	
Foot Bridge Repair Fund	1,407
Storage Shed Repair/Replacement	4,925
Street Tree Maintenance/Trimming	22,514
Total for 2032	\$28,846
Replacement Year 2033	
Foot Bridge Repair Fund	1,477
Split Rail Fence Maintenance/Repair	10,194
Total for 2033	\$11,672
Replacement Year 2034	
Foot Bridge Repair Fund	1,551
Total for 2034	\$1,551
Replacement Year 2035	
Foot Bridge Repair Fund	1,629
Gravel Pathway Refurbish	11,728
Street Tree Maintenance/Trimming	26,062
Total for 2035	\$39,419
Replacement Year 2036	
Foot Bridge Repair Fund	1,710
Landscape Refurbish/Maintenace	59,862
Split Rail Fence Maintenance/Repair	11,801
Total for 2036	\$73,374
Replacement Year 2037	
Foot Bridge Repair Fund	1,796
Total for 2037	\$1,796
Replacement Year 2038	
Foot Bridge Repair Fund	1,886
Street Tree Maintenance/Trimming	30,170
Total for 2038	\$32,056
Replacement Year 2039	
Foot Bridge Repair Fund	1,980

**The Meadows Community Level 3a Study 2025
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2039 continued...</i>	
Split Rail Fence Maintenance/Repair	13,662
Total for 2039	\$15,641
Replacement Year 2040	
Asphalt Paved Areas	12,526
Foot Bridge Repair Fund	2,079
Total for 2040	\$14,604
Replacement Year 2041	
Foot Bridge Repair Fund	2,183
Mail Box Major Repair/Replacement	110,563
Street Tree Maintenance/Trimming	34,926
Total for 2041	\$147,671
Replacement Year 2042	
Foot Bridge Repair Fund	2,292
Split Rail Fence Maintenance/Repair	15,815
Storage Shed Repair/Replacement	8,022
Total for 2042	\$26,129
Replacement Year 2043	
Foot Bridge Repair Fund	2,407
Total for 2043	\$2,407
Replacement Year 2044	
Foot Bridge Repair Fund	2,527
Street Tree Maintenance/Trimming	40,431
Total for 2044	\$42,958
Replacement Year 2045	
Foot Bridge Repair Fund	2,653
Gravel Pathway Refurbish	19,104
Split Rail Fence Maintenance/Repair	18,308
Total for 2045	\$40,065
Replacement Year 2046	
Foot Bridge Repair Fund	2,786

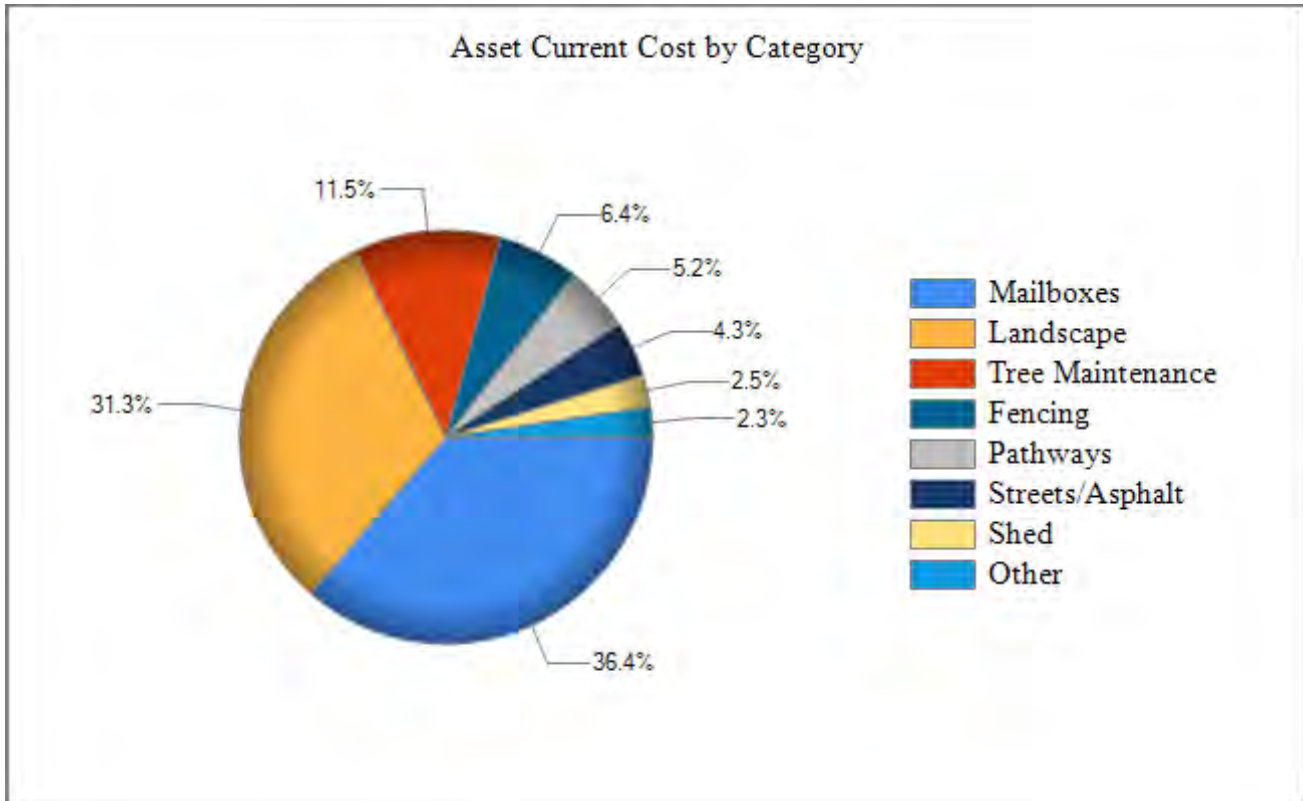
**The Meadows Community Level 3a Study 2025
Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2046 continued...</i>	
Landscape Refurbish/Maintenace	97,509
Signage	6,241
Total for 2046	<u>\$106,535</u>
Replacement Year 2047	
Foot Bridge Repair Fund	2,925
Street Tree Maintenance/Trimming	46,804
Total for 2047	<u>\$49,729</u>
Replacement Year 2048	
Foot Bridge Repair Fund	3,072
Split Rail Fence Maintenance/Repair	21,194
Total for 2048	<u>\$24,265</u>
Replacement Year 2049	
Foot Bridge Repair Fund	3,225
Total for 2049	<u>\$3,225</u>
Replacement Year 2050	
Asphalt Paved Areas	20,403
Foot Bridge Repair Fund	3,386
Street Tree Maintenance/Trimming	54,182
Total for 2050	<u>\$77,971</u>
Replacement Year 2051	
Foot Bridge Repair Fund	3,556
Split Rail Fence Maintenance/Repair	24,534
Total for 2051	<u>\$28,090</u>
Replacement Year 2052	
Foot Bridge Repair Fund	3,733
Storage Shed Repair/Replacement	13,067
Total for 2052	<u>\$16,801</u>
Replacement Year 2053	
Foot Bridge Repair Fund	3,920
Street Tree Maintenance/Trimming	62,722
Total for 2053	<u>\$66,642</u>

**The Meadows Community Level 3a Study 2025
Annual Expenditure Detail**

Description	Expenditures
Replacement Year 2054	
Foot Bridge Repair Fund	4,116
Split Rail Fence Maintenance/Repair	28,401
Total for 2054	<u>\$32,517</u>
Replacement Year 2055	
Foot Bridge Repair Fund	4,322
Gravel Pathway Refurbish	31,118
Total for 2055	<u>\$35,440</u>
Replacement Year 2056	
Foot Bridge Repair Fund	4,538
Landscape Refurbish/Maintenace	158,831
Street Tree Maintenance/Trimming	72,609
Total for 2056	<u>\$235,978</u>

**The Meadows Community Level 3a Study 2025
Asset Current Cost by Category**



The above chart illustrates the current cost breakdown percentage of the Component Categories in this reserve study (highest percentage components listed at top, items less than 2% are listed as "Other"). Special attention should be given to those component categories which take up a bulk of the % of the current cost as these may require significant planning to adequately budget for their replacement. Refer to the Cash Flow Projections and the Annual Expenditure Report for the projected timeline of expected expenditures.

**The Meadows Community Level 3a Study 2025
Detail Report by Category**

Foot Bridge Repair Fund - 2025

Asset ID	1001	1 Allowance	@ \$1,000.00
Category	Foot Bridge	Asset Actual Cost	\$1,000.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	1	Future Cost	\$1,000.00
Replacement Year	2025		
Remaining Life	0		



It was reported there are five wooden foot bridges. Our understanding is decking repairs are planned for the coming year. Funds are included for annual maintenance and repair of these structures.

Split Rail Fence Maintenance/Repair - 2027

Asset ID	1002	1 Allowance	@ \$6,900.00
Category	Fencing	Asset Actual Cost	\$6,900.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	3	Future Cost	\$7,607.25
Adjustment	8		
Replacement Year	2027		
Remaining Life	2		

**The Meadows Community Level 3a Study 2025
Detail Report by Category**

Split Rail Fence Maintenance/Repair continued...



Our understanding is the board plans on upgrading the split rail fence as replacement or significant repair is required.

There is extensive use of split rail type fencing around the wetland areas plus additional areas since the previous report. Most split rail construction uses holes in the posts where the rails are placed through these holes and therefore supported. The rails on this fence are connected to the posts with large fasteners (photo #3) which will require much additional maintenance. Additionally the posts were installed directly into the soil rather than longer lasting concrete.

Split Rail Fence Repair - 2025 - 2025

Asset ID	1003	1 Allowance	@ \$2,000.00
Category	Fencing	Asset Actual Cost	\$2,000.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	1	Future Cost	\$2,000.00
Replacement Year	2025		
Remaining Life	0		

It was reported \$2,000 will be spent in 2025 on fencing repair or replacement.

Landscape Refurbish/Maintenace - 2026

Asset ID	1004	1 Allowance	@ \$35,000.00
Category	Landscape	Asset Actual Cost	\$35,000.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	10	Future Cost	\$36,750.00
Replacement Year	2026		
Remaining Life	1		

**The Meadows Community Level 3a Study 2025
Detail Report by Category**

Landscape Refurbish/Maintenace continued...



The board has requested a substantial budget increase for refurbish and maintenance of the Thornton and other common areas.

Landscape Refurbish/Maintenance - 2025 - 2025

Asset ID	1005	1 Allowance	@ \$8,615.00
Category	Landscape	Asset Actual Cost	\$8,615.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	1	Future Cost	\$8,615.00
Replacement Year	2025		
Remaining Life	0		

A onetime cost has been included for landscape work planned for 2025.

Street Tree Maintenance/Trimming - 2026

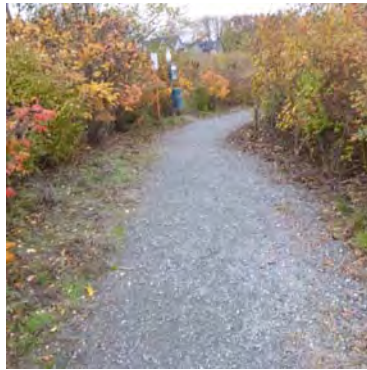
Asset ID	1006	1 Allowance	@ \$16,000.00
Category	Tree Maintenance	Asset Actual Cost	\$16,000.00
Placed in Service	January 2023	Percent Replacement	100%
Useful Life	3	Future Cost	\$16,800.00
Replacement Year	2026		
Remaining Life	1		

Our understanding is there are a total of 242 trees that will require ongoing trimming. It was reported 160 trees were trimmed in 2023 at a cost of \$10,400. Funds are not included for tree replacement. Recommend professional evaluation of tree root management and mitigation.

**The Meadows Community Level 3a Study 2025
Detail Report by Category**

Gravel Pathway Refurbish - 2025

Asset ID	1007	1 Allowance	@ \$7,200.00
Category	Pathways	Asset Actual Cost	\$7,200.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	10	Future Cost	\$7,200.00
Adjustment	-1		
Replacement Year	2025		
Remaining Life	0		



No update for 2025

The community includes an extensive gravel walking pathway as well as some rip-rap surfaced access roads. Funding is included for pathway gravel refurbing in 10 year cycles. Only occasional use of the rip-rap surfaced areas is anticipated and therefore not funded.

Wetlands Management

Asset ID	1008	Asset Actual Cost	
Category	Wetlands	Percent Replacement	100%
Placed in Service	January 2016	Future Cost	
No Useful Life			

The Meadows Community Level 3a Study 2025 Detail Report by Category

Wetlands Management continued...



The community includes several large wetland/storm water areas that may require maintenance in the future. At this time this category is unfunded as no determination of inspection and maintenance requirements will be for the buffer zones and the mature trees in these areas.

Storm Water Pond Dredging

Asset ID	1009	Asset Actual Cost	
Category	Wetlands	Percent Replacement	100%
Placed in Service	January 2016	Future Cost	
No Useful Life			

Recent survey had the ponds in good condition with no need to dredge. We recommend regular inspections and get an estimate for future dredging costs.

Stormwater Gates & Pond Structures

Asset ID	1010	Asset Actual Cost	
Category	Wetlands	Percent Replacement	100%
Placed in Service	January 2016	Future Cost	
No Useful Life			

Maintenance and repair to be funded through annual operations.

**The Meadows Community Level 3a Study 2025
Detail Report by Category**

Signage - 2031

Asset ID	1011	1 Allowance	@ \$2,240.00
Category	Signs	Asset Actual Cost	\$2,240.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	15	Future Cost	\$3,001.81
Replacement Year	2031		
Remaining Life	6		



No update for 2025

Funding for maintenance and replacement of the community signs is included.

Mail Box Major Repair/Replacement - 2041

Asset ID	1012	1 Allowance	@ \$50,650.00
Category	Mailboxes	Asset Actual Cost	\$50,650.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	25	Future Cost	\$110,562.60
Replacement Year	2041		
Remaining Life	16		



No update for 2025

**The Meadows Community Level 3a Study 2025
Detail Report by Category**

Mail Box Major Repair/Replacement continued...

Commercial mailboxes should provide a useful life of 25 years or more with proper maintenance. Annual inspection, repair and lubrication can greatly lengthen the longevity of this equipment.

Asphalt Paved Areas - 2030

Asset ID	1013	1 Allowance	@ \$6,025.00
Category	Streets/Asphalt	Asset Actual Cost	\$6,025.00
Placed in Service	January 2016	Percent Replacement	100%
Useful Life	10	Future Cost	\$7,689.60
Adjustment	4		
Replacement Year	2030		
Remaining Life	5		



It was reported there are four driveway accesses, no other update for 2025.

Most of the streets within the plat are city maintained, however there are two private lanes plus three driveway accesses that are the association's responsibility. The budget includes funds for minor repairs and seal coat application in 10-year cycles.

Storage Shed Repair/Replacement - 2032

Asset ID	1014	1 Allowance	@ \$3,500.00
Category	Shed	Asset Actual Cost	\$3,500.00
Placed in Service	January 2022	Percent Replacement	100%
Useful Life	10	Future Cost	\$4,924.85
Replacement Year	2032		
Remaining Life	7		

**The Meadows Community Level 3a Study 2025
Expenses by Item and by Calender Year**

Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Asphalt Paved Areas						7,690				
Foot Bridge Repair Fund	1,000	1,050	1,102	1,158	1,216	1,276	1,340	1,407	1,477	1,551
Gravel Pathway Refurbish	7,200									
Landscape Refurbish/Maintenace		36,750								
Landscape Refurbish/Maintenace - 2025	8,615									
Mail Box Major Repair/Replacement										
Signage							3,002			
Split Rail Fence Maintenance/Repair			7,607			8,806			10,194	
Split Rail Fence Repair - 2025	2,000									
Storage Shed Repair/Replacement								4,925		
Storm Water Pond Dredging	<i>Unfunded</i>									
Stormwater Gates & Pond Structures	<i>Unfunded</i>									
Street Tree Maintenance/Trimming		16,800			19,448			22,514		
Wetlands Management	<i>Unfunded</i>									
Year Total:	18,815	54,600	8,710	1,158	20,664	17,772	4,342	28,846	11,672	1,551

**The Meadows Community Level 3a Study 2025
Expenses by Item and by Calender Year**

Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Asphalt Paved Areas						12,526				
Foot Bridge Repair Fund	1,629	1,710	1,796	1,886	1,980	2,079	2,183	2,292	2,407	2,527
Gravel Pathway Refurbish	11,728									
Landscape Refurbish/Maintenace		59,862								
Landscape Refurbish/Maintenace - 2025										
Mail Box Major Repair/Replacement							110,563			
Signage										
Split Rail Fence Maintenance/Repair		11,801			13,662			15,815		
Split Rail Fence Repair - 2025										
Storage Shed Repair/Replacement								8,022		
Storm Water Pond Dredging	<i>Unfunded</i>									
Stormwater Gates & Pond Structures	<i>Unfunded</i>									
Street Tree Maintenance/Trimming	26,062			30,170			34,926			40,431
Wetlands Management	<i>Unfunded</i>									
Year Total:	39,419	73,374	1,796	32,056	15,641	14,604	147,671	26,129	2,407	42,958

**The Meadows Community Level 3a Study 2025
Expenses by Item and by Calender Year**

Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Asphalt Paved Areas						20,403				
Foot Bridge Repair Fund	2,653	2,786	2,925	3,072	3,225	3,386	3,556	3,733	3,920	4,116
Gravel Pathway Refurbish	19,104									
Landscape Refurbish/Maintenace		97,509								
Landscape Refurbish/Maintenace - 2025										
Mail Box Major Repair/Replacement										
Signage		6,241								
Split Rail Fence Maintenance/Repair	18,308			21,194			24,534			28,401
Split Rail Fence Repair - 2025										
Storage Shed Repair/Replacement								13,067		
Storm Water Pond Dredging	<i>Unfunded</i>									
Stormwater Gates & Pond Structures	<i>Unfunded</i>									
Street Tree Maintenance/Trimming			46,804			54,182			62,722	
Wetlands Management	<i>Unfunded</i>									
Year Total:	40,065	106,535	49,729	24,265	3,225	77,971	28,090	16,801	66,642	32,517

**The Meadows Community Level 3a Study 2025
Expenses by Item and by Calender Year**

Description	2055	2056
Asphalt Paved Areas		
Foot Bridge Repair Fund	4,322	4,538
Gravel Pathway Refurbish	31,118	
Landscape Refurbish/Maintenace		158,831
Landscape Refurbish/Maintenace - 2025		
Mail Box Major Repair/Replacement		
Signage		
Split Rail Fence Maintenance/Repair		
Split Rail Fence Repair - 2025		
Storage Shed Repair/Replacement		
Storm Water Pond Dredging	<i>Unfunded</i>	
Stormwater Gates & Pond Structures	<i>Unfunded</i>	
Street Tree Maintenance/Trimming		72,609
Wetlands Management	<i>Unfunded</i>	
Year Total:	35,440	235,978



Reserve Study Disclosure Form

In Compliance with RCW 64.34.308 and RCW 64.38.025 (2019)

Name of Association: The Meadows Community

Current Year Reported Budget Contribution to Reserves: \$6,984

Recommended 2025 Contribution to Reserves, per study: \$18,685

Funding Plan Used for Recommendations: Full Funding

Projected Year End Reserve Balance at Current Funding Level: \$52,999
(Percentages below indicate the projected year end percentage level of the Reserve Fund vs Fully Funded at the Current Contribution Amount)

Projected Year End Balance If the account was Fully Funded: \$101,918

5 Year Balances

Estimates Per Study:	2025	2026	2027	2028	2029
Projected Year End Reserve Balances at Current Contribution Level	\$52,999	\$5,827	\$4,897	\$12,021	-\$154
<u>Average Deficit/Surplus Per Member: \$-\$173 Percent Funded 70%</u>					
Projected Year End Reserve Balances at Recommended Funding Contribution Level:	\$64,894	\$30,410	\$43,002	\$64,527	\$67,680
Projected Year End Fully Funded Reserves If Fully Funded:	\$101,918	\$53,566	\$65,400	\$86,670	\$89,484
Percent Reserve is Fully Funded at Current Funding Level:	52%	11%	7%	14%	0%

Based upon the most recent reserve study, will the association have funds to meet obligations for the next 30 years at the current contribution rate? No

To be Completed by Management

Proposed 2025 Budget's Contribution to Reserves: _____

Is Additional Funding (Regular or Special Assessment) Planned? Yes/No

When is it due? (Month/Year) _____

What is the Purpose? Description of Project(s):

Duration of Assessment: Start Date _____ End Date _____

Assessment Amount per Unit on Average: Per Month _____ Per Year _____

Author Name _____

The Meadows Community Level 3a Study 2025

Appendix - Disclosure, Definitions & Calculations

Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the present value of the sum of all Reserve Items divided by the expected life of each item. In essence, Fully Funded is simply the total of the average net present value of the association improvements. Reserve Items with a remaining life greater than the study life are not included in the calculation. For example; building framing, foundations, water lines, and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

Washington State Homeowners and Condominium Act Compliance with RCW 64.38 and RCW 64.34 (2019)

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 you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component. A reserve component list (as applicable), including roofing, painting, paving, decks, siding, plumbing, windows, and any other reserve component that would cost more than one percent of the annual budget for major maintenance, repair, or replacement. If one of these reserve components is not included in the reserve study, the study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current repair and replacement cost for each component.

Disclosures Required by RCW 64.90.550.

This Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act.

- 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 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.

Reserve Study Assumptions

The below listed assumptions are implicit in this reserve study:

- 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.

Inflation Estimate

Inflation for the last year has been reviewed and a best fit regression analysis of the last 12 months has been used to determine future expense estimates. Based on the current economic conditions, the inflation rate will need to be closely monitored as this is a critical factor in reserve planning for future fund needs.

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 components' useful life,

The Meadows Community Level 3a Study 2025

Appendix - Disclosure, Definitions & Calculations

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 lives of the major components, bringing the replacement expense closer to the present which increases the reserve funding payments of the association.

Study Method

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

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 swimming pools, pool liners, Jacuzzis and spas or similar items.

Items concealed by signs.

Missing or omitted information supplied by the Client for the purposes of reserve study preparation.

Hidden improvements such as sewer lines, water lines, irrigation lines or other buried or concealed items.

Definitions:

Purpose of Distribution

Distribution will have no real meaning for a cash flow model. But the nature of the Fully Funded Model requires it. Annuity payments are based on an accumulation of reserves for each component in the study. Because a study will rarely start with 'perfect' funding for each component, a starting point for each year must be established.

At the start of the study (The beginning fiscal date)

The beginning balance is used for distribution

Going through the components ordered by remaining life and starting with the least remaining life, the balance is assigned to the components by the value of fully funded for each component. Fully funded for components with no life left is the replacement value of the component.

The Meadows Community Level 3a Study 2025 Appendix - Disclosure, Definitions & Calculations

If after the last component there is still a balance remaining, the list of components is iterated again and the moneys are assigned at the replacement cost of each component.

If after the second pass on there are remaining funds then just the components being replaced are iterated and distribution is set to twice the replacement value.

If there are still funds after the above, they are considered excess funds.

In each following year of the projection

Money is accumulated from contributions and interest on deposit. Expenditures for replacement/repair of components is subtracted. This becomes the ending balance of the year. This money is distributed in the same manner as described above.

Calculations:

Fully Funded Methods

Basic Fully Funded

There are two published methods of calculating Fully Funded. The first only considers the present value of a component. Present value in each period will change according to the inflation applied.

$$FullyFunded = (Age / Useful Life) * Present Value$$

Community Association Press Fully Funded

To account for inflation and interest earned on deposit the writers of '**RESERVE FUNDS: How & Why community Associations Invest Assets**' came up with:

$$Basic_FF = (Age / Useful Life) * Present Value$$

$$CAI_FF = Basic_FF \\ + Basic_FF / (1 + interest)^{Remaining Life} \\ - Basic_FF / (1 + inflation)^{Remaining Life}$$