

# Reserve Analysis Report

## Atkinson Towers, Inc

419-A Atkinson Drive  
Honolulu, HI 96814

For Fiscal Year End:  
December 31, 2011



3179 Koapaka Street  
Honolulu, HI 96819  
Phone: (808) 836-0911  
Fax: (808) 839-9430

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## **The Reserve Study Is An Important Part Of Your Annual Budget**

Your budget is made up of two distinct parts...*Operations* and *Reserves*:

### **Operations**

The Operations side of your budget is the “*projected*” monies you will need on a monthly basis to pay for all of your expenses throughout the new fiscal year. It also takes into account those projects that you have planned on completing during the new fiscal year based on your *Reserve Study*.

### **Reserves**

Hawaii state condominium law (HRS 514A-514B) requires you to have a minimum *20 year plan* for the replacement for all common elements/components associated with your property. You must “reserve” monies for the replacement of all common elements/components based on their “life expectancy”. Furthermore, you must have 100% of the money set aside for those elements/components that you intend to replace during the designated replacement year. Each year Certified Management Inc. Account Executive provides you with a Reserve Study update as a major component of your annual budget package.

### **A Reserve Study should consist of:**

- Component Inventory
- Condition Assessment
- Life and Valuation Estimates
- Fund Status
- Funding Plan

### **Keep in mind....**

- A Reserve Study is an essential part of your Annual Budget (15% to 40%).
- It provides an “educated estimate” to help you determine what kind of funding you will need to meet your association’s fiscal requirements/goals.
- It is required by state law (HRS Chapter 514A-83.6) that you have a Reserve Study in place for your association.
- The Board of Directors should be proactively involved in the review and assessment of the updated annual Reserve Study.
- The Board of Directors must approve any changes to a Reserve Study.
- Certified Management Inc. strongly recommends that you have a Level 1 Reserve Study performed every 3-5 years by an accredited Reserve Specialist (RS).

## PROJECT DEFINITION

### **Project Information**

Project: Atkinson Towers, Inc  
Address: 419-A Atkinson Drive  
City: Honolulu  
State: HI  
Zip code: 96814

Number of Phases: 1  
Number of Units: 111  
Number of Models: 3

### **Property Description**

AIT 7/19/2006,  
Condo in a 111 unit, 16 story building with 2 elevators  
Pool, parking, recreation room

Constructed on a flag lot behind the Sunset Towers on Atkinson Drive, immediately across from the Ala Moana Hotel.

Developer: Atkinson Towers Inc.  
Contractor: Pacific Construction Co., Inc.  
Architect: Lemmon, Freeth, Haines & Jones

**Analysis Parameters**

Annual Inflation Rate: 0.5%

Annual Interest Rate: 1.5%

Beginning Funds: \$225,423.93

**Annual Contribution Factors**

|      |       |      |       |
|------|-------|------|-------|
| 2011 | 0.00% | 2021 | 0.00% |
| 2012 | 0.00% | 2022 | 0.00% |
| 2013 | 0.00% | 2023 | 0.00% |
| 2014 | 0.00% | 2024 | 0.00% |
| 2015 | 0.00% | 2025 | 0.00% |
| 2016 | 0.00% | 2026 | 0.00% |
| 2017 | 0.00% | 2027 | 0.00% |
| 2018 | 0.00% | 2028 | 0.00% |
| 2019 | 0.00% | 2029 | 0.00% |
| 2020 | 0.00% | 2030 | 0.00% |

**Additional Analysis Information**

This analysis was prepared utilizing the cash flow method of funding.

|  |              |
|--|--------------|
| Reserve Balance as of 5/31/2010 =  | \$365,753.93 |
| Reserve Coll. 6/10 - 12/10 7 months at \$10,810.00 =                               | \$75,670.00  |
| Plus Additional Collections ( if any )=  | \$0.00       |
| Subtotal =   | \$441,423.93 |
| Minus expenditures through year end =  | \$216,000.00 |
| Estimated reserves as of =   | \$225,423.93 |
| Minimum balance in Reserves =  | \$25,000.00  |
| Contributions necessary for year 2011 = \$101,030.00 ( /12 = \$8,419.17 per month) |              |
| Interest expected in year 2011 = \$3,618.34 ( /12 = \$301.53 per month)            |              |
| Capital Expenses for year 2011 = \$72,740.27 ( /12 = \$6,061.69 per month)         |              |

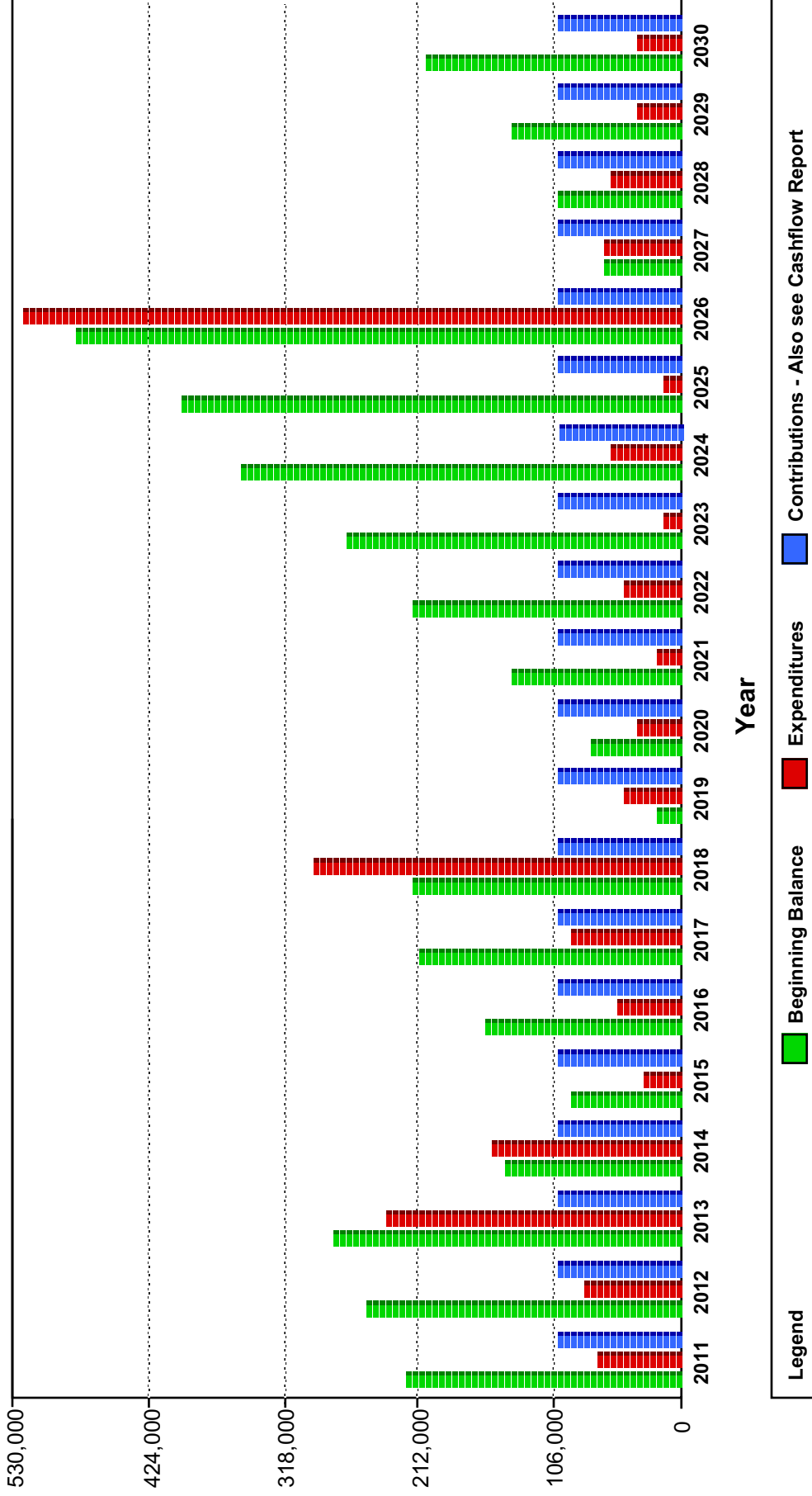
**Analysis Description**

AIT 7/19/2006: Using CMI reserve program in place of the Armstrong reserve study program starting July 2006

**Atkinson Towers, Inc**  
CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS

| Interest Rate<br>1.50%                                | Year           | Beginning<br>Balance | (Cont.)<br>Contribution | (Int.)<br>Interest Earned | (Exp.)<br>Expenditures | Ending Balance      |
|---|----------------|----------------------|-------------------------|---------------------------|------------------------|---------------------|
| Suggested   | 2011           | \$225,423.93         | \$101,030.00            | \$3,618.34                | \$72,740.27            | \$257,332.00        |
|   | 2012           | \$257,332.00         | \$101,030.00            | \$4,049.10                | \$79,516.16            | \$282,894.93        |
|   | 2013           | \$282,894.93         | \$101,030.00            | \$3,215.88                | \$240,975.33           | \$146,165.49        |
| <u>Cont. - Monthly</u><br>\$8,419.17                  | 2014           | \$146,165.49         | \$101,030.00            | \$1,792.41                | \$156,011.77           | \$92,976.13         |
|   | 2015           | \$92,976.13          | \$101,030.00            | \$1,918.27                | \$32,966.84            | \$162,957.56        |
|   | 2016           | \$162,957.56         | \$101,030.00            | \$2,809.70                | \$54,887.56            | \$211,909.70        |
| <u>Int. - Monthly</u><br>\$301.53                     | 2017           | \$211,909.70         | \$101,030.00            | \$3,245.67                | \$95,060.41            | \$221,124.96        |
|   | 2018           | \$221,124.96         | \$101,030.00            | \$1,848.45                | \$298,509.38           | \$25,494.04         |
| <u>Exp. - Monthly</u><br>\$6,061.69                   | 2019           | \$25,494.04          | \$101,030.00            | \$765.52                  | \$50,648.99            | \$76,640.57         |
|   | 2020           | \$76,640.57          | \$101,030.00            | \$1,609.64                | \$41,163.86            | \$138,116.35        |
|   | 2021           | \$138,116.35         | \$101,030.00            | \$2,675.33                | \$22,997.53            | \$218,824.15        |
|   | 2022           | \$218,824.15         | \$101,030.00            | \$3,677.03                | \$51,768.81            | \$271,762.38        |
|   | 2023           | \$271,762.38         | \$101,030.00            | \$4,722.42                | \$19,215.50            | \$358,299.30        |
|   | 2024           | \$358,299.30         | \$101,030.00            | \$5,700.80                | \$62,733.27            | \$402,296.83        |
|   | 2025           | \$402,296.83         | \$101,030.00            | \$6,687.17                | \$20,114.36            | \$489,899.64        |
| <u>Minimum Balance<br/>to Maintain</u><br>\$25,000.00 | 2026           | \$489,899.64         | \$101,030.00            | \$4,168.07                | \$528,897.29           | \$66,200.42         |
|   | 2027           | \$66,200.42          | \$101,030.00            | \$1,260.01                | \$66,581.39            | \$101,909.03        |
|   | 2028           | \$101,909.03         | \$101,030.00            | \$1,830.27                | \$62,485.05            | \$142,284.25        |
|   | 2029           | \$142,284.25         | \$101,030.00            | \$2,614.05                | \$39,448.31            | \$206,479.99        |
|   | 2030           | \$206,479.99         | \$101,030.00            | \$3,575.54                | \$40,520.49            | \$270,565.03        |
|   | <b>Totals:</b> |                      | <b>\$2,020,600.00</b>   | <b>\$61,783.67</b>        | <b>\$2,037,242.56</b>  | <b>\$270,565.03</b> |

**Atkinson Towers, Inc**  
**CASHFLOW PERCENT FUNDED SUMMARY PROJECTIONS CHART**



**PROJECTED EXPENDITURES  
Atkinson Towers, Inc**

|                                      | 2011        | 2012        | 2013         | 2014         | 2015        |
|--------------------------------------|-------------|-------------|--------------|--------------|-------------|
| Asphalt Overlay                      |             |             |              |              |             |
| Battery Backup Lights                | \$3,779.47  |             |              |              |             |
| Booster Pump System - 3 Pumps        | \$20,292.94 |             |              |              |             |
| Built Up Roofing - High Rise Replace |             |             |              |              |             |
| Doors, Exterior - Replacement Fund   |             |             |              |              |             |
| Doors, Exterior - Replacement Fund   | \$18,099.18 | \$18,189.68 | \$18,280.62  | \$18,372.03  | \$18,463.89 |
| Doors, Exterior - Replacement Fund   |             | \$18,189.68 |              | \$18,372.03  |             |
| Drainage Pipes                       | \$30,568.68 |             |              |              |             |
| Elevator Cabs Refurbishment          |             |             | \$20,276.20  |              |             |
| Elevator Modernize                   |             |             | \$202,418.50 |              |             |
| Lights                               |             |             |              |              |             |
| Lobby Refurbishment                  |             |             |              | \$9,174.85   |             |
| Office Equipment                     |             |             |              |              | \$671.87    |
| Paint - Exterior                     |             |             |              |              |             |
| Pool Replaster                       |             |             |              |              |             |
| Pool/Pump & Filter                   |             |             |              |              |             |
| Roof Fans for Bathroom vents         |             |             |              |              | \$13,831.08 |
| Security System                      |             | \$12,870.80 |              |              |             |
| Street and Building Signs            |             |             |              |              |             |
| Trash Chute Re-Line                  |             | \$30,266.01 |              |              |             |
| Wet/Dry Standpipes                   |             |             |              | \$18,232.73  |             |
| Window, Kitchen                      |             |             |              | \$91,860.14  |             |
|                                      | \$72,740.27 | \$79,516.16 | \$240,975.33 | \$156,011.77 | \$32,966.84 |
|                                      | 2011        | 2012        | 2013         | 2014         | 2015        |

**PROJECTED EXPENDITURES  
Atkinson Towers, Inc**

|                                      | 2016        | 2017        | 2018         | 2019        | 2020        |
|--------------------------------------|-------------|-------------|--------------|-------------|-------------|
| Asphalt Overlay                      |             | \$57,201.65 |              |             |             |
| Battery Backup Lights                | \$3,874.91  |             |              |             |             |
| Booster Pump System - 3 Pumps        |             |             |              |             |             |
| Built Up Roofing - High Rise Replace |             |             |              |             |             |
| Doors, Exterior - Replacement Fund   |             |             |              |             |             |
| Doors, Exterior - Replacement Fund   | \$18,556.21 | \$18,648.99 | \$18,742.23  | \$18,835.94 | \$18,930.12 |
| Doors, Exterior - Replacement Fund   | \$18,556.21 |             | \$18,742.23  |             | \$18,930.12 |
| Drainage Pipes                       |             |             |              | \$31,813.04 |             |
| Elevator Cabs Refurbishment          |             |             |              |             |             |
| Elevator Modernize                   |             |             |              |             |             |
| Lights                               |             | \$6,013.97  |              |             |             |
| Lobby Refurbishment                  |             |             |              |             |             |
| Office Equipment                     |             |             |              |             | \$688.84    |
| Paint - Exterior                     |             |             | \$259,852.55 |             |             |
| Pool Replaster                       | \$13,900.23 |             |              |             |             |
| Pool/Pump & Filter                   |             |             | \$1,172.36   |             |             |
| Roof Fans for Bathroom vents         |             |             |              |             |             |
| Security System                      |             | \$13,195.80 |              |             |             |
| Street and Building Signs            |             |             |              |             | \$2,614.78  |
| Trash Chute Re-Line                  |             |             |              |             |             |
| Wet/Dry Standpipes                   |             |             |              |             |             |
| Window, Kitchen                      |             |             |              |             |             |
|                                      | \$54,887.56 | \$95,060.41 | \$298,509.38 | \$50,648.99 | \$41,163.86 |
|                                      | 2016        | 2017        | 2018         | 2019        | 2020        |

**PROJECTED EXPENDITURES  
Atkinson Towers, Inc**

|                                      | 2021        | 2022        | 2023        | 2024        | 2025        |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Asphalt Overlay                      |             |             |             |             |             |
| Battery Backup Lights                | \$3,972.75  |             |             |             |             |
| Booster Pump System - 3 Pumps        |             |             |             |             |             |
| Built Up Roofing - High Rise Replace |             |             |             |             |             |
| Doors, Exterior - Replacement Fund   |             |             |             |             |             |
| Doors, Exterior - Replacement Fund   | \$19,024.77 | \$19,119.90 | \$19,215.50 | \$19,311.58 | \$19,408.13 |
| Doors, Exterior - Replacement Fund   |             | \$19,119.90 |             | \$19,311.58 |             |
| Drainage Pipes                       |             |             |             |             |             |
| Elevator Cabs Refurbishment          |             |             |             |             |             |
| Elevator Modernize                   |             |             |             |             |             |
| Lights                               |             |             |             |             |             |
| Lobby Refurbishment                  |             |             |             | \$9,644.05  |             |
| Office Equipment                     |             |             |             |             | \$706.23    |
| Paint - Exterior                     |             |             |             |             |             |
| Pool Replaster                       |             |             |             | \$14,466.07 |             |
| Pool/Pump & Filter                   |             |             |             |             |             |
| Roof Fans for Bathroom vents         |             |             |             |             |             |
| Security System                      |             | \$13,529.01 |             |             |             |
| Street and Building Signs            |             |             |             |             |             |
| Trash Chute Re-Line                  |             |             |             |             |             |
| Wet/Dry Standpipes                   |             |             |             |             |             |
| Window, Kitchen                      |             |             |             |             |             |
|                                      | \$22,997.53 | \$51,768.81 | \$19,215.50 | \$62,733.27 | \$20,114.36 |
|                                      | 2021        | 2022        | 2023        | 2024        | 2025        |

**PROJECTED EXPENDITURES  
Atkinson Towers, Inc**

|                                      | 2026         | 2027        | 2028        | 2029        | 2030        |
|--------------------------------------|--------------|-------------|-------------|-------------|-------------|
| Asphalt Overlay                      |              |             |             |             |             |
| Battery Backup Lights                | \$4,073.07   |             |             |             |             |
| Booster Pump System - 3 Pumps        | \$21,869.35  |             |             |             |             |
| Built Up Roofing - High Rise Replace | \$193,514.14 |             |             |             |             |
| Doors, Exterior - Replacement Fund   |              |             |             |             |             |
| Doors, Exterior - Replacement Fund   | \$19,505.17  | \$19,602.70 | \$19,700.71 | \$19,799.22 | \$19,898.21 |
| Doors, Exterior - Replacement Fund   | \$19,505.17  |             | \$19,700.71 |             | \$19,898.21 |
| Drainage Pipes                       |              | \$33,108.06 |             |             |             |
| Elevator Cabs Refurbishment          |              |             | \$21,851.32 |             |             |
| Elevator Modernize                   |              |             |             |             |             |
| Lights                               |              |             |             |             |             |
| Lobby Refurbishment                  |              |             |             |             |             |
| Office Equipment                     |              |             |             |             | \$724.06    |
| Paint - Exterior                     | \$270,430.38 |             |             |             |             |
| Pool Replaster                       |              |             |             |             |             |
| Pool/Pump & Filter                   |              |             | \$1,232.31  |             |             |
| Roof Fans for Bathroom vents         |              |             |             |             |             |
| Security System                      |              | \$13,870.64 |             |             |             |
| Street and Building Signs            |              |             |             |             |             |
| Trash Chute Re-Line                  |              |             |             |             |             |
| Wet/Dry Standpipes                   |              |             |             | \$19,649.10 |             |
| Window, Kitchen                      |              |             |             |             |             |
|                                      | \$528,897.29 | \$66,581.39 | \$62,485.05 | \$39,448.31 | \$40,520.49 |
|                                      | 2026         | 2027        | 2028        | 2029        | 2030        |