

# Capital Reserve Study 2017

## Mariner's Cove Association

800 Lunalilo Home Road

Honolulu, Hawaii 96825



**HAWAIIAN PROPERTIES**  
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**Mariner's Cove Association**  
Honolulu, Hawaii  
**RA Current Assessment Funding Model Summary**

Report Date	September 30, 2016
Account Number	951
Budget Year Beginning	January 01, 2017
Budget Year Ending	December 31, 2017
Total Units	410

<i>Report Parameters</i>	
Inflation	1.00%
Annual Assessment Increase	0.00%
Interest Rate on Reserve Deposit	0.50%
Tax Rate on Interest	4.71%
Contingency	5.00%
2017 Beginning Balance	\$256,005.00

**Project Summary**

A Reserve Study was prepared using the cash flow method of analysis for the fiscal year.

This funding plan provides for fully funded reserve fund balances and complies with HRS 514B-148, approved by the association's Board of Directors as part of the new Budget.

It is important to recognize that a reserve study is a financial forecast of future funds required to maintain the capital components of the project. Hawaii law requires directors of the association to use reasonable efforts to project inflation, interest income, component inventory, component life & remaining life, and replacement costs of the project's components for a 20 year period. From this information, reserve contributions are calculated to fund the statutory replacement reserves. By its nature, a Reserve Study is an estimate to be used for annual budgeting purposes. The Reserve Study is a requirement of HRS 514A-83.6 and HRS 514B-148. The reserve study is not an audit or quality inspection of the project.

This Reserve Study has adopted a funding plan based on the cash flow method that provides full funding. The Reserve Study reflects that the Association is fully funded and has complied with the reserve requirements of Hawaii State Law; provided however, the association implements the funding plan and the criteria used reflects the project's actual operating experience during the life of the funding plan.

***Current Assessment Funding Model Summary of Calculations***

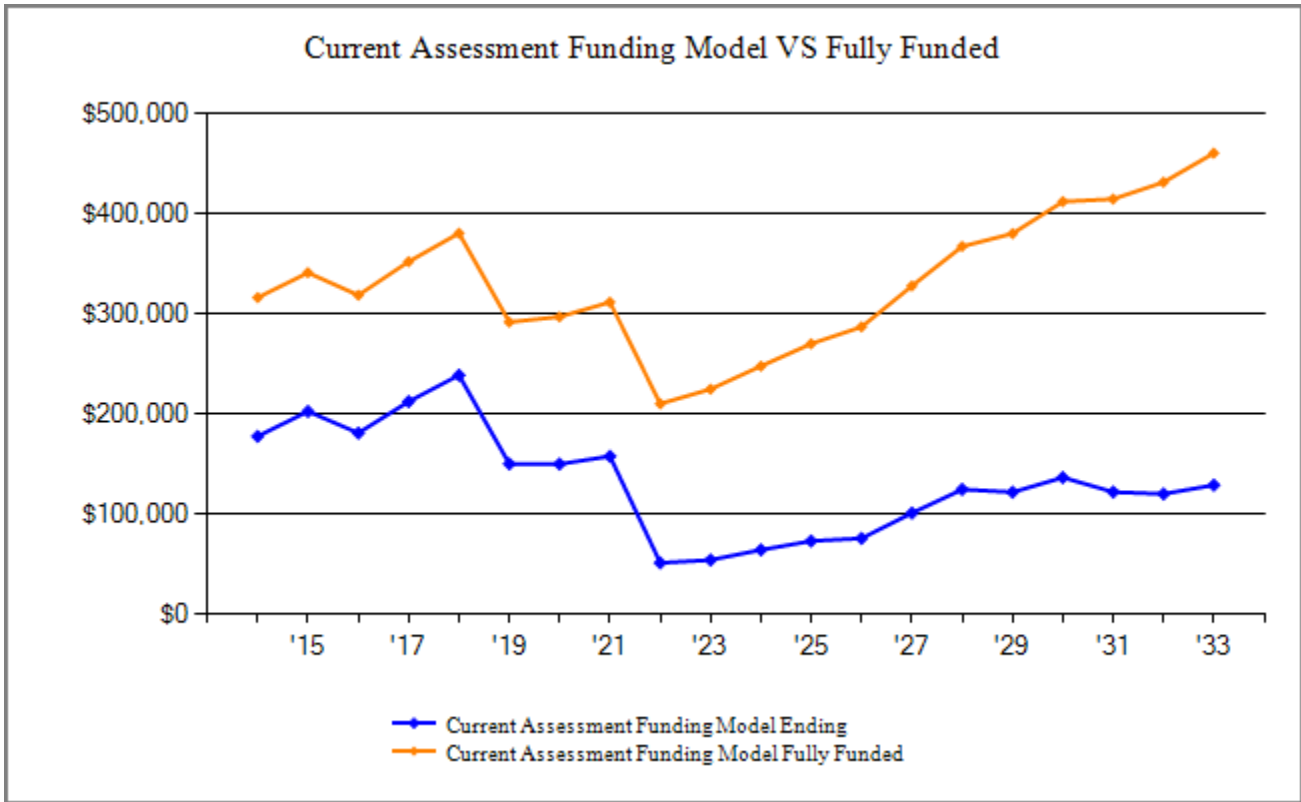
Required Biannually Contribution	\$16,836.00
<i>\$41.06 per unit biannually</i>	
Average Net Biannually Interest Earned	<u>\$441.60</u>
Total Biannually Allocation to Reserves	\$17,277.60
<i>\$42.14 per unit biannually</i>	

**Mariner's Cove Association**  
**RA Current Assessment Funding Model Projection**

Beginning Balance: \$256,005

Year	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2017	33,672	883	96,100	194,460	294,303	66%
2018	33,672	1,011	7,750	221,394	318,454	69%
2019	33,672	672	105,714	150,024	240,293	62%
2020	33,672	737	20,744	163,689	251,883	64%
2021	33,672	790	23,414	174,737	260,962	66%
2022	33,672	329	130,930	77,809	157,812	49%
2023	33,672	339	32,021	79,799	159,135	50%
2024	33,672	433	14,259	99,644	179,405	55%
2025	33,672	511	17,753	116,074	196,269	59%
2026	33,672	552	25,550	124,748	205,240	60%
2027	33,672	671	9,417	149,673	231,417	64%
2028	33,672	794	8,561	175,579	258,717	67%
2029	33,672	881	16,057	194,075	278,391	69%
2030	33,672	1,028	3,870	224,905	311,090	72%
2031	33,672	976	45,480	214,073	300,429	71%
2032	33,672	892	52,359	196,278	283,007	69%
2033	33,672	964	19,453	211,461	300,515	70%
2034	33,672	1,129		246,262	338,681	72%
2035	33,672	1,268	5,682	275,521	371,080	74%
2036	33,672	1,376	12,323	298,246	396,745	75%

**Mariner's Cove Association  
RA Current Assessment Funding Model VS Fully Funded Chart**



**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 20 years of planned reserve expenditures.

**Mariner's Cove Association  
RA Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2017</b>	
Chain Link Fence	19,840
Elastomeric Deck - Seal/Repair	3,000
Kitchen - Refurbish	6,500
Pool - Retile	37,500
Pool Furniture - Replace	4,750
Stucco - Repaint	6,985
Utility Doors - Partial replace	3,000
Wading Pool - Retile	9,000
Wood Surfaces - Repaint	5,525
<b>Total for 2017</b>	<b><u>\$96,100</u></b>
<b>Replacement Year 2018</b>	
Pool-Comm Salt Chlorine Generator	3,962
Signage	3,787
<b>Total for 2018</b>	<b><u>\$7,750</u></b>
<b>Replacement Year 2019</b>	
Elastomeric Deck - Resurface	30,227
Electronic Enrty - Replace	3,009
Tile Roof	72,478
<b>Total for 2019</b>	<b><u>\$105,714</u></b>
<b>Replacement Year 2020</b>	
Asphalt Seal/Repair	17,241
Pump Shut Offs - Replace	3,503
<b>Total for 2020</b>	<b><u>\$20,744</u></b>
<b>Replacement Year 2021</b>	
Elastomeric Deck - Seal/Repair	3,122
Pool/Spa Filters - Replace	1,873
Sliding Glass Doors - Partial Replacement	7,805
Vinyl Fence - Replace	10,614
<b>Total for 2021</b>	<b><u>\$23,414</u></b>
<b>Replacement Year 2022</b>	
Asphalt Resurface	98,795
Solar Hot Water - Replace	23,175
Utility Doors - Partial replace	3,153

**Mariner's Cove Association  
RA Annual Expenditure Detail**

Description	Expenditures
<b><i>Replacement Year 2022 continued...</i></b>	
Wood Surfaces - Repaint	5,807
<b>Total for 2022</b>	<b><u>\$130,930</u></b>
<b>Replacement Year 2023</b>	
Appliances	390
Pole Lights - Replace	22,425
Pool Furniture - Replace	5,042
Pool-Comm Salt Chlorine Generator	4,164
<b>Total for 2023</b>	<b><u>\$32,021</u></b>
<b>Replacement Year 2024</b>	
Dock - Replace	14,259
<b>Total for 2024</b>	<b><u>\$14,259</u></b>
<b>Replacement Year 2025</b>	
Bathroom - Refurbish	7,039
CVT Floor Replace	3,135
Elastomeric Deck - Seal/Repair	3,249
Pool Deck - Replace 10%	4,331
<b>Total for 2025</b>	<b><u>\$17,753</u></b>
<b>Replacement Year 2026</b>	
Asphalt Seal/Repair	18,302
Kitchen - Refurbish	7,249
<b>Total for 2026</b>	<b><u>\$25,550</u></b>
<b>Replacement Year 2027</b>	
Utility Doors - Partial replace	3,314
Wood Surfaces - Repaint	6,103
<b>Total for 2027</b>	<b><u>\$9,417</u></b>
<b>Replacement Year 2028</b>	
Pool-Comm Salt Chlorine Generator	4,377
Signage	4,184
<b>Total for 2028</b>	<b><u>\$8,561</u></b>
<b>Replacement Year 2029</b>	
Elastomeric Deck - Seal/Repair	3,380

**Mariner's Cove Association  
RA Annual Expenditure Detail**

Description	Expenditures
<i>Replacement Year 2029 continued...</i>	
Kitchen - Refurbish	7,324
Pool Furniture - Replace	5,352
<b>Total for 2029</b>	<b><u>\$16,057</u></b>
<b>Replacement Year 2030</b>	
Pump Shut Offs - Replace	3,870
<b>Total for 2030</b>	<b><u>\$3,870</u></b>
<b>Replacement Year 2031</b>	
Elastomeric Deck - Resurface	34,060
Electronic Enrty - Replace	3,391
Stucco - Repaint	8,029
<b>Total for 2031</b>	<b><u>\$45,480</u></b>
<b>Replacement Year 2032</b>	
Asphalt Seal/Repair	19,428
Chain Link Fence	23,034
Utility Doors - Partial replace	3,483
Wood Surfaces - Repaint	6,414
<b>Total for 2032</b>	<b><u>\$52,359</u></b>
<b>Replacement Year 2033</b>	
Appliances	430
Elastomeric Deck - Seal/Repair	3,518
Pool-Comm Salt Chlorine Generator	4,600
Pool/Spa Filters - Replace	2,111
Tile Floor - Replace	8,794
<b>Total for 2033</b>	<b><u>\$19,453</u></b>
<i>No Replacement in 2034</i>	
<b>Replacement Year 2035</b>	
Pool Furniture - Replace	5,682
<b>Total for 2035</b>	<b><u>\$5,682</u></b>
<b>Replacement Year 2036</b>	
Vinyl Fence - Replace	12,323
<b>Total for 2036</b>	<b><u>\$12,323</u></b>

**Mariner's Cove Association  
RA Spread Sheet**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Beginning Balance</b>	256,005	194,460	221,394	150,024	163,689	174,737	77,809	79,799	99,644	116,074
<b>Annual Assessment</b>	33,672	33,672	33,672	33,672	33,672	33,672	33,672	33,672	33,672	33,672
<b>Interest Earned</b>	883	1,011	672	737	790	329	339	433	511	552
<b>Expenditures</b>	96,100	7,750	105,714	20,744	23,414	130,930	32,021	14,259	17,753	25,550
<b>Fully Funded Reserves</b>	294,303	318,454	240,293	251,883	260,962	157,812	159,135	179,405	196,269	205,240
<b>Percent Fully Funded</b>	66%	69%	62%	64%	66%	49%	50%	55%	59%	60%
<b>Ending Balance</b>	194,460	221,394	150,024	163,689	174,737	77,809	79,799	99,644	116,074	124,748

Description										
Appliances							390			
Asphalt Resurface						98,795				
Asphalt Seal/Repair				17,241						18,302
BBQ - Replace	<i>Unfunded</i>									
Bathroom - Refurbish									7,039	
Block Wall _ Repair/Replace	<i>Unfunded</i>									
CVT Floor Replace									3,135	
Ceiling Fans	<i>Unfunded</i>									
Chain Link Fence	19,840									
Chain Link Fence	<i>Unfunded</i>									
Concrete - Special Repair	<i>Unfunded</i>									
Concrete Walk - Repair	<i>Unfunded</i>									
Dock - Replace								14,259		
Elastomeric Deck - Resurface			30,227							
Elastomeric Deck - Seal/Repair	3,000				3,122				3,249	
Electronic Enrty - Replace			3,009							
Furniture - Replace	<i>Unfunded</i>									
Interior Surfaces - Repaint	<i>Unfunded</i>									
Irrigation System	<i>Unfunded</i>									
Kitchen - Refurbish	6,500									
Kitchen - Refurbish										7,249
Pole Lights - Replace							22,425			
Pool - Retile	37,500									
Pool Deck - Replace 10%									4,331	
Pool Furniture - Replace	4,750						5,042			
Pool-Comm Salt Chlorine Generator		3,962					4,164			
Pool/Spa Filters - Replace					1,873					



**Mariner's Cove Association  
RA Spread Sheet**

<b>Description</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Pool/Spa Pumps - Replace	<i>Unfunded</i>									
Pump Shut Offs - Replace				3,503						
Rock Wall - Repair	<i>Unfunded</i>									
Sea Wall - Repair	<i>Unfunded</i>									
Signage		3,787								
Sliding Glass Doors - Partial Replacement					7,805					
Solar Hot Water - Replace						23,175				
Stucco - Repaint	6,985									
Tile Floor - Replace										
Tile Roof			72,478							
Tree Trimming	<i>Unfunded</i>									
Utility Doors - Partial replace	3,000						3,153			
Vinyl Fence - Replace					10,614					
Wading Pool - Retile	9,000									
Wall Lights - Replace	<i>Unfunded</i>									
Wood Fence - Replace	<i>Unfunded</i>									
Wood Surfaces - Repaint	5,525						5,807			
<b>Year Total:</b>	<b>96,100</b>	<b>7,750</b>	<b>105,714</b>	<b>20,744</b>	<b>23,414</b>	<b>130,930</b>	<b>32,021</b>	<b>14,259</b>	<b>17,753</b>	<b>25,550</b>

**Mariner's Cove Association  
RA Spread Sheet**

	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
<b>Beginning Balance</b>	124,748	149,673	175,579	194,075	224,905	214,073	196,278	211,461	246,262	275,521
<b>Annual Assessment</b>	33,672	33,672	33,672	33,672	33,672	33,672	33,672	33,672	33,672	33,672
<b>Interest Earned</b>	671	794	881	1,028	976	892	964	1,129	1,268	1,376
<b>Expenditures</b>	9,417	8,561	16,057	3,870	45,480	52,359	19,453		5,682	12,323
<b>Fully Funded Reserves</b>	231,417	258,717	278,391	311,090	300,429	283,007	300,515	338,681	371,080	396,745
<b>Percent Fully Funded</b>	64%	67%	69%	72%	71%	69%	70%	72%	74%	75%
<b>Ending Balance</b>	149,673	175,579	194,075	224,905	214,073	196,278	211,461	246,262	275,521	298,246

Description

Appliances							430			
Asphalt Resurface										
Asphalt Seal/Repair						19,428				
BBQ - Replace	<i>Unfunded</i>									
Bathroom - Refurbish										
Block Wall _ Repair/Replace	<i>Unfunded</i>									
CVT Floor Replace										
Ceiling Fans	<i>Unfunded</i>									
Chain Link Fence						23,034				
Chain Link Fence	<i>Unfunded</i>									
Concrete - Special Repair	<i>Unfunded</i>									
Concrete Walk - Repair	<i>Unfunded</i>									
Dock - Replace										
Elastomeric Deck - Resurface					34,060					
Elastomeric Deck - Seal/Repair			3,380				3,518			
Electronic Enrty - Replace					3,391					
Furniture - Replace	<i>Unfunded</i>									
Interior Surfaces - Repaint	<i>Unfunded</i>									
Irrigation System	<i>Unfunded</i>									
Kitchen - Refurbish			7,324							
Kitchen - Refurbish										
Pole Lights - Replace										
Pool - Retile										
Pool Deck - Replace 10%										
Pool Furniture - Replace			5,352						5,682	
Pool-Comm Salt Chlorine Generator		4,377					4,600			
Pool/Spa Filters - Replace							2,111			

**Mariner's Cove Association  
RA Spread Sheet**

<b>Description</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>
Pool/Spa Pumps - Replace	<i>Unfunded</i>									
Pump Shut Offs - Replace				3,870						
Rock Wall - Repair	<i>Unfunded</i>									
Sea Wall - Repair	<i>Unfunded</i>									
Signage		4,184								
Sliding Glass Doors - Partial Replacement										
Solar Hot Water - Replace										
Stucco - Repaint					8,029					
Tile Floor - Replace							8,794			
Tile Roof										
Tree Trimming	<i>Unfunded</i>									
Utility Doors - Partial replace	3,314					3,483				
Vinyl Fence - Replace										12,323
Wading Pool - Retile										
Wall Lights - Replace	<i>Unfunded</i>									
Wood Fence - Replace	<i>Unfunded</i>									
Wood Surfaces - Repaint	6,103					6,414				
<b>Year Total:</b>	<b>9,417</b>	<b>8,561</b>	<b>16,057</b>	<b>3,870</b>	<b>45,480</b>	<b>52,359</b>	<b>19,453</b>		<b>5,682</b>	<b>12,323</b>

### Disclaimer

This report attempts to determine the estimated remaining useful life of the components that can be visually observed. This report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements. The study is not a guarantee or warranty, or a recommendation to purchase. Estimated remaining useful lives are calculated with reasonable consideration for weather conditions. Natural disasters, including seismic activity will not be addressed in this report. Reserve funding for earthquake damages and other disasters exceeds the scope of the study. We recommend the development consider additional insurance to cover unforeseen disasters. We assume the components of the association will receive proper maintenance. The report is expressly for the use of the client and only for the purpose of establishing reserve funding requirements.

In providing the opinions of probable construction costs, the client understands that HAWAIIAN PROPERTIES, LTD. has no control over costs or the price of labor, equipment or materials, or over the contractor's method of pricing, and that the opinions of probable construction costs provided herein are to be made on the basis of HAWAIIAN PROPERTIES, LTD.'s qualifications and experience. HAWAIIAN PROPERTIES, LTD. makes no warranty, expressed or implied, as to the accuracy of such opinions as compared to bid or actual costs.

Because the Capital Reserve Study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as future inflation rates and levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement due to changes in manufacturing methods while others may cost more due to material shortages or high demand. All future projections are therefore theoretical and capital reserve studies should be updated annually.

HAWAIIAN PROPERTIES, LTD. has made a reasonable effort to ensure that the report is accurate. This study does not preclude errors resulting from unforeseen conditions or circumstances. The scope of this report is expressly limited to the components described herein. HAWAIIAN PROPERTIES, LTD. has obtained certain information, documentation and materials from the Association files and the reserve study is based upon the accuracy of such information. Material inaccuracies could adversely affect the reserve study. HAWAIIAN PROPERTIES, LTD. is not responsible for such inaccuracies. This study is limited to a visual observation. There has been neither destructive testing nor inspection of the interior of private units; floors, wall or ceiling cavities, or structural elements. It is assumed that the components have been constructed per original construction documents and comply with applicable codes. This study is not designed to uncover latent or patent defects. Estimates represent replacement of a component with similar materials unless otherwise noted. Local building codes have not been researched to determine whether or not current ordinances will permit the replacement of any component with components of like material. The estimates do not take into account the abbreviated useful life of a component as a result of its original construction, installation, or design. HAWAIIAN PROPERTIES, LTD. is not responsible for any claims, demands, or damages arising out of the discovery of asbestos, radon or any environmental claims, demands or damages. We do not assume any liability for damages which may result from this study. We are not responsible for conditions this report fails to disclose. The information contained in this study is deemed reliable as of the date of this study, but is not guaranteed.

HAWAIIAN PROPERTIES, LTD. has provided the Association with the Capital Reserve Study. The Association, by accepting this study, agrees to release HAWAIIAN PROPERTIES, LTD. from any claims, demands or damages. The Association, in consideration of HAWAIIAN PROPERTIES, LTD. performing the reserve study, hereby agrees to indemnify, defend and hold harmless HAWAIIAN PROPERTIES, LTD. from and against any and all liability, damages, losses, claims, demands, or lawsuits arising out of or relating to this reserve study.

The information contained within the report is assembled in conjunction with the client and is intended to assist the client with its reserve planning. HAWAIIAN PROPERTIES, LTD. does not guarantee, either explicitly or implied, that all repair and replacement items have been identified, the accuracy of the probable costs or the product lives associated with these items.