



# Hiller Highlands II Association

Reserve Study Financial Update

November 18, 2016

# SECTION 1

## General Information

---

The following reserve study assessment is based upon information and data available to us during the course of the study. Factual information provided by the association, managing agent, and association contracted service providers, regarding past or current reserve projects, financial data, physical characteristics, component quantities, or historical issues are assumed to be correct and complete. The conclusions and recommendations presented in this report have been based on visual observations of the property at the time of inspection.

### Property Description

Hiller Highlands II Association is a 42-member association located in Oakland, California. The association is a planned-unit development (PUD) with no responsibilities towards the units.

The association was built in 1968 and substantially rebuilt after the Oakland Firestorm. The date of the rebuilding is assumed to be 1995.

### Level of Service

This reserve study has been prepared to meet California Civil Code section 5500 & 5600, and the National Reserve Study Standards published by the Community Associations Institute (CAI), and the Association of Professional Reserve Analysts (APRA).

The level of service provided in this study is classified as a level 3, reserve study financial update, in which the following three objectives were performed:

- Life and Valuation Estimates
- Reserve Fund Status
- Funding Plan

This study is not intended for the purpose of performing quality/forensic analyses, background check of historical records, or an audit or review of a previous reserve study. No visual inspection, invasive or destructive testing has been performed as part of this update.

Since no destructive testing was undertaken, this study does not purport to address any latent and/or patent defects, nor does it address any life expectancies, which are abnormally short due to either

improper design or installation, or to subsequent improper maintenance. This study assumes that all components will be properly maintained for the remainder of their life expectancy.

### **The Reserve Study Financial Update**

The reserve study financial update consists of a financial analysis only.

The financial analysis is a determination and opinion of the association's current Reserve Fund Status (measured in cash and as a percent funded) and a recommendation for an appropriate reserve funding plan. This plan is evaluated based on a cash flow method, whereby contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

The funding goal selected in this report is designed to maintain a minimum threshold balance equal to 5% of the total replacement cost of all components included in the study. The reserve funding plan provides a 5 year reserve fund contribution schedule and recommendations for special assessments, if such a need is anticipated, in order to meet an adequate reserve funding level.

### **Basis for Life Expectancies and Cost Estimates**

Life expectancy and cost estimates are based on a previous reserve study or update as prepared by Associa Reserve Studies in the year 2015. The remaining life of each component and the component unit costs have been updated to reflect the added age and inflation costs to the component since the last study. Additionally, updates may be made to reflect information provided to us about completed or ongoing repairs.

### **Status of the Reserve Fund**

The status of the reserve fund cash balance is evaluated as either adequate or inadequate. The reserve fund cash balance is considered adequate if the anticipated cash balance of the reserve fund is greater than or equal to a threshold balance of 5% for each year over the next thirty years.

The Association's current reserve fund cash balance is inadequate. It is recommended that the association adopt the proposed funding plan in order to raise assessments to an adequate level.

## **Agent Involvement**

This reserve study financial update was prepared by John Ceragioli. John Ceragioli has been a licensed Architect and is a member of the Association of Professional Reserve Analysts (APRA).

Associa provides full service management and accounting services to the Association.

## SECTION 2

### Immediate Concerns

---

#### GENERAL NOTE REGARDING LANDSCAPING AND WATER USAGE

The California State Assembly has passed, and the governor has signed into law, Assembly Bill 1881, The Model Water Efficient Landscape Ordinance (WELO) which requires all properties (of certain types) that have 2500 square feet (1000 square feet in San Francisco) of landscape area to reduce their water usage for irrigation by 10% by the year 2016 and by 20% by the year 2020.

This will likely require all complying properties to submit plans and pull permits for irrigation system upgrades, to install smart controllers and to remodel/renovate the irrigation distribution systems with more efficient types.

We have assumed that the following will (could) occur, within this reserve study.

1. Smart Controller(s) will be installed.
2. Irrigation System plans and specifications will be submitted and permits pulled.
3. Irrigation Distribution Systems will be remodelled/renovated per the WELO Act.

#### GENERAL NOTE REGARDING SOFT STORY CONSTRUCTION

The California State Assembly has passed, and the governor has signed into law, Assembly Bill 304, relating to building standards regarding "soft-story" construction. A soft-story building is one with carports (or garages) built below residential living units. This Act allows Cities within the State of California to mandate an upgrading of these structures to resist earthquake forces.

Currently, few cities in California have mandated such construction upgrades. This study does not include the costs of such upgrades which may be substantial. Should this be required it is likely that a Special Assessment will be necessary.

#### **SPECIFIC NOTES REGARDING THE TWO GENERAL NOTES:**

1. This association is serviced by the East Bay Municipal Water District which enacted a water reduction policy separate from the States Water Efficient Landscaping Ordinance. The association may not be required to comply with the above assumptions.
2. This association does not care for the residential units, therefore the association has no responsibility towards Soft Story Upgrades.

## SECTION 3

### Component Detail Reports

---



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

**Community Information**

Fiscal Year Start	January 1, 2017
Fiscal Year End	December 31, 2017
Year Built/Reconstructed	1968/1995
Number of Units	42
Last Inspected	9/5/2015

**Computation Parameters**

Inflation Rate	2.50 %
Interest Rate	1.10 %
Threshold Factor	5.00 %
2016 Fund Contribution	\$ 25,100

**Status of the Reserve Fund at December 31, 2016**

Reserve Fund Cash Balance as of October 31, 2016	183,355.24
Anticipated Interest Revenue prior to December 31, 2016	0.00
Anticipated Reserve Fund Contribution prior to December 31, 2016	4,194.79
Anticipated Reserve Fund transfer to operating prior to December 31, 2016	11,100.00
Anticipated SBA Loan Payoff from Reserves prior to December 31, 2016	50,627.35
Anticipated Reserve Fund Expenditures prior to December 31, 2016	<u>7,504.00</u>
<b>Projected Reserve Fund Cash Balance at December 31, 2016</b>	<b>118,318.68</b>
Projected Fully Funded Balance	327,836.38
<b>Percent Funded</b>	<b>36 %</b>
<b>Avg. Reserve Fund Surplus / (Deficit) per Member</b>	<b>(4,988.52)</b>

**Cashflow Funding Plan - Five Year Funding Plan Summary**

Fiscal Year Ending	Annual Reserve Contribution	Mo. Reserve Assessment	Percent Funded
2017	36,200	71.83	43%
2018	36,200	71.83	49%
2019	36,200	71.83	54%
2020	36,200	71.83	58%
2021	36,200	71.83	62%

\* Summary Notice: This five year funding plan summary is provided in accordance with California Civil Code Section 5300(b)(3). The full reserve study plan is available and will be provided, by the Association, to any member upon request.

## Five Year Annual Expenditure Detail Report

### Hiller Highlands II Association

Oakland, California

Date: 11/18/2016

Units: 42

Fiscal Year End: 12/31/2017

#### 2017 Anticipated Reserve Expenditure

6 Asphalt Repair Allowance	ROADS - TREASURE HILL	0
12 Minor Wood Wall Repair Allowance	RETAINING WALLS	525
15 Backflow Preventer - Ongoing Repair/Inspe	IRRIGATION AND LANDSCAPING	788
17 Tree Care Allowance	IRRIGATION AND LANDSCAPING	2,100
18 Planting Replacement Allowance - Major	IRRIGATION AND LANDSCAPING	5,250
23 Planting Replacement Allowance - Ongoing	IRRIGATION AND LANDSCAPING	525
29 Street Light Replacement Allowances	MISCELLANEOUS COMPONENTS	525
2017 Total Expenditure		<b>9,713</b>

#### 2018 Anticipated Reserve Expenditure

1 Asphalt Sealing	ROADS - YANKEE HILL	1,848
15 Backflow Preventer - Ongoing Repair/Inspe	IRRIGATION AND LANDSCAPING	807
16 Irrigation System Repair Allowance	IRRIGATION AND LANDSCAPING	1,453
17 Tree Care Allowance	IRRIGATION AND LANDSCAPING	2,153
19 Planting Replacement Allowance - Major	IRRIGATION AND LANDSCAPING	5,381
23 Planting Replacement Allowance - Ongoing	IRRIGATION AND LANDSCAPING	538
29 Street Light Replacement Allowances	MISCELLANEOUS COMPONENTS	538
2018 Total Expenditure		<b>12,719</b>

#### 2019 Anticipated Reserve Expenditure

12 Minor Wood Wall Repair Allowance	RETAINING WALLS	552
15 Backflow Preventer - Ongoing Repair/Inspe	IRRIGATION AND LANDSCAPING	827
17 Tree Care Allowance	IRRIGATION AND LANDSCAPING	2,206
20 Planting Replacement Allowance - Major	IRRIGATION AND LANDSCAPING	5,516
23 Planting Replacement Allowance - Ongoing	IRRIGATION AND LANDSCAPING	552
24 Meter Enclosure - Paint - Lower	MISCELLANEOUS COMPONENTS	110
25 Meter Enclosure - Repairs - Lower	MISCELLANEOUS COMPONENTS	221
29 Street Light Replacement Allowances	MISCELLANEOUS COMPONENTS	552
2019 Total Expenditure		<b>10,535</b>

#### 2020 Anticipated Reserve Expenditure

9 Concrete Retaining Wall Repair Allowance	CONCRETE	1,696
15 Backflow Preventer - Ongoing Repair/Inspe	IRRIGATION AND LANDSCAPING	848
16 Irrigation System Repair Allowance	IRRIGATION AND LANDSCAPING	1,526
17 Tree Care Allowance	IRRIGATION AND LANDSCAPING	2,261
21 Planting Replacement Allowance - Major	IRRIGATION AND LANDSCAPING	5,654
23 Planting Replacement Allowance - Ongoing	IRRIGATION AND LANDSCAPING	565



## Five Year Annual Expenditure Detail Report

### Hiller Highlands II Association

Oakland, California

Date: 11/18/2016

Units: 42

Fiscal Year End: 12/31/2017

29 Street Light Replacement Allowances	MISCELLANEOUS COMPONENTS	565
2020 Total Expenditure		<b>13,117</b>

### **2021 Anticipated Reserve Expenditure**

12 Minor Wood Wall Repair Allowance	RETAINING WALLS	580
15 Backflow Preventer - Ongoing Repair/Inspe	IRRIGATION AND LANDSCAPING	869
17 Tree Care Allowance	IRRIGATION AND LANDSCAPING	2,318
22 Planting Replacement Allowance - Major	IRRIGATION AND LANDSCAPING	5,795
23 Planting Replacement Allowance - Ongoing	IRRIGATION AND LANDSCAPING	580
29 Street Light Replacement Allowances	MISCELLANEOUS COMPONENTS	580
32 Camera Investigation	LATERAL SEWER LINES - INVESTIGATION ONLY	0
2021 Total Expenditure		<b>10,721</b>

**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

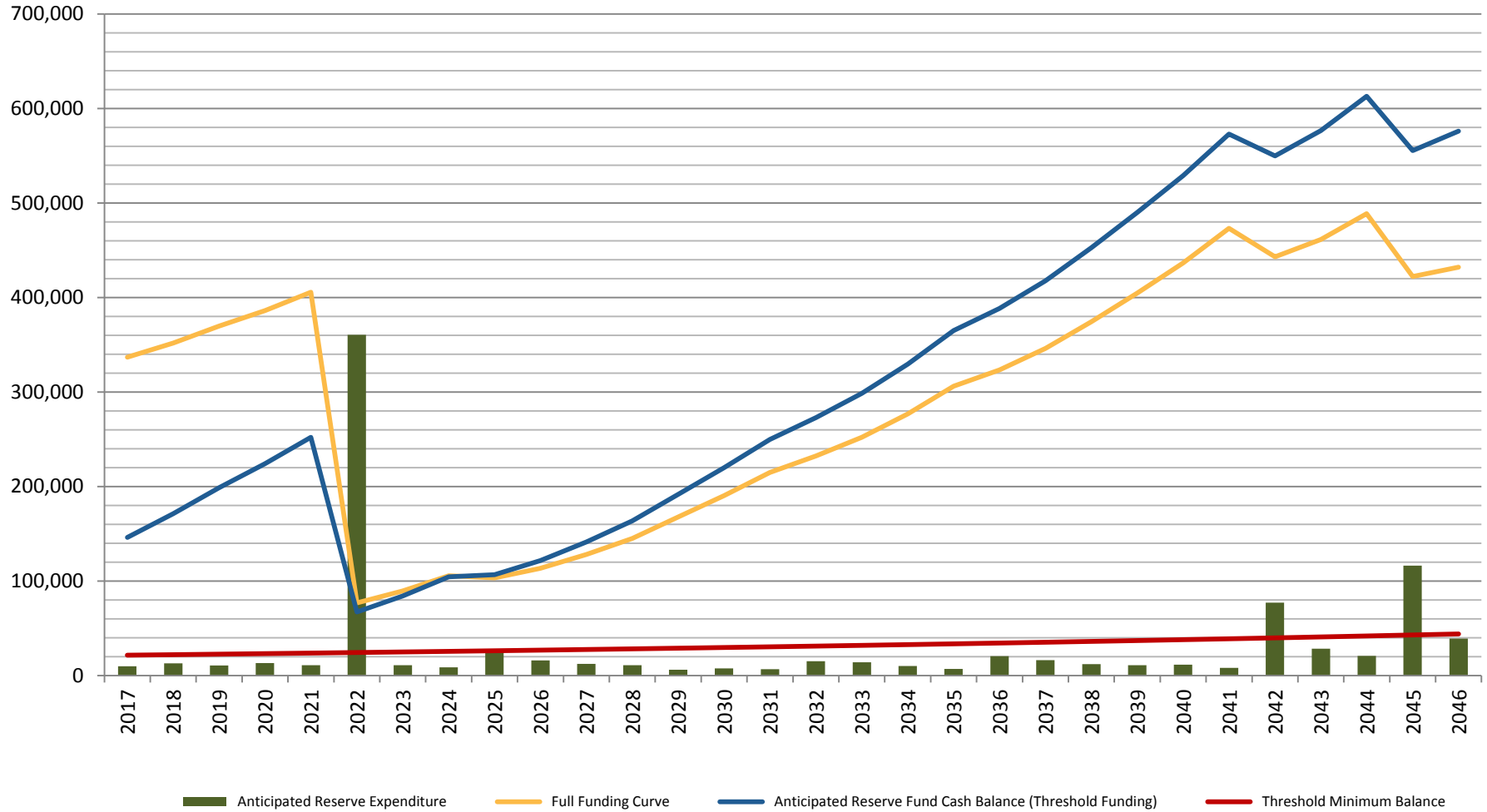
Fiscal Year Ending	Annual Reserve Contribution	Monthly Reserve Assmnt.	Percent Increase	Anticipated Beginning Cash Bal.	Estimated Interest	Anticipated Reserve Expense	Anticipated Special Assmnt.	Anticipated FYE Reserve Balance	Fully Funded Balance	Surplus/ (Deficit) of FFB	Projected FYE Percent Funded
2017	36,200	71.83	44.22%	118,319	1,302	9,713		146,108	336,868	-190,760	43%
2018	36,200	71.83	0.00%	146,108	1,607	12,719		171,196	351,784	-180,588	49%
2019	36,200	71.83	0.00%	171,196	1,883	10,535		198,744	369,737	-170,993	54%
2020	36,200	71.83	0.00%	198,744	2,186	13,117		224,014	386,049	-162,035	58%
2021	36,200	71.83	0.00%	224,014	2,464	10,721		251,957	405,670	-153,713	62%
2022	36,200	71.83	0.00%	251,957	2,772	360,344	136,500	67,085	76,676	-9,590	87%
2023	27,150	53.87	-25.00%	67,085	738	10,798		84,176	89,532	-5,357	94%
2024	27,965	55.49	3.00%	84,176	926	8,612		104,454	105,440	-986	99%
2025	28,803	57.15	3.00%	104,454	1,149	27,665		106,741	103,248	3,493	103%
2026	29,668	58.86	3.00%	106,741	1,174	15,867		121,716	113,372	8,344	107%
2027	30,558	60.63	3.00%	121,716	1,339	12,238		141,374	127,962	13,412	110%
2028	31,474	62.45	3.00%	141,374	1,555	10,908		163,496	144,848	18,648	113%
2029	32,419	64.32	3.00%	163,496	1,798	6,002		191,711	167,676	24,035	114%
2030	33,391	66.25	3.00%	191,711	2,109	7,382		219,829	190,325	29,504	116%
2031	34,393	68.24	3.00%	219,829	2,418	6,750		249,890	214,818	35,072	116%
2032	35,425	70.29	3.00%	249,890	2,749	15,139		272,924	232,197	40,727	118%
2033	36,487	72.40	3.00%	272,924	3,002	13,822		298,592	252,006	46,586	118%
2034	37,582	74.57	3.00%	298,592	3,285	9,906		329,553	276,922	52,630	119%
2035	38,709	76.80	3.00%	329,553	3,625	6,960		364,927	306,120	58,807	119%
2036	39,871	79.11	3.00%	364,927	4,014	20,311		388,501	323,428	65,074	120%
2037	41,067	81.48	3.00%	388,501	4,274	16,182		417,660	346,046	71,614	121%
2038	42,299	83.93	3.00%	417,660	4,594	12,023		452,530	374,157	78,373	121%
2039	43,568	86.44	3.00%	452,530	4,978	10,936		490,139	404,844	85,295	121%
2040	44,875	89.04	3.00%	490,139	5,392	11,488		528,918	436,554	92,364	121%
2041	46,221	91.71	3.00%	528,918	5,818	8,071		572,886	473,300	99,586	121%
2042	47,608	94.46	3.00%	572,886	6,302	76,941		549,854	442,942	106,912	124%
2043	49,036	97.29	3.00%	549,854	6,048	28,269		576,670	461,367	115,303	125%
2044	50,507	100.21	3.00%	576,670	6,343	20,656		612,864	488,754	124,109	125%
2045	52,022	103.22	3.00%	612,864	6,742	116,209		555,419	422,188	133,231	132%
2046	53,583	106.32	3.00%	555,419	6,110	39,107		576,004	431,994	144,011	133%

# 30 Year Cash Flow Chart (Threshold Funding)



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

	Year New	RL	UL	Def.	Quantity	Cost	PM&A	Anticipated Total Cost
<b>ROADS - YANKEE HILL</b>								
1 Asphalt Sealing	2018	1	5		6,870 S.F.	0.25	5%	1,803
2 Asphalt Repair Allowance	2016	9	10		1 L.S.	7,000.00	5%	7,350
3 Asphalt Replacement	1995	28	50		6,870 S.F.	3.75	15%	29,627
4 Asphalt Curbs	1995	28	50		245 L.F.	6.00	5%	1,542
<b>ROADS - TREASURE HILL</b>								
5 Asphalt Sealing	2022	5	5		7,420 S.F.	0.25	5%	1,948
6 Asphalt Repair Allowance	2027	10	5		1 L.S.	3,000.00	5%	3,150
7 Asphalt Replacement	2022	5	40		7,420 S.F.	4.75	15%	40,532
8 Asphalt Curbs	2022	5	40		263 L.F.	6.00	5%	1,657
<b>CONCRETE</b>								
9 Concrete Retaining Wall Repair Allowance	1995	3	25		1 L.S.	1,500.00	5%	1,575
10 Concrete V Ditch/Drain Repair Allowance	2013	6	10		1 L.S.	2,000.00	5%	2,100
<b>RETAINING WALLS</b>								
11 Major Wood Retaining Walls	1995	8	30		137 L.F.	50.00	5%	7,166
12 Minor Wood Wall Repair Allowance	2013	0	2		1 L.S.	500.00	5%	525
<b>IRRIGATION AND LANDSCAPING</b>								
13 Irrigation Controller (Install Smart Controller)	2009	7	15		1 EA.	1,800.00	5%	1,890
14 Backflow Preventer - Existing	1995	8	30		3 EA.	3,250.00	5%	10,238
15 Backflow Preventer - Ongoing Repair/Inspections	2017	0	1		1 L.S.	750.00	5%	788
16 Irrigation System Repair Allowance	2016	1	2		1 L.S.	1,350.00	5%	1,418
17 Tree Care Allowance	2016	0	1		1 L.S.	2,000.00	5%	2,100
18 Planting Replacement Allowance - Major	2017	0	25		1 L.S.	5,000.00	5%	5,250
19 Planting Replacement Allowance - Major	2018	1	25		1 L.S.	5,000.00	5%	5,250
20 Planting Replacement Allowance - Major	2019	2	25		1 L.S.	5,000.00	5%	5,250
21 Planting Replacement Allowance - Major	2020	3	25		1 L.S.	5,000.00	5%	5,250
22 Planting Replacement Allowance - Major	2021	4	25		1 L.S.	5,000.00	5%	5,250
23 Planting Replacement Allowance - Ongoing	2022	5	1		1 L.S.	500.00	5%	525

**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

	Year New	RL	UL	Def.	Quantity	Cost	PM&A	Anticipated Total Cost
<b>MISCELLANEOUS COMPONENTS</b>								
24 Meter Enclosure - Paint - Lower	2013	2	6		1 L.S.	100.00	5%	105
25 Meter Enclosure - Repairs - Lower	2013	2	6		1 L.S.	200.00	5%	210
26 Meter Enclosure - Paint - Upper	2016	5	6		1 L.S.	100.00	5%	105
27 Meter Enclosure - Replace - Upper	2016	5	6		1 L.S.	1,000.00	5%	1,050
28 Signage Replacement	1995	8	30		1 L.S.	500.00	5%	525
29 Street Light Replacement Allowances	2015	0	1		1 EA.	500.00	5%	525
30 Street Light Poles	1995	28	50		12 EA.	1,250.00	5%	15,750
31 Paint Street Light Poles	2013	6	10		12 EA.	75.00	5%	945
<b>LATERAL SEWER LINES - INVESTIGATION ONLY</b>								
32 Camera Investigation	2042	25	20		42 EA.	85.00	5%	3,749
33 Pressure Testing	2022	5	20		42 EA.	500.00	5%	22,050
<b>LATERAL SEWER LINES - REPLACEMENT ONLY</b>								
34 1850/1852 Grand View Drive	2022	5	40		1 L.S.	6,250.00	15%	7,188
35 1854/1856 Grand View Drive	2022	5	40		1 L.S.	6,250.00	15%	7,188
36 1858/1860 Grand View Drive	2022	5	40		1 L.S.	6,250.00	15%	7,188
37 1862/1864 Grand View Drive	2022	5	40		1 L.S.	6,250.00	15%	7,188
38 1872/1874 Grand View Drive	2022	5	40		1 L.S.	6,250.00	15%	7,188
39 1876/1878 Grand View Drive	2022	5	40		1 L.S.	6,250.00	15%	7,188
40 1880 Grand View Drive	2022	5	40		1 L.S.	4,100.00	15%	4,715
41 1861/1863 Grand View Drive	2022	5	40		1 L.S.	6,450.00	15%	7,418
42 1865/1867 Grand View Drive	2022	5	40		1 L.S.	6,450.00	15%	7,418
43 1869/1871 Grand View Drive	2022	5	40		1 L.S.	6,450.00	15%	7,418
44 1873/1875 Grand View Drive	2022	5	40		1 L.S.	6,450.00	15%	7,418
45 1877/1879 Grand View Drive	2022	5	40		1 L.S.	6,450.00	15%	7,418
46 1881/1883 Grand View Drive	2022	5	40		1 L.S.	6,450.00	15%	7,418
47 1885 Grand View Drive	2022	5	40		1 L.S.	4,300.00	15%	4,945
48 10/12 Yankee Hill	2022	5	40		1 L.S.	9,800.00	15%	11,270
49 14/16 Yankee Hill	2022	5	40		1 L.S.	9,800.00	15%	11,270

**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

	Year New	RL	UL	Def.	Quantity	Cost	PM&A	Anticipated Total Cost
50 20/22 Yankee Hill	2022	5	40		1 L.S.	9,800.00	15%	11,270
51 1 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
52 3 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
53 5 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
54 9 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
55 11 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
56 13 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
57 15 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
58 16 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
59 18 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
60 20 Treasure Hill	2022	5	40		1 L.S.	4,300.00	15%	4,945
<b>LATERAL SEWER LINES - ADDITIONAL FEES</b>								
61 PSL Permits	2022	5	40		42 EA.	150.00	15%	7,245
62 Sewer Permits	2022	5	40		42 EA.	425.00	15%	20,528
63 Excavation Permits	2022	5	40		42 EA.	425.00	15%	20,528
64 Clean Outs	2022	5	40		2 EA.	675.00	15%	1,553
65 Wyes (Connected Unit)	2022	5	40		15 EA.	675.00	15%	11,644
<b>Total</b>								<b>429,242</b>



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

	Remain. Life	Useful Life	Component Total Cost	Accrued Reserve
<b>ROADS - YANKEE HILL</b>				
1 Asphalt Sealing	1	5	1,803	1,443
2 Asphalt Repair Allowance	9	10	7,350	735
3 Asphalt Replacement	28	50	29,627	13,036
4 Asphalt Curbs	28	50	1,542	678
<b>ROADS - TREASURE HILL</b>				
5 Asphalt Sealing	5	5	1,948	0
6 Asphalt Repair Allowance	10	5	3,150	(3,150)
7 Asphalt Replacement	5	40	40,532	35,465
8 Asphalt Curbs	5	40	1,657	1,450
<b>CONCRETE</b>				
9 Concrete Retaining Wall Repair Allowance	3	25	1,575	1,386
10 Concrete V Ditch/Drain Repair Allowance	6	10	2,100	840
<b>RETAINING WALLS</b>				
11 Major Wood Retaining Walls	8	30	7,166	5,255
12 Minor Wood Wall Repair Allowance	0	2	525	525
<b>IRRIGATION AND LANDSCAPING</b>				
13 Irrigation Controller (Install Smart Controller)	7	15	1,890	1,008
14 Backflow Preventer - Existing	8	30	10,238	7,508
15 Backflow Preventer - Ongoing Repair/Inspectio	0	1	788	788
16 Irrigation System Repair Allowance	1	2	1,418	709
17 Tree Care Allowance	0	1	2,100	2,100
18 Planting Replacement Allowance - Major	0	25	5,250	5,250
19 Planting Replacement Allowance - Major	1	25	5,250	5,040
20 Planting Replacement Allowance - Major	2	25	5,250	4,830
21 Planting Replacement Allowance - Major	3	25	5,250	4,620
22 Planting Replacement Allowance - Major	4	25	5,250	4,410
23 Planting Replacement Allowance - Ongoing	5	1	525	(2,100)
<b>MISCELLANEOUS COMPONENTS</b>				
24 Meter Enclosure - Paint - Lower	2	6	105	70
25 Meter Enclosure - Repairs - Lower	2	6	210	140
26 Meter Enclosure - Paint - Upper	5	6	105	18
27 Meter Enclosure - Replace - Upper	5	6	1,050	175
28 Signage Replacement	8	30	525	385
29 Street Light Replacement Allowances	0	1	525	525
30 Street Light Poles	28	50	15,750	6,930
31 Paint Street Light Poles	6	10	945	378
<b>LATERAL SEWER LINES - INVESTIGATION ONLY</b>				
32 Camera Investigation	25	20	3,749	(937)
33 Pressure Testing	5	20	22,050	16,538
<b>LATERAL SEWER LINES - REPLACEMENT ONLY</b>				



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

	Remain. Life	Useful Life	Component Total Cost	Accrued Reserve
34 1850/1852 Grand View Drive	5	40	7,188	6,289
35 1854/1856 Grand View Drive	5	40	7,188	6,289
36 1858/1860 Grand View Drive	5	40	7,188	6,289
37 1862/1864 Grand View Drive	5	40	7,188	6,289
38 1872/1874 Grand View Drive	5	40	7,188	6,289
39 1876/1878 Grand View Drive	5	40	7,188	6,289
40 1880 Grand View Drive	5	40	4,715	4,126
41 1861/1863 Grand View Drive	5	40	7,418	6,490
42 1865/1867 Grand View Drive	5	40	7,418	6,490
43 1869/1871 Grand View Drive	5	40	7,418	6,490
44 1873/1875 Grand View Drive	5	40	7,418	6,490
45 1877/1879 Grand View Drive	5	40	7,418	6,490
46 1881/1883 Grand View Drive	5	40	7,418	6,490
47 1885 Grand View Drive	5	40	4,945	4,327
48 10/12 Yankee Hill	5	40	11,270	9,861
49 14/16 Yankee Hill	5	40	11,270	9,861
50 20/22 Yankee Hill	5	40	11,270	9,861
51 1 Treasure Hill	5	40	4,945	4,327
52 3 Treasure Hill	5	40	4,945	4,327
53 5 Treasure Hill	5	40	4,945	4,327
54 9 Treasure Hill	5	40	4,945	4,327
55 11 Treasure Hill	5	40	4,945	4,327
56 13 Treasure Hill	5	40	4,945	4,327
57 15 Treasure Hill	5	40	4,945	4,327
58 16 Treasure Hill	5	40	4,945	4,327
59 18 Treasure Hill	5	40	4,945	4,327
60 20 Treasure Hill	5	40	4,945	4,327
<b>LATERAL SEWER LINES - ADDITIONAL FEES</b>				
61 PSL Permits	5	40	7,245	6,339
62 Sewer Permits	5	40	20,528	17,962
63 Excavation Permits	5	40	20,528	17,962
64 Clean Outs	5	40	1,553	1,358
65 Wyes (Connected Unit)	5	40	11,644	10,188

<b>Projected Fully Funded Balance (Total)</b>	<b>327,836.38</b>
<b>Projected Reserve Fund Balance</b>	<b>118,318.68</b>
<b>Percent Funded</b>	<b>36%</b>





**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Fiscal Year Ending	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>ROADS - YANKEE HILL</b>										
1 Asphalt Sealing	0	1,848	0	0	0	0	2,091	0	0	0
2 Asphalt Repair Allowance	0	0	0	0	0	0	0	0	0	9,179
3 Asphalt Replacement	0	0	0	0	0	0	0	0	0	0
4 Asphalt Curbs	0	0	0	0	0	0	0	0	0	0
<b>ROADS - TREASURE HILL</b>										
5 Asphalt Sealing	0	0	0	0	0	2,204	0	0	0	0
6 Asphalt Repair Allowance	0	0	0	0	0	0	0	0	0	0
7 Asphalt Replacement	0	0	0	0	0	45,858	0	0	0	0
8 Asphalt Curbs	0	0	0	0	0	1,875	0	0	0	0
<b>CONCRETE</b>										
9 Concrete Retaining Wall Repair Allowance	0	0	0	1,696	0	0	0	0	0	0
10 Concrete V Ditch/Drain Repair Allowance	0	0	0	0	0	0	2,435	0	0	0
<b>RETAINING WALLS</b>										
11 Major Wood Retaining Walls	0	0	0	0	0	0	0	0	8,731	0
12 Minor Wood Wall Repair Allowance	525	0	552	0	580	0	609	0	640	0
<b>IRRIGATION AND LANDSCAPING</b>										
13 Irrigation Controller (Install Smart Controller)	0	0	0	0	0	0	0	2,247	0	0
14 Backflow Preventer - Existing	0	0	0	0	0	0	0	0	12,473	0
15 Backflow Preventer - Ongoing Repair/Inspections	788	807	827	848	869	891	913	936	959	983
16 Irrigation System Repair Allowance	0	1,453	0	1,526	0	1,604	0	1,685	0	1,770
17 Tree Care Allowance	2,100	2,153	2,206	2,261	2,318	2,376	2,435	2,496	2,559	2,623
18 Planting Replacement Allowance - Major	5,250	0	0	0	0	0	0	0	0	0
19 Planting Replacement Allowance - Major	0	5,381	0	0	0	0	0	0	0	0
20 Planting Replacement Allowance - Major	0	0	5,516	0	0	0	0	0	0	0
21 Planting Replacement Allowance - Major	0	0	0	5,654	0	0	0	0	0	0
22 Planting Replacement Allowance - Major	0	0	0	0	5,795	0	0	0	0	0
23 Planting Replacement Allowance - Ongoing	525	538	552	565	580	594	609	624	640	656
<b>MISCELLANEOUS COMPONENTS</b>										
24 Meter Enclosure - Paint - Lower	0	0	110	0	0	0	0	0	128	0
25 Meter Enclosure - Repairs - Lower	0	0	221	0	0	0	0	0	256	0
26 Meter Enclosure - Paint - Upper	0	0	0	0	0	119	0	0	0	0
27 Meter Enclosure - Replace - Upper	0	0	0	0	0	1,188	0	0	0	0



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Fiscal Year Ending	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
28 Signage Replacement	0	0	0	0	0	0	0	0	640	0
29 Street Light Replacement Allowances	525	538	552	565	580	594	609	624	640	656
30 Street Light Poles	0	0	0	0	0	0	0	0	0	0
31 Paint Street Light Poles	0	0	0	0	0	0	1,096	0	0	0
<b>LATERAL SEWER LINES - INVESTIGATION ONLY</b>										
32 Camera Investigation	0	0	0	0	0	4,241	0	0	0	0
33 Pressure Testing	0	0	0	0	0	24,948	0	0	0	0
<b>LATERAL SEWER LINES - REPLACEMENT ONLY</b>										
34 1850/1852 Grand View Drive	0	0	0	0	0	8,132	0	0	0	0
35 1854/1856 Grand View Drive	0	0	0	0	0	8,132	0	0	0	0
36 1858/1860 Grand View Drive	0	0	0	0	0	8,132	0	0	0	0
37 1862/1864 Grand View Drive	0	0	0	0	0	8,132	0	0	0	0
38 1872/1874 Grand View Drive	0	0	0	0	0	8,132	0	0	0	0
39 1876/1878 Grand View Drive	0	0	0	0	0	8,132	0	0	0	0
40 1880 Grand View Drive	0	0	0	0	0	5,335	0	0	0	0
41 1861/1863 Grand View Drive	0	0	0	0	0	8,392	0	0	0	0
42 1865/1867 Grand View Drive	0	0	0	0	0	8,392	0	0	0	0
43 1869/1871 Grand View Drive	0	0	0	0	0	8,392	0	0	0	0
44 1873/1875 Grand View Drive	0	0	0	0	0	8,392	0	0	0	0
45 1877/1879 Grand View Drive	0	0	0	0	0	8,392	0	0	0	0
46 1881/1883 Grand View Drive	0	0	0	0	0	8,392	0	0	0	0
47 1885 Grand View Drive	0	0	0	0	0	5,595	0	0	0	0
48 10/12 Yankee Hill	0	0	0	0	0	12,751	0	0	0	0
49 14/16 Yankee Hill	0	0	0	0	0	12,751	0	0	0	0
50 20/22 Yankee Hill	0	0	0	0	0	12,751	0	0	0	0
51 1 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
52 3 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
53 5 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
54 9 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
55 11 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
56 13 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
57 15 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
58 16 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
59 18 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0
60 20 Treasure Hill	0	0	0	0	0	5,595	0	0	0	0



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Fiscal Year Ending	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>LATERAL SEWER LINES - ADDITIONAL FEES</b>										
61 PSL Permits	0	0	0	0	0	8,197	0	0	0	0
62 Sewer Permits	0	0	0	0	0	23,225	0	0	0	0
63 Excavation Permits	0	0	0	0	0	23,225	0	0	0	0
64 Clean Outs	0	0	0	0	0	1,757	0	0	0	0
65 Wyes (Connected Unit)	0	0	0	0	0	13,174	0	0	0	0



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Fiscal Year Ending	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>ROADS - YANKEE HILL</b>										
1 Asphalt Sealing	0	2,366	0	0	0	0	2,677	0	0	0
2 Asphalt Repair Allowance	0	0	0	0	0	0	0	0	0	11,750
3 Asphalt Replacement	0	0	0	0	0	0	0	0	0	0
4 Asphalt Curbs	0	0	0	0	0	0	0	0	0	0
<b>ROADS - TREASURE HILL</b>										
5 Asphalt Sealing	2,493	0	0	0	0	2,821	0	0	0	0
6 Asphalt Repair Allowance	4,032	0	0	0	0	4,562	0	0	0	0
7 Asphalt Replacement	0	0	0	0	0	0	0	0	0	0
8 Asphalt Curbs	0	0	0	0	0	0	0	0	0	0
<b>CONCRETE</b>										
9 Concrete Retaining Wall Repair Allowance	0	0	0	0	0	0	0	0	0	0
10 Concrete V Ditch/Drain Repair Allowance	0	0	0	0	0	0	3,117	0	0	0
<b>RETAINING WALLS</b>										
11 Major Wood Retaining Walls	0	0	0	0	0	0	0	0	0	0
12 Minor Wood Wall Repair Allowance	672	0	706	0	742	0	779	0	819	0
<b>IRRIGATION AND LANDSCAPING</b>										
13 Irrigation Controller (Install Smart Controller)	0	0	0	0	0	0	0	0	0	0
14 Backflow Preventer - Existing	0	0	0	0	0	0	0	0	0	0
15 Backflow Preventer - Ongoing Repair/Inspections	1,008	1,033	1,059	1,086	1,113	1,141	1,169	1,198	1,228	1,259
16 Irrigation System Repair Allowance	0	1,860	0	1,954	0	2,053	0	2,157	0	2,266
17 Tree Care Allowance	2,688	2,755	2,824	2,895	2,967	3,041	3,117	3,195	3,275	3,357
18 Planting Replacement Allowance - Major	0	0	0	0	0	0	0	0	0	0
19 Planting Replacement Allowance - Major	0	0	0	0	0	0	0	0	0	0
20 Planting Replacement Allowance - Major	0	0	0	0	0	0	0	0	0	0
21 Planting Replacement Allowance - Major	0	0	0	0	0	0	0	0	0	0
22 Planting Replacement Allowance - Major	0	0	0	0	0	0	0	0	0	0
23 Planting Replacement Allowance - Ongoing	672	689	706	724	742	760	779	799	819	839
<b>MISCELLANEOUS COMPONENTS</b>										
24 Meter Enclosure - Paint - Lower	0	0	0	0	148	0	0	0	0	0
25 Meter Enclosure - Repairs - Lower	0	0	0	0	297	0	0	0	0	0
26 Meter Enclosure - Paint - Upper	0	138	0	0	0	0	0	160	0	0
27 Meter Enclosure - Replace - Upper	0	1,378	0	0	0	0	0	1,598	0	0



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Fiscal Year Ending	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
28 Signage Replacement	0	0	0	0	0	0	0	0	0	0
29 Street Light Replacement Allowances	672	689	706	724	742	760	779	799	819	839
30 Street Light Poles	0	0	0	0	0	0	0	0	0	0
31 Paint Street Light Poles	0	0	0	0	0	0	1,403	0	0	0
<b>LATERAL SEWER LINES - INVESTIGATION ONLY</b>										
32 Camera Investigation	0	0	0	0	0	0	0	0	0	0
33 Pressure Testing	0	0	0	0	0	0	0	0	0	0
<b>LATERAL SEWER LINES - REPLACEMENT ONLY</b>										
34 1850/1852 Grand View Drive	0	0	0	0	0	0	0	0	0	0
35 1854/1856 Grand View Drive	0	0	0	0	0	0	0	0	0	0
36 1858/1860 Grand View Drive	0	0	0	0	0	0	0	0	0	0
37 1862/1864 Grand View Drive	0	0	0	0	0	0	0	0	0	0
38 1872/1874 Grand View Drive	0	0	0	0	0	0	0	0	0	0
39 1876/1878 Grand View Drive	0	0	0	0	0	0	0	0	0	0
40 1880 Grand View Drive	0	0	0	0	0	0	0	0	0	0
41 1861/1863 Grand View Drive	0	0	0	0	0	0	0	0	0	0
42 1865/1867 Grand View Drive	0	0	0	0	0	0	0	0	0	0
43 1869/1871 Grand View Drive	0	0	0	0	0	0	0	0	0	0
44 1873/1875 Grand View Drive	0	0	0	0	0	0	0	0	0	0
45 1877/1879 Grand View Drive	0	0	0	0	0	0	0	0	0	0
46 1881/1883 Grand View Drive	0	0	0	0	0	0	0	0	0	0
47 1885 Grand View Drive	0	0	0	0	0	0	0	0	0	0
48 10/12 Yankee Hill	0	0	0	0	0	0	0	0	0	0
49 14/16 Yankee Hill	0	0	0	0	0	0	0	0	0	0
50 20/22 Yankee Hill	0	0	0	0	0	0	0	0	0	0
51 1 Treasure Hill	0	0	0	0	0	0	0	0	0	0
52 3 Treasure Hill	0	0	0	0	0	0	0	0	0	0
53 5 Treasure Hill	0	0	0	0	0	0	0	0	0	0
54 9 Treasure Hill	0	0	0	0	0	0	0	0	0	0
55 11 Treasure Hill	0	0	0	0	0	0	0	0	0	0
56 13 Treasure Hill	0	0	0	0	0	0	0	0	0	0
57 15 Treasure Hill	0	0	0	0	0	0	0	0	0	0
58 16 Treasure Hill	0	0	0	0	0	0	0	0	0	0
59 18 Treasure Hill	0	0	0	0	0	0	0	0	0	0
60 20 Treasure Hill	0	0	0	0	0	0	0	0	0	0



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Fiscal Year Ending	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
<b>LATERAL SEWER LINES - ADDITIONAL FEES</b>										
61 PSL Permits	0	0	0	0	0	0	0	0	0	0
62 Sewer Permits	0	0	0	0	0	0	0	0	0	0
63 Excavation Permits	0	0	0	0	0	0	0	0	0	0
64 Clean Outs	0	0	0	0	0	0	0	0	0	0
65 Wyes (Connected Unit)	0	0	0	0	0	0	0	0	0	0



**Hiller Highlands II Association**

Oakland, California

Date: 11/18/2016

Units: 42

Fiscal Year End: 12/31/2017

Fiscal Year Ending	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
<b>ROADS - YANKEE HILL</b>										
1 Asphalt Sealing	0	3,029	0	0	0	0	3,427	0	0	0
2 Asphalt Repair Allowance	0	0	0	0	0	0	0	0	0	15,041
3 Asphalt Replacement	0	0	0	0	0	0	0	0	59,150	0
4 Asphalt Curbs	0	0	0	0	0	0	0	0	3,078	0
<b>ROADS - TREASURE HILL</b>										
5 Asphalt Sealing	3,192	0	0	0	0	3,611	0	0	0	0
6 Asphalt Repair Allowance	5,162	0	0	0	0	5,840	0	0	0	0
7 Asphalt Replacement	0	0	0	0	0	0	0	0	0	0
8 Asphalt Curbs	0	0	0	0	0	0	0	0	0	0
<b>CONCRETE</b>										
9 Concrete Retaining Wall Repair Allowance	0	0	0	0	0	0	0	0	3,144	0
10 Concrete V Ditch/Drain Repair Allowance	0	0	0	0	0	0	3,991	0	0	0
<b>RETAINING WALLS</b>										
11 Major Wood Retaining Walls	0	0	0	0	0	0	0	0	0	0
12 Minor Wood Wall Repair Allowance	860	0	904	0	950	0	998	0	1,048	0
<b>IRRIGATION AND LANDSCAPING</b>										
13 Irrigation Controller (Install Smart Controller)	0	0	3,254	0	0	0	0	0	0	0
14 Backflow Preventer - Existing	0	0	0	0	0	0	0	0	0	0
15 Backflow Preventer - Ongoing Repair/Inspections	1,290	1,323	1,356	1,390	1,424	1,460	1,496	1,534	1,572	1,612
16 Irrigation System Repair Allowance	0	2,381	0	2,501	0	2,628	0	2,761	0	2,901
17 Tree Care Allowance	3,441	3,527	3,615	3,706	3,798	3,893	3,991	4,090	4,193	4,297
18 Planting Replacement Allowance - Major	0	0	0	0	0	9,733	0	0	0	0
19 Planting Replacement Allowance - Major	0	0	0	0	0	0	9,977	0	0	0
20 Planting Replacement Allowance - Major	0	0	0	0	0	0	0	10,226	0	0
21 Planting Replacement Allowance - Major	0	0	0	0	0	0	0	0	10,482	0
22 Planting Replacement Allowance - Major	0	0	0	0	0	0	0	0	0	10,744
23 Planting Replacement Allowance - Ongoing	860	882	904	926	950	973	998	1,023	1,048	1,074
<b>MISCELLANEOUS COMPONENTS</b>										
24 Meter Enclosure - Paint - Lower	172	0	0	0	0	0	200	0	0	0
25 Meter Enclosure - Repairs - Lower	344	0	0	0	0	0	399	0	0	0
26 Meter Enclosure - Paint - Upper	0	0	0	185	0	0	0	0	0	215
27 Meter Enclosure - Replace - Upper	0	0	0	1,853	0	0	0	0	0	2,149



**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Fiscal Year Ending	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
28 Signage Replacement	0	0	0	0	0	0	0	0	0	0
29 Street Light Replacement Allowances	860	882	904	926	950	973	998	1,023	1,048	1,074
30 Street Light Poles	0	0	0	0	0	0	0	0	31,445	0
31 Paint Street Light Poles	0	0	0	0	0	0	1,796	0	0	0
<b>LATERAL SEWER LINES - INVESTIGATION ONLY</b>										
32 Camera Investigation	0	0	0	0	0	6,950	0	0	0	0
33 Pressure Testing	0	0	0	0	0	40,879	0	0	0	0
<b>LATERAL SEWER LINES - REPLACEMENT ONLY</b>										
34 1850/1852 Grand View Drive	0	0	0	0	0	0	0	0	0	0
35 1854/1856 Grand View Drive	0	0	0	0	0	0	0	0	0	0
36 1858/1860 Grand View Drive	0	0	0	0	0	0	0	0	0	0
37 1862/1864 Grand View Drive	0	0	0	0	0	0	0	0	0	0
38 1872/1874 Grand View Drive	0	0	0	0	0	0	0	0	0	0
39 1876/1878 Grand View Drive	0	0	0	0	0	0	0	0	0	0
40 1880 Grand View Drive	0	0	0	0	0	0	0	0	0	0
41 1861/1863 Grand View Drive	0	0	0	0	0	0	0	0	0	0
42 1865/1867 Grand View Drive	0	0	0	0	0	0	0	0	0	0
43 1869/1871 Grand View Drive	0	0	0	0	0	0	0	0	0	0
44 1873/1875 Grand View Drive	0	0	0	0	0	0	0	0	0	0
45 1877/1879 Grand View Drive	0	0	0	0	0	0	0	0	0	0
46 1881/1883 Grand View Drive	0	0	0	0	0	0	0	0	0	0
47 1885 Grand View Drive	0	0	0	0	0	0	0	0	0	0
48 10/12 Yankee Hill	0	0	0	0	0	0	0	0	0	0
49 14/16 Yankee Hill	0	0	0	0	0	0	0	0	0	0
50 20/22 Yankee Hill	0	0	0	0	0	0	0	0	0	0
51 1 Treasure Hill	0	0	0	0	0	0	0	0	0	0
52 3 Treasure Hill	0	0	0	0	0	0	0	0	0	0
53 5 Treasure Hill	0	0	0	0	0	0	0	0	0	0
54 9 Treasure Hill	0	0	0	0	0	0	0	0	0	0
55 11 Treasure Hill	0	0	0	0	0	0	0	0	0	0
56 13 Treasure Hill	0	0	0	0	0	0	0	0	0	0
57 15 Treasure Hill	0	0	0	0	0	0	0	0	0	0
58 16 Treasure Hill	0	0	0	0	0	0	0	0	0	0
59 18 Treasure Hill	0	0	0	0	0	0	0	0	0	0
60 20 Treasure Hill	0	0	0	0	0	0	0	0	0	0





**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Fiscal Year Ending	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
<b>LATERAL SEWER LINES - ADDITIONAL FEES</b>										
61 PSL Permits	0	0	0	0	0	0	0	0	0	0
62 Sewer Permits	0	0	0	0	0	0	0	0	0	0
63 Excavation Permits	0	0	0	0	0	0	0	0	0	0
64 Clean Outs	0	0	0	0	0	0	0	0	0	0
65 Wyes (Connected Unit)	0	0	0	0	0	0	0	0	0	0





**Hiller Highlands II Association**  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

## Assessment and Reserve Funding Disclosure Summary for the fiscal year ending 2017

(7) For the purposes of preparing this summary pursuant to Section 5570 of the Davis-Stirling Act, the following are assumed to be true.

1. "Estimated remaining Useful life" means the time reasonably calculated to remain before a major component will require replacement.
2. "Major component" is defined in Section 5500 of the Davis-Stirling Act. Components with an estimated remaining life of more than thirty (30) years may be included in a study as a capital asset or disregarded from the reserve calculations, so long as the decision is revealed in the reserve fund study report and is reported in this Assessment and Reserve Fund Disclosure Summary.
3. This form shall accompany each Pro Forma Operating Budget or Summary thereof that is delivered pursuant to the requirements of the Davis-Stirling Act. This form may be supplemented or modified to clarify the information delivered, so long as the minimum requirements are met.
4. For the purpose of this report and summary, the amount of reserve needed to be accumulated for any component at any given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful of the component. This shall not be construed as to require the Board of Directors to fund their reserve fund in accordance with this calculation.

### ASSESSMENT AND RESERVE FUNDING DISCLOSURE SUMMARY DISCLAIMERS

#### DISCLAIMER 1

The association as part of its reserve study and funding analysis has prepared a cash flow statement to meet the needs of the association's reserve components over the course of the next 30 years. The currently elected board is not empowered to approve future years assessments but it is assumed that future Board of Directors will update and follow the assumptions contained within the cash flow summary.

#### DISCLAIMER 2

The associations board of directors has relied on information, opinions, reports and statements presented to it by vendors, contractors, reserve analysts, CPAs and/or other professionals ("Professionals") in preparing the reserve study and is relying upon this information, financial data and reports pursuant to the California Corporations Code in providing the association membership and/or prospective purchasers the information contained in this Assessment and Reserve Funding Disclosure Summary. The information contained within the reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding future events based on information supplied to the association board of directors from said Professionals. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this disclosure summary. Since the information provided has been based on assumptions over a thirty (30) year period the accuracy of the information may be less than reliable. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God can not be accounted for and are excluded when assessing life expectancy of each component. The reserve study includes only items that the association has a clear and express responsibility to maintain, pursuant to the association's CC&R's.

The answer to this question was based on the attached cash flow analysis using the data in the reserve study and is only accurate to the extent the assumptions over the next thirty (30) years hold true.



Hiller Highlands II Association  
Oakland, California

Date: 11/18/2016  
Units: 42  
Fiscal Year End: 12/31/2017

Assessment and Reserve Funding Disclosure Summary  
for the fiscal year ending 2017

**DISCLAIMER 3**

The association intends to review its reserve fund on an annual basis, consistent with California Civil Code section 5500, as well as causing a new reserve study to be conducted every three (3) years, the association could increase regular assessments to facilitate additional reserve funding and/or levy association could increase regular assessments to facilitate additional reserve funding and/or levy special assessments to fund reserve over the course of the next thirty (30) years. Please see the attached cash flow analysis for any potential future special assessments and/or regular assessment increases.

**DISCLAIMER 4**

The information contained within the disclosure statement, cash flow projections and percent funded calculation is based on a reserve study prepared by                     Associa Reserve Studies                     during the           2015           fiscal year. The Davis-Stirling act requires that every association to "at least once every three years, the board of directors shall cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the association is obligated to repair, replace, or maintain as part of a study of the reserve account requirements of the common interest development". The association is required to conduct their next reserve study inspection in the           2018           fiscal year.

**DISCLAIMER 5**

The following assumptions were made in this study.

Inflation Rate is computed at	2.50%
Net Rate of return on Investments	1.10%
Unscheduled Maintenance Allowance.	5.00%

**DISCLAIMER 6**

The complete reserve study is available to you through your management company. Please contact your community manager at the address below for a copy of the complete study. Please note there may be a fee for this service.

Associa Northern California  
1855 Gateway Boulevard, Suite 300  
Concord, CA 94520  
(925) 405-4900

## SECTION 5

### Terms and Definitions

---

**ANTICIPATED RESERVE BALANCE:** Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Based upon information provided and not audited.

**ANTICIPATED TOTAL COST:** The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Anticipated Total Cost would be the cost to replace, repair, or restore the component during that particular year.

**CASH FLOW METHOD:** A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

**COMPONENT:** The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

**COMPONENT INVENTORY:** The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the association or cooperative.

**COMPONENT METHOD:** A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

**FINANCIAL ANALYSIS:** The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

**FULLY FUNDED:** 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

**FULLY FUNDED BALANCE (FFB):** Total Accrued Reserve. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate}) ^ \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate}) ^ \text{Remaining Life}]$$

**FUNDING PLAN:** An association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

**LIFE AND VALUATION ESTIMATES:** The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

**PERCENT FUNDED:** The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

**PHYSICAL ANALYSIS:** The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

**PROJECT MANAGEMENT & ADMINISTRATION (PM&A):** The anticipated “soft” costs associated with the maintenance, repair, or replacement of a reserve component. This allowance is set aside for the hiring of a construction / project manager and necessary administration costs. PM&A is expressed as a percentage of the contractors costs.

**REMAINING LIFE (RL):** The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have “zero” Remaining Useful Life.

**RESERVE STUDY:** A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis.

**SPECIAL ASSESSMENT:** An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

**USEFUL LIFE (UL):** Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.