

# *HAWAII INSPECTION GROUP*



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Licensed General Contractors Licensed Civil Engineers**

August 18, 2017

## **Letter of Transmittal**

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

Subject: Kihei Commercial Condo 2 Association 2018 Reserve Study, FINAL version 081817.

Ms Kramer

Attached you will find a copy of:

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

If you have any questions concerning this matter please call.

Sincerely,

Prepared by:

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

Encl  
cc: File

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## **Funding Reserve Analysis**

*for*

## **Kihei Commercial Condo 2 2018**

August 18, 2017



Kihei Commercial Condo 2 Association, 300 Ohukai Road in Kihei, Hawaii.

**Funding Reserve Analysis**  
*for*  
**Kihei Commercial Condo 2 2018**

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August 18, 2017

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

Ms Kramer,

Hawaii Inspection Group, Inc. is pleased to present to Jane Kramer and the Kihei Commercial Condo 2 2018 the requested Reserve Funding study. We believe that you will find the attached study to be thorough and complete. After you have had an opportunity to review the report you may have questions. Please do not hesitate to write or call - we would be pleased to answer any questions you may have.

**Project Description**

A commercial complex in Kihei, Hawaii consisting of 3 buildings.

**Date of Physical Inspection**

The property was visited by Hawaii Inspection Group, Inc. on July 20, 2017.

**Depth of Study**

Full Service Reserve Study with Field Inspection A field inspection was made to verify the existing condition of the various reserve study components, their physical condition, and to verify component quantities. In place testing, laboratory testing, and non-destructive testing of the reserve study components were not performed. Field measurements of component quantities were made to either verify improvement plan take offs or determine directly the quantities of various components. Photographs were not taken of the site improvements.

### Summary of Financial Assumptions

The below table contains a partial summary of information provided by Ms Jane Kramer for this funding study.

<i>Reserve Study by Calendar Year Starting</i>	<i>January 1, 2018</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Dues Paying Members</i>	<i>72</i>
<i>Reserve Balance as of January 1, 2018<sup>1</sup></i>	<i>\$ 50,478</i>
<i>Annual Inflation Rate</i>	<i>2.90%</i>
<i>Tax Rate on Reserve Interest</i>	<i>0.00%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$ 0</i>
<i>Dues Change Period</i>	<i>5 Years</i>
<i>Annual Operating Budget</i>	<i>\$ 0</i>

<sup>1</sup> See "Financial Condition of Association" in this report.

### Reserve Study Assumptions

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

### Impact of Component Life

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

### Inflation Estimate

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

### Initial Reserves

Initial reserves for this Reserve Study were taken from the balance sheet provided. Based upon a study start date of January 1, 2018 a total of 165 days of accrued interest at 0.00 percent per annum were compounded to yield an initial reserve balance of \$ 50,478.

The implicit assumption has been made that the reserve accounts will not be drawn down between the date of preparation of this reserve study update and the study start date.

### **Financial Condition of Association**

Reserve balance taken from July 2017 Balance Sheet provided by CPMMI. For the purpose of this study, it is expressly assumed that the reserve funds will not be drawn upon until after study start date of January 1, 2018.

### **Reserve Funding Goal**

The reserve fund goal is a minimum account balance consistent with the cash demands of maintenance and replacement of reserve items. (Baseline Funding)

### **Study Method**

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

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

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

### **Summary of Findings**

Hawaii Inspection Group, Inc. has estimated future projected expenses for Kihei Commercial Condo 2 2018 based upon preservation of existing improvements. The attached funding study is limited in scope to those expense items listed in the attached "Kihei Commercial Condo 2 2018 Reserve Study Expense Items". Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long lived items overlaps the 30 Years reserve study envelope.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that member monthly fees as shown in the attached "Kihei Commercial Condo 2 2018 Dues Summary" will realize this goal. Some reserve items in the "Revenue Summary Table" may not contain payments. In this analysis the initial reserves were used to make annual payments for expense items in their order of occurrence until the initial reserve was consumed. As a result reserve items without payments may be expected, particularly in the first few years of the funding study. Reserve items that have been paid with initial reserve funds are identified with a [FP] in the Expense Items Sheets. An item marked [PR] is partially paid with initial reserve funds. Ms Jane Kramer represents and warrants that the information provided to Hawaii Inspection Group, Inc., including but not limited to that information contained in the attached Reserve Study Information Summary, that the maintenance records are complete and accurate, and that Hawaii Inspection Group, Inc. may rely upon such information and documents without further verification or corroboration. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, Ms Jane Kramer shall provide to Hawaii Inspection Group, Inc. Ms Jane Kramer's best-estimated age of that item. If Ms Jane Kramer is unable to provide and estimate of a Reserve Item's age, Hawaii Inspection Group, Inc. shall make its own estimate of age of the Reserve Item. The Reserve Study is created for the association's use, and is a reflection of information provided to Hawaii Inspection Group, Inc.. This information is not for the purpose of performing an audit, historical records, quality or forensic analyses. Any on-site inspection is not considered to be a project audit or quality inspection.

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

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

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

### **Items Beyond the Scope of this Report**

- Building or land appraisals for any purpose.
- State or local zoning ordinance violations.
- Building code violations.
- Soils conditions, soils contamination or geological stability of site.
- Engineering analysis or structural stability of site.
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, or radon.
- Water quality or other environmental hazards.
- Invasions by termites and any or all other destroying organisms or insects.
- Damage or destruction due to birds, bats or animals to buildings or site.
- This study is not a pest inspection.
- Adequacy or efficiency of any system or component on site.
- Specifically excluded reserve items.
- Septic systems and septic tanks.
- Buried or concealed portions of swing pools, pool liners, Jacuzzis and spas or similar items.
- Items concealed by signs, carpets or other things.
- Missing or omitted information supplied by the Commercial Properties of Maui for the purposes of reserve study preparation.
- Hidden improvements such as sewer lines, water lines, or other buried or concealed items.

### **Statement of Qualifications**

Hawaii Inspection Group, Inc. is a professional in the business of preparing reserve studies for community associations. I have completed a physical inspection of the components listed in this reserve study. My inspection included a review of current condition, economic life, remaining useful life, and replacement cost of all components included in this reserve study. No destructive testing was done. This was done by field measurements and/or drawing take-offs with field verification.

### **Conflict of Interest**

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

*Prepared by Hawaii Inspection Group, Inc.*

*Kihei Commercial Condo 2 2018 Funding Study Summary - Continued*

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

Prepared by:

Bud Stanton for  
Hawaii Inspection Group, Inc.



**Kihei Commercial Condo 2 2018 Reserve Study Expense Item Summary**

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
<b>Building B1</b>						
Membrane Roofing	\$ 97,526	16 Years	30 Years	\$ 159,577	\$ 9,387	Yes
Electrical Meter and Switchgear Equipment	\$ 35,000	19 Years	45 Years	\$ 62,468	\$ 3,123	Yes
House Breaker Subpanel	\$ 1,500	19 Years	45 Years	\$ 2,677	\$ 134	Yes
Exterior Building Down lights	\$ 1,800	7 Years	18 Years	\$ 2,269	\$ 284	Yes
Fire Standpipe and Valve Repair Allowance	\$ 4,500	0 Years	5 Years	\$ 4,632	\$ 4,632	Yes
<b>Building B2</b>						
Membrane Roofing	\$ 174,422	16 Years	30 Years	\$ 285,397	\$ 16,788	Yes
Roof Access ladder 16ft	\$ 1,120	22 Years	40 Years	\$ 2,180	\$ 94.80	Yes
Electrical Meter and Switchgear Equipment	\$ 35,000	19 Years	45 Years	\$ 62,468	\$ 3,123	Yes
House Breaker Subpanel	\$ 1,500	19 Years	45 Years	\$ 2,677	\$ 134	Yes
Exterior Building Down lights	\$ 3,600	7 Years	18 Years	\$ 4,539	\$ 567	Yes
Fire Standpipe and Valve Repair Allowance	\$ 4,500	0 Years	5 Years	\$ 4,632	\$ 4,632	Yes
<b>Building B3</b>						
Railings	\$ 69,750	18 Years	30 Years	\$ 120,935	\$ 6,365	Yes
Membrane Roofing	\$ 131,285	16 Years	30 Years	\$ 214,815	\$ 12,636	Yes
Roof Access ladder 16ft	\$ 1,120	22 Years	40 Years	\$ 2,180	\$ 94.80	Yes
Electrical Meter and Switchgear Equipment	\$ 35,000	19 Years	45 Years	\$ 62,468	\$ 3,123	Yes
House Breaker Subpanel	\$ 1,500	19 Years	45 Years	\$ 2,677	\$ 134	Yes
Hallway and Entrance Down lights	\$ 3,600	13 Years	18 Years	\$ 5,400	\$ 386	Yes
Exterior Building Down lights	\$ 1,800	7 Years	18 Years	\$ 2,269	\$ 284	Yes
Fire Standpipe and Valve Repair Allowance	\$ 4,500	0 Years	5 Years	\$ 4,632	\$ 4,632	Yes
<b>Common Areas</b>						
Mailboxes	\$ 7,225	14 Years	25 Years	\$ 11,157	\$ 744	Yes
General Signage Allowance	\$ 3,500	5 Years	5 Years	\$ 4,164	\$ 694	Yes
<b>Landscaping</b>						
Irrigation System Repair Allowance	\$ 2,500	0 Years	5 Years	\$ 2,573	\$ 2,573	Yes
Irrigation System Replacement	\$ 5,000	12 Years	20 Years	\$ 7,286	\$ 560	Yes
Landscape Improvement Allowance	\$ 10,000	5 Years	10 Years	\$ 11,898	\$ 1,983	Yes

Kihei Commercial Condo 2 2018 Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Raw Annual Payment	Repeating Item?
<b>Paving</b>						
(1) Concrete Street and Parking Repair Allowance	\$ 75,000	14 Years	14 Years	\$ 115,811	\$ 7,721	Yes
(2) Concrete Sidewalk Repair Allowance	\$ 6,000	25 Years	25 Years	\$ 12,741	\$ 490	Yes
<b>Plumbing</b>						
Back Flow Preventer 3 inch	\$ 3,620	8 Years	18 Years	\$ 4,698	\$ 522	Yes
Water Line and Valve Repair Allowance	\$ 10,000	3 Years	7 Years	\$ 11,228	\$ 2,807	Yes
Sewer Line Clean and Camera Inspect	\$ 8,390	1 Years	10 Year	\$ 8,890	\$ 4,445	Yes
Sewer Line Repair Allowance	\$ 15,000	2 Years	10 Years	\$ 16,362	\$ 5,454	Yes
Storm Drain Line Clean and Camera Inspect	\$ 8,310	1 Years	10 Year	\$ 8,806	\$ 4,403	Yes
Storm Drain Line Repair Allowance	\$ 15,000	2 Years	10 Years	\$ 16,362	\$ 5,454	Yes
<b>Roofing</b>						
Repair Allowance	\$ 5,000	2 Years	2 Years	\$ 5,454	\$ 1,818	Yes
<b>Waterproofing</b>						
(3) Paint All Buildings, Doors, Electrical Cabinets	\$ 94,000	11 Years	12 Years	\$ 133,070	\$ 11,089	Yes
<b>Contingency</b>						
Consulting fees	\$ 2,500	0 Year	1 Years	\$ 2,573	\$ 2,573	No
Insurance Deductible	\$ 5,000	0 Year	1 Years	\$ 5,147	\$ 5,147	No

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

Months Remaining in Calendar Year 2018: 12

Expected annual inflation: 2.90%

Interest earned on reserve funds: 0.00%

Initial Reserve: \$ 50,478

Reserve Item Comments

- (1) Replacement figures for pavement replacement were removed, and repair allowance changed from 4 years to 14 years per email from Jack Watkins.
- (2) Concrete sidewalk repair allowance changed from 3 years to 25 years per email from Jack Watkins.
- (3) Pricing bid figure for building, etc. painting was given by email from Jack Watkins.

**Kihei Commercial Condo 2 2018 Funding Study Modified Cash Flow Analysis**

Calendar Year	Annual Dues	Annual Interest	Salvage	Annual Expenses	Annual Income Tax	Net Reserve Funds
2018	\$ 65,000			\$ 24,191		\$ 91,288
2019	\$ 66,885			\$ 17,696		\$ 140,477
2020	\$ 68,825			\$ 38,177		\$ 171,124
2021	\$ 70,821			\$ 11,228		\$ 230,716
2022	\$ 72,874			\$ 5,779		\$ 297,811
2023	\$ 74,988			\$ 35,099		\$ 337,700
2024	\$ 77,162			\$ 6,124		\$ 408,738
2025	\$ 79,400			\$ 9,078		\$ 479,061
2026	\$ 81,703			\$ 11,187		\$ 549,576
2027	\$ 84,072					\$ 633,648
2028	\$ 86,510			\$ 47,445		\$ 672,713
2029	\$ 89,019			\$ 156,711		\$ 605,021
2030	\$ 91,601			\$ 58,290		\$ 638,332
2031	\$ 94,257			\$ 5,400		\$ 727,189
2032	\$ 96,990			\$ 134,689		\$ 689,490
2033	\$ 99,803			\$ 46,891		\$ 742,402
2034	\$ 102,697			\$ 667,969		\$ 177,130
2035	\$ 105,676			\$ 16,843		\$ 265,963
2036	\$ 108,740			\$ 129,604		\$ 245,099
2037	\$ 111,894			\$ 195,434		\$ 161,558
2038	\$ 115,139			\$ 45,012		\$ 231,684
2039	\$ 118,478			\$ 31,584		\$ 318,578
2040	\$ 121,913			\$ 72,499		\$ 367,992
2041	\$ 125,449			\$ 188,379		\$ 305,062
2042	\$ 129,087			\$ 30,944		\$ 403,205
2043	\$ 132,830			\$ 90,676		\$ 445,360
2044	\$ 136,683			\$ 18,843		\$ 563,200
2045	\$ 140,646					\$ 703,846
2046	\$ 144,725			\$ 185,307		\$ 663,264
2047	\$ 148,922					\$ 812,187
2048	\$ 153,241			\$ 60,135		\$ 905,293
<b>Totals :</b>	<b>\$ 3,196,029</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,341,215</b>	<b>\$ 0</b>	

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

Basis of Funding Study - Modified Cash Flow

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

Cash Flow has been modified with the forced Fixed Payments.

Months Remaining in Calendar Year 2018: 12      Inflation = 2.90 %      Interest = 0.00 %

Study Life = 30 years      Initial Reserve Funds = \$ 50,478.26      Final Reserve Value = \$ 905,292.64

Annual Payments Held Constant for 5 years

**Kihei Commercial Condo 2 2018 Modified Reserve Dues Summary**

**Projected Dues by Month and by Calendar Year**

Calendar Year	Member Monthly Operations Payment	Member Monthly Reserve Payment	Member Total Monthly Payment	Member Total Annual Payment	Monthly Reserve Payment	Annual Reserve Payment
2018	NA	\$ 75.23	\$ 75.23	\$ 902.78	\$ 5,417	\$ 65,000
2019	NA	\$ 77.41	\$ 77.41	\$ 928.96	\$ 5,574	\$ 66,885
2020	NA	\$ 79.66	\$ 79.66	\$ 955.90	\$ 5,735	\$ 68,825
2021	NA	\$ 81.97	\$ 81.97	\$ 983.62	\$ 5,902	\$ 70,821
2022	NA	\$ 84.35	\$ 84.35	\$ 1,012.14	\$ 6,073	\$ 72,874
2023	NA	\$ 86.79	\$ 86.79	\$ 1,041.50	\$ 6,249	\$ 74,988
2024	NA	\$ 89.31	\$ 89.31	\$ 1,071.70	\$ 6,430	\$ 77,162
2025	NA	\$ 91.90	\$ 91.90	\$ 1,102.78	\$ 6,617	\$ 79,400
2026	NA	\$ 94.56	\$ 94.56	\$ 1,134.76	\$ 6,809	\$ 81,703
2027	NA	\$ 97.31	\$ 97.31	\$ 1,167.67	\$ 7,006	\$ 84,072
2028	NA	\$ 100.13	\$ 100.13	\$ 1,201.53	\$ 7,209	\$ 86,510
2029	NA	\$ 103.03	\$ 103.03	\$ 1,236.37	\$ 7,418	\$ 89,019
2030	NA	\$ 106.02	\$ 106.02	\$ 1,272.23	\$ 7,633	\$ 91,601
2031	NA	\$ 109.09	\$ 109.09	\$ 1,309.12	\$ 7,855	\$ 94,257
2032	NA	\$ 112.26	\$ 112.26	\$ 1,347.09	\$ 8,083	\$ 96,990
2033	NA	\$ 115.51	\$ 115.51	\$ 1,386.15	\$ 8,317	\$ 99,803
2034	NA	\$ 118.86	\$ 118.86	\$ 1,426.35	\$ 8,558	\$ 102,697
2035	NA	\$ 122.31	\$ 122.31	\$ 1,467.72	\$ 8,806	\$ 105,676
2036	NA	\$ 125.86	\$ 125.86	\$ 1,510.28	\$ 9,062	\$ 108,740
2037	NA	\$ 129.51	\$ 129.51	\$ 1,554.08	\$ 9,324	\$ 111,894
2038	NA	\$ 133.26	\$ 133.26	\$ 1,599.15	\$ 9,595	\$ 115,139
2039	NA	\$ 137.13	\$ 137.13	\$ 1,645.52	\$ 9,873	\$ 118,478
2040	NA	\$ 141.10	\$ 141.10	\$ 1,693.24	\$ 10,159	\$ 121,913
2041	NA	\$ 145.20	\$ 145.20	\$ 1,742.35	\$ 10,454	\$ 125,449
2042	NA	\$ 149.41	\$ 149.41	\$ 1,792.87	\$ 10,757	\$ 129,087
2043	NA	\$ 153.74	\$ 153.74	\$ 1,844.87	\$ 11,069	\$ 132,830
2044	NA	\$ 158.20	\$ 158.20	\$ 1,898.37	\$ 11,390	\$ 136,683
2045	NA	\$ 162.79	\$ 162.79	\$ 1,953.42	\$ 11,721	\$ 140,646
2046	NA	\$ 167.51	\$ 167.51	\$ 2,010.07	\$ 12,060	\$ 144,725
2047	NA	\$ 172.36	\$ 172.36	\$ 2,068.36	\$ 12,410	\$ 148,922
2048	NA	\$ 177.36	\$ 177.36	\$ 2,128.35	\$ 12,770	\$ 153,241

Dues Summary has been modified with forced Fixed Payments.

In the context of the Reserve Payment Summary, the "Annual Reserve Payment" corresponds with the "Annual Revenue" in the Cash Flow report.

Number of Payment Months in Calendar Year 2018: 12

Number of Years of Constant Payments: 5

No of Dues Paying Members: 72

**Kihei Commercial Condo 2 2018 Funding Study - Expenses by Item and by Calendar Year**

Item Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
<b>Reserve Category : Building B1</b>																					
Membrane Roofing																	\$ 159,577				
Electrical Meter and Switchgear Equipment																				\$ 62,468	
House Breaker Subpanel																				\$ 2,677	
Exterior Building Down lights								\$ 2,269													
Fire Standpipe and Valve Repair Allowance	\$ 4,632					\$ 5,354					\$ 6,188					\$ 7,153					\$ 8,268
<b>Category Subtotal :</b>	<b>\$ 4,632</b>					<b>\$ 5,354</b>		<b>\$ 2,269</b>			<b>\$ 6,188</b>					<b>\$ 7,153</b>	<b>\$ 159,577</b>			<b>\$ 65,145</b>	<b>\$ 8,268</b>
<b>Reserve Category : Building B2</b>																					
Membrane Roofing																	\$ 285,397				
Roof Access ladder 16ft																					
Electrical Meter and Switchgear Equipment																				\$ 62,468	
House Breaker Subpanel																				\$ 2,677	
Exterior Building Down lights								\$ 4,539													
Fire Standpipe and Valve Repair Allowance	\$ 4,632					\$ 5,354					\$ 6,188					\$ 7,153					\$ 8,268
<b>Category Subtotal :</b>	<b>\$ 4,632</b>					<b>\$ 5,354</b>		<b>\$ 4,539</b>			<b>\$ 6,188</b>					<b>\$ 7,153</b>	<b>\$ 285,397</b>			<b>\$ 65,145</b>	<b>\$ 8,268</b>
<b>Reserve Category : Building B3</b>																					
Railings																			\$ 120,935		
Membrane Roofing																					
Roof Access ladder 16ft																	\$ 214,815				
Electrical Meter and Switchgear Equipment																				\$ 62,468	
House Breaker Subpanel																				\$ 2,677	
Hallway and Entrance Down lights														\$ 5,400							
Exterior Building Down lights								\$ 2,269													
Fire Standpipe and Valve Repair Allowance	\$ 4,632					\$ 5,354					\$ 6,188					\$ 7,153					\$ 8,268
<b>Category Subtotal :</b>	<b>\$ 4,632</b>					<b>\$ 5,354</b>		<b>\$ 2,269</b>			<b>\$ 6,188</b>			<b>\$ 5,400</b>		<b>\$ 7,153</b>	<b>\$ 214,815</b>		<b>\$ 120,935</b>	<b>\$ 65,145</b>	<b>\$ 8,268</b>
<b>Reserve Category : Common Areas</b>																					
Mailboxes																\$ 11,157					
General Signage Allowance						\$ 4,164					\$ 4,813					\$ 5,563					\$ 6,430

Kihei Commercial Condo 2 2018 Funding Study Expenses by Calendar Year - Continued

Item Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	
<b>Category Subtotal :</b>						\$ 4,164					\$ 4,813				\$ 11,157	\$ 5,563					\$ 6,430	
<b>Reserve Category : Landscaping</b>																						
Irrigation System Repair Allowance	\$ 2,573					\$ 2,975					\$ 3,438					\$ 3,974					\$ 4,593	
Irrigation System Replacement													\$ 7,286									
Landscape Improvement Allowance						\$ 11,898										\$ 15,895						
<b>Category Subtotal :</b>	\$ 2,573					\$ 14,873					\$ 3,438		\$ 7,286			\$ 19,869					\$ 4,593	
<b>Reserve Category : Paving</b>																						
Concrete Street and Parking Repair Allowance															\$ 115,811							
Concrete Sidewalk Repair Allowance															\$ 115,811							
<b>Category Subtotal :</b>															\$ 231,622							
<b>Reserve Category : Plumbing</b>																						
Back Flow Preventer 3 inch																						
Water Line and Valve Repair Allowance				\$ 11,228							\$ 13,752							\$ 16,843				
Sewer Line Clean and Camera Inspect												\$ 8,890				\$ 11,877						
Sewer Line Repair Allowance													\$ 16,362			\$ 21,859						
Storm Drain Line Clean and Camera Inspect												\$ 8,806				\$ 11,764						
Storm Drain Line Repair Allowance													\$ 16,362			\$ 21,859						
<b>Category Subtotal :</b>				\$ 11,228							\$ 13,752	\$ 23,641	\$ 43,718			\$ 16,843						
<b>Reserve Category : Roofing</b>																						
Repair Allowance			\$ 5,454		\$ 5,779		\$ 6,124		\$ 6,489		\$ 6,876		\$ 7,286		\$ 7,721		\$ 8,181		\$ 8,669			\$ 9,186
<b>Reserve Category : Waterproofing</b>																						
Paint All Buildings, Doors, Electrical Cabinets																\$ 133,070						
<b>Reserve Category : Contingency</b>																						
Consulting fees	\$ 2,573																					
Insurance Deductible	\$ 5,147																					

Payments made with Initial Reserves

**Kihei Commercial Condo 2 2018 Funding Study Expenses by Calendar Year - Continued**

Item Description	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Category Subtotal :	\$ 7,720																				
Expense Totals :	\$ 24,191	\$ 17,696	\$ 38,177	\$ 11,228	\$ 5,779	\$ 35,099	\$ 6,124	\$ 9,078	\$ 11,187		\$ 47,445	\$ 156,711	\$ 58,290	\$ 5,400	\$ 134,689	\$ 46,891	\$ 667,969	\$ 16,843	\$ 129,604	\$ 195,434	\$ 45,012

**Kihei Commercial Condo 2 2018 Funding Study Expenses by Calendar Year - Continued**

Item Description	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
<b>Reserve Category : Building B1</b>										
Membrane Roofing										
Electrical Meter and Switchgear Equipment										
House Breaker Subpanel					\$ 3,822					
Exterior Building Down lights										
Fire Standpipe and Valve Repair Allowance					\$ 9,556					\$ 11,045
<b>Category Subtotal :</b>					<b>\$ 13,378</b>					<b>\$ 11,045</b>
<b>Reserve Category : Building B2</b>										
Membrane Roofing										
Roof Access ladder 16ft		\$ 2,180								
Electrical Meter and Switchgear Equipment										
House Breaker Subpanel										
Exterior Building Down lights					\$ 7,645					
Fire Standpipe and Valve Repair Allowance					\$ 9,556					\$ 11,045
<b>Category Subtotal :</b>		<b>\$ 2,180</b>			<b>\$ 17,201</b>					<b>\$ 11,045</b>
<b>Reserve Category : Building B3</b>										
Railings										
Membrane Roofing										
Roof Access ladder 16ft		\$ 2,180								
Electrical Meter and Switchgear Equipment										
House Breaker Subpanel										
Walkway and Entrance Down lights										
Exterior Building Down lights					\$ 3,822					
Fire Standpipe and Valve Repair Allowance					\$ 9,556					\$ 11,045
<b>Category Subtotal :</b>		<b>\$ 2,180</b>			<b>\$ 13,378</b>					<b>\$ 11,045</b>
<b>Reserve Category : Common Areas</b>										
Mailboxes										
General Signage Allowance					\$ 7,432					\$ 8,591

Payments made with Initial Reserves



Kihei Commercial Condo 2 2018 Funding Study Expenses by Calendar Year - Continued

Item Description	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
<b>Category Subtotal:</b>					\$ 7,452					\$ 8,591
<b>Reserve Category : Landscaping</b>										
Irrigation System Repair Allowance					\$ 5,309					\$ 6,136
Irrigation System Replacement										
Landscape Improvement Allowance					\$ 21,236					
<b>Category Subtotal:</b>					\$ 26,545					\$ 6,136
<b>Reserve Category : Paving</b>										
Concrete Street and Parking Repair Allowance								\$ 173,725		
Concrete Sidewalk Repair Allowance					\$ 12,741					
<b>Category Subtotal:</b>					\$ 12,741			\$ 173,725		
<b>Reserve Category : Plumbing</b>										
Back Flow Preventer 3 inch						\$ 7,913				
Water Line and Valve Repair Allowance				\$ 20,629						
Sewer Line Clean and Camera Inspect	\$ 15,867									
Sewer Line Repair Allowance		\$ 29,202								
Storm Drain Line Clean and Camera Inspect	\$ 15,716									
Storm Drain Line Repair Allowance		\$ 29,202								
<b>Category Subtotal:</b>	\$ 31,583	\$ 58,404		\$ 20,629		\$ 7,913				
<b>Reserve Category : Roofing</b>										
Repair Allowance		\$ 9,734		\$ 10,315		\$ 10,930		\$ 11,582		\$ 12,272
<b>Reserve Category : Waterproofing</b>										
Paint All Buildings, Doors, Electrical Cabinets			\$ 188,379							
<b>Reserve Category : Contingency</b>										
Consulting fees										
Insurance Deductible										

**Kihei Commercial Condo 2 2018 Funding Study Expenses by Calendar Year - Continued**

Item Description	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
<b>Category Subtotal:</b>										
<b>Expense Totals:</b>	\$ 31,584	\$ 72,499	\$ 188,379	\$ 30,944	\$ 90,676	\$ 18,843		\$ 185,307		\$ 60,135

# HAWAII INSPECTION GROUP



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 Licensed General Contractors Licensed Civil Engineers

August 18, 2017

<i>Year</i>	<i>Category</i>	<i>Item Name</i>	<i>Expense</i>	
2018	<i>Building B1</i>	Fire Standpipe and Valve Repair Allowance	\$ 4,632	
	<i>Building B2</i>	Fire Standpipe and Valve Repair Allowance	\$ 4,632	
	<i>Building B3</i>	Fire Standpipe and Valve Repair Allowance	\$ 4,632	
	<i>Landscaping</i>	Irrigation System Repair Allowance	\$ 2,573	
	<i>Contingency</i>	Consulting fees	\$ 2,573	
		Insurance Deductible	\$ 5,147	
Contingency Subtotal = \$ 7,720.00				
2018 Annual Expense Total = \$ 24,189				
2019	<i>Plumbing</i>	Sewer Line Clean and Camera Inspect	\$ 8,890	
		Storm Drain Line Clean and Camera Inspect	\$ 8,806	
	Plumbing Subtotal = \$ 17,696.00			
2019 Annual Expense Total = \$ 17,696				
2020	<i>Plumbing</i>	Sewer Line Repair Allowance	\$ 16,362	
		Storm Drain Line Repair Allowance	\$ 16,362	
	Plumbing Subtotal = \$ 32,724.00			
	<i>Roofing</i>	Repair Allowance	\$ 5,454	
2020 Annual Expense Total = \$ 38,178				

<i>Year</i>	<i>Category</i>	<i>Item Name</i>	<i>Expense</i>
2021	Plumbing	Water Line and Valve Repair Allowance	\$ 11,228
2021 Annual Expense Total = \$ 11,228			
2022	Roofing	Repair Allowance	\$ 5,779
2022 Annual Expense Total = \$ 5,779			
2023	Building B1	Fire Standpipe and Valve Repair Allowance	\$ 5,354
	Building B2	Fire Standpipe and Valve Repair Allowance	\$ 5,354
	Building B3	Fire Standpipe and Valve Repair Allowance	\$ 5,354
	Common Areas	General Signage Allowance	\$ 4,164
	Landscaping	Irrigation System Repair Allowance	\$ 2,975
		Landscape Improvement Allowance	\$ 11,898
Landscaping Subtotal = \$ 14,873.00			
2023 Annual Expense Total = \$ 35,099			
2024	Roofing	Repair Allowance	\$ 6,124
2024 Annual Expense Total = \$ 6,124			
2025	Building B1	Exterior Building Down lights	\$ 2,269
	Building B2	Exterior Building Down lights	\$ 4,539
	Building B3	Exterior Building Down lights	\$ 2,269
2025 Annual Expense Total = \$ 9,077			
2026	Plumbing	Back Flow Preventer 3 inch	\$ 4,698
	Roofing	Repair Allowance	\$ 6,489
2026 Annual Expense Total = \$ 11,187			
2028	Building B1	Fire Standpipe and Valve Repair Allowance	\$ 6,188
	Building B2	Fire Standpipe and Valve Repair Allowance	\$ 6,188
	Building B3	Fire Standpipe and Valve Repair Allowance	\$ 6,188
	Common Areas	General Signage Allowance	\$ 4,813
	Landscaping	Irrigation System Repair Allowance	\$ 3,438
	Plumbing	Water Line and Valve Repair Allowance	\$ 13,752

<b><i>Year</i></b>	<b><i>Category</i></b>	<b><i>Item Name</i></b>	<b><i>Expense</i></b>
2028	Roofing	Repair Allowance	\$ 6,876
			2028 Annual Expense Total = \$ 47,443