

August 14, 2023

Dear Homeowner,

Please take time to review the attached Reserve Study, commissioned by the Village Board and performed by [Association Reserves](#) (AR). The results of this study are likely to affect the 2024 budget and monthly Homeowner assessments.

An informal town hall meeting has been scheduled for Homeowners to answer any questions you may have about the study. The meeting will be held at:

**The Rockrimmon Library, 840 Village Center Drive  
on Friday, August 25th  
from 4:30-5:45 pm**

- Please be sure to bring your copy of the report and your questions to the meeting.
- There will not be a presentation of the Reserve Study. The purpose of the meeting is to answer your questions and collect input.

If you are unable to attend this meeting and would like to talk to a member of the committee, please contact one of us and arrangements will be made to meet with you.

What follows is more detailed information and definition of terms to help support your understanding of the Reserve Study process.

### Background

The Board appointed a Strategic Planning Committee (SPC) in January of 2023 to assist the Board in the following:

- setting goals for future changes and community improvements,
- providing a structure and timeframe for funding long-term goals (3-5 year),
- building a partnership with homeowners on multi-year goals, and
- ensuring implementation of the community's long-term vision and mission.

The first task asked of the SPC was to vet and recommend a reserve study vendor to the Board.

### What is a Reserve Study?

"A Reserve Study is a long-term capital budget planning tool which identifies the current status of the reserve fund and a stable and equitable funding plan to offset ongoing deterioration, resulting in sufficient funds when those anticipated major common area expenditures actually occur." (Wikipedia)

[National Reserve Study Standards](#), developed in 1998, provides a set of standards for professional Reserve Study providers and associations to use in the development of responsible funding plans for the replacement of commonly owned assets.

One of the primary responsibilities of our Board is to protect, maintain, and enhance the assets of the association. Multi-year plans must be developed to anticipate and prepare for the timely repair and replacement of common components such as streets, fencing, and irrigation systems.

### What did Association Reserves do?

The SPC provided AR with a component list (defined below) and map of component locations. AR conducted an on-site evaluation on May 16<sup>th</sup> to assess the current condition of these assets.

Village financial information was also provided to AR, and included:

- current reserve account balance
- planned expenditures for the current year
- additional 2023 contributions to the reserve account

The sum of these items becomes what is known as the Starting Reserve Balance. It is important that the Starting Reserve Balance is accurate. It drives all the tables, charts, and financial projections.

Using Village financial information, the current condition of assets gleaned from the on-site visit, its' database of replacement cost and component life expectancy data, Association Reserves completed the study.

### What is a Component List?

Components are commonly owned assets of the association and are the foundation of any Reserve Study. By National Reserve Study definition, a component should meet the criteria listed below:

1. Be a common area maintenance responsibility
2. Have a limited life
3. Have a predictable remaining life
4. Be above a minimum threshold cost

### The Village at Peregrine components are:

1. Concrete streets – Repair
2. Concrete Curb/Gutters – Repair
3. Asphalt – Seal/Repair
4. Asphalt - Resurface
5. Wood split rail fence – Repair/Paint
6. Wood split rail fence – Replace
7. Sign/Monument - Refurbish
8. Irrigation clocks – Replace

### Why this matters

A portion of your monthly dues goes into a designated reserve account. This money is set aside to offset the deterioration of the association's common assets. The Reserve Study is a tool used to assign risk to various funding levels. The level of funding correlates with the risk of a special assessment.

### Three Discoveries

1. Underground utility lines.

Detailed research and conversations with Colorado Springs Utilities (CSU) determined:

- a. CSU owns the electric, gas and wastewater lines under the private streets, and therefore, the Village is *not responsible for repair or failure of these lines*.
- b. The main water line also runs under the privately owned streets and, unlike the other utility lines, *is owned by the Village. It is not a component in the study because it does not meet all four of the criteria noted above - it does not have a predictable remaining life*.

2. Private driveway and pads off Dutchrock.

Plat maps show that this concrete is on private property and does not meet the criteria for common area maintenance responsibility.

3. Insurance.

The fence, irrigation controllers and monument sign are all covered under the Village insurance policy; however, they are insured for *accidental damage*, not for replacement cost at the end of life.

We look forward to seeing you on the 25<sup>th</sup>.

Regards,

Village at Peregrine Strategic Planning Committee

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