



Bernardo Heights Clubhouse

Winter 2023

Seasons Greeting fellow Bernardo Heights Residents

Another year has flown past us. We have seen inflation seemingly out of control in 2023. This makes predicting our 2024 budget very difficult. Again, our finance committee has worked very diligently to keep projections at a minimum. Based on all projections, the increase, which is approximately 5%, is a fair number.

The good news is that the overall maintenance of the property, both our facilities and the 175 acres of landscape we maintain and over 5000 trees, are all looking good. We have a very desirable community and property values continue to rise. I commend our vendors and staff for another year of maintaining a high standard of care.

We had a turnover in management this past year and moving forward, we are excited to have a great team in place. PCM/Associa is our new management company, and our on-site manager is now Mr. Frank Squires. Stop in anytime and say hi to Frank and the rest of our awesome team.

As we look towards 2024, we hope to continue making improvements and adding activities as requested by our members. With Covid now non-threatening, our social committee will be offering more activities in the coming year. We added 2 courts of Pickleball, continued to maintain our fitness equipment, and we hope to add more social events. If you would like to see us incorporate an activity or program that interests you and your friends, please make your thoughts known to our manager and staff. Together we will continue to maintain Bernardo Heights as one of the premiere residential neighborhoods in the county.

Happy holidays,

Nick Anastasopoulos, President

CABH Board of Directors



POOL RULES & ETIQUETTE

Do not eat or drink, other than water, near any body of water unless you have paid for a rental reservation of the **Upper Pool**. No glass containers allowed. Furthermore, avoid hanging onto the lap lane dividers in the main pool. They are fragile. You will be responsible for replacement.

Carefully watch your kids around any body of water. An incident occurred when rocks were stuffed into the pool return and damaged the filtration system. This incurred additional cost to the association.

Keeping the facilities in good condition will ensure your full enjoyment.

Children under 14 not allowed at the

clubhouse unattended!

Please do not leave your children younger than 14 years old at the clubhouse, unattended. Do not drop them off, they must be attended **AT ALL TIMES** by a **registered guardian** that is a **member** of the clubhouse.

Additionally, please keep an eye on all children under 14 while at the clubhouse.

Children under 14 are not allowed in the Fitness and Weight



HOLIDAY OPEN HOUSE

December 16, 2023

5:30 PM — 7:30 PM

Dinner will be served at 5:30 -7:30 pm.

Please bring a new unwrapped toy to donate to the Toys for Tots organization and a dessert to share with your friends and neighbors.



RSVP on our website,

bernardoheights.org by November

23rd, 2023

MEMBERS ONLY EVENT!



REINFORCING CABH MEMBERSHIP RULES

Membership rules help ensure the Community Center is a fun and relaxing space for members. The listed membership rules are as follows:

- *Persons under 14 years of age* must be supervised by a valid member 18 years or older when using the community facilities.
- *Persons 14 and 15 years old* with a valid membership may use the facilities but may not bring in guests.
- *Persons 16 and 17 years old* may bring their siblings with signed parental consent and are also allowed to bring in up to three (3) guests per household per visit.
- *Persons 18 years old and older* may bring up to six (6) guests per household per visit.

Membership to CABH for persons under the age of 18 will need valid proof of age (Government issued) upon registering. Additionally, total number of guests per household is not allowed to exceed 6.

CABH HOLIDAY HOURS

November 23:	7:30AM-12:00 PM
November 24:	Thanksgiving CLOSED
December 16:	7:30AM-4:00 PM
CABH Clubhouse will be closed early for the Holiday Party on 12/16. The Tennis & Pickleball courts will remain open	
December 24:	7:30AM-12:00 PM
December 25:	Christmas CLOSED
December 31:	7:30AM-12:00 PM
January 1:	New Years CLOSED

CABH CLUBS

Activity	Contact	Time
Mahjong	Mary Nelson 858-592-9872	Wednesdays 1-4 PM
Poker	Charles Marsh 858-524-6950	Mondays 12:30-3:30 PM



Happy Holidays



CONTACT US

Telephone: (858) 451-3580

Email: bernardo.heights@associa.us

Website: www.bernardoheights.org

Office hours for questions are normal business hours Monday through Friday from 8am to 4pm.

IRRIGATION ISSUES

For water leaks and other irrigation issues, call O'Connell Landscape at 800-339-1106 if after hours. Otherwise, call the front desk at 858-451-3580.

Provide your telephone number and the exact location of the problem.

REGULAR MEETINGS

CABH BOARD

The Board meets at 6:00 PM on the 4th Thursday of each month at the clubhouse. The Board meeting in November will be on November 16th, the next meeting will be December 21st. The CABH Board Agenda is posted on our bulletin board prior to each meeting and emailed to the HOA Presidents.

LANDSCAPE COMMITTEE

The committee meets at 8 AM on the 2nd Thursday of each month at the clubhouse.

ARCHITECTURAL COMMITTEE

The next ARC Meetings will be held via Zoom on November 13, and December 11, 2023. The cut-off for Architectural applications will be the prior Friday at 12 pm. Only 1 meeting will be held in November and December due to the holiday season.

The committee meets at 5:15 PM on the 2nd Monday of each month via Zoom and 4th Monday via Email. Please submit your application to your sub-HOA for 1st stage approval. The sub will forward your application to CABH for final review. Contact you sub-HOA or CABH front desk for any questions.

CLUBHOUSE HOURS

OF OPERATION

Monday - Friday 7:30 a.m. to 9:00 p.m.

Saturday 7:30 a.m. to 9:00 p.m.

Sunday 7:30 a.m. to 6:00 p.m.

Note: Pool, spa, & tennis & pickleball courts close 15 min before closing time.

Sunday time change will last from November 5, 2022 till March 10, 2024

NON-EMERGENCY POLICE

Call 619-531-2000

COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS

2024 BUDGET SUMMARY

Fiscal Year January 1, 2024 through December 31, 2024

The financial responsibility of CABH is to maintain and improve the Community Center facilities, slopes, parkways, and parks, as well as manage a wide range of recreation programs within the Bernardo Heights community. The planned costs for 2024 and the corresponding income are recorded in the enclosed 2024 operating budget. The budget also includes funding to maintain adequate reserves to repair and replace all assets of CABH, as required by law. Our reserve study is updated annually with an on-site inspection every three years. The financial package includes the latest summary of our current reserve study.

It is our pleasure to report that our financial situation continues to be sound and we are able to present a budget that will allow us to meet our objectives to maintain our facilities and properties, while keeping expenses and assessments as low as possible.

Our largest annual expense is maintaining the community slopes and parkways. The cost of landscape and tree maintenance, water & electricity, irrigation maintenance, and landscaping replenishment represents about 50% of the total operating budget. We continue to replace high volume water plants with more drought tolerant plants, in conjunction with changing regular sprinklers to a drip irrigation system. This greatly decreases our water usage. As of January 2024, we will have received \$84,794 in rebates from SoCal for turf replacement in 2023. Our goal is to reduce water usage wherever possible, yet maintain an attractive community. We continue to work with our current landscape maintenance firms to ensure a competitive rate without affecting the quality of the work being performed.

For the past several years, we have been fortunate to have a full-time maintenance worker. This allows us to do more preventative maintenance and save money on many repairs that normally would have been contracted out. Our insurance rates have increased, but we strive to keep our facility premiums at a manageable rate. We continue to rely on competitive bidding for operational expenses, which has helped us to contain costs while securing quality contractors.

Our cell tower agreement with Vertical Bridge/Eco-Site is still in place and we are receiving monthly payments. The annual income to the Association has increased to \$45,000.

We have made every effort to maintain costs, whenever possible. As a result, our Reserve Account contribution will decrease slightly this coming year. However, due to rising costs, the total assessment amount will increase about 5%. The actual dollar amount in fees depends on your sub association's acreage and number of units. The Board will continue to be diligent in the management of the CABH assets and keep costs down whenever possible.,

Beginning November 1, 2023, we began working with Associa — PCM, our previous management company. Our new manager, Frank Squires comes to us with an extensive background in property management and we are excited to have him on board. The rest of our in-house Management remains the same.

The enclosed documents provide specific details. Please be assured that our Management team, your elected Board members, and Committee volunteers continually strive to keep our Bernardo Heights community a place of pride and value for all residents.

On behalf of the Board of Directors
Debbie Kurth, CABH Treasurer

CABH Community Association
2024 FINAL Budget

	2023	2024
INCOME	ANNUAL BUDGET	ANNUAL BUDGET
Assessment	2,156,835.55	2,264,677.33
Prior Year Surplus	0.00	0.00
Antenna Income	42,600.00	45,000.00
Late Charges	250.00	250.00
Fines	250.00	250.00
Reserve Interest Account	0.00	0.00
Ad Income	0.00	0.00
Gate & Access Fee	2,000.00	2,000.00
Key Fees	2,500.00	2,500.00
Pool Fee	2,000.00	0.00
Clubhouse Rental Income	12,000.00	14,000.00
Activity Committee Income	18,000.00	18,000.00
Transfer Fees	28,000.00	20,000.00
Miscellaneous Income	0.00	2,500.00
Collection Reimbursement	0.00	0.00
Interest Income	0.00	
TOTAL INCOME	2,264,435.55	2,369,177.33
EXPENSES		
PAYROLL		
Administrative Salaries	128,000.00	132,000.00
Maintenance Salaries	48,000.00	54,080.00
Uniforms	1,500.00	500.00
Recreation Salaries	160,000.00	163,000.00
Personel Expense	16,800.00	16,800.00
Payroll Taxes	28,250.00	38,000.00
Worker's Comp	26,500.00	30,000.00
Health Benefits	24,000.00	28,000.00
TOTAL PAYROLL	433,050.00	462,380.00
REPAIR		
Janitorial	34,000.00	40,000.00
Janitorial Supplies	9,000.00	15,000.00
Pool Service - 630000	19,800.00	20,500.00
Pool Repair & Maint/Supplies -	25,000.00	30,000.00
Repairs & Maintenance	22,000.00	25,000.00
Electrical	500.00	500.00

**CABH Community Association
2024 FINAL Budget**

Recreation-Area	2,500.00	2,500.00
Fitness Equipment	3,000.00	3,000.00
Supplies - 634400	7,000.00	7,000.00
Equipment Rentals	5,000.00	5,000.00
Tennis Court Maintenance	2,000.00	5,000.00
HVAC Service	2,800.00	3,000.00
Pest Contro	3,000.00	3,000.00
TOTAL REPAIR	135,600.00	159,500.00
UTILITIES		
Electricity	65,000.00	65,000.00
Water & Sewer	525,000.00	525,000.00
Gas	25,000.00	45,000.00
Telephone	2,200.00	3,000.00
Cable	1,680.00	1,000.00
Trash Removal	6,472.00	6,472.00
TOTAL UTILITIES	625,352.00	645,472.00
LANDSCAPING		
Landscaping	540,000.00	554,112.27
Landscape Extras	10,000.00	10,000.00
Tree Service	92,000.00	94,591.08
Tree Removal	6,000.00	6,000.00
Backflow Testing	5,000.00	10,000.00
Irrigation Repairs & Maint	10,000.00	10,000.00
Irrigation Repairs - Other	13,000.00	20,000.00
TOTAL LANDSCAPING	676,000.00	704,703.35
SURVEILLANCE & SAFETY		
Surveillance	9,000.00	9,000.00
Security Monitoring Repair & Maint	1,500.00	1,500.00
TOTAL SURVEILLANCE	10,500.00	10,500.00
ADMINISTRATION		
Administrative Expenses	10,000.00	5,500.00
Office Expenses	5,000.00	3,500.00
Newsletter	3,500.00	2,500.00
Copies, Printing, Postage	7,500.00	10,000.00
Contingency	20,000.00	20,000.00

**CABH Community Association
2024 FINAL Budget**

Board Meeting	1,500.00	2,000.00
Dues & Subscriptions	3,000.00	1,500.00
Review/Audit & Tax Preparation	2,500.00	3,000.00
Bad Debt Expenses	300.00	300.00
Legal Fees	12,000.00	15,000.00
Collection Costs	500.00	500.00
Reserve Study	1,500.00	1,200.00
Education	1,000.00	500.00
Insurance	10,627.00	10,000.00
Gen Liability Insurance	39,204.00	62,000.00
Earthquake Insurance	0.00	0.00
Workers Comp Insurance	550.00	1,000.00
Events	12,000.00	12,000.00
Income Taxes - Federal	36,000.00	5,000.00
Income Taxes - State	12,000.00	12,000.00
Permits & Licenses & Fees	1,500.00	2,500.00
Miscellaneous	1,500.00	1,500.00
To Reserves	0.00	0.00
General Replacement	170,178.35	186,075.98
Property Management	32,074.20	29,046.00
TOTAL ADMINISTRATIVE	383,933.55	386,621.98
Reserve Expenses		
General Replacement	45,948.15	50,240.51
Irrigation	25,526.75	27,911.40
Landscaping	13,614.27	14,886.08
Pool & Spa	18,719.62	20,468.36
Recreation Area	23,824.97	26,050.64
Sign	17,017.83	18,607.59
Tennis Court	6,807.13	7,443.04
Park	18,719.62	20,468.36
RESERVE ALLOCATION	170,178.35	186,075.98
BUDGET SUMMARY		
Total Payroll	433,050.00	462,380.00
Total Utilities	625,352.00	645,472.00
Total Repair	135,600.00	159,500.00
Total Landscaping	676,000.00	704,703.35
Total Surveillance	10,500.00	10,500.00
Total Administration	383,933.55	386,621.98
TOTAL BUDGET SUMMARY	2,264,435.55	2,369,177.33

Reserve Summary

(As required by California Civil Code Section 5565)

COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS

SCT Reserve Consultants, Inc. is pleased to provide this Level II Reserve Study (Site Visit Update Report). In order to comply with the California Civil Code, specifically the Davis-Stirling Common Interest Development Act, Section 5565, we are providing the following information to the Homeowners within COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS.

The following study has been prepared with several assumed factors taken into account: a 3.00% inflation rate; a 2.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

As of December 31, 2023, the estimated ending reserve fund balance is \$1,500,750 and the estimated current replacement cost is \$3,789,514 for the portfolio of reserve components. The projected future replacement cost of the portfolio is \$5,765,466, calculated at an annually compounded inflation rate of 3.00%. The Association's level of funding which is based upon the estimated ending reserve fund balance divided by the reserve components' fully funded amount is 65.81%. This is referred to as Percent Funded. The Association would be 100.00% funded if there were \$2,280,276.32 in the reserve fund.

The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is \$223.49. This is calculated by subtracting the ending balance (\$1,500,750) from the 100% funded figure (\$2,280,276.32), then divided by the number of ownership interests (3488). There is currently no requirement to be fully funded.

Our original analysis of the cash flow for this association indicated future inadequate funding if there were no annual increases to the Reserves. It is our understanding the Board of Directors will allocate a monthly amount of \$15,506.34 starting in 2024 (\$4.45 per unit per month for each of the 3488 ownership interests) towards the reserve fund. To offset the over/under cash results of the report, we recommend and have included a change of 6.55% starting in 2025 for 29 years. The Board of Directors may change the amount; however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

The following table represents additionally required information pursuant to the Davis-Stirling Common Interest Development Act, Section 5565.

Fiscal Year: January 1, 2024 through December 31, 2024

Category	Range of Full Useful Life	Range of Remaining Useful Life	Current Replacement Cost	Fund Balance on Jan 01, 2024	Reserve Allocation	Interest
Community Center. Clubhouse	4 to 50	1 to 24	\$655,575	\$231,824	\$28,744	\$4,432
Community Center, Courts	7 to 45	0 to 10	\$88,810	\$31,547	\$3,911	\$603
Community Center, Pools/Spa/Wader	4 to 40	0 to 21	\$638,291	\$212,886	\$26,395	\$4,070
Community Center, Site	1 to 50	0 to 49	\$1,240,338	\$467,736	\$57,994	\$8,941
Lucido Park	2 to 50	0 to 33	\$280,700	\$120,547	\$14,946	\$2,304
Site, Irrigation	1 to 30	0 to 15	\$476,800	\$242,408	\$30,056	\$4,634
Site, Landscape	1 to 20	0 to 4	\$87,000	\$76,227	\$9,451	\$1,457
Site, Sig nage	10 to	4 to 44	\$322,000	\$117,577	\$14,578	\$2,248
Totals:			\$3,789,514	\$1,500,750	\$186,076	\$28,689

The complete reserve study is available by request from the Association.



Assessment and Reserve Funding Disclosure Summary

For the Fiscal Year Ending December 31, 2024

(As illustrated by California Civil Code Section 5570(a))

(1) The regular assessment per ownership interest is **variable** per month, of which approximately **\$4.45** is allocated to reserves, monthly.

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. **NOT APPLICABLE***

(2) Additional regular or special assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the board and/or members: **SEE ANSWER BELOW TO QUESTION #4 WHICH SUGGESTS THERE WILL BE INCREASES IN REGULAR ASSESSMENTS FOR RESERVE FUNDING.**

Date assessment will be due:	Amount per ownership interest per month or year:	Purpose of the assessment:
(Intentionally left blank)	(Intentionally left blank)	(Intentionally left blank)

*Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on the following page of the attached summary. **NOT APPLICABLE***

(3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes No

Yes, if the Association follows the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below*.

No, if the Association does not follow the recommended future reserve contribution increases as outlined in the reserve study and disclosed in the table of question (4) with consideration to the note below*.

**Note: The information contained within the reserve study includes estimates of replacement value and life expectancies of the components and includes assumptions regarding fit: are events based on information provided by and supplied to the Association's Board of Directors and/or management. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the data of this disclosure summary. Therefore, the actual replacement cost and remaining life may vary from the reserve study and the variation may be significant. Additionally, inflation and other economic events may impact the reserve study, particularly over a thirty (30) year period of time which could impact the accuracy of the reserve study and the funds available to meet the association's obligation for repair and/or replacement of major components during the next thirty (30) years. Furthermore, the occurrence of vandalism, severe weather conditions, earthquakes, floods or other acts of God cannot be accounted for and are excluded when assessing life expectancy of the components. The reserve study only includes items that the Association has a clear and express responsibility to maintain, pursuant to the Association's CC&Rs.*

(4) If the answer to (3) is No, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the Board or the members?

Approximate date assessment(s) will be due (see Funding Plan column, next page):	Amount per ownership interest per month:
6.55% starting in 2025 for 29 years	(Current amount) X (the increases)

(5) All major components are included in the reserve study and are included in its calculations.

(6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5550, the estimated amount required in the reserve fund at the end of the current fiscal year is **\$2,451,647.50**, as of **December 31, 2024**, based in whole or in part on the last reserve study or update prepared by **SCT RESERVE CONSULTANTS, INC.** The projected reserve fund cash balance at the end of the current fiscal year is **\$1,535,813.82**, resulting in reserves being **62.64%** percent funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required amount is **\$179,701**. (See explanation below).

Explanation: *Cash Flow Methodology - 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.*



Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending December 31, 2024

(continued)

7) See below: 30-Year Reserve Funding Plan Table...Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5550 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is (\$fee "100% Funded" column below), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is (\$see "Cash Flow" column below), leaving the reserve at (\$see "Percent Funded" column below) percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be (\$see "Cash Flow" column below), leaving the reserve at (see "Percent Funded" column below) percent funding. Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.00% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 3.00% per year.

30-Year Reserve Funding Plan Table

Year	End Of Year			Revenue			Expenditures Components, Taxes, Deferred Exp
	100% Funded	Cash Flow	Percent Funded	Contribution, Interest	Contribution Unit/Month	Funding Plan	
2023	\$2,280,276	\$1,500,750	65.81%				
2024	\$2,451,647	\$1,535,814	62.64%	\$214,765	\$4.45	0.00%	\$179,701
2025	\$2,481,992	\$1,430,689	57.64%	\$224,877	\$4.74	6.55%	\$330,002
2026	\$2,508,806	\$1,323,356	52.75%	\$235,622	\$5.05	6.55%	\$342,954
2027	\$2,594,601	\$1,276,334	49.19%	\$248,351	\$5.38	6.55%	\$295,373
2028	\$2,424,928	\$978,540	40.35%	\$257,272	\$5.73	6.55%	\$555,067
2029	\$2,564,757	\$992,309	38.69%	\$272,851	\$6.11	6.55%	\$259,082
2030	\$2,780,657	\$1,084,482	39.00%	\$291,197	\$6.51	6.55%	\$199,025
2031	\$2,962,641	\$1,146,342	38.69%	\$310,119	\$6.93	6.55%	\$248,259
2032	\$3,102,230	\$1,170,766	37.74%	\$329,463	\$7.39	6.55%	\$305,038
2033	\$2,961,650	\$923,888	31.20%	\$344,863	\$7.87	6.55%	\$591,742
2034	\$2,891,954	\$756,983	26.18%	\$362,868	\$8.38	6.55%	\$529,773
2035	\$2,968,558	\$745,287	25.11%	\$385,284	\$8.93	6.55%	\$396,981
2036	\$2,908,710	\$608,940	20.94%	\$406,957	\$9.52	6.55%	\$543,304
2037	\$2,931,541	\$567,607	19.36%	\$431,918	\$10.14	6.55%	\$473,251
2038	\$3,101,249	\$685,644	22.11%	\$461,675	\$10.81	6.55%	\$343,638
2039	\$3,298,884	\$845,651	25.63%	\$494,165	\$11.51	6.55%	\$334,158
2040	\$3,209,070	\$737,109	22.97%	\$523,519	\$12.27	6.55%	\$632,062
2041	\$2,916,073	\$448,269	15.37%	\$551,335	\$13.07	6.55%	\$840,175
2042	\$3,197,387	\$752,668	23.54%	\$592,324	\$13.93	6.55%	\$287,924
2043	\$3,487,099	\$1,087,180	31.18%	\$636,760	\$14.84	6.55%	\$302,248
2044	\$3,636,292	\$1,306,877	35.94%	\$681,522	\$15.81	6.55%	\$461,824
2045	\$3,626,631	\$1,397,711	38.54%	\$726,384	\$16.85	6.55%	\$635,551
2046	\$3,754,100	\$1,657,121	44.14%	\$777,151	\$17.95	6.55%	\$517,741
2047	\$4,005,779	\$2,074,232	51.78%	\$834,048	\$19.13	6.55%	\$416,936
2048	\$3,888,855	\$2,163,592	55.64%	\$888,052	\$20.38	6.55%	\$798,693
2049	\$4,218,763	\$2,739,483	64.94%	\$954,417	\$21.72	6.55%	\$378,526
2050	\$4,619,266	\$3,429,296	74.24%	\$1,026,974	\$23.14	6.55%	\$337,162
2051	\$4,656,507	\$3,807,268	81.76%	\$1,097,575	\$24.65	6.55%	\$719,603
2052	\$4,763,693	\$4,310,257	90.48%	\$1,174,404	\$26.27	6.55%	\$671,415
2053	\$4,887,778	\$4,890,114	100.05%	\$1,257,183	\$27.99	6.55%	\$677,326
30-Year Sum:				\$16,993,896			\$13,604,533



Summary

In accordance with our proposal, 2013-046, SCT Reserve Consultants, Inc. is pleased to provide this ***Level II Reserve Study Site Visit Update Report for COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS***. Our study was performed in accordance with the Davis-Stirling Common Interest Development Act, specifically §5550, of the California Civil Code. This report included a site inspection on September 18, 2023 for the 2024 budget year. This *master* common interest development (CID) is located in and around Bernardo Heights Parkway in Rancho Bernardo, California. We are using an inception date for the components of January 1, 1981. ***This study is for January 1, 2024 through December 31, 2024, the Association's fiscal year.***

In general, reserve funds are funds set aside from collected association fees paid by owners of a common interest development. These funds earn interest and are disbursed when deemed necessary by the Board of Directors. The purpose of a reserve study is to determine how much money should exist in a reserve fund at a given point in time or to project required future contributions and expenditure amounts so that sufficient reserve funds are available when needed. Our reserve study is generated using proprietary SCT software and a combination of local industry standards and national average replacement costs.

The SCT software utilizes the weighted average life (WAL) of the reserve components. The future cost method for the WAL is calculated by using the current replacement cost of each component, as of the analysis date, and the number of years until each reserve component is scheduled to be replaced. This determines the monthly reserve contributions needed and calculates the future reserve balances.

A 30-year "Cash Flow and Percent Funded Projection" analysis and "Graph" are produced to verify and define the relationship of the Cash Flow (annual beginning balance) with respect to the 100% funded amount. Ideally, the Cash Flow line of the graph should run parallel to and below the "Percent Funded" line of the graph, see funding goals.

The following study has been prepared with several assumed factors taken into account: 3.00% inflation rate; a 2.00% return on investment (interest earned); taxes on interest earned is paid for through the operating fund; an estimated remaining life of each reserve component; and an estimated current replacement cost of each reserve component.

Typically, any component that has a life cycle (full life) of less than two years should be budgeted and paid for through normal operating or property maintenance funds and is not included as part of this study.

The current deficiency (or surplus if the number is in parenthesis) in reserve funding expressed on a per unit basis is \$223.49. This is calculated by subtracting the ending balance (\$1,500,750) from the 100% funded figure (\$2,280,276.32), then divided by the number of ownership interests (3488). There is currently no requirement to be fully funded.

Summary (continued)

As of January 1, 2024, the estimated reserve fund balance is \$1,500,750 and the estimated current replacement cost is \$3,789,514 of the portfolio of reserve components. The projected future replacement cost of the portfolio is \$5,765,466, calculated at an annually compounded inflation rate of 3.00%. The Davis-Stirling Common Interest Development Act requires the disclosure of the *current reserve fund balance divided by the current replacement cost* (this is not *Percent Funded*). Currently, *this factor for COMMUNITY ASSOCIATION OF BERNARDO HEIGHTS is 39.60%*.

The Association's level of funding for the fiscal year (January 1, 2024 through December 31, 2024) which is based upon the final estimated reserve fund balance divided by the reserve components' fully funded amount is **62.64%, and is referred to as Percent Funded**. The Association would be 100.00% funded if there were \$2,451,647.50 in the reserve fund.

Our original analysis of the cash flow for this association indicated future inadequate funding (see the graph, the "square box and/or pink line"). This line represents the cash flow if there were no annual increases to the Reserves. ***It is our understanding the Board of Directors will allocate a monthly amount of \$15,506.34 starting in 2024 (\$4.45 per unit per month for each of the 3488 ownership interests) towards the reserve fund. To offset the over/under cash results of the report, we recommend and have included a change of 6.55% starting in 2025 for 29 years.*** The Board of Directors may raise or lower this amount, however, it will impact the level of funding on reserves. These numbers, by themselves, are not a clear indicator of financial strength and could indicate underfunding, overfunding, or adequate funding.

Sincerely,



Michael C. Graves, R.S. #00039
SCT Reserve Consultants, Inc.

The Community Association Of Bernardo Heights
INSURANCE SUMMARY DISCLOSURE

Pursuant to Section 5300 (b)(9) of the California Civil Code, the Association is providing you with the following information regarding its insurance policies. Pursuant to Civil Code Section 5300 (a), this summary is being distributed not less than 30 days nor more than 90 days preceding the beginning of the Association's fiscal year.

GENERAL LIABILITY INSURANCE

A.	Name of Insurer:	Philadelphia Indemnity Insurance Company
B.	Policy Limits:	\$1,000,000 per occurrence; \$2,000,000 aggregate
C.	Amount of Deductible (if any):	\$0
D.	Umbrella coverage, if applicable:	\$5,000,000
E.	Umbrella carrier:	Philadelphia Indemnity Ins. Co
F.	Policy dates:	10/2/2023 - 10/2/2024

II. PROPERTY INSURANCE

A.	Name of Insurer:	Philadelphia Indemnity Insurance Company
B.	Policy Limits:	\$2,888,681
C.	Amount of Deductible:	\$10,000
D.	Policy dates	10/2/2023 - 10/2/2024

II. EARTHQUAKE INSURANCE

A.	Name of Insurer:	None
B.	Policy Limits:	
C.	Amount of Deductible:	
D.	Policy dates	

FLOOD INSURANCE

A.	Name of Insurer:	None
B.	Policy Limits:	
C.	Amount of Deductible:	
D.	Policy dates	

IV. FIDELITY BOND INSURANCE

A.	Name of Insurer:	PMA Insurance Group
B.	Policy Limits:	\$2,000,000
C.	Amount of Deductible:	\$10,000
D.	Policy dates	10/2/2023 - 10/2/2024

This summary of the association's policies of insurance provides only certain information, as required by Section 5300 of the **Civil** Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies **of** insurance. Any association member may, upon request and provision of reasonable notice, review the association's insurance **policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the association maintains the policies of insurance specified in this summary, the association's policies of insurance** may not cover **your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association members should consult with their individual insurance broker or agent for appropriate additional coverage.**

Pursuant to Section 5810 of the California Civil Code, if the association receives any notice of nonrenewal of a policy described in the annual budget report, the association shall immediately notify its members if replacement coverage will not be in effect by the date the existing coverage will lapse.

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