

PREPARED FOR:

**SALISBURY CROSSING
HOMEOWNER'S
ASSOCIATION
KERNERSVILLE, NC**

**MANAGED BY:
SLATTER MANAGEMENT**

**DATE:
SEPTEMBER 15, 2021**

**RESERVE STUDY
UPDATE**



Raleigh Office:
7334 Chapel Hill Road
Suite 200
Raleigh, NC 27607
919.465.3801
NC Lic. NO: C-2871

Charlotte Office:
8819 University East Drive
Suite 200
Charlotte, NC 28213
704.810.1808



GILES & FLYTHE
ENGINEERS

TABLE OF CONTENTS

INTRODUCTIONS	1
EXECUTIVE SUMMARY	2
PURPOSE & SCOPE	3
Standards of Reference	4
SOURCES OF INFORMATION	5
Date of Inspection	5
Persons Interviewed	5
Documents	5
Cost Estimates	5
DESCRIPTION	6
OBSERVATIONS	7
Site and Grounds	7
Common Building Exteriors	9
RESERVE FUND ANALYSIS	11
CONCLUSION & LIMITATIONS	13
APPENDIX A: RESERVE FUND PROJECTIONS	
APPENDIX B: PROJECT PHOTOGRAPHS	

INTRODUCTIONS

Slatter Management authorized Giles Flythe Engineers to perform a Reserve Study Update with site visit for the Salisbury Crossing Homeowners Association community located in Kernersville, NC. The purpose of the reserve study is to assist the association in planning for future capital repair expenses. A reserve study is an important tool for an association to adequately fund capital reserve accounts through regular annual reserve contributions. Adequately funded capital reserve accounts reduce the need to defer capital repairs, collect special assessments or borrow funds for capital repair projects.

A community association typically has certain responsibilities as described in the association governing documents. These responsibilities often include maintaining common areas and other components. An association, as a non-profit organization, will typically have two general asset cash accounts including an operating account and a reserve account. The operating account is funded from regular budgeted assessments and is used to fund routine operating expenses that occur on a predictable cycle, typically monthly or up to annually. The reserve account is funded from regular contributions and is primarily used to fund non-annual capital repair expenses.

The focus of the reserve study is on the reserve account. We have projected capital repair expenses over a term of twenty years. The capital repair expenses are limited to those components for which the association is responsible for maintaining. Capital repair expense estimates include an expected useful life and remaining useful life of the components to develop a projected schedule for capital repairs over the term. After developing a schedule of capital repairs over the term, we completed a cash flow analysis forecasting reserve account balances over the term and provided funding recommendations as needed. Capital repair expense estimates and funding estimates are most reliable in the first portion of the term. Updating a reserve study every three to five years will mitigate the impacts of variation in repair costs, component wear, inflation and reserve funding over time.

Capital reserve funding recommendations are provided to address funding principles including providing sufficient funds required, a stable reserve contribution rate over the term, an equitable contribution rate over the term and fiscal responsibility. The reserve study is intended to assist the association in developing budgeted reserve contributions.

The report includes a narrative section which describes the scope of the reserve study, a discussion of observations and capital repair allocations, a general description of capital repairs and a description of our cash flow analysis and funding recommendations. The report appendices include the capital reserve analysis with tables detailing an itemized list of capital repair expenses, an itemized list of expenses by year and our cash flow analysis. A photo log is provided and includes a representative sample of our observations. The report includes multiple sections with information presented in various forms and should, therefore, be read in its entirety.

EXECUTIVE SUMMARY

The Salisbury Crossing Homeowners Association community includes 37 single-family homes and 115 townhome units within 54 buildings. The community is located off Union Cross Road in Kernersville, NC. According to Forsyth County Real Estate records and information provided, the buildings were constructed primarily from 2000-2002, with continued development of a few buildings in 2005.

According to information provided by the HOA, the association has responsibility for the townhome roof replacements, while the siding, gutters, and other portions of the façade are the responsibility of the homeowner. The association also maintains the site improvements, most significant of which include the private asphalt streets, concrete curb and gutter and sidewalks, private drainage systems, retaining walls, entrance signage, irrigation system, and the pond and covered pavilion. The owners of the single-family homes are responsible for all building maintenance. It is assumed that the mailboxes are the responsibility of the unit owner. According to the Association, the irrigation system at the entrance sign have been abandoned and the association does not plan to repair or replace the system.

The buildings, common areas and grounds are generally in good to fair condition. Based on our evaluation, the current level of funding is **not** projected to maintain a positive balance through the term of this study. We have provided recommendations for annual reserve contribution schedules that provide sufficient funding to meet capital expenditure requirements in the next twenty years. Our funding recommendations in summary are as follows:

- **Alternative 1:** Beginning in 2022, increase the annual reserve contribution by 10% every year until 2029. This alternative is projected to maintain a positive balance through the term of this study.
- **Alternative 2:** Beginning in 2022, increase the reserve contribution by \$20,000 every other year until 2030. This alternative is projected to maintain a positive balance through the term of this study.

A more detailed analysis of the reserve fund has been provided in Appendix A. Some significant expenditures are expected over the term of the study. Some of the more notable examples are listed below:

- Replace building roofs
- Milling and resurfacing the private roads

Additional, less significant, capital expenditures are anticipated over the term of this study. Those items that will require repair or replacement are discussed later in this report.

PURPOSE & SCOPE

We have completed this study to estimate capital repair expenses the association is responsible for over the term of the study and provide a cash flow analysis and capital reserve funding plan. This study is intended to assist the association in determining the allocation requirements into the reserve fund which are projected to meet future anticipated capital expenditures for the community.

This report estimates capital repair expenses for the community twenty years into the future. Variations in capital repair expense forecasts due to the quality of maintenance, weather and other events may occur. Over time, age, premature deterioration, or other factors may necessitate the addition of assets into the reserve study. Additionally, fluctuations in material and labor costs beyond assumed inflation rates may also affect the accuracy of the forecasts. Therefore, a reserve study should be routinely updated, typically on a three to five-year cycle to provide the most accurate assessment of needs and financial obligations of the community.

This study has been performed according to the scope as generally defined by the Salisbury Crossing Homeowners Association, Giles Flythe Engineers Inc., and the standards of the Community Associations Institute. The findings and recommendations are based on interviews with the community's management personnel; a review of available documents; and a limited visual inspection of the components maintained by the association.

The Cash Flow Method of calculating reserves has been utilized, whereby contributions to the reserve fund are designed to offset the variable annual expenditures. Funding alternates are recommended which are designed to achieve at minimum a Baseline Funding goal by maintaining a positive balance for the term of the study. We have also included a threshold funding goal which provides a minimum reserve account over the term. The minimum balance is typically calculated by determining the total over term forecasted expenses and dividing by the length of the term in years. This minimum threshold balance will help offset the risk of fluctuations in labor and material costs and component wear.

To determine which components should be included in this analysis, we used the following guidelines:

- The component must be maintained by the association.
- The component must have an estimated remaining useful life within the term of this study.
- The funding for the repair should be from the reserve account, not through an annual operating budget or other maintenance contracts.
- The cost of the capital repair must be significant enough to not be reasonably funded from an annual operating budget.

What is a reserve study?

A reserve study is a long-term capital budget planning tool which compares the current reserve fund of an organization to future capital repairs and replacements.

A reserve study is a tool to help identify and prepare for major repair and replacement projects for a community.

It is recommended that a reserve study be performed every five years to ensure that communities are saving the necessary funds for capital repairs and improvements.

Our process for completing the reserve study includes:

1. Reviewing information provided including governing documents, association financial statements, and information on previous or planned capital repairs.
2. Reviewing available information on the property as needed. This may include plat maps, tax records, historical aerial photographs, available site, and building plans.
3. Conducting a visual inspection of the property. This may include interviewing association representatives during the inspection.
4. Developing an inventory of components to be included in the reserve study.
5. Predicting their remaining service life and, approximating how frequently they will require repair or replacement.
6. Estimating repair or replacement costs (in 2022 dollars) for each capital item.
7. Develop a cash flow analysis adjusting for inflation and return on invested monies to determine the adequacy of current reserve funding plans.
8. Develop funding recommendations with specific reserve contribution recommendations for each year of the term.

The statements in this report are opinions about the present condition of the areas inspected within the community. Our inspection is limited to a visual ground level inspection and we did not remove any surface materials, perform any testing, or move any furnishings. This study is not an exhaustive technical evaluation or building code compliance review. For additional limitations, see Conclusion and Limitations.

Standards of Reference

The following definitions are provided as a standard of reference:

Excellent: Component or system is in “as new” condition, requiring no rehabilitation and should perform in accordance with expected performance.

Good: Component or system is sound and performing its function, although it may show signs of normal wear and tear. Some minor rehabilitation work may be required.

Fair: Component or system falls into one or more of the following categories: a) Evidence of previous repairs not in compliance with commonly accepted practice, b) Workmanship not in compliance with commonly accepted standards, c) Component or system is obsolete, d) Component or system approaching the end of expected performance. Repair or replacement is required to prevent further deterioration or to prolong expected life.

Poor: Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its expected performance, excessive deferred maintenance, or state of disrepair. The recent condition could contribute to or cause the deterioration of other adjoining elements or systems. Repair or replacement is required.

Adequate: A component or system is of a capacity that is defined as enough for what is required, sufficient, suitable, and/or conforms to standard construction practices.

SOURCES OF INFORMATION

Date of Inspection

Onsite inspection of the property occurred on August 17, 2021

Persons Interviewed

The following persons were interviewed in connection with this study:

- Carol Johnson, Slatter Management
- Board members at meeting August 17, 2021

Documents

The following documents were made available to us and reviewed:

- Forsyth County real estate records
- Association financials including budget, income statement, balance sheet
- Association Governing Documents
- Repair Estimates Provided

Cost Estimates

- Our internal data files on similar projects
- Local contractor estimates for similar projects
- R.S. Means Construction Cost Estimating Data

DESCRIPTION

The Salisbury Crossing Homeowners Association community includes 37 single-family homes and 115 townhome units within 54 buildings. The community is located off Union Cross Road in Kernersville, NC. According to Forsyth County Real Estate records and information provided, the buildings were constructed primarily from 2000-2002, with continued development of a few buildings in 2005.

According to information provided by the HOA, the association has responsibility for the townhome roof replacements, while the siding, gutters, and other portions of the façade are the responsibility of the homeowner. The association also maintains the site improvements, most significant of which include the private asphalt streets, concrete curb and gutter and sidewalks, private drainage systems, retaining walls, entrance signage, irrigation system, and the pond and covered pavilion. The owners of the single-family homes are responsible for all building maintenance. It is assumed that the mailboxes are the responsibility of the unit owner.

The buildings in the community generally consisted of one-story wood framed single family homes and townhomes constructed on concrete slab on grade, crawlspace, and basement foundations. Exterior surfaces are primarily comprised of brick or stone veneer with vinyl siding and trim. Limited sections of painted wood and aluminum trim were also noted.

The building roofs are primarily shingled with asphaltic, architectural-grade shingles, with sections of metal roofs over bay windows. Aluminum gutters and downspouts discharge storm water into underground pipe extensions.

Site drainage is provided via landscaped swales and catch basins in the paved and landscaped areas. These systems direct water flow into the onsite stormwater pond along Thomas Ross Lane.

OBSERVATIONS

The following key observations were made about the current condition of the more significant and costly common elements of the property.

Site and Grounds

The roads throughout the community are asphalt paved, are private and maintained by the Association. These streets include Salisbury Crossing Court, Charles Conner Drive, Thomas Ross Lane, Avery Way, John Austin Court, Jennings Park Trail and Peace Rollins Court. The streets have had previous crack repairs and limited sections of asphalt patching. Overall, the pavement structure is in fair condition with noted cracking and sections of alligating or depressions. We have allocated funds for continued crack repairs on a 5-year cycle beginning in 2022.

Asphalt paving in a residential setting is generally expected to last approximately 20 years, after which time we recommend resurfacing the pavement. As noted above the asphalt pavement appeared to be in fair condition. Due to the age and condition of the roads, the next resurfacing repairs will likely require a full milling of the top layer, and the installation of approximately 2" of asphalt over the entire road surface. We have included funds for future milling and resurfacing of asphalt paving on a 20-year cycle beginning in 2029.

In addition, we noted numerous sections of fatigue cracking (alligating) developing in the asphalt within the community, which indicates deterioration of base course and subgrade material. Full depth repairs would include saw-cut and removal of sections of pavement, repairing the subgrade and installing 2-4" thick new asphalt paving flush with the existing surface. We have allocated funds for full depth repairs of sections of paving on a 5-year cycle beginning in 2024.

The streets are lined on both sides by 30" concrete valley gutters, which are in generally good condition. Areas of transverse cracking were noted, though no significant vertical displacement was observed. Though concrete curbing and flatwork has an expected useful life greater than the term of this study, sections of replacement will be required. We have assumed approximately 2% of curbing will be replaced every 8 years beginning in 2026.

One side of the street is lined with a 4-foot concrete sidewalk; concrete walkways, stairs, and flatwork is also located at the covered pavilion adjacent to the pond. The sidewalks are in generally good condition with limited cracking, while the flatwork and steps at the pavilion have significant cracks with vertical displacement requiring replacement in the near term. We have included funds to replace approximately 2% of concrete flatwork every 8 years beginning in 2026.

Storm water on the site drains via surface flow or via landscaped swales toward catch basins in the paved and landscaped areas. Inlet grates along the roadway and in the grassed areas collect stormwater that flows in an underground system. The swales tend to accumulate sediment that settles out during storm events and will

need to be periodically removed and re-graded. The stormwater piping appears to lead to one stormwater control measure.

The common drainage systems generally appeared to be in good condition with no significant areas of erosion observed. It is likely that erosion concerns and other drainage concerns will develop over time and require repair. We have allocated funds to periodically inspect and repair the drainage systems on a 5-year cycle beginning in 2023. Repairs will likely include retrenching of swales to improve flow, inspection/maintenance of underground systems, installation and repair of rip rap or turf reinforcement at outlets and on steep slopes, installing French drains or other types of subsurface drainage systems. These types of repairs can be moderate (re-trenching swales, flushing pipes), to very expensive (new underground pipe systems). We have included a moderate budget to help cover these costs.

The drainage systems discharge stormwater through a stormwater retention device located along the east of the property. The stormwater retention device was visible and appeared to be a wet pond. The pond generally appeared to be in fair condition with areas of significant sediment deposits. In areas of sediment deposits the water level appeared to be approximately 3-6 inches deep, which results in poor water quality. In order for the ponds to function properly, they will require regular cleaning and maintenance. These maintenance costs including nuisance control, debris and litter removal, inlet and outlet maintenance and inspections and are assumed to be taken from the general operating budget. We recommend the association hire a stormwater pond maintenance company to complete regular inspections and maintenance activities each year. The HOA should ensure that the pond conforms to all applicable regulations at all times. In addition to significant areas of sediment accumulation resulting in poor water quality, the outlet riser structure appears to be leaning and in need of repair. We have allocated funds on a 15-year cycle beginning in 2022 for major repairs to the pond including dredging areas of significant sediment accumulation, repairing the outlet structure, cleaning out stormwater piping and other repairs. We have assumed sediment would be disposed of offsite.

Timber retaining walls are located adjacent to several townhomes and are in fair to poor condition. Many of the walls were originally constructed improperly, with missing or inadequate “deadmen” to support the walls. Leaning and bulging walls were noted, particularly near the pond. This wall section should be repaired in the near term. Timber walls can typically provide approximately 15 years of useful life prior to replacement. In lieu of timber walls, we have provided funds for replacement with segmental block retaining walls, which should provide a much longer useful life. Due to the varying conditions, we have assumed approximately 1/3 will be replaced every 6 years beginning in 2022.

The entrance signage includes a painted metal sign on each side of a stone veneer monument wall. Two stone veneer monument piers are also located at the entrance to “The Commons” section of the community. According to the Association, a vehicle impacted the entrance sign. The entrance sign has since been replaced and the ground lighting at the entrance sign appears to be new and in good condition. We assume repointing of the entrance monument will be funded from the annual operating budget and has been omitted from the study.

A telephone gate controller with FAAC gate-arm operator is located at the main entrance with another gate-arm located at the exit. The Association has decided to abandon these items, and it has been omitted from the study.

An irrigation system was noted at the main entrance and the Association informed us that they decided to abandon this item, and it has been omitted from the study.

The pavilion adjacent to the pond is wood-framed with painted metal roof panels. We have provided funds to make minor repairs every 8 years beginning in 2030, including replacing structural members and coating the roof surface.

The association is responsible for trees and landscaping in common areas. We have provided an allocation of funds for tree removal and general landscaping projects on an 8-year cycle beginning in 2029.

Common Building Exteriors

The association is also responsible for maintaining limited items of the exterior of the town homes in the community, such as roof surfaces and trim. We have assumed the association is not responsible for replacing doors and windows on the town homes.

The predominant pitched roof surfaces over the townhome buildings are covered in asphaltic fiberglass, architectural grade shingles. Limited sections of metal roof panels were noted above the bay windows. Roof surfacing is applied over plywood roof sheathing, and appears to be in good to fair condition. We inspected a sample of roofs on townhome buildings that have the original roofs. The condition of the shingles varied significantly between buildings. Some buildings were noted with shingles that generally appeared to be in good condition with no significant loss of granules and well adhered seal strips. Limited areas of repairs were noted along the roofing surface at roof penetrations. Comparatively, the inspection of the roofing surface at other buildings revealed that the shingles were in fair to poor condition with significant granule loss, blisters, and frayed edges of the shingles. Typically, this type of roofing surface will last approximately 20-25 years. According to the Association, a re-roofing operation is in progress with approximately 75 units completed and 40 units remaining.

We strongly recommend that any re-roofing project closely follow procedures outlined by the National Roofing Contractors Association's *Roofing and Waterproofing Manual*, Fourth Edition. A re-roofing sequence should include removal of the existing roofing material, replacement of any inadequate roof sheathing, replacement of any damaged flashing, and replacement of drip edge components. Assuming minor repairs are completed in the interim, we estimate the remaining life of the shingles, on the remaining buildings, to be approximately 2 to 8-years based on our observations of the above-mentioned sample roofs. Re-roofing of the existing remaining buildings is assumed to be completed in 2 phases, projected for 2023 and continuing in 2026. We have assumed half (20 units) of the remaining units will be re-roofed in each phase.

The single-family homes are responsible for building maintenance of their respective units.

Per information provided by the Association, the gutters, downspouts, siding, doors windows and all other exterior components on the townhome buildings are the responsibility of the individual unit owners and not the association. We have therefore not included funds for these items in this study.

RESERVE FUND ANALYSIS

We have performed a cash flow analysis projecting balances in the reserve account over the term of this study. We have included estimated capital repair expenses detailed in the first several pages of Appendix A. We have included tables and graphs depicting current funding levels along with recommended funding alternatives.

The financial projections include an assumed inflation rate of 3.5% and an assumed average return on invested funds of 1.5%. The inflation rate adjustment is noted at the bottom of the annual expense page and the return on invested funds is noted in the existing funding level and funding alternative cash flow tables.

The software utilized to analyze the reserve funds was developed by Giles Flythe Engineers, Inc. in cooperation with a technology consultancy. The software and our analysis system have been extensively reviewed by leading community association and non-profit certified public accountants.

The capital repairs listed were derived from the initial request for proposal, discussions with association representatives, our informal review of governing documents and our site inspection. The association should confirm that the items listed are, in fact, the responsibility of the association and appropriate to fund from the reserve account.

Appendix A includes the following:

1. The Project Summary page that lists pertinent details specific to the association, the terms of the analysis and summarizes total over term expenses and recommended threshold balance.
2. The Expense Projection page that itemizes the capital repairs by category, illustrates our cost estimating by unit and provides estimated useful life and remaining useful life of each item.
3. The Annual Expense Projection pages that populate the capital repairs over the term of the study. These pages include a total adjusted for inflation at the bottom of the pages.
4. The Itemized Funding Analysis page provides a summary of the capital expenditures over the term and a graph breaking down the portion of the capital repairs into each category – Site Improvements, Building Exterior, Building Interior, Mechanical/Electrical/Plumbing Systems and Amenities.
5. The Current Funding Projection page provides a table and graph illustrating our cash flow analysis assuming the association maintains the current level of reserve contributions over the term of this study. The table includes projected reserve account balances, contributions, return on invested funds and capital repair expenses for each year of the term of this study.
6. The Funding Alternative pages each provide a table and graph illustrating our cash flow analysis assuming the association implements one of our funding recommendations detailed below.

Current Reserve Funding Rate: \$88,327 per year

Current Reserve Balance: \$398,438 (Est. 2022 starting balance)

Note that based on our cash flow analysis, maintaining the current funding level is not projected to maintain a positive balance over the term.

We have included recommended funding alternatives to your current reserve-funding program and recommend that the board adopt an alternative that best reflects the objectives of the community. Our funding recommendations are as follows:

- **Alternative 1:** Beginning in 2022, increase the annual reserve contribution by 10% every year until 2029. This alternative is projected to maintain a positive balance through the term of this study.
- **Alternative 2:** Beginning in 2022, increase the reserve contribution by \$20,000 every other year until 2030. This alternative is projected to maintain a positive balance through the term of this study.

The reserve study is focused on the capital reserve account and budgeted contributions to reserves. The recommendations above are solely attributed to the annual reserve contributions. The association likely has many line items in the annual operating budget that should also be periodically adjusted as part of an annual budgeting process.

The capital repair/replacement cost estimates we have developed are based on 2022 dollars. Our reserve study does include an adjustment for inflation and an assumed rate of return on invested funds.

CONCLUSION & LIMITATIONS

We have provided reserve funding recommendations based on our analysis of the association-maintained components, estimated capital repair costs over the term and the current funding levels. Further detail of the reserve fund analysis is provided in Appendix A.

The physical analysis portion of this reserve study was completed through a limited visual inspection. The visual inspection was completed from ground level unless otherwise specified. The visual inspection is generally limited to readily accessible and visible common areas that would likely require capital repair activities over the term. Note that this inspection does not include removing surface materials, excavation or any testing. The inspection does not include riparian buffers or other protected common areas. Buried utility components and other concealed components were not inspected as part of this analysis and we cannot be responsible for the condition of components not inspected.

The observations described in this study are valid on the date of the investigation and have been made under the conditions noted in the report. We prepared this study for the exclusive use of the Salisbury Crossing Homeowner's Association. No other party should rely on the information in this report without consent. If another individual or party relies on this study, they shall indemnify and hold Giles Flythe Engineers Inc. harmless for any damages, losses, or expenses they may incur as a result of its use. This study is not to be considered a warranty of condition, and no warranty is implied. The appendices are an integral part of this report and must be included in any review.

Members of the Giles Flythe Engineers team working on this reserve study are not members of, or otherwise associated with the association. Giles Flythe Engineers has disclosed any other involvement with the association that could result in conflicts of interest.

Information provided by the representatives of the association regarding financial, physical, quantity, or historical issues, will be deemed reliable by Giles Flythe Engineers. The reserve balance presented in the Reserve Study is based upon information provided and was not audited. Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection. Giles Flythe Engineers is not aware of any additional material issues which, if not disclosed, would cause a distortion of the association's situation.

This reserve study is partially a reflection of information provided to us. The reserve study is assembled for the association's use and is not intended to be used for the purpose of performing an audit, quality/forensic analyses or background checks of historical records. Further, this study should not be considered a building code compliance analysis. The purpose of this study is to provide the association with a financial tool and is not to be considered an exhaustive technical or engineering evaluation which would consist of a broader scope of work.

We have provided estimated costs of capital repairs. These costs are based on our general knowledge of the construction industry. We have relied on standard sources as needed, such as Means Building Construction

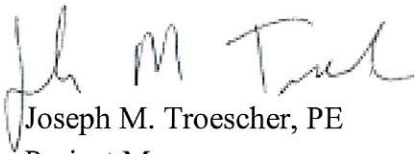
Cost Data and estimates reviewed by Giles Flythe Engineers on similar projects. We have performed no design work or other engineering analysis as part of this study, nor have we obtained competitive quotations or estimates from contractors. Actual repair costs can vary due to a variety of factors. We cannot be responsible for the specific cost estimates provided.

If you have any questions about this reserve study, please feel free to contact us. Thank you for the opportunity to serve you.

Respectfully submitted,



Kevin Giles, RS
Project Manager
Giles Flythe Engineers, Inc.



Joseph M. Troescher, PE
Project Manager
Giles Flythe Engineers, Inc.

APPENDIX A: RESERVE FUND PROJECTIONS

Salisbury Crossing Homeowners Association

City/state location:	Kernersville, NC
Date of inspection:	8/17/2021
Number of units:	152
Term of study (years):	20
Beginning Year of Term	2022
Estimated starting reserve account balance:	\$398,438
Current annual reserve contribution rate:	\$88,327
Assumed inflation rate:	3.50%
Assumed rate of return on invested funds:	1.50%
Total over term capital expenditure (un-inflated):	\$2,352,700
Total over term capital expenditure with inflation:	\$3,455,362
Recommended threshold reserve balance: (Average annual capital expenditure)	\$172,768



GILES FLYTHE
ENGINEERS

EXPENSE ESTIMATES

Capital Item Description	Quantity	Unit	Unit Cost	Total Cost Per Cycle	Estimated Useful Life (years)	Estimated Remaining Life (years)	Notes
Site Improvements							
Crack fill asphalt paving	1	LS	\$7,500.00	\$7,500	5	0	
Mill and resurface private roads	16,100	SY	\$27.00	\$434,700	20	7	
Full depth repair private roads	350	SY	\$55.00	\$19,250	5	2	
Repair sections of concrete curb and gutter	280	LF	\$50.00	\$14,000	8	4	Approx. 2% every 8 years
Repair sections of concrete flatwork	140	SY	\$125.00	\$17,500	8	4	Approx. 2% every 8 years
Common area drainage improvements	1	LS	\$15,000.00	\$15,000	5	1	
Replace timber retaining wall	800	SF	\$60.00	\$48,000	6	0	Approx 1/3
Pond dredging/ major repairs	1	LS	\$200,000.00	\$200,000	15	0	
Allocation for tree removal/landscape projects	1	LS	\$10,000.00	\$10,000	8	7	
Repair Pavilion	1	LS	\$2,000.00	\$2,000	8	8	
Building Exterior							
Replace townhome roofs	560	SQ	\$335.00	\$187,600	25	1	Approx. 1/2 of remaining
Replace townhome roofs	560	SQ	\$335.00	\$187,600	25	4	Approx. 1/2 of remaining
Replace townhome roofs	2,080	SQ	\$335.00	\$696,800	20	19	

ANNUAL EXPENSE PROJECTION

Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Site Improvements										
Crack fill asphalt paving	\$7,500					\$7,500				
Mill and resurface private roads								\$434,700		
Full depth repair private roads			\$19,250					\$19,250		
Repair sections of concrete curb and gutter					\$14,000					
Repair sections of concrete flatwork					\$17,500					
Common area drainage improvements		\$15,000					\$15,000			
Replace timber retaining wall	\$48,000						\$48,000			
Pond dredging/ major repairs	\$200,000									
Allocation for tree removal/landscape projects								\$10,000		
Repair Pavilion									\$2,000	
Building Exterior										
Replace townhome roofs		\$187,600								
Replace townhome roofs					\$187,600					
Replace townhome roofs										
Totals	\$255,500	\$202,600	\$19,250	\$0	\$219,100	\$7,500	\$63,000	\$463,950	\$2,000	\$0
Totals including inflation:	\$255,500	\$209,691	\$20,621	\$0	\$251,422	\$8,908	\$77,443	\$590,274	\$2,634	\$0

ANNUAL EXPENSE PROJECTION



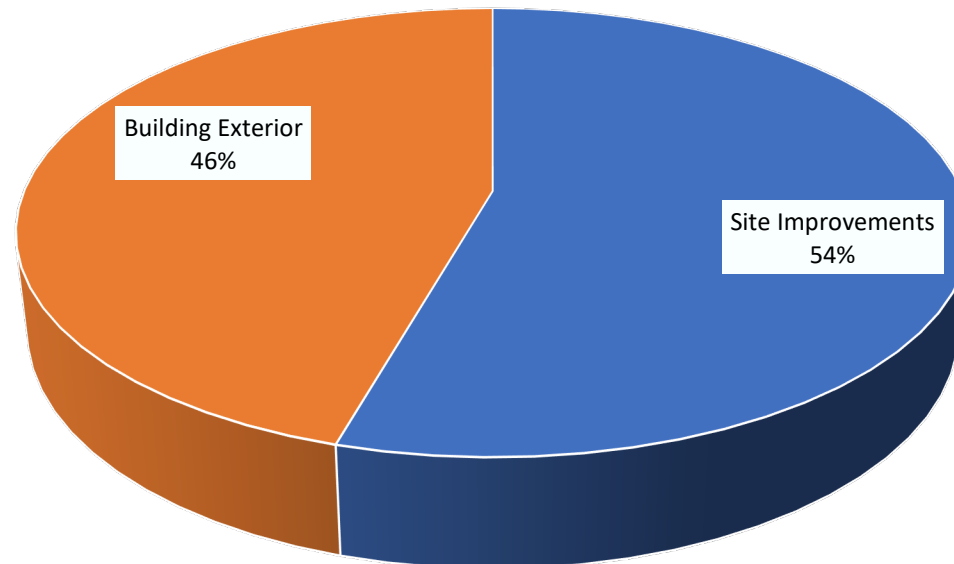
Description	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Site Improvements										
Crack fill asphalt paving	\$7,500					\$7,500				
Mill and resurface private roads										
Full depth repair private roads			\$19,250					\$19,250		
Repair sections of concrete curb and gutter			\$14,000							
Repair sections of concrete flatwork			\$17,500							
Common area drainage improvements		\$15,000					\$15,000			
Replace timber retaining wall			\$48,000						\$48,000	
Pond dredging/ major repairs						\$200,000				
Allocation for tree removal/landscape projects						\$10,000				
Repair Pavilion							\$2,000			
Building Exterior										
Replace townhome roofs										
Replace townhome roofs										
Replace townhome roofs										\$696,800
Totals	\$7,500	\$15,000	\$98,750	\$0	\$0	\$217,500	\$17,000	\$19,250	\$48,000	\$696,800
Totals including inflation:	\$10,579	\$21,900	\$149,218	\$0	\$0	\$364,388	\$29,478	\$34,548	\$89,159	\$1,339,59

EXPENSE SUMMARY



Total over term capital expenditure (un-inflated)	\$2,352,700
Total over term capital expenditure with inflation:	\$3,455,362
Average estimated annual capital expenditure with inflation:	\$172,768
Current Reserve Account Balance	\$398,438
Full Funding Balance	\$951,125
Percent Funded	41.89%

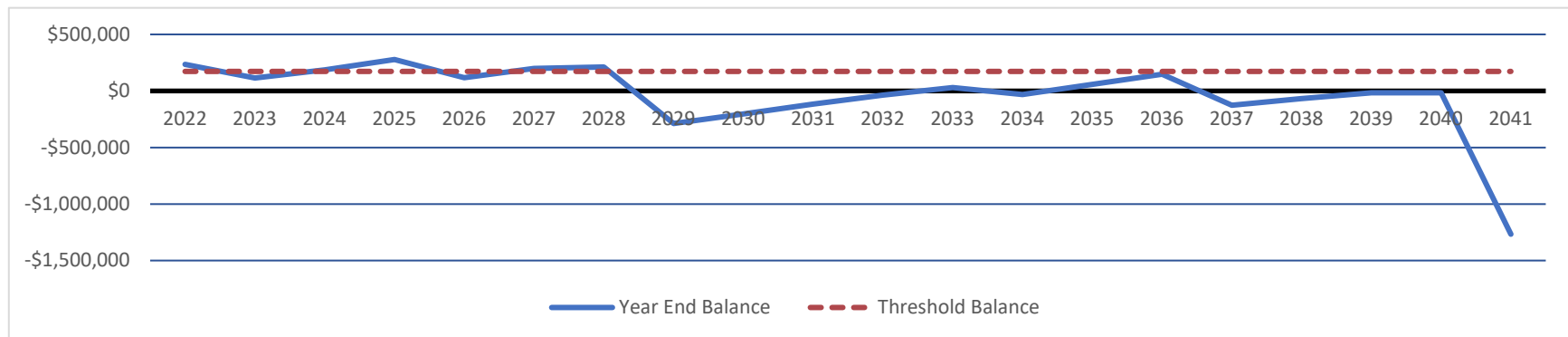
Breakdown of Total Costs by Type



Current Funding Analysis



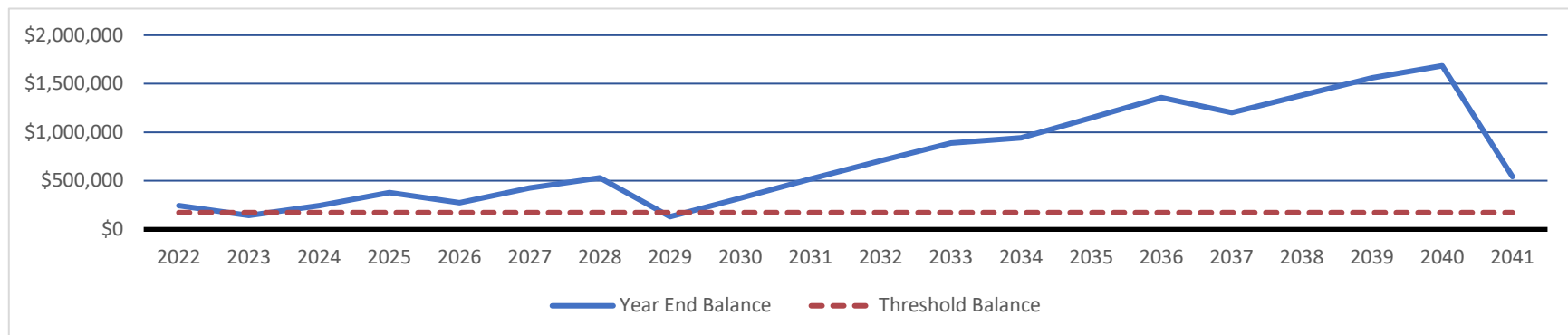
Year	Starting Balance	Reserve Account Contribution	Average Per Unit/Month	Return on Investments	Repair Expenses	Special Assessments	Year End Balance
2022	\$398,438	\$88,327	\$48.42	\$3,469	\$255,500	\$0	\$234,734
2023	\$234,734	\$88,327	\$48.42	\$1,701	\$209,691	0	\$115,071
2024	\$115,071	\$88,327	\$48.42	\$2,742	\$20,621	0	\$185,518
2025	\$185,518	\$88,327	\$48.42	\$4,108	\$0	0	\$277,953
2026	\$277,953	\$88,327	\$48.42	\$1,723	\$251,422	0	\$116,580
2027	\$116,580	\$88,327	\$48.42	\$2,940	\$8,908	0	\$198,940
2028	\$198,940	\$88,327	\$48.42	\$3,147	\$77,443	0	\$212,971
2029	\$212,971	\$88,327	\$48.42	\$0	\$590,274	0	-\$288,976
2030	-\$288,976	\$88,327	\$48.42	\$0	\$2,634	0	-\$203,283
2031	-\$203,283	\$88,327	\$48.42	\$0	\$0	0	-\$114,956
2032	-\$114,956	\$88,327	\$48.42	\$0	\$10,579	0	-\$37,208
2033	-\$37,208	\$88,327	\$48.42	\$438	\$21,900	0	\$29,658
2034	\$29,658	\$88,327	\$48.42	\$0	\$149,218	0	-\$31,233
2035	-\$31,233	\$88,327	\$48.42	\$856	\$0	0	\$57,950
2036	\$57,950	\$88,327	\$48.42	\$2,194	\$0	0	\$148,471
2037	\$148,471	\$88,327	\$48.42	\$0	\$364,388	0	-\$127,590
2038	-\$127,590	\$88,327	\$48.42	\$0	\$29,478	0	-\$68,741
2039	-\$68,741	\$88,327	\$48.42	\$0	\$34,548	0	-\$14,961
2040	-\$14,961	\$88,327	\$48.42	\$0	\$89,159	0	-\$15,794
2041	-\$15,794	\$88,327	\$48.42	\$0	\$1,339,599	0	-\$1,267,066



Funding Alternative 1 - Beginning in 2022 increase by 10% each year until 2029



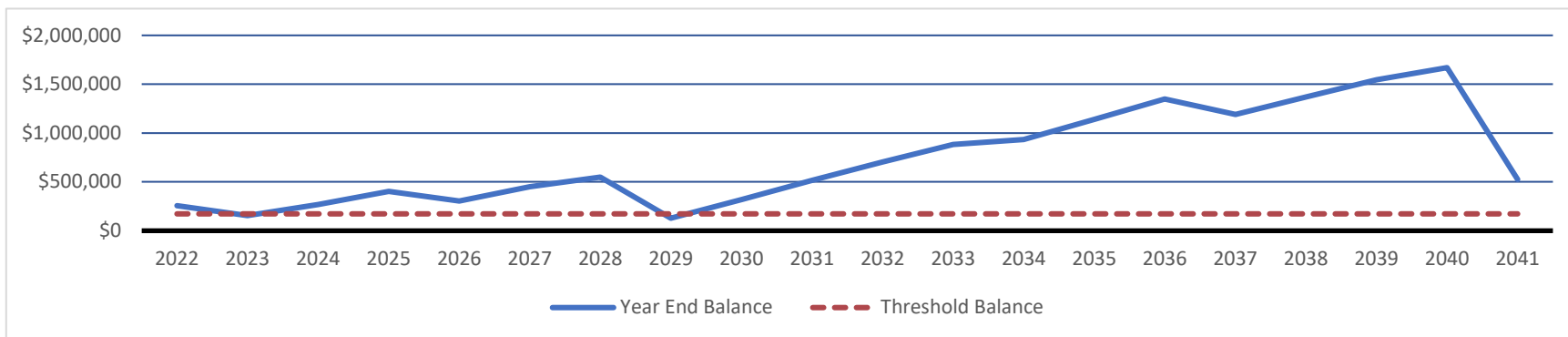
Year	Starting Balance	Reserve Account Contribution	Average Per Unit/Month	Return on Investments	Repair Expenses	Special Assessments	Year End Balance
2022	\$398,438	\$97,160	\$53.27	\$3,601	\$255,500	\$0	\$243,699
2023	\$243,699	\$106,876	\$58.59	\$2,113	\$209,691	\$0	\$142,997
2024	\$142,997	\$117,563	\$64.45	\$3,599	\$20,621	\$0	\$243,538
2025	\$243,538	\$129,320	\$70.90	\$5,593	\$0	\$0	\$378,451
2026	\$378,451	\$142,252	\$77.99	\$4,039	\$251,422	\$0	\$273,319
2027	\$273,319	\$156,477	\$85.79	\$6,313	\$8,908	\$0	\$427,202
2028	\$427,202	\$172,124	\$94.37	\$7,828	\$77,443	\$0	\$529,711
2029	\$529,711	\$189,337	\$103.80	\$1,932	\$590,274	\$0	\$130,705
2030	\$130,705	\$189,337	\$103.80	\$4,761	\$2,634	\$0	\$322,170
2031	\$322,170	\$189,337	\$103.80	\$7,673	\$0	\$0	\$519,179
2032	\$519,179	\$189,337	\$103.80	\$10,469	\$10,579	\$0	\$708,405
2033	\$708,405	\$189,337	\$103.80	\$13,138	\$21,900	\$0	\$888,980
2034	\$888,980	\$189,337	\$103.80	\$13,936	\$149,218	\$0	\$943,035
2035	\$943,035	\$189,337	\$103.80	\$16,986	\$0	\$0	\$1,149,358
2036	\$1,149,358	\$189,337	\$103.80	\$20,080	\$0	\$0	\$1,358,775
2037	\$1,358,775	\$189,337	\$103.80	\$17,756	\$364,388	\$0	\$1,201,479
2038	\$1,201,479	\$189,337	\$103.80	\$20,420	\$29,478	\$0	\$1,381,758
2039	\$1,381,758	\$189,337	\$103.80	\$23,048	\$34,548	\$0	\$1,559,596
2040	\$1,559,596	\$189,337	\$103.80	\$24,897	\$89,159	\$0	\$1,684,670
2041	\$1,684,670	\$189,337	\$103.80	\$8,016	\$1,339,599	\$0	\$542,424



Funding Alternative 2 - Beginning in 2022, increase by \$20,000 every other year until 2030



Year	Starting Balance	Reserve Account Contribution	Average Per Unit/Month	Return on Investments	Repair Expenses	Special Assessments	Year End Balance
2022	\$398,438	\$108,327	\$59.39	\$3,769	\$255,500	\$0	\$255,034
2023	\$255,034	\$108,327	\$59.39	\$2,305	\$209,691	\$0	\$155,975
2024	\$155,975	\$128,327	\$70.35	\$3,955	\$20,621	\$0	\$267,636
2025	\$267,636	\$128,327	\$70.35	\$5,939	\$0	\$0	\$401,903
2026	\$401,903	\$148,327	\$81.32	\$4,482	\$251,422	\$0	\$303,289
2027	\$303,289	\$148,327	\$81.32	\$6,641	\$8,908	\$0	\$449,349
2028	\$449,349	\$168,327	\$92.28	\$8,103	\$77,443	\$0	\$548,337
2029	\$548,337	\$168,327	\$92.28	\$1,896	\$590,274	\$0	\$128,286
2030	\$128,286	\$188,327	\$103.25	\$4,710	\$2,634	\$0	\$318,689
2031	\$318,689	\$188,327	\$103.25	\$7,605	\$0	\$0	\$514,621
2032	\$514,621	\$188,327	\$103.25	\$10,386	\$10,579	\$0	\$702,754
2033	\$702,754	\$188,327	\$103.25	\$13,038	\$21,900	\$0	\$882,219
2034	\$882,219	\$188,327	\$103.25	\$13,820	\$149,218	\$0	\$935,148
2035	\$935,148	\$188,327	\$103.25	\$16,852	\$0	\$0	\$1,140,327
2036	\$1,140,327	\$188,327	\$103.25	\$19,930	\$0	\$0	\$1,348,584
2037	\$1,348,584	\$188,327	\$103.25	\$17,588	\$364,388	\$0	\$1,190,111
2038	\$1,190,111	\$188,327	\$103.25	\$20,234	\$29,478	\$0	\$1,369,194
2039	\$1,369,194	\$188,327	\$103.25	\$22,845	\$34,548	\$0	\$1,545,818
2040	\$1,545,818	\$188,327	\$103.25	\$24,675	\$89,159	\$0	\$1,669,661
2041	\$1,669,661	\$188,327	\$103.25	\$7,776	\$1,339,599	\$0	\$526,164



APPENDIX B: PROJECT PHOTOGRAPHS

Description

Filled cracks and previous repairs along the asphalt private streets.

Photo No.
1



Description

Transverse cracks along the concrete valley gutter.

Photo No.
2



Description

Vertical displacement of the concrete flat work at the pavilion.

Photo No.
3



Description

Drainage inlet within landscaped areas.

Photo No.
4



Description

Timber retaining wall behind Units 547 and 551 with areas of bulging.

Photo No.
5



Description

Sediment deposit within the stormwater retention device (pond).

Photo No.
6



Description

Leaning metal riser structure within the pond.

Photo No.
7



Description

Metal roof and timber structure pavilion.

Photo No.
8



Description

Asphaltic architectural grade shingles on the roof of Units 400, 402, and 404 Peace Rollins Court.

Photo No.
9



Description

Asphaltic architectural grade shingles on the roof of Units 406 and 408 Peace Rollins Court.

Photo No.
10



Description

Deteriorated paint at trim elements along the roof.

Photo No.
11

