

FULL RESERVE STUDY

New Albany Country Club Community Association



New Albany, Ohio

October 23, 2018



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New Albany Country Club Community Association
New Albany, Ohio

Dear Board of Directors of New Albany Country Club Community Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of New Albany Country Club Community Association in New Albany, Ohio and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, October 23, 2018.

This *Full Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help New Albany Country Club Community Association plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on December 5, 2018 by

Reserve Advisors, Inc.

Visual Inspection and Report by: Sarah Girls, RS¹

Review by: Alan M. Ebert, RS, PRA², Director of Quality Assurance



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



Long-term thinking. Everyday commitment.

Table of Contents

| | |
|--|------------|
| 1. RESERVE STUDY EXECUTIVE SUMMARY | 1.1 |
| 2. RESERVE STUDY REPORT | 2.1 |
| 3. RESERVE EXPENDITURES and FUNDING PLAN..... | 3.1 |
| 4. RESERVE COMPONENT DETAIL..... | 4.1 |
| Property Site Elements | 4.1 |
| Asphalt Pavement, Crack Repair, Patch and Seal Coat..... | 4.1 |
| Asphalt Pavement, Repaving, Walking Paths..... | 4.1 |
| Boardwalk, Wood | 4.4 |
| Bollards | 4.6 |
| Bridges | 4.7 |
| Fences, Wood | 4.8 |
| Gates..... | 4.10 |
| Gazebos | 4.11 |
| Landscape | 4.13 |
| Light Fixtures | 4.13 |
| Mailboxes | 4.14 |
| Masonry..... | 4.14 |
| Pavers, Masonry..... | 4.16 |
| Signage | 4.17 |
| Site Furniture, Benches | 4.19 |
| Reserve Study Update..... | 4.19 |
| 5. METHODOLOGY | 5.1 |
| 6. CREDENTIALS | 6.1 |
| 7. DEFINITIONS | 7.1 |
| 8. PROFESSIONAL SERVICE CONDITIONS | 8.1 |



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: New Albany Country Club Community Association (New Albany Country Club)

Location: New Albany, Ohio

Reference: 101805

Property Basics: New Albany Country Club Community Association is a homeowners association which is responsible for the common elements shared by 1,532 single family homes. The common elements of the Association were built beginning in 1990 and construction is ongoing. The date of completion is unknown

Reserve Components Identified: 19 Reserve Components.

Inspection Date: October 23, 2018. We conducted a previous Reserve Study on May 26, 2011.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan does not recognize a critical year. The Reserve Funding Plan recommends 2048 year end accumulated reserves of approximately \$807,100. We judge this amount of accumulated reserves in 2048 necessary to fund the likely replacement of the walking paths, mailboxes and paint finish applications to the wood fences after 2048. Future replacement costs beyond the next 30 years for the walking paths, mailboxes and paint finish applications to the wood fences are likely to more than double the current cost of replacement. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2048 year end reserves.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 1.7% anticipated annual rate of return on invested reserves
- 2.8% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Cash Status of Reserve Fund:

- A projected year-end Reserve Balance of \$1,223,846 as of December 31, 2018 as provided by Management
- 2018 budgeted Reserve Contributions of \$183,840

Project Prioritization: We note anticipated Reserve Expenditures for the next 30-years in the **Reserve Expenditures** tables. We also include a **Five-Year Outlook** table following the **Reserve Funding Plan** in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Replacement of the remaining asphalt pavement walking paths
- Annual paint finish applications and partial replacements to the wood fences
- Replacement of the remaining mailboxes

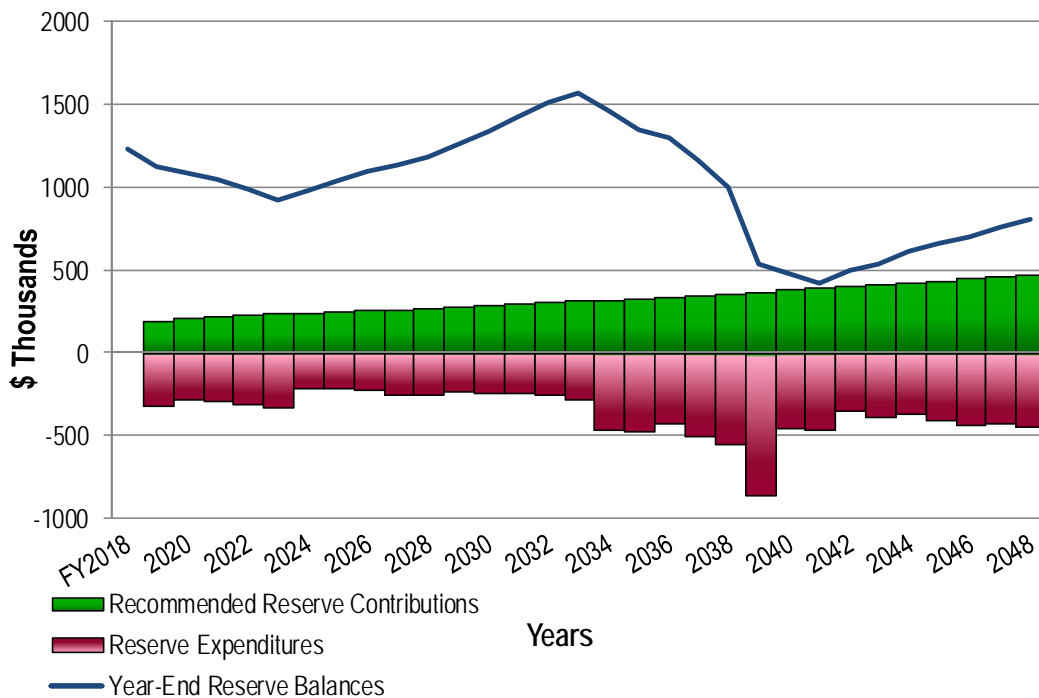


Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Phased increases of approximately \$14,500 from 2019 through 2021
- Inflationary increases through 2048, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$14,460 represents an average quarterly increase of \$2.36 per homeowner and about an one percent (1.2%) adjustment in the 2018 total Operating Budget of \$1,165,300.

New Albany Country Club
Recommended Reserve Funding Table and Graph

| Year | Reserve Contributions (\$) | Reserve Balances (\$) | Year | Reserve Contributions (\$) | Reserve Balances (\$) | Year | Reserve Contributions (\$) | Reserve Balances (\$) |
|------|----------------------------|-----------------------|------|----------------------------|-----------------------|------|----------------------------|-----------------------|
| 2019 | 198,300 | 1,126,670 | 2029 | 283,400 | 1,260,088 | 2039 | 373,600 | 530,254 |
| 2020 | 212,800 | 1,085,390 | 2030 | 291,300 | 1,338,491 | 2040 | 384,100 | 475,849 |
| 2021 | 227,300 | 1,043,045 | 2031 | 299,500 | 1,419,866 | 2041 | 394,900 | 418,787 |
| 2022 | 233,700 | 990,090 | 2032 | 307,900 | 1,504,279 | 2042 | 406,000 | 491,243 |
| 2023 | 240,200 | 923,503 | 2033 | 316,500 | 1,565,697 | 2043 | 417,400 | 532,398 |
| 2024 | 246,900 | 978,873 | 2034 | 325,400 | 1,458,171 | 2044 | 429,100 | 610,541 |
| 2025 | 253,800 | 1,036,282 | 2035 | 334,500 | 1,345,051 | 2045 | 441,100 | 660,897 |
| 2026 | 260,900 | 1,095,803 | 2036 | 343,900 | 1,292,082 | 2046 | 453,500 | 698,749 |
| 2027 | 268,200 | 1,133,970 | 2037 | 353,500 | 1,164,223 | 2047 | 466,200 | 754,391 |
| 2028 | 275,700 | 1,184,488 | 2038 | 363,400 | 1,000,037 | 2048 | 479,300 | 807,052 |





2. RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of

New Albany Country Club Community Association

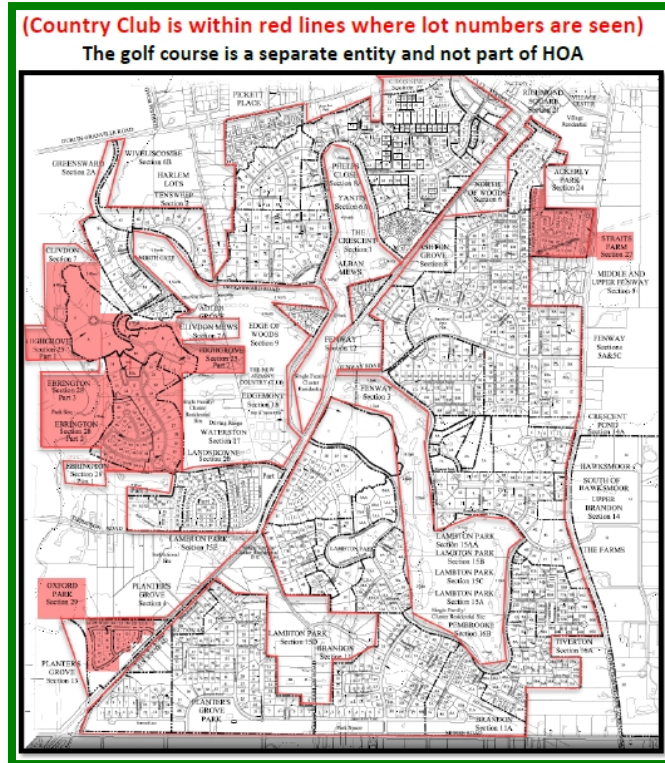
New Albany, Ohio

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, October 23, 2018. We conducted a previous Reserve Study on May 26, 2011.

We present our findings and recommendations in the following report sections and spreadsheets:

- **Identification of Property** - Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures** - Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan** - Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five Year Outlook** - Identifies reserve components and future reserve expenditures during the first five years
- **Reserve Component Detail** - Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology** - Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions** - Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY



Our investigation includes Reserve Components or property elements as set forth in your Declaration. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management and the Board. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Homeowners
- Property Maintained by Others

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- New Albany Country Club responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from reserve funding at this time.

- Electrical Systems, Common
- Foundations
- Pipes, Subsurface Utilities
- Structural Frames

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than \$6,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Gazebos, Paint Finishes and Partial Replacements
- Landscape
- Paint Finishes, Touch Up
- Pet Waste Stations
- Wood Structures, Partial Replacements
- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to:

- Homes and Lots

Certain items have been designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

Neighboring Property

- Pergolas, Monuments and Pavers located on the south side of Morse Road

New Albany Country Club

- Golf Course
- Irrigation System
- Ponds Located throughout Golf Course

New Albany Country Club Master

- Asphalt Walking Paths located along main roads and in parks
- Barns
- Basketball Court
- Fences, Wood, Four Rail
- Parks
- Playgrounds Equipment
- Ponds
- Signage located between four rail fences and road

Village of New Albany

- Light Poles and Fixtures
- Street Systems

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2018 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Total future costs of replacement anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end

Five Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of ***Reserve Expenditures*** and ***Reserve Funding Plan***.

RESERVE EXPENDITURES

**New Albany Country Club
Community Association
New Albany, Ohio**

Explanatory Notes:

- 1) **2.8%** is the estimated future Inflation Rate for estimating Future Replacement Costs.
- 2) FY2018 is Fiscal Year beginning January 1, 2018 and ending December 31, 2018.

| Line Item | Total Quantity | Per Phase Quantity | Units | Reserve Component Inventory | Estimated 1st Year of Event | Life Analysis, Years | | Costs, \$ | | | | RUL = 0 FY2018 | 1 2019 | 2 2020 | 3 2021 | 4 2022 | 5 2023 | 6 2024 | 7 2025 | 8 2026 | 9 2027 | 10 2028 | 11 2029 | 12 2030 | 13 2031 | 14 2032 | 15 2033 |
|--|----------------|--------------------|--------------|---|-----------------------------|----------------------|-----------|-------------|------------------|--------------|--------------------------|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | | | | | | Useful | Remaining | Unit (2018) | Per Phase (2018) | Total (2018) | 30-Year Total (Inflated) | | | | | | | | | | | | | | | | |
| 4.020 | 22,090 | 7,363 | Square Yards | Asphalt Pavement, Crack Repair, Patch and Seal Coat, Phased | 2019 | 3 to 5 | 1 to 3 | 2.50 | 18,408 | 55,225 | 871,695 | | 18,924 | 19,454 | 19,998 | 20,558 | 21,134 | 21,726 | 22,334 | 22,959 | 23,602 | 24,263 | 24,942 | 25,641 | 26,359 | 27,097 | 27,856 |
| 4.080 | 5,800 | 2,900 | Square Yards | Asphalt Pavement, Total Replacement, Walking Paths, Yantis through Greensward | 2034 | 15 to 20 | 16 to 17 | 25.00 | 72,500 | 145,000 | 228,716 | | | | | | | | | | | | | | | | |
| 4.081 | 1,310 | 1,310 | Square Yards | Asphalt Pavement, Total Replacement, Walking Paths, Greensward to Northgate | 2036 | 15 to 20 | 18 | 25.00 | 32,750 | 32,750 | 53,838 | | | | | | | | | | | | | | | | |
| 4.082 | 14,980 | 2,996 | Square Yards | Asphalt Pavement, Total Replacement, Walking Paths, Remaining | 2019 | 15 to 20 | 1 to 5 | 25.00 | 74,900 | 374,500 | 1,076,484 | | 76,997 | 79,153 | 81,369 | 83,648 | 85,990 | | | | | | | | | | |
| 4.091 | 5,900 | 5,900 | Square Feet | Boardwalk, Wood | 2039 | 20 to 25 | 21 | 40.00 | 236,000 | 236,000 | 421,471 | | | | | | | | | | | | | | | | |
| 4.092 | 73 | 73 | Each | Bollards | 2020 | to 25 | 2 | 200.00 | 14,600 | 14,600 | 46,202 | | | 15,429 | | | | | | | | | | | | | |
| 4.093 | 5 | 1 | Each | Bridges, Phased | 2022 | to 20 | 4 to 8 | 7,300.00 | 7,300 | 36,500 | 118,005 | | | | | 8,153 | 8,381 | 8,616 | 8,857 | 9,105 | | | | | | | |
| 4.280 | 40,000 | 13,333 | Linear Feet | Fences, Wood, Paint Finishes, Phased | 2019 | to 3 | 1 to 3 | 5.00 | 66,667 | 200,000 | 3,156,882 | | 68,533 | 70,452 | 72,425 | 74,453 | 76,537 | 78,681 | 80,884 | 83,148 | 85,476 | 87,870 | 90,330 | 92,859 | 95,459 | 98,132 | 100,880 |
| 4.329 | 2 | 2 | Each | Gates, Metal, Wiveliscombe | 2023 | to 30 | 5 | 3,500.00 | 7,000 | 7,000 | 8,036 | | | | | | 8,036 | | | | | | | | | | |
| 4.330 | 35 | 2 | Each | Gates, Wood, Phased | 2019 | 10 to 15 | 1 to 15 | 1,500.00 | 3,495 | 52,500 | 165,501 | | 3,593 | 3,693 | 3,797 | 3,903 | 4,012 | 4,125 | 4,240 | 4,359 | 4,481 | 4,607 | 4,736 | 4,868 | 5,004 | 5,145 | 5,289 |
| 4.359 | 3 | 3 | Each | Gazebos, Capital Repairs and Partial Replacements, Previously Updated | 2027 | 15 to 20 | 9 | 8,500.00 | 25,500 | 25,500 | 32,695 | | | | | | | | | | 32,695 | | | | | | |
| 4.360 | 5 | 3 | Each | Gazebo, Capital Repairs and Partial Replacements, Phased | 2021 | 15 to 20 | 3 to 4 | 8,500.00 | 21,250 | 42,500 | 140,192 | | | | 23,085 | 23,732 | | | | | | | | | | | |
| 4.500 | 1 | 1 | Allowance | Landscape, Partial Replacements | 2019 | Ongoing | 1 | 40,000.00 | 40,000 | 40,000 | 1,894,132 | | 41,120 | 42,271 | 43,455 | 44,672 | 45,923 | 47,208 | 48,530 | 49,889 | 51,286 | 52,722 | 54,198 | 55,716 | 57,276 | 58,879 | 60,528 |
| 4.561 | 8 | 8 | Each | Light Fixtures, Entrance Monuments | 2023 | to 25 | 5 | 800.00 | 6,400 | 6,400 | 22,003 | | | | | | 7,348 | | | | | | | | | | |
| 4.600 | 1,532 | 306 | Each | Mailboxes, Phased (2019 is Budgeted) | 2019 | to 25 | 1 to 5 | 175.00 | 53,620 | 268,100 | 506,066 | | 65,000 | | | | | | | | | | | | | | |
| 4.611 | 1 | 1 | Allowance | Masonry, Inspections and Partial Repointing | 2019 | Ongoing | 1 | 20,000.00 | 20,000 | 20,000 | 947,067 | | 20,560 | 21,136 | 21,727 | 22,336 | 22,961 | 23,604 | 24,265 | 24,945 | 25,643 | 26,361 | 27,099 | 27,858 | 28,638 | 29,440 | 30,264 |
| 4.620 | 5,700 | 950 | Square Feet | Pavers, Masonry, Phased | 2023 | to 30 | 5 to 30 | 18.00 | 17,100 | 102,600 | 171,014 | | | | | | 19,632 | | | | | 22,539 | | | | | 25,876 |
| 4.810 | 1 | 1 | Allowance | Signage, Community and Street, Phased | 2019 | 15 to 20 | 1 | 15,000.00 | 15,000 | 15,000 | 710,300 | | 15,420 | 15,852 | 16,296 | 16,752 | 17,221 | 17,703 | 18,199 | 18,708 | 19,232 | 19,771 | 20,324 | 20,893 | 21,478 | 22,080 | 22,698 |
| 4.820 | 1 | 1 | Allowance | Site Furniture, Benches, Phased | 2019 | 15 to 25 | 1 | 5,000.00 | 5,000 | 5,000 | 236,767 | | 5,140 | 5,284 | 5,432 | 5,584 | 5,740 | 5,901 | 6,066 | 6,236 | 6,411 | 6,590 | 6,775 | 6,964 | 7,159 | 7,360 | 7,566 |
| Anticipated Expenditures, By Year | | | | | | | | | | | \$10,807,066 | 0 | 315,287 | 272,724 | 287,584 | 303,791 | 322,915 | 207,564 | 213,375 | 219,349 | 248,826 | 244,723 | 228,404 | 234,799 | 241,373 | 248,133 | 280,957 |

RESERVE EXPENDITURES

**New Albany Country Club
Community Association
New Albany, Ohio**

| Line Item | Total Quantity | Per Phase Quantity | Units | Reserve Component Inventory | Estimated 1st Year of Event | Life Analysis, Years | | Costs, \$ | | | | | 16 2034 | 17 2035 | 18 2036 | 19 2037 | 20 2038 | 21 2039 | 22 2040 | 23 2041 | 24 2042 | 25 2043 | 26 2044 | 27 2045 | 28 2046 | 29 2047 | 30 2048 |
|--|----------------|--------------------|--------------|---|-----------------------------|----------------------|-----------|-------------|------------------|--------------|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------|
| | | | | | | Useful | Remaining | Unit (2018) | Per Phase (2018) | Total (2018) | 30-Year Total (Inflated) | | | | | | | | | | | | | | | | |
| 4.020 | 22,090 | 7,363 | Square Yards | Asphalt Pavement, Crack Repair, Patch and Seal Coat, Phased | 2019 | 3 to 5 | 1 to 3 | 2.50 | 18,408 | 55,225 | 871,695 | 28,635 | 29,437 | 30,261 | 31,109 | 31,980 | 32,875 | 33,796 | 34,742 | 35,715 | 36,715 | 37,743 | 38,800 | 39,886 | 41,003 | 42,151 | |
| 4.080 | 5,800 | 2,900 | Square Yards | Asphalt Pavement, Total Replacement, Walking Paths, Yantis through Greensward | 2034 | 15 to 20 | 16 to 17 | 25.00 | 72,500 | 145,000 | 228,716 | 112,779 | 115,937 | | | | | | | | | | | | | | |
| 4.081 | 1,310 | 1,310 | Square Yards | Asphalt Pavement, Total Replacement, Walking Paths, Greensward to Northgate | 2036 | 15 to 20 | 18 | 25.00 | 32,750 | 32,750 | 53,838 | | | 53,838 | | | | | | | | | | | | | |
| 4.082 | 14,980 | 2,996 | Square Yards | Asphalt Pavement, Total Replacement, Walking Paths, Remaining | 2019 | 15 to 20 | 1 to 5 | 25.00 | 74,900 | 374,500 | 1,076,484 | | | | 126,576 | 130,120 | 133,763 | 137,509 | 141,359 | | | | | | | | |
| 4.091 | 5,900 | 5,900 | Square Feet | Boardwalk, Wood | 2039 | 20 to 25 | 21 | 40.00 | 236,000 | 236,000 | 421,471 | | | | | 421,471 | | | | | | | | | | | |
| 4.092 | 73 | 73 | Each | Bollards | 2020 | to 25 | 2 | 200.00 | 14,600 | 14,600 | 46,202 | | | | | | | | | | | | 30,773 | | | | |
| 4.093 | 5 | 1 | Each | Bridges, Phased | 2022 | to 20 | 4 to 8 | 7,300.00 | 7,300 | 36,500 | 118,005 | | | | | | | | 14,163 | 14,560 | 14,967 | 15,386 | 15,817 | | | | |
| 4.280 | 40,000 | 13,333 | Linear Feet | Fences, Wood, Paint Finishes, Phased | 2019 | to 3 | 1 to 3 | 5.00 | 66,667 | 200,000 | 3,156,882 | 103,705 | 106,608 | 109,593 | 112,662 | 115,817 | 119,059 | 122,393 | 125,820 | 129,343 | 132,965 | 136,688 | 140,515 | 144,449 | 148,494 | 152,652 | |
| 4.329 | 2 | 2 | Each | Gates, Metal, Wiveliscombe | 2023 | to 30 | 5 | 3,500.00 | 7,000 | 7,000 | 8,036 | | | | | | | | | | | | | | | | |
| 4.330 | 35 | 2 | Each | Gates, Wood, Phased | 2019 | 10 to 15 | 1 to 15 | 1,500.00 | 3,495 | 52,500 | 165,501 | 5,437 | 5,589 | 5,745 | 5,906 | 6,072 | 6,242 | 6,416 | 6,596 | 6,781 | 6,971 | 7,166 | 7,367 | 7,573 | 7,785 | 8,003 | |
| 4.359 | 3 | 3 | Each | Gazebos, Capital Repairs and Partial Replacements, Previously Updated | 2027 | 15 to 20 | 9 | 8,500.00 | 25,500 | 25,500 | 32,695 | | | | | | | | | | | | | | | | |
| 4.360 | 5 | 3 | Each | Gazebo, Capital Repairs and Partial Replacements, Phased | 2021 | 15 to 20 | 3 to 4 | 8,500.00 | 21,250 | 42,500 | 140,192 | | | | | | | | | | | | | 46,043 | 47,332 | | |
| 4.500 | 1 | 1 | Allowance | Landscape, Partial Replacements | 2019 | Ongoing | 1 | 40,000.00 | 40,000 | 40,000 | 1,894,132 | 62,223 | 63,965 | 65,756 | 67,597 | 69,490 | 71,436 | 73,436 | 75,492 | 77,606 | 79,779 | 82,013 | 84,309 | 86,670 | 89,096 | 91,591 | |
| 4.561 | 8 | 8 | Each | Light Fixtures, Entrance Monuments | 2023 | to 25 | 5 | 800.00 | 6,400 | 6,400 | 22,003 | | | | | | | | | | | | | | | 14,655 | |
| 4.600 | 1,532 | 306 | Each | Mailboxes, Phased (2019 is Budgeted) | 2019 | to 25 | 1 to 5 | 175.00 | 53,620 | 268,100 | 506,066 | 83,410 | 85,745 | 88,146 | 90,614 | 93,151 | | | | | | | | | | | |
| 4.611 | 1 | 1 | Allowance | Masonry, Inspections and Partial Repointing | 2019 | Ongoing | 1 | 20,000.00 | 20,000 | 20,000 | 947,067 | 31,111 | 31,983 | 32,878 | 33,799 | 34,745 | 35,718 | 36,718 | 37,746 | 38,803 | 39,889 | 41,006 | 42,155 | 43,335 | 44,548 | 45,796 | |
| 4.620 | 5,700 | 950 | Square Feet | Pavers, Masonry, Phased | 2023 | to 30 | 5 to 30 | 18.00 | 17,100 | 102,600 | 171,014 | | | | | 29,707 | | | | | | 34,105 | | | | 39,155 | |
| 4.810 | 1 | 1 | Allowance | Signage, Community and Street, Phased | 2019 | 15 to 20 | 1 | 15,000.00 | 15,000 | 15,000 | 710,300 | 23,334 | 23,987 | 24,659 | 25,349 | 26,059 | 26,788 | 27,538 | 28,310 | 29,102 | 29,917 | 30,755 | 31,616 | 32,501 | 33,411 | 34,347 | |
| 4.820 | 1 | 1 | Allowance | Site Furniture, Benches, Phased | 2019 | 15 to 25 | 1 | 5,000.00 | 5,000 | 5,000 | 236,767 | 7,778 | 7,996 | 8,220 | 8,450 | 8,686 | 8,929 | 9,179 | 9,437 | 9,701 | 9,972 | 10,252 | 10,539 | 10,834 | 11,137 | 11,449 | |
| Anticipated Expenditures, By Year | | | | | | | | | | | \$10,807,066 | 458,412 | 471,247 | 419,096 | 502,062 | 545,827 | 856,281 | 446,985 | 459,502 | 341,214 | 384,873 | 360,590 | 401,460 | 427,108 | 422,806 | 439,799 | |

RESERVE FUNDING PLAN

**CASH FLOW ANALYSIS
New Albany Country Club
Community Association**

Individual Reserve Budgets & Cash Flows for the Next 30 Years

| New Albany, Ohio | FY2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|---|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Reserves at Beginning of Year (Note 1) | N/A | 1,223,846 | 1,126,670 | 1,085,390 | 1,043,045 | 990,090 | 923,503 | 978,873 | 1,036,282 | 1,095,803 | 1,133,970 | 1,184,488 | 1,260,088 | 1,338,491 | 1,419,866 | 1,504,279 |
| Total Recommended Reserve Contributions (Note 2) | N/A | 198,300 | 212,800 | 227,300 | 233,700 | 240,200 | 246,900 | 253,800 | 260,900 | 268,200 | 275,700 | 283,400 | 291,300 | 299,500 | 307,900 | 316,500 |
| Plus Estimated Interest Earned, During Year (Note 3) | N/A | 19,811 | 18,644 | 17,939 | 17,136 | 16,128 | 16,034 | 16,984 | 17,970 | 18,793 | 19,541 | 20,604 | 21,902 | 23,248 | 24,646 | 25,875 |
| Less Anticipated Expenditures, By Year | N/A | (315,287) | (272,724) | (287,584) | (303,791) | (322,915) | (207,564) | (213,375) | (219,349) | (248,826) | (244,723) | (228,404) | (234,799) | (241,373) | (248,133) | (280,957) |
| Anticipated Reserves at Year End | <u>\$1,223,846</u> | <u>\$1,126,670</u> | <u>\$1,085,390</u> | <u>\$1,043,045</u> | <u>\$990,090</u> | <u>\$923,503</u> | <u>\$978,873</u> | <u>\$1,036,282</u> | <u>\$1,095,803</u> | <u>\$1,133,970</u> | <u>\$1,184,488</u> | <u>\$1,260,088</u> | <u>\$1,338,491</u> | <u>\$1,419,866</u> | <u>\$1,504,279</u> | <u>\$1,565,697</u> |

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

| | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Reserves at Beginning of Year | 1,565,697 | 1,458,171 | 1,345,051 | 1,292,082 | 1,164,223 | 1,000,037 | 530,254 | 475,849 | 418,787 | 491,243 | 532,398 | 610,541 | 660,897 | 698,749 | 754,391 |
| Total Recommended Reserve Contributions | 325,400 | 334,500 | 343,900 | 353,500 | 363,400 | 373,600 | 384,100 | 394,900 | 406,000 | 417,400 | 429,100 | 441,100 | 453,500 | 466,200 | 479,300 |
| Plus Estimated Interest Earned, During Year | 25,486 | 23,627 | 22,227 | 20,703 | 18,241 | 12,898 | 8,480 | 7,540 | 7,670 | 8,628 | 9,633 | 10,716 | 11,460 | 12,248 | 13,160 |
| Less Anticipated Expenditures, By Year | (458,412) | (471,247) | (419,096) | (502,062) | (545,827) | (856,281) | (446,985) | (459,502) | (341,214) | (384,873) | (360,590) | (401,460) | (427,108) | (422,806) | (439,799) |
| Anticipated Reserves at Year End | <u>\$1,458,171</u> | <u>\$1,345,051</u> | <u>\$1,292,082</u> | <u>\$1,164,223</u> | <u>\$1,000,037</u> | <u>\$530,254</u> | <u>\$475,849</u> | <u>\$418,787</u> | <u>\$491,243</u> | <u>\$532,398</u> | <u>\$610,541</u> | <u>\$660,897</u> | <u>\$698,749</u> | <u>\$754,391</u> | <u>\$807,052</u> |

(NOTE 4)

Explanatory Notes:

- 1) Year 2018 ending reserves are projected by Management as of December 31, 2018; FY2018 starts January 1, 2018 and ends December 31, 2018.
- 2) 2019 is the first year of recommended contributions.
- 3) 1.7% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2048 ending reserves consider the need to fund for replacement of the walking paths, mailboxes and paint finish applications to the wood fences shortly after 2048, and the age, size, overall condition and complexity of the property.

FIVE YEAR OUTLOOK**New Albany Country Club
Community Association**
New Albany, Ohio

| Line Item | Reserve Component Inventory | RUL = 0 FY2018 | 1 2019 | 2 2020 | 3 2021 | 4 2022 | 5 2023 |
|-----------|---|-------------------|----------------|----------------|----------------|----------------|----------------|
| 4.020 | Asphalt Pavement, Crack Repair, Patch and Seal Coat, Phased | | 18,924 | 19,454 | 19,998 | 20,558 | 21,134 |
| 4.082 | Asphalt Pavement, Total Replacement, Walking Paths, Remaining | | 76,997 | 79,153 | 81,369 | 83,648 | 85,990 |
| 4.092 | Bollards | | | 15,429 | | | |
| 4.093 | Bridges, Phased | | | | | 8,153 | 8,381 |
| 4.280 | Fences, Wood, Paint Finishes, Phased | | 68,533 | 70,452 | 72,425 | 74,453 | 76,537 |
| 4.329 | Gates, Metal, Wiveliscombe | | | | | | 8,036 |
| 4.330 | Gates, Wood, Phased | | 3,593 | 3,693 | 3,797 | 3,903 | 4,012 |
| 4.360 | Gazebo, Capital Repairs and Partial Replacements, Phased | | | | 23,085 | 23,732 | |
| 4.500 | Landscape, Partial Replacements | | 41,120 | 42,271 | 43,455 | 44,672 | 45,923 |
| 4.561 | Light Fixtures, Entrance Monuments | | | | | | 7,348 |
| 4.600 | Mailboxes, Phased (2019 is Budgeted) | | 65,000 | | | | |
| 4.611 | Masonry, Inspections and Partial Repointing | | 20,560 | 21,136 | 21,727 | 22,336 | 22,961 |
| 4.620 | Pavers, Masonry, Phased | | | | | | 19,632 |
| 4.810 | Signage, Community and Street, Phased | | 15,420 | 15,852 | 16,296 | 16,752 | 17,221 |
| 4.820 | Site Furniture, Benches, Phased | | 5,140 | 5,284 | 5,432 | 5,584 | 5,740 |
| | Anticipated Expenditures, By Year | 0 | 315,287 | 272,724 | 287,584 | 303,791 | 322,915 |

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Full Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service.*

Asphalt Pavement, Crack Repair, Patch and Seal Coat

Line Item: 4.020

Quantity: Approximately 22,090 square yards

History: Management informs us the Association conducts crack repairs and patches to the walking paths and applies seal coat applications to a third of the walking paths annually. The Association replaced the asphalt pavement walking paths at Yantis through Greensward in 2017 and the asphalt pavement walking paths at Greensward to Northgate in 2018. The remaining asphalt pavement walking paths are at various ages.

Condition: Good to fair overall

Useful Life: Three- to five-years

Component Detail Notes: Proposals for seal coat applications should include crack repairs and patching. The contractor should only apply seal coat applications after repairs are completed. A seal coat does not bridge or close cracks, therefore, unrepaired cracks render the seal coat applications useless.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes an allowance for crack repairs and patching of up to two percent (2%) of the pavement.

Asphalt Pavement, Repaving, Walking Paths

Line Items: 4.080 through 4.082

Quantity and History: Approximately 22,090 square yards of asphalt pavement walking paths. The asphalt pavement walking paths from Yantis through Greensward comprises approximately 5,800 square yards and was replaced in 2017. The asphalt pavement walking paths from Greensward to Northgate comprises 1,310 square yards

and was replaced in 2018. The remaining asphalt pavement walking paths are at various ages.

Condition: Good to fair overall condition with cracks and deterioration evident.



Asphalt pavement walking path at Baughman Grant



Cracks at asphalt pavement walking path at Lambton Park



Cracks at asphalt pavement walking path at Lambton Park



Cracks at asphalt pavement walking path



Walking path at Yantis through Greenwood



Previously replaced asphalt pavement walking path



Previously replaced asphalt pavement walking path



Previously replaced asphalt pavement walking path



Cracks at asphalt pavement walking path



Asphalt pavement walking path at Southfield



Edge cracks at asphalt pavement walking path

Useful Life: The need to maintain a safe pedestrian surface results in a useful life of 15- to 20-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Boardwalk, Wood

Line Item: 4.091

Quantity: 5,900 square feet of wood boardwalk is located at the intersection of Yantis and Greensward.

History: The boardwalk was replaced in 2014.

Condition: The boardwalk is in good to fair overall condition with isolated areas of warped and deteriorated deck boards and railings.



Boardwalk



Railings at boardwalk



Wood deterioration at railing



Boardwalk structure



Isolated deck board deterioration

Useful Life: 20- to 25-years with proper maintenance

Component Detail Notes: Proper maintenance should include the following activities funded through the operating budget:

- Annual inspections to identify and correct any unsafe conditions
- Securing of loose fasteners and replacement of deteriorated fasteners
- Replacement of deteriorated wood components
- Power washing with an algaecide and application of a sealer

The rates and types of deterioration are not uniform due to the nature of wood. Replacement is normally an ongoing process which eventually leads to a complete replacement for economic or aesthetic reasons.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Bollards

Line Item: 4.092

Quantity: 73 bollards are located along the main roadways

History: Original

Condition: Good to fair overall condition



Bollard



Bollard

Useful Life: Up to 25 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Bridges

Line Item: 4.093

Quantity: The Association maintains five wood bridges comprising 1,420 square feet at the following locations:

- Two at Greensward near the Country Club (300 Square Feet and 120 Square Feet)
- One at Greensward and Harlem (300 Square Feet)
- One at Greensward past Northgate (320 Square Feet)
- One at Brandon Road (380 Square Feet)

History: The bridges are original with partial replacements evident.

Condition: Good to fair overall condition with isolated warped boards and wood deterioration evident.



Wood bridge



Wood bridge



Bridge deck boards



Bridge overview



Wood deterioration at bridge deck boards



Bridge overview

Useful Life: Up to 20 years with proper maintenance

Component Detail Notes: Proper maintenance should include the following activities funded through the operating budget:

- Annual inspections to identify and correct any unsafe conditions
- Securing of loose fasteners and replacement of deteriorated fasteners
- Replacement of deteriorated wood components
- Power washing with an algaecide and application of a sealer

The rates and types of deterioration are not uniform due to the nature of wood. Replacement is normally an ongoing process which eventually leads to a complete replacement for economic or aesthetic reasons.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Fences, Wood

Line Items: 4.280

Quantity: 40,000 linear feet of wood fences

History: Various ages and previous repairs evident.

Condition: Good to fair overall condition. Management informs us the Association applies paint finish applications to the fences to a third of the fences annually.



Wood fence



Wood fence



Loose post at wood fence



Wood fence with isolated deterioration at base of post



Loose picket at wood fence

Useful Life: We recommend the Association continue to apply paint finishes to the fences every three years.

Component Detail Notes: Due to the construction and current maintenance of the wood fences of the community, we do not include a full replacement of all of the wood fences. Rather, we include the replacement of up to 1/30th of the fences to be replaced with each painting event. Assuming the wood fences have a useful life of up to 30 years.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration.

Gates

Line Items: 4.329 and 4.330

Quantity, History and Condition: The Association maintains two metal fences at Wiveliscombe, which are original and in good to fair condition. The Association also maintains approximately 35 wood gates at the wood fences, which are at various ages and in good to fair overall condition. Management informs us the Association replaces two- to three-wood gates per year budgeted at \$1,500 each.



Metal gate at Wiveliscombe



Wood gate at fence

Useful Life: Up to 30 years for the metal gates and 10- to 15-years for the wood gates

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The estimate of cost for replacement of the wood gates is based on historical costs provided by Management.

Gazebos

Line Items: 4.359 and 4.360

Quantity: Management informs us the Association is responsible for eight gazebos at the following locations:

- Two at Northgate
 - Wood shingle roof with four wood columns and two benches
- One at Southfield
 - Slate roof with six wood columns
- One at Eberington
 - Wood shingle roof with four wood columns and two benches
- One at High Grove
 - Slate roof with six wood columns
- Two at Lambton Park
 - Metal roof with four wood columns
 - Metal roof with six wood columns
- One at Baughman Grant
 - Wood shingle roof with four wood columns and one bench

History: Three of the gazebos were repaired, including the replacement of the roof, within the last two years. The remaining gazebos are original.

Condition: Good to fair overall



Wood frame gazebo



Masonry framed gazebo



Gazebo with slate roof



Structure and light fixture at gazebo



Wood frame gazebo with wood metal roof

Useful Life: 15- to 20-years with periodic maintenance

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for paint applications and repairs through the operating budget. Our cost for renovation includes:

- Replacement of the roof
- Replacement of the wood columns as needed
- Benches, Cupolas, Light Fixtures, Etc.
- Partial replacement of deteriorated wood components

Landscape

Line Item: 4.500

Component Detail Notes: The Association contains a large quantity of trees, shrubbery and other landscape elements. Replacement of these elements is an ongoing need. Many associations budget for these replacements as normal maintenance. Other associations fund ongoing replacements from reserves. Large amounts of landscape may need replacement due to disease, drought or other forces of nature. If the cost of removal and replacement is substantial, funding from reserves is logical. The Association may also desire to periodically update the appearance of the community through major improvements to the landscape.

Useful Life: At the request of Management and the Board, we include a landscape allowance of \$40,000, plus inflation, for annual partial replacements.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Light Fixtures

Line Item: 4.561

Quantity: Eight light fixtures are located at the entrance monuments

History: Original to construction

Condition: Good to fair condition



Light fixture at entrance monument

Useful Life: Up to 25 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Mailboxes

Line Item: 4.600

Quantity: 1,532 mailboxes

History: The Association replaced a majority of the mailboxes within the last three years. The Association will replace the remaining mailboxes in 2019, budgeted at \$65,000.

Condition: Good to fair overall



Mailbox

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Masonry

Line Item: 4.611

Quantity: Approximately 10,000 square feet of the exterior walls of the monuments, walls and piers located throughout the community.

History: Management informs us the Association expends approximately \$20,000 annually for repairs and partial replacements to the masonry at the entrance monuments, walls and piers located throughout the community.

Condition: Good to fair overall condition with cracks and efflorescence evident.



Efflorescence at masonry monument



Masonry monument



Efflorescence at masonry monument



Masonry monument



Cracks at masonry monument



Masonry monument

Useful Life: Management informs us the Association expends approximately \$20,000, plus inflation, annually for repairs to the masonry at the entrance monuments.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes the following activities:

- Complete inspection of the masonry
- Repointing of up to fifteen percent (15%)
- Replacement of about two percent (2%)

Pavers, Masonry

Line Item: 4.620

Quantity: 5,700 square feet at the gazebos and various areas throughout the community.

History: Various ages based on the construction of the community.

Condition: Good to fair overall condition with areas of settlement evident.



Masonry pavers



Masonry pavers



Masonry pavers



Masonry pavers

Useful Life: Up to 30 years

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We suggest the Association conduct interim resetting and replacement of minor areas of pavers as normal maintenance, funded from the operating budget.

Signage

Line Item: 4.810

Quantity: 27 wood property identification signs and 364 wood street identification signs are located throughout the community.

History: The signage is at various ages. Management informs us the Association expends \$15,000 annual for repairs and replacements to the signage throughout the community.

Condition: Good to fair overall



Traffic signage



Community signage



Street signage

Useful Life: 15- to 20-years

Component Detail Notes: Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are discretionary.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Site Furniture, Benches

Line Item: 4.820

Quantity: The Association maintains 120 benches throughout the community

History: Various ages

Condition: Good to fair overall



Bench

Useful Life: 15- to 25-years. Due to the various ages, we include an annual allowance for replacements of the benches, budgeted at \$5,000, plus inflation.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements



Periodic updates incorporate these variable changes since the last Reserve Study or Update. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5.METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

New Albany Country Club can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level quarterly reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long term future inflation for construction costs in New Albany,

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.

Ohio at an annual inflation rate³. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of New Albany Country Club and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.

³ Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.



6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors, Inc. is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our principals are founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our principals is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to the 2,600,000-square foot 98-story Trump International Hotel and Tower in Chicago. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.

QUALIFICATIONS
THEODORE J. SALGADO
Principal Owner

CURRENT CLIENT SERVICES

Theodore J. Salgado is a co-founder of Reserve Advisors, Inc., which is dedicated to serving community associations, city and country clubs, religious organizations, educational facilities, and public and private entities throughout the United States. He is responsible for the production, management, review, and quality assurance of all reserve studies, property inspection services and consulting services for a nationwide portfolio of more than 6,000 clients. Under his direction, the firm conducts reserve study services for community associations, apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings.



PRIOR RELEVANT EXPERIENCE

Before founding Reserve Advisors, Inc. with John P. Poehlmann in 1991, Mr. Salgado, a professional engineer registered in the State of Wisconsin, served clients for over 15 years through American Appraisal Associates, the world's largest full service valuation firm. Mr. Salgado conducted facilities analyses of hospitals, steel mills and various other large manufacturing and petrochemical facilities and casinos.

He has served clients throughout the United States and in foreign countries, and frequently acted as project manager on complex valuation, and federal and state tax planning assignments. His valuation studies led to negotiated settlements on property tax disputes between municipalities and property owners.

Mr. Salgado has authored articles on the topic of reserve studies and facilities maintenance. He also co-authored *Reserves*, an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and maintaining appropriate reserves. Mr. Salgado has also written in-house computer applications manuals and taught techniques relating to valuation studies.

EXPERT WITNESS

Mr. Salgado has testified successfully before the Butler County Board of Tax Revisions in Ohio. His depositions in pretrial discovery proceedings relating to reserve studies of Crestview Estates Condominium Association in Wauconda, Illinois, Rivers Point Row Property Owners Association, Inc. in Charleston, South Carolina and the North Shore Club Associations in South Bend, Indiana have successfully assisted the parties in arriving at out of court settlements.

EDUCATION - Milwaukee School of Engineering - B.S. Architectural Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

American Association of Cost Engineers - Past President, Wisconsin Section

Association of Construction Inspectors - Certified Construction Inspector

Association of Professional Reserve Analysts - Past President & Professional Reserve Analyst (PRA)

Community Associations Institute - Member and Volunteer Leader of multiple chapters

Concordia Seminary, St. Louis - Member, National Steering Committee

Milwaukee School of Engineering - Member, Corporation Board

Professional Engineer, Wisconsin (1982) and North Carolina (2014)

Ted continually maintains his professional skills through American Society of Civil Engineers, ASHRAE, Association of Construction Inspectors, and continuing education to maintain his professional engineer licenses.



**JOHN P. POEHLMANN, RS
Principal**

John P. Poehlmann is a co-founder of Reserve Advisors, Inc. He is responsible for the finance, accounting, marketing, and overall administration of Reserve Advisors, Inc. He also regularly participates in internal Quality Control Team Reviews of Reserve Study reports.



Mr. Poehlmann directs corporate marketing, including business development, advertising, press releases, conference and trade show exhibiting, and electronic marketing campaigns. He frequently speaks throughout the country at seminars and workshops on the benefits of future planning and budgeting for capital repairs and replacements of building components and other assets.

PRIOR RELEVANT EXPERIENCE

Mr. Poehlmann served on the national Board of Trustees of Community Associations Institute. An international organization, Community Associations Institute (CAI) is a nonprofit 501(c)(3) trade association created in 1973 to provide education and resources to America's 335,000 residential condominium, cooperative and homeowner associations and related professionals and service providers.

He is a founding member of the Institute's Reserve Committee. The Reserve Committee developed national standards and the Reserve Specialist (RS) Designation Program for Reserve Study providers. Mr. Poehlmann has authored numerous articles on the topic of Reserve Studies, including Reserve Studies for the First Time Buyer, Minimizing Board Liability, Sound Association Planning Parallels Business Concepts, and Why Have a Professional Reserve Study. He is also a contributing author in Condo/HOA Primer, a book published for the purpose of sharing a wide background of industry knowledge to help boards in making informed decisions about their communities.

INDUSTRY SERVICE AWARDS

- CAI Wisconsin Chapter Award
- CAI National Rising Star Award
- CAI Michigan Chapter Award

EDUCATION

- University of Wisconsin-Milwaukee - Master of Science Management
- University of Wisconsin - Bachelor of Business Administration

PROFESSIONAL AFFILIATIONS

- Community Associations Institute (CAI)** - Founding member of Reserve Committee; former member of National Board of Trustees; Reserve Specialist (RS) designation; Member of multiple chapters
- Association of Condominium, Townhouse, & Homeowners Associations (ACTHA)** – member



SARAH M. GIRLS, E.I.T., RS

CURRENT CLIENT SERVICES

Sarah M. Girls, a Civil Engineer, is an Advisor for Reserve Advisors. Ms. Girls is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services on townhomes, homeowners associations, planned unit developments and recreational associations.

The following is a partial list of clients served by Sarah Girls demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

The Lakelands Townhouse Homeowners Association Located in Plainfield, Illinois, this lively townhouse community consists of 65 Units in 16 Buildings surrounding a picturesque lake. The Association maintains multiple docks and retaining walls along the lake. The development also maintains the smaller areas of asphalt pavement and the driveways at each individual unit.

Lismore Village Homeowners' Association Located in Greer, South Carolina, this quaint community comprises 76 townhomes. The buildings feature brick masonry, vinyl siding and asphalt shingle roofs. The development contains asphalt pavement, a gazebo, perimeter fences and concrete flatwork.

Pecan Park Garden Estate Condominium This attractive gated community in Austin, Texas consists of 146 units with a relaxing pool. Located throughout the property are perimeter walls, private drives and an irrigation system.

The Villages of Berry Creek Situated in Georgetown, Texas, this inviting community is comprised of 241 homes. Homeowners can enjoy two pools, a large deck and a playground that provide enough recreational space for entertaining. The development also includes perimeter fences and detention ponds.

Maple Leaf 20 Condominium Association A townhome style condominium development of 160 units in 20 buildings located in Greenfield, Wisconsin. These buildings were constructed in the mid 2000's and comprise asphalt shingle roofs, vinyl siding and masonry walls. The development contains asphalt pavement, wood fences and concrete flatwork.

Emerald Pointe Condominium Association This quaint community is located in Raleigh, North Carolina and consists of 51 townhomes in 14 buildings. The Association maintains asphalt shingle roofs, wood siding and decks, concrete flatwork and retaining walls.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Girls attended Valparaiso University in Valparaiso, Indiana where she attained her Bachelor of Science degree in Civil Engineering. During her time at Valparaiso University, Ms. Girls lead her senior design group to develop a bypass around the City of Delphi, Indiana. This project also included the design of a bridge and mechanically stabilized earth walls. Ms. Girls also worked for Hagerman Inc. as an intern project engineer. She was responsible for overseeing and inspecting the construction of Valparaiso University's new Welcome Center.

EDUCATION

Valparaiso University –B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS

Engineer In Training (E.I.T.) Registration

Reserve Specialist (RS) -Community Associations Institute



ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts



RESOURCES

Reserve Advisors, Inc. utilizes numerous resources of national and local data to conduct its Professional Services. A concise list of several of these resources follows:

Association of Construction Inspectors, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org. Several advisors and a Principal of Reserve Advisors, Inc. hold Senior Memberships with ACI.

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., (ASHRAE) the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., devoted to the arts and sciences of heating, ventilation, air conditioning and refrigeration; recognized as the foremost, authoritative, timely and responsive source of technical and educational information, standards and guidelines, found on the web at www.ashrae.org. Reserve Advisors, Inc. actively participates in its local chapter and holds individual memberships.

Community Associations Institute, (CAI) America's leading advocate for responsible communities noted as the only national organization dedicated to fostering vibrant, responsive, competent community associations. Their mission is to assist community associations in promoting harmony, community, and responsible leadership.

Marshall & Swift / Boeckh, (MS/B) the worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at www.marshallswift.com.

R.S. Means CostWorks, North America's leading supplier of construction cost information. As a member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects found on the web at www.rsmeans.com.

Reserve Advisors, Inc., library of numerous periodicals relating to reserve studies, condition analyses, chapter community associations, and historical costs from thousands of capital repair and replacement projects, and product literature from manufacturers of building products and building systems.

7. DEFINITIONS

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

Cash Flow Method - A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component Method - A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials, labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Fully Funded Balance - The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.

Funding Goal (Threshold) - The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of New Albany Country Club responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

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

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) New Albany Country Club responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in *Reserve Expenditures* that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.



8. PROFESSIONAL SERVICE CONDITIONS

Our Services – Reserve Advisors, Inc. (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a “snapshot in time” at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part **is not and cannot be used as a design specification for design engineering purposes or as an appraisal**. You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and **shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA**.

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.