FULL RESERVE STUDY

Scofield Phase VIII Residential Owners Association, Inc.



Austin, Texas May 16, 2017



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Long-term thinking. Everyday commitment.

Scofield Phase VIII Residential Owners Association, Inc. Austin, Texas

Dear Board of Directors of Scofield Phase VIII Residential Owners Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Scofield Phase VIII Residential Owners Association, Inc. in Austin, Texas and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 16, 2017.

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 years. We look forward to continuing to help Scofield Phase VIII Residential Owners Association, Inc. 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 July 5, 2017 by

Reserve Advisors, Inc.

Visual Inspection and Report by: Alfred Victor Vogt Review by: Alan M. Ebert, PRA¹, RS², Director of Quality Assurance



¹PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.

² 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.







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1.RESERVE STUDY EXECUTIVE SUMMARY

Client: Scofield Phase VIII Residential Owners Association, Inc. (Scofield Phase VIII) **Location:** Austin, Texas **Reference:** 120545

Property Basics: Scofield Phase VIII Residential Owners Association, Inc. is a planned unit development which is responsible for the common elements shared by 702 single family homes. The community was built from 1996 to 2003.

Reserve Components Identified: 21 Reserve Components.

Inspection Date: May 16, 2017. We conducted previous inspections in 2012 and 2015.

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 recognizes this threshold funding year in 2046 due to replacement of panelized concrete perimeter walls.

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
- 1.2% annual rate of return on invested reserves
- 1.6% 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:

- \$425,375 as of April 30, 2017
- 2017 budgeted Reserve Contributions of \$42,000

Project Prioritization: We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Repaving the asphalt pavement parking area
- Replacement of the fabric at the shade structure
- Concrete repairs and partial replacements at the pool deck

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

- Increase to \$44,000 in 2018
- Inflationary increases through 2047, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$2,000 represents an average monthly increase of \$0.24 per homeowner and about a less than one percent (0.6%) adjustment in the 2017 total Operating Budget of \$323,257.



Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2018	44,000	496,254	2028	51,500	709,856	2038	60,200	469,023
2019	44,700	547,177	2029	52,300	770,988	2039	61,200	536,218
2020	45,400	573,039	2030	53,100	594,020	2040	62,200	417,044
2021	46,100	604,852	2031	53,900	646,577	2041	63,200	467,111
2022	46,800	570,525	2032	54,800	692,233	2042	64,200	236,355
2023	47,500	598,047	2033	55,700	724,800	2043	65,200	267,543
2024	48,300	630,766	2034	56,600	638,853	2044	66,200	196,289
2025	49,100	687,730	2035	57,500	580,667	2045	67,300	255,366
2026	49,900	592,134	2036	58,400	479,090	2046	68,400	95,866
2027	50,700	650,244	2037	59,300	544,495	2047	69,500	140,514

Scofield Phase VIII Recommended Reserve Funding Table and Graph





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

Scofield Phase VIII Residential Owners Association, Inc. Austin, Texas

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 16, 2017. We conducted previous inspections in 2012 and 2015.

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
- 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 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:



- Scofield Phase VIII 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, Pool House
- Pipes, Interior Building, Water and Waste, Pool House
- Pipes, Subsurface Utilities
- Pool Structure and Deck
- Structural Frames, Pool House

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 \$3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Concrete Flatwork, Partial Replacements
- Domestic Water Heater, Pool House
- Irrigation System, Controllers
- Landscape, Maintenance
- Light Fixtures, Pool House
- Paint Finishes, Pool House
- Paint Finishes, Touch Up
- Retaining Walls, Stone Masonry, Capital Repairs
- Walls, Brick Masonry, Pool House, Inspections and Capital Repairs
- 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 unit:

- Fences at Lot Lines
- Home and Lot



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

- Light Poles and Fixtures at Streets (Municipality)
- Mailbox Stations (United States Postal Service)
- Street Systems (Municipality)



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
- Unit cost of replacement
- 2017 local cost of replacement
- 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

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

Scofield Phase VIII Residential Owners Association, Inc.

1) 1.6% is the estimated future Inflation Rate for estimating Future Replacement Costs. 2) FY2017 is Fiscal Year beginning January 1, 2017 and ending December 31, 2017.

			Austin, Texas																							
Line	Total	Per Phase		Estimated 1st Year of	Life F Ye	e Analysis, ears	Unit	Cos Per Phase	sts, \$ Total	30-Year Total	RUL = 0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Item	Quantity	Quantity Units	Reserve Component Inventory	Event	Useful	Remaining	(2017)	(2017)	(2017)	(Inflated)	FY2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
			Property Site Elements																							
4.020	1,280	1,280 Square Yard	s Asphalt Pavement, Crack Repair, Patch, Seal Coat and Striping	2018	3 to 5	1	2.50	3,200	3,200	29,362		3,251								3,691				3,933		
4.040	1,280	1,280 Square Yard	s Asphalt Pavement, Mill and Overlay	2022	15 to 20	5	15.00	19,200	19,200	49,338						20,786										
4.045	1,280	1,280 Square Yard	s Asphalt Pavement, Total Replacement	2042	15 to 20	25	26.50	33,920	33,920	50,443																
4.420	1,400	700 Heads	Irrigation System, Phased	2035	to 40	18 to 19	132.00	92,400	184,800	247,885																
4.500	1	1 Allowance	Landscape, Tree Maintenance	2023	to 10	6	24,500.00	24,500	24,500	95,549							26,948									
4.560	4	4 Each	Light Poles and Fixtures	2021	to 25	4	2,500.00	10,000	10,000	26,502					10,656											
4.640	8,300	1,038 Linear Feet	Perimeter Walls, Panelized Concrete, Phased	2026	40 to 50	9 to 29	88.00	91,344	730,400	1,017,167										105,372				112,279		
4.660	1	1 Allowance	Playground Equipment	2030	15 to 20	13	48,000.00	48,000	48,000	59,001														59,001		
4.670	1,500	1,500 Square Feet	Shade Structure, Fabric Replacement	2020	6 to 10	3	8.50	12,750	12,750	31,740				13,372												
4.672	1,500	1,500 Square Feet	Shade Structure, Replacement	2030	15 to 20	13	26.00	39,000	39,000	47,938														47,938		
4.800	17	17 Each	Signage, Entrance Monuments, Renovation	2022	15 to 20	5	2,700.00	45,900	45,900	117,949						49,691										
			Pool Elements																							
6.200	4,900	4,900 Square Feet	Concrete Deck, Partial Textured Coating, Partial Replacements and Repairs	2020	8 to 12	3	2.50	12,250	12,250	45,553				12,847										15,058		
6.400	410	410 Linear Feet	Fences, Aluminum	2034	to 25	17	50.00	20,500	20,500	26,850																
6.500	1	1 Allowance	Furniture	2024	to 8	7	13,500.00	13,500	13,500	51,665								15,087								17,129
6.600	2	1 Allowance	Mechanical Equipment, Phased	2017	to 15	0 to 7	7,000.00	7,000	14,000	44,251	7,000							7,823							8,742	
6.750	270	270 Square Feet	Pergola, Wood, New	2041	20 to 25	24	22.50	6,075	6,075	8,892																
6.752	725	725 Square Feet	Pergola, Wood, Original	2022	20 to 25	5	22.50	16,313	16,313	43,922						17,660										
6.800	3,400	3,400 Square Feet	Pool Finishes, Plaster	2026	8 to 12	9	9.00	30,600	30,600	125,160										35,299						
6.899	1	1 Allowance	Pool House, Rest Room, Fixtures	2041	to 25	24	6,500.00	6,500	6,500	9,514																
6.900	1	1 Allowance	Pool House, Rest Rooms, Renovation	2021	to 25	4	10,000.00	10,000	10,000	26,502					10,656											
6.950	19	19 Squares	Pool House, Roof System, Asphalt Shingles	2026	15 to 20	9	400.00	7,600	7,600	20,069										8,767						
			Anticipated Expenditures, By Year							\$2,175,252	7,000	3,251	0	26,219	21,312	88,137	26,948	22,910	0	153,129	0	0	0	238,209	8,742	17,129

RESERVE EXPENDITURES

Scofield Phase VIII

Residential Owners Association, Inc. Austin Toxas

			Austin, Texas	_																					
1	Tatal	Der Dhaaa		Estimated	d Lif	e Analysis,	11	Co Der Dhase	sts, \$	20 Veer Tetel	16	47	10	10	20	24	22	22	24	25	26	27	20	20	20
ltem	Quantity	Quantity Un	its Reserve Component Inventory	Event	Useful	ears Remaining	(2017)	(2017)	(2017)	(Inflated)	2033	2034	2035	2036	2020	2038	2039	23 2040	24 2041	2042	2043	2044	20 2045	29	2047
			Property Site Elements																						
4.020	1,280	1,280 Square	Yards Asphalt Pavement, Crack Repair, Patch, Seal Coat and Striping	2018	3 to 5	1	2.50	3,200	3,200	29,362		4,191				4,466				4,759				5,071	
4.040	1,280	1,280 Square	Yards Asphalt Pavement, Mill and Overlay	2022	15 to 20	5	15.00	19,200	19,200	49,338										28,552					
4.045	1,280	1,280 Square	Yards Asphalt Pavement, Total Replacement	2042	15 to 20	25	26.50	33,920	33,920	50,443										50,443					
4.420	1,400	700 Heads	Irrigation System, Phased	2035	to 40	18 to 19	132.00	92,400	184,800	247,885			122,959	124,926											
4.500	1	1 Allowar	nce Landscape, Tree Maintenance	2023	to 10	6	24,500.00	24,500	24,500	95,549	31,584										37,017				
4.560	4	4 Each	Light Poles and Fixtures	2021	to 25	4	2,500.00	10,000	10,000	26,502														15,846	
4.640	8,300	1,038 Linear I	Feet Perimeter Walls, Panelized Concrete, Phased	2026	40 to 50	9 to 29	88.00	91,344	730,400	1,017,167		119,639				127,482		131,594		135,838		140,220		144,743	
4.660	1	1 Allowar	nce Playground Equipment	2030	15 to 20	13	48,000.00	48,000	48,000	59,001															
4.670	1,500	1,500 Square	Feet Shade Structure, Fabric Replacement	2020	6 to 10	3	8.50	12,750	12,750	31,740								18,368							
4.672	1,500	1,500 Square	Feet Shade Structure, Replacement	2030	15 to 20	13	26.00	39,000	39,000	47,938															
4.800	17	17 Each	Signage, Entrance Monuments, Renovation	2022	15 to 20	5	2,700.00	45,900	45,900	117,949										68,258					
							,	,	,											,					
			Pool Elements																						
6.200	4,900	4,900 Square	Feet Concrete Deck, Partial Textured Coating, Partial Replacements and Repairs	2020	8 to 12	3	2.50	12,250	12,250	45,553								17,648							
6.400	410	410 Linear I	Feet Fences, Aluminum	2034	to 25	17	50.00	20,500	20,500	26,850		26,850													
6.500	1	1 Allowar	nce Furniture	2024	to 8	7	13,500.00	13,500	13,500	51,665								19,449							
6.600	2	1 Allowar	nce Mechanical Equipment, Phased	2017	to 15	0 to 7	7,000.00	7,000	14,000	44,251						9,769							10,917		
6.750	270	270 Square	Feet Pergola, Wood, New	2041	20 to 25	24	22.50	6,075	6,075	8,892									8,892						
6.752	725	725 Square	Feet Pergola, Wood, Original	2022	20 to 25	5	22.50	16,313	16,313	43,922															26,262
6.800	3,400	3,400 Square	Feet Pool Finishes, Plaster	2026	8 to 12	9	9.00	30,600	30,600	125,160				41,372										48,489	
6.899	1	1 Allowar	nce Pool House, Rest Room, Fixtures	2041	to 25	24	6,500.00	6,500	6,500	9,514									9,514						
6.900	1	1 Allowar	nce Pool House, Rest Rooms, Renovation	2021	to 25	4	10,000.00	10,000	10,000	26,502														15,846	
6.950	19	19 Square	s Pool House, Roof System, Asphalt Shingles	2026	15 to 20	9	400.00	7,600	7,600	20,069										11,302					
			Anticipated Expenditures, By Year							\$2.175.252	31.584	150.680	122.959	166.298	0	141.717	0	187.059	18.406	299.152	37.017	140.220	10.917	229.995	26.262

nticipated Expenditures, By Ye

\$2,175,252

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Scofield	Phase VIII
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Residential Owners Association, Inc.	-	Individual Res	erve Budgets	<u>s & Cash Flow</u>	<u>vs for the Nex</u>	<u>t 30 Years</u>										
Austin, Texas	FY2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Reserves at Beginning of Year (Note 1)	425,375	449,862	496,254	547,177	573,039	604,852	570,525	598,047	630,766	687,730	592,134	650,244	709,856	770,988	594,020	646,577
Total Recommended Reserve Contributions (Note 2)	28,000	44,000	44,700	45,400	46,100	46,800	47,500	48,300	49,100	49,900	50,700	51,500	52,300	53,100	53,900	54,800
Plus Estimated Interest Earned, During Year (Note 3)	3,487	5,643	6,223	6,681	7,025	7,010	6,970	7,329	7,864	7,633	7,410	8,112	8,832	8,141	7,399	7,985
Less Anticipated Expenditures, By Year	(7,000)	(3,251)	0	(26,219)	(21,312)	(88,137)	(26,948)	(22,910)	0	(153,129)	0	0	0	(238,209)	(8,742)	(17,129)
Anticipated Reserves at Year End	<u>\$449,862</u>	<u>\$496,254</u>	<u>\$547,177</u>	<u>\$573,039</u>	<u>\$604,852</u>	<u>\$570,525</u>	<u>\$598,047</u>	<u>\$630,766</u>	<u>\$687,730</u>	<u>\$592,134</u>	<u>\$650,244</u>	<u>\$709,856</u>	<u>\$770,988</u>	<u>\$594,020</u>	<u>\$646,577</u>	<u>\$692,233</u>

(continued)	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Reserves at Beginning of Year	692,233	724,800	638,853	580,667	479,090	544,495	469,023	536,218	417,044	467,111	236,355	267,543	196,289	255,366	95,866
Total Recommended Reserve Contributions	55,700	56,600	57,500	58,400	59,300	60,200	61,200	62,200	63,200	64,200	65,200	66,200	67,300	68,400	69,500
Plus Estimated Interest Earned, During Year	8,451	8,133	7,273	6,321	6,105	6,045	5,995	5,685	5,273	4,196	3,005	2,766	2,694	2,095	1,410
Less Anticipated Expenditures, By Year	(31,584)	(150,680)	(122,959)	(166,298)	0	(141,717)	0	(187,059)	(18,406)	(299,152)	(37,017)	(140,220)	(10,917)	(229,995)	(26,262)
Anticipated Reserves at Year End	<u>\$724,800</u>	<u>\$638,853</u>	<u>\$580,667</u>	<u>\$479,090</u>	<u>\$544,495</u>	<u>\$469,023</u>	<u>\$536,218</u>	<u>\$417,044</u>	<u>\$467,111</u>	<u>\$236,355</u>	<u>\$267,543</u>	<u>\$196,289</u>	<u>\$255,366</u>	<u>\$95,866</u>	<u>\$140,514</u>
														(NOTE 5)	(NOTE 4)

Explanatory Notes:

1) Year 2017 starting reserves are as of April 30, 2017; FY2017 starts January 1, 2017 and ends December 31, 2017.

2) Reserve Contributions for 2017 are the remaining budgeted 8 months; 2018 is the first year of recommended contributions.

3) 1.2% is the estimated annual rate of return on invested reserves; 2017 is a partial year of interest earned.

4) Accumulated year 2047 ending reserves consider the age, size, overall condition and complexity of the property.

5) Threshold Funding Year (reserve balance at critical point).



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.*

Property Site Elements

Asphalt Pavement, Crack Repair, Patch, Seal Coat and Striping

Line Item: 4.020

Quantity: Approximately 1,280 square yards

History: Repairs were performed in 2014

Condition: Good 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

Line Items: 4.040 and 4.045

Quantity: Approximately 1,280 square yards

History: Original to construction

Condition: Good overall with cracks evident





Asphalt pavement parking area

Cracks at the parking area



Alligator cracks at the parking area

Useful Life: 15- to 20-years

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts these components:





ASPHALT DIAGRAM

Sealcoat or Wearing Surface Asphalt Overlay Not to Exceed 1.5 inch Thickness per Lift or Layer

Original Pavement Inspected and milled until sound pavement is found, usually comprised of two layers

Compacted Crushed Stone or Aggregate Base

Subbase of Undisturbed Native Soils Compacted to 95% dry density

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The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the mill and overlay method for initial repaving followed by the total replacement method for subsequent repaving at Scofield Phase VIII.

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 for milling and overlayment includes area patching of up to ten percent (10%).

Irrigation System

Line Item: 4.420

Quantity: Approximately 1,400 irrigation heads

History: Original to construction



Condition: Good overall and the Board does not report any deficiencies

Useful Life: Up to 40 years

Component Detail Notes: Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors
- Network of supply pipes
- Pop-up heads
- Valves

Scofield Phase VIII should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.

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.

Landscape, Tree Maintenance

Line Item: 4.500

Component Detail Notes: The Association contains a large quantity of tree and maintenance is an ongoing need. Large amounts of trees may need replacement due to disease, drought or other forces of nature.

Useful Life: Partial replacements up to every 10 years

Priority/Criticality: Per Board discretion

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

Light Poles and Fixtures

Line Item: 4.560

Quantity: Four each

History: Original to construction

Condition: Good overall





Light pole and fixture

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.

Perimeter Walls, Panelized Concrete

Line Item: 4.640

Quantity: Approximately 8,300 linear feet

History: Original to construction with minor replacements being performed as needed

Condition: Good with isolated leaning sections and cracks evident



Panelized concrete perimeter walls



Panelized concrete in good condition





Isolated leaning section

Isolated crack

Useful Life: 40- to 50-years

Priority/Criticality: Not recommended to defer

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

Playground Equipment

Line Item: 4.660

History: Installed in 2010

Condition: Good overall



Playset

Swing set

Useful Life: 15- to 20-years



Component Detail Notes: Safety is the major purpose for maintaining playground equipment. We recommend an annual inspection of the playground equipment to identify and repair as normal maintenance loose connections and fasteners or damaged elements. We suggest the Association learn more about the specific requirements of playground equipment at PlaygroundSafety.org. We recommend the use of a specialist for the design or replacement of the playground equipment environment.

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. We include an allowance in the unit cost for replacement of the safety surface.

Shade Structure

Line Items: 4.670 and 4.672

History: Installed in 2010

Condition: Good overall



Shade structure at the playset

Useful Life: The fabric has a useful life of 6- to 10-years while the structure has a useful life of 15- to 20-years.

Priority/Criticality: The fabric can be replaced at the Board's discretion. The structure should only be deferred upon the opinion of an independent professional or engineer.

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



Signage

Line Item: 4.800

Quantity: 17 property identification signs

History: Mostly original to construction with some replacements

Condition: Good overall



Typical signage

Signage in good condition

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. The signage includes the following elements:

- Letters
- Masonry, brick

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for renovation includes repointing and repairs to the masonry and replacement of the remaining components listed above.



Pool Elements

Concrete Deck

Line Item: 6.200

Quantity: 4,900 square feet

History: Original to construction

Condition: Good condition with isolated cracks evident



Concrete deck at the pool

Isolated crack



Isolated crack

Useful Life: The useful life of a concrete pool deck is up to 60 years or more with timely repairs. We recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years in conjunction with the partial coating replacements at the pool house.



Component Detail Notes: We recommend the Association budget for the following:

- Selective cut out and replacements of up to ten percent (10%) of concrete
- Crack repairs as needed
- Mortar joint repairs
- Caulk replacement
- · Coating replacement at the pool house

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, Aluminum

Line Item: 6.400

Quantity: 410 linear feet

History: Installed within the last five- to eight-years

Condition: Good overall condition with no visible deterioration evident





Aluminum fence at the pool

Aluminum fence in good condition

Useful Life: Up to 25 years

Priority/Criticality: Not recommended to defer

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

Furniture



Line Item: 6.500

Quantity:

- Chairs
- Lounges
- Tables
- Ladders and life safety equipment

History: Replaced within the last year

Condition: Good overall



Pool furniture

Useful Life: Up to eight years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend interim re-strapping, refinishing, cushion replacements, reupholstering and other repairs to the furniture as normal maintenance to maximize its useful life.

Mechanical Equipment

Line Item: 6.600

Quantity:

- Automatic chlorinator
- Controls
- Filters
- Interconnected pipe, fittings and valves
- Pumps
- Electrical panel



History: The mechanical equipment is at varied ages

Condition: Reported unsatisfactory. The Board reports that the pump system will be replaced before the end of the year.



Pool mechanical equipment

Useful Life: Up to 15 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. Failure of the pool mechanical equipment as a single event is unlikely. We consider interim replacement of motors and minor repairs as normal maintenance.

Pergolas, Wood

Line Items: 6.750 and 6.752

Quantities:

- New 270 square feet
- Original 725 square feet

History: The original pergola is original to construction. The new pergola was installed within the last year.

Condition: Good overall





New pergola

Section of old pergola

Useful Life: 20- 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. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration. Along with these partial replacements, the Association should apply periodic paint applications as needed and fund these activities through the operating budget.

Pool Finishes, Plaster

Line Item: 6.800

Quantity: 3,400 square feet based on the horizontal surface area

History: Replaced within the last year

Condition: Good overall





Main pool overview

Wading pool overview



Plaster at steps in good condition

Useful Life: 8- to 12-years

Component Detail Notes: Removal and replacement provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structures, we recommend the Association budget for the following

- Removal and replacement of the finishes
- Partial replacements of the scuppers and coping as needed
- Replacement of tiles as needed
- Replacement of joint sealants as needed
- Concrete structure repairs as needed

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.



Pool House, Rest Rooms

Line Items: 6.899 and 6.900

History: The rest room fixtures were replaced within the last two years. The remainder of the components are original to construction

Condition: Good overall



Restroom sink

Restroom plumbing fixture and partition

Useful Life: The fixtures and rest room components have useful lives of up to 25 years.

Component Detail Notes: Components include:

- Concrete flooring
- Wood panel wall and ceiling coverings
- Light fixtures
- Plumbing fixtures and partitions

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our renovation cost includes partial repairs to the concrete flooring and replacement of the remaining components listed above except for the plumbing fixtures and partitions.

Pool House, Roof System

Line Item: 6.950



Quantity: 19 squares¹

History: Replaced in 2010

Condition: Good overall. The Board does not report a history of leaks.



Asphalt shingle roof at the pool house

Asphalt shingle roof in good condition

Useful Life: 15- to 20-years

Component Detail Notes: The existing roof assembly comprises the following:

- Three tab shingles
- Boston style ridge caps
- Soffit and ridge vents
- Metal drip edge
- Enclosed half weaved valleys

The following cross-sectional schematic illustrates an asphalt shingle roof system:

¹ We quantify the roof area in squares where one square is equal to 100 square feet of surface area.





Contractors use one of two methods for replacement for sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

The Association should plan to coordinate the replacement of gutters and downspouts with the adjacent roofs. This will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

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. We base our cost on replacement with standard laminate Class A 240-260-pounds per square shingles.



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 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.

Scofield Phase VIII 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 monthly 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 Austin, Texas at an annual inflation rate. Isolated or regional markets of greater

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

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



construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Scofield Phase VIII 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.



6. 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 Scofield Phase VIII 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) Scofield Phase VIII 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.



7. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, Inc. will perform its services as an independent contractor in accordance with our professional practice standards. Our compensation is not contingent upon our conclusions.

Our inspection and analysis of the subject property is limited to visual observations and is noninvasive. We will inspect sloped roofs from the ground. We will inspect 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 our observation. Conditions can change between the time of inspection and the issuance of the report. Reserve Advisors does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, structural, latent or hidden defects which may or may not be present on or within the property. Our opinions of estimated costs and remaining useful lives are not a guarantee of the actual costs of replacement, a warranty of the common elements or other property elements, or a guarantee of remaining useful lives.

We assume, without independent verification, the accuracy of all data provided to us. You agree to indemnify and hold us 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 as 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 controlling person of Reserve Advisors, Inc., including any director, officer, employee, affiliate, or agent. Liability of Reserve Advisors, Inc. 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 - Reserve Advisors, Inc. will complete the services in accordance with the Proposal. The Report represents a valid opinion of our findings and recommendations and is deemed complete. However, we will consider any additional information made available to us in the interest of promptly issuing a Revised Report if changes are requested within six months of receiving the Report. We retain the right to withhold a Revised Report if payment for services is not rendered in a timely manner. All files, work papers or documents developed by us during the course of the engagement remains our property.

Your Obligations - You agree to provide us access to the subject property during our on-site visual inspection and tour. You will provide to us to the best of your ability and if reasonably available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete our Study. You agree to pay our actual attorneys' fees and any other costs incurred in the event we have to initiate litigation to collect on any unpaid balance for our services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. Any use or reliance for any other purpose, by you or third parties, is invalid. Our Reserve Study Report in whole or part is not and cannot be used as a design specification, design engineering services or an appraisal. You may show our report in its entirety to those third parties who need to review the information contained herein. The Client and other third parties viewing this report should not reference our name or our report, in whole or in part, in any document prepared and/or distributed to third parties without our written consent. *This report contains intellectual property developed by Reserve Advisors, Inc. specific to this engagement and*



cannot be reproduced or distributed to those who conduct reserve studies without the written consent of Reserve Advisors, Inc.

We reserve the right to include our client's name in our client lists, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

Payment Terms, Due Dates and Interest Charges - The retainer payment is due upon authorization and prior to shipment of the report. The final payment of the fee is due immediately upon receipt of the Report. Subsequent changes to the report can be made for up to six months from the initial report date. Any outstanding balance after 30 days of the invoice date is subject to an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court in the State of Wisconsin.

CONDITIONS OF OUR SERVICE ASSUMPTIONS

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, we make no guarantee nor assume liability for the accuracy of any data, opinions, or estimates identified as furnished by others that we used in formulating this analysis.

We did not make any soil analysis or geological study with this report; nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated.

Substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials could, if present, adversely affect the validity of this study. Unless otherwise stated in this report, the existence of hazardous substance, that may or may not be present on or in the property, was not considered. Our opinions are predicated on the assumption that there are no hazardous materials on or in the property. We assume no responsibility for any such conditions. We are not qualified to detect such substances, quantify the impact, or develop the remedial cost.

We have made a visual inspection of the property and noted visible physical defects, if any, in our report. Our inspection and analysis was made by employees generally familiar with real estate and building construction; however, we did not do any invasive testing. Accordingly, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

Our opinions of the remaining useful lives of the property elements do not represent a guarantee or warranty of performance of the products, materials and workmanship.



8.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



ALFRED VICTOR VOGT, EIT Responsible Advisor

CURRENT CLIENT SERVICES

Alfred Victor Vogt, a Civil Engineer, is an Advisor for Reserve Advisors, which is dedicated to serving community associations, religious organizations, educational facilities, and public and private entities throughout the United States. Mr. Vogt is responsible for the inspection and analysis of the property's current condition, recommending engineering solutions to prolong the lives of building components, forecasting capital expenditures for the repair and/or replacement of the property components, and technical report preparation on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast Services on townhomes, homeowners associations and planned unit developments.

The following is a partial list of clients served by Mr. Vogt demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

- **Escondera Condominium Owners Association, Inc.** A gated Mediterranean style condominium development, situated in central Texas, that features a view of the surrounding countryside. The homes are comprised of a combination of masonry and stucco exteriors, with clay tile roofs.
- Heights at Stone Oak Homeowners Association Upscale gated community in San Antonio, Texas comprising over 1,000 homes. Amenities include gate houses with on-site security personnel, miles of perimeter walls and a park development including a pool, playground and tennis and basketball courts.
- **Boardwalk GR Association** Prominent, historic condominium building in Grand Rapids, Michigan. Converted from a furniture factory built in 1892, this condominium contains a game room, several restaurants and a four story garage.
- Timber Creek Condominium at Winghaven Association An apartment style condominium development located outside of St. Louis, Missouri. The buildings comprise vinyl siding, asphalt shingle roofs and wood balconies. The Association maintains private concrete street systems, sidewalks and stoops.
- **Grand Oaks Office Condominium Association, Inc.** An office park located in Austin, Texas which houses local businesses and contains a large concrete drainage basin. The exteriors of the buildings comprise stucco and masonry veneer with asphalt shingle roofs.
- **Rumson Country Club** Country club located in Rumson, New Jersey that overlooks the Atlantic Ocean. This historic club contains an 18-hole golf course, a shooting range, and boat pier along with two clubhouses.
- **Canyon at Lake Travis Residential Community, Inc.** A developing community in Austin, Texas that features a scenic overlook of the nearby Mansfield Dam. This community features private streets and a prominent entrance monument.
- Barton Creek North Property Owners Association A Master Association responsible for the common elements shared by many subsidiary Associations west of Austin, Texas. The community is responsible for its extensive landscape displays and irrigation.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Vogt attended Texas A&M University, in College Station, Texas, where he majored in Civil Engineering. His relevant course work includes foundations, structure design and project planning. While attending Texas A&M, he assisted in the design and life cycle cost analysis of a shipping plant in Dallas, Texas.

EDUCATION

Texas A&M University - B.S. Civil Engineering



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 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:

<u>Association of Construction Inspectors</u>, (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.

<u>American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc.</u>, (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.

<u>Community Associations Institute</u>, (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.

<u>Marshall & Swift / Boeckh.</u> (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.

<u>Reserve Advisors, Inc.</u>, 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.