

Revised
RESERVE STUDY
Meadows at Morris Farm
Community Association



Gainesville, Virginia
Inspected - January 27, 2021
Revised - May 18, 2021



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Meadows at Morris Farm Community Association
Gainesville, Virginia

Dear Board of Directors of Meadows at Morris Farm Community Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Meadows at Morris Farm Community Association in Gainesville, Virginia and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 27, 2021.

This *Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II 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. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Meadows at Morris Farm 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 May 18, 2021 by

Reserve Advisors, LLC

Visual Inspection and Report by: Aime V. Mbakop, 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>.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Meadows at Morris Farm Community Association (Meadows at Morris Farm)

Location: Gainesville, Virginia

Reference: 120055

Property Basics: Meadows at Morris Farm Community Association is a master association which is responsible for the common elements shared by 660 units. The community was built from 2004 to 2013.

Reserve Components Identified: 44 Reserve Components.

Inspection Date: January 27, 2021. We conducted previous inspections in 2018 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 2048 due to repaving of the asphalt pavement.

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
- 0.9% anticipated annual rate of return on invested reserves
- 2.0% 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.

Unaudited Cash Status of Reserve Fund:

- \$1,532,042 as of December 31, 2020
- 2021 budgeted Reserve Contributions of \$122,200
- An additional contribution of \$130,490 in 2021 from Member Equity into the Replacement Reserves

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the **Reserve Expenditures** tables and 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:

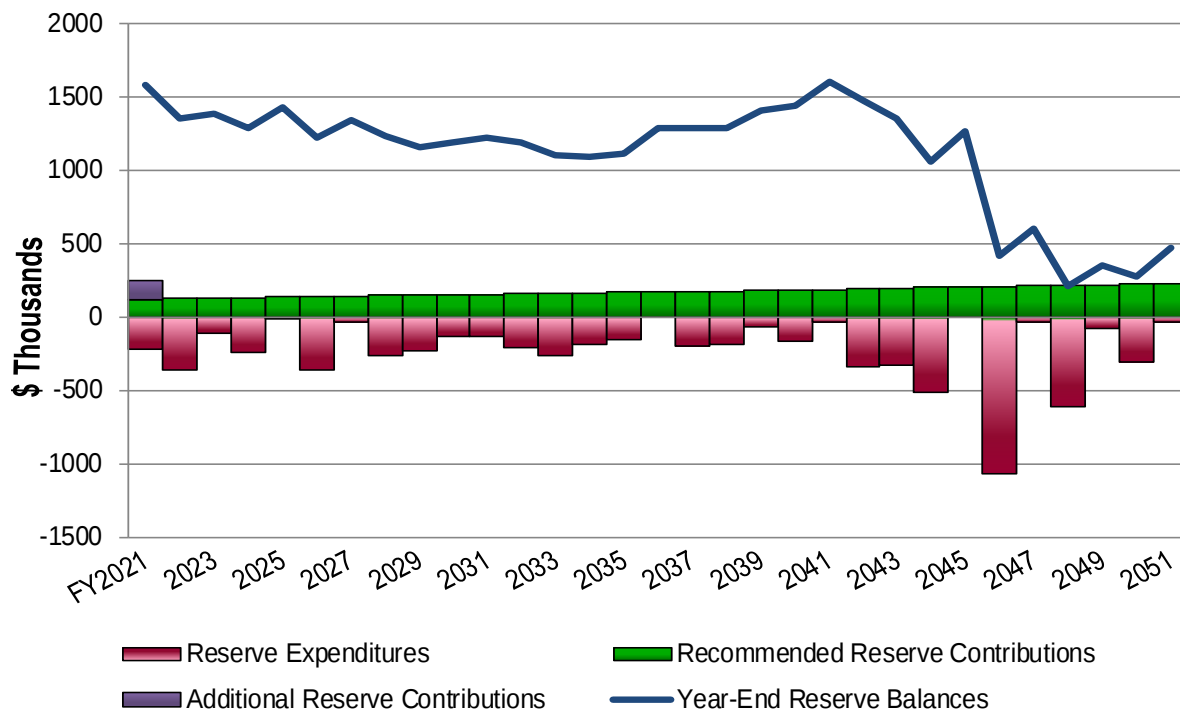
- Crack repair, patch and seal coat application at the asphalt pavement
- Mill and overlayment at the streets and parking areas
- Repairs and partial replacements at the concrete aprons, curbs and gutters, driveways and sidewalks
- Partial replacements at the pavers
- Replacement of the street and traffic identification signs including the trail signs
- Replacement of the clubhouse HVAC equipment
- Interior renovation at the clubhouse
- Replacement of the pool deck
- Replacement of the pool fence
- Replacement of the pool plaster
- Replacement of the water feature

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

- Phased increases of \$3,700 from 2022 through 2025
- Inflationary increases through 2051, the limit of this study's Cash Flow Analysis
- An additional reserve contribution of \$130,940 from member equity to the replacement reserves in 2021
- Initial adjustment in Reserve Contributions of \$3,700 represents an average monthly increase of \$0.47 per homeowner and about a less than one percent (0.5%) adjustment in the 2021 total Operating Budget of \$807,970.

Meadows at Morris Farm
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2022	125,900	1,352,965	2032	157,400	1,191,360	2042	191,800	1,477,049
2023	129,600	1,383,599	2033	160,500	1,103,552	2043	195,600	1,357,063
2024	133,300	1,291,048	2034	163,700	1,088,746	2044	199,500	1,054,956
2025	137,000	1,428,378	2035	167,000	1,111,223	2045	203,500	1,268,866
2026	139,700	1,217,575	2036	170,300	1,292,290	2046	207,600	414,114
2027	142,500	1,340,951	2037	173,700	1,284,383	2047	211,800	597,815
2028	145,400	1,231,240	2038	177,200	1,284,072	2048	216,000	208,146
2029	148,300	1,162,352	2039	180,700	1,409,713	2049	220,300	354,448
2030	151,300	1,190,242	2040	184,300	1,439,243	2050	224,700	277,987
2031	154,300	1,227,379	2041	188,000	1,606,787	2051	229,200	475,239





2.RESERVE STUDY REPORT

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

Meadows at Morris Farm Community Association

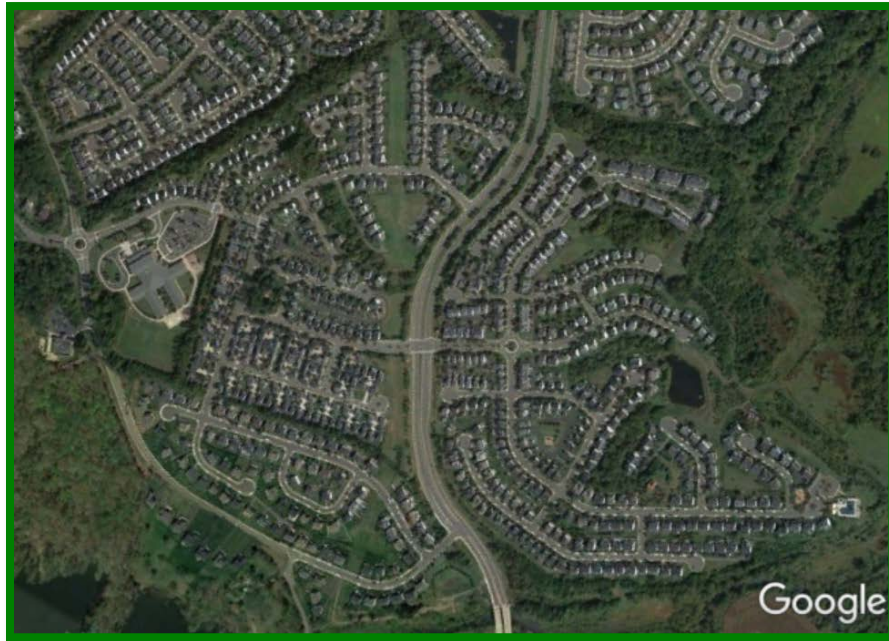
Gainesville, Virginia

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 27, 2021. We conducted previous inspections in 2018 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
- **Five-Year Outlook** - Identifies reserve components and anticipated 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:

- Meadows at Morris Farm 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 the 30-year Reserve Expenditures at this time.

- Electrical Systems, Common
- Foundation, Clubhouse
- Pipes, Interior Building, Water and Sewer, Clubhouse
- Pool Structures
- Structural Frame, Clubhouse

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 (Except Partial replacement at the concrete Aprons. These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Clubhouse, Interior Renovations, Interim
- Entrance Structures, Paint Finish Applications
- Irrigation System, Controls
- Fences, Wood, Entrances, Paint Finish Applications
- Landscape
- Trellises, Wood, Pool Area (To Be Removed Per Management)
- Vending Machines (Leased)
- Walls, Clubhouse, Masonry, Inspections and Repairs
- Walls, Clubhouse, Trim, Paint Finish Applications and Partial Replacements
- Water Heater, Clubhouse
- Water Feature, Deck Fountains
- 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:

- Homes and Lots
- Mailboxes, Individual
- Pipes, Subsurface Utilities, Laterals



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

- Asphalt Pavement Streets (Excluding Alleys, Clubhouse Parking area and Townhome Street at Catbird Drive East of Wood Thrush Way) (Virginia Department of Transportation)
- Catch Basins (Prince William County)
- Concrete Aprons and Sidewalks, (Excluding at Association Maintained Streets) (Virginia Department of Transportation)
- Earth Dam (Prince William County)
- Pipes, Subsurface Utilities, Mains (Prince William County)

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
- 2021 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures 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

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

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

Meadows at Morris Farm
Community Association
Gainesville, Virginia

Explanatory Notes:

- 1) 2.0% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2021 is Fiscal Year beginning January 1, 2021 and ending December 31, 2021.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028	8 2029	9 2030	10 2031	11 2032	12 2033	13 2034	14 2035	15 2036	
						Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)																		
Property Site Elements																												
4.020	27,990	27,990	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2022	3 to 5	1	1.70	47,583	47,583	7.6%		48,535				52,535			56,866				61,554				
4.040	10,800	3,600	Square Yards	Asphalt Pavement, Alleys, Mill and Overlay, Phased	2026	15 to 20	5 to 9	12.50	45,000	135,000	2.3%						49,684		51,691	53,779								
4.041	13,000	4,333	Square Yards	Asphalt Pavement, Streets and Parking Areas, Mill and Overlay, Phased	2024	15 to 20	3 to 7	15.00	65,000	195,000	3.1%				68,978		71,765		74,665									
4.045	10,800	3,600	Square Yards	Asphalt Pavement, Alleys, Total Replacement, Phased	2046	15 to 20	25 to 29	31.00	111,600	334,800	8.3%																	
4.046	13,000	4,333	Square Yards	Asphalt Pavement, Streets and Parking Areas, Total Replacement, Phased	2044	15 to 20	23 to 27	31.00	134,333	403,000	9.6%																	
4.080	4,190	1,397	Square Yards	Asphalt Pavement, Total Replacement, Walking Paths, Phased	2024	15 to 20	3 to 7	25.50	35,615	106,845	4.3%				37,795		39,322		40,911									
4.108	4,200	245	Square Feet	Concrete Aprons, Townhomes, Partial	2023	to 65	2 to 30+	12.00	2,940	50,400	0.3%			3,059					3,377					3,729				
4.110	4,900	205	Linear Feet	Concrete Curbs and Gutters, Common Areas, Partial	2023	to 65	2 to 30+	33.00	6,765	161,700	0.8%			7,038					7,771					8,580				
4.120	57,000	3,325	Square Feet	Concrete Driveways, Cluster Homes, Partial	2023	to 65	2 to 30+	12.50	41,563	712,500	4.9%				43,242				47,742					52,711				
4.140	14,900	870	Square Feet	Concrete Sidewalks, Common Areas, Partial	2023	to 65	2 to 30+	10.00	8,700	149,000	1.0%				9,051				9,994					11,034				
4.155	300	300	Square Feet	Deck, Composite, Park	2028	20 to 25	7	37.00	11,100	11,100	0.2%								12,750									
4.158	2	2	Each	Entrance Structures, Renovation	2034	to 30	13	15,000.00	30,000	30,000	0.6%														38,808			
4.200	730	730	Linear Feet	Fence, Aluminum, Retaining Walls	2029	to 25	8	44.00	32,120	32,120	0.5%									37,634								
4.285	300	300	Linear Feet	Fence, Wood, Open Rail, Entrances	2027	15 to 20	6	25.00	7,500	7,500	0.3%							8,446										
4.286	530	530	Linear Feet	Fences, Wood, Split Rail, Dam	2027	to 25	6	22.00	11,660	11,660	0.2%							13,131										
4.420	2,400	600	Heads	Irrigation System, Phased	2031	to 40+	10 to 16	175.00	105,000	420,000	7.9%										127,994		133,165		138,545			
4.500	1	1	Allowance	Landscape, Partial Replacements (2021 and 2022 Planned)	2022	to 5	1	33,000.00	33,000	33,000	4.4%		30,000		35,020					38,665					42,689			
4.560	37	37	Each	Light Poles and Fixtures	2029	to 25	8	2,300.00	85,100	85,100	1.5%									99,708								
4.598	30	30	Each	Mailboxes, Clusters	2029	to 25	8	350.00	10,500	10,500	0.2%									12,302								
4.600	4	4	Each	Mailbox Stations, Townhomes	2029	to 25	8	2,000.00	8,000	8,000	0.1%									9,373								
4.620	18,300	4,575	Square Feet	Pavers, Brick, Partial Replacements	2023	15 to 20	2 to 17	2.50	11,438	45,750	1.4%				11,900				13,138					14,506				
4.630	2	2	Each	Pergolas, Wood, Walking Paths	2027	to 25	6	4,000.00	8,000	8,000	0.1%							9,009										
4.660	1	1	Allowance	Playground Equipment, Brown Thrasher Court	2026	15 to 20	5	43,000.00	43,000	43,000	1.7%						47,475											
4.661	1	1	Allowance	Playground Equipment, Clubhouse	2026	15 to 20	5	39,000.00	39,000	39,000	1.6%						43,059											
4.662	1	1	Allowance	Playground Equipment, Parula Way	2026	15 to 20	5	41,000.00	41,000	41,000	1.6%						45,267											
4.745	3,110	1,555	Square Feet	Retaining Walls, Masonry, Phased	2042	to 40	21 to 22	80.00	124,400	248,800	5.6%																	
4.800	1	1	Allowance	Signage, Entrance Monuments, Renovation	2024	15 to 20	3	13,000.00	13,000	13,000	0.5%					13,796												
4.810	1	1	Allowance	Signage, Street and Traffic Identification, Replacement (Incl. Trail Signs)	2024	15 to 20	3	77,500.00	77,500	77,500	3.0%					82,244												
4.820	5	1	Allowance	Site Furniture, Phased	2023	15 to 25	2 to 22	4,000.00	4,000	20,000	0.5%				4,162				4,595					5,073				
Clubhouse Elements																												
5.450	1	1	Each	HVAC Equipment	2022	12 to 18	1	7,500.00	7,500	7,500	0.3%		7,650															
5.500	1	1	Allowance	Interior, Renovation	2022	to 25	1	200,000.00	200,000	200,000	7.8%		204,000															
5.600	35	35	Squares	Roof Assembly, Metal	2034	to 30	13	1,000.00	35,000	35,000	0.7%														45,276			
5.727	2,800	2,800	Square Feet	Walls, Siding, Vinyl	2039	to 40	18	5.00	14,000	14,000	0.3%																	
5.800	300	300	Square Feet	Windows and Doors	2022	to 40	1	55.00	16,500	16,500	0.2%		16,830															
Pool Elements																												
6.200	8,360	8,360	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs (2021 Total Replacement)	2021	8 to 12	0	1.50	12,540	12,540	3.1%	174,000												15,904				
6.300	3,650	3,650	Square Feet	Cover, Vinyl	2025	6 to 8	4	3.00	10,950	10,950	0.9%					11,853								13,887				
6.400	580	580	Linear Feet	Fences, Steel (2021 is Planned)	2021	to 35	0	64.00	37,120	37,120	0.7%	44,600																
6.500	4	1	Allowance	Furniture, Phased	2023	to 12	2 to 11	12,000.00	12,000	48,000	2.4%				12,485		13,249		14,060			14,920			15,834			
6.560	6	6	Each	Light Poles and Fixtures	2029	to 25	8	2,300.00	13,800	13,800	0.2%								16,169									
6.600	2	1	Allowance	Mechanical Equipment, Phased	2023	to 15	2 to 9	19,500.00	19,500	39,000	2.0%				20,288								23,304					

RESERVE EXPENDITURES

Meadows at Morris Farm Community Association Gainesville, Virginia				Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2037	17 2038	18 2039	19 2040	20 2041	21 2042	22 2043	23 2044	24 2045	25 2046	26 2047	27 2048	28 2049	29 2050	30 2051		
Line Item	Total Quantity	Per Phase Quantity	Units		Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)																		
Reserve Component Inventory																											
Property Site Elements																											
4.020	27,990	27,990	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2022	3 to 5	1	1.70	47,583	47,583	7.6%	66,628			72,120					78,065					84,500		
4.040	10,800	3,600	Square Yards	Asphalt Pavement, Alleys, Mill and Overlay, Phased	2026	15 to 20	5 to 9	12.50	45,000	135,000	2.3%																
4.041	13,000	4,333	Square Yards	Asphalt Pavement, Streets and Parking Areas, Mill and Overlay, Phased	2024	15 to 20	3 to 7	15.00	65,000	195,000	3.1%																
4.045	10,800	3,600	Square Yards	Asphalt Pavement, Alleys, Total Replacement, Phased	2046	15 to 20	25 to 29	31.00	111,600	334,800	8.3%									183,092		190,489		198,184			
4.046	13,000	4,333	Square Yards	Asphalt Pavement, Streets and Parking Areas, Total Replacement, Phased	2044	15 to 20	23 to 27	31.00	134,333	403,000	9.6%							211,830		220,388		229,292					
4.080	4,190	1,397	Square Yards	Asphalt Pavement, Total Replacement, Walking Paths, Phased	2024	15 to 20	3 to 7	25.50	35,615	106,845	4.3%							56,161		58,430		60,791					
4.108	4,200	245	Square Feet	Concrete Aprons, Townhomes, Partial	2023	to 65	2 to 30+	12.00	2,940	50,400	0.3%	4,117					4,545					5,018					
4.110	4,900	205	Linear Feet	Concrete Curbs and Gutters, Common Areas, Partial	2023	to 65	2 to 30+	33.00	6,765	161,700	0.8%	9,473					10,459					11,547					
4.120	57,000	3,325	Square Feet	Concrete Driveways, Cluster Homes, Partial	2023	to 65	2 to 30+	12.50	41,563	712,500	4.9%	58,198					64,255					70,942					
4.140	14,900	870	Square Feet	Concrete Sidewalks, Common Areas, Partial	2023	to 65	2 to 30+	10.00	8,700	149,000	1.0%	12,182					13,450					14,850					
4.155	300	300	Square Feet	Deck, Composite, Park	2028	20 to 25	7	37.00	11,100	11,100	0.2%																
4.158	2	2	Each	Entrance Structures, Renovation	2034	to 30	13	15,000.00	30,000	30,000	0.6%																
4.200	730	730	Linear Feet	Fence, Aluminum, Retaining Walls	2029	to 25	8	44.00	32,120	32,120	0.5%																
4.285	300	300	Linear Feet	Fence, Wood, Open Rail, Entrances	2027	15 to 20	6	25.00	7,500	7,500	0.3%										12,551						
4.286	530	530	Linear Feet	Fences, Wood, Split Rail, Dam	2027	to 25	6	22.00	11,660	11,660	0.2%																
4.420	2,400	600	Heads	Irrigation System, Phased	2031	to 40+	10 to 16	175.00	105,000	420,000	7.9%	144,142															
4.500	1	1	Allowance	Landscape, Partial Replacements (2021 and 2022 Planned)	2022	to 5	1	33,000.00	33,000	33,000	4.4%		47,132					52,038					57,454				
4.560	37	37	Each	Light Poles and Fixtures	2029	to 25	8	2,300.00	85,100	85,100	1.5%																
4.598	30	30	Each	Mailboxes, Clusters	2029	to 25	8	350.00	10,500	10,500	0.2%																
4.600	4	4	Each	Mailbox Stations, Townhomes	2029	to 25	8	2,000.00	8,000	8,000	0.1%																
4.620	18,300	4,575	Square Feet	Pavers, Brick, Partial Replacements	2023	15 to 20	2 to 17	2.50	11,438	45,750	1.4%	16,015					17,682					19,523					
4.630	2	2	Each	Pergolas, Wood, Walking Paths	2027	to 25	6	4,000.00	8,000	8,000	0.1%																
4.660	1	1	Allowance	Playground Equipment, Brown Thrasher Court	2026	15 to 20	5	43,000.00	43,000	43,000	1.7%										70,546						
4.661	1	1	Allowance	Playground Equipment, Clubhouse	2026	15 to 20	5	39,000.00	39,000	39,000	1.6%										63,984						
4.662	1	1	Allowance	Playground Equipment, Parula Way	2026	15 to 20	5	41,000.00	41,000	41,000	1.6%										67,265						
4.745	3,110	1,555	Square Feet	Retaining Walls, Masonry, Phased	2042	to 40	21 to 22	80.00	124,400	248,800	5.6%					188,549	192,320										
4.800	1	1	Allowance	Signage, Entrance Monuments, Renovation	2024	15 to 20	3	13,000.00	13,000	13,000	0.5%							20,500									
4.810	1	1	Allowance	Signage, Street and Traffic Identification, Replacement (Incl. Trail Signs)	2024	15 to 20	3	77,500.00	77,500	77,500	3.0%							122,210									
4.820	5	1	Allowance	Site Furniture, Phased	2023	15 to 25	2 to 22	4,000.00	4,000	20,000	0.5%	5,601					6,184					6,828					
Clubhouse Elements																											
5.450	1	1	Each	HVAC Equipment	2022	12 to 18	1	7,500.00	7,500	7,500	0.3%	10,296															
5.500	1	1	Allowance	Interior, Renovation	2022	to 25	1	200,000.00	200,000	200,000	7.8%									328,121							
5.600	35	35	Squares	Roof Assembly, Metal	2034	to 30	13	1,000.00	35,000	35,000	0.7%																
5.727	2,800	2,800	Square Feet	Walls, Siding, Vinyl	2039	to 40	18	5.00	14,000	14,000	0.3%		19,995														
5.800	300	300	Square Feet	Windows and Doors	2022	to 40	1	55.00	16,500	16,500	0.2%																
Pool Elements																											
6.200	8,360	8,360	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs (2021 Total Replacement)	2021	8 to 12	0	1.50	12,540	12,540	3.1%							19,387									
6.300	3,650	3,650	Square Feet	Cover, Vinyl	2025	6 to 8	4	3.00	10,950	10,950	0.9%					16,271						19,064					
6.400	580	580	Linear Feet	Fences, Steel (2021 is Planned)	2021	to 35	0	64.00	37,120	37,120	0.7%																
6.500	4	1	Allowance	Furniture, Phased	2023	to 12	2 to 11	12,000.00	12,000	48,000	2.4%	16,803			17,831		18,923			20,081			21,310				
6.560	6	6	Each	Light Poles and Fixtures	2029	to 25	8	2,300.00	13,800	13,800	0.2%																
6.600	2	1	Allowance	Mechanical Equipment, Phased	2023	to 15	2 to 9	19,500.00	19,500	39,000	2.0%	26,769					30,750								35,322		

RESERVE EXPENDITURES

Meadows at Morris Farm
Community Association
Gainesville, Virginia

Explanatory Notes:

- 1) 2.0% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2021 is Fiscal Year beginning January 1, 2021 and ending December 31, 2021.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028	8 2029	9 2030	10 2031	11 2032	12 2033	13 2034	14 2035	15 2036
						Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)																	
6.800	3,650	3,650	Square Feet	Pool Finish, Plaster	2022	8 to 12	1	13.50	49,275	49,275	2.7%		50,260										61,267				
6.801	1	1	Allowance	Pool Finish, Tile	2032	15 to 25	11	103,000.00	103,000	103,000	1.9%											128,068					
6.870	5	5	Each	Shade Structures	2040	15 to 25	19	23,000.00	115,000	115,000	2.4%																
6.950	1	1	Each	Water Feature	2022	to 15	1	8,700.00	8,700	8,700	0.3%		8,874														
Anticipated Expenditures, By Year (\$6,855,253 over 30 years)												218,600	366,149	111,225	237,833	11,853	362,356	30,586	266,634	227,911	133,949	127,994	204,255	258,589	188,327	154,379	0

RESERVE EXPENDITURES

Meadows at Morris Farm Community Association Gainesville, Virginia																										
Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2037	17 2038	18 2039	19 2040	20 2041	21 2042	22 2043	23 2044	24 2045	25 2046	26 2047	27 2048	28 2049	29 2050	30 2051
						Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)																
6.800	3,650	3,650	Square Feet	Pool Finish, Plaster	2022	8 to 12	1	13.50	49,275	49,275	2.7%						74,684									
6.801	1	1	Allowance	Pool Finish, Tile	2032	15 to 25	11	103,000.00	103,000	103,000	1.9%															
6.870	5	5	Each	Shade Structures	2040	15 to 25	19	23,000.00	115,000	115,000	2.4%				167,533											
6.950	1	1	Each	Water Feature	2022	to 15	1	8,700.00	8,700	8,700	0.3%	11,943														
Anticipated Expenditures, By Year (\$6,855,253 over 30 years)												193,150	189,017	67,127	167,533	34,102	335,353	328,282	512,412	0	1,069,891	32,632	609,280	76,518	303,994	35,322

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS Meadows at Morris Farm Community Association Gainesville, Virginia		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
		FY2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserves at Beginning of Year	(Note 1)	1,532,042	1,580,074	1,352,965	1,383,599	1,291,048	1,428,378	1,217,575	1,340,951	1,231,240	1,162,352	1,190,242	1,227,379	1,191,360	1,103,552	1,088,746	1,111,223
Recommended Reserve Contributions		122,200	125,900	129,600	133,300	137,000	139,700	142,500	145,400	148,300	151,300	154,300	157,400	160,500	163,700	167,000	170,300
Additional Reserve Contributions		130,490															
Total Recommended Reserve Contributions	(Note 2)	252,690	125,900	129,600	133,300	137,000	139,700	142,500	145,400	148,300	151,300	154,300	157,400	160,500	163,700	167,000	170,300
Estimated Interest Earned, During Year	(Note 3)	13,942	13,140	12,259	11,982	12,183	11,853	11,462	11,523	10,723	10,539	10,831	10,836	10,281	9,821	9,856	10,767
Anticipated Expenditures, By Year		(218,600)	(366,149)	(111,225)	(237,833)	(11,853)	(362,356)	(30,586)	(266,634)	(227,911)	(133,949)	(127,994)	(204,255)	(258,589)	(188,327)	(154,379)	0
Anticipated Reserves at Year End		\$1,580,074	\$1,352,965	\$1,383,599	\$1,291,048	\$1,428,378	\$1,217,575	\$1,340,951	\$1,231,240	\$1,162,352	\$1,190,242	\$1,227,379	\$1,191,360	\$1,103,552	\$1,088,746	\$1,111,223	\$1,292,290

(continued)		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Reserves at Beginning of Year		1,292,290	1,284,383	1,284,072	1,409,713	1,439,243	1,606,787	1,477,049	1,357,063	1,054,956	1,268,866	414,114	597,815	208,146	354,448	277,987
Total Recommended Reserve Contributions		173,700	177,200	180,700	184,300	188,000	191,800	195,600	199,500	203,500	207,600	211,800	216,000	220,300	224,700	229,200
Estimated Interest Earned, During Year		11,543	11,506	12,068	12,763	13,646	13,815	12,696	10,805	10,410	7,539	4,533	3,611	2,520	2,833	3,374
Anticipated Expenditures, By Year		(193,150)	(189,017)	(67,127)	(167,533)	(34,102)	(335,353)	(328,282)	(512,412)	0	(1,069,891)	(32,632)	(609,280)	(76,518)	(303,994)	(35,322)
Anticipated Reserves at Year End		\$1,284,383	\$1,284,072	\$1,409,713	\$1,439,243	\$1,606,787	\$1,477,049	\$1,357,063	\$1,054,956	\$1,268,866	\$414,114	\$597,815	\$208,146	\$354,448	\$277,987	\$475,239
													(NOTE 5)			(NOTE 4)

Explanatory Notes:

- 1) Year 2021 starting reserves are as of December 31, 2020; FY2021 starts January 1, 2021 and ends December 31, 2021.
- 2) Reserve Contributions for 2021 are budgeted; 2022 is the first year of recommended contributions.
- 3) 0.9% is the estimated annual rate of return on invested reserves.
- 4) Accumulated year 2051 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK**Meadows at Morris Farm
Community Association**
Gainesville, Virginia

Line Item	Reserve Component Inventory	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026
<u>Property Site Elements</u>							
4.020	Asphalt Pavement, Crack Repair, Patch and Seal Coat		48,535				52,535
4.040	Asphalt Pavement, Alleys, Mill and Overlay, Phased						49,684
4.041	Asphalt Pavement, Streets and Parking Areas, Mill and Overlay, Phased				68,978		71,765
4.080	Asphalt Pavement, Total Replacement, Walking Paths, Phased				37,795		39,322
4.108	Concrete Aprons, Townhomes, Partial			3,059			
4.110	Concrete Curbs and Gutters, Common Areas, Partial			7,038			
4.120	Concrete Driveways, Cluster Homes, Partial			43,242			
4.140	Concrete Sidewalks, Common Areas, Partial			9,051			
4.500	Landscape, Partial Replacements (2021 and 2022 Planned)		30,000		35,020		
4.620	Pavers, Brick, Partial Replacements			11,900			
4.660	Playground Equipment, Brown Thrasher Court						47,475
4.661	Playground Equipment, Clubhouse						43,059
4.662	Playground Equipment, Parula Way						45,267
4.800	Signage, Entrance Monuments, Renovation				13,796		
4.810	Signage, Street and Traffic Identification, Replacement (Incl. Trail Signs)				82,244		
4.820	Site Furniture, Phased			4,162			
<u>Clubhouse Elements</u>							
5.450	HVAC Equipment		7,650				
5.500	Interior, Renovation		204,000				
5.800	Windows and Doors		16,830				
<u>Pool Elements</u>							
6.200	Concrete Deck, Inspections, Partial Replacements and Repairs (2021 Total Replacemer	174,000					
6.300	Cover, Vinyl					11,853	
6.400	Fences, Steel (2021 is Planned)	44,600					
6.500	Furniture, Phased			12,485			13,249
6.600	Mechanical Equipment, Phased			20,288			
6.800	Pool Finish, Plaster		50,260				
6.950	Water Feature		8,874				
Anticipated Expenditures, By Year (\$6,855,253 over 30 years)		218,600	366,149	111,225	237,833	11,853	362,356

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *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 and Seal Coat

Line Item: 4.020

Quantity: Approximately 10,800 square yards of asphalt pavement comprising alleys throughout the community and approximately 13,000 square yards of pavement comprising the streets and parking areas at the townhomes at the west end of Catbird Drive and the clubhouse parking area

History: The alleys and streets were constructed primarily between 2004 and 2010.

Condition: Fair overall with cracks evident at the alleys, and cracks and previous repairs evident at the streets and parking areas. The Association conducted crack filling and parting seal coat applications in 2019.

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 through 4.046

Quantity: Approximately 10,800 square yards of asphalt pavement comprising alleys throughout the community and approximately 13,000 square yards of pavement comprising the streets and parking areas at the townhomes at the west end of Catbird Drive and the clubhouse parking area

History: The alleys and streets were constructed primarily between 2004 and 2010

Condition: Fair overall with cracks evident at the alleys, and cracks and previous repairs evident at the streets and parking areas



Alley; we note cracks and previous repairs



Cracks at Alley near Willet Way



Clubhouse parking area



Cracks and previous repairs at the clubhouse parking area



Cracks at the clubhouse parking area



Townhome pavement



Cracks at townhome pavement



Previous repairs and cracks at townhome pavement



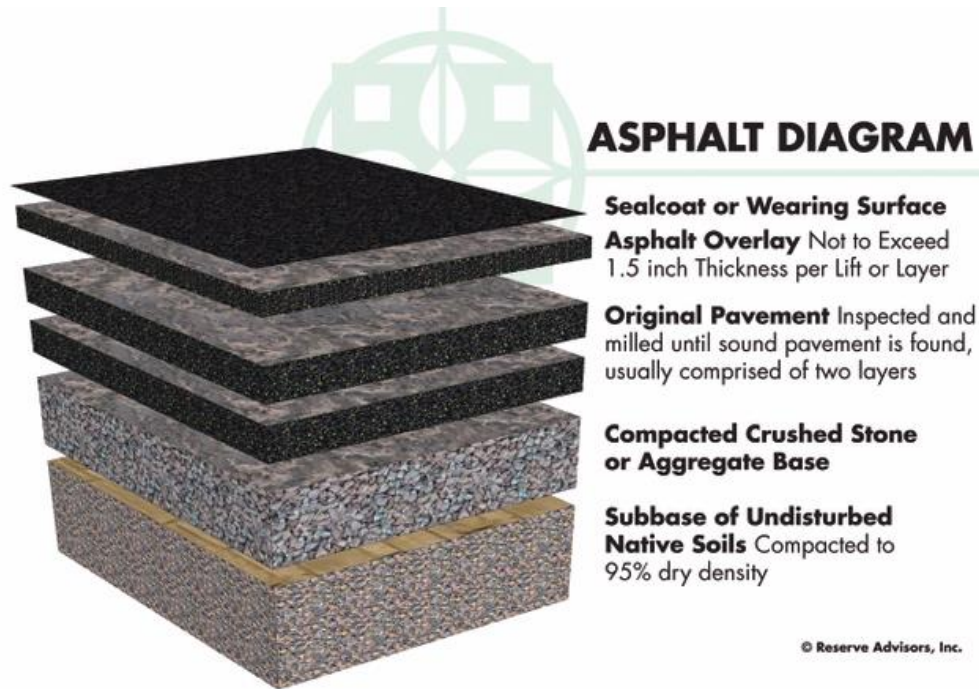
Pavement cracks at townhome pavement



Pavement cracks and previous repairs at townhome pavement

Useful Life: 12- to 18-years for repaving at the alleys and 15- to 20-years for repaving at the townhome pavement

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 the typical components although it may not reflect the actual configuration at Morris Farm:



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 overlay method for initial repaving followed by the total replacement method for subsequent repaving at the alleys. Additionally, we recommend the mill and overlay method for initial repaving followed by the total replacement method for subsequent repaving at the townhomes pavement.

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 costs for both initial repaving events include area patching of up to ten percent (10%).

Asphalt Pavement, Repaving, Walking Paths

Line Item: 4.080

Quantity: Approximately 4,190 square yards of pavement comprising walking paths throughout the community

History: Original

Condition: Fair overall with cracks and settlement evident



Walking path overview



Walking path cracks



Walking path crack and settlement



Walking path cracks



Walking path cracks

Useful Life: The need to maintain a safe pedestrian surface results in a useful life of 12- to 18-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.

Concrete Aprons

Line Item: 4.140

Quantity: Approximately 4,200 square feet of concrete aprons at the townhomes at Catbird Drive

Condition: Good to fair overall with isolated cracks and spalling evident



Concrete apron; we note spall



Apron crack and spall

Useful Life: Up to 65 years although interim deterioration of areas is common

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 1,470 square feet of concrete aprons, or thirty-five percent (35%) of the total, will require replacement during the next 30 years.

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 4,900 linear feet of curbs and gutters at the townhomes at Catbird Drive and at the clubhouse parking lot

Condition: Good to fair overall with cracks evident



Curb and gutter crack



Curb and gutter crack



Curb and gutter spall

Useful Life: Up to 65 years although interim deterioration of areas is common

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 1,230 linear feet of curbs and gutters, or approximately twenty-five percent (25.1%) of the total, will require replacement during the next 30 years.

Concrete Driveways

Line Item: 4.120

Quantity: Approximately 38,700 square feet of concrete driveways allow access to the cluster homes north of Rollins Ford Road. This quantity excludes the individual driveways at the homes, which are maintained by the homeowner.

Condition: Good to fair overall with spalling and cracks evident



Driveway overview; we note concrete spall



Driveway overview; we note spall



Concrete spall



Concrete spall and cracks

Useful Life: Up to 65 years although interim deterioration of areas is common

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 19,950 square feet of concrete driveways, or thirty-five percent (35%) of the total, will require replacement during the next 30 years.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 14,900 square feet at the common areas throughout the community

Condition: Good to fair overall with spalling, deterioration, cracks, and settlement evident



Sidewalk spall



Sidewalk spall



Sidewalk cracks and spall



Sidewalk cracks, spall, and deterioration

Useful Life: Up to 65 years although interim deterioration of areas is common

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 5,220 square feet of concrete sidewalks, or thirty-five percent (35%) of the total, will require replacement during the next 30 years.

Deck, Composite

Line Item: 4.155

Quantity: The Association maintains a composite deck with a wood frame which comprise a total of approximately 300 square feet at Parula Park

History: Original

Condition: Good overall



Deck overview



Deck overview

Useful Life: 20- to 25-years

Component Detail Notes: The wood components in the composite material will absorb moisture. When dispelled, black mold spots can appear that will require chemical cleaning. However, these spots will reappear resulting in the need for cleaning every other month as needed during humid months. The Association should fund these expenses 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.

Entrance Structures, Renovation

Line Item: 4.158

Quantity: Two structures at the community entrances

History: Original.

Condition: Good overall



Entrance structure



Metal roof



Steel bars

Useful Life: Up to 30 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 metal roof
- Replacement of the steel bars
- Paint finish applications
- Partial replacement of deteriorated wood components and the stone veneer

Fences, Aluminum

Line Item: 4.200

Quantity: Approximately 730 linear feet of aluminum fences are found atop the retaining walls at the townhome area on Catbird Drive

History: Original

Condition: Good overall with isolated damage evident



Aluminum fence



Aluminum fence

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.

Fences, Wood

Line Items: 4.285 and 4.286

Quantity: Approximately 300 linear feet of wood open rail fences are found at the entrances to the community at Song Sparrow Drive and Yellow Hammer Drive. Additionally, the Association maintains approximately 530 linear feet of wood split rail fences at the dam behind the townhomes on Catbird Drive. At the time of inspection, the wood fences by the dam comprises 1,960 linear feet. However, Management and the Board inform us the fence at the trail side comprising approximately 1,430 linear feet will be coming down in the near term. Based on the request from Management and the Board, we removed this fence quantity from the study,

History: Original

Condition: The open rail fences are in fair overall condition with isolated cracked pickets and finish deterioration evident. The split rail fences are in fair overall condition with organic growth evident.



Open rail fence



Open rail fence cracked picket



Open rail fence finish deterioration



Split rail fence; we note organic growth

Useful Life: 15- to 20-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost for the split rail fences includes an allowance for the replacement of the wire mesh. 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.

Irrigation System

Line Item: 4.420

Quantity: Management informs us the Association maintains an irrigation system that serves the landscaped areas at the community entrances and the clubhouse. The irrigation system comprise 2,400 heads.

History: Original

Condition: Overall satisfactory at the time of inspection; however, the Board reports leaking issues over multiple years that have been more minor in nature. The repairs have historically been funded through the operating budget.

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

Meadows at Morris Farm 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

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 for partial replacements every five 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: 37 metal poles with light fixtures

History: Mostly original. Management informs us the Association recently installed one additional light pole and fixture.

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.

Mailbox Stations

Line Items: 4.598 and 4.600

Quantity: Four stations are located at the townhome area on Catbird Drive, and 30 cluster mailboxes are located at the cluster homes

History: Original

Condition: Good to fair overall with finish deterioration and fastener rust evident



Mailbox station



Mailbox station finish deterioration and fastener rust

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.

Pavers, Masonry

Line Item: 4.620

Quantity: Approximately 18,300 square feet located at the cluster homes driveways

History: Original

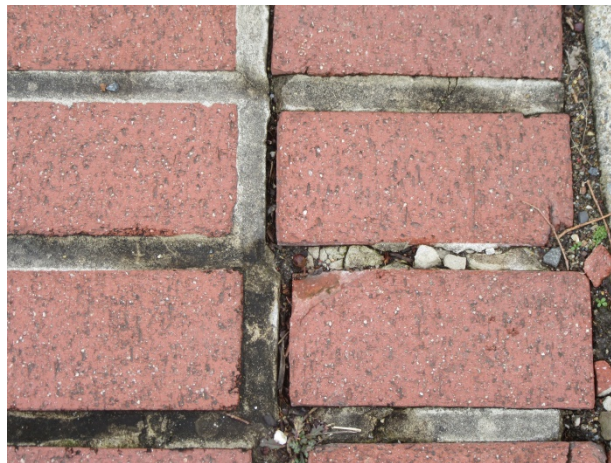
Condition: Good to fair overall with mortar deterioration evident



Pavers



Pavers mortar deterioration



Pavers mortar deterioration

Useful Life: 15- to 20-years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - o Inspect and repair settlement, trip hazards and paver spalls at heavy traffic areas
 - o Re-set and/or reseal damaged pavers as necessary
 - o Periodically clean and remove overgrown vegetation 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. Our cost includes replacement of up to fifteen percent (15%) of the pavers. We recommend the Association conducts partial replacements at the pavers in conjunction with repairs and partial replacements at the concrete driveways. We suggest the Association conduct interim resetting and replacement of minor areas of pavers as normal maintenance, funded from the operating budget.

Pergolas, Wood

Line Item: 4.630

Quantity: Two each located along the walking paths

History: Original

Condition: Good to fair overall with isolated missing stone veneer evident



Pergola



Missing stone veneer at the pergola masonry column

Useful Life: Up to 25 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. Our estimate of cost includes an allowance for partial replacements at the stone veneer. We recommend the Association budget for paint applications and repairs through the operating budget.

Playground Equipment

Line Items: 4.660 through 4.662

Quantity: The Association maintains three playgrounds at Brown Thrasher Court, at the clubhouse and at Parula Way

History: Original

Condition: Good to fair overall minor isolated rust evident



Playground equipment at Brown Thrasher Court



Playground equipment at the clubhouse



Playground equipment at Parula Way



Rust at the clubhouse Playground equipment

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.

Retaining Walls, Masonry

Line Item: 4.745

Quantity: Approximately 3,110 square feet of masonry retaining walls located behind the townhomes at Catbird Drive

History: Original

Condition: Good overall



Masonry retaining wall



Masonry retaining wall

Useful Life: Up to 40 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.

Signage, Entrance Monuments

Line Item: 4.800

Quantity: Two entrance monuments including arbors and masonry walls at Parula Park

History: Original

Condition: Good to fair overall with missing masonry blocks evident



Entrance monument



Missing masonry block at the entrance monument



Arbor and masonry wall at Parula Park



Missing masonry block at the arbor masonry wall

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:

- Arbors, wood
- Masonry, stone
- Concrete signs
- Landscaping

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 concrete signs, and replacement of the remaining components listed above.

Signage, Street and Traffic Identification and Trail Signs

Line Item: 4.810

Quantity: The Association maintains the street identification and traffic signage throughout the community. Additionally the Association maintains 10 trail signs throughout the community.

History: Original

Condition: Good to fair overall



Traffic identification sign



Street and traffic identification signs

Useful Life: 15- to 20-years

Priority/Criticality: Per Board discretion

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

Site Furniture

Line Item: 4.820

Quantity: The Association maintains various site furniture throughout the community including benches, trash receptacles, and dog waste stations. The benches are located at the following locations:

- Peacock Park (5 benches)
- Pool overlook (2 benches)
- Pool playground (2 benches)
- Pool house (2 benches)
- Yellow hammer overlook (2 benches)

History: Mostly original. Management informs us the Association recently installed two additional pet waste stations.

Condition: Good to fair overall with finish deterioration evident



Site furniture; we note finish deterioration



Pet waste station

Useful Life: 15- 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.

Clubhouse Elements



Clubhouse overview



Clubhouse overview

HVAC Equipment

Line Item: 5.450

History: Original. Management informs us the Association recently conducted repairs

Condition: Reported satisfactory



Condensing unit

Useful Life: 12- to 18-years

Component Detail Notes:

- One remote condensing units with a cooling capacity of 4-tons
- One internal air handling unit

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.

Interior Renovations

Line Item: 5.500

History: Original. Management informs us the Association plans to renovate the clubhouse interior in the near term.

Condition: Good overall however; Management informs us the Association plans to renovate the clubhouse interior in the near term.



Clubhouse interior



Clubhouse interior



Clubhouse interior



Clubhouse interior finish deterioration

Useful Life: Complete interior renovation every 25 years.

Component Detail Notes: The clubhouse interior comprises approximately 1,500 square feet of finished area which includes:

- Tile floor and wall coverings
- Paint finishes on portions of the walls and the ceilings
- Plumbing fixtures and partitions
- Light fixtures including exit and emergency lights
- Countertops
- Furnishings

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The complete renovation should include replacement of all the interior components listed above. We recommend the Association budget for interim renovations through the operating budget as needed. Our cost is based on information provided by Management.

Roof Assembly, Metal

Line Item: 5.600

Quantity: Approximately 35 *squares*¹ of standing seam metal roofing including approximately 375 linear feet of aluminum gutters and downspouts

History: Original

Condition: Good overall. Management and the Board does not report a history of leaks.



Metal roof



Aluminum gutter and downspout assembly

Useful Life: Up to 30 years

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

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

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

Walls, Vinyl Siding

Line Item: 5.727

Quantity: Approximately 2,800 square feet of the exterior walls. This quantity includes the vinyl soffit and fascia.

History: Original

Condition: Good overall



Vinyl siding

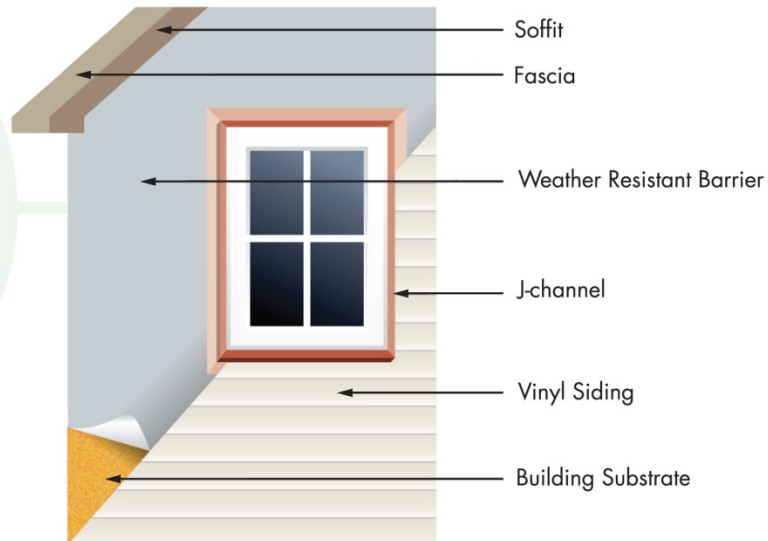
Useful Life: Up to 40 years

Component Detail Notes: The siding at Meadows at Morris Farm consists of the following:

- Shake and board-and-batten profiles
- J-channel trim at window and door perimeters, and other penetrations
- Water-vapor permeable building paper protects the buildings

The following diagram details the use of building wrap in a vinyl siding system:

VINYL SIDING DETAIL



© Reserve Advisors, Inc.

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.

Windows and Doors

Line Item: 5.800

Quantity: Approximately 300 square feet

History: Original

Condition: Good to fair overall; however, at the request of Management and the Board, we coordinate replacement of the windows and doors in 2022 with other clubhouse renovations.



Clubhouse door

Useful Life: Up to 40 years

Component Detail Notes: Properly designed window and door assemblies anticipate the penetration of some storm water beyond the gaskets. This infiltrated storm water collects in an internal drainage system and drains, or exits, the frames through weep holes. These weep holes can become clogged with dirt or if a sealant is applied, resulting in trapped storm water. We recommend Meadows at Morris Farm periodically verify that weep holes are unobstructed as normal maintenance. However, as window frames, gaskets and sealants deteriorate, leaks into the interior can result. The windows and doors will eventually need replacement or major capital repairs to prevent water infiltration and damage from wind driven rain.

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 Elements



Pool overview

Concrete Deck

Line Item: 6.200

Quantity: Approximately 12,015 square feet

History: Original; the Association plans to replace the deck in 2021 due to cracks.

Condition: Fair overall with cracks evident



Deck cracks



Pavers

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.

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
- Resetting of the masonry pavers with replacement of up to ten percent (10%)

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 recommend the Association budget for replacement and repairs to the fountain system through the operating budget as needed. Our cost for the near term replacement is based on information provided by Management and includes electrical repair work.

Covers, Vinyl

Line Item: 6.300

Quantity: Approximately 5,542 square feet

History: Replaced last in 2017

Condition: Good condition

Useful Life: Six- 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.

Fences, Steel

Line Item: 6.400

Quantity: Approximately 580 linear feet

History: Original; the Association plans to replace the fence in 2021 including at the baby pool

Condition: Fair overall with rust evident



Steel fence



Steel fence rust

Useful Life: Up to 35 years

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by Management.

Furniture

Line Item: 6.500

Quantity: The Association ma

- Chairs
- Lounges
- Tables
- Umbrellas
- Ladders and life safety equipment
- Lifeguard chairs

History: Management informs us the Association replaced a portion of the pool furniture in the past few years. Two lifeguard stands, 42 chaise lounges, 26 stackable arm chairs, and two large tables were replaced in 2018. Additionally, the Association replaced umbrellas and round tables in 2019.

Condition: Varying from good to fair overall

Useful Life: Up to 12 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.

Light Poles and Fixtures

Line Item: 6.560

Quantity: Six metal poles with light fixtures

History: Original

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.

Mechanical Equipment

Line Item: 6.600

Quantity: The Association maintains the following pool mechanical equipment:

- Automatic chlorinators
- Controls
- Filters
- Interconnected pipe, fittings and valves
- Pumps
- Electrical panels

History: Management informs us the Association recently replaced a portion of their mechanical equipment

Condition: Reported satisfactory

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. Therefore, we include replacement of up to thirty-three percent (33%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: 3,650 square feet of plaster based on the horizontal surface area and approximately 2,310 square feet of tile including the tile at the shallow pool entry and the swim lanes

History: The tile is original and the plaster finished were partially replaced and repaired between 2015 and 2016

Condition: Good overall

Useful Life: 8- to 12-years for the plaster and 15- to 25-years for the tile

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 plaster 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. We recommend the Association budget for full tile replacement every other plaster replacement event.

Shade Structures

Line Item: 6.870

Quantity: Five shade structures; at the time of inspection only four shade structures existed. However, Management and the Board inform us a fifth structure was added in April 2021.

History: Installed from 2019 through 2021



Shade structure

Useful Life: 15- 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. We base our estimate of cost on the contract previously provided to us by Management.

Water Feature

Line Item: 6.950

History: Original

Conditions: Reported satisfactory



Water feature

Useful Life: Up to 15 years

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.

Meadows at Morris Farm 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 Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." 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 Gainesville, Virginia at an annual inflation rate³. 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 additional information on our use of published sources of cost data.

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

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

- The past and current maintenance practices of Meadows at Morris Farm 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. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors 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 founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders 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 a 2,600,000-square foot 98-story highrise. 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.

AIME V. MBAKOP
Responsible Advisor

CURRENT CLIENT SERVICES

Aime V. Mbakop, an Engineer, is an Advisor for Reserve Advisors. Mr. Mbakop is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes, planned unit developments and homeowner associations.



The following is a partial list of clients served by Aime Mbakop demonstrating the breadth of experiential knowledge of community associations in construction and related buildings systems.

Governor's Grove Condominium Association, Inc. - An upscale residential property located in Williamsburg, Virginia, these three-story condominium buildings contain 100 units. The property includes multiple styles of exterior building elements, a clubhouse, a pool, and a retention pond.

Charlestown Meadows Community Association - Located in Malvern, Pennsylvania, this community comprises 191 townhomes in 50 buildings. The Association maintains various common elements including a tennis court, a controlled access clubhouse, a pool, and walking paths.

Linton at Ballenger Community Association, Inc. - This planned unit development consist of a combination of 180 single-family homes and 249 townhomes. Residents enjoy common elements including a pedestrian bridge, ponds, multiple playground equipment, a controlled access clubhouse including a fitness center, and a pool comprising a picnic area.

Batson Creek Estates Community Association, Inc. - Located in Frankford, Delaware, this community features a clubhouse including a fitness center, a pool, and an outdoor fire pit area. The Community contains 110 single-family homes. The Association maintains a number of common elements including storm water management systems, irrigation system, and a pool house.

Brookfield Homeowners Association, Inc. - This master planned community of 253 single family homes and 263 townhomes is located in Falling Waters, West Virginia. The community features an extensive boat ramp, multiple pavilions, and controlled access gates. The Association is responsible for a number of additional common elements including 17 miles of asphalt pavement.

Lords Landing Village Condominium - Located in Upper Marlboro, Maryland, these two and three-story condominiums were built from 1987 to 1992 and contain 200 units in 21 buildings. The Association is responsible for various common elements including multiple styles of exterior building elements and breezeways.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Mbakop worked for the United States Patent and Trademark Office in Alexandria Virginia, where he was working as a patent examiner. Mr. Mbakop attended the School of Engineering and Applied Science at the University of the District of Columbia where he attained his Bachelor of Science degree in Electrical Engineering.

EDUCATION

University of the District of Columbia - B.S. Electrical Engineering

PROFESSIONAL AFFILIATION

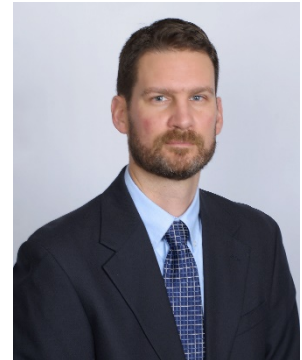
Engineer in Training (E.I.T.) - District of Columbia

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 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.

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 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' 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 Meadows at Morris Farm 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) Meadows at Morris Farm 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, LLC (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.