

# **RESERVE STUDY**

## **Strathmeade Square Community Association, Inc.**



**Annandale, Virginia**

**October 5, 2021**



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Long-term thinking. Everyday commitment.

Strathmeade Square Community Association, Inc.  
Annandale, Virginia

Dear Board of Directors of Strathmeade Square Community Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Strathmeade Square Community Association, Inc. in Annandale, Virginia and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, October 5, 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 Strathmeade Square Community Association, Inc. plan for a successful future.

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

Respectfully submitted on October 26, 2021 by

*Reserve Advisors, LLC*

Visual Inspection and Report by: Lisa Pham  
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<sup>1</sup> 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.

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



Long-term thinking. Everyday commitment.



## Table of Contents

<b>1. RESERVE STUDY EXECUTIVE SUMMARY .....</b>	<b>1.1</b>
<b>2. RESERVE STUDY REPORT .....</b>	<b>2.1</b>
<b>3. RESERVE EXPENDITURES and FUNDING PLAN.....</b>	<b>3.1</b>
<b>4. RESERVE COMPONENT DETAIL.....</b>	<b>4.1</b>
Property Site Elements .....	4.1
Asphalt Pavement, Streets and Parking Areas, Crack Repair, Patch, Seal Coat and Striping .....	4.1
Asphalt Pavement, Streets and Parking Areas, Repaving.....	4.2
Asphalt Pavement, Walking Paths, Repaving .....	4.5
Concrete, Flatwork .....	4.7
Drainage and Erosion Control .....	4.10
Fences, Chain Link, Basketball Court.....	4.11
Gazebos .....	4.12
Landscape .....	4.13
Playground Equipment .....	4.14
Signage, Entrance .....	4.16
Clubhouse Elements.....	4.18
Deck, Concrete.....	4.18
Deck, Railing, Metal.....	4.20
Renovations, Interior and Exterior .....	4.21
Roof, Asphalt Shingles .....	4.22
Windows and Doors .....	4.23
Pool Elements.....	4.24
Concrete Deck.....	4.24
Covers, Vinyl .....	4.26
Diving Board.....	4.27
Fences, Chain Link.....	4.28
Furniture .....	4.29
Mechanical Equipment .....	4.29
Pool Finishes, Plaster.....	4.30
Structures and Deck .....	4.31
Reserve Study Update.....	4.33



<b>5. METHODOLOGY .....</b>	<b>5.1</b>
<b>6. CREDENTIALS .....</b>	<b>6.1</b>
<b>7. DEFINITIONS .....</b>	<b>7.1</b>
<b>8. PROFESSIONAL SERVICE CONDITIONS .....</b>	<b>8.1</b>



# 1. RESERVE STUDY EXECUTIVE SUMMARY

**Client:** Strathmeade Square Community Association, Inc. (Strathmeade Square)

**Location:** Annandale, Virginia

**Reference:** 151876

**Property Basics:** Strathmeade Square Community Association, Inc. is a townhome style development which consists of 309 units in 49 buildings. The community was built from 1965 to 1968. The community contains asphalt pavement streets and walking paths, concrete flatwork, playgrounds, a clubhouse and pools.

**Reserve Components Identified:** 25 Reserve Components.

**Inspection Date:** October 5, 2021. We conducted the original inspection on June 9, 2016.

**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 these threshold funding years in 2022 and 2026 due to repaving of the remaining streets and parking areas and in 2027 due to total replacement of the pool structures and deck. In addition, the Reserve Funding Plan recommends 2051 year-end accumulated reserves of approximately \$828,900. We judge this amount of accumulated reserves in 2051 necessary to fund the likely repaving of the asphalt pavement streets and parking areas after 2051. Future replacement costs beyond the next 30 years for the repaving of the asphalt pavement streets and parking areas are likely to more than double the current cost of repaving. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2051 year-end reserves.

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

- Current and future local costs of replacement
- 0.7% anticipated annual rate of return on invested reserves
- 3.5% 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:**

- \$237,983 as of July 31, 2021
- 2021 budgeted Reserve Contributions of \$90,000

**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:

- Repaving of the remaining asphalt pavement streets and parking areas
- Partial replacements of the asphalt pavement walking paths
- Replacement of the diving board at the pool
- Partial replacements of the mechanical pool equipment

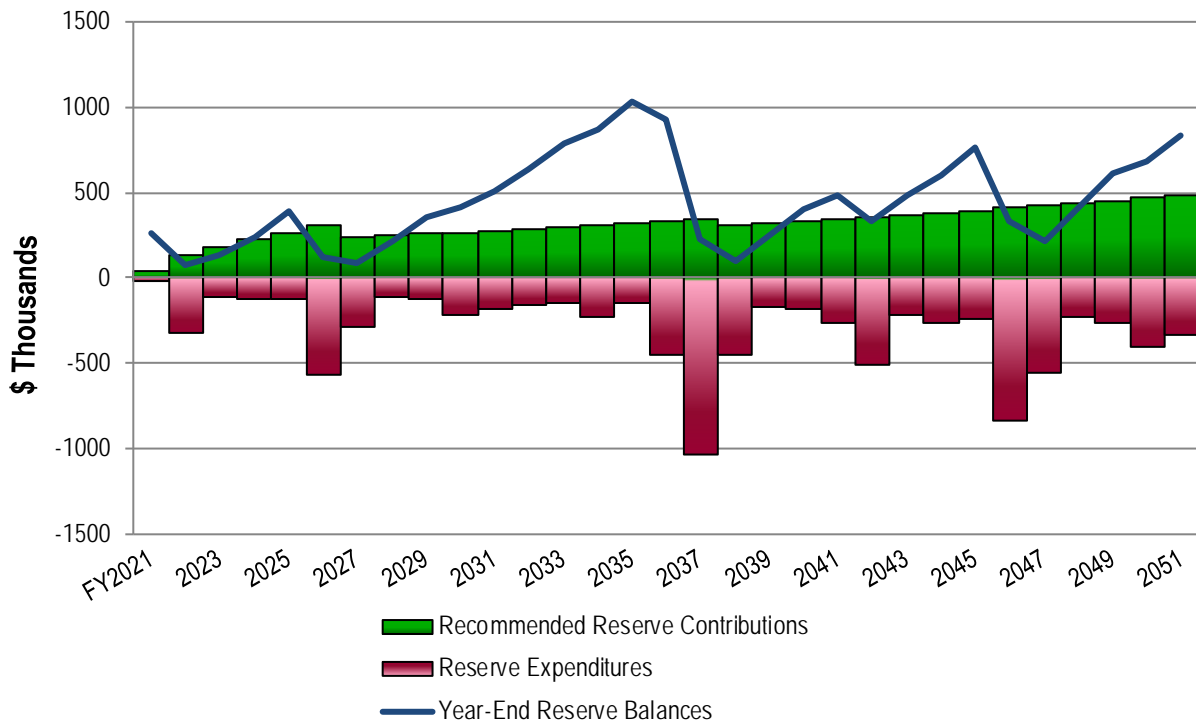


**Recommended Reserve Funding:** We recommend the following in order to achieve a stable and equitable Funding Plan:

- Phased increases of \$44,000 from 2022 through 2026
- Decrease to \$240,000 by 2027 due to fully funding for replacement of repaving of the remaining asphalt pavement streets and parking areas
- Inflationary increases from 2027 through 2037
- Decrease to \$310,000 by 2038 due to fully funding for replacement of the pool structures and deck
- Initial adjustment in Reserve Contributions of \$44,000 represents an average monthly increase of \$11.87 per homeowner and about a ten percent (10.3%) adjustment in the 2021 total Operating Budget of \$426,744.
- 2022 Reserve Contribution of \$134,000 is equivalent to an average monthly contribution of \$36.14 per homeowner.

**Strathmeade Square**  
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2022	134,000	71,729	2032	285,000	634,944	2042	355,700	331,308
2023	178,000	135,294	2033	295,000	783,680	2043	368,100	479,922
2024	222,000	239,591	2034	305,300	862,065	2044	381,000	602,944
2025	266,000	387,436	2035	316,000	1,035,764	2045	394,300	761,110
2026	310,000	126,085	2036	327,100	923,587	2046	408,100	335,572
2027	240,000	82,682	2037	338,500	230,053	2047	422,400	208,820
2028	248,400	215,072	2038	310,000	95,949	2048	437,200	415,293
2029	257,100	353,007	2039	320,900	247,156	2049	452,500	609,165
2030	266,100	408,114	2040	332,100	404,659	2050	468,300	678,538
2031	275,400	507,504	2041	343,700	483,690	2051	484,700	828,874





## 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

**Strathmeade Square Community Association, Inc.**

**Annandale, Virginia**

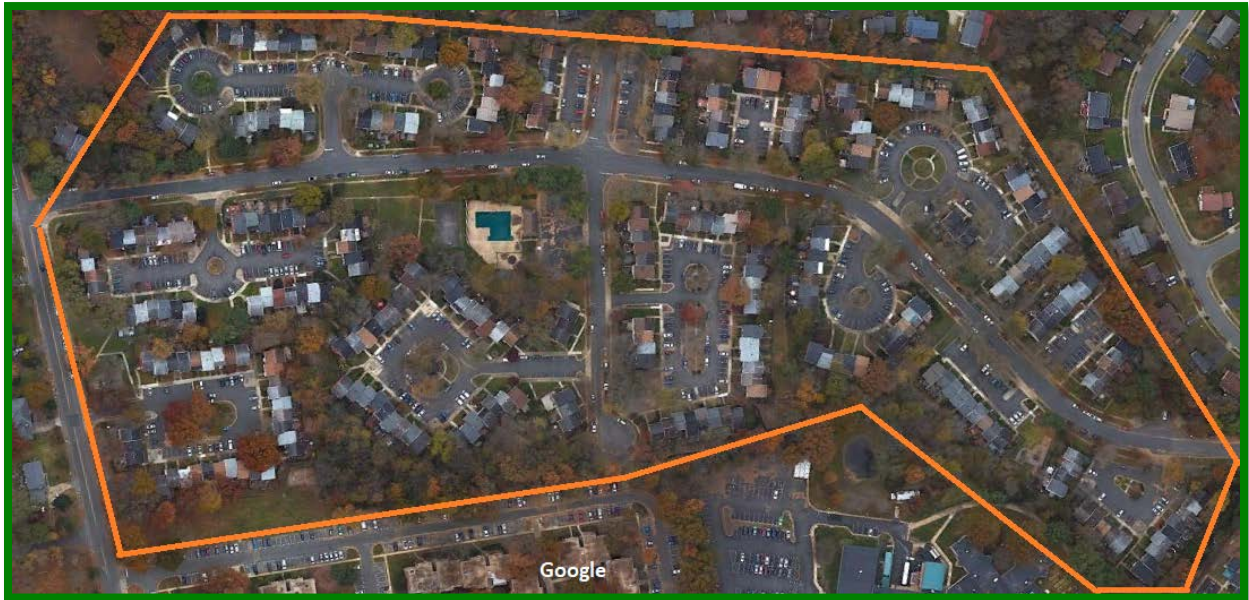
and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, October 5, 2021. We conducted the original inspection on June 9, 2016.

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:

- Strathmeade Square 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.

- Doors, Clubhouse, Replacement (2016)
- Foundation, Clubhouse
- 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 \$4,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Catch Basins, Landscape
- Appliances and Fixtures, Clubhouse, Interim Replacements
- Electrical Systems, Common
- Fence, Wood, Playground
- Furniture, Clubhouse, Interim Replacements
- Landscape
- Light Poles and Fixtures, Pool
- Paint Finishes, Interim

- Pavers, Masonry



**Masonry pavers overview**

- Pipes, Interior Building, Water and Sewer, Clubhouse
- Railings, Metal, Site and Clubhouse, Paint Finishes and Repairs
- Site Furniture



**Site furniture overview**

- 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:

- Entrance Walks
- Fences
- Homes and Lots

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

- Light Poles and Fixtures (Dominion Virginia Power)



**Light pole and fixture overview**

- Subsurface Utilities (Respective Utility Companies)

### **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

**Strathmeade Square  
Community Association, Inc.**  
Annandale, Virginia

**Explanatory Notes:**

- 1) **3.5%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2021 is Fiscal Year beginning February 1, 2021 and ending January 31, 2022.

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)
<b>Property Site Elements</b>																											
4.021	23,650	23,650	Square Yards	Asphalt Pavement, Streets and Parking Areas, Crack Repair, Patch, Seal Coat and Striping	2022	3 to 5	1	2.40	56,760	56,760	6.9%	39,165			44,942				77,358				88,770				
4.041	23,650	7,883	Square Yards	Asphalt Pavement, Streets and Parking Areas, Mill and Overlay, Phased	2038	15 to 20	17 to 25	15.00	118,250	354,750	7.9%																
4.045	15,900	7,950	Square Yards	Asphalt Pavement, Streets and Parking Areas, Remaining, Total Replacement, Phased	2022	15 to 20	1 to 5	31.00	246,450	492,900	5.9%	255,076				292,705											
4.080	3,260	1,630	Square Yards	Asphalt Pavement, Walking Paths, Total Replacement, Phased	2026	15 to 20	5 to 15	56.00	91,280	182,560	5.1%					108,412										152,926	
4.125	1	1	Allowance	Concrete, Flatwork (2021 is Budgeted)	2021	ongoing	0	30,000.00	30,000	30,000	17.5%	22,000	31,050	32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887	42,318	43,799	45,332	46,919	48,561	50,260
4.201	1	1	Allowance	Drainage and Erosion Control	2023	ongoing	2	32,000.00	32,000	32,000	18.0%			34,279	35,479	36,721	38,006	39,336	40,713	42,138	43,613	45,139	46,719	48,354	50,047	51,798	53,611
4.305	130	130	Linear Feet	Fences, Chain Link, Basketball Court	2027	to 25	6	45.00	5,850	5,850	0.1%							7,191									
4.360	2	1	Each	Gazebos, Phased	2037	to 25	16 to 20	13,500.00	13,500	27,000	0.5%																
4.500	1	1	Allowance	Landscape	2023	ongoing	2	30,000.00	30,000	30,000	16.9%			32,137	33,262	34,426	35,631	36,878	38,168	39,504	40,887	42,318	43,799	45,332	46,919	48,561	50,260
4.660	1	1	Allowance	Playground Equipment	2027	15 to 20	6	81,000.00	81,000	81,000	3.2%							99,570									
4.810	1	1	Allowance	Signage, Entrance, Replacement	2027	15 to 20	6	6,300.00	6,300	6,300	0.2%							7,744									
<b>Clubhouse Elements</b>																											
5.060	700	700	Square Feet	Deck, Concrete, Repairs and Waterproof Coating Applications	2031	8 to 12	10	30.00	21,000	21,000	1.4%															29,623	
5.105	180	180	Linear Feet	Deck, Railing, Metal, Replacement	2031	to 50	10	78.00	14,040	14,040	0.2%															19,805	
5.500	1	1	Allowance	Renovations, Interior and Exterior, Complete	2036	to 20	15	83,000.00	83,000	83,000	1.5%															139,054	
5.510	1	1	Allowance	Renovations, Interior and Exterior, Partial	2026	to 10	5	15,000.00	15,000	15,000	0.6%						17,815										
5.600	12	12	Squares	Roof, Asphalt Shingles	2025	15 to 20	4	400.00	4,800	4,800	0.2%				5,508												
5.800	260	260	Square Feet	Windows and Doors, Remaining	2024	to 40	3	59.00	15,340	15,340	0.2%				17,008												
<b>Pool Elements</b>																											
6.200	8,880	8,880	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2027	8 to 12	6	1.50	13,320	13,320	0.5%						16,374										
6.300	2,690	2,690	Square Feet	Covers, Vinyl	2025	6 to 8	4	3.00	8,070	8,070	0.6%				9,261											12,194	
6.350	1	1	Each	Diving Board	2023	15 to 20	2	7,500.00	7,500	7,500	0.3%			8,034													
6.400	500	500	Linear Feet	Fences, Chain Link	2045	to 25	24	27.00	13,500	13,500	0.3%																
6.500	1	1	Allowance	Furniture	2032	to 12	11	18,650.00	18,650	18,650	0.7%														27,228		
6.600	2	1	Allowance	Mechanical Equipment, Phased	2023	to 15	2 to 9	8,000.00	8,000	16,000	0.8%			8,570						10,903							
6.800	2,420	2,420	Square Feet	Pool Finishes, Plaster	2027	8 to 12	6	13.50	32,670	32,670	1.3%						40,160										
6.900	2,420	2,420	Square Feet	Structures and Deck, Total Replacement	2037	to 60	16	200.00	484,000	484,000	9.0%																
<b>Anticipated Expenditures, By Year (\$9,289,934 over 30 years)</b>											22,000	325,291	115,157	119,011	120,342	573,142	284,131	117,049	121,146	213,648	179,203	161,545	151,212	232,655	148,920	446,111	

## RESERVE EXPENDITURES

**Strathmeade Square  
Community Association, Inc.**  
Annandale, 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)
<b>Property Site Elements</b>																										
4.021	23,650	23,650	Square Yards	Asphalt Pavement, Streets and Parking Areas, Crack Repair, Patch, Seal Coat and Striping	2022	3 to 5	1	2.40	56,760	56,760	6.9%		67,911		77,929					89,425				153,926		
4.041	23,650	7,883	Square Yards	Asphalt Pavement, Streets and Parking Areas, Mill and Overlay, Phased	2038	15 to 20	17 to 25	15.00	118,250	354,750	7.9%		212,220		243,528					279,454						
4.045	15,900	7,950	Square Yards	Asphalt Pavement, Streets and Parking Areas, Remaining, Total Replacement, Phased	2022	15 to 20	1 to 5	31.00	246,450	492,900	5.9%															
4.080	3,260	1,630	Square Yards	Asphalt Pavement, Walking Paths, Total Replacement, Phased	2026	15 to 20	5 to 15	56.00	91,280	182,560	5.1%									215,717						
4.125	1	1	Allowance	Concrete, Flatwork (2021 is Budgeted)	2021	ongoing	0	30,000.00	30,000	30,000	17.5%	52,020	53,840	55,725	57,675	59,694	61,783	63,945	66,183	68,500	70,897	73,379	75,947	78,605	81,356	84,204
4.201	1	1	Allowance	Drainage and Erosion Control	2023	ongoing	2	32,000.00	32,000	32,000	18.0%	55,488	57,430	59,440	61,520	63,673	65,902	68,208	70,596	73,067	75,624	78,271	81,010	83,846	86,780	89,817
4.305	130	130	Linear Feet	Fences, Chain Link, Basketball Court	2027	to 25	6	45.00	5,850	5,850	0.1%															
4.360	2	1	Each	Gazebos, Phased	2037	to 25	16 to 20	13,500.00	13,500	27,000	0.5%	23,409				26,862										
4.500	1	1	Allowance	Landscape	2023	ongoing	2	30,000.00	30,000	30,000	16.9%	52,020	53,840	55,725	57,675	59,694	61,783	63,945	66,183	68,500	70,897	73,379	75,947	78,605	81,356	84,204
4.660	1	1	Allowance	Playground Equipment	2027	15 to 20	6	81,000.00	81,000	81,000	3.2%													198,123		
4.810	1	1	Allowance	Signage, Entrance, Replacement	2027	15 to 20	6	6,300.00	6,300	6,300	0.2%													15,410		
<b>Clubhouse Elements</b>																										
5.060	700	700	Square Feet	Deck, Concrete, Repairs and Waterproof Coating Applications	2031	8 to 12	10	30.00	21,000	21,000	1.4%				41,786										58,943	
5.105	180	180	Linear Feet	Deck, Railing, Metal, Replacement	2031	to 50	10	78.00	14,040	14,040	0.2%															
5.500	1	1	Allowance	Renovations, Interior and Exterior, Complete	2036	to 20	15	83,000.00	83,000	83,000	1.5%															
5.510	1	1	Allowance	Renovations, Interior and Exterior, Partial	2026	to 10	5	15,000.00	15,000	15,000	0.6%										35,449					
5.600	12	12	Squares	Roof, Asphalt Shingles	2025	15 to 20	4	400.00	4,800	4,800	0.2%						10,231									
5.800	260	260	Square Feet	Windows and Doors, Remaining	2024	to 40	3	59.00	15,340	15,340	0.2%															
<b>Pool Elements</b>																										
6.200	8,880	8,880	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2027	8 to 12	6	1.50	13,320	13,320	0.5%													32,580		
6.300	2,690	2,690	Square Feet	Covers, Vinyl	2025	6 to 8	4	3.00	8,070	8,070	0.6%				16,058									21,145		
6.350	1	1	Each	Diving Board	2023	15 to 20	2	7,500.00	7,500	7,500	0.3%						15,986									
6.400	500	500	Linear Feet	Fences, Chain Link	2045	to 25	24	27.00	13,500	13,500	0.3%									30,825						
6.500	1	1	Allowance	Furniture	2032	to 12	11	18,650.00	18,650	18,650	0.7%									41,144						
6.600	2	1	Allowance	Mechanical Equipment, Phased	2023	to 15	2 to 9	8,000.00	8,000	16,000	0.8%	13,872							17,649						22,454	
6.800	2,420	2,420	Square Feet	Pool Finishes, Plaster	2027	8 to 12	6	13.50	32,670	32,670	1.3%												79,909			
6.900	2,420	2,420	Square Feet	Structures and Deck, Total Replacement	2037	to 60	16	200.00	484,000	484,000	9.0%	839,249														
<b>Anticipated Expenditures, By Year (\$9,289,934 over 30 years)</b>											1,036,058	445,241	170,890	176,870	267,767	510,925	222,315	261,755	240,892	837,463	551,051	232,904	262,201	403,418	339,622	

## RESERVE FUNDING PLAN

**CASH FLOW ANALYSIS**  
**Strathmeade Square**  
**Community Association, Inc.**  
 Annandale, 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)	237,983	261,856	71,729	135,294	239,591	387,436	126,085	82,682	215,072	353,007	408,114	507,504	634,944	783,680	862,065	1,035,764
Total Recommended Reserve Contributions	(Note 2)	45,000	134,000	178,000	222,000	266,000	310,000	240,000	248,400	257,100	266,100	275,400	285,000	295,000	305,300	316,000	327,100
Estimated Interest Earned, During Year	(Note 3)	873	1,163	722	1,308	2,187	1,791	728	1,039	1,981	2,655	3,193	3,985	4,948	5,740	6,619	6,834
Anticipated Expenditures, By Year		(22,000)	(325,291)	(115,157)	(119,011)	(120,342)	(573,142)	(284,131)	(117,049)	(121,146)	(213,648)	(179,203)	(161,545)	(151,212)	(232,655)	(148,920)	(446,111)
Anticipated Reserves at Year End		<u>\$261,856</u>	<u>\$71,729</u> (NOTE 5)	<u>\$135,294</u>	<u>\$239,591</u>	<u>\$387,436</u>	<u>\$126,085</u> (NOTE 5)	<u>\$82,682</u>	<u>\$215,072</u>	<u>\$353,007</u>	<u>\$408,114</u>	<u>\$507,504</u>	<u>\$634,944</u>	<u>\$783,680</u>	<u>\$862,065</u>	<u>\$1,035,764</u>	<u>\$923,587</u>

(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		923,587	230,053	95,949	247,156	404,659	483,690	331,308	479,922	602,944	761,110	335,572	208,820	415,293	609,165	678,538
Total Recommended Reserve Contributions		338,500	310,000	320,900	332,100	343,700	355,700	368,100	381,000	394,300	408,100	422,400	437,200	452,500	468,300	484,700
Estimated Interest Earned, During Year		4,024	1,137	1,197	2,273	3,098	2,843	2,829	3,777	4,758	3,825	1,899	2,177	3,573	4,491	5,258
Anticipated Expenditures, By Year		(1,036,058)	(445,241)	(170,890)	(176,870)	(267,767)	(510,925)	(222,315)	(261,755)	(240,892)	(837,463)	(551,051)	(232,904)	(262,201)	(403,418)	(339,622)
Anticipated Reserves at Year End		<u>\$230,053</u> (NOTE 5)	<u>\$95,949</u>	<u>\$247,156</u>	<u>\$404,659</u>	<u>\$483,690</u>	<u>\$331,308</u>	<u>\$479,922</u>	<u>\$602,944</u>	<u>\$761,110</u>	<u>\$335,572</u>	<u>\$208,820</u>	<u>\$415,293</u>	<u>\$609,165</u>	<u>\$678,538</u>	<u>\$828,874</u> (NOTE 4)

**Explanatory Notes:**

- 1) Year 2021 starting reserves are as of July 31, 2021; FY2021 starts February 1, 2021 and ends January 31, 2022.
- 2) Reserve Contributions for 2021 are the remaining budgeted 6 months; 2022 is the first year of recommended contributions.
- 3) 0.7% is the estimated annual rate of return on invested reserves; 2021 is a partial year of interest earned.
- 4) Accumulated year 2051 ending reserves consider the need to fund for repaving of the asphalt pavement streets and parking areas shortly after 2051, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).



**FIVE-YEAR OUTLOOK****Strathmeade Square  
Community Association, Inc.**  
Annandale, Virginia

Line Item	Reserve Component Inventory	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026
<b><u>Property Site Elements</u></b>							
4.021	Asphalt Pavement, Streets and Parking Areas, Crack Repair, Patch, Seal Coat and Striping		39,165				44,942
4.045	Asphalt Pavement, Streets and Parking Areas, Remaining, Total Replacement, Phased		255,076				292,705
4.080	Asphalt Pavement, Walking Paths, Total Replacement, Phased						108,412
4.125	Concrete, Flatwork (2021 is Budgeted)	22,000	31,050	32,137	33,262	34,426	35,631
4.201	Drainage and Erosion Control			34,279	35,479	36,721	38,006
4.500	Landscape			32,137	33,262	34,426	35,631
<b><u>Clubhouse Elements</u></b>							
5.510	Renovations, Interior and Exterior, Partial						17,815
5.600	Roof, Asphalt Shingles					5,508	
5.800	Windows and Doors, Remaining				17,008		
<b><u>Pool Elements</u></b>							
6.300	Covers, Vinyl					9,261	
6.350	Diving Board			8,034			
6.600	Mechanical Equipment, Phased			8,570			
<b>Anticipated Expenditures, By Year (\$9,289,934 over 30 years)</b>		<b>22,000</b>	<b>325,291</b>	<b>115,157</b>	<b>119,011</b>	<b>120,342</b>	<b>573,142</b>

## 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, Streets and Parking Areas, Crack Repair, Patch, Seal Coat and Striping

---

**Line Item:** 4.021

**Quantity:** Approximately 23,650 square yards of asphalt pavement comprising the streets and parking areas

**History:** Management informs us the Association completed total replacement of the pavement at Viscount Court in 2015, Whipple Court in 2016 and Breckenridge Court in 2019. The remaining pavement is at various unknown ages.

**Condition:** The pavement at Viscount Court, Whipple Court and Breckenridge Court are in good to fair condition. The remaining pavement is in varying fair to poor condition with extensive cracks, pothole, vehicular fluid stains, rutting and previous repairs evident.

**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 is based on information provided by the Association and includes an allowance for crack repairs and patching of up to two percent (2%) of the pavement.

## Asphalt Pavement, Streets and Parking Areas, Repaving

---

**Line Items:** 4.041 and 4.045

**Quantity:** Approximately 23,650 square yards of asphalt pavement comprising the streets and parking areas

**History:** Management informs us the Association completed total replacement of the pavement at Viscount Court in 2015, Whipple Court in 2016 and Breckenridge Court in 2019. The remaining pavement is at various unknown ages.

**Condition:** The pavement at Viscount Court, Whipple Court and Breckenridge Court are in good to fair condition. The remaining pavement is in varying fair to poor condition with extensive cracks, pothole, vehicular fluid stains, rutting and previous repairs evident.



**Asphalt pavement overview – Note: Breckenridge Court**



**Asphalt pavement overview – Note: extensive cracks at Applegate Court**



**Pothole and cracks – Note: Applegate Court**



**Cracks – Note: Glastonbury Court**



**Pothole and cracks – *Contessa Court***



**Cracks – *Thompson Road***



**Cracks – Note: *Thompson Road***



**Cracks and previous repairs – Note: *Webley Court***



**Vehicular fluid stain and rutting – Note: *Webley Court***



**Vehicular fluid stains and rutting – Note: *Webley Court***



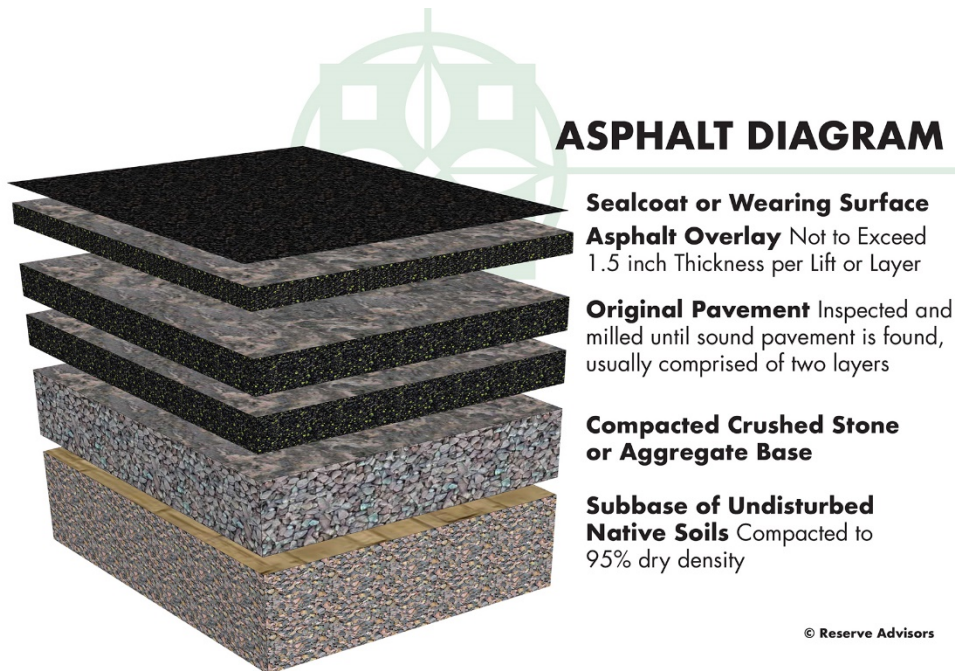
**Cracks and previous repairs – Note: Webley Court**



**Rutting – Note: Viscount Court**

**Useful Life:** 15- to 20-years with the benefit of timely crack repairs and patching

**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 Strathmeade Square:



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 total replacement method for initial repaving followed by the mill and overlay method for subsequent repaving at Strathmeade Square.

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

- Annually:
  - Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
  - Repair areas which could cause vehicular damage such as potholes
- As needed:
  - Perform crack repairs and patching 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 for milling and overlayment includes area patching of up to ten percent (10%).

## **Asphalt Pavement, Walking Paths, Repaving**

---

**Line Item:** 4.080

**Quantity:** 3,260 square yards of asphalt pavement walking paths. This quantity includes the asphalt pavement basketball court and the pool access drive.

**History:** Approximately 1,300 square yards of asphalt pavement walking paths were replaced from 2017 to 2018. The remaining paths are at unknown ages.

**Condition:** Fair to poor overall with cracks evident



**Asphalt pavement walking path overview**



**Walking path cracks**



**Walking path cracks**



**Walking path cracks**



**Walking path cracks**



**Asphalt pavement basketball court overview**



**Basketball court cracks**



**Asphalt pavement pool access drive overview**  
– *Note: cracks*



**Pool access drive cracks**

**Useful Life:** 15- to 20-years with the benefit of timely crack repairs and patching, and the need to maintain a safe pedestrian surface

**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, Flatwork**

---

**Line Item:** 4.125

**Quantity:** The Association maintains the concrete flatwork at Strathmeade Square. This quantity includes approximately 59,500 square feet of concrete sidewalks, 14 sets of concrete stairs with 240 linear feet of metal railings, 12,800 linear feet of concrete curbs and gutters and 26 concrete catch basins.



**Condition:** Good to fair overall with cracks and scaling evident



**Concrete sidewalk overview**



**Concrete sidewalk overview**



**Concrete sidewalk crack**



**Concrete sidewalk crack**



**Concrete sidewalk crack**



**Concrete sidewalk scaling**



**Concrete stairs overview**



**Concrete stairs overview**



**Concrete stair crack**



**Concrete curb and gutter overview**



**Curb spall and gutter crack**



**Cracks and deteriorated concrete**



**Catch basin overview**

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

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

- Annually:
  - Inspect and repair major cracks, spalls and trip hazards
  - Mark with orange safety paint prior to replacement or repair
  - Repair or perform concrete leveling in areas in immediate need of repair or possible safety hazard

**Priority/Criticality:** Per Board discretion

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. At the request of Management and the Board, we include an annual allowance for repairs to the concrete flatwork.

## **Drainage and Erosion Control**

---

**Line Item:** 4.201

**History:** Management and the Board report a history of drainage and erosion issues throughout the community. A permeable paver walkway was installed at Breckenridge Court in 2020.

**Condition:** Good condition overall



Permeable paver walkway at Breckenridge Court



Permeable paver walkway at Breckenridge Court

**Priority/Criticality:** Per Management discretion

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. At the request of Management and the Board, we include an annual allowance for drainage and erosion control measures. We recommend deferring this allowance to 2023 to fund for total replacement of the asphalt pavement streets.

## **Fences, Chain Link, Basketball Court**

---

**Line Item:** 4.305

**Quantity:** Approximately 130 linear feet of chain link fencing at the basketball court

**History:** Unknown ages

**Condition:** Fair condition overall with rust evident



**Chain link fence overview**



**Rust**

**Useful Life:** Up to 25 years

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

- Annually:
  - Inspect and repair loose sections, and damage
  - Repair leaning sections and clear vegetation from fence areas which could cause damage

**Priority/Criticality:** Not recommended to defer

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

## **Gazebos**

---

**Line Item:** 4.360

**Quantity:** Two each

**History:** The gazebo located at the center of Contessa Court was installed in 2016. The gazebo located near Decourcey Court was installed in 2014.

**Condition:** The gazebos are in good to fair condition with shingle lift evident at the gazebo near Decourcey Court.



Gazebo overview – *Note: Contessa Court*



Gazebo overview – *Note: Decourcey Court*



Shingle lift – *Note: Decourcey Court*

**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. We recommend the Association budget for paint applications and repairs through the operating budget.

## Landscape

---

**Line Item:** 4.500

**Component Detail Notes:** The Association contains a large quantity of trees. Maintenance of these elements is an ongoing need. Many associations budget for these events as normal maintenance. Other associations fund ongoing maintenance 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 an annual landscape allowance for partial replacements.

**Priority/Criticality:** Per Board discretion

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend deferring the landscape allowance to 2023 to fund for total replacement of the asphalt pavement streets.

## Playground Equipment

---

**Line Item:** 4.660

**Quantity:** The Association maintains four sets of playground equipment throughout the community. Playground equipment includes the following elements:

- Swing sets
- Playsets
- Surface, wood chips
- Border, timber

**History:** Unknown ages with repairs and maintenance conducted as needed

**Condition:** Fair overall with finish deterioration and border displacement evident



**Playground equipment overview – Note: Whipple Court**



**Finish deterioration – Note: Whipple Court**



**Finish deterioration – Note: Whipple Court**



**Timber border displacement – Note: Whipple Court**



**Playground equipment overview – Note: Whipple Court**



**Playground equipment overview – Note: Decourcey Court**



**Playground equipment overview – Note: Conquistador Court**

**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](http://PlaygroundSafety.org). We recommend the use of a specialist for the design or replacement of the playground equipment environment.

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

- Annually:
  - Inspect and repair loose connections and fasteners or damaged elements
  - Inspect for safety hazards and adequate coverage of ground surface cover

**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 and border.

## Signage, Entrance

---

**Line Item:** 4.810

**Quantity:** Two wood entrance signs

**History:** Unknown ages

**Condition:** Fair overall with displaced components, deterioration and wood split evident



Entrance signage overview



Entrance signage overview



**Wood displacement**



**Wood displacement**



**Paint finish and sign deterioration**



**Wood split**

**Useful Life:** 15- to 20-years

**Component Detail Notes:** The community signs contribute to the overall aesthetic appearance of the property to owners and potential buyers. 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 time for replacement of the signs is discretionary.

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

- Annually:
  - Inspect and repair damage, vandalism and loose components
  - Touch-up paint finish applications if applicable

**Priority/Criticality:** Per Board discretion

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

## Clubhouse Elements



Front and partial side elevation overview



Rear elevation overview

### Deck, Concrete

---

**Line Item:** 5.060

**Quantity:** Approximately 700 square feet of concrete comprising the clubhouse deck and stairs. The balconies comprise reinforced concrete with a waterproof coating.

**History:** The deck is original with a paint application conducted in 2021.

**Condition:** Good to fair overall with cracks and deterioration evident



Concrete deck and railing overview



Concrete stairs



**Concrete deck overview – Note: previous repairs**



**Concrete deck deterioration**



**Concrete deck cracks and deterioration**

**Useful Life:** Capital repairs including a close-up visual inspection, patching of delaminated concrete, routing and filling of cracked concrete, and waterproof coating applications every 8- to 12-years.

**Component Detail Notes:** A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. *Failure to maintain a waterproof coating on the deck will result in increased concrete repairs and replacements as the deck age.* Capital repairs may also include replacement of the caulked joint between the deck and the building, and repair or replacement of the metal railings and railing fastener attachments 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 the following activities per event:

- Partial depth replacement of up to five percent (5%) of the concrete topsides, edges and undersides
- Crack repairs as necessary
- Repairs to the railings as necessary
- Replacement of perimeter sealants as needed
- Application of a waterproof coating (Urethane based elastomeric)

## **Deck, Railing, Metal**

---

**Line Item:** 5.105

**Quantity:** Approximately 180 linear feet of metal railing at the clubhouse deck

**History:** The railing is original. The Association applied a finish to the railings in 2021.

**Conditions:** The railing is in fair condition and the railing finishes are in good condition.



**Metal deck railing overview**

**Useful Life:** Railings of this type have a useful life of up to 50 years with the benefit of periodic maintenance. Periodic maintenance should include applications of a protective paint finish and partial replacement of deteriorated metal 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.

## Renovations, Interior and Exterior

---

**Line Items:** 5.500 and 5.510

**Quantity:** The Association maintains the exterior and interior components of the clubhouse. These renovations exclude the concrete deck, metal railing, asphalt shingle roof and windows and doors as we include these components under separate line items. The components of the clubhouse include:

- Tile and concrete coated floor coverings
- Paint finishes on the exterior walls
- Paint finishes on the interior walls and ceilings
- Plumbing fixtures
- Light fixtures
- Furnishings including tables and chairs
- Rest room fixtures
- Sealants at the perimeters of windows and doors

**History:** The Association conducted complete clubhouse renovations to the interior and exterior in 2016.

**Condition:** Good to fair condition overall



**Meeting room and furnishings overview**



**Rest room overview**



**Rest room overview**

**Useful Life:** Complete interior renovation every 20 years and partial renovations every 10 years

**Priority/Criticality:** Per Board discretion

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The complete renovation should include paint finish applications and replacement of all the interior components listed above and the partial renovations should include the following:

- Application of paint finish to all surfaces
- Replacement of the tile
- Replacement of up to twenty-five percent (25%) of the appliances and furnishings
- Repairs to the building façade as needed
- Replacements of the window and doors sealants as needed

## **Roof, Asphalt Shingles**

---

**Line Item:** 5.600

**Quantity:** 12 squares<sup>1</sup> of asphalt shingles comprising the clubhouse roof

**History:** Unknown age

**Condition:** Fair condition with stains evident. Management does not report a history of leaks.

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



Asphalt shingle roof overview – *Note: stains*



Asphalt shingle roof overview – *Note: stains*



Asphalt shingle roof overview – *Note: stains*

**Useful Life:** 15- to 20-years

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

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

## Windows and Doors

---

**Line Item:** 5.800

**Quantity:** 370 square feet of windows and doors.

**History:** Management informs us approximately 110 square feet of doors were replaced in 2016. The remaining 260 square feet of windows and doors are original.

**Condition:** The remaining windows and doors are in fair condition.





**Doors overview**

**Useful Life:** Up to 40 years

**Priority/Criticality:** Not recommended to defer

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

## **Pool Elements**

### **Concrete Deck**

---

**Line Item:** 6.200

**Quantity:** 8,880 square feet of concrete deck at the pool

**History:** Original with an unknown history of repairs

**Condition:** Good to fair overall condition with cracks and previous repairs evident



**Concrete pool deck overview**



**Concrete crack and previous repair**



**Concrete crack**



**Concrete crack**

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

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

- Semi-annually:
  - Inspect and repair large cracks, trip hazards, and possible safety hazards
  - Inspect and repair pool coping for cracks, settlement, heaves or sealant deterioration
  - Schedule periodic pressure cleanings 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 the following per event:

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

## Covers, Vinyl

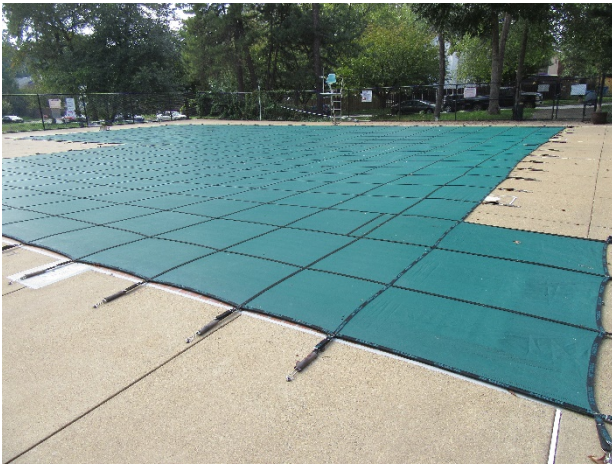
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**Line Item:** 6.300

**Quantity:** 2,690 square feet of vinyl covers at the main pool and wading pool

**History:** The vinyl cover at the main pool is at an unknown age. The vinyl cover at the wading pool was replaced in 2019.

**Condition:** Good to fair condition overall with damage evident at the main pool cover



**Main pool cover overview**



**Wading pool cover overview**



**Vinyl cover damage – Note: main pool**

**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.

## **Diving Board**

---

**Line Item:** 6.350

**Quantity:** One diving board

**History:** Unknown age

**Condition:** Fair to poor condition with rust evident



**Diving board stand rust**

**Useful Life:** Up to 15- to 20-years

**Priority/Criticality:** Not recommended to defer

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

## Fences, Chain Link

---

**Line Item:** 6.400

**Quantity:** 500 linear feet of chain link fences at the pool deck

**History:** Replaced within the past five years

**Condition:** Good overall condition



**Chain link fence overview**

**Useful Life:** Up to 25 years

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

- Annually:
  - Inspect and repair loose sections, and damage
  - Repair leaning sections and clear vegetation from fence areas which could cause damage

**Priority/Criticality:** Not recommended to defer

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

## Furniture

---

**Line Item:** 6.500

**Quantity:** The pool furniture includes the following:

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

**History:** Replaced in 2020

**Condition:** Good overall



Pool furniture overview



Pool furniture overview

**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. Our cost for replacement of the pool furniture is based on historical information provided to us by the Association.

## Mechanical Equipment

---

**Line Item:** 6.600

**Quantity:** The mechanical equipment includes the following:

- Automatic chlorinators
- Controls
- Filters

- Interconnected pipe, fittings and valves
- Pumps

**History:** Various unknown ages

**Condition:** Reported satisfactory



**Mechanical pool equipment overview**



**Pool pump**

**Useful Life:** Up to 15 years

**Preventative Maintenance Notes:** We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

**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 fifty percent (50%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

## **Pool Finishes, Plaster**

---

**Line Item:** 6.800

**Quantity:** 2,420 square feet of plaster pool finishes at the main pool and wading pool based on the horizontal surface area

**History:** The pool finishes were replaced at the wading pool in 2019 and the main pool in 2020.

**Condition:** We were unable to inspect the pools due to the covers.

**Useful Life:** Up to 8- to 12-years

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

- Semi-annually:
  - Inspect and repair significant finish deterioration, coping damage and structure cracks
  - Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
  - Test handrails and safety features for proper operation

**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. 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 joint sealants as needed
- Concrete structure repairs as needed

## **Structures and Deck**

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**Line Item:** 6.900

**Quantity:** 2,420 square feet of horizontal surface area

**History:** Original with major reconstruction of the main pool in 2020.

**Conditions:** Reportedly satisfactory. The concrete floors and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structures during a noninvasive visual inspection.

**Useful Life:** Up to 60 years

**Component Detail Notes:** The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Strathmeade Square plan to replace the following components:





- Concrete Deck
- Pool Structures and Finishes
- Subsurface piping

**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.

## 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.

Strathmeade Square 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 standards<sup>1</sup> 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
- Local<sup>2</sup> 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 Annandale, Virginia at an annual inflation rate<sup>3</sup>. Isolated or regional markets of greater

<sup>1</sup> Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

<sup>2</sup> See Credentials for additional information on our use of published sources of cost data.

<sup>3</sup> 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 Strathmeade Square 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.

**LISA PHAM**  
**Associate Engineer, Northeast Region**  
**Responsible Advisor**

**CURRENT CLIENT SERVICES**

Lisa Pham, an Associate Mechanical Engineer, is an Advisor for Reserve Advisors. Ms. Pham is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is responsible for conducting Life Cycle Cost 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 Lisa Pham demonstrating the breadth of experiential knowledge of community associations in construction and related systems.

**Eastchurch Homeowners Association, Inc.** – Located in Frederick, Maryland, this community consists of 410 units comprising a mix of single family homes and townhomes. At the center of the community exists a clubhouse, originally constructed in 1817, which was home to the city's first mayor. After a full restoration, the historic Brengle Manor now houses community amenities including a kitchen, multiple meeting rooms, a game room, an outdoor pavilion and a pool. Additionally, the community features two ponds, walking paths and a playground for residential use.

**Summerwalk at Ballston Condominium Association, Inc.** – Located in Arlington, VA, Summerwalk at Ballston is a four-story midrise that was built in 1984 and houses 50 units. The building is a short walk from the Ballston Metro Station and features an outdoor courtyard and an on-grade garage to serve residents.

**Master Homeowners Association of Breakwater** – Located in Lewes, Delaware, this community boasts nine ponds and a playground for residents of the 185 single family homes to enjoy. Residents also have access to a clubhouse featuring a fitness area, an outdoor kitchen and a pool.

**Sanibel Village at Eagles Landing Association of Owners, Inc.** – Located in Rehoboth Beach, Delaware, residents of Sanibel Village enjoy a pond with over 3,400 square yards of surface area in the center of the community along with a pool and clubhouse.

**Giles Overlook Homeowners Association, Inc.** – Located in Lorton, Virginia, Giles Overlook features two ponds, a playground and over 1,300 square yards of walking paths for residents to use. With the community bordering Interstate 95, over 1,400 feet of sound wall lines the east perimeter.

**The Residences at Lansdowne Town Center.** – Located in Leesburg, Virginia, this community is comprised of 102 townhomes throughout 12 buildings and is conveniently located next to the Lansdowne Town Center shopping plaza. Each townhome provides its residents with four floors of living space, an attached garage and a balcony for leisurely enjoyment.

**PRIOR RELEVANT EXPERIENCE**

Before joining Reserve Advisors, LLC, Ms. Pham attended George Mason University in Fairfax, Virginia where she attained her Bachelor of Science degree in Mechanical Engineering. Her rigorous coursework focused on using problem solving to understand mechanical systems and principles. During her undergraduate education, Ms. Pham worked to fabricate a walking aid for use with physical therapy patients. Additionally, Ms. Pham worked as an intern at Serco during her undergraduate education where she reviewed naval ship drawings and specifications to compile data regarding ship subsystems.

**EDUCATION**

George Mason University – B.S. Mechanical Engineering

**NICHOLAS R. JULIA, RS**  
**Regional Engineering Manager, Northeast Region**

**CURRENT CLIENT SERVICES**

Nicholas R. Julia, a Civil Engineer, is an Advisor for Reserve Advisors, LLC. Mr. Julia is responsible for the inspection and analysis of the condition of clients' property, 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 Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations. Nicholas Julia often serves as Quality Assurance Reviewer for all types of developments to ensure our reports maintain the level of quality which is expected of our firm.



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

**One Park Crest Condominium** is an upscale 19-story high rise building located in McLean, Virginia just outside of Washington, D.C. Residents enjoy an 18<sup>th</sup> floor club room and outdoor pool. The building also contains an exercise room, library, professionally decorated lobby and underground parking.

**The Maryland Club** is an exclusive club located in the heart of Baltimore, Maryland. The elegant white marble main building dates back to 1892. The club contains squash courts, a banquet area, a dining hall, and a professional kitchen amongst many other amenities.

**Town of St. Michaels**, a scenic town located on the Eastern Shore of Maryland. The town includes an administrative building, police station, public works garage and offices, and a historic log cabin. The municipality also maintains the asphalt pavement streets throughout the town, multiple parks, two water towers and a complex arsenic removal water treatment system.

**One Loudoun Neighborhood Association** is an upscale planned unit development comprising townhomes and single family homes located in Ashburn, Virginia. The property includes a high-end clubhouse with over 12,000 square feet of interior space including a gymnasium and yoga studio. The property also includes walking trails, multiple playgrounds, a tennis court, sports court, and a pool.

**3883 Connecticut Avenue Condominium** is a 10-story midrise located in Washington, D.C. The building was constructed in 2002 and contains luxurious amenities including an elevated outdoor pool on the 8<sup>th</sup> floor, party room, exercise facility and an underground parking garage.

**Lake Petersburg Association** This man-made lake community of 380 single family homes is located in Petersburg, Illinois. Components of the property include a community boat launch, dock, three tennis courts, a basketball court, two maintenance buildings, an office, and vehicular equipment. The Association also maintains an earthen dam on the far side of the lake.

**PRIOR RELEVANT EXPERIENCE**

Before joining Reserve Advisors, Mr. Julia attended Marquette University in Milwaukee, Wisconsin where he attained his Bachelor of Science degree in Civil Engineering. His studies focused on transportation engineering and construction management engineering.

**EDUCATION**

Marquette University - B.S. Civil Engineering

**PROFESSIONAL AFFILIATIONS / DESIGNATIONS**

Engineer in Training (E.I.T.) – Washington D.C.  
Reserve Specialist (RS) - Community Association Institute

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

**CURRENT CLIENT SERVICES**

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

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



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

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

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

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

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

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

**PRIOR RELEVANT EXPERIENCE**

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

**EDUCATION**

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

**PROFESSIONAL AFFILIATIONS/DESIGNATIONS**

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

*Reserve Specialist (RS)* - Community Associations Institute

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





## RESOURCES

Reserve Advisors 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](http://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](http://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](http://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](http://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 Strathmeade Square 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) Strathmeade Square 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.