

New Albany Links Homeowners Association

New Albany, OH • January 17, 2023

FULL RESERVE STUDY



New Albany Links Homeowners Association
New Albany, Ohio

Dear Board of Directors of New Albany Links Homeowners Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of New Albany Links Homeowners Association in New Albany, Ohio and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 17, 2023.

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

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help New Albany Links Homeowners 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 February 14, 2023 by

Reserve Advisors, LLC

Visual Inspection and Report by: Patrick R. Older

Review by: Nicole L. Lowery, RS¹, PRA², Associate 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: New Albany Links Homeowners Association (New Albany Links)

Location: New Albany, Ohio

Reference: 223288

Property Basics: New Albany Links Homeowners Association is responsible for the common elements shared by 596 single family homes. The community was built from 2005 through 2018. The community contains asphalt pavement walking paths

Reserve Components Identified: 11 Reserve Components.

Inspection Date: January 17, 2023.

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 2030 due to replacement of walking paths. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately \$168,600. We judge this amount of accumulated reserves in 2053 necessary to fund the likely replacement of the irrigation system after 2053. Future replacement costs beyond the next 30 years for the replacement of the irrigation system are likely to more than double the current cost of replacement. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

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

- Current and future local costs of replacement
- 1.3% 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:

- \$154,786 projected as of December 31, 2022
- 2023 budgeted Reserve Contributions of \$30,000

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:

- Replacement of the wood fences to maintain a pleasing aesthetic
- Partial repairs to the monument signage

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

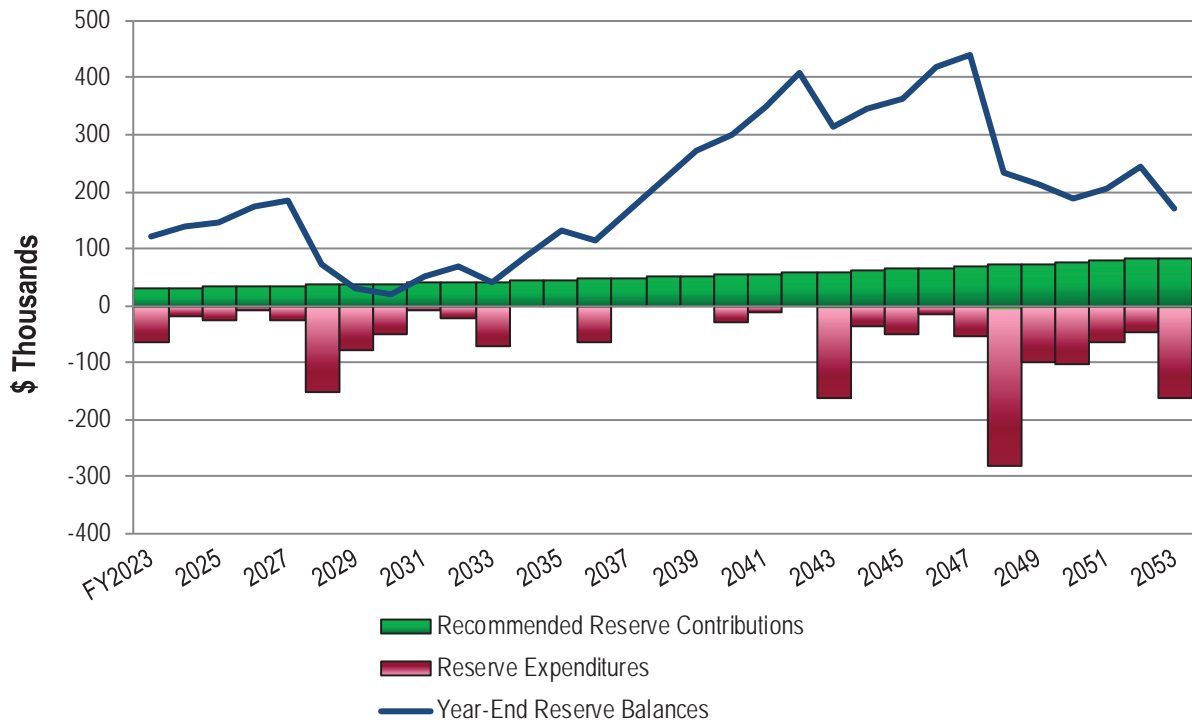
- 2023 budgeted Reserve Contributions of \$30,000
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis



- 2024 Reserve Contribution of \$31,100 is equivalent to an average monthly contribution of \$4.35 per homeowner.

New Albany Links
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	31,100	137,531	2034	43,800	85,783	2044	61,700	343,614
2025	32,200	146,758	2035	45,300	132,493	2045	63,900	362,709
2026	33,300	174,390	2036	46,900	115,335	2046	66,100	418,450
2027	34,500	184,633	2037	48,500	165,650	2047	68,400	439,509
2028	35,700	71,984	2038	50,200	218,330	2048	70,800	233,905
2029	36,900	31,854	2039	52,000	273,506	2049	73,300	212,125
2030	38,200	19,430	2040	53,800	300,504	2050	75,900	189,228
2031	39,500	50,185	2041	55,700	347,418	2051	78,600	204,915
2032	40,900	68,684	2042	57,600	409,909	2052	81,400	243,106
2033	42,300	41,163	2043	59,600	312,686	2053	84,200	168,574





2. RESERVE STUDY REPORT

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

New Albany Links Homeowners Association

New Albany, Ohio

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 17, 2023.

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. These classes of property include:

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

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

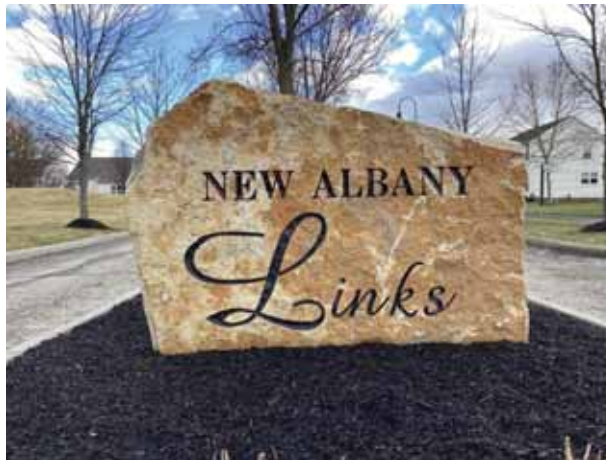
Reserve Components are defined by CAI as property elements with:

- New Albany Links responsibility

- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements – These 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
- Irrigation System (2018)
- Monument Signage, Stone (2022)
- Pipes, Subsurface Utilities, Common



Stone monument signage

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

- General Maintenance to the Common Elements
- Expenditures less than \$3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Asphalt Pavement Walking Paths, Crack Repair and Patch
- Catch Basins, Landscape
- Fences, Paint Finish Applications and Power Washing
- Irrigation System, Controls and Maintenance
- Irrigation System, Heads
- Landscape, General Maintenance
- Paint Finishes (Per Management request)
- Pet Waste Receptacles

- Ponds, Chemical Treatment (*The golf course is responsible for maintenance of the ponds, however we are informed the Association conducts regular chemical treatments of the ponds*)
- Retaining Walls, Stone, Inspections and Capital Repairs
- Signage, Miscellaneous
- Site Furniture
- Trash Receptacles
- Other Repairs normally funded through the Operating Budget



Landscape catch basin



Property identification signage



Irrigation head



Pet waste receptacle



Others' Responsibility - Items designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Golf Cart Paths (Golf Course)
- Homes and Lots (Respective Entities)
- Ponds (Golf Course)
- Retaining Walls at New Albany Road E, Southern Side (Golf Course)
- Signage, Street Identification and Traffic Control (Municipality)
- Street Systems (Municipality)



3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2023 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

New Albany Links
Homeowners Association
New Albany, Ohio

Explanatory Notes:

- 1) 3.5% is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.

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 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038	
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)																		
4.080	4,450	1,483	Square Yards	Asphalt Pavement, Walking Paths, Total Replacement, Phased	2028	15 to 20	5 to 7	27.00	40,050	120,150	26.0%						47,567	49,232	50,955									
4.140	13,300	665	Square Feet	Concrete Sidewalks, Partial	2026	to 65	3 to 30+	10.50	6,983	139,650	4.4%			7,742						9,195						10,920		
4.285	1,930	643	Linear Feet	Fences, Wood, Phased	2025	15 to 20	2 to 6	36.00	23,160	69,480	13.4%		24,809		26,576		28,469											
4.500	1	1	Allowance	Landscape, Partial Replacements (2023 is Skarlocken Park Renovation: is Budgeted)	2023	to 10	10	50,000.00	50,000	50,000	19.8%	26,104										70,530						
4.620	190	190	Square Feet	Pavers, Masonry	2028	15 to 20	5	25.00	4,750	4,750	1.0%						5,642											
4.630	1	1	Each	Pergola, Wood	2028	20 to 25	5	7,500.00	7,500	7,500	1.8%						8,908											
4.631	1	1	Allowance	Pergola, Wood, Up-Lighting (2023 is Budgeted)	2023	15 to 20	0	8,000.00	8,000	8,000	1.4%	8,124																
4.660	1	1	Allowance	Playground Equipment	2028	15 to 20	2	57,000.00	57,000	57,000	11.9%						67,698											
4.700	1	1	Each	Pond, Aerator	2036	10 to 15	13	18,000.00	18,000	18,000	4.4%															28,151		
4.745	2	2	Each	Retaining Walls, Stone (2023 is Budgeted)	2023	to 35	0	15,000.00	30,000	30,000	1.8%	30,000																
4.800	4	1	Allowance	Signage, Renovation, Phased	2024	15 to 20	1 to 13	17,000.00	17,000	68,000	14.1%		17,595				20,191				23,169						26,587	
Anticipated Expenditures, By Year (\$1,698,848 over 30 years)												64,228	17,595	24,809	7,742	26,576	150,006	77,701	50,955	9,195	23,169	70,530	0	0	65,658	0	0	

RESERVE EXPENDITURES

**New Albany Links
Homeowners Association
New Albany, Ohio**

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	17	18	19	20	21	22	23	24	25	26	27	28	29	30	
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	
4.080	4,450	1,483	Square Yards	Asphalt Pavement, Walking Paths, Total Replacement, Phased	2028	15 to 20	5 to 7	27.00	40,050	120,150	26.0%																
4.140	13,300	665	Square Feet	Concrete Sidewalks, Partial	2026	to 65	3 to 30+	10.50	6,983	139,650	4.4%			12,970					15,404								18,295
4.285	1,930	643	Linear Feet	Fences, Wood, Phased	2025	15 to 20	2 to 6	36.00	23,160	69,480	13.4%					46,083		49,366		52,882							
4.500	1	1	Allowance	Landscape, Partial Replacements (2023 is Skarlocken Park Renovation; is Budgeted)	2023	to 10	10	50,000.00	50,000	50,000	19.8%					99,489											140,340
4.620	190	190	Square Feet	Pavers, Masonry	2028	15 to 20	5	25.00	4,750	4,750	1.0%											11,225					
4.630	1	1	Each	Pergola, Wood	2028	20 to 25	5	7,500.00	7,500	7,500	1.8%																21,051
4.631	1	1	Allowance	Pergola, Wood, Up-Lighting (2023 is Budgeted)	2023	15 to 20	0	8,000.00	8,000	8,000	1.4%					15,918											
4.660	1	1	Allowance	Playground Equipment	2028	15 to 20	2	57,000.00	57,000	57,000	11.9%											134,705					
4.700	1	1	Each	Pond, Aerator	2036	10 to 15	13	18,000.00	18,000	18,000	4.4%																47,163
4.745	2	2	Each	Retaining Walls, Stone (2023 is Budgeted)	2023	to 35	0	15,000.00	30,000	30,000	1.8%																
4.800	4	1	Allowance	Signage, Renovation, Phased	2024	15 to 20	1 to 13	17,000.00	17,000	68,000	14.1%			30,509				35,010				40,175					46,102
Anticipated Expenditures, By Year (\$1,698,848 over 30 years)												0	30,509	12,970	0	161,490	35,010	49,366	15,404	52,882	280,753	97,960	101,389	65,458	46,102	161,391	

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
New Albany Links
Homeowners Association
New Albany, Ohio

	Individual Reserve Budgets & Cash Flows for the Next 30 Years																
	FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	
Reserves at Beginning of Year	(Note 1)	154,786	122,348	137,531	146,758	174,390	184,633	71,984	31,854	19,430	50,185	68,684	41,163	85,783	132,493	115,335	165,650
Total Recommended Reserve Contributions	(Note 2)	30,000	31,100	32,200	33,300	34,500	35,700	36,900	38,200	39,500	40,900	42,300	43,800	45,300	46,900	48,500	50,200
Estimated Interest Earned, During Year	(Note 3)	1,790	1,678	1,836	2,074	2,319	1,657	671	331	450	768	709	820	1,410	1,600	1,815	2,480
Anticipated Expenditures, By Year		(64,228)	(17,595)	(24,809)	(7,742)	(26,576)	(150,006)	(77,701)	(50,955)	(9,195)	(23,169)	(70,530)	0	0	(65,658)	0	0
Anticipated Reserves at Year End		<u>\$122,348</u>	<u>\$137,531</u>	<u>\$146,758</u>	<u>\$174,390</u>	<u>\$184,633</u>	<u>\$71,984</u>	<u>\$31,854</u>	<u>\$19,430</u>	<u>\$50,185</u>	<u>\$68,684</u>	<u>\$41,163</u>	<u>\$85,783</u>	<u>\$132,493</u>	<u>\$115,335</u>	<u>\$165,650</u>	<u>\$218,330</u>

(NOTE 5)

(continued)

	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	218,330	273,506	300,504	347,418	409,909	312,686	343,614	362,709	418,450	439,509	233,905	212,125	189,228	204,915	243,106
Total Recommended Reserve Contributions	52,000	53,800	55,700	57,600	59,600	61,700	63,900	66,100	68,400	70,800	73,300	75,900	78,600	81,400	84,200
Estimated Interest Earned, During Year	3,176	3,707	4,184	4,891	4,667	4,238	4,561	5,045	5,541	4,349	2,880	2,592	2,545	2,893	2,659
Anticipated Expenditures, By Year	0	(30,509)	(12,970)	0	(161,490)	(35,010)	(49,366)	(15,404)	(52,882)	(280,753)	(97,960)	(101,389)	(65,458)	(46,102)	(161,391)
Anticipated Reserves at Year End	<u>\$273,506</u>	<u>\$300,504</u>	<u>\$347,418</u>	<u>\$409,909</u>	<u>\$312,686</u>	<u>\$343,614</u>	<u>\$362,709</u>	<u>\$418,450</u>	<u>\$439,509</u>	<u>\$233,905</u>	<u>\$212,125</u>	<u>\$189,228</u>	<u>\$204,915</u>	<u>\$243,106</u>	<u>\$168,574</u>

(NOTE 4)

Explanatory Notes:

- 1) Year 2022 ending reserves are projected as of December 31, 2022; FY2023 starts January 1, 2023 and ends December 31, 2023.
- 2) Reserve Contributions for 2023 are budgeted; 2024 is the first year of recommended contributions.
- 3) 1.3% is the estimated annual rate of return on invested reserves.
- 4) Accumulated year 2053 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

**New Albany Links
Homeowners Association**
New Albany, Ohio

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
4.080	Asphalt Pavement, Walking Paths, Total Replacement, Phased						47,567
4.140	Concrete Sidewalks, Partial				7,742		
4.285	Fences, Wood, Phased			24,809		26,576	
4.500	Landscape, Partial Replacements (2023 is Skarlocken Park Renovation; is Budgeted)	26,104					
4.620	Pavers, Masonry						5,642
4.630	Pergola, Wood						8,908
4.631	Pergola, Wood, Up-Lighting (2023 is Budgeted)	8,124					
4.660	Playground Equipment						67,698
4.745	Retaining Walls, Stone (2023 is Budgeted)	30,000					
4.800	Signage, Renovation, Phased		17,595				20,191
Anticipated Expenditures, By Year (\$1,698,848 over 30 years)		64,228	17,595	24,809	7,742	26,576	150,006

4. RESERVE COMPONENT DETAIL

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

Asphalt Pavement, Repaving, Walking Paths

Line Item: 4.080

Quantity: 4,450 square yards comprise the asphalt pavement walking paths throughout the community, primarily along New Albany Links Drive and New Albany Road East.

History: Original to construction

Condition: Fair overall with periodic cracks, deterioration, pavement slippage, evidence of previous repairs and isolated areas of standing water evident



Asphalt pavement walking path overview



Asphalt pavement walking path overview



Asphalt pavement walking path overview



Asphalt pavement walking path overview



Pavement crack and organic growth



Pavement slippage at edge



Pavement crack and organic growth



Pavement cracks



Pavement cracks



Pavement cracks



Pavement cracks and settlement



Organic growth at previous crack repair



Edge cracks



Previous patching and crack fill repairs



Previous patching repair



Pavement cracks and deterioration



Standing water



Pavement slippage at edge

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 Sidewalks

Line Item: 4.140

Quantity: Approximately 13,300 square feet comprise the concrete sidewalks at the common areas.

Condition: Good overall with isolated cracks, settlement, trip hazards and evidence of previous repairs evident



Concrete sidewalk overview



Concrete sidewalk overview – note minor settlement



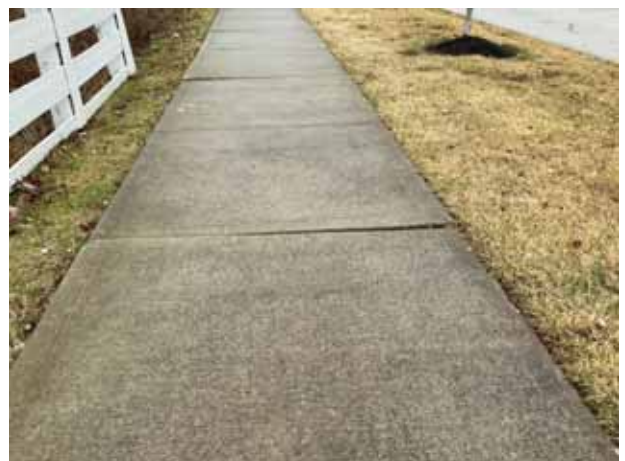
Concrete sidewalk at playground area



Minor concrete damage



Concrete crack



Settlement, shown at New Albany Links Drive



Trip hazard, shown at Skarlocken Green



Recently replaced section

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. We estimate that up to 3,990 square feet of concrete sidewalks, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Fences, Wood

Line Item: 4.285

Quantity: 1,930 linear feet comprise the wood fences at the common areas and entrances. This quantity includes the wood rails at the playground area on Skarlocken Green.

History: Primarily original to construction with a limited history of repairs and replacements; Management informs us the fences are power washed and painted every few years through the operating budget.

Condition: Fair to poor overall with systemic peeling finishes and periodic finish deterioration, damage, loose rails, popped nails and isolated wood rot evident



Wood fence overview



Wood fence overview



Landscaping damage



Finish deterioration



Peeling finishes



Wood rot and deterioration



Popped nail and finish deterioration



Wood rot and finish deterioration



Peeling finishes



Wood rot



Peeling finishes



Peeling finishes and finish deterioration



Deflection and finish deterioration



Deflection and finish deterioration



Wood rail overview



Finish crack

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration. Along with these partial replacements, the Association should apply periodic paint applications as needed and fund these activities through the operating budget.

Landscape

Line Item: 4.500

Component Detail Notes: The Association contains a large quantity of trees, shrubbery and other landscape elements at Skarlocken Park and at the entrance monuments. 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.

The Association has budgeted \$26,104 to renovate Skarlocken Park in 2023. This renovation includes planting boxwoods, lilacs and hydrangeas, among other landscaping elements, at and around the playground area at Skarlocken Green.



Landscaping at Skarlocken Park

Useful Life: At the request of Management, we include a landscape allowance for partial replacements 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.

Pavers, Masonry

Line Item: 4.620

Quantity: Approximately 190 square feet of pavers at the pergola at Skarlocken Park

History: Installed in 2009

Condition: Fair overall condition with settlement, organic growth and damage evident



Pavers overview



Paver settlement



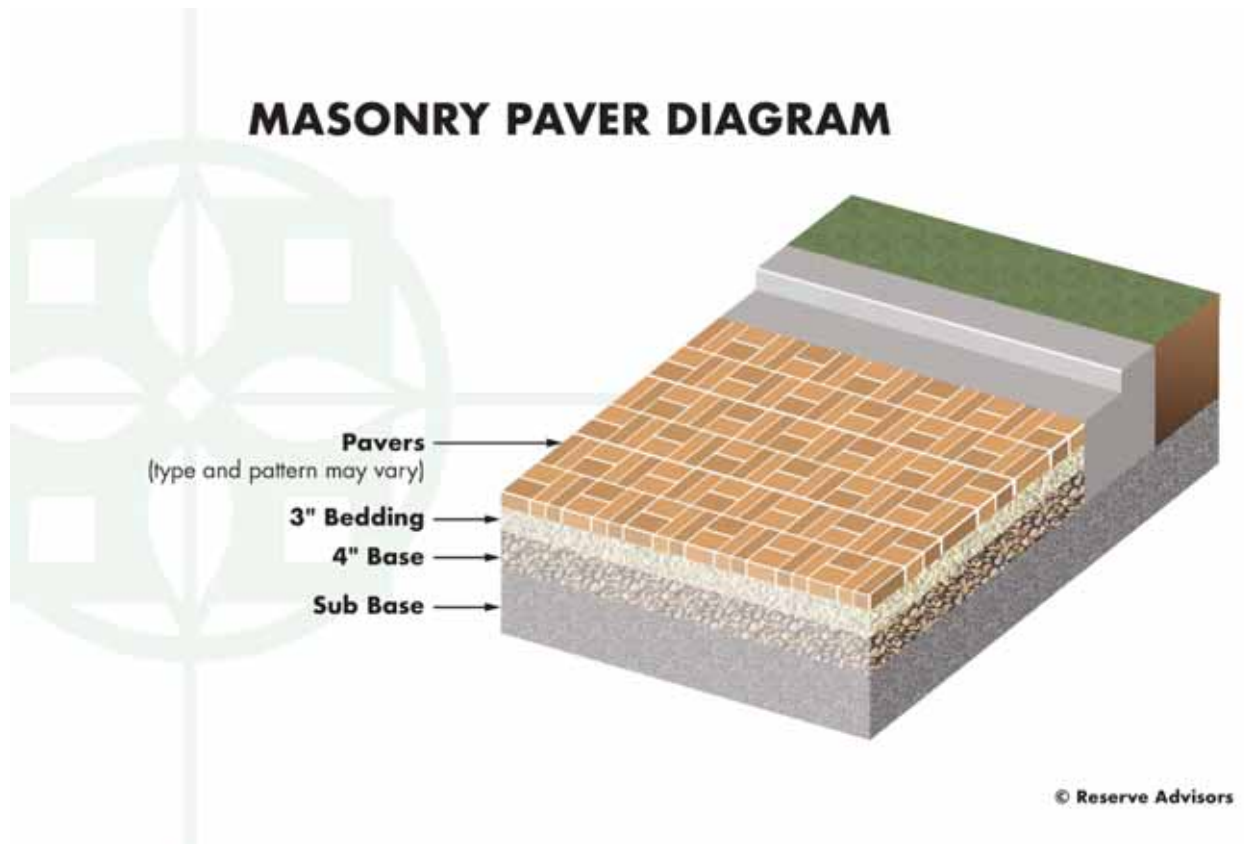
Organic growth



Settlement and damage

Useful Life: 15- to 20-years

Component Detail Notes: The following diagram depicts the typical components of a masonry paver system although it may not reflect the actual configuration at New Albany Links:



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

- Annually:
 - Inspect and repair settlement, trip hazards and paver spalls at heavy traffic areas
 - Re-set and/or reseal damaged pavers as necessary
 - 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. We suggest the Association conduct interim resetting and replacement of minor areas of pavers as normal maintenance, funded from the operating budget.

Pergola, Wood

Line Items: 4.630 and 4.631

Quantity: One wooden pergola at the playground area on Skarlocken Green

History: Installed in 2009; we are informed the pergola will be painted through the operating budget in 2023. Additionally, the up-lighting at the pergola will be replaced in 2023 through reserves at a budgeted cost of \$8,124.

Condition: Fair overall condition with periodic finish cracks, deterioration, peeling finishes and isolated damage evident



Pergola overview



Pergola overview



Finish cracks and deterioration



Finish cracks



Finish deterioration and peeling finishes

Useful Life: 20- to 25-years with periodic maintenance for the pergola and 15- to 20-years for the up-lighting

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

- Annually:
 - Inspect for wood deterioration, and loose or missing fasteners
- Every three years:
 - Power wash with algaecide and application of sealer/stain

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.

Playground Equipment

Line Item: 4.660

Quantity: Playground equipment includes the following elements:

- Playsets and swings
- Safety surface
- Wood playground border

History: Original

Condition: Fair overall condition with periodic rust, peeling finishes and finish deterioration at the playground equipment evident; we also note wood rot at the playground border.



Playground overview



Swing set overview



Safety surface detail



Peeling finishes



Cracks and deterioration



Peeling finishes and deterioration



Wood rot at playground border



Wood rot at playground border



Rust and finish fade at swing



Rust at swings

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.

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.

Pond, Aerator

Line Item: 4.700

Quantity: One aerator

History: The golf course is responsible for the ponds at the community, however the Association is responsible for the aerator at Pond Number Nine. The aerator was installed in 2021 and was in storage during the time of our inspection.

Condition: Reported satisfactory

Useful Life: 10- to 15-years

Component Detail Notes: The use of small pumps, motors and aerators circulates pond water and increases the amount of entrained oxygen in the water, increasing water quality and reducing algae growths.

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 estimate of cost is based on information provided by Management.

Retaining Walls, Stone

Line Item: 4.745

Quantity: Two stone retaining walls at the northern side of New Albany Road East

History: Original; the Association plans on rebuilding the stone retaining walls in 2023 at a budgeted cost of approximately \$30,000.

Condition: Fair to poor overall with leaning sections and fallen stones evident; we assume the condition of the stone retaining walls will be good following the reconstruction in 2023.



Stone retaining wall overview, note fallen stone

Useful Life: Up to 35 years

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

- Annually:
 - Inspect and repair leaning sections or damaged areas
 - Water stains which may indicate possible blocked drainage should be investigated further
 - Inspect and repair erosion at the wall base and backside

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, Monument

Line Item: 4.800

Quantity: New Albany Links is responsible for the monument signage at New Albany Links Drive, Grate Park Drive, Dean Farm Road, New Albany Road East and Skarlocken Green.

The property identification signage includes the following elements:

- Light fixtures
- Masonry
- Engraved stone
- Fences
- Landscape elements

History: Original

Condition: Fair overall with periodic mortar loss, cracks, deterioration, organic growth and isolated damage evident



Monument signage at Skarlocken Green



Mortar loss (Skarlocken Green)



Mortar cracks (Skarlocken Green)



Light fixture – note finish deterioration (Skarlocken Green)



Northern monument signage at New Albany Links Drive



Masonry cracks and damage (New Albany Links Drive)



Mortar loss and evidence of previous repairs (New Albany Links Drive)



Signage crack and organic growth (New Albany Links Drive)



Landscape elements (New Albany Links Drive)



Monument signage at Dean Farm Road



Monument signage at Dean Farm Road



Masonry cracks (Dean Farm Road)



Organic growth and staining (Dean Farm Road)



Displacement (Dean Farm Road)



Detached masonry (Dean Farm Road)



Masonry damage (Dean Farm Road)



Landscape detail (Dean Farm Road)



Lighting detail (Dean Farm Road)



Monument signage at Grate Park Drive



Efflorescence (Grate Park Drive)



Masonry deterioration (Grate Park Drive)



Southern monument signage at New Albany Links Drive



Southern monument signage at New Albany Links Drive



Masonry cracks and deterioration (New Albany Links Drive)



Mortar cracks (New Albany Links Drive)



Monument signage at New Albany Road East



Mortar loss (New Albany Road East)



Mortar loss (New Albany Road East)



Monument signage at New Albany Road East



Mortar loss (New Albany Road East)

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.

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
 - Verify lighting is working properly
 - 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. Our cost for renovation includes repairs to the masonry and signage and replacement of the light fixtures.

Reserve Study Update

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

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

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

5.METHODOLOGY

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

New Albany Links 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 I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

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

PATRICK R. OLDER
Responsible Advisor

CURRENT CLIENT SERVICES

Patrick R. Older, a Mechanical Engineer, is an Advisor for **Reserve Advisors**. Mr. Older 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.



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

Twelve Oaks at Schaumburg Condominium Association – This condominium style development in Schaumburg, Illinois, comprising 156 units in a six-story midrise and 304 units in 32 townhome buildings, was built in 1986 and converted to condominiums in 2007.

Fox Point Homeowners Association, Inc. – Located in Barrington, Illinois, this planned unit development is responsible for the common elements shared by 411 single family homes. The property contains a lake, tennis courts, a pool house and two pools.

Cottages on Hill Condominiums – A townhome style development in Pickerington, Ohio, this community consists of 52 quad-style units in 13 buildings. The buildings comprise vinyl siding and asphalt shingle roofs, and the property contains asphalt pavement streets, driveways and masonry retaining walls.

The Regency at the Woods of South Barrington Association – This homeowners association is responsible for the common elements shared by 156 single family homes. Located in South Barrington, Illinois, residents have access to a well-appointed clubhouse containing an exercise center, several themed rooms and a pool.

Villas at Timber Ridge Condominium Association, Inc. – This townhome style development, situated in Waukesha, Wisconsin, consists of 40 units in 16 buildings. The buildings were constructed in phases from 2006 through 2022 and comprise vinyl siding and asphalt shingle roofs.

Graystone Manor Condominium Association – Developed in 1988 and located in Dublin, Ohio, this townhome style development consists of 68 units in 17 buildings and contains a clubhouse and pool. Plywood siding and masonry comprise the building facades.

Colony Country Townhome Association, Inc. - Located in Mount Prospect, Illinois, and positioned along a golf course, this community consists of 38 units in six buildings. Built from 1987 through 1992, the buildings comprise aluminum siding, asphalt shingle roofs and skylights.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Older attended New York City College of Technology in Brooklyn, New York where he attained his Bachelor of Science degree in Mechanical Engineering. His studies focused on material sciences and design engineering. Mr. Older also worked as a project manager and design engineer for La Boit Specialty Vehicles, Inc., where he worked with medical professionals to design custom medical and veterinary mobile clinics in Columbus, Ohio.

EDUCATION

New York City College of Technology, Brooklyn - B.S. Mechanical Engineering



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

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

Reserve Specialist (RS) - Community Associations Institute

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

NICOLE L. LOWERY, PRA, RS
Associate Director of Quality Assurance

CURRENT CLIENT SERVICES

Nicole L. Lowery, a Civil Engineer, is an Associate Director of Quality Assurance for Reserve Advisors. Ms. Lowery is responsible for the management, review and quality assurance of reserve studies. In this role, she assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Ms. Lowery has been involved with hundreds of Reserve Study assignments. The following is a partial list of clients served by Nicole Lowery demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.



Amelia Surf & Racquet Club This oceanfront condominium community comprises 156 units in three mid rise buildings. This Fernandina Beach, Florida development contains amenities such as clay tennis courts, two pools and boardwalks.

Ten Museum Park This boutique, luxury 50-story high rise building in downtown Miami, Florida consists of 200 condominium units. The amenities comprise six pools including resistance and plunge pools, a full-service spa and a state-of-the-art fitness center. The property also contains a multi-level parking garage.

3 Chisolm Street Homeowners Association This historic Charleston, South Carolina community was constructed in 1929 and 1960 and comprises brick and stucco construction with asphalt shingle and modified bitumen roofs. The unique buildings were originally the Murray Vocational School. The buildings were transformed in 2002 to 27 high-end condominiums. The property includes a courtyard and covered parking garage.

Lakes of Pine Run Condominium Association This condominium community comprises 112 units in 41 buildings of stucco construction with asphalt shingle roofs. Located in Ormond Beach, Florida, it has a domestic water treatment plant and wastewater treatment plant for the residents of the property.

Rivertowne on the Wando Homeowners Association This exclusive river front community is located on the Wando River in Mount Pleasant, South Carolina. This unique Association includes several private docks along the Wando River, a pool and tennis courts for use by its residents.

Biltmore Estates Homeowners Association This private gated community is located in Miramar, Florida, just northwest of Miami, Florida and consists of 128 single family homes. The lake front property maintains a pool, a pool house and private streets.

Bellavista at Miromar Lakes Condominium Association Located in the residential waterfront resort community of Miromar Lakes Beach & Golf Club in Fort Myers, Florida, this property comprises 60 units in 15 buildings. Amenities include a clubhouse and a pool.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Lowery was a project manager with Kipcon in New Brunswick, New Jersey and the Washington, D.C. Metro area for eight years, where she was responsible for preparing reserve studies and transition studies for community associations. Ms. Lowery successfully completed the bachelors program in Civil Engineering from West Virginia University in Morgantown, West Virginia.

EDUCATION

West Virginia University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute

Professional Reserves 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 New Albany Links responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

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

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

Reserve Component - Property elements with: 1) New Albany Links 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 the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, and/or occupancy.

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 vapor, water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions, and RA assumes no responsibility for any such conditions. The Report contains opinions of estimated replacement costs or deferred maintenance expenses and remaining useful lives, which are neither a guarantee of the actual costs or expenses of replacement or deferred maintenance 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.

RA assumes, without independent verification, the accuracy of all data provided to it. Except to the extent resulting from RA's willful misconduct in connection with the performance of its obligations under this agreement, you agree to indemnify, defend, and hold RA and its affiliates, officers, managers, employees, agents, successors and assigns (each, an "RA Party") harmless from and against (and promptly reimburse each RA Party for) any and all losses, claims, actions, demands, judgments, orders, damages, expenses or liabilities, including, without limitation, reasonable attorneys' fees, asserted against or to which any RA Party may become subject in connection with this engagement, including, without limitation, as a result of any false, misleading or incomplete information which RA relied upon that was 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. NOTWITHSTANDING ANY OTHER PROVISION HEREIN TO THE CONTRARY, THE AGGREGATE LIABILITY (IF ANY) OF RA WITH RESPECT TO THIS AGREEMENT AND RA'S OBLIGATIONS HEREUNDER IS LIMITED TO THE AMOUNT OF THE FEES ACTUALLY RECEIVED BY RA FROM YOU FOR THE SERVICES AND REPORT PERFORMED BY RA UNDER THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. YOUR REMEDIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE YOUR SOLE REMEDIES FOR ANY FAILURE OF RA TO COMPLY WITH ITS OBLIGATIONS HEREUNDER OR OTHERWISE. RA SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ANY LOST PROFITS AND LOST SAVINGS, LOSS OF USE OR INTERRUPTION OF BUSINESS, HOWEVER CAUSED, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF RA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL RA BE LIABLE FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES. RA DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED OR OF ANY NATURE, WITH REGARD TO THE SERVICES AND THE REPORT, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.



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 will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. 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 the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. 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 the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report ***to any party that conducts reserve studies without the written consent of RA.***

RA will include (and you hereby agree that RA may include) your name in our client lists. RA reserves the right to use (and you hereby agree that RA may 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 - The 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. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law.

Miscellaneous – Neither party shall be liable for any failures or delays in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority, riot, embargo, fuel or energy shortage, pandemic, wrecks or delays in transportation, or due to any other cause beyond such party's reasonable control; provided, however, that you shall not be relieved from your obligations to make any payment(s) to RA as and when due hereunder. In the event of a delay in performance due to any such cause, the time for completion or date of delivery will be extended by a period of time reasonably necessary to overcome the effect of such delay. You may not assign or otherwise transfer this agreement, in whole or in part, without the prior written consent of RA. RA may freely assign or otherwise transfer this agreement, in whole or in part, without your prior consent. This agreement shall be governed by the laws of the State of Wisconsin without regard to any principles of conflicts of law that would apply the laws of another jurisdiction. Any dispute with respect to this agreement shall be exclusively venued in Milwaukee County Circuit Court or in the United States District Court for the Eastern District of Wisconsin. Each party hereto agrees and hereby waives the right to a trial by jury in any action, proceeding or claim brought by or on behalf of the parties hereto with respect to any matter related to this agreement.