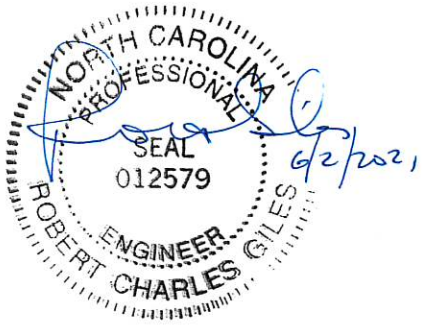
PREPARED FOR:

WAFCO MILLS CONDOMINIUM ASSOCIATION GREENSBORO, NC

MANAGED BY:
PRIESTLEY MANAGEMENT

DATE:
JUNE 2, 2021

RESERVE STUDY UPDATE
With Site Inspection



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INTRODUCTIONS

The Wafco Mills Condominium Association Homeowners association authorized Giles Flythe Engineers to perform a Reserve Study Update with Site Inspection for the Wafco Mills community located in Greensboro, NC. This is an update of our previous Full Reserve Study completed in 2015. The purpose of the reserve study update is to assist the association in planning for future capital repair expenses. A reserve study is an important tool for an association to adequately fund capital reserve accounts through regular annual reserve contributions. Adequately funded capital reserve accounts reduce the need to defer capital repairs, collect special assessments or borrow funds for capital repair projects.

A community association typically has certain responsibilities as described in the association governing documents. These responsibilities often include maintaining common areas and other components. An association, as a non-profit organization, will typically have two general asset cash accounts including an operating account and a reserve account. The operating account is funded from regular budgeted assessments and is used to fund routine operating expenses that occur on a predictable cycle, typically monthly or up to annually. The reserve account is funded from regular contributions and is primarily used to fund non-annual capital repair expenses.

The focus of the reserve study is on the reserve account. We have projected capital repair expenses over a term of twenty years. The capital repair expenses are limited to those components for which the association is responsible for maintaining. Capital repair expense estimates include an expected useful life and remaining useful life of the components to develop a projected schedule for capital repairs over the term. After developing a schedule of capital repairs over the term, we completed a cash flow analysis forecasting reserve account balances over the term and provided funding recommendations as needed. Capital repair expense estimates and funding estimates are most reliable in the first portion of the term. Updating a reserve study every three to five years will mitigate the impacts of variation in repair costs, component wear, inflation and reserve funding over time.

Capital reserve funding recommendations are provided to address funding principles including providing sufficient funds required, a stable reserve contribution rate over the term, an equitable contribution rate over the term and fiscally responsible. The reserve study is intended to assist the association in developing budgeted reserve contributions.

The report includes a narrative section which describes the scope of the reserve study, a discussion of observations and capital repair allocations, a general description of capital repairs and a description of our cash flow analysis and funding recommendations. The report appendices include the capital reserve analysis with tables detailing an itemized list of capital repair expenses, an itemized list of expenses by year and our cash flow analysis. A photo log is provided and includes a representative sample of our observations. The report includes multiple sections with information presented in various forms and should, therefore, be read in it is entirety.

EXECUTIVE SUMMARY

Wafco Mills is a community comprised of 66 condominium units located in seven (7) separate buildings. The buildings were constructed in approximately 1983 according to Guilford County Real Estate Records. The buildings are generally two to three stories and are of wood frame construction and predominately clad in brick veneer with sections of fiber cement lap siding and wood trim. The buildings are located along Wafco Lane in Greensboro, NC. The private street and parking areas within the community are maintained by the Association.

The association has responsibility for the roof systems and exterior façade including brick veneer and siding/trim components on the buildings, metal railings as well as various site improvements. The most significant site improvements include the private asphalt paved street and parking areas, concrete sidewalks and driveways, brick pavers, brick retaining walls, mailboxes, trees and landscaping and the drainage systems.

Based on our evaluation, maintaining the current level of funding is **not** projected to maintain a positive balance through the term of this study. We have provided recommendations for annual reserve contribution schedules that provide sufficient funding to meet capital expenditure requirements in the next twenty years, in summary as follows:

- **Alternative 1**: In 2022 collect a special assessment in the amount of $217,800 ($3,300 per unit) to help fund near term capital repair expenses. Beginning in 2022, increase the annual reserve contribution to $43,560 per year. Then, increase the reserve contribution by 5% each year for the following 10 years. This alternative is projected to maintain a positive balance through the term of this study.

A more detailed analysis of the reserve fund has been provided in Appendix A.

Some significant expenditures are expected over the term of the study. Some of the more notable examples are listed below:

- Replace building roofs
- Exterior siding and trim painting and repair
- Resurfacing asphalt paving

Additional, less significant, capital expenditures are anticipated over the term of this study. Those items that will require repair or replacement are discussed later in this report.

PURPOSE & SCOPE

We have completed this study to estimate capital repair expenses the association is responsible for over the term of the study and provide a cash flow analysis and capital reserve funding plan. This study is intended to assist the association in determining the allocation requirements into the reserve fund which are projected to meet future anticipated capital expenditures for the community.

This report estimates capital repair expenses for the community twenty years into the future. Variations in capital repair expense forecasts due to the quality of maintenance, weather and other events may occur. Over time, age, premature deterioration, or other factors may necessitate the addition of assets into the reserve study. Additionally, fluctuations in material and labor costs beyond assumed inflation rates may also affect the accuracy of the forecasts. Therefore, a reserve study should be routinely updated, typically on a three to five-year cycle to provide the most accurate assessment of needs and financial obligations of the community.

What is a reserve study?

A reserve study is a long-term capital budget planning tool which compares the current reserve fund of an organization to future capital repairs and replacements.

A reserve study is a tool to help identify and prepare for major repair and replacement projects for a community.

It is recommended that a reserve study be performed every five years to ensure that communities are saving the necessary funds for capital repairs and improvements.

This study has been performed according to the scope as generally defined by Wafco Mills Condominium Association, Giles Flythe Engineers Inc., and the standards of the Community Associations Institute. The findings and recommendations are based on interviews with the community's management personnel; a review of available documents; and a limited visual inspection of the components maintained by the association.

The Cash Flow Method of calculating reserves has been utilized, whereby contributions to the reserve fund are designed to offset the variable annual expenditures. Funding alternates are recommended which are designed to achieve at minimum a Baseline Funding goal by maintaining a positive balance for the term of the study. We have also included a threshold funding goal which provides a minimum reserve account over the term. The minimum balance is typically calculated by determining the total over term forecasted expenses and dividing by the length of the term in years. This minimum threshold balance will help offset the risk of fluctuations in labor and material costs and component wear.

To determine which components should be included in this analysis, we used the following guidelines:

- The component must be maintained by the association.
- The component must have an estimated remaining useful life within the term of this study.
- The funding for the repair should be from the reserve account, not through an annual operating budget or other maintenance contracts.
- The cost of the capital repair must be significant enough to not be reasonably funded from an annual operating budget.

Our process for completing the reserve study includes:

1. Reviewing information provided including governing documents, association financial statements, and information on previous or planned capital repairs.
2. Reviewing available information on the property as needed. This may include plat maps, tax records, historical aerial photographs, available site, and building plans.
3. Conducting a visual inspection of the property. This may include interviewing association representatives during the inspection.
4. Developing an inventory of components to be included in the reserve study.
5. Predicting their remaining service life and, approximating how frequently they will require repair or replacement.
6. Estimating repair or replacement costs (in 2021 dollars) for each capital item.
7. Develop a cash flow analysis adjusting for inflation and return on invested monies to determine the adequacy of current reserve funding plans.
8. Develop funding recommendations with specific reserve contribution recommendations for each year of the term.

The statements in this report are opinions about the present condition of the areas inspected within the community. Our inspection is limited to a visual ground level inspection and we did not remove any surface materials, perform any testing, or move any furnishings. This study is not an exhaustive technical evaluation or building code compliance review. For additional limitations, see Conclusion and Limitations.

Standards of Reference

The following definitions are provided as a standard of reference:

Excellent: Component or system is in "as new" condition, requiring no rehabilitation and should perform in accordance with expected performance.

Good: Component or system is sound and performing its function, although it may show signs of normal wear and tear. Some minor rehabilitation work may be required.

Fair: Component or system falls into one or more of the following categories: a) Evidence of previous repairs not in compliance with commonly accepted practice, b) Workmanship not in compliance with commonly accepted standards, c) Component or system is obsolete, d) Component or system approaching the end of expected performance. Repair or replacement is required to prevent further deterioration or to prolong expected life.

Poor: Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its expected performance, excessive deferred maintenance, or state of disrepair. The resent condition could contribute to or cause the deterioration of other adjoining elements or systems. Repair or replacement is required.

Adequate: A component or system is of a capacity that is defined as enough for what is required, sufficient, suitable, and/or conforms to standard construction practices.

SOURCES OF INFORMATION

Date of Inspection

Onsite inspection of the property occurred on March 22, 2021.

Persons Interviewed

The following persons were interviewed in connection with this study:

- Leighsa Windsor, Board Member

Documents

The following documents were made available to us and reviewed:

- Governing documents
- Guilford County Tax Records
- Association financial statements

Cost Estimates

- Our internal data files on similar projects
- Local contractor estimates for similar projects
- R.S. Means Construction Cost Estimating Data

DESCRIPTION

Wafco Mills is a community comprised of 66 condominium units located in seven (7) separate buildings. The buildings were constructed in approximately 1983 according to Guilford County Real Estate Records. The buildings are generally two to three stories and are of wood frame construction and predominately clad in brick veneer with sections of lap siding and wood trim. The buildings are located along Wafco Lane in Greensboro, NC. The private street within the community is maintained by the Association.

The association has responsibility for the roof systems and exterior façade including brick veneer and siding/trim components on the buildings, metal railings as well as various site improvements. The most significant site improvements include the private asphalt paved street and parking areas, concrete sidewalks and driveways, brick pavers, brick retaining walls, mailboxes, trees and landscaping and the drainage systems.

The building roofs are primarily shingled with asphaltic fiberglass, 3-tab shingles. Gutters and downspouts discharge stormwater to grade.

Site drainage is provided via landscaped swales and catch basins in the paved and landscaped areas. These systems direct water flow off site through the buried drainage piping.

OBSERVATIONS

The following key observations were made about the current condition of the more significant and costly common elements of the property.

Site and Grounds

The private drives of Wafco Lane and a small section at the end of Walker Avenue and parking areas throughout the community are asphalt paved and are maintained by the Association. The paving generally appeared to be in good to fair condition. We observed areas of longitudinal cracking developing and oxidation resulting in exposure of aggregate beginning to develop. Note that the streets/parking areas appear to have been resurfaced with an additional wearing layer of asphalt installed at some point since original construction.

Typically, we recommend the application of an oil resistant sealant to all asphalt paved surfaces on an approximately 5 to 7-year cycle. At this same time, all cracks should be properly filled, patched, and sealed. We have allocated funds for crack repair, seal coating and re-striping the paved surfaces beginning in 2022 and on a 5-year cycle.

Assuming crack repairs and seal coating are completed in the interim, we anticipate the asphalt paving to have a remaining useful life of approximately 8 to 12 years. We have allocated funds to resurface the asphalt paving in 2032. Asphalt resurfacing would include milling to remove the top approximately 2" layer of asphalt paving, repairing sections of sub-grade/base course as needed, surface preparations and the installation and compaction of a new 1.5" to 2" layer of asphalt over all paved areas.

Concrete curb and gutter are installed around sections of the paving in the community. The curb and gutter varied in condition. Sections of upheaval, depressions, cracking and spalling were observed in the concrete curb and gutter. We have allocated funds to replace approximately 5% of the concrete curbing on a 5-year cycle beginning in 2022. Replacement would include saw-cutting and removing damaged sections of curbing and pouring and finishing new concrete curbing.

Flatwork in the community is comprised of concrete sidewalks, concrete driveways (exposed aggregate) and brick paver walkways and steps. We noted limited cracking developing in sections of the flatwork. It is likely that due to ongoing cracking and settlement/upheaval, sections of the concrete and brick flatwork will require periodic replacement. We have allocated funds to repair approximately 5% of the total amount of flatwork on a 5-year cycle beginning in 2025. We have assumed any significant trip hazards that develop in the interim would be repaired by surface grinding and funded through an annual maintenance budget.

Drainage systems include gutter downspouts that discharge to grade and buried piping. Many of the buildings include window/egress wells at the basement level. These areas include a drainage inlet pipe which presumably is connected to foundation drains leading to buried storm sewer piping. Storm water on the site also drains via surface flow toward inlet/catch basins in the curbing around paved areas and inlet basins in landscaped areas.

We observed two inlet basins in the landscaped areas that are fully or partially blocked by sediment and debris. We recommend cleaning out areas around inlet basins to provide adequate drainage. We also recommend installing soil stabilizing ground cover or stone rip-rap armoring around the perimeter of the inlet basins to reduce erosion and help prevent sediment accumulation in buried piping/basins. We recommend maintaining areas around inlet basins clear of debris and sediment. We have allocated funds for drainage system improvements on a 5-year cycle beginning in 2022. Repairs will likely include addressing concerns with inlet basins noted above in the near term. Future repairs will likely include cleaning out/repairing window well drainage piping and waterproofing, cleaning out/replacing gutter downspout drain piping, cleaning out/repairing sections of buried stormwater piping, repairing erosion and possibly the installation of additional drainage infrastructure. As the buried piping systems age, the association should consider video borescope inspections of buried piping to better determine condition and repair needs.

Brick retaining walls are located in two areas between buildings in the community. We noted stair step cracking in the brick adjacent to unit 405 H. The cracking in the brick retaining wall should be closely monitored for additional movement. The cracking generally appears to be in similar condition as was noted in our previous reserve study inspection in 2015. A tree is located above the retaining wall in this area and root growth may be attributing to movement in the wall and cracking. Drainage systems behind retaining walls are also a crucial component to relieving hydrostatic pressure and prolonging the life of the retaining walls. We have allocated funds to repair the retaining walls in 2037.

Two metal mailbox inserts are located in small brick structures in the community. The mailbox inserts appeared to be in good to fair condition. We have included funds for replacing the inserts in 2025.

The association is planning a dumpster area project in the near term and we have allocated funds based on information provided for this project in 2022.

The association is responsible for buried plumbing supply and sewer lines located in common areas. Considering the age of the infrastructure and large trees located in common areas, it is likely that sectional repairs/replacements will be required over the term. Repairs are typically required as the result of tree root damage. The association may consider routine video borescope inspections, root treatments and possibly hydro jetting to clean out the buried sewer piping. We provided an allocation of funds on a 10-year cycle beginning in 2027 for repairs to the buried plumbing supply/sewer piping in the common areas.

Note that painted wood entrance sign and directional signs located in the community. Considering the relatively low cost of maintaining/repairing these signs, we have assumed it would be funded from an annual maintenance budget.

We do not anticipate significant repair expenses to the brick columns and accent walls over the 20-year term of this study. Routine cleaning and minor repairs will be required, and we have assumed they would be funded from an annual maintenance budget.

Common Building Exteriors

The pitched roof surfaces over the buildings are primarily covered in asphaltic fiberglass, 3-tab shingles. Roof surfacing is applied over roof sheathing and the shingles appeared to vary in condition. We noted significant amounts of patch work and repairs that have been completed on buildings 100/805 and 102/405. The shingled roofs on building 104/626 appeared to be in better condition with less patchwork evident. The shingles on the remaining buildings (620, 621, 622 and 624) generally appeared to be in better condition. We noted minor texture loss and limited areas of cracking developing in the shingles and isolated minor areas of individual shingle replacement. It appears that vent boots have been retrofitted with new gasket overlays at plumbing vent pipe penetrations.

Considering funding constraints and varying condition of roof shingles, we have allocated funds to replace the roofing in the community in phases. We have allocated funds to replace the roofs on buildings 100/805 and 102/405 in 2022. We have allocated funds to replace the roofs on the 104/626 building in 2023 and to replace the roofs on the remaining buildings (620-624) in 2024. Note that minor repairs will likely be required in the interim to these buildings including replacing individual shingles and repairing flashing.

We strongly recommend that any re-roofing project closely follow procedures outlined by the National Roofing Contractors Association's *Roofing and Waterproofing Manual*, Fifth Edition. A re-roofing sequence should include removal of the existing roofing material, replacement of any inadequate roof sheathing, replacement of any damaged flashing, and replacement of drip edge components. Many of the units include skylights. We have assumed the individual unit owners would be responsible for replacing skylights. We strongly recommend skylight replacement to be completed during roof replacement to ensure adequacy of flashing installation around these penetrations. The metal gutters and downspouts generally appeared to be in adequate condition. We have included funds in roof replacement allocations to replace sections of gutters and downspouts as needed.

The Association is also responsible for replacing the chimney caps throughout the community which appeared to be in fair condition. We have allocated funds to replace the chimney caps in 2028.

The buildings in the community are of wood framed construction and are predominately clad brick veneer. Limited areas including upper gable ends and chimneys are clad in fiber cement lap siding. Painted wood trim is installed around chimneys, gable ends, soffit/fascia components, around doors and windows and around bay windows. Sections of painted wood screen fencing is installed around outdoor HVAC units throughout the community. The painted trim and siding components generally appeared to be in good to fair condition. Limited areas of flaking paint and splitting wood components were noted in sections of fascia trim on the buildings. Areas of deteriorated siding were observed on chimneys at the transition to shingled roofing. It appears the doors and trim work around doors and lower-level bay windows have recently been repaired and painted.

Metal railings were observed throughout the site at the front of some buildings, at elevated balconies, along stairs, between brick columns along a section of the perimeter of the building, along brick accent walls adjacent to limited driveways and other common areas. The railings and fencing generally appeared to be in fair condition.

We have allocated funds to repair and paint all of the siding, painted wood trim, painted wood decking, painted wood fencing and metal railings on the buildings on a 7-year cycle beginning in 2025. The repair and paint project should include replacing any damaged sections of wood trim/decking or lap siding components with rot resistant fiber cement or PVC components. All sealant and caulking around windows, doors and other penetrations and transitions should be inspected and sealant/caulk replaced as needed. Note that the limited sections metal roofing over bay windows may also require periodic recoating during the painting project. We do not anticipate full replacement of metal roofing to be required over the term.

We have assumed that minor periodic repairs and painting to the siding, trim and fencing/railings would be funded from an annual maintenance budget.

The brick veneer and mortar joints on the buildings generally appeared to be in good condition. We would like to note that we do not anticipate any large-scale re-pointing projects of the brick veneer based on our recent experience with similar communities in this area. If significant cracking in the mortar was observed during the inspection, or there is a history of re-pointing in a given community, funds would be included for this purpose. We have assumed that periodic cleaning and minor repairs of the masonry surfaces would be funded from an annual maintenance budget.

The association is reportedly responsible for maintaining and repairing wood decks and balconies in the community. The wood decking appears to be routinely repaired and stained/painted. The wood decking and railings generally appeared to be in adequate condition. We estimate a remaining useful life of approximately 10 to 15 years prior to full replacement of decking. This assumes that replacement of damaged components and staining is completed in the interim as noted above. We have allocated funds for full replacement of wood decks and balconies in 2026.

Note that we observed tree branches in contact with exterior building surfaces in several areas. In order to maintain the condition of the exterior of the buildings, we recommend trimming trees and shrubbery routinely to prevent contact with exterior building surfaces. We have assumed this expense would be funded from an annual maintenance budget.

RESERVE FUND ANALYSIS

We have performed a cash flow analysis projecting balances in the reserve account over the term of this study. We have included estimated capital repair expenses detailed in the first several pages of Appendix A. We have included tables and graphs depicting current funding levels along with recommended funding alternatives.

The financial projections include an assumed inflation rate of 3.5% and an assumed average return on invested funds of 1.5%. The inflation rate adjustment is noted at the bottom of the annual expense page and the return on invested funds is noted in the existing funding level and funding alternative cash flow tables.

The software utilized to analyze the reserve funds was developed by Giles Flythe Engineers, Inc. in cooperation with a technology consultancy. The software and our analysis system have been extensively reviewed by leading community association and non-profit certified public accountants.

The capital repairs listed were derived from the initial request for proposal, discussions with association representatives, our informal review of governing documents and our site inspection. The association should confirm that the items listed are, in fact, the responsibility of the association and appropriate to fund from the reserve account.

Appendix A includes the following:

1. The Project Summary page that lists pertinent details specific to the association, the terms of the analysis and summarizes total over term expenses and recommended threshold balance.
2. The Expense Projection page that itemizes the capital repairs by category, illustrates our cost estimating by unit and provides estimated useful life and remaining useful life of each item.
3. The Annual Expense Projection pages that populate the capital repairs over the term of the study. This page includes a total adjusted for inflation at the bottom of the pages.
4. The Itemized Funding Analysis page provides a summary of the capital expenditures over the term and a graph breaking down the portion of the capital repairs into each category – Site Improvements, Building Exterior, Building Interior, Mechanical/Electrical/Plumbing Systems and Amenities.
5. The Current Funding Projection page provides a table and graph illustrating our cash flow analysis assuming the association maintains the current level of reserve contributions over the term of this study. The table includes projected reserve account balances, contributions, return on invested funds and capital repair expenses for each year of the term of this study.
6. The Funding Alternative pages each provide a table and graph illustrating our cash flow analysis assuming the association implements one of our funding recommendations detailed below.

Current Reserve Funding Rate:	**$6,568 per year**
Current Reserve Balance:	**$94,943 (projected 2022 starting balance)**

Note that based on our cash flow analysis, maintaining the current funding level is not projected to maintain a positive/healthy balance over the term.

We have included recommended funding alternatives to your current reserve-funding program and recommend that the board adopt an alternative that best reflects the objectives of the community. Our funding recommendations are as follows:

- **Alternative 1**: In 2022 collect a special assessment in the amount of $217,800 ($3,300 per unit) to help fund near term capital repair expenses. Beginning in 2022, increase the annual reserve contribution to $43,560 per year. Then, increase the reserve contribution by 5% each year for the following 10 years. This alternative is projected to maintain a positive balance through the term of this study.

The reserve study is focused on the capital reserve account and budgeted contributions to reserves. The recommendations above are solely attributed to the annual reserve contributions. The association likely has many line items in the annual operating budget that should also be periodically adjusted as part of an annual budgeting process.

The capital repair/replacement cost estimates we have developed are based on 2021 dollars. Our reserve study does include an adjustment for inflation and an assumed rate of return on invested funds.

CONCLUSION & LIMITATIONS

We have provided reserve funding recommendations based on our analysis of the association-maintained components, estimated capital repair costs over the term and the current funding levels. Further detail of the reserve fund analysis is provided in Appendix A.

The physical analysis portion of this reserve study was completed through a limited visual inspection. The visual inspection was completed from ground level unless otherwise specified. The visual inspection is generally limited to readily accessible and visible common areas that would likely require capital repair activities over the term. Note that this inspection does not include removing surface materials, excavation or any testing. The inspection does not include riparian buffers or other protected common areas. Buried utility components and other concealed components were not inspected as part of this analysis and we cannot be responsible for the condition of components not inspected.

The observations described in this study are valid on the date of the investigation and have been made under the conditions noted in the report. We prepared this study for the exclusive use of Wafco Mills Condominium Association. No other party should rely on the information in this report without consent. If another individual or party relies on this study, they shall indemnify and hold Giles Flythe Engineers Inc. harmless for any damages, losses, or expenses they may incur as a result of its use. This study is not to be considered a warranty of condition, and no warranty is implied. The appendices are an integral part of this report and must be included in any review.

Members of the Giles Flythe Engineers team working on this reserve study are not members of, or otherwise associated with the association. Giles Flythe Engineers has disclosed any other involvement with the association that could result in conflicts of interest.

Information provided by the representatives of the association regarding financial, physical, quantity, or historical issues, will be deemed reliable by Giles Flythe Engineers. The reserve balance presented in the Reserve Study is based upon information provided and was not audited. Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection. Giles Flythe Engineers is not aware of any additional material issues which, if not disclosed, would cause a distortion of the association's situation.

This reserve study is partially a reflection of information provided to us. The reserve study is assembled for the association's use and is not intended to be used for the purpose of performing an audit, quality/forensic analyses or background checks of historical records. Further, this study should not be considered a building code compliance analysis. The purpose of this study is to provide the association with a financial tool and is not to be considered an exhaustive technical or engineering evaluation which would consist of a broader scope of work.

We have provided estimated costs of capital repairs. These costs are based on our general knowledge of the construction industry. We have relied on standard sources as needed, such as Means Building Construction

Cost Data and estimates reviewed by Giles Flythe Engineers on similar projects. We have performed no design work or other engineering analysis as part of this study, nor have we obtained competitive quotations or estimates from contractors. Actual repair costs can vary due to a variety of factors. We cannot be responsible for the specific cost estimates provided.

If you have any questions about this reserve study, please feel free to contact us. Thank you for the opportunity to serve you.

Respectfully submitted,

Kevin R. Giles, RS
Project Manager
Giles Flythe Engineers, Inc.

Robert C. Giles, PE, RS
President
Giles Flythe Engineers, Inc.

APPENDIX A: RESERVE FUND PROJECTIONS

Wafco Mills Condominiums

City/state location:	Greensboro, NC
Date of inspection:	3/22/2021
Number of units:	66
Term of study (years):	20
Beginning Year of Term	2022
Estimated starting reserve account balance:	$94,943
Current annual reserve contribution rate:	$6,568
Assumed inflation rate:	3.50%
Assumed rate of return on invested funds:	1.50%
Total over term capital expenditure (un-inflated):	**$966,800**
Total over term capital expenditure with inflation:	**$1,261,092**
Recommended threshold reserve balance: (Average annual capital expenditure)	**$63,055**

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EXPENSE ESTIMATES

Capital Item Description	Quantity	Unit	Unit Cost	Total Cost Per Cycle	Estimated Useful Life (years)	Estimated Remaining Life (years)	Notes
Site Improvements							
Crack fill, seal coat, stripe asphalt paving	3,100	SY	$2.00	$6,200	5	0	
Resurface asphalt paving	3,100	SY	$28.00	$86,800	20	10	
Repair sections of concrete flatwork	120	SY	$110.00	$13,200	5	3	Approx. 5% every 5 years
Repair sections of concrete curb and gutter	55	LF	$45.00	$2,475	5	0	Approx. 5% every 5 years
Common area drainage improvements	1	LS	$8,000.00	$8,000	5	0	
Replace mailbox inserts	2	EA	$2,500.00	$5,000	20	3	
Dumpster area project	1	LS	$10,000.00	$10,000	20	0	
Allocation for retaining wall repairs	1	LS	$50,000.00	$50,000	20	15	
Allocation for buried piping repairs	1	LS	$15,000.00	$15,000	10	5	
Building Exterior							
Replace building roofs and gutters phase 1	200	SQ	$350.00	$70,000	20	0	Bldgs 100/805, 102/405
Replace building roofs and gutters phase 2	75	SQ	$350.00	$26,250	20	1	Bldg 104/626
Replace building roofs and gutters phase 3	170	SQ	$350.00	$59,500	20	2	Bldgs 620-624
Replace chimney caps	43	EA	$750.00	$32,250	30	6	
Repair, paint exterior siding and trim	1	LS	$95,000.00	$95,000	7	3	
Replace wood decks, balcony decking	5,500	SF	$35.00	$192,500	30	4	

SY: Square Yard SF: Square Feet: LF: Linear Feet SQ: Roofing Square
EA: Each LS: Lump Sum SYS: System

ANNUAL EXPENSE PROJECTION

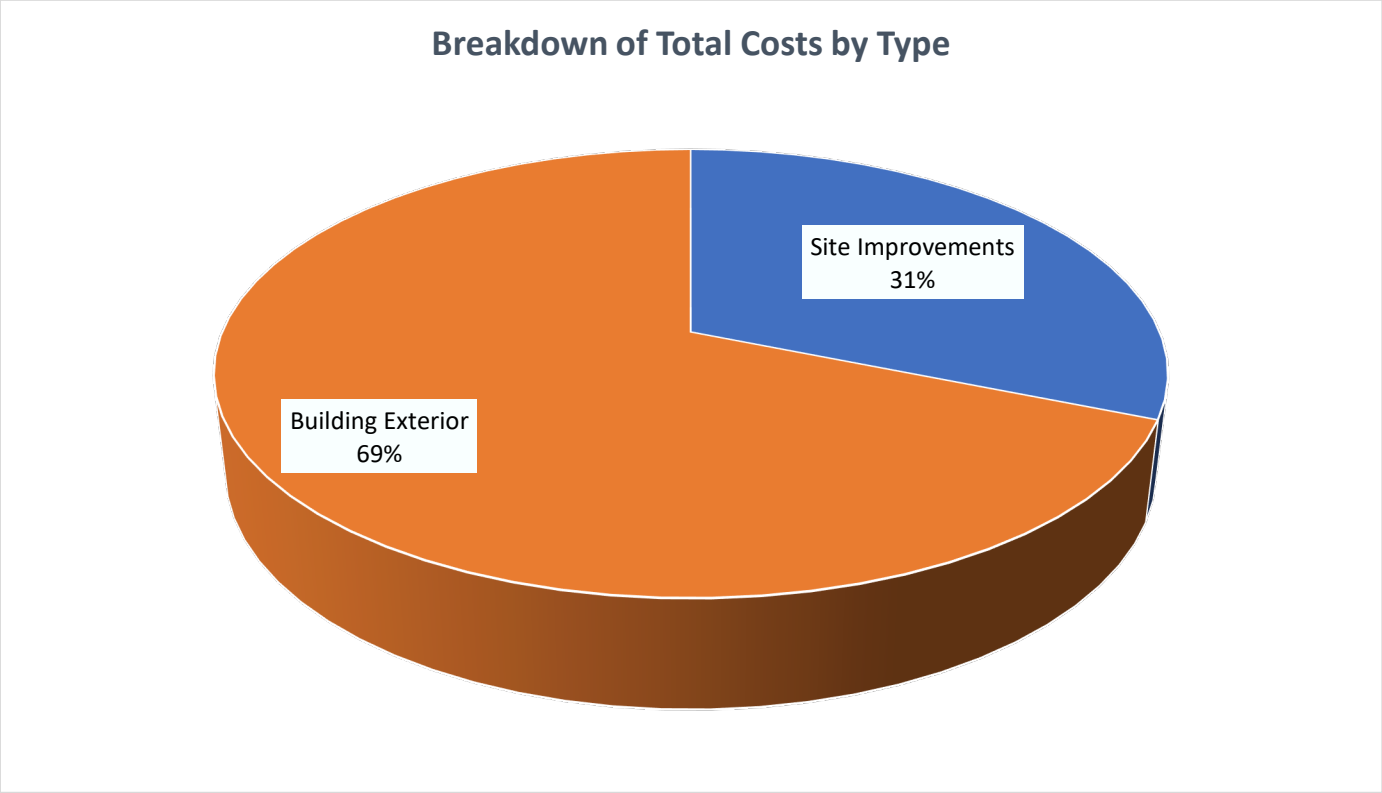
Description	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Site Improvements										
Crack fill, seal coat, stripe asphalt paving	$6,200					$6,200				
Resurface asphalt paving										
Repair sections of concrete flatwork				$13,200					$13,200	
Repair sections of concrete curb and gutter	$2,475					$2,475				
Common area drainage improvements	$8,000					$8,000				
Replace mailbox inserts				$5,000						
Dumpster area project	$10,000									
Allocation for retaining wall repairs										
Allocation for buried piping repairs						$15,000				
Building Exterior										
Replace building roofs and gutters phase 1	$70,000									
Replace building roofs and gutters phase 2		$26,250								
Replace building roofs and gutters phase 3			$59,500							
Replace chimney caps							$32,250			
Repair, paint exterior siding and trim				$95,000						
Replace wood decks, balcony decking					$192,500					
Totals	**$96,675**	**$26,250**	**$59,500**	**$113,200**	**$192,500**	**$31,675**	**$32,250**	**$0**	**$13,200**	**$0**
Totals including inflation:	**$96,675**	**$27,169**	**$63,738**	**$125,507**	**$220,898**	**$37,620**	**$39,643**	**$0**	**$17,382**	**$0**

ANNUAL EXPENSE PROJECTION

Description	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Site Improvements										
Crack fill, seal coat, stripe asphalt paving	$6,200					$6,200				
Resurface asphalt paving	$86,800									
Repair sections of concrete flatwork				$13,200					$13,200	
Repair sections of concrete curb and gutter	$2,475					$2,475				
Common area drainage improvements	$8,000					$8,000				
Replace mailbox inserts										
Dumpster area project										
Allocation for retaining wall repairs						$50,000				
Allocation for buried piping repairs						$15,000				
Building Exterior										
Replace building roofs and gutters phase 1										
Replace building roofs and gutters phase 2										
Replace building roofs and gutters phase 3										
Replace chimney caps										
Repair, paint exterior siding and trim	$95,000							$95,000		
Replace wood decks, balcony decking										
Totals	**$198,475**	**$0**	**$0**	**$13,200**	**$0**	**$81,675**	**$0**	**$95,000**	**$13,200**	**$0**
Totals including inflation:	**$279,969**	**$0**	**$0**	**$20,644**	**$0**	**$136,834**	**$0**	**$170,494**	**$24,519**	**$0**

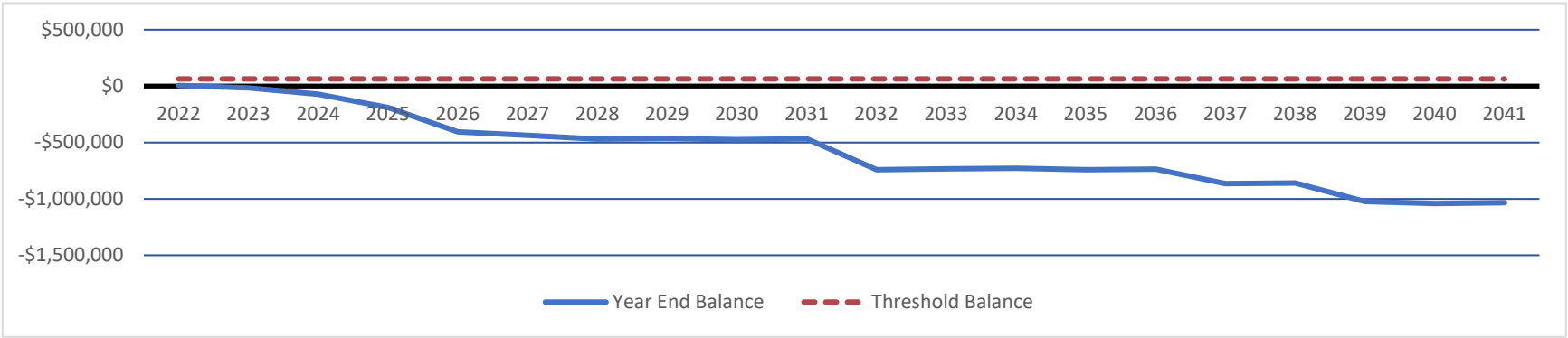
EXPENSE SUMMARY

Total over term capital expenditure (un-inflated)	**$966,800**
Total over term capital expenditure with inflation:	**$1,261,092**
Average estimated annual capital expenditure with inflation:	**$63,055**
Current Reserve Account Balance	**$94,943**
Full Funding Balance	**$495,012**
Percent Funded	**19.18%**



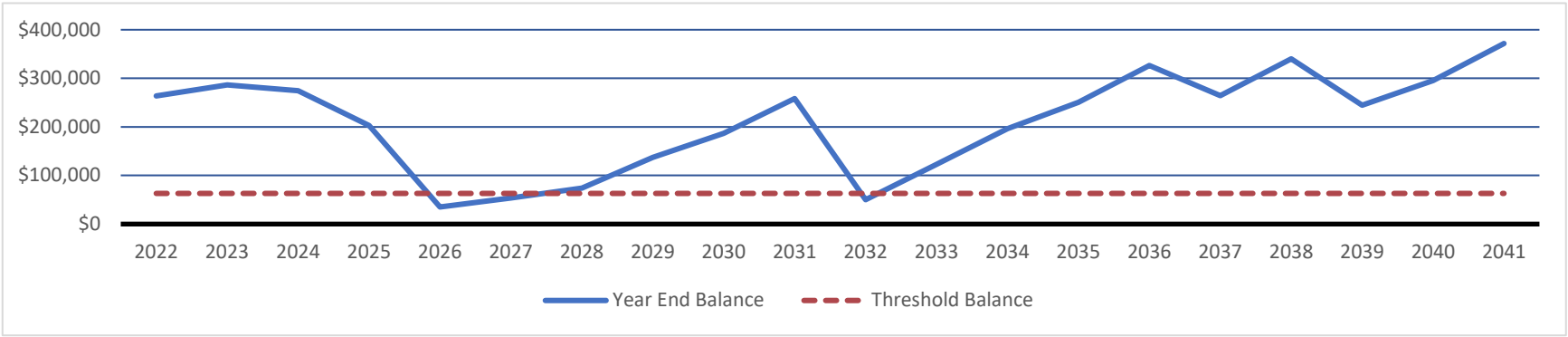
Current Funding Analysis

Year	Starting Balance	Reserve Account Contribution	Average Per Unit/Month	Return on Investments	Repair Expenses	Special Assessments	Year End Balance
2022	$94,943	$6,568	$8.29	$73	$96,675	$0	$4,909
2023	$4,909	$6,568	$8.29	$0	$27,169	0	-$15,692
2024	-$15,692	$6,568	$8.29	$0	$63,738	0	-$72,862
2025	-$72,862	$6,568	$8.29	$0	$125,507	0	-$191,801
2026	-$191,801	$6,568	$8.29	$0	$220,898	0	-$406,131
2027	-$406,131	$6,568	$8.29	$0	$37,620	0	-$437,183
2028	-$437,183	$6,568	$8.29	$0	$39,643	0	-$470,259
2029	-$470,259	$6,568	$8.29	$0	$0	0	-$463,691
2030	-$463,691	$6,568	$8.29	$0	$17,382	0	-$474,504
2031	-$474,504	$6,568	$8.29	$0	$0	0	-$467,936
2032	-$467,936	$6,568	$8.29	$0	$279,969	0	-$741,337
2033	-$741,337	$6,568	$8.29	$0	$0	0	-$734,769
2034	-$734,769	$6,568	$8.29	$0	$0	0	-$728,201
2035	-$728,201	$6,568	$8.29	$0	$20,644	0	-$742,277
2036	-$742,277	$6,568	$8.29	$0	$0	0	-$735,709
2037	-$735,709	$6,568	$8.29	$0	$136,834	0	-$865,975
2038	-$865,975	$6,568	$8.29	$0	$0	0	-$859,407
2039	-$859,407	$6,568	$8.29	$0	$170,494	0	-$1,023,334
2040	-$1,023,334	$6,568	$8.29	$0	$24,519	0	-$1,041,284
2041	-$1,041,284	$6,568	$8.29	$0	$0	0	-$1,034,716



Funding Alternative 1 - $217,800 Special Assessment in 2022, Increase to $43,560 in 2022, then 5% per year

Year	Starting Balance	Reserve Account Contribution	Average Per Unit/Month	Return on Investments	Repair Expenses	Special Assessments	Year End Balance
2022	$94,943	$43,560	$55.00	$3,894	$96,675	$217,800	$263,522
2023	$263,522	$45,738	$57.75	$4,231	$27,169	$0	$286,323
2024	$286,323	$48,025	$60.64	$4,059	$63,738	$0	$274,669
2025	$274,669	$50,426	$63.67	$2,994	$125,507	$0	$202,582
2026	$202,582	$52,947	$66.85	$519	$220,898	$0	$35,151
2027	$35,151	$55,595	$70.20	$797	$37,620	$0	$53,923
2028	$53,923	$58,375	$73.71	$1,090	$39,643	$0	$73,744
2029	$73,744	$61,293	$77.39	$2,026	$0	$0	$137,063
2030	$137,063	$64,358	$81.26	$2,761	$17,382	$0	$186,799
2031	$186,799	$67,576	$85.32	$3,816	$0	$0	$258,191
2032	$258,191	$70,955	$89.59	$738	$279,969	$0	$49,914
2033	$49,914	$70,955	$89.59	$1,813	$0	$0	$122,682
2034	$122,682	$70,955	$89.59	$2,905	$0	$0	$196,541
2035	$196,541	$70,955	$89.59	$3,703	$20,644	$0	$250,555
2036	$250,555	$70,955	$89.59	$4,823	$0	$0	$326,332
2037	$326,332	$70,955	$89.59	$3,907	$136,834	$0	$264,359
2038	$264,359	$70,955	$89.59	$5,030	$0	$0	$340,343
2039	$340,343	$70,955	$89.59	$3,612	$170,494	$0	$244,416
2040	$244,416	$70,955	$89.59	$4,363	$24,519	$0	$295,215
2041	$295,215	$70,955	$89.59	$5,493	$0	$0	$371,662



APPENDIX B: PROJECT PHOTOGRAPHS

Description	
General view of site, buildings.	
Photo No. 1	

Description	
General view of asphalt paving, concrete curbing.	
Photo No. 2	

Description	
View of cracking in sections of asphalt paving.	
Photo No. 3	

Description	
View of concrete curb upheaval/depression.	
Photo No. 4	

Description	
View of spalling/cracking in concrete curbing.	
Photo No. 5	

Description	
View of drainage inlet basin blocked by debris and sediment.	
Photo No. 6	

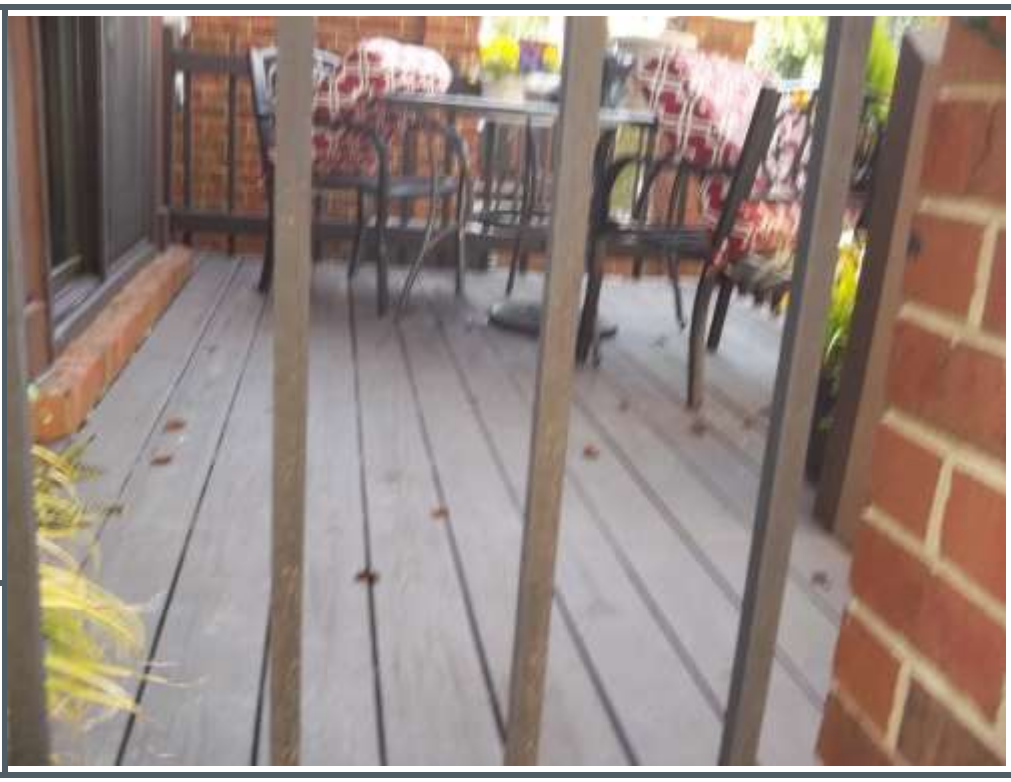
Description	
View of window well with pipe outlet.	
Photo No. 7	

Description	
View of masonry retaining wall.	
Photo No. 8	

Description	
Close up view of stair step cracking in retaining wall brick.	
Photo No. 9	

Description	
Typical concrete driveway, brick pavers.	
Photo No. 10	

Description	
General rear view of buildings, rear decks, bay windows, metal railings, brick accent walls.	
Photo No. 11	

Description	
View of wood decking.	
Photo No. 12	

Description	
View of framing under wood decks.	
Photo No. 13	

Description	
Close up view of deterioration in wood trim on fascia.	
Photo No. 14	

Description	
View of gutters and shingles in fair condition on select buildings.	
Photo No. 15	

Description	
View of extensive patchwork and repairs on roofing of select buildings.	
Photo No. 16	

Description	
View of minor texture loss and cracking developing in isolated areas of shingles.	
Photo No. 17	

Description	
Deterioration noted in siding at bottom of chimneys at roof transition.	
Photo No. 18	

Description	
View of chimney cap generally in good condition.	
Photo No. 19	

Description	
Sealant installed between windows and brick veneer.	
Photo No. 20	