

RESERVE STUDY

Scofield Residential Owners Association



Austin, Texas

May 7, 2021



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Scotfield Residential Owners Association
Austin, Texas

Dear Board of Directors of Scotfield Residential Owners Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Scotfield Residential Owners Association in Austin, Texas and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 7, 2021.

This *Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II Reserve Study Update."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Scotfield Residential Owners Association plan for a successful future.

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

Respectfully submitted on May 28, 2021 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jordan M. Rosales
Review by: Alan M. Ebert, RS¹, PRA², Director of Quality Assurance



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

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



Long-term thinking. Everyday commitment.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Scofield Residential Owners Association (Scofield)

Location: Austin, Texas

Reference: 081181

Property Basics: Scofield Residential Owners Association is a homeowners association which is responsible for the common elements shared by 578 single family homes. The community was built in 1991 and contains a pool, pool house, asphalt pavement parking lot, mailbox kiosks, and concrete perimeter walls.

Reserve Components Identified: 24 Reserve Components.

Inspection Date: May 7, 2021. We conducted previous inspections in 2009 and 2013.

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 2038 due to the continued replacement of panelized concrete perimeter walls.

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

- Current and future local costs of replacement
- 0.9% anticipated annual rate of return on invested reserves
- 2.0% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Unaudited Cash Status of Reserve Fund:

- \$293,805 as of April 30, 2021
- 2021 budgeted Reserve Contributions of \$10,000
- A potential deficit in reserves might occur by 2030 based upon continuation of the most recent annual reserve contribution of \$10,000 and the identified Reserve Expenditures.

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:

- Asphalt pavement mill and overlay due to areas of deterioration and cracks
- Replacement of the asphalt roof assemblies at the pool house
- Painting of the wood trim and soffits at the pool house to forestall deterioration and to keep the overall aesthetic

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

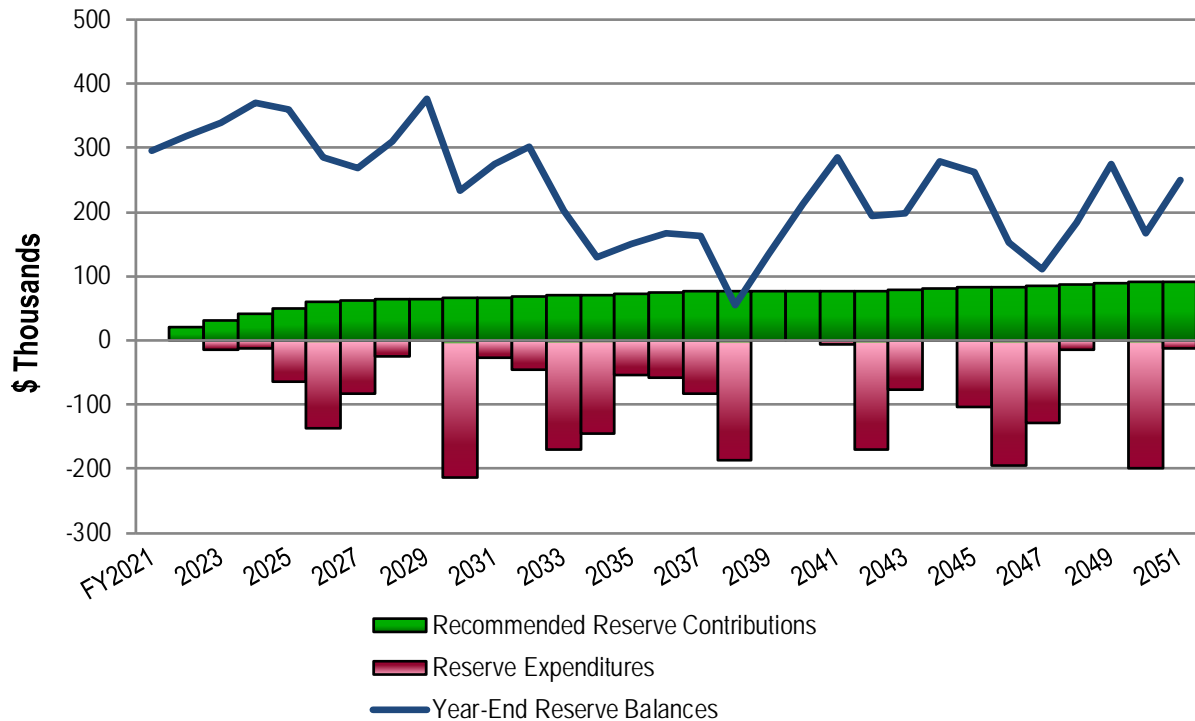
- Phased increases of \$10,200 from 2022 through 2026
- Inflationary increases through 2038
- Stable contributions of \$77,300 from 2039 through 2042
- Inflationary increases through 2051, the limit of this study's Cash Flow Analysis



- Initial adjustment in Reserve Contributions of \$10,200 represents an average annual increase of \$17.65 per homeowner and about a three percent (3.4%) adjustment in the 2021 total Operating Budget of \$301,146.

Scofield
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2022	20,200	318,519	2032	68,600	300,876	2042	77,300	194,227
2023	30,400	338,389	2033	70,000	202,298	2043	78,800	197,327
2024	40,600	369,958	2034	71,400	129,822	2044	80,400	279,865
2025	50,800	359,252	2035	72,800	149,962	2045	82,000	261,527
2026	61,000	285,355	2036	74,300	167,103	2046	83,600	153,070
2027	62,200	268,094	2037	75,800	162,258	2047	85,300	110,682
2028	63,400	309,153	2038	77,300	54,899	2048	87,000	184,153
2029	64,700	376,927	2039	77,300	133,041	2049	88,700	274,910
2030	66,000	232,937	2040	77,300	211,886	2050	90,500	167,839
2031	67,300	275,698	2041	77,300	285,097	2051	92,300	250,056





2. RESERVE STUDY REPORT

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

Scofield Residential Owners Association

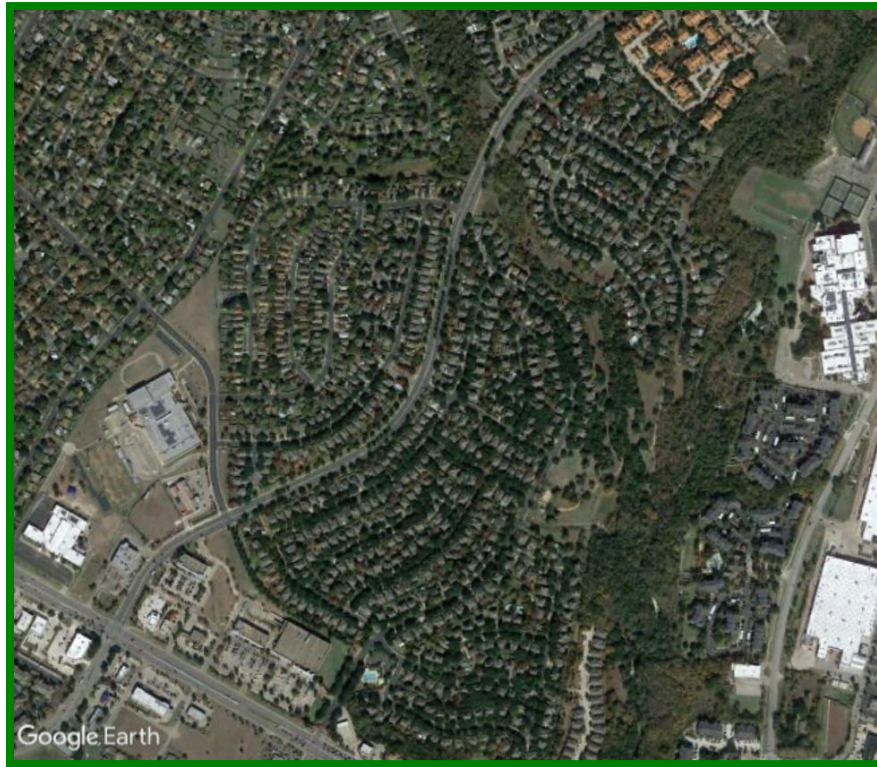
Austin, Texas

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, May 7, 2021. We conducted previous inspections in 2009 and 2013.

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 Homeowners
- Property Maintained by Others

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

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

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time:

- Electrical Systems, Common
- Foundations, Common
- Pipes, Interior Building, Water and Sewer, Pool House
- Pipes, Subsurface Utilities, Pool House
- Pool Structure and Deck
- Structural Frames, Common

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

- General Maintenance to the Common Elements
- Expenditures less than \$3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Asphalt Pavement, Crack Repair, Patch, and Seal Coat
- Concrete Sidewalks, Common
- Irrigation System, Controllers and Maintenance
- Landscape
- Light Fixtures, Pool House
- Mailbox Kiosks, Paint Finish Applications
- Paint Finishes, Touch Up
- Shade Structures, Interim Canvas Replacement
- Water Heater, Pool House
- Windscreen Replacement
- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to:

- Homes and Lots



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

- Light Poles and Fixtures (Excluding at Amenity Area) (Utility Provider)
- Mailbox Stations (United States Postal Service)
- Scofield Farms Park (City of Austin)
- Street System (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
- 2021 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end
- Predicted reserves based on current funding level

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

**Scofield
Residential Owners Association
Austin, Texas**

Explanatory Notes:

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

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028	8 2029	9 2030	10 2031	11 2032	12 2033	13 2034	14 2035	15 2036		
						Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)																			
<u>Property Site Elements</u>																													
4.040	1,045	1,045	Square Yards	Asphalt Pavement, Mill and Overlay	2025	15 to 20	4	24.00	25,080	25,080	1.2%					27,147													
4.045	1,045	1,045	Square Yards	Asphalt Pavement, Total Replacement	2045	15 to 20	24	34.00	35,530	35,530	2.6%																		
4.410	100	100	Square Yards	Filtration Basin, Renovation	2035	20 to 25	14	90.00	9,000	9,000	0.5%																11,875		
4.420	1	1	Allowance	Irrigation System	2033	to 40+	12	126,000.00	126,000	126,000	7.2%																159,798		
4.560	3	3	Each	Light Poles and Fixtures	2026	to 25	5	2,200.00	6,600	6,600	0.9%						7,287												
4.580	5	5	Each	Mailbox Kiosks, Metal Roofs	2035	to 30	14	2,500.00	12,500	12,500	0.7%																16,493		
4.640	15,110	15,110	Square Feet	Monuments, Masonry, Inspections and Capital Repairs	2025	8 to 12	4	1.00	15,110	15,110	2.7%					16,356												19,937	
4.661	6,840	977	Linear Feet	Perimeter Walls, Panelized Concrete, Phased	2026	to 40	5 to 29	115.00	112,371	786,600	50.2%						124,067				134,294						145,364		
4.662	1	1	Allowance	Playground Equipment	2032	15 to 20	11	37,000.00	37,000	37,000	2.1%															46,005			
4.800	1	1	Allowance	Signage, Renovation	2025	15 to 20	4	13,250.00	13,250	13,250	1.6%						14,342												
<u>Pool House, Elements</u>																													
5.511	2	2	Each	Rest Rooms, Renovation	2030	to 25	9	9,000.00	18,000	18,000	1.0%																21,512		
5.600	10	10	Squares	Roof Assemblies, Asphalt Shingles (Includes Pool House Mailbox Kiosk)	2025	to 20	4	640.00	6,400	6,400	0.8%					6,928													
5.670	1	1	Allowance	Security System	2028	to 15	7	13,000.00	13,000	13,000	1.6%									14,933									
5.711	1	1	Allowance	Wood Trim and Soffits, Paint Finishes and Partial Replacements	2023	4 to 6	2	8,700.00	8,700	8,700	3.2%			9,051					9,994							11,034			
<u>Pool Elements</u>																													
6.200	2,330	2,330	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2026	8 to 12	5	2.50	5,825	5,825	1.1%						6,431											7,840	
6.400	425	425	Linear Feet	Fence, Aluminum, Paint Finishes	2023	6 to 8	2	10.00	4,250	4,250	1.1%			4,422														5,608	
6.401	425	425	Linear Feet	Fence, Aluminum, Replacement	2030	to 25	9	65.00	27,625	27,625	1.5%										33,014								
6.500	1	1	Allowance	Furniture	2031	to 12	10	22,000.00	22,000	22,000	2.7%															26,818			
6.600	1	1	Allowance	Mechanical Equipment	2024	to 15	3	11,500.00	11,500	11,500	1.3%				12,204														
6.630	1	1	Each	Pergola, Wood	2030	to 25	9	20,000.00	20,000	20,000	1.1%															23,902			
6.800	3,270	3,270	Square Feet	Pool Finish, Plaster	2027	8 to 12	6	16.00	52,320	52,320	9.8%								58,921										
6.801	560	560	Linear Feet	Pool Finish, Tile	2027	15 to 25	6	36.50	20,440	20,440	2.6%								23,019										
6.870	2	2	Each	Shade Structures (Incl. Playground)	2036	to 25	15	18,850.00	37,700	37,700	2.3%																	50,739	
6.901	1	1	Allowance	Shed	2037	15 to 20	16	7,500.00	7,500	7,500	0.5%																		
Anticipated Expenditures, By Year (\$2,223,079 over 30 years)												0	0	13,473	12,204	64,773	137,785	81,940	24,927	0	212,722	26,818	46,005	170,832	145,364	53,913	58,579		

RESERVE EXPENDITURES

Scofield
Residential Owners Association
Austin, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2037	17 2038	18 2039	19 2040	20 2041	21 2042	22 2043	23 2044	24 2045	25 2046	26 2047	27 2048	28 2049	29 2050	30 2051
						Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)																
<u>Property Site Elements</u>																										
4.040	1,045	1,045	Square Yards	Asphalt Pavement, Mill and Overlay	2025	15 to 20	4	24.00	25,080	25,080	1.2%															
4.045	1,045	1,045	Square Yards	Asphalt Pavement, Total Replacement	2045	15 to 20	24	34.00	35,530	35,530	2.6%									57,148						
4.410	100	100	Square Yards	Filtration Basin, Renovation	2035	20 to 25	14	90.00	9,000	9,000	0.5%															
4.420	1	1	Allowance	Irrigation System	2033	to 40+	12	126,000.00	126,000	126,000	7.2%															
4.560	3	3	Each	Light Poles and Fixtures	2026	to 25	5	2,200.00	6,600	6,600	0.9%															11,955
4.580	5	5	Each	Mailbox Kiosks, Metal Roofs	2035	to 30	14	2,500.00	12,500	12,500	0.7%															
4.640	15,110	15,110	Square Feet	Monuments, Masonry, Inspections and Capital Repairs	2025	8 to 12	4	1.00	15,110	15,110	2.7%									24,303						
4.661	6,840	977	Linear Feet	Perimeter Walls, Panelized Concrete, Phased	2026	to 40	5 to 29	115.00	112,371	786,600	50.2%		157,347			170,317				184,357						199,554
4.662	1	1	Allowance	Playground Equipment	2032	15 to 20	11	37,000.00	37,000	37,000	2.1%															
4.800	1	1	Allowance	Signage, Renovation	2025	15 to 20	4	13,250.00	13,250	13,250	1.6%									21,312						
<u>Pool House, Elements</u>																										
5.511	2	2	Each	Rest Rooms, Renovation	2030	to 25	9	9,000.00	18,000	18,000	1.0%															
5.600	10	10	Squares	Roof Assemblies, Asphalt Shingles (Includes Pool House Mailbox Kiosk)	2025	to 20	4	640.00	6,400	6,400	0.8%								9,894							
5.670	1	1	Allowance	Security System	2028	to 15	7	13,000.00	13,000	13,000	1.6%								20,098							
5.711	1	1	Allowance	Wood Trim and Soffits, Paint Finishes and Partial Replacements	2023	4 to 6	2	8,700.00	8,700	8,700	3.2%		12,182						13,450			14,850				
<u>Pool Elements</u>																										
6.200	2,330	2,330	Square Feet	Concrete Deck, Inspections, Partial Replacements and Repairs	2026	8 to 12	5	2.50	5,825	5,825	1.1%									9,557						
6.400	425	425	Linear Feet	Fence, Aluminum, Paint Finishes	2023	6 to 8	2	10.00	4,250	4,250	1.1%					6,315								7,112		
6.401	425	425	Linear Feet	Fence, Aluminum, Replacement	2030	to 25	9	65.00	27,625	27,625	1.5%															
6.500	1	1	Allowance	Furniture	2031	to 12	10	22,000.00	22,000	22,000	2.7%								34,012							
6.600	1	1	Allowance	Mechanical Equipment	2024	to 15	3	11,500.00	11,500	11,500	1.3%		16,103													
6.630	1	1	Each	Pergola, Wood	2030	to 25	9	20,000.00	20,000	20,000	1.1%															
6.800	3,270	3,270	Square Feet	Pool Finish, Plaster	2027	8 to 12	6	16.00	52,320	52,320	9.8%	71,824														87,553
6.801	560	560	Linear Feet	Pool Finish, Tile	2027	15 to 25	6	36.50	20,440	20,440	2.6%															34,205
6.870	2	2	Each	Shade Structures (Incl. Playground)	2036	to 25	15	18,850.00	37,700	37,700	2.3%															
6.901	1	1	Allowance	Shed	2037	15 to 20	16	7,500.00	7,500	7,500	0.5%	10,296														
Anticipated Expenditures, By Year (\$2,223,079 over 30 years)												82,120	185,632	0	0	6,315	170,317	77,454	0	102,763	193,914	128,870	14,850	0	199,554	11,955

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Scotfield

Residential Owners Association

Austin, Texas

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserves at Beginning of Year	<i>(Note 1)</i>	293,805	295,568	318,519	338,389	369,958	359,252	285,355	268,094	309,153	376,927	232,937	275,698	300,876	202,298	129,822	149,962
Total Recommended Reserve Contributions	<i>(Note 2)</i>	0	20,200	30,400	40,600	50,800	61,000	62,200	63,400	64,700	66,000	67,300	68,600	70,000	71,400	72,800	74,300
Estimated Interest Earned, During Year	<i>(Note 3)</i>	1,763	2,751	2,943	3,173	3,267	2,888	2,479	2,586	3,074	2,732	2,279	2,583	2,254	1,488	1,253	1,420
Anticipated Expenditures, By Year		0	0	(13,473)	(12,204)	(64,773)	(137,785)	(81,940)	(24,927)	0	(212,722)	(26,818)	(46,005)	(170,832)	(145,364)	(53,913)	(58,579)
Anticipated Reserves at Year End		<u>\$295,568</u>	<u>\$318,519</u>	<u>\$338,389</u>	<u>\$369,958</u>	<u>\$359,252</u>	<u>\$285,355</u>	<u>\$268,094</u>	<u>\$309,153</u>	<u>\$376,927</u>	<u>\$232,937</u>	<u>\$275,698</u>	<u>\$300,876</u>	<u>\$202,298</u>	<u>\$129,822</u>	<u>\$149,962</u>	<u>\$167,103</u>
Predicted Reserves based on 2021 funding level of:	\$10,000	295,568	308,273	307,559	308,113	255,867	129,810	58,715	44,249	54,692	(148,450)	(166,680)					

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Reserves at Beginning of Year		167,103	162,258	54,899	133,041	211,886	285,097	194,227	197,327	279,865	261,527	153,070	110,682	184,153	274,910	167,839
Total Recommended Reserve Contributions		75,800	77,300	77,300	77,300	77,300	77,300	78,800	80,400	82,000	83,600	85,300	87,000	88,700	90,500	92,300
Estimated Interest Earned, During Year		1,475	973	842	1,545	2,226	2,147	1,754	2,138	2,425	1,857	1,182	1,321	2,057	1,983	1,872
Anticipated Expenditures, By Year		(82,120)	(185,632)	0	0	(6,315)	(170,317)	(77,454)	0	(102,763)	(193,914)	(128,870)	(14,850)	0	(199,554)	(11,955)
Anticipated Reserves at Year End		<u>\$162,258</u>	<u>\$54,899</u>	<u>\$133,041</u>	<u>\$211,886</u>	<u>\$285,097</u>	<u>\$194,227</u>	<u>\$197,327</u>	<u>\$279,865</u>	<u>\$261,527</u>	<u>\$153,070</u>	<u>\$110,682</u>	<u>\$184,153</u>	<u>\$274,910</u>	<u>\$167,839</u>	<u>\$250,056</u>
			<i>(NOTE 5)</i>													<i>(NOTE 4)</i>

Explanatory Notes:

- 1) Year 2021 ending reserves are as of April 30, 2021; FY2021 starts January 1, 2021 and ends December 31, 2021.
- 2) Reserve contribution for 2021 is already contributed; 2022 is the first year of recommended contributions.
- 3) 0.9% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2051 ending reserves consider the need to fund for continued replacement of the panelized concrete perimeter walls shortly after 2051, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK

**Scofield
Residential Owners Association
Austin, Texas**

Line Item	Reserve Component Inventory	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026
<u>Property Site Elements</u>							
4.040	Asphalt Pavement, Mill and Overlay					27,147	
4.560	Light Poles and Fixtures						7,287
4.640	Monuments, Masonry, Inspections and Capital Repairs					16,356	
4.661	Perimeter Walls, Panelized Concrete, Phased						124,067
4.800	Signage, Renovation					14,342	
<u>Pool House, Elements</u>							
5.600	Roof Assemblies, Asphalt Shingles (Includes Pool House Mailbox Kiosk)					6,928	
5.711	Wood Trim and Soffits, Paint Finishes and Partial Replacements			9,051			
<u>Pool Elements</u>							
6.200	Concrete Deck, Inspections, Partial Replacements and Repairs						6,431
6.400	Fence, Aluminum, Paint Finishes			4,422			
6.600	Mechanical Equipment					12,204	
Anticipated Expenditures, By Year (\$2,223,079 over 30 years)		0	0	13,473	12,204	64,773	137,785

4. RESERVE COMPONENT DETAIL

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

Property Site Elements

Asphalt Pavement, Repaving

Line Items: 4.040 and 4.045

Quantity: Approximately 1,045 square yards of asphalt pavement at the parking area near the pool house

History: Original to construction

Condition: Fair overall with cracks and deteriorated asphalt



Overview of parking area



Concrete deterioration



Asphalt parking area



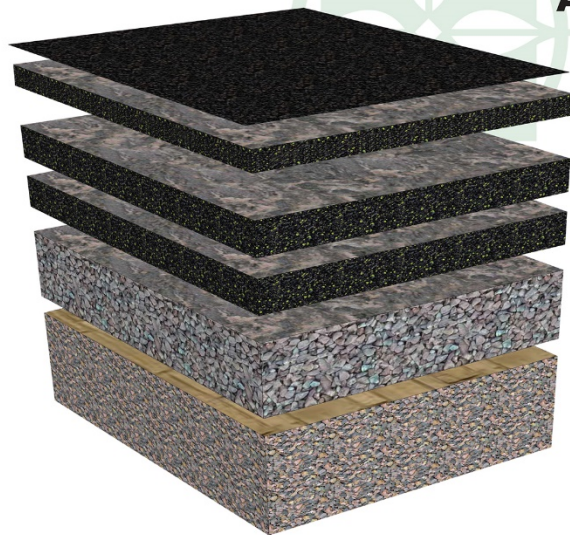
Transverse and longitudinal cracks



Deteriorated asphalt

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

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at Scofield:



ASPHALT DIAGRAM

Sealcoat or Wearing Surface

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

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

Compacted Crushed Stone or Aggregate Base

Subbase of Undisturbed Native Soils Compacted to 95% dry density

© Reserve Advisors

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

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

- Annually:
 - Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
 - Repair areas which could cause vehicular damage such as potholes
- As needed:
 - Perform crack repairs and patching

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for milling and overlayment includes area patching of up to ten percent (10%). This cost estimation includes repairs and partial replacements to the curbs.

Filtration Basin

Line Item: 4.410

Quantity: Approximately 100 square yards of filtration media near the pool area

History: Presumed original to construction

Condition: Good overall



Overview of filtration basin



Filtration basin

Useful Life: 20- to 25-years for renovation

Component Detail Notes: Although we are unable to verify the exact construction of the filtration basin due to the non-invasive nature of our inspection, these basins are constructed with the following:

- Subsurface piping (PVC or similar material)
- Filtration media including sand, gravel, or other engineered materials

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost estimation includes for removal of the existing filtration media and replacement with like kind. The Association should confirm their maintenance and renovation responsibility with the City of Austin.

Irrigation System

Line Item: 4.420

Quantity: Approximately 58 zones at the entrance monuments and common areas.

History: Original to construction with repairs performed as needed

Condition: Good overall and Management does not report any deficiencies

Useful Life: Up to 40 years and beyond

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

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

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

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

- Semi-annually:
 - Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs

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.

Light Poles and Fixtures

Line Item: 4.560

Quantity: Three metal poles with light fixtures

History: Original

Condition: Good to fair overall



Light pole and fixture

Useful Life: Up to 25 years

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

- As-needed:
 - Inspect and repair broken or dislodged fixtures, and leaning or damaged poles
 - Replaced burned out bulbs as needed

Priority/Criticality: Per Board discretion

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

Mailbox Kiosks, Metal Roofs

Line Item: 4.580

Quantity: Five mailbox kiosks throughout the community

History: Installed in approximately 2005

Condition: Good to fair overall



Overview of mailbox kiosk roof



Metal roof

Useful Life: Up to 30 years

Preventative Maintenance Notes: We recommend the Association maintain a service and inspection contract with a qualified professional and record all documentation of repairs conducted. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Record any areas of water infiltration, flashing deterioration, damage or loose fasteners
 - Implement repairs as needed if issues are reoccurring
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation
 - Clear valleys of debris
 - Periodic cleaning at areas with organic growth

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.

Monuments, Masonry, Inspections and Capital Repairs

Line Item: 4.640

Quantity: Approximately 15,110 square feet of masonry located at the monuments, the pool house exterior and columns at the perimeter fence

History: Original

Condition: Good to fair with minor mortar deterioration



Overview of masonry at monument



Masonry at monument



Monument at pool house



Pool house masonry

Useful Life: 8- to 12-years

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

- As-needed:
 - Inspect for significant damage, spalling and cracks. If these conditions exist, perform near term repairs and remediation, utilizing reserve funds if project scope warrants.
 - Ensure irrigation heads are directed away from the walls and tree roots do not undermine the support columns

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for up to five percent (5%) repointing of the masonry and up to one percent (1%) replacement.

Perimeter Walls, Panelized Concrete

Line Item: 4.661

Quantity: Approximately 6,840 linear feet and approximately 82,080 square feet of surface area which includes both sides of the walls. The walls are located primarily along both sides of Metric Boulevard and along the rears of the lots between Metric Boulevard and the pool house.

History: Original to construction

Condition: Good to fair overall with areas of concrete deterioration and exposed reinforcement steel



Overview of panelized perimeter wall



Exposed reinforced steel



Perimeter wall



Perimeter wall



Concrete column crack



Minor deteriorated concrete

Useful Life: Up to 40 years

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

- As-needed:
 - Inspect for significant damage, spalling and cracks. If these conditions exist, perform near term repairs and remediation, utilizing reserve funds if project scope warrants.
 - Ensure irrigation heads are directed away from the walls and tree roots do not undermine the support columns

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We depict the replacement of the panelized concrete perimeter wall in a phased manner with fourteen percent (14.3%) being replaced per event.

Playground Equipment

Line Item: 4.662

Quantity: Playground equipment includes the following elements:

- Playsets
- Benches
- Trash receptacles

History: Installed in approximately 2012

Condition: Good overall



Playground equipment



Playground equipment



Site furniture near playground

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.

Signage

Line Item: 4.800

Quantity: Nine property identification signs. The signage includes the following elements:

- Light fixtures
- Letters
- Landscape

History: Original to construction

Condition: Good to fair overall



Typical monument

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 replacement or renovation of the remaining components listed above.

Pool House Elements

Rest Rooms

Line Item: 5.511

Quantity: Two common located at the pool house. The rest room components include:

- Concrete floors
- Wood panel wall coverings
- Light fixtures
- Plumbing fixtures

History: Components are mostly original with repairs performed due to damaged pipes during cold weather

Condition: Good overall



Overview of rest room



Repairs being performed to pipes

Useful Life: Renovation up to 25 years

Priority/Criticality: Per Board discretion

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

Roof Assemblies, Asphalt Shingles

Line Item: 5.600

Quantity: Approximately 20 squares¹ at the pool house and the mailbox kiosk adjacent to the pool

History: Original

Condition: Fair overall with shingle lift evident



Pool house roof



Mailbox kiosk roof



Pool house roof



Shingle lift

Useful Life: Up to 20 years

Preventative Maintenance Notes: We recommend the Association maintain a service and inspection contract with a qualified professional and record all documentation of

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

repairs conducted. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
 - Implement repairs as needed if issues are reoccurring
 - Trim tree branches that are near or in contact with roof
- As-needed:
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost estimation includes the replacement of 200 linear feet of aluminum gutters and downspouts.

Security System

Line Item: 5.670

Quantity: Scofield utilizes the following security system components:

- Automated card reading system
- Cameras
- Multiplexer
- Recorder

History: Age is unknown

Condition: Reported good

Useful Life: Up to 15 years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Monthly:
 - Check cameras for proper focus, fields of view are unobstructed and camera and lenses are clean and dust-free
 - Check recording equipment for proper operation
 - Verify monitors are free from distortion with correct brightness and contrast
- Annually:

- Check exposed wiring and cables for wear, proper connections and signal transmission
- Check power connections, and if applicable, functionality of battery power supply systems

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 replacement of all of the security system components per event.

Wood Trim and Soffits, Paint Finishes and Partial Replacements

Line Item: 5.711

Quantity: Approximately 4,950 square feet of wood trim, siding, and soffit and fascia

History: Original with paint finishes applied at an unknown time

Condition: Good to fair overall



Soffit area



Soffit area

Useful Life: Four- to six-years

Component Detail Notes: Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new paint finish. The contractor should then power wash the surface to remove all dirt or chalking of the prior paint finish.

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 assume the following activities per event:

- Paint finish applications
- Replacement of up to 100 square feet, or up to two percent (2%), of the wood siding and trim (The exact amount of material in need of replacement will depend on the actual future conditions and desired appearance. We recommend replacement wherever holes, cracks and deterioration impair the ability of the material to prevent water infiltration.)

Pool Elements

Concrete Deck

Line Item: 6.200

Quantity: 2,330 square feet of concrete deck

History: Original

Condition: Good to fair overall condition with isolated cracks



Overview of pool and deck



Concrete deck

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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for the following per event:

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

Fence, Aluminum

Line Items: 6.400 and 6.401

Quantity: 425 linear feet of aluminum fence and paint finishes

History: The fence is original and the paint finishes are an unknown age

Condition: Good to fair overall with isolated paint finish deterioration



Aluminum fence



Aluminum fence

Useful Life: Six- to eight-years for paint finishes and up to 25 years for replacement

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

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

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.

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the following:

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

History: Replaced in 2019

Condition: Good overall



Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

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

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinator
- Filters
- Interconnected pipe, fittings and valves
- Pumps

History: Mostly original

Condition: Reported satisfactory

Useful Life: Up to 15 years

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We consider interim replacement of motors and minor repairs as normal maintenance.

Pergola, Wood

Line Item: 6.630

History: Original to construction

Condition: Good to fair overall



Wood pergola



Wood pergola

Useful Life: Up to 25 years with periodic maintenance

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.

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: 3,270 square feet of plaster based on the horizontal surface area and approximately 560 linear feet of tile which includes lane lines

History: The pool was plastered in 2017 and the pool tile is presumed original

Condition: Good overall



Overview of pool



Overview of pool



Wading pool



Pool tile

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

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

- Semi-annually:
 - Inspect and patch areas of significant plaster delamination, coping damage and structure cracks
 - Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
 - Test handrails and safety features for proper operation

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for full tile replacement every other plaster replacement event. Removal and replacement of the finish provides the opportunity to inspect the pool structure and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structure, we recommend the Association budget for the following:

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

Shade Structure

Line Item: 6.870

Quantity: Two located at the amenity area

History: Installed in approximately 2013

Condition: Good overall



Large shade structure at playground



Smaller shade structure at pool

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Board should budget for the interim canvas replacement through the operating budget.

Shed

Line Item: 6.901

History: Constructed in approximately 2013

Condition: Good overall



Shed at pool area

Useful Life: Up to 25 years with periodic repairs and painting



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. The Association should continue to budget for repairs and painting through the operating budget.

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.

Scofield 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 annual reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

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

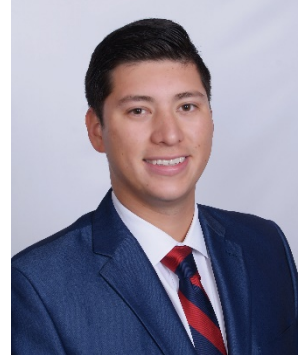
OLD TO NEW

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.

JORDAN M. ROSALES
Associate Engineer, West Region
Responsible Advisor

CURRENT CLIENT SERVICES

Jordan M Rosales, an Associate Engineer, is an Advisor for Reserve Advisors. Mr. Rosales is responsible for the inspection and analysis of the condition of clients' property, recommending engineering solutions to prolong the lives of the components, forecasting capital expenditures for the repair and/or replacement of the property components, and preparation of 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 Jordan Rosales demonstrating the breadth of experiential knowledge of community associations in construction and related buildings systems.

Copper Lakes Homeowners Association is a large homeowners association located in Houston, Texas consisting of over 1,400 homes. The sprawling property features two pools, six playgrounds, three ponds, tennis courts, a spacious clubhouse, and extensive site infrastructure.

Thousand Oaks Condominium Association, Inc. is a condominium community located in San Antonio, Texas comprised of 10 architecturally unique buildings containing 86 units built in 1984. The three-story Spanish Styled buildings are adorned with stucco, concrete tile roofs, and balconies to create a variety of challenging maintenance and replacement needs.

Cobb Farm Homeowners Association, Inc. is a development in Frisco, Texas constructed from 2007 to 2018. The Association maintains a pool amenity area along with various site elements including panelized masonry perimeter walls, multiple entry monuments, and a playground.

2208 Post Office Condominium Association, Inc. is located in Galveston, Texas. The 1920's historical building was converted to condominiums in 2008. The peculiar building consists of a thermoplastic roof, parking garage housing the original timber columns, hydraulic elevators and various mechanical equipment, and a grand atrium.

Groewood Condominiums Association, Inc. is a condominium community located in Houston, Texas, and comprises six masonry buildings totaling 96 units. Constructed in 1978, the buildings feature wood siding, staircases, and concrete topped balconies. The community also maintains two boilers, interior domestic water pipes, and carports.

Park at Jackson Square Community Owners Association, Inc. is a unique nine building and 27 unit townhome community in Houston, Texas that dates to 2003. The property consists of several distinct unit styles comprised of brick, fiber cement siding, and balconies.

PRIOR RELEVANT EXPERIENCE

Mr. Rosales earned his Bachelor of Science degree in Petroleum Engineering from Louisiana State University. His studies largely focused on application of the principles of science and mathematics to develop cost-effective solutions to technical problems. Before joining Reserve Advisors, Mr. Rosales was a Production Enhancement Engineer where he helped optimize oil and gas wells in West Texas and New Mexico.

EDUCATION

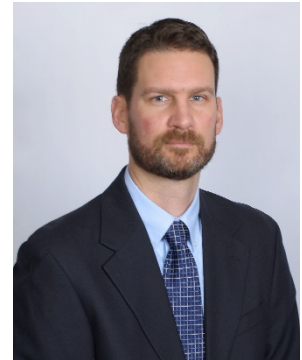
Louisiana State University– B.S. Petroleum Engineering

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



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 Scofield responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

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

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

Reserve Component - Property elements with: 1) Scofield responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in *Reserve Expenditures* that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.



8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part **is not and cannot be used as a design specification for design engineering purposes or as an appraisal.** You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and **shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA.**

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.