

January 13, 2025

Regina Real Property Manager **Meadowlake Village Homeowners' Association** 7410 Breda Drive Baytown, Texas, 77521

Via Email: meadowlakevillage@verizon.net Property: Meadowlake Village 7410 Breda Drive, Baytown, Texas 77521 Service: Level II - Reserve Study Update Project No.: 2023054N Attachment: Final Report

Dear Members of the Board,

Criterium-Yancy Engineers has completed a Level II - Reserve Study Update for the Meadowlake Village Homeowners' Association. Enclosed is our final report for your use.

This Reserve Study has been performed in general accordance with Community Association Institute (CAI) National Reserve Study Standards.

Our report should be reviewed in its entirety, including its Appendices which contain the financial analysis, captioned photographs, and referenced documents.

We appreciate this opportunity to assist you, in support of the Meadowlake Village Homeowners' Association's amenities and financial planning.

Thank you.

Criterium-Yancy Engineers

David L. Jamy R

David Yancy, P.E.^(TX) Senior Engineer

RESERVE STUDY UPDATE

MEADOWLAKE VILLAGE HOMEOWNERS' ASSOCIATION

Baytown, Texas, 77521

Prepared for:

Board of Directors Meadowlake Village Homeowners' Association 7410 Breda Drive Baytown, Texas

Prepared by:



Texas Registered Engineering Firm F -13019 800 Town and Country Boulevard, Suite 500 Houston, TX, 77024 (281)491-1262 www.criterium-yancy.com



On-site Inspection performed August 14, 2023 Submitted January 13, 2025

This report is protected by copyright laws; all rights reserved. Reproduction and distribution of this report without written permission of the company is prohibited. © Criterium-Yancy Engineers 2024.

TABLE OF CONTENTS

1.0		1
2.0		1
3.0	PURPOSE & SCOPE	2
3.1	Objectives	2
3.2	Level of Service	2
3.3	Sources of Information	3
4.0	PHYSICAL ANALYSIS	3
4.1	Property Description	3
4.2	Common Components	3
4.3	Condition Assessment	4
4.4	Life & Valuation	1
5.0	FINANCIAL ANALYSIS	3
5.1	Reserve Expenditure Projection1	3
5.2	Current Funding	3
5.3	Funding Methodologies	4
6.0	LIMITATIONS	4
6.1	Standards and Limitations	4
7.0	CONCLUSION	5

APPENDICES

- **APPENDIX A RESERVE STUDY WORKBOOK**
- **APPENDIX B GRAPHIC EXHIBITS**
- **APPENDIX C APPENDIX C: PHOTOGRAPHS**
- **APPENDIX D APPENDIX D: REFERENCE DOCUMENTS**



1.0 INTRODUCTION

Following authorization by the Meadowlake Village Homeowners' Association's Board of Directors, Criterium-Yancy Engineers has conducted a Level II - Reserve Study Update of your 780 unit residential community located off Interstate 10 and Breda Drive in Baytown, Texas. Our work is consistent with our proposal dated February 16, 2023.

This report must be reviewed in its entirety to understand our findings and their limitations. The Appendices are an integral part of this report and must be included in any review. Please refer to <u>Appendix D</u> for definitions of common terms of reference used herein.

We have conducted the study in general compliance with the National Reserve Study Standards published by the Community Association Institute (CAI). Please refer to <u>Appendix D</u> which contains a copy of the CAI standard.

This study was conducted by licensed Professional Engineers and other qualified staff working under the responsible charge of a CAI-certified Reserve Specialist. Please refer to Appendix E for the qualifications of the project team.

Frakeetta Yancy of Criterium-Yancy Engineers performed the field inspection for this study. This report is principally based on our visual site inspection on August 14, 2023 and any information provided in connection with the reserve study update.

Frakeetta Yancy prepared this report and the attached financial analysis. David Yancy, PE of Criterium-Yancy Engineers reviewed their findings.

Criterium presents this confidential report for the Board's exclusive review and use.

In reviewing the engineering assumptions, cost estimates and projected fund values herein, please understand that their accuracy diminishes as time passes. Long range facility maintenance projections are intended only to indicate the likely pattern of reserve expenditures and to guide financial planning.

Criterium agrees with CAI's recommendation that reserve studies should be updated regularly to allow periodic adjustment of facility plans and funding strategies.

2.0 EXECUTIVE SUMMARY

In summary, as a result of our on-site inspections and other investigations, we find the common components of the property to be in good general condition and well-maintained.

We have identified an inventory of Association-responsible common components which are likely to require periodic repair or replacement or other recurrent reserve investment.

We have formed an opinion of the remaining useful life of each component. We have estimated the current cost of required reserve expenditures for their repair or replacement. We have projected annual reserve budgets over a 30-year planning period.



In summary, the 30-year total of projected reserve expenditures, (current dollar cost estimates inflated at 2 % annually), is \$1,482,325.00.

The Board has provided us with information on the Association's Reserve Fund and the current funding plan. Our initial financial analysis was based on the data supplied.

Our projections indicate that the current reserve fund contributions will be adequate to maintain positive balances over the term.

3.0 PURPOSE & SCOPE

3.1 Objectives

The purpose of this reserve study is to determine a reserve needs plan for the Association, to evaluate the current rate of contribution to the reserve fund, and, if required, to suggest alternate funding strategies.

This report is intended to be used as a tool by the Association's Board for considering and managing its future financial obligations, for determining appropriate reserve fund allocations, and for informing the individual Owners of the Association's required reserve expenditures and the resulting financial plan.

For purposes of financial planning, Association-responsible expenses are typically divided into two categories:

- Annual Operation and Maintenance (O&M) expenses for the Association's common assets, vendor expenses, insurance, management and other related expenses.
- Non-annual expenses for major repair and replacement of the Association's common assets.

Long-term reserve expenditures, the funding plan and ensuring adequate Reserve Fund balances are the focus of this Reserve Study.

History demonstrates that, as time progresses, property conditions and management strategies will change. As a result, planned scopes of work may be altered or deferred. Actual cost in the marketplace will vary from estimates. Actual rates of inflation and returns on investment will vary from projections.

For these reasons, we concur with the Community Association Institute guidelines and recommend that this reserve study be updated every three to five years.

3.2 Level of Service

The Community Association Institute (CAI) identifies four levels of service for Reserve Studies:

- 1. Full Reserve Study, With Site Visit/On-Site Review
- 2. Reserve Study Update, With Site Visit/On-Site Review
- 3. Reserve Study Update, No-Site-Visit/Off Site Review
- 4. Preliminary Reserve Study, Community Not Yet Constructed



All may be appropriate for a community, depending on the condition of the facility and the phase of their planning cycle. The CAI National Reserve Study Standard in <u>Appendix D</u> contains more detail on these levels of service and the scope of study of each of them.

Our current study is a Level II - Reserve Study Update - with site visit.

3.3 Sources of Information

• The following people were interviewed during our study:

Property Manager:

• Regina Real

The following documents were provided to us and reviewed:

- Reserve Study General Information Form including component and asset inventory
- Reserve Fund Starting Balance
- Prior Reserve Study, Criterium Farrell Yancy Engineers dated January 9, 2021

4.0 PHYSICAL ANALYSIS

4.1 Property Description

Please refer to the Appendices for captioned photographs and available graphic exhibits.

Meadowlake Village Homeowners' Association is a 780 -unit residential community located on approximately 181 acres on the north side of the East Freeway (I-10) between John Martin Road and Eastpoint Blvd. in Baytown, TX. The community center is generally located at 7410 Breda Drive. The community was originally constructed in the early 1980s.

Access to Meadowlake Village is by way of three entrance drives. The primary entry is off of the I-10 freeway service drive onto Breda Drive and the other two off of John Martin Road onto Pocahontas Drive and Sequoia St. respectively. There is a large masonry monument sign at the Breda Drive entrance. Electronic signs have been installed on Breda Drive and John Martin Road.

The amenities on the property are centrally located at the community center. The community center building contains a kitchen, gathering room, equipment room, storage rooms, office, and restrooms. Additional amenities at the community center complex include a large in-ground pool, a wading pool, children's play area, tennis courts, basketball court, walking path with benches, exercise equipment and a small pavilion.

4.2 Common Components

Please refer to Appendix A for an inventory of anticipated Reserve Expenditures.



- Concrete Pavement
- Concrete Sidewalks
- Mailboxes (Exterior Maintenance only)
- Landscape lights
- Fencing
- Entry Monument Signs
- Electronic Signs
- Community Center (Roof, Exterior, Doors)
- Community Center (Appliances, Furniture & Fixtures)
- Community Center (HVAC unit)
- Community Center CCTV System
- Community Center (Pool, wading pool, pool filtration equipment, & pool furniture)
- Picnic Tables and Benches
- Lifeguard Stands
- Pool Water Slide
- Walking Track & Exercise Equipment
- Playground Equipment & mulch
- Tennis Courts & Lighting
- Basketball Court

4.3 Condition Assessment

4.3.1 Site Improvements

Description & Observations

- The property is generally flat and sits at an altitude of approximately 30 feet above sea level. Drainage of the property and surrounding area was relatively good.
- We noted a storm sewer system on the property consisting of catch basins in the streets which appear to ultimately discharge to a large retention pond located at the southeast side of the property.
- The vehicular entrances to the property are public streets and consist of reinforced cast-in-place concrete. The streets are generally in average condition.
- Pavement at the Community Center also consists of reinforced cast-in-place concrete pavement. The age of the pavement varies as additional pavement was added over time through expansions. The pavement is generally in good condition.
- Concrete flatwork is installed at strategic locations around the Community Center, playground and the walking trail. The concrete flatwork is generally in good condition with no severe cracking or structurally significant damage.



- Landscaping on the site is limited to the three entrances, around the clubhouse, and walking path. Landscaping primarily consists of grass, small trees, shrubs and planter beds. It is our understanding that lawn irrigation systems are installed at the entrance signage areas.
- Monument-style entrance signage is located at the Breda Drive entrance. A new electronic sign has been installed at the community center. A second electronic sign is located adjacent to the two west side entrances. Landscape lights are installed at strategic areas, including around the entry monument sign at the Breda Drive entrance.
- Chain link fencing is installed around the pool, tennis courts, and along the Community Center property boundary. Metal fencing is installed around the children's play area. These fences are generally in good condition and serving their intended purpose.
- A series of mailboxes are located throughout the property. These mailboxes are understood to be the property of the United States Postal Service (USPS).

Common Components & Required Reserve Expenditures

- No issues were reported or noted with the existing drainage conditions. No funds have been
 allocated for correction of site drainage. As a general note, all low spots where excess water
 can accumulate should be filled and sloped so water drains naturally away from the community
 center building foundation. We mention this because poor drainage and failure to maintain a stable
 moisture content in the soil near the foundation are frequent contributors to differential movement and
 foundation damage in the area.
- It is our understanding that maintenance of the storm water and storm sewer management system is the responsibility of the county Municipal Utility District. No funds have been allocated for these activities.
- The streets and main entrances to the property are public and maintained by the local municipality. In general, the streets are performing as intended. Because the streets are not the responsibility of the HOA, no funds have been allocated for any repairs to the public streets.
- Concrete pavement in the drive areas at the Community Center is in good condition. While the concrete has spalled in small localized areas, it is generally performing as intended with no significant deficiencies. We anticipate small repairs, maintenance, and crack sealing will be required as the pavement ages and we have budgeted for this activity to occur every ten (10) years.
- The concrete walking surfaces were in good condition and no significant damage was observed. As these are concrete slabs approximately four inches in depth with limited reinforcement, they are subject to cracking over time. If the cracks become greater than ½ inch in width or have elevation difference across them (greater than ¼ inch), you may want to consider repair, so they do not become safety hazards. We have budgeted for isolated repairs to the sidewalks every 10 years for the term of this study.



- We anticipate replacement of landscaping plantings over the term to be funded out of the annual operating budget. However, a line item has been added to address the periodic replacement of the landscape lights around the entry monument sign.
- We anticipate replacing both electronic community entrance signs every ten years. Replacement of the larger entry monument is not anticipated over the term. We anticipate routine repair activities for the larger monument sign to be funded out of the annual operating budget.
- The chain link fencing was generally in good condition. Fences of this nature have life expectancies of 40 years. As such, we do not anticipate replacement during the term. The metal fencing around the playground area has an estimate useful life of approximately twenty-five (25) years. We estimate these fences will reach their useful life and have budgeted for replacement of the fences at the end of the estimated useful life.
- While the mailboxes are understood to be the property of the USPS, it is our understanding that the HOA will make an investment to paint the mailboxes in order to improve the aesthetics. We have allocated funds to accomplish this on a recurring basis (every ten years).

<u>Appendix A</u> contains a list of projected reserve expenditures for these items:

- Concrete Pavement
- Concrete Sidewalks
- Chain Link Fencing
- Play Area Fencing
- Mailbox Painting
- Entrance Landscape Lights

4.3.2 Building Structure and Exterior

Description & Observations

- The community center building is of the concrete slab foundation type. The type and amount of steel reinforcing in the slab cannot be determined by a visual inspection. However, it is most likely conventionally reinforced with steel reinforcing bar spaced uniformly throughout the slab. The roof framing is supported by interior and exterior bearing walls and structural steel framing. This is a standard method of construction.
- Exterior service doors consist of hollow core steel doors and manually operated overhead rolling doors at the front and rear of the building.
- The community center building has a standing seam metal roof. The roof has been painted gray for aesthetics and corrosion protection.
- The exterior of the building consists of brick masonry.



Common Components & Required Reserve Expenditures

- The clubhouse structure appears to be in good condition. We noted no patterns of cracking in the brick veneer, abnormal cracks in concrete grade beams, floor unevenness or damaged framing that would indicate a structural deficiency.
- The exterior service doors are in good condition and have recently been replaced. The overhead rolling doors are in good condition.
- The roof on the community center building is in good condition. It is our understanding that the roof was replaced in 2014. A metal roof has a nominal life expectancy of 40+ years. We anticipate roof replacement at the end of the 30 year term.
- The exterior brick is generally in good condition, with a few exceptions. We observed spalling mortar at a few isolated locations that will require repair. We have allocated funds for periodic masonry repair in the short term.

<u>Appendix A</u> contains a list of projected reserve expenditures for these items:

- Overhead Doors
- Exterior Service Doors
- Building Envelope
- Metal Roof

4.3.3 Building Interior

A reserve study does not consider Unit Owner-responsible unit interiors.

Description & Observations

• The clubhouse interior contains a kitchen with appliances, gathering room, small office, equipment area, restrooms, pool equipment room, and storage rooms. Interior finishes consist of ceramic tile, painted drywall with a vinyl clad apron and recessed lighting.

Common Components & Required Reserve Expenditures

• The clubhouse interior condition is good, and all of the appliances are reportedly in good working order. Allowances have been included in the reserves for periodic replacement of the kitchen cabinets, appliances, and furniture.

<u>Appendix A</u> contains a list of projected reserve expenditures for these items:

- Kitchen Cabinets (Allowance)
- Kitchen Appliances (Allowance)
- Community Center Furniture (Allowance)



4.3.4 Mechanical, Electrical and Plumbing (MEP) Systems

A reserve study does not consider Unit Owner-responsible mechanical, electrical and plumbing systems. As there were no drawings available for review, the capacity of electrical systems and mechanical systems was not available unless noted otherwise.

Description & Observations

- Electrical service to the community center is supplied underground and feeds individual electrical panels in the storage area of the building. The electrical system consists of a three-wire, 120/240-volt service. It is adequate to serve the needs of the building as it now stands.
- Hot water is supplied to each individual fixture using point of source water heaters. A total of two point of demand water heaters are currently in use.
- The large pool and wading pool are served by individual water filtration systems consisting of circulation pumps and sand filters.
- Cooling for the community center building is limited to a wall-mounted Friedrich air conditioner serving the kitchen/gathering room and a Hisense portable air conditioner/dehumidifier serving the security/storage room area.
- The exterior landscaped areas are served by an automatic irrigation system.
- An outdoor shower area with two shower heads is located at the north wall of the clubhouse.
- The community center property is served by a closed circuit TV ("CCTV") security system. The system is monitored in the community center building security equipment room. The system is equipped with a digital video recorder located in the storage area with the server and electrical panel.

Common Components & Required Reserve Expenditures

- There did not appear to be any issues of significance regarding the main electrical systems within the community center at the time of the investigation.
- Point of source water heating units are an effective and cost efficient method of supplying hot water to areas that do not have high demand on a constant basis. The cost of these units is substantially less than a traditional water heater and as such, their replacement cost does not exceed the threshold of a capital repair component. We anticipate that their replacement will be handled from the Operating Budget as an isolated expense.
- The large pool and wading pool water filtration equipment appears to be in generally good condition. While we saw no apparent issues with the operation or performance of the units, funds have been allocated for their periodic replacement. Based on the age of the equipment, we anticipate its replacement in the short term.



- The cooling systems were operating properly with no reported issues at the time of our inspection. It should be kept in mind that the average life of the air conditioner compressor/condenser is approximately 12 to 15 years. We have allocated funds for the periodic replacement of these units.
- The irrigation system was reported as operational with no apparent issues outside of the occasional broken head. Funds have been allocated for the periodic repair and replacement of the irrigation controller, valves and major components. We anticipate funds for broken heads and isolated repairs to underground components will come from the operating fund.
- The outdoor shower was operational and reportedly functioning as intended. We have allocated funds to upgrade and/or replace the fixture and portions of the associated piping on a routine basis.
- Although the CCTV security system was operating as intended, we anticipate that components will require periodic replacement due to normal wear and tear as well as exposure to the elements. We have allocated funds for the periodic replacement and/or upgrading of components related to the CCTV system every fifteen year with the next scheduled replacement occurring in 2026 (Year 2).

<u>Appendix A</u> contains a list of projected reserve expenditures for these items:

- Pool Filtration Equipment
- Air Conditioning Units
- Lawn Irrigation Components
- Exterior Shower Fixture
- CCTV Security System

4.3.5 Amenities

Description & Observations

Amenities at this property include:

- Playground Equipment
- Picnic Tables
- Recycled Plastic Benches
- Playground Mulch and Lining
- Swimming Pool and Wading Pool Plaster
- Pool Furniture
- Resurface Tennis Courts

Reserve Study Meadowlake Village 7410 Breda Drive Baytown, TX Page 9



- Tennis Court Lighting
- Basketball Court
- Swimming Pool Deck
- Pool Shade Fabric Covers
- Lifeguard Stands
- Pool Water Slide
- Interior Community Center Remodeling (Allowance)
- Walking Track Equipment

Please note, we did not inspect the playground equipment or exercise equipment for operation or safety concerns.

Common Components & Required Reserve Expenditures

- The playground equipment appears to be in good condition. There are three individual pieces including a swing set, play structure with slides, and climbing structure. Small spring rockers are towards the rear of the playground. All of the play equipment is installed atop of playground mulch. This equipment is in good condition. We have allocated funds for periodic replacement of the mulch and provided an allowance for the periodic replacement of the playground equipment.
- The 1/4 mile walking track is in good. The path is flanked by workout equipment and benches at periodic intervals. This path and the associated equipment are in good condition. While the park benches are comprised of recycled plastics, some of the metal components will corrode and deteriorate since they are constantly exposed to the elements. The study has allocated funds for the replacement of the benches and equipment every 20 and 15 years, respectively.
- The in-ground concrete swimming pool and wading pool are surrounded by a concrete deck. Equipment for the pools generally includes base-mounted sand filtration units with circulation pumps for each pool. Automatic chlorinators provide chemical treatment for the pools to control water quality. The swimming pool and its related equipment appear to be in serviceable condition. As with any pool, routine maintenance of the pool pumps, motors and filters should be accomplished from the operating budget while larger overhauls and replacements accomplished through the reserve fund. This includes appurtenances such as the pool slide. We've allocated funds in the study for the ongoing replacement of this equipment.
- The association resurfaced the pool, recoated the pool decking, replaced the coping, tiles and pool lights in 2021. We have allocated funds to perform this same repair scope every twelve years.



- Replacement of the pool furniture, showering station, lifeguard stands, and shade structure fabric have been addressed in the financial analysis. While these replacements are set to occur on a regular interval, we understand that actual replacement schedules will occur on an as needed basis.
- The tennis courts were in average condition. For continued enjoyment of a quality playing surface, these areas should be re-surfaced every eight to ten years. Variations in the amount of use will cause how often the court is re-surfaced to vary. Funds have also been allocated for the periodic repair and resurfacing of the courts at ten year intervals.
- The tennis court lighting has been upgraded to LED lights. Funds have been allocated in the report for ongoing replacement of the lights.
- The community basketball court appears to be serviceable. Funds have been allocated to replace the court at the end of its useful life.

<u>Appendix A</u> contains a list of projected reserve expenditures for these items:

4.3.6 Other Items

Description & Observations

There are no other common assets on-site.

4.4 Life & Valuation

4.4.1 Opinions of Useful Life

Simply stated, for components which require periodic reserve expenditures for their repairs or replacement, the frequency of work equals the typical, industry accepted expected useful life (EUL) for the type of feature,

And, theoretically, the remaining useful life (RUL) of a component before the next reserve expenditure for its repair or replacement is equal to the difference between its EUL and its age:

RUL = EUL - Age

However, the condition and rate of deterioration of the association's assets rarely conform to such simple analysis. And, often, a property's history and available documentation does not provide any record of a particular component's actual age.

In our experience, the effective age and actual RUL of an installed item vary greatly from its actual age and calculated RUL. These variances depend on the quality of its original materials and workmanship, level of service, climatic exposure, and ongoing maintenance. As part of Criterium's work on this reserve study, we have determined our opinion of the effective age, EUL and RUL of each common component based on our evaluation of its existing condition and considering those factors.



When it seems appropriate, we will spread some budgets over multiple years. However, it is beyond the scope of this reserve study to prioritize the need for work between a number of buildings or installed locations or to closely specify or breakdown phased work packages.

In summary, we have based our opinion of the remaining useful life and expected frequency and schedule of repair for each common component on some or all of the following:

- Actual or assumed age
- Observed existing condition
- Association's or Property Manager's maintenance history and plan
- Our experience with actual performance of such components under similar service and exposure
- Our experience managing the repairs and replacements of such components

We use the following documentation to guide our considerations:

- Fannie Mae Expected Useful Life Tables National Association of Home Builders Life Expectancy of Components
- Marshall & Swift Valuation Service Expected Life Expectancies

4.4.2 Cost Estimating

In developing our estimate of reserve expenditure for most common components, we have estimated a quantity of each item and also a unit cost for its repair or replacement. In some cases, it is more appropriate to estimate a lump sum cost for a required work package or 'lot'.

Unless directed to take a different approach, we assume that contract labor will perform the work and apply appropriate installer's mark-ups on supplied material and equipment. When required, our estimated costs include demolition and disposal of existing materials, and protection of other portions of the property.

When appropriate for large reserve projects, we will also include soft costs for design and project management, and typical general contractor's cost for general conditions, supervision, overhead and profit.

We have based our opinion of unit and lump sum costs on some or all of the following:

- Records of previous maintenance expenses
- Previously solicited Vendor quotations or Contractor proposals
- Provided reserve budgets developed by others
- Our project files on repairs and replacements at other properties

We use the following publications to guide our considerations:

- On-Line R S Means Construction Cost Data
- Marshall & Swift Valuation Service Facility Cost Index

Annual aggregated reserve expenditure budgets have been calculated for all years during the study period by inflating the annual tallies of current dollar cost estimates, and compounding for inflation at 2 % per year.



Of course, it is impossible to accurately predict inflation fluctuation. Three percent is close to the average annual values of both consumer and construction cost increases since the US Bureau of Labor Statistics started publishing data approximately 85 years ago.

5.0 FINANCIAL ANALYSIS

Please refer to Appendix A which contains tables illustrating the findings following below.

5.1 Reserve Expenditure Projection

Based on our investigations and conditions described in <u>Section 4</u> of this report, we have identified likely reserve expenditures throughout the study period.

For detailed information on projected reserve expenditures, please refer to the <u>Appendix A</u> tables titled "Common Component Inventory & Reserve Expenditure Planning" and "Anticipated Reserve Expenditures - Scheduling and Cost Estimating."

Please note that we have assumed that the cost of minor repair & replacement work valued at less than \$3,000 will be covered by normal Operations & Maintenance budgets.

We have not included any reserve budget allowances for repair of casualty damage by vehicle impact, severe storm action, etc. It is assumed that such expenses would be defrayed by proceeds of insurance claims.

5.2 Current Funding

5.2.1 Current Reserve Funding Levels

At the time we were retained to provide this study, the Meadowlake Village Board provided us with initial information on the Association's Reserve Fund and its funding plan.

Our initial financial analysis was based on the information supplied.

Fiscal Year Starting Date	01/01/25					
For Designated Year	2 <u>025</u>					
Starting Fund Balance	\$385,101.00					
On Date	01/01/25					
Current Annual Rate of Contribution	\$35,500.00					
Planned Increases	None					
Planned Special Assessments	None					
Projected Average Return on Investment	0.5 %					
Projected Rate of Annual Inflation	2 %					



Financial data, records of past expenses, and cost estimates provided by others have been taken in good faith and at face value. No audit or other verification has been performed.

5.2.2 Current Funding Plan Projection

Our initial analysis was a projection of the Association's current rate of contribution over Analysis Length years with no increases. For detailed data, please refer to the <u>Appendix A</u> tables titled "Cash Flow Projection at the Current Funding Level"

Given the estimated \$385,101.00 starting balance of the Reserve Fund on January 1, 2025, the current ongoing annual rate of contribution of \$35,500.00, and an anticipated average rate of return on investment of 0.5 % per year, our financial analysis indicates that the Association's current funding will prove sufficient to meet future needs.

5.3 Funding Methodologies

The Community Association Institute (CAI) recognizes several reserve funding methodologies, all of which may be used to satisfy these principles:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

For the planning needs of your association, we have recommended a cash-flow projection approach. The projection considers anticipated annual expenditures and contributions to compute approximate year-end reserve fund balances throughout the study period. This methodology is consistent with CAI community guidelines.

There are other methods of determining appropriate reserve funding levels. If you are interested, please see the definition of Component Method and Fully Funded Balance in CAI's National Reserve Study Standard attached in <u>Appendix D</u>.

6.0 LIMITATIONS

6.1 Standards and Limitations

Criterium-Yancy Engineers shall perform duties to at least the professional standards consistent with a licensed, Professional Engineer, but does not guarantee or warrant that all adverse conditions concerning the property can be or will be discovered and included in the report. The photographs are an integral part of this report and must be included in any review.

This study is limited to the visual observations made during our inspection. We did not undertake any excavation, conduct any destructive or invasive testing, remove surface materials or finishes, or displace furnishings or equipment. The observations described in this study are valid on the dates of the investigation.



Accordingly, we cannot comment on the condition of systems that we could not see, such as buried structures and utilities, nor are we responsible for conditions that could not be seen or were not within the scope of our services at the time of inspection.

We did not perform any computations or other engineering analysis as part of this study, nor did we conduct a comprehensive code compliance investigation.

This information in this study is not to be considered a warranty of condition, quality, compliance or cost. No warranty is implied. Financial data, records of past expenses, and cost estimates provided by others have been taken in good faith and at face value. No audit or other verification has been performed.

Reserve budgets are opinions of likely expense based on reasonable cost estimates. We have not obtained competitive quotations or estimates from contractors. Actual costs can vary significantly, based on the specific scope of work developed, availability of materials and qualified contractors, and many other variables. We cannot be responsible for variances.

Criterium-Yancy Engineers does not offer financial counseling services. Although reasonable rates of inflation and return on investment must be assumed to calculate projected balances, no one can accurately predict actual economic performance. Although reserve fund management and investment may be discussed during the course of the study, we do not purport to hold any special qualifications in this area.

We recommend that the Board also seek other professional guidance before finalizing their current reserve fund planning activity. Depending on issues which may arise, an appropriate team of consultants to aid decision-making might include their property manager, accountant, financial counselor and attorney.

Criterium-Yancy Engineers prepared this confidential report for the review and use of the Board of the Association. We do not intend any other individual or party to rely upon this study without our express written consent. If another individual or party relies on this study, they shall indemnify, defend and hold Criterium-Yancy Engineers, its subsidiaries, affiliates, officers, directors, members, shareholders, partners, agents, employees and such other parties in interest specified by Criterium-Yancy Engineers harmless for any damages, losses, or expenses they may incur as a result of its use. Any use or reliance of the report by an individual or party other than shall constitute acceptance of these terms and conditions.



7.0 CONCLUSION

To the best of our ability, we have considered the best interest of the Meadowlake Village and Board to fulfill their fiduciary responsibilities.

In our professional opinion, and within the limitations disclosed elsewhere herein, all information contained herein is reliable and appropriate to guide the Board's deliberations and decision-making.

All of Criterium's work for this study has been carried out in strict accordance with the CAI Code of Ethics. We consider our report confidential and will not share its content with anyone but the Board without its knowledge and release.

We are unaware of any other involvement or business relationship between Criterium-Yancy Engineers and the Developer, or individual Unit Owners, or members of the Board, or any other entities which constitutes any conflict of interest.

We appreciate this opportunity to assist the Board of Meadowlake Village Homeowners' Association with their financial planning.

If you have any further questions or would like to direct additional, follow-on services, please contact Frakeetta Yancy at (281) 491-1262.

Thank you.

Respectfully submitted,

CRITERIUM-YANCY ENGINEERS

David L. Yamy R

David Yancy, P.E.^(TX) Senior Engineer

This report is protected by copyright laws; all rights reserved. Reproduction and distribution of this report without written permission of the company is prohibited. © Criterium Engineers 2024.



APPENDIX A - RESERVE STUDY WORKBOOK



Meadowlake Village Homeowners' Association Anticipated Reserve Ependitures - Scheduling and Cost Estimating

Cat	tegory	Que	antity		Unit	R	eserve	Useful	Life, Years
	literes De continti en	Count	1114		Cost	Expenditure		EUL = Expected	RUL = Remaining
		Count	Unit	(Current (Yea	ar 1)	Dollars	or Frequency	or Next Expense
Site	e Improvements								
	Repair/Replace Concrete Pavement	1	LS	\$	5,500.00	\$	5,500	10	5
	Repair/Replace Concrete Sidewalks	1	LS	\$	3,500.00	\$	3,500	10	5
	Replace Play Area Fencing	275	LF	\$	40.00	\$	11,000	25	15
	Repair and Paint Mailboxes	1	LS	\$	6,100.00	\$	6,100	10	6
	Replace Entrance Landscape Lights	1	LS	\$	6,800.00	\$	6,800	15	0
	Replace Chain Link Fence	1,165	LF	\$	40.00	\$	46,600	40	28
	Replace Electronic LED Signs	2	EA	\$	22,600.00	\$	45,200	10	8
Site	e Amenities								
	Replace Playground Equipment	1	LS	\$	40,000.00	\$	40,000	20	11
	Replace Picnic Tables	8	EA	\$	1,200.00	\$	9,600	15	8
	Replace Recycled Plastic Benches	4	EA	\$	600.00	\$	2,400	20	13
	Replace Playground Mulch and Lining	450	CY	\$	65.00	\$	29,250	10	1
	Resurface Swimming Pool/Repair and Recoat Swimming Pool Deck	1	LS	\$	114,500.00	\$	114,500	12	8
	Replace Pool Furniture	1	LS	\$	5,000.00	\$	5,000	15	3
	Resurface Tennis Courts	2	EA	\$	7,500.00	\$	15,000	12	2
	Replace Tennis Court Lighting	1	LS	\$	11,000.00	\$	11,000	20	16
	Replace Basketball Court	1	LS	\$	31,000.00	\$	31,000	30	23
	Replace Pool Shade Fabric Covers	1	LS	\$	4,000.00	\$	4,000	8	1
	Replace Lifeguard Stands	2	EA	\$	2,000.00	\$	4,000	20	0
	Replace Pool Water Slide	1	EA	\$	15,000.00	\$	15,000	20	13
	Replace Walking Track Equipment	1	LS	\$	75,000.00	\$	75,000	15	9
Bui	ilding - Exterior								
	Replace Overhead Doors	2	EA	\$	2,000.00	\$	4,000	20	15
	Replace Exterior Service Doors	4	EA	\$	800.00	\$	3,200	20	17
	Repair Building Envelope (Re-point Brick Veneer)	1	LS	\$	2,000.00	\$	2,000	10	2
	Repalce Metal Roof	45	SQ	\$	1,500.00	\$	67,500	40	29
Bui	ilding - Interior								
	Replace Kitchen Cabinets	1	LS	\$	5,500.00	\$	5,500	25	18
	Replace Kitchen Appliances	1	LS	\$	2,500.00	\$	2,500	15	8
	Replace Community Center Furniture	1	LS	\$	2,500.00	\$	2,500	20	13
Me	chanical, Electrical & Plumbing Systems								
	Overhaul Pool Filtration Equipment	1	LS	\$	10,000.00	\$	10,000	15	1
	Replace Air Conditioning Units	2	EA	\$	1,500.00	\$	3,000	10	3
	Repair/Replace Lawn Irrigaiton Components	1	LS	\$	3,000.00	\$	3,000	10	5
	Replace Exterior Shower Fixture	1	LS	\$	2,000.00	\$	2,000	20	0
	Replace/ Upgrade CCTV Security System	1	LS	\$	5,000.00	\$	5,000	15	1



APPENDIX B - GRAPHIC EXHIBITS



Meadowlake Village Homeowners' Association

7410 Breda Drive Baytown, Texas 77521

Association Information, Agreed Planning Assumptions and Current Reserv

Association Information:		
Number of units		780
Is this property mixed-use?		No
Are all Units assessed at the same rate?		Yes
Next fiscal year starts:	Janı	Jary 1, 2025
Next fiscal year is designated as		2025
Study Information & Planning Assumptions:		
Study period, duration in years		30
Study period starts	Janu	uary 1, 2025
Rate of return on investment % (ROI) applied to reserve fund balances		0.5%
Annual inflation rate (%) applied to future expenditure annual budgets		2.0%
Current Funding Levels:		
Average monthly reserve contribution per unit		\$3.79
Current annual reserve contribution (savings)		\$35,500.00
Average annual reserve contribution per unit		\$45.51
Estimated starting reserve fund balance	\$	385,101



Meadowlake Village Homeowners' Association Cash-Flow Projection at the Current Funding Plan Level

				Current					
			Beginning	Fee			Projected		Ending
Year	Fiscal	Re	eserve Fund	Revenue	Investment		Reserve	R	eserve Fund
No.	Year		Balance	(Savings)	Earnings	E	xpenditures		Balance
1	2025	\$	385,101	\$ 35,500	\$ 2,039	\$	12,800	\$	409,840
2	2026	\$	409,840	\$ 35,500	\$ 1,981	\$	49,215	\$	398,106
3	2027	\$	398,106	\$ 35,500	\$ 2,080	\$	17,687	\$	417,999
4	2028	\$	417,999	\$ 35,500	\$ 2,225	\$	8,490	\$	447,234
5	2029	\$	447,234	\$ 35,500	\$ 2,414	\$	-	\$	485,148
6	2030	\$	485,148	\$ 35,500	\$ 2,537	\$	13,249	\$	509,936
7	2031	\$	509,936	\$ 35,500	\$ 2,693	\$	6,870	\$	541,259
8	2032	\$	541,259	\$ 35,500	\$ 2,884	\$	-	\$	579,643
9	2033	\$	579,643	\$ 35,500	\$ 2,069	\$	201,291	\$	415,921
10	2034	\$	415,921	\$ 35,500	\$ 1,785	\$	94,412	\$	358,794
11	2035	\$	358,794	\$ 35,500	\$ 1,971	\$	-	\$	396,265
12	2036	\$	396,265	\$ 35,500	\$ 1,728	\$	86,104	\$	347,390
13	2037	\$	347,390	\$ 35,500	\$ 1,902	\$	2,536	\$	382,255
14	2038	\$	382,255	\$ 35,500	\$ 1,941	\$	29,624	\$	390,072
15	2039	\$	390,072	\$ 35,500	\$ 2,029	\$	19,792	\$	407,809
16	2040	\$	407,809	\$ 35,500	\$ 1,989	\$	45,490	\$	399,808
17	2041	\$	399,808	\$ 35,500	\$ 1,956	\$	44,066	\$	393,197
18	2042	\$	393,197	\$ 35,500	\$ 2,093	\$	10,082	\$	420,709
19	2043	\$	420,709	\$ 35,500	\$ 1,883	\$	79,553	\$	378,539
20	2044	\$	378,539	\$ 35,500	\$ 2,070	\$	-	\$	416,109
21	2045	\$	416,109	\$ 35,500	\$ 1,363	\$	179,057	\$	273,915
22	2046	\$	273,915	\$ 35,500	\$ 1,325	\$	44,333	\$	266,407
23	2047	\$	266,407	\$ 35,500	\$ 1,494	\$	3,092	\$	300,309
24	2048	\$	300,309	\$ 35,500	\$ 1,316	\$	72,695	\$	264,430
25	2049	\$	264,430	\$ 35,500	\$ 896	\$	120,633	\$	180,193
26	2050	\$	180,193	\$ 35,500	\$ 947	\$	26,250	\$	190,391
27	2051	\$	190,391	\$ 35,500	\$ 953	\$	35,309	\$	191,535
28	2052	\$	191,535	\$ 35,500	\$ 1,135	\$	-	\$	228,170
29	2053	\$	228,170	\$ 35,500	\$ 519	\$	159,826	\$	104,363
30	2054	\$	104,363	\$ 35,500	\$ 100	\$	119,870	\$	20,093



Meadowlake Village Homeowners' Association 30-Year Cash-Flow Projections - Summary Graph



All expenditure and year-end balances above in future dollars



11/25/24 Page 1 of 1

Meadowlake Village Homeowners' Association Annual Reserve Expenditure Budget Projection

Category		Study Year Number & Fiscal Year									
~ /	Itom Description	1	2	3	4	5	6	7	8	9	10
	item Description	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Site Improvements											
Repair/Replace Co	oncrete Pavement	0	0	0	0	0	5,500	0	0	0	0
Repair/Replace Co	oncrete Sidewalks	0	0	0	0	0	3,500	0	0	0	0
Replace Play Area	Fencing	0	0	0	0	0	0	0	0	0	0
Repair and Paint N	1 ailboxes	0	0	0	0	0	0	6,100	0	0	0
Replace Entrance	Landscape Lights	6,800	0	0	0	0	0	0	0	0	0
Replace Chain Lin	k Fence	0	0	0	0	0	0	0	0	0	0
Replace Electronic	LED Signs	0	0	0	0	0	0	0	0	45,200	0
Site Amenities	· · ·										
Replace Playgroun	d Equipment	0	0	0	0	0	0	0	0	0	0
Replace Picnic Tab	les	0	0	0	0	0	0	0	0	9,600	0
Replace Recycled	Plastic Benches	0	0	0	0	0	0	0	0	0	0
Replace Playgroun	d Mulch and Lining	0	29,250	0	0	0	0	0	0	0	0
Resurface Swimmir	ng Pool/Repair and Recoat Swimming Pool Deck	0	0	0	0	0	0	0	0	114,500	0
Replace Pool Furni	ture	0	0	0	5,000	0	0	0	0	0	0
Resurface Tennis (Courts	0	0	15,000	0	0	0	0	0	0	0
Replace Tennis Co	urt Lighting	0	0	0	0	0	0	0	0	0	0
Replace Basketbal	Court	0	0	0	0	0	0	0	0	0	0
Replace Pool Shac	le Fabric Covers	0	4,000	0	0	0	0	0	0	0	4,000
Replace Lifeguard	Stands	4,000	0	0	0	0	0	0	0	0	0
Replace Pool Wate	er Slide	0	0	0	0	0	0	0	0	0	0
Replace Walking	Frack Equipment	0	0	0	0	0	0	0	0	0	75,000
Building - Exterior	•••										
Replace Overhead	Doors	0	0	0	0	0	0	0	0	0	0
Replace Exterior S	ervice Doors	0	0	0	0	0	0	0	0	0	0
Repair Building En	velope (Re-point Brick Veneer)	0	0	2,000	0	0	0	0	0	0	0
Repalce Metal Roo	of	0	0	0	0	0	0	0	0	0	0
Replace Kitchen C	abinets	0	0	0	0	0	0	0	0	0	0
Replace Kitchen A	ppliances	0	0	0	0	0	0	0	0	0	0
Replace Communit	y Center Furniture	0	0	0	0	0	0	0	0	0	0
Building - Interior	•										
Replace Kitchen C	abinets	0	0	0	0	0	0	0	0	0	0
Replace Kitchen A	ppliances	0	0	0	0	0	0	0	0	2,500	0
Replace Communit	y Center Furniture	0	0	0	0	0	0	0	0	0	0
Mechanical, Electric	al & Plumbing Systems										
Overhaul Pool Filtr	ation Equipment	0	10,000	0	0	0	0	0	0	0	0
Replace Air Condi	tioning Units	0	0	0	3,000	0	0	0	0	0	0
Repair/Replace La	wn Irrigaiton Components	0	0	0	0	0	3,000	0	0	0	0
Replace Exterior S	hower Fixture	2,000	0	0	0	0	0	0	0	0	0
Replace/ Upgrade	CCTV Security System	0	5,000	0	0	0	0	0	0	0	0
-											
	Current (Year 1) Dollar Annual Total =	12,800	48,250	17,000	8,000	0	12,000	6,100	0	171,800	79,000
Fu	ture Dollar Annual Total, adjusted for inflation =	12,800	49,215	17,687	8,490	0	13,249	6,870	0	201,291	94,412



Meadowlake Village Homeowners' Association Annual Reserve Expenditure Budget Projection

Cate	egory	Study Year Number & Fiscal Year									
	Itom Description	11	12	13	14	15	16	17	18	19	20
	liem Description	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Site	Improvements										
	Repair/Replace Concrete Pavement	0	0	0	0	0	5,500	0	0	0	0
	Repair/Replace Concrete Sidewalks	0	0	0	0	0	3,500	0	0	0	0
	Replace Play Area Fencing	0	0	0	0	0	11,000	0	0	0	0
	Repair and Paint Mailboxes	0	0	0	0	0	0	6,100	0	0	0
	Replace Entrance Landscape Lights	0	0	0	0	0	6,800	0	0	0	0
	Replace Chain Link Fence	0	0	0	0	0	0	0	0	0	0
	Replace Electronic LED Signs	0	0	0	0	0	0	0	0	45,200	0
Site	Amenities										
	Replace Playground Equipment	0	40,000	0	0	0	0	0	0	0	0
	Replace Picnic Tables	0	0	0	0	0	0	0	0	0	0
	Replace Recycled Plastic Benches	0	0	0	2,400	0	0	0	0	0	0
	Replace Playground Mulch and Lining	0	29,250	0	0	0	0	0	0	0	0
	Resurface Swimming Pool/Repair and Recoat Swimming Pool Deck	0	0	0	0	0	0	0	0	0	0
	Replace Pool Furniture	0	0	0	0	0	0	0	0	5,000	0
	Resurface Tennis Courts	0	0	0	0	15,000	0	0	0	0	0
	Replace Tennis Court Lighting	0	0	0	0	0	0	11,000	0	0	0
	Replace Basketball Court	0	0	0	0	0	0	0	0	0	0
	Replace Pool Shade Fabric Covers	0	0	0	0	0	0	0	4,000	0	0
	Replace Lifeguard Stands	0	0	0	0	0	0	0	0	0	0
	Replace Pool Water Slide	0	0	0	15,000	0	0	0	0	0	0
	Replace Walking Track Equipment	0	0	0	0	0	0	0	0	0	0
Buil	ding - Exterior										
	Replace Overhead Doors	0	0	0	0	0	4,000	0	0	0	0
	Replace Exterior Service Doors	0	0	0	0	0	0	0	3,200	0	0
	Repair Building Envelope (Re-point Brick Veneer)	0	0	2,000	0	0	0	0	0	0	0
	Repalce Metal Roof	0	0	0	0	0	0	0	0	0	0
	Replace Kitchen Cabinets	0	0	0	0	0	0	0	0	0	0
	Replace Kitchen Appliances	0	0	0	0	0	0	0	0	0	0
	Replace Community Center Furniture	0	0	0	0	0	0	0	0	0	0
Buil	ding - Interior										
	Replace Kitchen Cabinets	0	0	0	0	0	0	0	0	5,500	0
	Replace Kitchen Appliances	0	0	0	0	0	0	0	0	0	0
	Replace Community Center Furniture	0	0	0	2,500	0	0	0	0	0	0
Me	hanical, Electrical & Plumbing Systems										
	Overhaul Pool Filtration Equipment	0	0	0	0	0	0	10,000	0	0	0
	Replace Air Conditioning Units	0	0	0	3,000	0	0	0	0	0	0
	Repair/Replace Lawn Irrigaiton Components	0	0	0	0	0	3,000	0	0	0	0
	Replace Exterior Shower Fixture	0	0	0	0	0	0	0	0	0	0
	Replace/ Upgrade CCTV Security System	0	0	0	0	0	0	5,000	0	0	0
		0	•								
	Current (Year 1) Dollar Annual Total =	0	69,250	2,000	22,900	15,000	33,800	32,100	7,200	55,700	0
	Future Dollar Annual Total, adjusted for inflation =	0	86,104	2,536	29,624	19,792	45,490	44,066	10,082	79,553	0



Meadowlake Village Homeowners' Association Annual Reserve Expenditure Budget Projection

Cate	egory	Study Year Number & Fiscal Year											
	Itom Description	21	22	23	24	25	26	27	28	29	30		
	liem Description	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054		
Site	Improvements												
	Repair/Replace Concrete Pavement	0	0	0	0	0	5,500	0	0	0	0		
	Repair/Replace Concrete Sidewalks	0	0	0	0	0	3,500	0	0	0	0		
	Replace Play Area Fencing	0	0	0	0	0	0	0	0	0	0		
	Repair and Paint Mailboxes	0	0	0	0	0	0	6,100	0	0	0		
	Replace Entrance Landscape Lights	0	0	0	0	0	0	0	0	0	0		
	Replace Chain Link Fence	0	0	0	0	0	0	0	0	46,600	0		
	Replace Electronic LED Signs	0	0	0	0	0	0	0	0	45,200	0		
Site	ite Amenities												
	Replace Playground Equipment	0	0	0	0	0	0	0	0	0	0		
	Replace Picnic Tables	0	0	0	9,600	0	0	0	0	0	0		
	Replace Recycled Plastic Benches	0	0	0	0	0	0	0	0	0	0		
	Replace Playground Mulch and Lining	0	29,250	0	0	0	0	0	0	0	0		
	Resurface Swimming Pool/Repair and Recoat Swimming Pool Deck	114,500	0	0	0	0	0	0	0	0	0		
	Replace Pool Furniture	0	0	0	0	0	0	0	0	0	0		
	Resurface Tennis Courts	0	0	0	0	0	0	15,000	0	0	0		
	Replace Tennis Court Lighting	0	0	0	0	0	0	0	0	0	0		
	Replace Basketball Court	0	0	0	31,000	0	0	0	0	0	0		
	Replace Pool Shade Fabric Covers	0	0	0	0	0	4,000	0	0	0	0		
	Replace Lifeguard Stands	4,000	0	0	0	0	0	0	0	0	0		
	Replace Pool Water Slide	0	0	0	0	0	0	0	0	0	0		
	Replace Walking Track Equipment	0	0	0	0	75,000	0	0	0	0	0		
Bui	ding - Exterior												
	Replace Overhead Doors	0	0	0	0	0	0	0	0	0	0		
	Replace Exterior Service Doors	0	0	0	0	0	0	0	0	0	0		
	Repair Building Envelope (Re-point Brick Veneer)	0	0	2,000	0	0	0	0	0	0	0		
	Repalce Metal Roof	0	0	0	0	0	0	0	0	0	67,500		
	Replace Kitchen Cabinets	0	0	0	0	0	0	0	0	0	0		
	Replace Kitchen Appliances	0	0	0	0	0	0	0	0	0	0		
	Replace Community Center Furniture	0	0	0	0	0	0	0	0	0	0		
Bui	ding - Interior												
1	Replace Kitchen Cabinets	0	0	0	0	0	0	0	0	0	0		
	Replace Kitchen Appliances	0	0	0	2,500	0	0	0	0	0	0		
	Replace Community Center Furniture	0	0	0	0	0	0	0	0	0	0		
Me	chanical, Electrical & Plumbing Systems												
	Overhaul Pool Filtration Equipment	0	0	0	0	0	0	0	0	0	0		
	Replace Air Conditioning Units	0	0	0	3,000	0	0	0	0	0	0		
	Repair/Replace Lawn Irrigaiton Components	0	0	0	0	0	3,000	0	0	0	0		
	Replace Exterior Shower Fixture	2,000	0	0	0	0	0	0	0	0	0		
	Replace/ Upgrade CCTV Security System	0	0	0	0	0	0	0	0	0	0		
	Current (Year 1) Dollar Annual Total =	120,500	29,250	2,000	46,100	75,000	16,000	21,100	0	91,800	67,500		
	Future Dollar Annual Total, adjusted for inflation =	179,057	44,333	3,092	72,695	120,633	26,250	35,309	0	159,826	119,870		



APPENDIX C - APPENDIX C: PHOTOGRAPHS



Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description:

Site - View of the monument sign at the community entrance off the freeway service road

Photo Number 1



Description: Building Exterior - View of the Community Center and metal roof (Front)

Photo Number 2



Description: Building Exterior - View of the Community Center and metal roof (Rear)

Photo Number 3



Description: Site - View of the concrete pavement in the drive aisle in front of the community center

Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description:

Site - View of the concrete parking areas at the front of the community center

Photo Number 5



Description: Building Exterior - Typical view of the new insulated overhead rolling doors

Photo Number 6



Description: Building Exterior - New metal service door

Photo Number 7



Description: Building Exterior - Portions of the exterior brick veneer wall need to be repaired (1 of 2)

Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description:

Building Exterior - Portions of the exterior brick veneer wall need to be repaired (2 of 2)

Photo Number 9



Description:

Building Interior - Portions of the interior brick veneer wall need to be repaired

Photo Number 10



Description: Building Interior - View of the kitchen

Photo Number 11



Description: Building Interior - Vinyl wainscot at bottom half of wall

Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description: Building Interior - Refrigerator

Photo Number 13



Description: Building Interior -Microwave

Photo Number 14



Description:

Mechanical - Typical view of the wall mounted HVAC unit in the Community Center

Photo Number 15



Description: Mechanical - New portable Air Conditioning unit added in the electrical/ security equipment room

Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description: Mechanical - Typical view of the women's restroom

fixtures

Photo Number 17



Description: Mechanical - Typical view of the men's restroom fixtures

Photo Number 18



Description: Mechanical - Each restroom equipped with a sink

Photo Number 19



Description: Mechanical - Each restroom equipped with a sink

Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description: Mechanical - Typical view of the filter and pump for the wading pool

Photo Number 21



Description: Mechanical - Typical view of the filters and pumps for the main pool

Photo Number 22



Description: Amenities - Typical view of the lap pool

Photo Number 23



Description: Amenities - Typical view of the wading pool

Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description: Amenities - Slide installed at the end of the lap pool

Photo Number 25



Description: Amenities - Typical view of a shade structure around the pool deck

Photo Number 26



Description: Amenities - Typical view of picnic tables around the pool deck

Photo Number 27



Description: Amenities - View of the pavilion next to the Community Center

Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description: Amenities - View of the basketball court

Photo Number 29



Description: Amenities - Concrete court pavement has cracks in the surface (typical)

Photo Number 30



Description:

Amenities - View of the tennis courts and perimeter fencing behind the Community Center Pool

Photo Number 31



Description: Amenities - View of the tennis court surface and lighting

Photos taken by: Frakeetta Yancy Date: August 14, 2023



Reserve Study



Description:

Amenities - View of the playground equipment at the community park (1 of 2)

Photo Number 33



Description:

Amenities - View of the playground equipment at the community park (2 of 2)

Photo Number 34



Description: Amenities - View of an exercise station and bench around the walking trail

Photo Number 35



Description: Amenities - Mailboxes throughout the neighborhood are scheduled for periodic painting to improve aesthetics



APPENDIX D - APPENDIX D: REFERENCE DOCUMENTS





NATIONAL RESERVE STUDY STANDARDS

General Information About Reserve Studies

One of the primary responsibilities of the board of directors of a community association is to protect, maintain, and enhance the assets of the association. To accomplish this objective, associations must develop multi-year plans to help them anticipate and responsibly prepare for the timely repair and replacement of common area components such as roofs, roads, mechanical equipment, and other portions of the community's common elements.

Originally published in 1998, the National Reserve Study Standards provide a consistent set of terminology, calculations, and expectations so reserve study providers and those they serve together can build a successful future for millions of community association homeowners across the country.

A reserve study is made up of two parts, the **physical analysis** and the **financial analysis**. The physical analysis includes the component inventory, condition assessment, and life and valuation estimates. The component inventory should be relatively stable from year to year, while the condition assessment and life and valuation estimate change from year to year.

The financial analysis is made up of an analysis of the client's current reserve fund status (measured in cash or as percent funded) and a recommendation for an appropriate reserve contribution rate (a funding plan).

Physical analysis

- Component inventory
- Condition assessment
- Life and valuation estimates

Financial analysis

- Fund status
- Funding plan

Levels of Service

The following three categories describe the various types of reserve studies, from exhaustive to minimal.

- **I. Full.** A reserve study in which the following five reserve study tasks are performed:
 - Component inventory
 - Condition assessment (based upon on-site visual observations)
 - Life and valuation estimates
 - Fund status
 - Funding plan
- **II. Update, With Site Visit/On-Site Review.** A reserve study update in which the following five reserve study tasks are performed:
 - Component inventory (verification only, not quantification)
 - Condition assessment (based on on-site visual observations)
 - Life and valuation estimates
 - Fund status
 - Funding plan
- **III. Update, No-Site-Visit/Off Site Review.** A reserve study update with no on-site visual observations in which the following three reserve study tasks are performed:
 - Life and valuation estimates
 - Fund status
 - Funding plan
- **IV. Preliminary, Community Not Yet Constructed.** A reserve study prepared before construction that is generally used for budget estimates. It is based on design documents such as the architectural and engineering plans. The following three tasks are performed to prepare this type of study.
 - Component inventory
 - Life and valuation estimates
 - Funding plan

Terms and Definitions

CAPITAL IMPROVEMENTS: Additions to the association's common elements that previously did not exist. While these components should be added to the reserve study for future replacement, the cost of construction should not be taken from the reserve fund.

CASH FLOW METHOD: A method of developing a reserve funding plan 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: The individual line items in the reserve study developed or updated in the physical analysis. These elements form the building blocks for the reserve study. These components comprise the common elements of the community and typically are: 1. association responsibility, 2. with limited useful life expectancies, 3. predictable remaining useful life expectancies, and 4. above a minimum threshold cost. It should be noted that in certain jurisdictions there may be statutory requirements for including components or groups of components in the reserve study.

COMPONENT INVENTORY: The task of selecting and quantifying reserve components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, review of association precedents, and discussion with appropriate representative(s) of the association.

COMPONENT METHOD: A method of developing a reserve funding plan where the total contribution is based on the sum of contributions for the individual components.

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

EFFECTIVE AGE: The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a reserve study where the current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (funding plan) are derived, and the projected reserve income and expense over a period of time are presented. The financial analysis is one of the two parts of a reserve study.

FULLY FUNDED: 100 percent funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

FULLY FUNDED BALANCE (FFB): An indicator against which the actual (or projected) reserve balance can be compared. The reserve balance that is in direct proportion to the fraction of life "used up" of the current repair or replacement cost. This number is calculated for each component, and then summed for an association total.

FFB = Current Cost X Effective Age/Useful Life

Example: For a component with a \$10,000 current replacement cost, a 10-year useful life and effective age of 4 years the fully funded balance would be \$4,000.

FUND STATUS: The status of the reserve fund reported in terms of cash or percent funded.

FUNDING GOALS: Independent of methodology used, the following represent the basic categories of funding plan goals. They are presented in order of greatest risk to least risk. Risk includes, but is not limited to, cash problems, special assessments, and deferred maintenance.

Baseline Funding: Establishing a reserve funding goal of allowing the reserve cash balance to never be below zero during the cash flow projection. This is the funding goal with the greatest risk due to the variabilities encountered in the timing of component replacements and repair and replacement costs.

Threshold Funding: Establishing a reserve funding goal of keeping the reserve balance above a specified dollar or percent funded amount. Depending on the threshold selected, this funding goal may be weaker or stronger than "Fully Funded" with respective higher risk or less risk of cash problems.

Full Funding: Setting a reserve funding goal to attain and maintain reserves at or near 100 percent funded. This is the most conservative funding goal.

It should be noted that in certain jurisdictions there may be statutory funding requirements that would dictate the minimum requirements for funding.

FUNDING PLAN: An association's plan to provide income to a reserve fund to offset anticipated expenditures from that fund. The plan must be a minimum of twenty (20) years.

Terms and Definitions (cont'd.)

FUNDING PRINCIPLES: The reserve provider must provide a funding plan addressing these principles.

- Sufficient funds when required
- Stable contribution rate over the years
- Equitable contribution rate over the years
- Fiscally responsible

LIFE AND VALUATION ESTIMATES: The task of estimating useful life, remaining useful life, and current repair or replacement costs for the reserve components.

PERCENT FUNDED: The ratio, at a particular point in time related to the fiscal year end, of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage. While percent funded is an indicator of an association's reserve fund size, it should be viewed in the context of how it is changing due to the association's reserve funding plan in light of the association's risk tolerance.

PHYSICAL ANALYSIS: The portion of the reserve study where the component inventory, condition assessment, and life and valuation estimate tasks are performed. This represents one of the two parts of the reserve study.

REMAINING USEFUL LIFE (RUL): Also referred to as "remaining life" (RL). The estimated time, in years, that a reserve component can be expected to serve its intended function. Projects expected to occur in the initial year have zero remaining useful life.

REPLACEMENT COST: The cost to replace, repair, or restore the component to its original functional condition during that particular year, including all related expenses (including but not limited to shipping, engineering and design, permits, installation, disposal, etc.).

RESERVE BALANCE: Actual or projected funds, as of a particular point in time that the association has identified, to defray the future repair or replacement cost of those major components that the association is obligated to maintain or replace. Also known as reserves, reserve accounts, cash reserves. Based on information provided and not audited.

RESERVE PROVIDER: An individual who prepares reserve studies. In many instances the reserve provider will possess a specialized designation such as the Reserve Specialist (RS) designation provided by Community Associations Institute (CAI). This designation indicates that the provider has shown the necessary skills to perform a reserve study that conforms to these standards.

RESERVE PROVIDER FIRM: A company that prepares reserve studies as one of its primary business activities.

RESERVE STUDY: A budget planning tool which identifies the components that the association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures. The reserve study consists of two parts: the physical analysis and the financial analysis.

RESPONSIBLE CHARGE: A Reserve Specialist (RS) in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services that directly and materially affect the quality and competence of services rendered by the Reserve Specialist. A Reserve Specialist shall maintain such records as are reasonably necessary to establish that the Reserve Specialist exercised regular and effective supervision of a reserve study of which he or she was in responsible charge. A Reserve Specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

1. The regular and continuous absence from principal office premises from which professional services are rendered; except for performance of field work or presence in a field office maintained exclusively for a specific project;

2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;

3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review; and

4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: A temporary assessment levied on the members of an association in addition to regular assessments. Note that special assessments are often regulated by governing documents or local statutes.

USEFUL LIFE (UL): The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

RS NATIONAL RESERVE STUDY STANDARDS | PAGE 4

Reserve Study Contents

The following is a list of the minimum contents to be included in the Reserve Study.

- 1. A summary of the association's number of units, physical description and reserve fund financial condition.
- 2. A projection of reserve starting balance, recommended reserve contributions, projected reserve expenses, and projected ending reserve fund balance for a minimum of 20 years.
- 3. A tabular listing of the component inventory, component quantity or identifying descriptions, useful life, remaining useful life and current replacement cost.
- 4. A description of methods and objectives utilized in computing the Fund Status and development of the Funding Plan.
- 5. Source(s) utilized to obtain component repair or replacement cost estimates.
- 6. A description of the level of service by which the Reserve Study was prepared.
- 7. Fiscal year for which the Reserve Study is prepared.

Disclosures

The following are the minimum disclosures to be included in the Reserve Study:

- 1. **General:** Description of the other involvement(s) with the association, which could result in actual or perceived conflicts of interest.
- 2. **Physical Analysis:** Description of how thorough the on-site observations were performed: representative samplings vs, all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.
- 3. Financial Analysis: Description of assumptions utilized for interest and inflation, tax and other outside factors.
- 4. **Personnel Credentials:** State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.
- 5. Update Reports: Disclosure of how the current work is reliant on the validity of prior Reserve Studies.
- 6. Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.
- 7. **Reliance on Client Data:** Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records.
- 8. **Reserve Balance:** The actual or projected total presented in the Reserve Study is based upon information provided and was not audited.
- 9. **Component Quantities:** For update with site visit and update no site visit levels of service, the client is considered to have deemed previously developed component quantities as accurate and reliable.
- 10. **Reserve Projects:** Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.



COMMUNITY ASSOCIATIONS INSTITUTE PROFESSIONAL RESERVE SPECIALIST (RS) CODE OF ETHICS

The Reserve Specialist shall:

- 1. Comply with current standards and practices as may be established from time to time by CAI, subject to all federal, state and local laws, ordinances and regulations, if any, in effect where the RS designee practices.
- 2. Participate in continuing professional education through CAI and other industry related organizations as required.
- 3. Act in the best interests of the client; refrain from making inaccurate or misleading representations or statements; and not knowingly misrepresent facts to benefit the Specialist.
- 4. Undertake only those engagements that he/she can reasonably expect to perform with professional competence.
- 5. Exercise due care and perform planning and supervision as specified in the written client engagement agreement.
- 6. Disclose all relationships in writing to the client regarding any actual, potential or perceived conflicts of interest between the Specialist and other parties, including, but not limited to, management companies, insurance carriers, contractors and legal counsel.
- 7. Provide written disclosure of any compensation, gratuity or other form of remuneration from individuals or companies who act or may act on behalf of the client.
- 8. Conduct himself or herself in accordance with the Reserve Specialist requirements.
- Not represent to anyone as being a Reserve Specialist designee until such time as he or she receives written confirmation from the Reserve Specialist Designation Review Board or CAI of receipt of the designation;
- 10. Recognize that the original records, files, plats and surveys held by the Reserve Specialist are the property of the client and are to be returned to the client at the end of the Specialist's engagement; maintain the duty of confidentiality to all current and former clients.
- 11. Refrain from criticizing competitors or their business practices; act in the best interests of his/her employers; maintain a professional relationship with peers and industry related professionals.
- 12. Conduct himself/herself in a professional manner at all times when acting in the scope of his/her employment.
- 13. Not engage in any form of price fixing, anti-trust, or anti-competition.
- 14. Not use the work products of colleagues or competing reserve study firms that are considered proprietary without the expressed written permission of the author or the reserve study firm.
- 15. Abide by the re-designation policy of CAI.

Compliance with the Professional Reserve Specialist Code of Ethics is further amplified in the Code Clarification Document provided by Community Associations Institute.

Revised 2008

	TERMS OF REFERENCE RESERVE STUDY
Association	The unit owners' association. May be referred to with different terminology in legal covenants of incorporation.
Board	Elected officers of the Association with fiduciary responsibility for the community's common holdings. May be referred to with different terminology in legal covenants of incorporation.
Owner	Individual Unit owner, a Member or the Association
Property Manager	Professional organization through which the Board delegates responsibilities for operations and maintenance of the community.
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) Workmanship not in compliance with commonly accepted standards, b) Evidence of previous repairs not in compliance with commonly accepted practice, c) Component or system is obsolete, d) Component or system approaching 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. Present 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 stable, has capacity to function as required, is sufficient for its service, is suitable for operation, and/or conforms to standard construction practices.
Basis of Comparison	Ratings are determined by comparison to other buildings of similar age and construction type.
Left, Right, Front, Rear	Directions are taken from the viewpoint of an observer standing at the property frontage and facing it. Or, for a building within a campus setting, the viewpoint of an observer standing in front of the principal entrance and facing it.
Current Deficiency Immediate Expense	We will note any observed or reported physical condition which requires immediate action to correct an existing or potential safety hazard, an enforceable building code violation, or the poor or deteriorated condition of a critical element or system. Also, to address any conditions which, if left "as is", would likely result in the failure of a critical element or system. Such items will be noted in our report even if they do not require a reserve expenditure.
Short-Term Reserve Expenditures	Correction of physical deficiencies including deferred maintenance, which may not warrant immediate attention, but require repairs or replacements which should be undertaken on a priority basis, taking precedence over preventive maintenance work within a one-year time frame. Included are physical deficiencies resulting from improper design, faulty installation, and/or substandard quality of original systems or materials. Components or systems that have exceeded their expected useful life and require repair or replacement within a one-year time frame are also included. Observed minor issues which would typically be addressed as normal operations & maintenance work may not be noted in the report.

Long-term Reserve expenditures	Non-routine repairs, replacements or planned improvements that will require significant expenditure during the study period. Included are items that will reach the end of their estimated useful life or which, in the opinion of the engineer, will require such expense during that time. If saving for longer- term expenditures is desired, then allowances or contingencies for such items may also be included. Observed minor issues which would typically be addressed as normal operations & maintenance work may not be noted in the report.
Expected Useful Life (EUL)	As components age, they wear and deteriorate at varying rates, depending on their service and exposure. Although it is an inexact science, various financial underwriters, data services and trade organizations publish guidance regarding the EULs of typical building materials and operating systems. For short-lived components, their EUL is used as the frequency between periodic repairs or replacements. Some systems' economic life may be shortened because improved equipment or materials has become available which is less costly to operate or maintain.
Remaining Useful Life (RUL)	The simple equation for determining remaining useful life before repair or replacement is: EUL – Age = RUL However, based on our evaluation of a component and our professional judgment, we may assign a shorter or longer RUL to actual items being considered.

	BUILDING SYSTEMS AND COMPONENTS COMMON ABBREVIATIONS AND ACRONYMS							
АСМ	Asbestos Containing Material	нw	Hot Water					
АСТ	Acoustic Ceiling Tile	нwн	Hot Water Heater (<i>domestic</i>)					
ADA	Americans with Disabilities Act	IBC	International Building Code					
АНИ	Air Handling Unit	IRC	International Residential Code					
ASHRAE	American Society of Heating, Refrigeration and Air- Conditioning Engineers	KVA	Kilovolt-Ampere					
ASTM	American Society for Testing and Materials	LF	Lineal Foot					
воса	Building Officials Code Administrators International	MSL	Mean Sea Level					
BTU	British Thermal Unit	NEC	National Electric Code					
BTUH	British Thermal Unit / Hour	NFPA	National Fire Protection Association					
CFM	Cubic Foot / Minute	МВН	Thousand British Thermal Units / Hour					
CI	Cast Iron (<i>piping</i>)	MDP	Main Distribution Panel (electric power)					
CIP	Cast In Place (<i>concrete</i>)	O&M	Operations & Maintenance					
СМИ	Concrete Masonry Unit (<i>block</i>)	OSB	Oriented Strand Board (sheathing or decking)					
CPVC	Chlorinated Poly Vinyl Chloride (<i>piping</i>)	РСА	Property Condition Assessment					
cw	Cold Water	PCR	Property Condition Report					
DI	Ductile Iron (<i>piping</i>)	PE	Licensed Professional Engineer					
EIFS	Exterior Insulating and Finishing System	PVC	Poly Vinyl Chloride (<i>piping and siding</i>)					
EPDM	Ethylene Propylene Diene Monomer	РТАС	Packaged Terminal Air Conditioning Unit					
EUL	Expected Useful Life	ROM	Rough Order of Magnitude					
FCU	Fan Coil Unit	RUL	Remaining Useful Life					
FEMA	Federal Emergency Management Agency	RTU	Roof Top Unit					
FFE	Furniture, Fixtures and Equipment	SF	Square Foot					
FHA	Forced Hot Air	SOG	Slab on Grade (concrete basement or ground floor)					
FHAA	Fair Housing Act and Amendments	sQ	100 Square Feet					
FHW	Forced Hot Water	SY	Square Yard					
FIRM	Flood Insurance Rate Map	UBC	Uniform Building Code					
FOIA	Freedom of Information Act	UL	Underwriters Laboratories					
GFI	Ground Fault Interruption (<i>circuit breaker</i>)	VAC	Volts Alternating Current					
GWB	Gypsum Wall Board (drywall or sheetrock)	VAV	Variable Air Volume box					

HID	High Intensity Discharge (<i>lamp, lighting fixture</i>)	vст	Vinyl Composition Tile
HVAC	Heating Ventilation and Air Conditioning	vwc	Vinyl Wall Covering