

**LEVEL 1 REPLACEMENT RESERVE REPORT FY 2024  
WESTBRIAR PLAZA CONDOMINIUM**



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WESTBRIAR PLAZA CONDOMINIUM

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# REPLACEMENT RESERVE REPORT

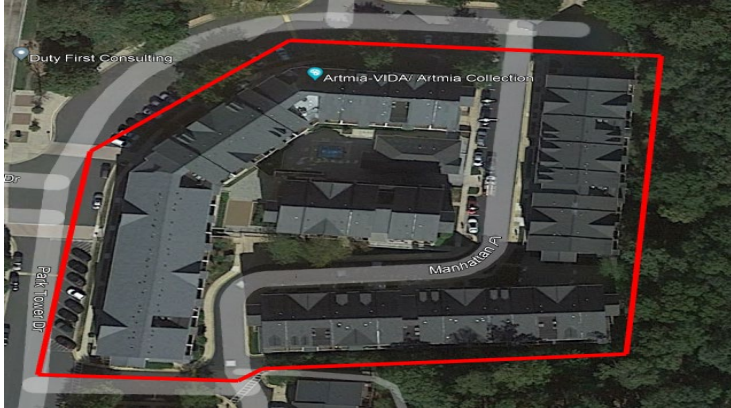
## WESTBRIAR PLAZA CONDOMINIUM

VIENNA, VIRGINIA

June 15, 2023

Revised September 05, 2023

Revised September 06, 2023



**Description.** Westbriar Plaza Condominium is located in Vienna, Virginia. Constructed between 2005 and 2010, the community consists of 4 Midrise Buildings with 116 units, Two Parking Garages, and a Clubhouse. The survey examined the common elements of the property, including:

- Sidewalks, Plaza, and Curbs and Gutters.
- Railing, Site Lighting, Retaining Walls, and Mailboxes.
- Stormwater Management.
- Clubhouse and Outdoor Spa.
- Building Exterior and Interior Systems.

### EXECUTIVE SUMMARY

This Reserve Study has been prepared for the Westbriar Plaza Condominium for the Fiscal Year 2024 covering the period from January 1, 2024 to December 31, 2024. The Replacement Reserves Starting Balance as of January 1, 2024 is proposed to be \$200,000. The reported Current Annual Funding for Reserves is \$139,668. The Recommended Annual Reserve Funding level for 2024 is \$318,988.

Please note that the Recommended Annual Replacement Reserve Funding level decreases after the first year of the Study. (See Page A.4 for more details.)

MillerDodson welcomes the opportunity to answer questions or to discuss this Reserve Study in more detail should the Board so desire.

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**Current Funding.** The Starting Balance and Current Annual Reserve Funding figures have been supplied by the managing agent and/or Board of Directors. Confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

**Level of Service.** This study has been performed as a Level 1 Full-Service Reserve Study with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, a complete inventory of components, including their condition and cost for major repair or replacement, was established by the Analyst for the common and limited common elements of this facility based on information provided by the Community Manager and/or Board of Directors, or by those developed from visual assessments, field measurements, takeoffs from to-scale drawings, or review of provided historical data. The analysis, including fund status and funding plan, is developed from the inventory.

To aid in the understanding of this report and its concepts and practices, on our website, we have developed [videos](#) addressing frequently asked topics. In addition, there are posted [links](#) covering a variety of subjects under the resources page of our web site at [mdareserves.com](http://mdareserves.com).

**Purpose.** The purpose of this Replacement Reserve Study is to provide Westbriar Plaza Condominium (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.
- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the reported current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1.

**Basis.** The data contained in this Replacement Reserve Study is based upon the following:

- The Request for Proposal submitted and executed by the Association.
- Miller+Dodson performed a visual evaluation on June 15, 2023 to determine a remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller+Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

**To-Scale Drawings.** Site and building plans were not used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller+Dodson can provide scanning services.

**Acknowledgment.** Miller+Dodson Associates would like to acknowledge the assistance and input of James Hill, Property Manager who provided very helpful insight into the current operations of the property.

**Analyst's Credentials.** Mr. Maksim Kabaluk, P.E. holds a Master's Degree in Structural Engineering from Florida Atlantic University. Mr. Kabaluk is a registered Engineer in the state of Virginia. He has over 10 years of experience working in engineering with a strong focus in the last 7 years in Structural Engineering. Specifically interested in design of new buildings as well as structural forensics and building assessments.

Respectfully Submitted,



*Maksim Kabaluk*  
Maksim Kabaluk

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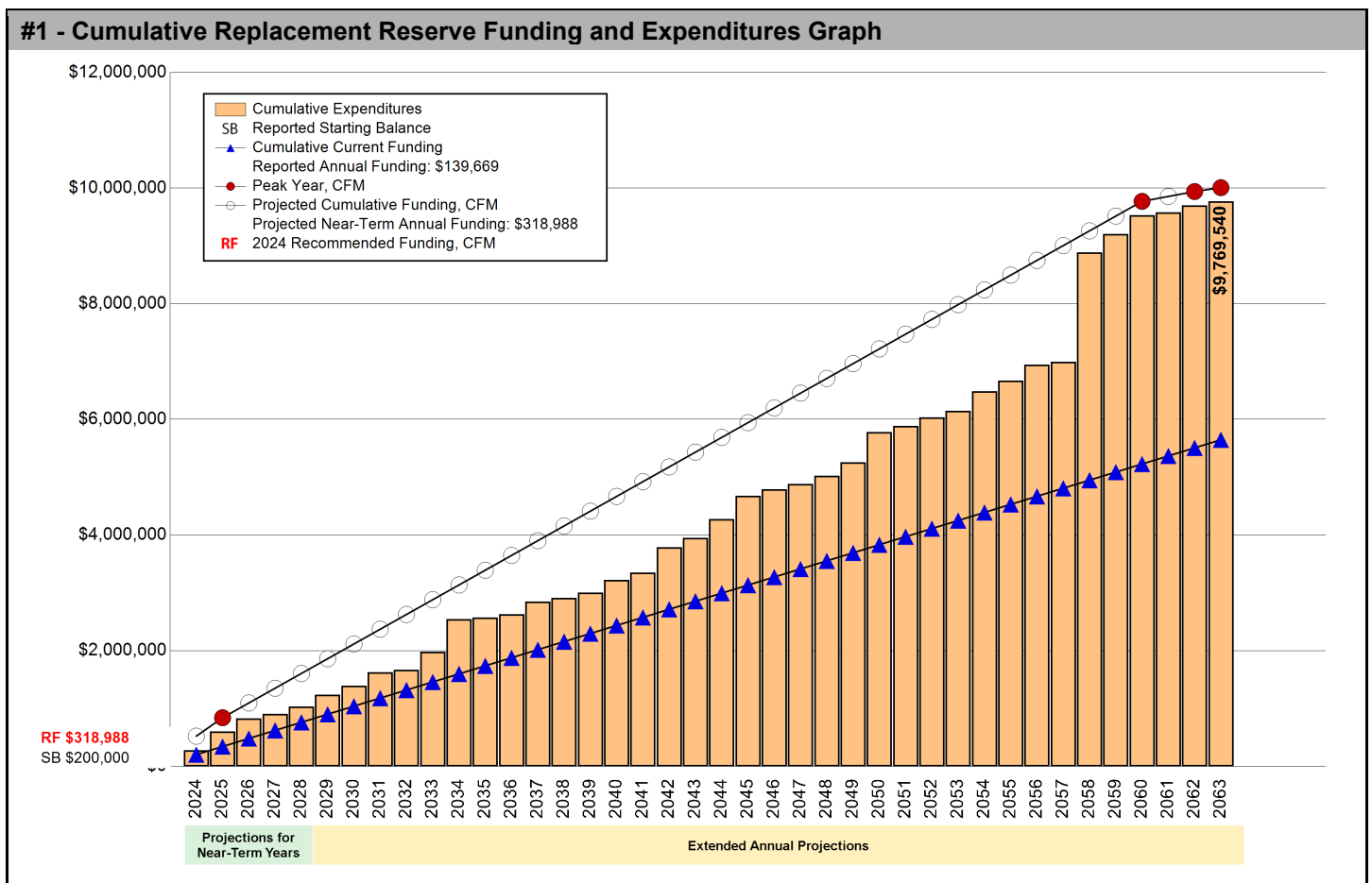
## SECTION A - FINANCIAL ANALYSIS

The Westbriar Plaza Condominium Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 92 Projected Replacements identified in the Replacement Reserve Inventory.

**\$318,988** RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2024  
\$229.16 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A.5.

Westbriar Plaza Condominium reports a Starting Balance of \$200,000 and Annual Funding totaling \$139,669, which is inadequate to fund projected replacements starting in 2024. See Page A.3 for a more detailed evaluation.



Please note that the Recommended Annual Replacement Reserve Funding level decreases after the first year of the Study. (See Page A.4 for more details.)

**REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION**

The Westbriar Plaza Condominium Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

**2024 | STUDY YEAR**

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2024.

**40 Years | STUDY PERIOD**

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

**\$200,000 | STARTING BALANCE**

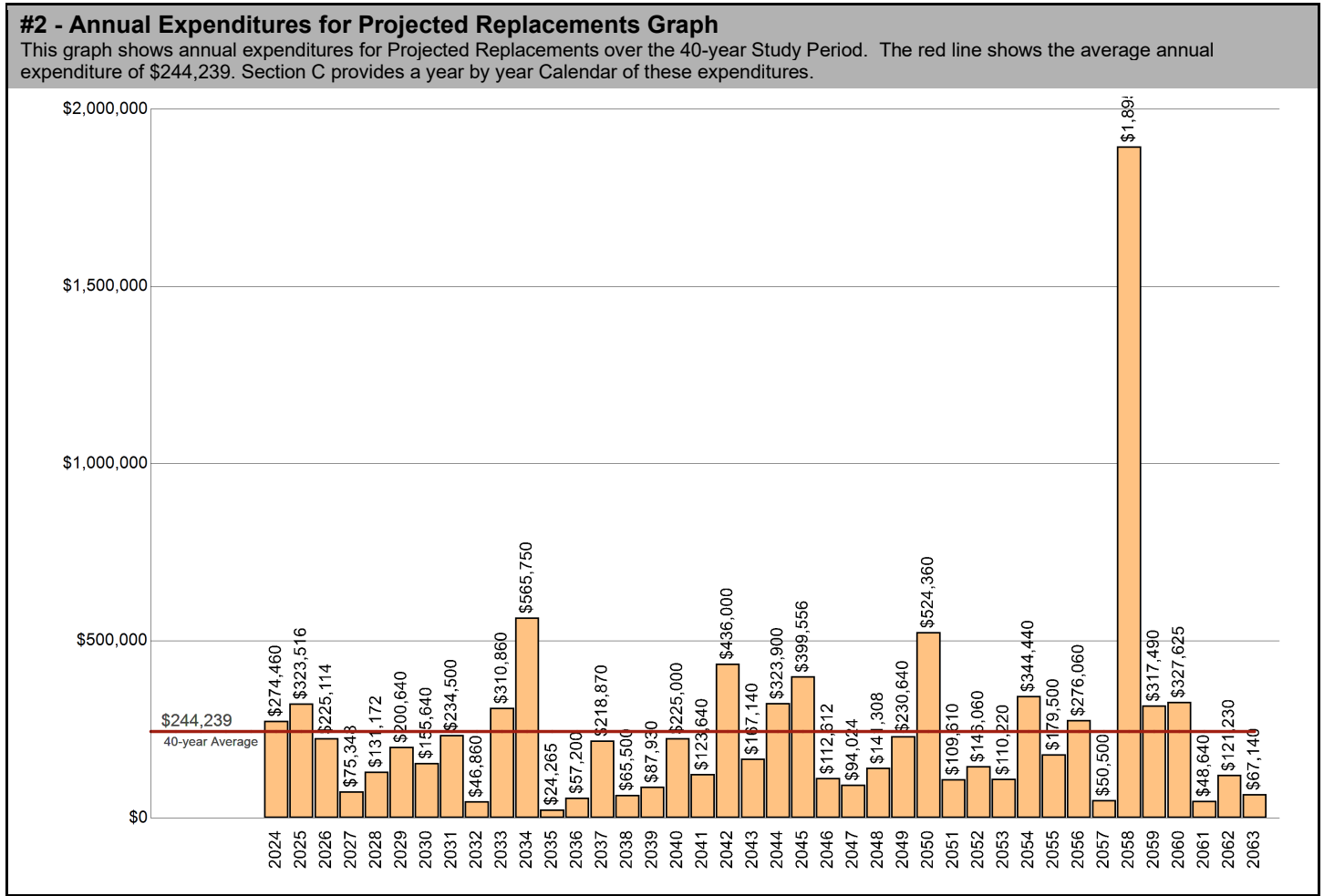
The Association reports Replacement Reserves on Deposit totaling \$200,000 at the start of the Study Year.

**Level One | LEVEL OF SERVICE**

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level One Study, as defined by the Community Associations Institute (CAI).

**\$9,769,540 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The Westbriar Plaza Condominium Replacement Reserve Inventory identifies 92 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$9,769,540 over the 40-year Study Period. The Projected Replacements are divided into 6 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.





**UPDATING OF THE FUNDING PLAN**

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A.4 and A.5. The Projected Replacements listed on Page C.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A.5.

**UPDATING OF THE REPLACEMENT RESERVE STUDY**

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A.5.

**ANNUAL EXPENDITURES AND CURRENT FUNDING**

The annual expenditures that comprise the \$9,769,540 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

<b>#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40</b>										
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Starting Balance	\$200,000									
Projected Replacements	(\$274,460)	(\$323,516)	(\$225,114)	(\$75,348)	(\$131,172)	(\$200,640)	(\$155,640)	(\$234,500)	(\$46,860)	(\$310,860)
Annual Deposit	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669
End of Year Balance	\$65,209	(\$118,639)	(\$204,084)	(\$139,784)	(\$131,267)	(\$192,238)	(\$208,210)	(\$303,041)	(\$210,233)	(\$381,424)
Cumulative Expenditures	(\$274,460)	(\$597,976)	(\$823,090)	(\$898,438)	(\$1,029,610)	(\$1,230,250)	(\$1,385,890)	(\$1,620,390)	(\$1,667,250)	(\$1,978,110)
Cumulative Receipts	\$339,669	\$479,338	\$619,007	\$758,676	\$898,345	\$1,038,014	\$1,177,683	\$1,317,352	\$1,457,021	\$1,596,690
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Projected Replacements	(\$565,750)	(\$24,265)	(\$57,200)	(\$218,870)	(\$65,500)	(\$87,930)	(\$225,000)	(\$123,640)	(\$436,000)	(\$167,140)
Annual Deposit	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669
End of Year Balance	(\$807,505)	(\$692,102)	(\$609,633)	(\$688,835)	(\$614,666)	(\$562,927)	(\$648,259)	(\$632,230)	(\$928,562)	(\$956,033)
Cumulative Expenditures	(\$2,543,860)	(\$2,568,125)	(\$2,625,325)	(\$2,844,195)	(\$2,909,695)	(\$2,997,625)	(\$3,222,625)	(\$3,346,265)	(\$3,782,265)	(\$3,949,405)
Cumulative Receipts	\$1,736,359	\$1,876,028	\$2,015,697	\$2,155,366	\$2,295,035	\$2,434,704	\$2,574,373	\$2,714,042	\$2,853,711	\$2,993,380
Year	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Projected Replacements	(\$323,900)	(\$399,556)	(\$112,612)	(\$94,024)	(\$141,308)	(\$230,640)	(\$524,360)	(\$109,610)	(\$146,060)	(\$110,220)
Annual Deposit	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669
End of Year Balance	(\$1,140,264)	(\$1,400,152)	(\$1,373,095)	(\$1,327,451)	(\$1,329,090)	(\$1,420,061)	(\$1,804,753)	(\$1,774,694)	(\$1,781,086)	(\$1,751,637)
Cumulative Expenditures	(\$4,273,305)	(\$4,672,861)	(\$4,785,473)	(\$4,879,497)	(\$5,020,805)	(\$5,251,445)	(\$5,775,805)	(\$5,885,415)	(\$6,031,475)	(\$6,141,695)
Cumulative Receipts	\$3,133,049	\$3,272,718	\$3,412,387	\$3,552,056	\$3,691,725	\$3,831,394	\$3,971,063	\$4,110,732	\$4,250,401	\$4,390,070
Year	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063
Projected Replacements	(\$344,440)	(\$179,500)	(\$276,060)	(\$50,500)	(\$1,895,220)	(\$317,490)	(\$327,825)	(\$48,640)	(\$121,230)	(\$67,140)
Annual Deposit	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669	\$139,669
End of Year Balance	(\$1,956,408)	(\$1,996,240)	(\$2,132,631)	(\$2,043,463)	(\$3,799,014)	(\$3,976,835)	(\$4,164,792)	(\$4,073,763)	(\$4,055,325)	(\$3,982,796)
Cumulative Expenditures	(\$6,486,135)	(\$6,665,635)	(\$6,941,695)	(\$6,992,195)	(\$8,887,415)	(\$9,204,905)	(\$9,532,530)	(\$9,581,170)	(\$9,702,400)	(\$9,769,540)
Cumulative Receipts	\$4,529,739	\$4,669,408	\$4,809,077	\$4,948,746	\$5,088,415	\$5,228,084	\$5,367,753	\$5,507,422	\$5,647,091	\$5,786,760

**EVALUATION OF CURRENT FUNDING**

The evaluation of Current Funding (Starting Balance of \$200,000 & annual funding of \$139,669), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 92 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$139,669 throughout the 40-year Study Period.

Annual Funding of \$139,669 is approximately 44 percent of the \$318,988 recommended Annual Funding calculated by the Cash Flow Method for 2024, the Study Year.

See the Executive Summary for the Current Funding Statement.

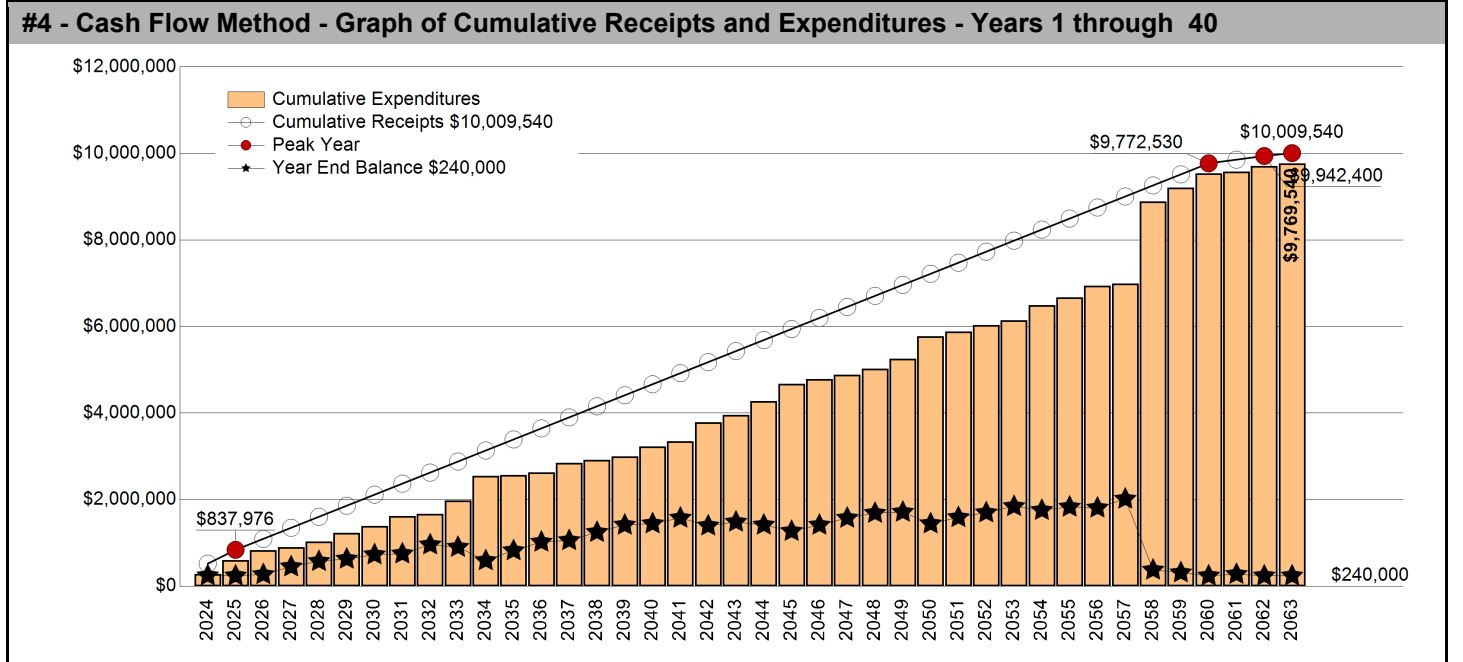
# CASH FLOW METHOD FUNDING

## **\$318,988** RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2024

\$229.16 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- Peak Years.** The First Peak Year occurs in 2025 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$597,976 of replacements from 2024 to 2025. Recommended funding is projected to decline from \$318,988 in 2025 to \$255,273 in 2026. Peak Years are identified in Chart 4 and Table 5.
- Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$240,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$244,239 as shown on Graph #2.
- Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$9,769,540 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2063 and in 2063, the end of year balance will always be the Minimum Balance.



Year	2024	1st Peak - 2025	2026	2027	2028	2029	2030	2031	2032	2033
Starting Balance	\$200,000									
Projected Replacements	(\$274,460)	(\$323,516)	(\$225,114)	(\$75,348)	(\$131,172)	(\$200,640)	(\$155,640)	(\$234,500)	(\$46,860)	(\$310,860)
Annual Deposit	\$318,988	\$318,988	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273
End of Year Balance	\$244,528	\$240,000	\$270,159	\$450,084	\$574,185	\$628,818	\$728,451	\$749,224	\$957,637	\$902,050
Cumulative Expenditures	(\$274,460)	(\$597,976)	(\$823,090)	(\$898,438)	(\$1,029,610)	(\$1,230,250)	(\$1,385,890)	(\$1,620,390)	(\$1,667,250)	(\$1,978,110)
Cumulative Receipts	\$518,988	\$837,976	\$1,093,249	\$1,348,522	\$1,603,795	\$1,859,068	\$2,114,341	\$2,369,614	\$2,624,887	\$2,880,160
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Projected Replacements	(\$565,750)	(\$24,265)	(\$57,200)	(\$218,870)	(\$65,500)	(\$87,930)	(\$225,000)	(\$123,640)	(\$436,000)	(\$167,140)
Annual Deposit	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273
End of Year Balance	\$591,573	\$822,581	\$1,020,654	\$1,057,057	\$1,246,830	\$1,414,173	\$1,444,446	\$1,576,079	\$1,395,352	\$1,483,484
Cumulative Expenditures	(\$2,543,860)	(\$2,568,125)	(\$2,625,325)	(\$2,844,195)	(\$2,909,695)	(\$2,997,625)	(\$3,222,625)	(\$3,346,265)	(\$3,782,265)	(\$3,949,405)
Cumulative Receipts	\$3,135,433	\$3,390,706	\$3,645,979	\$3,901,252	\$4,156,525	\$4,411,798	\$4,667,071	\$4,922,344	\$5,177,617	\$5,432,889
Year	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Projected Replacements	(\$323,900)	(\$399,556)	(\$112,612)	(\$94,024)	(\$141,308)	(\$230,640)	(\$524,360)	(\$109,610)	(\$146,060)	(\$110,220)
Annual Deposit	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273
End of Year Balance	\$1,414,857	\$1,270,574	\$1,413,235	\$1,574,484	\$1,688,449	\$1,713,082	\$1,443,995	\$1,589,658	\$1,698,871	\$1,843,924
Cumulative Expenditures	(\$4,273,305)	(\$4,672,861)	(\$4,785,473)	(\$4,879,497)	(\$5,020,805)	(\$5,251,445)	(\$5,775,805)	(\$5,885,415)	(\$6,031,475)	(\$6,141,695)
Cumulative Receipts	\$5,688,162	\$5,943,435	\$6,198,708	\$6,453,981	\$6,709,254	\$6,964,527	\$7,219,800	\$7,475,073	\$7,730,346	\$7,985,619
Year	2054	2055	2056	2057	2058	2059	2nd Peak - 2060	2061	3rd Peak - 2062	4th Peak - 2063
Projected Replacements	(\$344,440)	(\$179,500)	(\$276,060)	(\$50,500)	(\$1,895,220)	(\$317,490)	(\$327,625)	(\$48,640)	(\$121,230)	(\$67,140)
Annual Deposit	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$255,273	\$84,935	\$84,935	\$67,140
End of Year Balance	\$1,754,757	\$1,830,530	\$1,809,743	\$2,014,516	\$374,569	\$312,352	\$240,000	\$276,295	\$240,000	\$240,000
Cumulative Expenditures	(\$6,486,135)	(\$6,665,635)	(\$6,941,695)	(\$6,992,195)	(\$8,887,415)	(\$9,204,905)	(\$9,532,530)	(\$9,581,170)	(\$9,702,400)	(\$9,769,540)
Cumulative Receipts	\$8,240,892	\$8,496,165	\$8,751,438	\$9,006,711	\$9,261,984	\$9,517,257	\$9,772,530	\$9,857,465	\$9,942,400	\$10,009,540

## INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

### **\$318,988** 2024 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2024 Study Year calculations have been made using current replacement costs (see Page B.2), modified by the Analyst for any project specific conditions.

### **\$338,127** 2025 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2025 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$244,528 on January 1, 2025.
- All 2024 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$274,460.
- Construction Cost Inflation of 6.00 percent in 2024.

The \$338,127 inflation adjusted funding in 2025 is a 6.00 percent increase over the non-inflation adjusted funding of \$318,988.

### **\$286,825** 2026 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$240,000 on January 1, 2026.
- All 2025 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$324,818.
- Construction Cost Inflation of 6.00 percent in 2025.

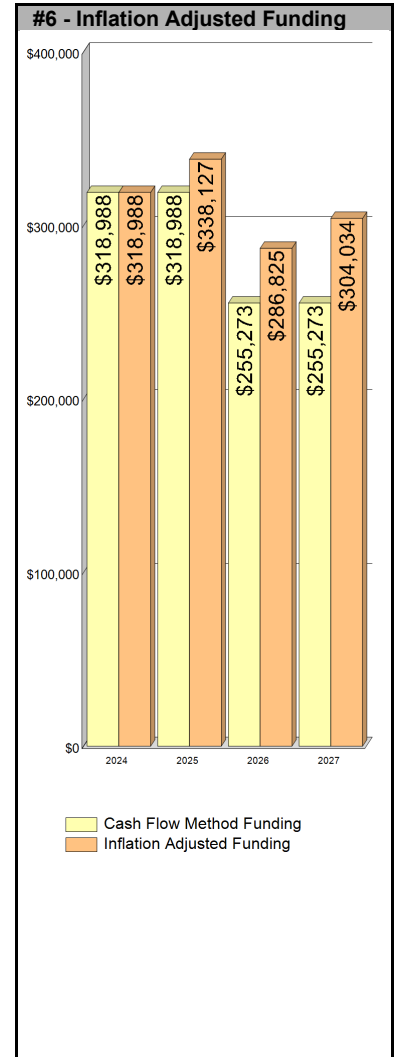
The \$286,825 inflation adjusted funding in 2026 is a 12.36 percent increase over the non-inflation adjusted funding of \$255,273.

### **\$304,034** 2027 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2027 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$240,000 on January 1, 2027.
- All 2026 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$239,800.
- Construction Cost Inflation of 6.00 percent in 2026.

The \$304,034 inflation adjusted funding in 2027 is a 19.10 percent increase over the non-inflation adjusted funding of \$255,273.



### Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

### Inflation Adjustment

Prior to approving a budget based upon the 2025, 2026 and 2027 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

### Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2024, based on a 1.00 percent interest rate, we estimate the Association may earn \$2,223 on an average balance of \$222,264, \$2,423 on an average balance of \$242,264 in 2025, and \$2,400 on \$240,000 in 2026. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2024 funding from \$318,988 to \$316,765 (a 0.69 percent reduction), \$338,127 to \$335,705 in 2025 (a 0.71 percent reduction), and \$286,825 to \$284,425 in 2026 (a 0.83 percent reduction).

## REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

- Westbriar Plaza has 116 units. The type of property is a condominium association.
- The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funds not being available for the Projected Replacements listed in the Replacement Reserve Inventory.
- The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 94 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1

## SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Westbriar Plaza Condominium - Replacement Reserve Inventory identifies 92 items which are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$5,772,525. Cumulative Replacements totaling \$9,769,540 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

**Tax Code.** The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

**Value.** Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B.2.

**Long-lived Items.** Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

**Unit improvements.** Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

**Other non-common improvements.** Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 92 items included in the Westbriar Plaza Condominium Replacement Reserve Inventory are divided into 6 major categories. Each category is printed on a separate page, beginning on page B.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level One Study - Full Service, as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

*A Level I - Full-Service Reserve Study includes the computation of complete component inventory information regarding commonly owned components provided by the Association, quantities derived from field measurements, and/or quantity takeoffs from to-scale engineering drawings that may be made available. The condition of all components is ascertained from a visual inspection of each component by the analyst. The remaining economic life and the value of the components are provided based on these observations and the funding status and funding plan are then derived from the analysis of this data.*

## REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 92 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
  - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
  - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
  - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
  - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
  - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
  - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
  - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
  - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 92 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B.1.

SITE ITEMS						NEL- Normal Economic Life (yrs)			
PROJECTED REPLACEMENTS						REL- Remaining Economic Life (yrs)			
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL		REPLACEMENT COST (\$)	
1	Pavement overlay	sf	10,800	\$2.45	15	none		\$26,460	
2	Crack fill/base repair (20% allowance)	sf	2,160	\$4.00	2	1		\$8,640	
3	Sidewalks and curbs (allowance)	ls	1	\$5,000.00	2	1		\$5,000	
4	Brick retaining walls repairs/reset (allowance)	ls	1	\$25,000.00	10	none		\$25,000	
5	Retaining wall segmental block	sf	500	\$75.00	80	78		\$37,500	
6	Miscellaneous signs (allowance)	ls	1	\$2,000.00	10	10		\$2,000	
7	Foundation plantings (allowance)	ls	1	\$3,000.00	2	2		\$3,000	
8	Handrails (20% allowance)	lf	400	\$75.00	10	none		\$30,000	
9	Common area doors (allowance)	ls	1	\$5,000.00	5	5		\$5,000	
10	Plaza pavers reset	sf	7,000	\$12.00	15	13		\$84,000	
11	Composite walkway replace	sf	500	\$40.00	20	18		\$20,000	
12	SWM systems (allowance)	ls	1	\$5,000.00	5	5		\$5,000	
Replacement Costs - Page Subtotal								\$251,600	

COMMENTS
<ul style="list-style-type: none"> <li>We have assumed that the Association will replace the asphalt pavement by the installation of a 2-inch-thick overlay. The pavement will need to be milled prior to the installation of the overlay. Milling and the cost of minor repairs (5 to 10 percent of the total area) to the base materials and bearing soils beneath the pavement are included in the cost shown above.</li> <li>Seal coating or rejuvenation has been shown to extend service life of asphalt if performed at an early stage, once asphalt has fully cured and then cyclically thereafter. This is the best practice to extend life of the asphalt pavement. The Unit Cost includes crack sealing, and line/curb painting. The Asphalt paving industries recommendation/best practice is to sealcoat approximately one (1) year after the mill and overlay is performed. One (1) year allows the excess oils in the paving mixture to "weather off". Sealing the following year locks in the remaining essential oils that keep the pavement pliable. Cyclical reapplication of the sealcoat, approximately every five (5) years, will keep those oils in expanding its useful life.</li> <li>Concrete has a normal economic life expectancy of 60 years. We are modeling 6% of the total requiring replacement every six years. Items showing zero remaining life expectancy are to take care of immediate needs due to tripping hazards.</li> <li>For concrete components and other roadway shoulder work, we have assumed that the Association will conduct concrete component replacement projects in conjunction with asphalt pavement, other concrete, or rights-of-way replacement projects.</li> <li>Comprehensive drawings detailing the components of the systems listed above were not available for our review. We have included the estimated cost of the systems based upon our experience with other similar communities. We have assumed that 10 percent of the system(s) will require replacement. In the future, this assumption and the estimated costs should be adjusted based upon the community's actual experience as is feasible.</li> <li>Item #12: SWM systems (allowance) - There is a sand and gravel filter system for stormwater management. The Association is responsible to maintain this system together with neighboring properties. The last time the system was cleaned, the associated cost for it was \$80,000.00. According to the Association, the full replacement of the sand and gravel would cost about \$200,000.00.</li> </ul>

EXTERIOR ITEMS PROJECTED REPLACEMENTS						NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
13	Roofing shingles Building 2663	sf	16,116	\$5.00	25	1	\$80,580	
14	Roofing flat Building 2663	sf	728	\$32.00	20	1	\$23,296	
15	Roofing shingles Building 2665	sf	18,194	\$5.00	25	2	\$90,970	
16	Roofing flat Building 2665	sf	1,092	\$32.00	20	2	\$34,944	
17	Roofing shingles Building 2664	sf	9,012	\$5.00	25	3	\$45,060	
18	Roofing flat Building 2664	sf	364	\$32.00	20	3	\$11,648	
19	Roofing shingles Building 2651	sf	14,616	\$5.00	25	4	\$73,080	
20	Roofing shingles Building 2653	sf	17,246	\$5.00	25	13	\$86,230	
21	Roofing flat Buildings 2651 - 2653	sf	1,456	\$32.00	20	4	\$46,592	
22	Gutters and downspouts (allowance)	ls	1	\$30,000.00	30	14	\$30,000	
23	Windows Building 2663	ea	262	\$68.00	40	21	\$17,816	
24	Windows Building 2665	ea	301	\$68.00	40	22	\$20,468	
25	Windows Building 2664	ea	152	\$68.00	40	23	\$10,336	
26	Windows Buildings 2651 - 2653	ea	562	\$68.00	40	24	\$38,216	
27	Brick walls repairs/reset (allowance)	ls	1	\$10,000.00	10	none	\$10,000	
28	Vinyl siding and trim repairs (allowance)	ls	1	\$10,000.00	10	10	\$10,000	
29	Entrance doors (allowance)	ls	1	\$25,000.00	35	18	\$25,000	
30	Balcony/patio doors - 2663 (allowance)	ls	1	\$55,000.00	35	16	\$55,000	
31	Balcony/patio doors - 2665 (allowance)	ls	1	\$63,000.00	35	17	\$63,000	
Replacement Costs - Page Subtotal							\$772,236	

**COMMENTS**

- Balconies. It is our understanding that the balconies and railings are the responsibility of the Association. Inspection of the structural integrity of these balconies is beyond the Scope of a Reserve Study. However, Miller Dodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the building structure, the balconies, and any other structural features of the community.



EXTERIOR ITEMS - (cont.)				NEL- Normal Economic Life (yrs)		REL- Remaining Economic Life (yrs)	
PROJECTED REPLACEMENTS							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
32	Balcony/patio doors - 2664 (allowance)	ls	1	\$33,000.00	35	18	\$33,000
33	Balcony/patio doors - 2651 - 2653 (allowance)	ls	1	\$115,000.00	35	19	\$115,000
34	Balcony/patio trex decks	sf	11,424	\$21.00	30	21	\$239,904
35	Exterior painting	ls	1	\$30,000.00	6	1	\$30,000
36	Waterproofing (allowance)	ls	1	\$5,000.00	1	none	\$5,000
37	Exterior wall lights	ea	25	\$225.00	25	11	\$5,625
38	Exterior caulking (allowance)	ls	5	\$35,000.00	10	none	\$175,000
Replacement Costs - Page Subtotal							\$603,529

COMMENTS
<ul style="list-style-type: none"> <li>Balconies. It is our understanding that the balconies and railings are the responsibility of the Association. Inspection of the structural integrity of these balconies is beyond the Scope of a Reserve Study. However, Miller Dodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the building structure, the balconies, and any other structural features of the community.</li> <li>Item #35: Exterior painting - 8.24.2023 Per request, changed REL.</li> <li>Item #38: Exterior caulking (allowance) - 8.24.2023 Per request, changed REL. Caulking is needed now.</li> </ul>

INTERIOR ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
39	Corridor carpeting	sy	8,200	\$6.00	10	2	\$49,200
40	Interior tile reset (allowance)	ls	1	\$9,000.00	7	7	\$9,000
41	Interior painting (allowance)	ls	1	\$45,000.00	15	9	\$45,000
42	Mailboxes	ea	116	\$400.00	30	23	\$46,400
43	Interior ceiling lights (allowance)	ls	1	\$4,000.00	5	5	\$4,000
44	Stair lights (allowance)	ls	1	\$3,000.00	10	5	\$3,000
Replacement Costs - Page Subtotal							\$156,600

COMMENTS

BUILDING SYSTEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
45	Elevator controls Building 2663 - hydraulic	ea	1	\$31,860.00	25	6	\$31,860
46	Elevator controls Building 2665 - hydraulic	ea	1	\$31,860.00	25	7	\$31,860
47	Elevator controls Building 2664 - hydraulic	ea	1	\$31,860.00	25	8	\$31,860
48	Elevator controls Buildings 2651 - 2653 - hydraulic	ea	2	\$31,860.00	25	9	\$63,720
49	Elevator machinery	ea	5	\$16,000.00	40	26	\$80,000
50	Elevator cabs and doors	ea	5	\$9,800.00	30	16	\$49,000
	Elevator room HVAC unit						EXCLUDED
51	HVAC common level Building 2663 - 1.5 TON	ea	3	\$10,500.00	15	1	\$31,500
52	HVAC common level Building 2665 - 1.5 TON	ea	3	\$10,500.00	15	1	\$31,500
53	HVAC common level Building 2664 - 1.5 TON	ea	2	\$10,500.00	15	1	\$21,000
54	HVAC common level Buildings 2651 - 2653 - 1.5	ea	4	\$10,500.00	15	2	\$42,000
55	Riser linings (allowance)	ls	4	\$410,000.00	50	34	\$1,640,000
56	Fire control panels (allowance)	ls	4	\$45,000.00	25	9	\$180,000
57	Electrical fire pump replace	ea	4	\$60,000.00	40	26	\$240,000
58	Fire alarm panel (allowance)	units	116	\$705.00	20	6	\$81,780
59	Entrance access systems (allowance)	ls	5	\$2,800.00	20	6	\$14,000
60	Security systems (allowance)	ls	2	\$10,000.00	20	6	\$20,000
61	Electric service (allowance)	ls	4	\$75,000.00	50	36	\$300,000
Replacement Costs - Page Subtotal							\$2,890,080

COMMENTS
<ul style="list-style-type: none"> <li>Elevator room HVAC unit - [08/24/2023] excluded per board</li> <li>Item #51: HVAC common level Building 2663 - 1.5 TON - 8.24.2023 Per request, changed description, QTY, and REL.</li> <li>Item #52: HVAC common level Building 2665 - 1.5 TON - 8.24.2023 Per request, changed description, QTY, and REL.</li> <li>Item #53: HVAC common level Building 2664 - 1.5 TON - 8.24.2023 Per request, changed description, QTY, and REL.</li> <li>Item #54: HVAC common level Buildings 2651 - 2653 - 1.5 TON - 8.24.2023 Per request, changed description, QTY, and REL.</li> </ul>

<b>CLUBHOUSE</b>					<b>NEL- Normal Economic Life (yrs)</b>		
<b>PROJECTED REPLACEMENTS</b>					<b>REL- Remaining Economic Life (yrs)</b>		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
62	Roofing shingles	sf	2,800	\$5.00	20	5	\$14,000
63	Gutter and downspouts	lf	50	\$15.00	30	15	\$750
64	Vinyl siding and trim	sf	2,100	\$9.00	35	21	\$18,900
65	Windows (allowance)	ls	1	\$10,000.00	35	20	\$10,000
66	Exterior doors (allowance)	ls	1	\$5,000.00	25	10	\$5,000
67	Lobby renovation (allowance)	ls	1	\$20,000.00	20	5	\$20,000
68	Kitchen renovation (allowance)	ls	1	\$30,000.00	20	5	\$30,000
69	Bathrooms renovation (allowance)	ls	1	\$60,000.00	20	5	\$60,000
70	Gym renovation (allowance)	ls	1	\$20,000.00	20	5	\$20,000
71	Rubber gym flooring	sf	340	\$12.00	15	15	\$4,080
72	Miscellaneous exercise equipment (allowance)	ls	1	\$5,000.00	5	5	\$5,000
73	Treadmill	ea	1	\$7,400.00	10	10	\$7,400
74	Bike	ea	1	\$4,800.00	10	10	\$4,800
75	Staged bike	ea	1	\$6,000.00	10	10	\$6,000
76	Elliptical	ea	1	\$7,000.00	10	10	\$7,000
77	Flat to incline	ea	1	\$1,200.00	10	10	\$1,200
78	HVAC 7.5 TON	ea	1	\$15,000.00	15	14	\$15,000
79	Water heater	ea	1	\$3,000.00	5	5	\$3,000
80	Outdoor spa cover	ls	1	\$2,000.00	10	5	\$2,000
81	Outdoor spa heater	ls	1	\$3,500.00	5	4	\$3,500
82	Outdoor spa filters and pumps	ls	1	\$7,000.00	15	8	\$7,000
Replacement Costs - Page Subtotal							\$244,630

<b>COMMENTS</b>

<b>GARAGE</b>						<b>NEL- Normal Economic Life (yrs)</b>			
<b>PROJECTED REPLACEMENTS</b>						<b>REL- Remaining Economic Life (yrs)</b>			
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL		REPLACEMENT COST (\$)	
83	Plaza waterproof membrane (allowance)	ls	1	\$350,000.00	25	18		\$350,000	
84	Garage concrete repairs (2663)	sf	29,000	\$5.00	25	7		\$145,000	
85	Garage concrete repairs (2653)	sf	49,370	\$5.00	25	10		\$246,850	
86	Garage doors 9'X16' (2663)	ea	2	\$18,000.00	20	1		\$36,000	
87	Garage doors 9'X16' (2653)	ea	2	\$18,000.00	20	1		\$36,000	
88	Garage doors operators	ea	4	\$3,500.00	20	16		\$14,000	
89	Garage ceiling tiles (allowance)	ls	1	\$3,000.00	5	none		\$3,000	
90	Garage lights (allowance)	ls	1	\$2,500.00	5	5		\$2,500	
91	Garage exhaust fans	ea	6	\$2,500.00	15	1		\$15,000	
92	Garage Sprinkler Piping (allowance)	ls	1	\$5,500.00	10	5		\$5,500	
Replacement Costs - Page Subtotal								\$853,850	

<b>COMMENTS</b>
<ul style="list-style-type: none"> <li>Item #86: Garage doors 9'X16' (2663) - 8.24.2023 Per request, changed REL. These are original.</li> <li>Item #87: Garage doors 9'X16' (2653) - 8.24.2023 Per request, changed REL. These are original.</li> <li>Item #91: Garage exhaust fans - 8.24.2023 Per request, changed QTY.</li> </ul>

VALUATION EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Miscellaneous signage							EXCLUDED
	Fire extinguisher cabinet							EXCLUDED
	Sprinkler head							EXCLUDED
	Emergency lighting, exit light, etc.							EXCLUDED
	Interior doors							EXCLUDED
	Window unit							EXCLUDED
	Electric heaters							EXCLUDED

**VALUATION EXCLUSIONS**

**Comments**

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Miscellaneous culverts						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Fire protection/security systems						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED
	Gas services at common facilities						EXCLUDED
	Trash chute						EXCLUDED
	Stainless steel pool fixtures						EXCLUDED

**LONG-LIFE EXCLUSIONS**  
Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)	
	Domestic water pipes serving one unit							EXCLUDED
	Sanitary sewers serving one unit							EXCLUDED
	Electrical wiring serving one unit							EXCLUDED
	Cable TV service serving one unit							EXCLUDED
	Telephone service serving one unit							EXCLUDED
	Gas service serving one unit							EXCLUDED
	Unit doors							EXCLUDED
	Unit skylights							EXCLUDED
	Unit interior							EXCLUDED
	Unit HVAC system							EXCLUDED

**UNIT IMPROVEMENTS EXCLUSIONS**  
 Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.



UTILITY EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Site lighting						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED
	Sanitary sewers						EXCLUDED

**UTILITY EXCLUSIONS**  
 Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Cleaning of asphalt pavement						EXCLUDED
	Crack sealing of asphalt pavement						EXCLUDED
	Painting of curbs						EXCLUDED
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Landscaping and site grading						EXCLUDED
	Exterior painting						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

**MAINTENANCE AND REPAIR EXCLUSIONS**

**Comments**

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED
	Government, lighting						EXCLUDED
	Government, stormwater management						EXCLUDED
	Government, ponds						EXCLUDED
	Government, mailboxes						EXCLUDED

GOVERNMENT EXCLUSIONS
Comments
<ul style="list-style-type: none"> <li>• Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.</li> <li>• Excluded rights-of-way, including adjacent properties and adjacent roadways.</li> <li>• The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.</li> </ul>

IRRIGATION SYSTEM EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Subsurface irrigation pipe						EXCLUDED
	Subsurface irrigation valve						EXCLUDED
	Subsurface irrigation control wiring						EXCLUDED
	Irrigation control system						EXCLUDED
	Irrigation system electrical service						EXCLUDED
	Irrigation system enclosures						EXCLUDED

**IRRIGATION SYSTEM EXCLUSIONS**  
Comments

- Irrigation System Exclusions. We have assumed that the maintenance, repair, and periodic replacement of the components of the extensive irrigation systems at the property will not be funded from Replacement Reserves. These systems should be inspected each spring when the systems are brought online and again each fall when they are winterized. Repair(s) and or replacement(s) should be made in conjunction with these semiannual inspections.

## SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

**GENERAL STATEMENT.** The 92 Projected Replacements in the Westbriar Plaza Condominium Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C.2.

### REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain on our time and manpower resources. Therefore, Miller Dodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

**PROJECTED REPLACEMENTS**

Item	2024 - Study Year	\$	Item	2025 - YEAR 1	\$
1	Pavement overlay	\$26,460	2	Crack fill/base repair (20% allowance)	\$8,640
4	Brick retaining walls repairs/reset (allowance)	\$25,000	3	Sidewalks and curbs (allowance)	\$5,000
8	Handrails (20% allowance)	\$30,000	13	Roofing shingles Building 2663	\$80,580
27	Brick walls repairs/reset (allowance)	\$10,000	14	Roofing flat Building 2663	\$23,296
36	Waterproofing (allowance)	\$5,000	35	Exterior painting	\$30,000
38	Exterior caulking (allowance)	\$175,000	36	Waterproofing (allowance)	\$5,000
89	Garage ceiling tiles (allowance)	\$3,000	51	HVAC common level Building 2663 - 1.5 TON	\$31,500
			52	HVAC common level Building 2665 - 1.5 TON	\$31,500
			53	HVAC common level Building 2664 - 1.5 TON	\$21,000
			86	Garage doors 9'X16' (2663)	\$36,000
			87	Garage doors 9'X16' (2653)	\$36,000
			91	Garage exhaust fans	\$15,000
Total Scheduled Replacements		\$274,460	Total Scheduled Replacements		\$323,516

Item	2026 - YEAR 2	\$	Item	2027 - YEAR 3	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
15	Roofing shingles Building 2665	\$90,970	3	Sidewalks and curbs (allowance)	\$5,000
16	Roofing flat Building 2665	\$34,944	17	Roofing shingles Building 2664	\$45,060
36	Waterproofing (allowance)	\$5,000	18	Roofing flat Building 2664	\$11,648
39	Corridor carpeting	\$49,200	36	Waterproofing (allowance)	\$5,000
54	HVAC common level Buildings 2651 - 2653 - 1.5 TON	\$42,000			
Total Scheduled Replacements		\$225,114	Total Scheduled Replacements		\$75,348

**PROJECTED REPLACEMENTS**

2028 - YEAR 4			2029 - YEAR 5		
Item		\$	Item		\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
19	Roofing shingles Building 2651	\$73,080	3	Sidewalks and curbs (allowance)	\$5,000
21	Roofing flat Buildings 2651 - 2653	\$46,592	9	Common area doors (allowance)	\$5,000
36	Waterproofing (allowance)	\$5,000	12	SWM systems (allowance)	\$5,000
81	Outdoor spa heater	\$3,500	36	Waterproofing (allowance)	\$5,000
			43	Interior ceiling lights (allowance)	\$4,000
			44	Stair lights (allowance)	\$3,000
			62	Roofing shingles	\$14,000
			67	Lobby renovation (allowance)	\$20,000
			68	Kitchen renovation (allowance)	\$30,000
			69	Bathrooms renovation (allowance)	\$60,000
			70	Gym renovation (allowance)	\$20,000
			72	Miscellaneous exercise equipment (allowance)	\$5,000
			79	Water heater	\$3,000
			80	Outdoor spa cover	\$2,000
			89	Garage ceiling tiles (allowance)	\$3,000
			90	Garage lights (allowance)	\$2,500
			92	Garage Sprinkler Piping (allowance)	\$5,500
Total Scheduled Replacements		\$131,172	Total Scheduled Replacements		\$200,640

2030 - YEAR 6			2031 - YEAR 7		
Item		\$	Item		\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
36	Waterproofing (allowance)	\$5,000	3	Sidewalks and curbs (allowance)	\$5,000
45	Elevator controls Building 2663 - hydraulic	\$31,860	35	Exterior painting	\$30,000
58	Fire alarm panel (allowance)	\$81,780	36	Waterproofing (allowance)	\$5,000
59	Entrance access systems (allowance)	\$14,000	40	Interior tile reset (allowance)	\$9,000
60	Security systems (allowance)	\$20,000	46	Elevator controls Building 2665 - hydraulic	\$31,860
			84	Garage concrete repairs (2663)	\$145,000
Total Scheduled Replacements		\$155,640	Total Scheduled Replacements		\$234,500

**PROJECTED REPLACEMENTS**

Item	2032 - YEAR 8	\$	Item	2033 - YEAR 9	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
36	Waterproofing (allowance)	\$5,000	3	Sidewalks and curbs (allowance)	\$5,000
47	Elevator controls Building 2664 - hydraulic	\$31,860	36	Waterproofing (allowance)	\$5,000
82	Outdoor spa filters and pumps	\$7,000	41	Interior painting (allowance)	\$45,000
			48	Elevator controls Buildings 2651 - 2653 - hydraulic	\$63,720
			56	Fire control panels (allowance)	\$180,000
			81	Outdoor spa heater	\$3,500
Total Scheduled Replacements			Total Scheduled Replacements		
		\$46,860			\$310,860

Item	2034 - YEAR 10	\$	Item	2035 - YEAR 11	\$
4	Brick retaining walls repairs/reset (allowance)	\$25,000	2	Crack fill/base repair (20% allowance)	\$8,640
6	Miscellaneous signs (allowance)	\$2,000	3	Sidewalks and curbs (allowance)	\$5,000
7	Foundation plantings (allowance)	\$3,000	36	Waterproofing (allowance)	\$5,000
8	Handrails (20% allowance)	\$30,000	37	Exterior wall lights	\$5,625
9	Common area doors (allowance)	\$5,000			
12	SWM systems (allowance)	\$5,000			
27	Brick walls repairs/reset (allowance)	\$10,000			
28	Vinyl siding and trim repairs (allowance)	\$10,000			
36	Waterproofing (allowance)	\$5,000			
38	Exterior caulking (allowance)	\$175,000			
43	Interior ceiling lights (allowance)	\$4,000			
66	Exterior doors (allowance)	\$5,000			
72	Miscellaneous exercise equipment (allowance)	\$5,000			
73	Treadmill	\$7,400			
74	Bike	\$4,800			
75	Staged bike	\$6,000			
76	Elliptical	\$7,000			
77	Flat to incline	\$1,200			
79	Water heater	\$3,000			
85	Garage concrete repairs (2653)	\$246,850			
89	Garage ceiling tiles (allowance)	\$3,000			
90	Garage lights (allowance)	\$2,500			
Total Scheduled Replacements			Total Scheduled Replacements		
		\$565,750			\$24,265



**PROJECTED REPLACEMENTS**

Item	2036 - YEAR 12	\$	Item	2037 - YEAR 13	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
36	Waterproofing (allowance)	\$5,000	3	Sidewalks and curbs (allowance)	\$5,000
39	Corridor carpeting	\$49,200	10	Plaza pavers reset	\$84,000
			20	Roofing shingles Building 2653	\$86,230
			35	Exterior painting	\$30,000
			36	Waterproofing (allowance)	\$5,000
Total Scheduled Replacements		\$57,200	Total Scheduled Replacements		\$218,870

Item	2038 - YEAR 14	\$	Item	2039 - YEAR 15	\$
7	Foundation plantings (allowance)	\$3,000	1	Pavement overlay	\$26,460
22	Gutters and downspouts (allowance)	\$30,000	2	Crack fill/base repair (20% allowance)	\$8,640
36	Waterproofing (allowance)	\$5,000	3	Sidewalks and curbs (allowance)	\$5,000
40	Interior tile reset (allowance)	\$9,000	9	Common area doors (allowance)	\$5,000
78	HVAC 7.5 TON	\$15,000	12	SWM systems (allowance)	\$5,000
81	Outdoor spa heater	\$3,500	36	Waterproofing (allowance)	\$5,000
			43	Interior ceiling lights (allowance)	\$4,000
			44	Stair lights (allowance)	\$3,000
			63	Gutter and downspouts	\$750
			71	Rubber gym flooring	\$4,080
			72	Miscellaneous exercise equipment (allowance)	\$5,000
			79	Water heater	\$3,000
			80	Outdoor spa cover	\$2,000
			89	Garage ceiling tiles (allowance)	\$3,000
			90	Garage lights (allowance)	\$2,500
			92	Garage Sprinkler Piping (allowance)	\$5,500
Total Scheduled Replacements		\$65,500	Total Scheduled Replacements		\$87,930

**PROJECTED REPLACEMENTS**

Item	2040 - YEAR 16	\$	Item	2041 - YEAR 17	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
30	Balcony/patio doors - 2663 (allowance)	\$55,000	3	Sidewalks and curbs (allowance)	\$5,000
36	Waterproofing (allowance)	\$5,000	31	Balcony/patio doors - 2665 (allowance)	\$63,000
50	Elevator cabs and doors	\$49,000	36	Waterproofing (allowance)	\$5,000
51	HVAC common level Building 2663 - 1.5 TON	\$31,500	54	HVAC common level Buildings 2651 - 2653 - 1.5 TON	\$42,000
52	HVAC common level Building 2665 - 1.5 TON	\$31,500			
53	HVAC common level Building 2664 - 1.5 TON	\$21,000			
88	Garage doors operators	\$14,000			
91	Garage exhaust fans	\$15,000			
Total Scheduled Replacements		\$225,000	Total Scheduled Replacements		\$123,640

Item	2042 - YEAR 18	\$	Item	2043 - YEAR 19	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
11	Composite walkway replace	\$20,000	3	Sidewalks and curbs (allowance)	\$5,000
29	Entrance doors (allowance)	\$25,000	33	Balcony/patio doors - 2651 - 2653 (allowance)	\$115,000
32	Balcony/patio doors - 2664 (allowance)	\$33,000	35	Exterior painting	\$30,000
36	Waterproofing (allowance)	\$5,000	36	Waterproofing (allowance)	\$5,000
83	Plaza waterproof membrane (allowance)	\$350,000	81	Outdoor spa heater	\$3,500
Total Scheduled Replacements		\$436,000	Total Scheduled Replacements		\$167,140

**PROJECTED REPLACEMENTS**

Item	2044 - YEAR 20	\$	Item	2045 - YEAR 21	\$
4	Brick retaining walls repairs/reset (allowance)	\$25,000	2	Crack fill/base repair (20% allowance)	\$8,640
6	Miscellaneous signs (allowance)	\$2,000	3	Sidewalks and curbs (allowance)	\$5,000
7	Foundation plantings (allowance)	\$3,000	14	Roofing flat Building 2663	\$23,296
8	Handrails (20% allowance)	\$30,000	23	Windows Building 2663	\$17,816
9	Common area doors (allowance)	\$5,000	34	Balcony/patio trex decks	\$239,904
12	SWM systems (allowance)	\$5,000	36	Waterproofing (allowance)	\$5,000
27	Brick walls repairs/reset (allowance)	\$10,000	40	Interior tile reset (allowance)	\$9,000
28	Vinyl siding and trim repairs (allowance)	\$10,000	64	Vinyl siding and trim	\$18,900
36	Waterproofing (allowance)	\$5,000	86	Garage doors 9'X16' (2663)	\$36,000
38	Exterior caulking (allowance)	\$175,000	87	Garage doors 9'X16' (2653)	\$36,000
43	Interior ceiling lights (allowance)	\$4,000			
65	Windows (allowance)	\$10,000			
72	Miscellaneous exercise equipment (allowance)	\$5,000			
73	Treadmill	\$7,400			
74	Bike	\$4,800			
75	Staged bike	\$6,000			
76	Elliptical	\$7,000			
77	Flat to incline	\$1,200			
79	Water heater	\$3,000			
89	Garage ceiling tiles (allowance)	\$3,000			
90	Garage lights (allowance)	\$2,500			
Total Scheduled Replacements		\$323,900	Total Scheduled Replacements		\$399,556

Item	2046 - YEAR 22	\$	Item	2047 - YEAR 23	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
16	Roofing flat Building 2665	\$34,944	3	Sidewalks and curbs (allowance)	\$5,000
24	Windows Building 2665	\$20,468	18	Roofing flat Building 2664	\$11,648
36	Waterproofing (allowance)	\$5,000	25	Windows Building 2664	\$10,336
39	Corridor carpeting	\$49,200	36	Waterproofing (allowance)	\$5,000
			42	Mailboxes	\$46,400
			82	Outdoor spa filters and pumps	\$7,000
Total Scheduled Replacements		\$112,612	Total Scheduled Replacements		\$94,024

**PROJECTED REPLACEMENTS**

2048 - YEAR 24			2049 - YEAR 25		
Item		\$	Item		\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
21	Roofing flat Buildings 2651 - 2653	\$46,592	3	Sidewalks and curbs (allowance)	\$5,000
26	Windows Buildings 2651 - 2653	\$38,216	9	Common area doors (allowance)	\$5,000
36	Waterproofing (allowance)	\$5,000	12	SWM systems (allowance)	\$5,000
41	Interior painting (allowance)	\$45,000	35	Exterior painting	\$30,000
81	Outdoor spa heater	\$3,500	36	Waterproofing (allowance)	\$5,000
			43	Interior ceiling lights (allowance)	\$4,000
			44	Stair lights (allowance)	\$3,000
			62	Roofing shingles	\$14,000
			67	Lobby renovation (allowance)	\$20,000
			68	Kitchen renovation (allowance)	\$30,000
			69	Bathrooms renovation (allowance)	\$60,000
			70	Gym renovation (allowance)	\$20,000
			72	Miscellaneous exercise equipment (allowance)	\$5,000
			79	Water heater	\$3,000
			80	Outdoor spa cover	\$2,000
			89	Garage ceiling tiles (allowance)	\$3,000
			90	Garage lights (allowance)	\$2,500
			92	Garage Sprinkler Piping (allowance)	\$5,500
Total Scheduled Replacements		\$141,308	Total Scheduled Replacements		\$230,640

2050 - YEAR 26			2051 - YEAR 27		
Item		\$	Item		\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
13	Roofing shingles Building 2663	\$80,580	3	Sidewalks and curbs (allowance)	\$5,000
36	Waterproofing (allowance)	\$5,000	15	Roofing shingles Building 2665	\$90,970
49	Elevator machinery	\$80,000	36	Waterproofing (allowance)	\$5,000
57	Electrical fire pump replace	\$240,000			
58	Fire alarm panel (allowance)	\$81,780			
59	Entrance access systems (allowance)	\$14,000			
60	Security systems (allowance)	\$20,000			
Total Scheduled Replacements		\$524,860	Total Scheduled Replacements		\$109,610

**PROJECTED REPLACEMENTS**

Item	2052 - YEAR 28	\$	Item	2053 - YEAR 29	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
10	Plaza pavers reset	\$84,000	3	Sidewalks and curbs (allowance)	\$5,000
17	Roofing shingles Building 2664	\$45,060	19	Roofing shingles Building 2651	\$73,080
36	Waterproofing (allowance)	\$5,000	36	Waterproofing (allowance)	\$5,000
40	Interior tile reset (allowance)	\$9,000	78	HVAC 7.5 TON	\$15,000
			81	Outdoor spa heater	\$3,500
Total Scheduled Replacements		\$146,060	Total Scheduled Replacements		\$110,220

Item	2054 - YEAR 30	\$	Item	2055 - YEAR 31	\$
1	Pavement overlay	\$26,460	2	Crack fill/base repair (20% allowance)	\$8,640
4	Brick retaining walls repairs/reset (allowance)	\$25,000	3	Sidewalks and curbs (allowance)	\$5,000
6	Miscellaneous signs (allowance)	\$2,000	35	Exterior painting	\$30,000
7	Foundation plantings (allowance)	\$3,000	36	Waterproofing (allowance)	\$5,000
8	Handrails (20% allowance)	\$30,000	45	Elevator controls Building 2663 - hydraulic	\$31,860
9	Common area doors (allowance)	\$5,000	51	HVAC common level Building 2663 - 1.5 TON	\$31,500
12	SWM systems (allowance)	\$5,000	52	HVAC common level Building 2665 - 1.5 TON	\$31,500
27	Brick walls repairs/reset (allowance)	\$10,000	53	HVAC common level Building 2664 - 1.5 TON	\$21,000
28	Vinyl siding and trim repairs (allowance)	\$10,000	91	Garage exhaust fans	\$15,000
36	Waterproofing (allowance)	\$5,000			
38	Exterior caulking (allowance)	\$175,000			
43	Interior ceiling lights (allowance)	\$4,000			
71	Rubber gym flooring	\$4,080			
72	Miscellaneous exercise equipment (allowance)	\$5,000			
73	Treadmill	\$7,400			
74	Bike	\$4,800			
75	Staged bike	\$6,000			
76	Elliptical	\$7,000			
77	Flat to incline	\$1,200			
79	Water heater	\$3,000			
89	Garage ceiling tiles (allowance)	\$3,000			
90	Garage lights (allowance)	\$2,500			
Total Scheduled Replacements		\$344,440	Total Scheduled Replacements		\$179,500

**PROJECTED REPLACEMENTS**

Item	2056 - YEAR 32	\$	Item	2057 - YEAR 33	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
36	Waterproofing (allowance)	\$5,000	3	Sidewalks and curbs (allowance)	\$5,000
39	Corridor carpeting	\$49,200	36	Waterproofing (allowance)	\$5,000
46	Elevator controls Building 2665 - hydraulic	\$31,860	47	Elevator controls Building 2664 - hydraulic	\$31,860
54	HVAC common level Buildings 2651 - 2653 - 1.5 TON	\$42,000			
84	Garage concrete repairs (2663)	\$145,000			
Total Scheduled Replacements			Total Scheduled Replacements		
		\$276,060			\$50,500

Item	2058 - YEAR 34	\$	Item	2059 - YEAR 35	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
36	Waterproofing (allowance)	\$5,000	3	Sidewalks and curbs (allowance)	\$5,000
48	Elevator controls Buildings 2651 - 2653 - hydraulic	\$63,720	9	Common area doors (allowance)	\$5,000
55	Riser linings (allowance)	\$1,640,000	12	SWM systems (allowance)	\$5,000
56	Fire control panels (allowance)	\$180,000	36	Waterproofing (allowance)	\$5,000
81	Outdoor spa heater	\$3,500	40	Interior tile reset (allowance)	\$9,000
			43	Interior ceiling lights (allowance)	\$4,000
			44	Stair lights (allowance)	\$3,000
			66	Exterior doors (allowance)	\$5,000
			72	Miscellaneous exercise equipment (allowance)	\$5,000
			79	Water heater	\$3,000
			80	Outdoor spa cover	\$2,000
			85	Garage concrete repairs (2653)	\$246,850
			89	Garage ceiling tiles (allowance)	\$3,000
			90	Garage lights (allowance)	\$2,500
			92	Garage Sprinkler Piping (allowance)	\$5,500
Total Scheduled Replacements			Total Scheduled Replacements		
		\$1,895,220			\$317,490

**PROJECTED REPLACEMENTS**

Item	2060 - YEAR 36	\$	Item	2061 - YEAR 37	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
36	Waterproofing (allowance)	\$5,000	3	Sidewalks and curbs (allowance)	\$5,000
37	Exterior wall lights	\$5,625	35	Exterior painting	\$30,000
61	Electric service (allowance)	\$300,000	36	Waterproofing (allowance)	\$5,000
88	Garage doors operators	\$14,000			
Total Scheduled Replacements			Total Scheduled Replacements		
		\$327,625			\$48,640

Item	2062 - YEAR 38	\$	Item	2063 - YEAR 39	\$
7	Foundation plantings (allowance)	\$3,000	2	Crack fill/base repair (20% allowance)	\$8,640
11	Composite walkway replace	\$20,000	3	Sidewalks and curbs (allowance)	\$5,000
20	Roofing shingles Building 2653	\$86,230	36	Waterproofing (allowance)	\$5,000
36	Waterproofing (allowance)	\$5,000	41	Interior painting (allowance)	\$45,000
82	Outdoor spa filters and pumps	\$7,000	81	Outdoor spa heater	\$3,500
Total Scheduled Replacements			Total Scheduled Replacements		
		\$124,230			\$67,140

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## SECTION D - CONDITION ASSESSMENT

**General Comments.** Miller+Dodson Associates conducted a Reserve Study at Westbriar Plaza Condominium in June 2023. Westbriar Plaza Condominium appears in generally good condition for a none constructed between 2005 and 2010. Reviewing the Replacement Reserve Inventory will show that we anticipate most components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

**IMPORTANT NOTE:** This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. Miller Dodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

### General Condition Statements.

**Excellent.** 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

**Good.** 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

**Fair.** 60% to 30% of Normal Economic Life expected, moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

**Marginal.** 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

**Poor.** 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

### SITE ITEMS

**Asphalt Pavement.** The Association is responsible for the roadways and parking areas within the community. Alleyways are not the responsibility of the Association. Other roadways are maintained by the City, County, or other municipality. The Association's asphalt pavements generally appear to be in good condition.



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The Defects noted include the following:

- **Alligatoring.** There are multiple locations where the asphalt has developed a cracking pattern known as alligatoring. The primary cause of alligatoring is an unstable base. Once these cracks extend through the asphalt, they will allow water to penetrate the base, accelerating the deterioration rate and eventually leading to potholes. The only solution is to remove the defective asphalt, compact the base, and install new base materials and asphalt.
- **Edge Cracking.** Asphalt pavement sections have developed cracks along the pavement edges due to improper confinement. Installation of curbs or installation of a compacted gravel shoulder at the time of an overlay project can address this defect.
- **Reflective Cracking.** The asphalt pavement has a significant number of reflective cracks. Reflective cracks occur when a new asphalt overlay is placed over an existing cracked pavement. With time and movement, existing cracks will migrate through the new asphalt. Installing a bridging membrane or fabric at the time of overlay can control reflective cracking.

A more detailed summary of pavement distress can be found at <http://www.asphaltinstitute.org/engineering/maintenance-and-rehabilitation/pavement-distress-summary/>.

As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years.

To maintain the condition of the pavement throughout the community and ensure the longest life of the asphalt, we recommend the Association adopts a systematic and comprehensive maintenance program that includes:

- **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that Reserves will not fund it.
- **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded by Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.
- **Seal Coating.** The asphalt should be seal coated every five to seven years. For this maintenance activity to be effective in extending the life of the asphalt, cleaning, and crack repair should be performed first.

The pricing is based on recent contracts for a two-inch overlay, which reflects the current local market for this work.

For seal coating, several different products are available. The older, more traditional seal coating product is paint. They coat the surface of the asphalt, and they are minimally effective. However, the newer coating materials, such as those from Total Asphalt Management, Asphalt Restoration Technologies, Inc., and others, are penetrating. They are engineered, so to speak, to 're-moisturize' the pavement. Asphalt pavement is intended to be flexible. Over time, the volatile chemicals in the pavement dry, the pavement becomes brittle, and degradation follows in the form of cracking and potholes. Re-moisturizing the pavement can return its flexibility and extend pavement life.

**Concrete Work.** The concrete work includes the community sidewalks, leadwalks, stairs, stoops, patios, curbs, gutter, and other flatwork. We have modeled for curb replacement when the asphalt pavement is overlaid. The concrete work appears to be in good condition.

The standards we use for recommending replacement are as follows:

- Trip hazard, ½ inch height difference.
- Severe cracking.
- Severe spalling and scale.
- Uneven riser heights on steps.
- Steps with risers over 8¼ inches.

Because it is highly unlikely that all of the concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of these inventories and spread the funds over an extended timeframe to reflect the incremental nature of this work.



**Retaining Walls.** The Association maintains masonry and segmental block retaining walls. The retaining walls appear to be in mixed condition with moderate to severe leaning, bowing, and deterioration.

Retaining walls, in general, are designed to provide slope stabilization and soil retention using a structural system. Typically, walls three feet or higher require professional engineering design.

The movement and displacement of retaining walls are signs of general settlement or failure. This is in the form of leaning and bowing and can involve the entire wall or localized sections of the wall. Typically, these types of movements are gradual and may require the replacement of the wall. The movement of retaining walls located near other buildings or structures may negatively affect the stability of the adjacent structure. These conditions can become extremely costly if not properly identified, monitored, and addressed.

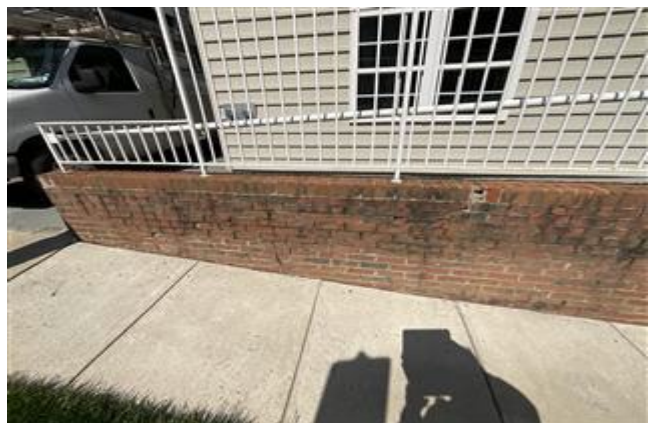


Brick masonry walls can have an extended useful life of 40 years or more and, if stable, may only require periodic tuckpointing and localized repair. Tuckpointing is the process of raking out defective masonry joints and tooling new mortar into the joints. Properly mortared and tooled joints will repel the weather and keep water from penetrating the wall. Siloxane or other breathable sealants should be considered to provide additional protection to the wall from water penetration. This study assumes that re-pointing will be performed incrementally as needed to maintain the life of the wall.



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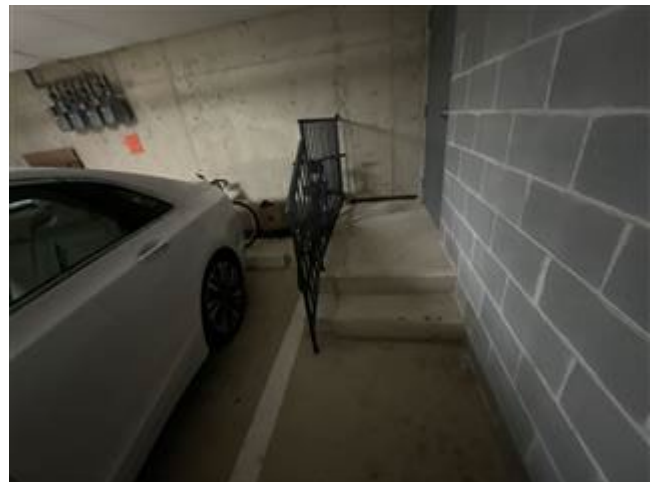
Segmental block retaining walls can have an extended useful life and if stable, are likely to only require localized resetting of displaced blocks, typically near the top of the wall. This study assumes that resetting will be performed incrementally as needed.

When and if it becomes necessary to replace these walls, we recommend the Association considers one of the segmental block retaining wall systems. These systems are very low maintenance. If the wall experiences movement over time, sections of the walls can be re-stacked at a very small portion of the cost of a new wall. Segmental block retaining walls can have a service life of 80 years or more.



Retaining wall replacement can be costly, and early planning on the part of the Association can help to reduce the impact of this work on the community's budget in the future. We, therefore, recommend having a Professional Engineer inspect the walls and develop preliminary replacement alternatives and recommendations based on the site conditions, replacement costs, and recommended replacement wall types. This information can then be incorporated into future updates to the Reserve Study.

**Metal Hand Railing.** The Association maintains metal handrails and railing posts embedded in concrete or masonry. The handrails and railing posts appear to be in poor condition. We noticed signs of rust on 90% of the outdoor handrails.



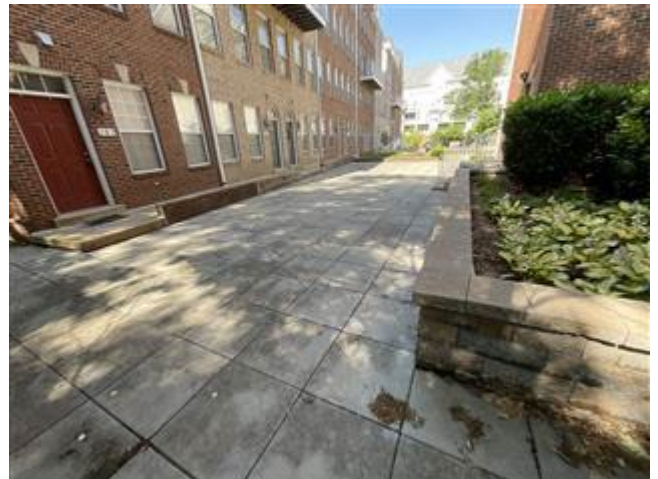
As part of routine maintenance, we recommend the following:

- Lift or remove ornamental base covers, if applicable.
- Remove the existing caulk completely.
- Fully clean, prime, and paint all posts, rails, and pickets.
- Apply an appropriate caulk around each post base.
- Tool and shape caulking to shed water from the post.
- Reinstall base covers, and seal and paint all joints.

Railings can have an extended useful life if these simple maintenance activities are performed regularly. If left unattended, the pressure from expansive post rust can crack and damage the supporting materials.



**Mortar Grouted Pavers.** Slate pavers provide a solid, decorative, and renewable surface that is part of the community's plazas. The overall condition of the mortar grouted pavers appears to be good, with areas of defects consistent with the age of the installation.



The defects noted include the following:

- **Settlement.** There are several locations where the pavers have settled due to the failure of the underlying base materials. This settlement has created an uneven surface that can pose a trip hazard.

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- Ponding. There is evidence of areas where water is ponding on the paver system due to settlement or poor drainage of the surrounding area.
- Failed Grout. The grout installed between the pavers is failing. Failed grout will allow water to penetrate below the surface, washing away the base materials.

To correct defects and provide the most extended service life of the mortar grouted brick paver system, periodic re-setting of the pavers is required. Re-setting offers the opportunity to replace broken unit pavers, fill in voids in the foundation material, level the surface, and replace the grout. We have included an allowance for periodic re-setting and re-grouting of those portions of the system.

Brick pavers have a long service life of 30 years or more, provided they are periodically maintained. Eventually, pavers will require large-scale replacement, particularly when identical bricks are no longer available.

## EXTERIOR ITEMS

**Building Roofing.** All buildings have asphalt shingle roofs that appear to be in good condition.



Asphalt shingle roofs can have a useful life of 20 to 50 years, depending on the weight and quality of the shingle. Weathered, curled, and missing shingles are all indications that the shingles may be nearing the end of their useful life.

Annual inspections are recommended, with cleaning, repair, and mitigation of vegetation performed as needed. Access, inspection, and repair work should be performed by contractors and personnel with the appropriate access equipment who are experienced in the types of roofing used for the facility.

**Gutters and Downspouts.** The buildings have aluminum gutters and downspouts. The gutters and downspouts appear to be in good condition.



A gutter and downspout system will remove rainwater from the area of the building's roof, siding, and foundation and protect the exterior surfaces from water damage. Gutters should run the entire length of all drip edges of the building's roof. Even with full gutters, it is essential to inspect the function of the gutters during heavy rain to identify any deficiencies. It may be necessary to periodically adjust the slope of sections, repair connections, replace hangers, and install shrouds to the gutter system. Downspouts should be securely attached to the side of the structure. Any broken straps should be replaced. The area of the outlet should be inspected to promote run-off in the desired direction. Long straight runs should have an elbow at the bottom. Splash blocks should be installed to fray the water out-letting from the downspout.

It is recommended that all gutters be cleaned at least twice each year. If there are a large number of trees located close to a building, consider installing a gutter debris shield that will let water into the gutters but will filter out leaves, twigs, and other debris.

**Windows and Doors.** The Association is responsible for the common windows and exterior doors of the facility, and the individual owners are responsible for the windows and doors attributed to their unit. The windows and doors appear to be generally in good condition.



For Associations where the unit owner is responsible for the replacement of their windows and exterior doors, we recommend for the Association consider offering the unit owners an option to have their replacements performed in conjunction with the Association's work. This can be performed either by a separate agreement between the unit owner and the Association's selected contractor or by back-charging the unit owner.

Window and door units are integral to a facility's overall comfort, efficiency, and energy use. The quality of the installed units and the care taken in their installation and maintenance are significant factors in their effectiveness and useful

life. These units can have a useful life of 20 to 35 years or more, depending on their use and other factors mentioned above.

In general, we recommend coordinating the replacement of these units with other exterior work, such as siding and roof replacements. The weather tightness of the building envelope often requires transitional flashing and caulking that should be performed in coordination with each other. Warranties and advantages in 'economy of scale' can often result in lower overall replacement costs and more reliable results. Lastly, coordinated replacements offer the opportunity to correct initial construction defects and improve the effectiveness of details with improved construction techniques and materials.

**Caulking.** The caulking on the facility's exteriors appears to be in fair condition.



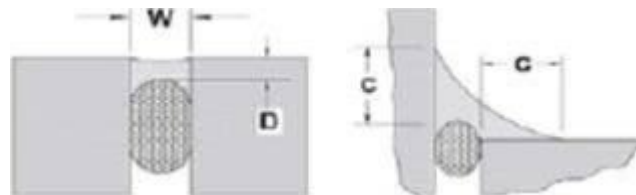
Caulking and sealants play a primary role in protecting the facility's exterior components and the overall weather tightness of the facility. Caulking also provides a seal between dissimilar materials and changes in construction where movement is expected. We, therefore, recommend recaulking every ten years when painting or other exterior repairs and replacements are scheduled.

Sealant joints allow for movement at the vertical joints. Allowance for compression and expansion is required for the system to be effective and can be achieved, in part, with the installation of properly sized foam backer rods and gunned in the sealants. The sealant should only adhere to the parallel surfaces and is not intended to adhere to the foam backer rod. The foam rod should be placed at a depth approximately equal to the width of the joint.

Polyurethane caulk is preferred for outdoor applications. Polyurethane sealant is durable and flexible caulk that offers excellent performance in any vertical or horizontal joint designed per accepted architectural/engineering practices, with high-quality products with an exterior life span of 10 years or more, depending on exposure. Polyurethane products bond to most surfaces, including masonry and metal, and hold up to heavy movement (25% elasticity).

Closed-cell or reticulated polyethylene backer rod is recommended as joint backing to control sealant depth and to ensure intimate contact of sealant with joint walls when tooling. Where the depth of the joint will prevent the use of a backer rod, an adhesive-backed polyethylene tape (bond breaker tape) should be used to prevent three-sided adhesion. All backing should be dry at the time of sealant application.

Any sealant application's minimum width and depth should be 1/4 by 1/4 (6mm by 6mm). The depth (D) of sealant may be equal to the width (W) of joints that are less than 1/2 wide. For joints ranging from 1/2 to 1 (13 mm to 25 mm) wide; the sealant depth should be approximately one-half of the joint width. The maximum depth (D) of any sealant application should be 1/2 (13 mm). For fillet beads or angle beads around windows, doors, soffits, and trim, the sealant should exhibit a minimum surface contact area (C) of 1/4 onto each substrate.





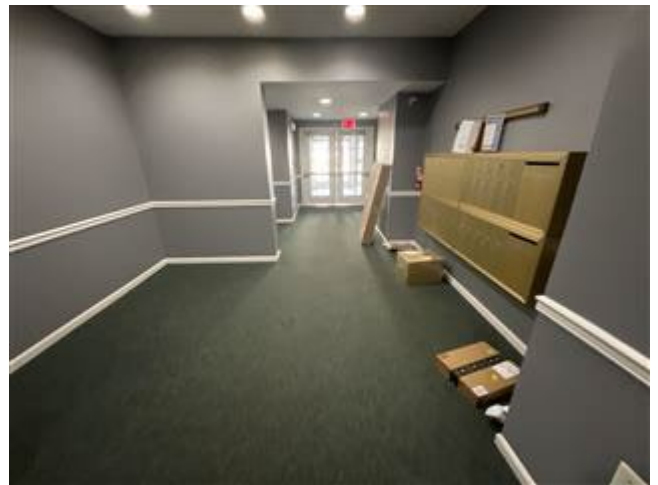
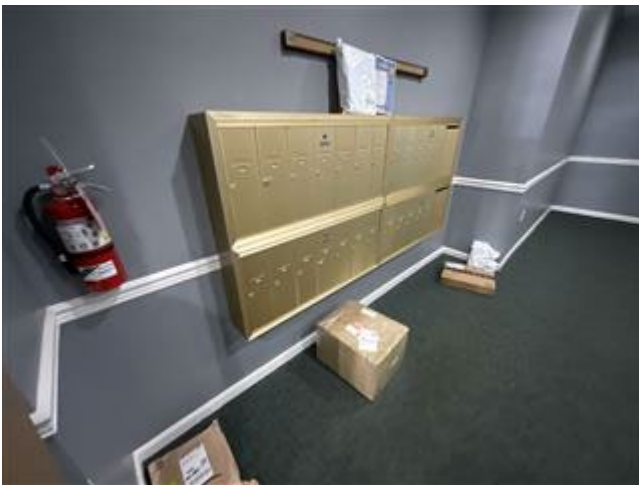
## INTERIOR ITEMS

**Carpet.** The carpet in the building's corridors and lobby appears to be in good condition. The commercial carpet of this construction in this type of application has a typical service life of 7 to 10 years.



To extend the life of the carpet, it is important that the Association continues with a comprehensive maintenance program that includes regular vacuuming, spot and spill removal, interim cleaning of high-traffic areas, and regularly scheduled cleanings. It is also recommended that all entrances be fitted with walk-off mats to trap soil.

**Mailboxes.** Cluster mailboxes are located in the lobby of each building and appear to be in good condition.



Mailboxes should be maintained to the extent that rust does not develop on the structure, and all mail slot doors remain intact with operable hinges and locks. Our replacement estimate assumes that these units will be replaced with fiberglass or composite units in the future.

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## BUILDING SYSTEMS

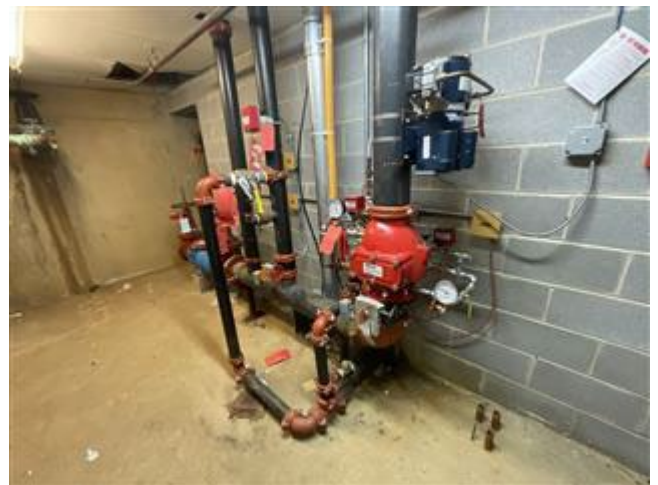
**Elevators.** The Association maintains five hydraulic passenger elevators that appear to be operating normally. There are no reported cases of entrapment or operational issues by the Association.



The estimated costs for replacing the major components of the facility's elevators have been developed utilizing a combination of sources such as R.S. Means Construction Cost Data and guidelines provided by reputable elevator manufacturers and service providers. These costs are included to reflect the obsolescence that occurs with elevator systems. Even though the systems may be functioning well, parts for most mechanical control systems will become increasingly hard to find as the components age, and the reliability of these components becomes problematic. As such, parts availability, downtime, and service costs become major considerations that may force a replacement decision. When these elevator systems are replaced, they will generally have to be brought into compliance with current code requirements. This work typically entails upgrading door operating mechanisms, replacing elevator call systems, and installing emergency phones but can involve enlargement of the cab and other costly work.

Where prudent amounts have been included in this study in anticipation of these concerns, we recommend developing a replacement plan with estimated costs based on the specific equipment installed and current local code requirements. Many reputable elevator companies will provide this service free of charge or at a minimal cost. At the time of a Reserve Study Update, this information can then be incorporated into the study.

**Fire Safety Systems.** The building is fitted with a fire safety system that includes sprinklers and alarms, and these are reported to be operating normally. Testing and inspection of fire safety systems are not included in this study.



Sprinkler pipe systems have a wide variety of configurations and requirements depending on their age, condition, and jurisdictional location. Specific county and municipal codes can make a significant difference in what your facility's specific requirements may be.

Building fire alarm systems have a service life of 15 to 25 years. While the panels may continue to operate past this point, changes in fire safety technology and building fire safety codes tend to render them obsolete. In addition, manufacturers only support their systems for a limited period, typically about 15 years. After this time, it may be increasingly difficult to obtain replacement parts and services. When it becomes necessary to upgrade the fire alarm system, differences in the technologies and new code requirements are likely to require upgrades in lighting, sensors, alarms, and other system and sub-components.

For wet and dry pipe systems, we have assumed that these are long-life components and will not require whole-scale replacement. It is imperative however for these pipes to be properly drained or for the water to be properly conditioned. Other components such as heads, gauges, and valves are assumed normal maintenance items and are therefore excluded from the study.

We recommend having your entire fire safety system inspected and evaluated by a professional in this field who is familiar with your area of the country. In addition, a comprehensive preventative maintenance program will ensure the maximum possible useful life from these components, and a qualified professional will be able to help in setting up and implementing such a program.

Your local CAI chapter may have a service provider list on their website that may refer you to a local fire and life safety consultant. As an alternative, please contact our office and we will provide recommendations.

As a preliminary estimate, we have provided an allowance every 15 years for the major repair and upgrade of the fire safety systems. A detailed evaluation of the facility's fire safety system should include an estimate of reserve funding for these components and this funding estimate should be incorporated in the next reserve study update. Inspections and annual maintenance work are not accounted for or included in this study.

**Building Electrical Service.** The electrical systems of the building are reported to be operating normally.



Other than transformers and meters and if protected from water damage or overloading, interior electrical systems within a building, including feed lines and switchgear, are considered long-life components and, unless otherwise noted, are excluded from this study.

To maintain this equipment properly, periodic tightening of all connections is recommended every three to five years. In some cases, insurance policies may have specific requirements regarding tightening electrical connections. It is also recommended that outlets, sockets, switches, and minor fixtures be replaced at a maximum of every 30 years.

Unless otherwise identified, replacement of these smaller components is considered incidental to refurbishment or a Valuation Exclusion.

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## CLUBHOUSE

**Common Interiors.** The Association maintains a clubhouse and other common interior spaces that appear in generally good condition.



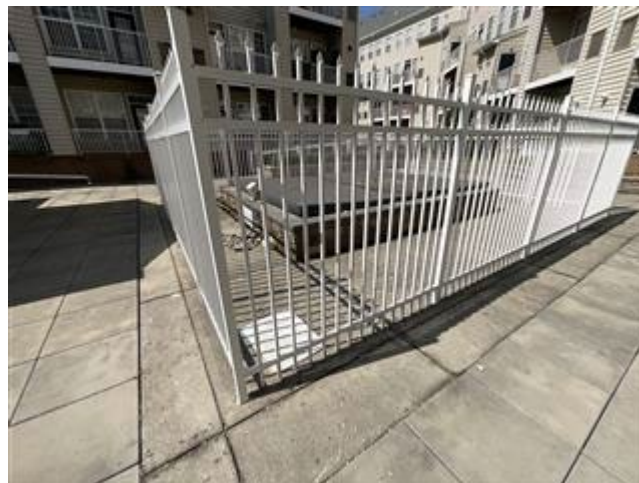
We have assumed that the Association will want to maintain these areas in a commercially acceptable condition. Typically, replacement cycles for common interior spaces vary between 5 to 10 years, depending on the aesthetic tastes of the community, usage, and construction. Material selection and the community's preferences are the major factors in setting the reserve components for items such as refurbishing and interior refurbishment. The Association will need to establish these cycles as these facilities age. Maintaining historical records and incorporating these trends and preferences into a future Reserve Study update is the best way to adjust for these cycles.

**Health and Fitness Center.** The Health and Fitness Center includes exercise equipment and two restrooms with a shower. Listed below are the major components:



- Flooring. The rubber floor appears to be in good condition. We have assumed a service life of 15 years.
- Exercise Equipment. The equipment appears to be in generally good condition. Since it is unlikely that all of the equipment will require replacement at the same time, we have provided a replacement-funding plan that assumes an incremental approach.
- Restrooms. The restroom fixtures and finishes appear to be in good condition overall. Restroom components typically have a service life of 20 years.

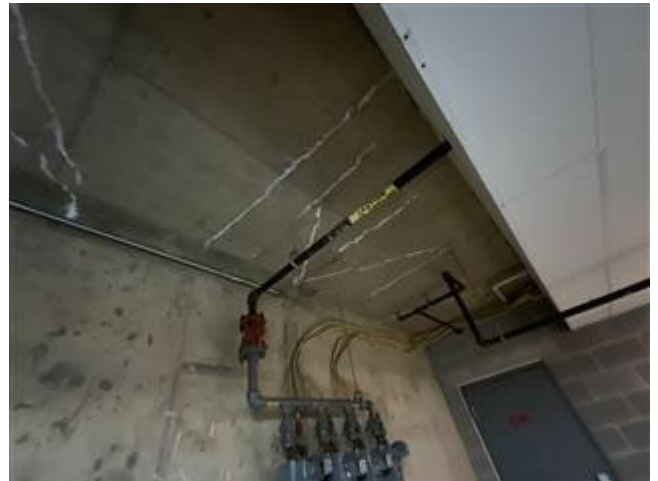
**Outdoor Spa.** The Association maintains an outdoor spa. The spa was reported to be in good working condition.



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## GARAGE

**Garage Slabs.** The Association maintains two under-building parking garages. The structural concrete slabs appear in fair condition with large water penetration areas. A structural evaluation of the buildings and building components is beyond the scope of this study. We recommend having a thorough structural evaluation performed by a qualified Professional Engineer as soon as possible.

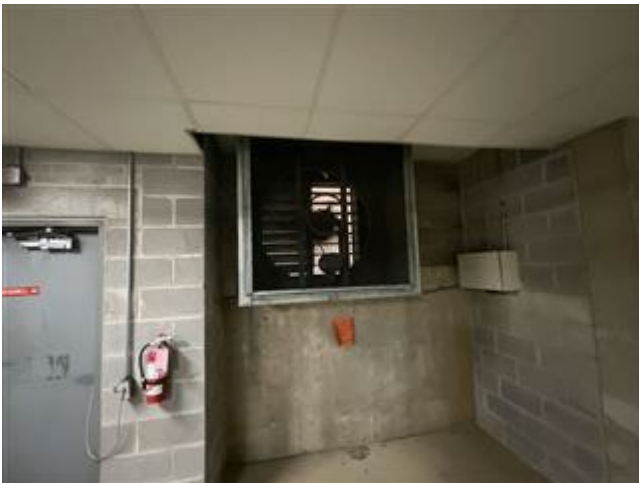


Afterward, we recommend the application of coating sealants for the structural slabs of the garage. Several reputable companies, such as Sika Corporation, provide sealant systems for garages of this type. We recommend contacting the representatives of these companies to aid in developing appropriate sealant systems for the Association's garage.

As part of routine maintenance, we recommend adopting a biannual cleaning schedule of the garage decks, preferably in the spring, after the use of deicing salts, and again in the fall.

**Parking Garage.** The Association maintains two under-building parking garages. Overall the garages appear to be in good condition.

- **Flooring.** The concrete floors appear to be in good condition. We have assumed a service life of 25 years.
- **Ceiling.** The tile ceiling appears to be in generally good condition. Since it is unlikely that all ceilings will require replacement at the same time, we have provided an allowance that assumes an incremental approach.
- **Doors.** The garage doors appear to be in good condition overall. Door components typically have a service life of 20 years.
- **Fans.** The fans appear to be in good condition. Exhaust fans of this type typically have a service life of 15 years.



This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

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## 1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for many services, facilities and infrastructure around our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park, and recreational facilities were purchased ala carte from privately-owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a homeowner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only approximately 500 Community Associations in the United States. According to the 1990 U.S. Census, there were roughly 130,000 Community Associations. The Community Associations Institute (CAI), a national trade association, estimates in 2020 that there were more than 350,000 communities with over 75 million residents.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated issues. Although Community Associations have succeeded in solving many short-term issues, many Associations still fail to properly plan for the significant expenses of replacing community facilities and infrastructure components. When inadequate Replacement Reserve funding results in less than timely replacements of failing components, home owners are invariably exposed to the burden of special assessments, major increases in Association fees, and often a decline in property values.

## 2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic major repair or replacement, a general view of the physical condition of these components, and an effective financial plan to fund projected periodic replacements or major repairs. The Replacement Reserve Study consists of the following:

**Replacement Reserve Study Introduction.** The introduction provides a description of the property, an Executive Summary of the Funding Recommendations, Level of Reserve Study service, and a statement of the Purpose of the Replacement Reserve Study. It also lists documents and site evaluations upon which the Replacement Reserve Study is based, and provides the Credentials of the Reserve Analyst.

**Section A Replacement Reserve Analysis.** Many components that are owned by the Association have a limited life and require periodic replacement. Therefore, it is essential that the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and ultimately, the property value of the home in the community. In conformance with National Reserve Study Standards, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves using the Threshold Cash Flow Method. See definition below.

**Section B Replacement Reserve Inventory.** The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. Replacement Reserve Inventory includes estimates of the Normal Economic Life (NEL) and the Remaining Economic Life (REL) for those components whose replacement is scheduled for funding from Replacement Reserves.

The Replacement Reserve Inventory also provides information about those components which are excluded from the Replacement Reserve Inventory and whose replacement is not scheduled for funding from Replacement Reserves.

**Section C Projected Annual Replacements.** The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.

**Section D Condition Assessment.** The observed condition of the major items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed at the time of our visual evaluation.

**The Appendix** is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc.).

### 3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis, the Cash Flow Method and the Component Method. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Recommended Annual Funding to the Reserves. A brief description is included below:

**Cash Flow Threshold Method.** This Reserve Study uses the Threshold Cash Flow Method, sometimes referred to as the "Pooling Method." It calculates the minimum constant annual funding to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the predetermined Minimum Balance, or Threshold, in any year.

**Component Method.** The Component Method of calculating Reserve Funding needs is based upon an older mathematical model. Instead of calculating total funding based on yearly funding requirements, the Component method treats each component as its own "line item" budget that can only be used for that component. As a result, the Component Method is typically more conservative requiring greater Annual Reserve Funding levels.

### 4. REPLACEMENT RESERVE STUDY DATA

**Identification of Reserve Components.** The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the parties responsible for maintaining the community after acceptance of our proposal. Upon submission of the initial Study, the Study should be reviewed by the Board of Directors and the individuals responsible for maintaining the community. We depend upon the Association for correct information, documentation, and drawings. We also look to the Association representative to help us fashion the Reserve Study so that it reflects what the community hopes to accomplish in the coming years.

**Unit Costs.** Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures. Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

**Replacement vs. Repair and Maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of regular repairs or maintenance.

### 5. DEFINITIONS

**Adjusted Cash Flow Analysis.** Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

**Annual Deposit if Reserves Were Fully Funded.** Shown on the Summary Sheet A1 in the Component Method summary, this would be the amount of the Annual Deposit needed if the Reserves Currently on Deposit were equal to the Total Current Objective.

**Cash Flow Analysis.** See Cash Flow Threshold Method, above.

**Component Analysis.** See Component Method, above.

**Contingency.** An allowance for unexpected requirements. The "Threshold" used in the Cash Flow Method is a predetermined minimum balance that serves the same purpose as a "contingency". However, IRS Guidelines do not allow for a "contingency" line item in the inventory. Therefore, it is built into the mathematical model as a "Threshold".

**Cyclic Replacement Item.** A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

**Estimated Normal Economic Life (NEL).** Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

**Estimated Remaining Economic Life (REL).** Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated

Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

**Minimum Annual Deposit.** Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves as calculated by the Cash Flow Method (see above).

**Minimum Balance.** Otherwise referred to as the Threshold, this amount is used in the Cash Flow Threshold Method only. Normally derived using the average annual expenditure over the study period, this is the minimum amount held in reserves in the Peak Year.

**National Reserve Study Standards.** A set of Standards developed by the Community Associations Institute in 1995 (and updated in 2017) which establishes the accepted methods of Reserve Calculation and stipulates what data must be included in the Reserve Study for each component listed in the inventory. These Standards can be found at [CALonline.org](http://CALonline.org).

**Normal Replacement Item.** A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

**Number of Years of the Study.** The numbers of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. The Reserve Study must cover a minimum of 20 years to comply with the National Reserve Study Standards. However, your study covers a 40-year period.

**Peak Year.** In the Cash Flow Threshold Method, a year in which the reserves on hand are projected to fall to the established threshold level. See Minimum Balance, above.

**Reserves Currently on Deposit.** Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

**Replacement Reserve Study.** An analysis of all of the components of the common property of a Community Association for which replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its Estimated Replacement Cost, Normal Economic Life, and Remaining Economic Life. The objective of the study is to calculate a Recommended Annual Funding to the Association's Replacement Reserve Fund.

**Total Replacement Cost.** Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

**Unit Replacement Cost.** Estimated replacement cost for a single unit of a given item on the schedule.

**Unit (of Measure).** Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

<b>ea</b>	each	<b>ls</b>	lump sum	<b>sy</b>	square yard
<b>ft or lf</b>	linear foot	<b>pr</b>	pair	<b>cy</b>	cubic yard
<b>sf</b>	square foot				



What is a Reserve Study?  
Who are we?



<https://youtu.be/m4BcOE6q3Aw>

What kind of property uses a Reserve Study?  
Who are our clients?



<https://youtu.be/40SodajTW1q>

Who conducts a Reserve Study?  
Reserve Specialist (RS) what does this mean?



<https://youtu.be/pYSMZ013VjQ>

When should a Reserve Study be updated?  
What are the different types of Reserve Studies?



<https://youtu.be/Qx8WHB9Cgnc>

What's in a Reserve Study and what's out?  
Improvement/Component, what's the difference?



<https://youtu.be/ZfBoAEhtf3E>

What is my role as a Community Manager?  
Will the report help me explain Reserves?



<https://youtu.be/1J2h7FIU3qw>

What is my role as a community Board Member?  
Will a Reserve Study meet my needs?



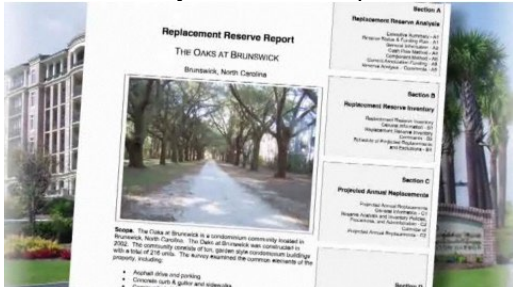
<https://youtu.be/aARD1B1Oa3o>

Community dues, how can a Reserve Study help?  
Will a study keep my property competitive?



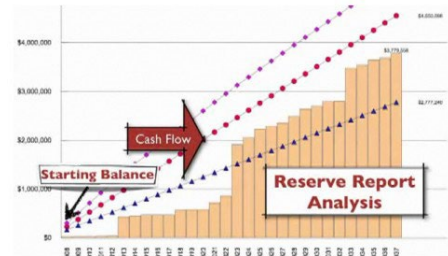
<https://youtu.be/diZfM1IyJYU>

How do I read the report?  
Will I have a say in what the report contains?



<https://youtu.be/qCeVJhFf9ag>

Where do the numbers come from?  
Cumulative expenditures and funding, what?



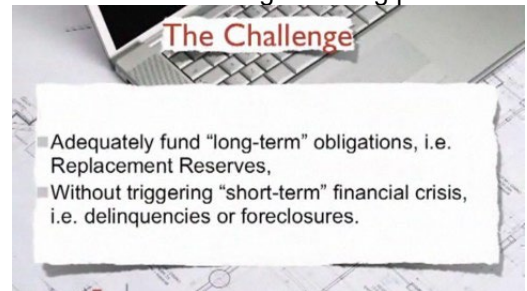
<https://youtu.be/SePdWVDvHWI>

How are interest and inflation addressed?  
Inflation, what should we consider?



<https://youtu.be/W8CDLwRlv68>

A community needs more help, where do we go?  
What is a strategic funding plan?



<https://youtu.be/hIxV9X1tlcA>