RESERVE STUDY LEVEL II
UPDATE WITH VISUAL SITE INSPECTION

Prepared for:

EAGLE RIDGE HOMEOWNER'S ASSOCIATION

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1.0 INTRODUCTION

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Eagle Ridge Homeowner's Association, through Martin Spadinger, authorized Criterium – Pfaff Engineers to conduct a Reserve Study Level II: Update with Visual Site Inspection for the Eagle Ridge Homeowner's Association. The purpose of this report is to update the Level II Reserve Study (Revision 1) by Criterium-Pfaff Engineers dated 29 September 2018. This includes a site inspection of the current condition and re-evaluating the remaining life and estimated costs of the items in the study. Studies of this nature are important to ensure that a community has sufficient funds for long-term, periodic capital expenditure requirements. Anticipating large expenditures over an extended period of time through a structured analysis and scheduling process assists the Association in meeting financial requirements without increasing the service fees above permitted maximums, borrowing the funds, or levying special financial assessments to the owners.

Typically, a community association has **two broad cash requirements: the general operating reserves and the capital repair and replacement reserves**. In this report, we will focus on those items falling under the capital repair and replacement reserve criteria. We have projected a capital repair and replacement reserve for thirty (30) years. The first ten years are the most reliable. Unless doing so would impose an unreasonable hardship Washington State Law states that the association should update the reserve study annually. At least every three years, an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.

This report is structured to analyze components of the community for which the Association is responsible and to assess a useful expected life and useful remaining life to those components. The anticipated scheduled repair or replacement of the component and the anticipated expense for the activity are then analyzed in conjunction with the current capital reserves funding program for the community. Funding program recommendations are made with the objective of limiting substantial cash excesses while minimizing financial burdens that can result from significant cash inadequacies.

This report is intended to be used as a tool to determine reserve fund allocation requirements for the community, to manage future Association obligations, and to inform the community of future financial needs in general. The report that follows has been prepared from the perspective of what an owner of this property would benefit from knowing. Some items, beyond those of immediate concern, may be discussed. Therefore, the report should be read in its entirety in order to fully understand all of the information that has been obtained.

2.0 EXECUTIVE SUMMARY

This homeowner's association now serves 1206 homes. It is a residential development located in south Spokane, Washington in the Latah Valley. Construction began in 1996 and is ongoing.

Eagle Ridge includes as common elements entry monuments and water features, approximately 5.2 miles of asphalt paved trails, 2 fire lanes, a pond, concrete sidewalks at the common areas, fencing, a sewage lift station, four parks with associated equipment, street lights, picnic tables, and benches. Since our Level I Reserve Study, the Association has added two new parks and equipment, additional sidewalks, fences, and benches.

In this section of the report, we will address those issues that, in our opinion, will require immediate repair or replacement. For a more detailed discussion of all of our findings and any other material deficiencies that will require repair or replacement over the term of this study, refer to the appropriate sections of this report.

There are several significant expenses this year including repairs to the splash pad, ongoing fence repairs/staining, playset replacement, mailbox replacement, and the beginning of Fire Wise Safety improvements.

According to the information provided to us, as of 29 September 2022, the reserve fund balance is $424,850.87 and $7,808.00 is being contributed monthly to the capital repair and replacement reserves. We have increased the assumed inflation rate over the period to 3.5%. As a result, **the current level of funding of the reserve for the common areas results in a negative balance in 2050 and an increase in funding is recommended.** A more detailed analysis of the reserve funds has been provided in Appendix A.

There are, of course, other capital expenditures to be expected over the next thirty years. Those items that will require attention are discussed in detail in this report and can be found in their appropriate sections.

For your convenience, we have prepared the following summary of the condition of the major systems of the property. Please refer to the appropriate sections of this report for a more detailed discussion of these systems.

3.0 PURPOSE & SCOPE

3.1 Purpose

The purpose of this study is to provide an update to the previous Level II Reserve Study as required by Washington State statues. It is intended to be used as a tool for the Eagle Ridge Homeowner's Association in determining the allocation requirements into the reserve fund in order to meet future anticipated capital expenditures for the community.

This report forecasts obligations for the community thirty years into the future. It should be noted that events might occur that could have an effect on the underlying component or system useful life assumptions used in this study. Likewise, inevitable market fluctuations can have an impact on component or system replacement and repair costs. Therefore, a study such as this should be updated often, in order to reflect the most accurate needs and obligations of the community. Unless doing so would impose

an unreasonable hardship, the association should update the reserve study annually. At least every three years, an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.

3.2 Scope

This study has been performed according to the scope as generally defined by Martin Spadinger and Criterium – Pfaff Engineers. The findings and recommendations are based on interviews with the community's management personnel; a review of available documents; and an investigation of the site.

The scope of work meets the requirements presented by the State of Washington. According to the State of Washington, RCW 64.38.065 and 070, "…an association shall prepare and update a reserve study..." According to the State, the terminology for this Scope of Work is "Level II: Update with Visual Site Inspection".

This study was prepared by a Reserve Study Professional, as defined by State of Washington, RCW 64.38.010.

The guidelines used to determine which physical components within the community are to be included in the component inventory are based on the following general criteria:

1. The component must be a common element, or otherwise noted to be the responsibility of the Association to replace.
2. The component must have an estimated remaining useful life of thirty years or less. As the site ages, additional components may need to be added.
3. The funding for replacement should be from one source only, not funded from another area of the budget or through a maintenance contract.
4. The cost of replacement should be high enough to make it financially unsound to fund it from the operating budget.
5. Components, such as painting, which are considered deferred maintenance, are most appropriately funded from the Operating Budget instead of Reserves.

Our reserve study analysis included evaluating the following association property:

- **Site and Grounds:** The site common elements include the entry monuments with water features at Eagle Ridge Blvd and two at Shelby Ridge; a monument at Raptor Peak, the entry pond and associated aeration equipment; several drainage swales; Tot Park and equipment; Sport Court Park and equipment; Splash Pad Park and equipment; Whispering Pines Park and equipment; Serenity Park with an entry and gazebo; Forest Ridge Park with a sign, playhouse and zipline; Happy Trail with pergolas, benches, and decorative items; Rock Ridge Park with a pond and fences; common fences, street lighting, and the sewage lift station and 2 sheds. Several miles of paved trails are also included. Also included are street lights, benches, tables, garbage containers, doggie pots a movie screen, projector, and mailboxes. We have excluded the monument electrical

and lighting and the irrigation systems as these are most likely maintained from the operating budget.

- **Private Streets, Sidewalks and Curbs:** The association maintains concrete sidewalks along the common areas as well as 2 asphalt paved fire lanes.

- For a complete inventory, please see Appendix B. The common element inventory was obtained from the association managers as well as our inspection of the site.

This study estimates the funding levels required for maintaining the long term viability of the facility. Our approach involves:

1. Examining association managed equipment, buildings and site facilities.
2. Predicting their remaining service life and, approximating how frequently they will require repair or replacement.
3. Estimating repair or replacement costs (in current dollars) for each capital item.
4. Using data developed in Steps 1, 2 and 3 to project Capital Reserve balances for Years 1 through 30.

The statements in this report are opinions about the present condition of the subject community. They are based on visual evidence available during a diligent investigation of all reasonably accessible areas falling under the responsibility of the Association. We did not remove any surface materials, perform any destructive testing, or move any furnishings. This study is not an exhaustive technical evaluation. Such an evaluation would entail a significantly larger scope than this effort. For additional limitations, see Section 8.0.

3.3 Sources of Information

Onsite inspection of the property occurred on the following date:
- 29 September 2022.

The following people were interviewed during our study:
- Andrew Lawrence, Gil Pierce, Brandi Gimbel

The following documents were made available to us and reviewed:
- Completed Reserve Study Input Sheet
- Current Balance Sheet
- Various project quotes

We based our cost estimates on some or all of the following:
- R.S. Means
- Our data files on similar projects
- Internet searches
- Local contractors

3.4 Standards of Reference

For your reference, the following definitions may be helpful:

Excellent: Component or system is in "as new" condition, requiring no

rehabilitation and should perform in accordance with expected performance.

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

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

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

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

All ratings are determined by comparison to other buildings of similar age and construction type. Further, some details of workmanship and materials will be examined more closely in higher quality buildings where such details typically become more relevant.

All directions (left, right, rear, etc.), when used, are taken from the viewpoint of an observer standing in front of a building and facing it.

Repair/Replacement Reserves - Non-annual maintenance items that will require significant expenditure over the life of the buildings. Included are items that will reach the end of their estimated useful life during the course of this forecast, or, in the opinion of the investigator, will require attention during that time.

4.0 DESCRIPTION

This homeowner's association serves 1,206 homes at this time. It is a residential development located in south Spokane, Washington in the Latah Valley. Construction began in 1996 and is ongoing.

Eagle Ridge includes as common elements entry monuments and water features, approximately 5.2 miles of asphalt paved trails, a pond, concrete sidewalks at the common areas, fencing, a sewage lift station, six parks with associated equipment, street lights, picnic tables, and benches.

5.0 OBSERVATIONS

The following key observations were made about the current condition of the common elements of the development.

The 5 foot wide concrete sidewalks at the common areas along the roads are in generally good condition. We observed some typical minor cracking, but no areas of significant damage which would necessitate repairs.

Concrete flatwork has a published expected useful life (EUL) of 30 years, however, we believe in this area and this situation; the sidewalks can last indefinitely with regular maintenance and spot repairs. This places their replacement outside of the 30 year analysis. We have maintained an allowance for spot repairs and replacement of damaged or deteriorated sections (5% of the total) in 2035 and every 15 years after.

The asphalt paved fire lanes are in adequate condition.

The asphalt paved trails are in generally good condition but aging. We walked only small portions.

In general for all of the asphalt surfaces, preventative maintenance includes crack repair, drainage maintenance, patching of damaged areas and regular sealing. For most residential roads and trails, we recommend sealcoating every 7 years. This helps seal small cracks, reduce moisture penetration, and UV sun damage. Both crack sealing and sealcoating provide best results when the sealants are "squeegeed" into the surface. Proper repair of asphalt cracks includes routing the crack, and pneumatically cleaning it out, then injection of a quality asphalt emulsion sealant into the crack. The fire lanes and trails should be observed and any open cracks or damaged areas should be repaired annually. Annual crack repair is typically funded from the operating budget.

Water is the major cause of asphalt deterioration. Water should drain away from the asphalt. Areas with water found to be "ponding" on the streets should be built-up, sloped, or otherwise drained to prevent destabilizing the sub-base which will lead to cracking.

We observed some cracking and raveling of the fire lanes and trails. Some of the cracks have been sealed in the past but have opened up. Some sealing was apparently done in 2018. We have planned for sealing these in 2023. We recommend sealing every 7 years thereafter. With good maintenance, paved roads have an expected useful life (EUL) of 25 years.

We believe that with good maintenance, these lanes and paths should serve through the analysis period.

We have based our asphalt repair estimates on current local estimates and those published by RS Means. With asphalt pricing based on oil prices and extremely volatile, these estimates may vary widely from the actual cost at the time of the work.

The Eagle Ridge lower and upper entry monuments and the Estates entry monument are concrete and concrete block structures with stucco and mortared stone veneer. The monuments are in good condition.

Annual inspections and any needed repairs to the monuments should be carried out. These should be relatively low cost items from the operating budget. With regular maintenance, this monument should last indefinitely.

The metal lettering should last indefinitely, however in our experience, vandalism resulting in damaged or missing letters and signs may occur. We have allowed $2000 to replace damaged or missing letters and signs in 2020 and every 10 years thereafter.

The monument lighting is assumed to be maintained from the operating budget.

The Eagle Ridge entry and Estates entry monuments include water features. Another mortared stone water feature is provided along Shelby Ridge. Normal maintenance of water features includes annual inspections and necessary repairs of mortar cracks and gaps, floats, liners, lighting and electrical systems. These repairs typically are funded from the operating budget. Non-annual capital items typically include pump and motor replacement. These items have an expected useful life of 10 years. We were told that the Eagle Ridge pump and motor were replaced in approximately 2011, and the Shelby Ridge pump and motor were replaced in approximately 2019. We have planned to replace the Eagle Ridge pump and motor in 2023, and the Shelby Ridge pump and motor in 2029 and every 10 years thereafter. The Estates water feature pump and motor were new in 2006 and were replaced in 2013. We have planned for its replacement in 2023 and every 10 years thereafter.

The Reflections Pond is provided to contain drainage from the area and provides a scenic area. Three aeration sprayers served by an electric motor and pump are provided to circulate and aerate the water. These were installed 2012. The motor/pump was replaced in approximately 2021 with replacement planned every 10 years thereafter.

Common area fencing includes approximately 12,919 feet of wood privacy fence along the common areas and swales. They appear to be in good condition overall and use treated wood posts set in concrete. Wood fences have a published expected life of 12 years, however, we understand these are being repaired and sealed on the street side on a 4 year cycle with funding from the reserve fund. Repair and sealing the street side of the fences is planned to continue on a 4 year cycle. This will eliminate the need for overall replacement of the fences.

Approximately 80 feet of split rail fence surrounds Rock Ridge Park. Repair and sealing are included with the above fences.

Vinyl coated chain link fencing is provided at some parks. The Whispering Pines sport court and the hillside along Splash Pad Park are surrounded with an 8 foot tall fence. Sport Court Park is surrounded by a 5 foot high coated chain link fence. These are in good condition with an expected life of 40 years. We have planned for replacement of the Sport Court Park fence in year 2038, Splash Pad Park and Whispering Pines fences in 2045.

We were told that the association maintains 64 street lights at the lower end of the development and that Avista maintains the balance of the street lights. The standards and fixtures have an expected life of 25 years. We understand that while these have been repaired, no replacements have been made and we have planned to replace these in 2025. The underground wiring was not investigated. This should provide service beyond the analysis period.

Tot Park, built in 1997, is a small common area park with a grassy area, a concrete sidewalk, asphalt trail, a playset, benches, and garbage receptacles. The park installations are in good condition.

Sport Court Park, built in 1998, has a large grassy area, benches, playset, picnic table, garbage receptacle, a coated concrete court with basketball goals and volleyball net supports, a concrete block retaining wall and a drinking fountain. It is surrounded by a coated chain link fence discussed above. The park is in good condition. We understand that the court is to be resurfaced in 2023. This should provide a useful life of 12 years and we have planned for re-surfacing every 12 years thereafter.

Splash Pad Park was built in 2004 and includes concrete sidewalks, a large grassy area, benches, picnic tables, garbage receptacles, and a circular concrete splash pad with 6 spray heads. The hillside adjacent to the park is surrounded by a coated chain link fence. We have planned to replace the fence in 2044. Significant repairs to the splash pad are planned for 2023. Resurfacing the pad is planned for this year and every 12 years thereafter.

Whispering Pines Park was constructed in 2006 and includes a coated asphalt sport court with basketball goals and surrounded by a coated chain link fence, 3 playsets, swing set, recently rebuilt wood framed pavilion and kiosk, amphitheater with concrete benches and stage, a concrete climbing wall, 7 frisbee golf goals, 2 charcoal BBQ's, picnic tables, benches, garbage receptacles, concrete sidewalks and asphalt trails. The park is in good condition overall. We understand that the court was resurfaced in 2015 but some cracks and settlement are visible. This is planned for resurfacing in 2023 and every 12 years thereafter.

Serenity Park was constructed in 2015 and included a metal entry and a metal gazebo and natural areas. The gazebo has since been removed. With regular painting and maintenance the entry structure should provide service throughout the study period.

Forest Ridge Park was constructed in 2015 and includes an entry sign, a crazy house playset, tire swing, and a zip line. The tire swing is planned for replacement in 2023. The zip line equipment is estimated to have an EUL of 10 years with replacement planned in 2025 and every 10 years thereafter.

Happy Trail Park was constructed in 2016 and includes pergolas, benches, and decorative items. The pergolas and decorative items are assumed to be maintained from the operating budget. The benches are included below.

Rock Ridge Park was constructed in 2018 and includes a pond with an aerator, benches, and a split rail fence (noted above). The aerator pump/motor is planned for replacement in 2028 and every 10 years thereafter.

The playsets are in good condition with some typical wear and tear evident. Safety inspections of the playsets and regular inspections and maintenance including staining and painting should be conducted often. These have an EUL of 20 years with replacement of the Tot Park and Sport Court equipment planned for 2025, two Whispering Pines playsets in 2028 and one Whispering Pines Park playset planned for 2023. The Forest Ridge crazy house is planned for replacement in 2035.

The picnic tables, garbage receptacles, doggie pots, and benches are in good condition with typical wear and tear noted. These have an expected useful life of 20 years. We have planned for replacement of 1/3 in 2023, 1/3 in year 2026, and 1/3 in year 2031.

The basketball hoops, Frisbee goals, volleyball net supports, and BBQ's should provide another 30 years of service with regular maintenance. These should be cleaned and painted regularly. These items are low quantity and relatively low cost purchases that we assume would be made through the operating budget.

The Whispering Pines amphitheater concrete surfaces should provide service beyond this study period. The Forest Ridge amphitheater is made from logs which are reported to have been sealed. With proper maintenance, we anticipate replacing this in 2030. The newly rebuilt Whispering Pines pavilion and kiosk are in good condition. The wood framing should be inspected and maintained regularly. We understand that the Whispering Pines pavilion is planned for staining in 2023. This is planned to reoccur in 2033. The structures should provide long lives with good maintenance. The roof surfaces have an expected life of 30 years which places their replacement in 2061.

The underground sewage lift pump station was not accessible. The tanks have an expected life of at least 50 years, which places them outside the analysis period. The 2 pump/motor units have an expected life of 15 years. We understand the pump and motors were replaced in 2020 and 2021 with 5 HP units. These area planned for replacement again in 15 years. Consideration should be given to having a spare pump on hand. The float switches and control equipment are assumed to be maintained from the

operating budget.

The movie screen was replaced in 2018. This is estimated to have a 10 year useful life and is planned to be replaced every 10 years. The projector is planned for replacement in 2023 and every 10 years thereafter.

The storage sheds at the lift station are in fair to good condition with some minor repairs needed. One shed was added in 2019. With regular maintenance, the shed should provide service beyond the study period. We have planned for re-roofing the original shed in 2024.

The concrete block retaining walls are in good condition. These structures have an expected life of 50+ years which is beyond the reserve period.

The mailboxes have an expected life of 15 years. We have planned for replacement of 1/3 in 2023, 1/3 in 2025, and 1/3 in 2030.

The John Deere Gator has an estimated life of 10 years with good maintenance and we have planned its replacement in 2024 and every 10 years thereafter.

We understand that DNR and the city of Spokane are possibly assisting in grants for FireWise safety improvements for the high-risk areas over a 5 year period. We have included 22 acres per year at $2,000 per acre for this work over a 5 year period reoccurring every 10 years.

We have planned an allowance of $5,000 every three years for major landscaping needs such as tree removal/replacement.

Our study does not include routine maintenance and repairs for landscaping, irrigation systems, and electrical equipment which we assume to be maintained from the operating budget.

6.0 RESERVE FUND ANALYSIS

Using software developed by Criterium Engineers and KPMG Peat Marwick, we have analyzed capital reserves draw-down for the projected capital expenditures to determine the amount needed. **The following is a projected reserve fund analysis for non-annual capital improvement items as discussed in the report.** This projection takes into consideration a reasonable return on invested money and inflation as directed by your board. Please review this thoroughly and let us know of any changes that may be desired.

The intent of this reserve fund projection is to help the Association develop a reserve fund to provide for anticipated repair or replacements of various system components during the next thirty years.

The capital items listed are those that are typically the responsibility of the Association and are derived from documents provided by your board. However, association by-laws vary, and therefore, which components are the responsibility of the owner and which are the responsibility of the Association can vary. The Eagle Ridge Homeowner's Association should confirm that the items listed should be financed by the reserve fund.

This projection provides the following:

- An input sheet that defines all the criteria used for the financial alternatives, including the assumed inflation rate and rate of return on deposited reserve funds.

- A table that lists anticipated replacement and/or repair items complete with estimated remaining life expectancies, projected costs of replacement and/or repair, a frequency in years of when these items require replacement and/or repair, and a projection based on this frequency.

- A table that represents end of year balances and capital expenditures based on your current funding program and reserve balances, and alternatives to your current program.

- The Association should bear in mind that unanticipated expenditures can always arise and maintenance of a significant reserve fund balance can be viewed as a way to avoid special assessments. We suggest and have assumed maintaining a minimum reserve balance of $50,000.00 for necessary unexpected expenditures.

We have considered several alternatives to compare to your current funding program and recommend that the board adopt an alternative that best reflects the objectives of the community. Please keep in mind that there are a myriad of possible alternatives. We have assumed a 0.02% return on investment and a 3.5% inflation rate. In summary they are as follows:

Current Funding Rate: We have used a reserve fund balance of $424,850.87 on 29 September 2022 with a total monthly contribution of $7,808.00 being made at this time. Based on this projection, the Association's reserve fund will be negative in 2050 and an increase in funding is recommended.

- **Alternative 1:** Continue with the current contribution of $7,808.00 per month through 2026, then increase the contribution by $650.00 per month in 2027. 2032, 2037, 2042, and 2047 with no special assessment. The final contribution will be 11,058 per month. This alternative will maintain the minimum balance.

- **Alternative 2:** Begin with the current contribution of $7,808.00 per month increasing 1.25% per year every year with no special assessment. The final contribution will be 11,194 per month. This alternative will maintain the minimum balance.

- **Alternative 3:** Not used.

- **Full Funding Plan:** To achieve a full funding plan as defined by the RCW, the association should increase the contribution by $1,100.00 per month in 2027. 2032, 2037, 2042, and 2047 with no special assessment. The final contribution will be 13,308 per month.

Addendum A lists estimated capital reserves over the analysis period.

7.0 CONCLUSION

With the current funding, the reserve balance will be negative in 2050. This is the result of the increased assumed inflation rate. An increase in contributions is recommended.

In summary, the common elements are in generally good condition and with good maintenance, should provide adequate service throughout their useful lives.

8.0 LIMITATIONS

Per the State of Washington, RCW 64.34.380, the following disclosure has been included herein:
"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."

The observations described in this study are valid on the date of the investigation and have been made under the conditions noted in the report. We prepared this study for the exclusive use of Eagle Ridge Homeowner's Association. Criterium – Pfaff Engineers does not intend any other individual or party to rely upon this study without our express written consent. If another individual or party relies on this study, they shall indemnify and hold Criterium – Pfaff Engineers harmless for any damages, losses, or expenses they may incur as a result of its use.

This study is limited to the visual observations made during our inspection. We did not remove surface materials, conduct any destructive or invasive testing, move furnishings or equipment, or undertake any digging or excavation. Accordingly, we cannot comment on the condition of systems that we could not see, such as buried structures and utilities, nor are we responsible for conditions that could not be seen or were not within the scope of our services at the time of the investigation. We did not undertake to completely assess the stability of the roadways or the underlying soil since this effort would require excavation and destructive testing. Likewise, this is not a seismic assessment.

We did not investigate the following areas:

- Buried utilities or infrastructure
- Concealed structural members or systems
- Off road portions of the trails

We do not render an opinion on uninvestigated portions of the community.

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

investigation. This study is not to be considered a warranty of condition, and no warranty is implied. The appendices are an integral part of this report and must be included in any review.

Criterium Engineers does not offer financial counseling services. Although reasonable rates of inflation and return on investment must be assumed to calculate projected balances, no one can accurately predict actual economic performance. Although reserve fund management and investment may be discussed during the course of the study, we do not purport to hold any special qualifications in this area. We recommend that the Board also seek other professional guidance before finalizing their current reserve fund planning activity. Depending on issues which may arise, an appropriate team of consultants to aid decision-making might include their property manager, accountant, financial counselor and attorney.

In our Reserve Fund Analysis, we have provided estimated costs. These costs are based on our general knowledge of building systems and the contracting and construction industry. When appropriate, we have relied on standard sources, such as Means Building Construction Cost Data, to develop estimates. However, for items that we have developed costs (e.g.: structural repairs), no standard guide for developing such costs exists. Actual costs can vary significantly, based on the availability of qualified contractors to do the work, as well as many other variables. We cannot be responsible for the specific cost estimates provided.

We have performed no design work as part of this study, nor have we obtained competitive quotations or estimates from contractors as this also is beyond the scope of the project. The actual cost to remedy deficiencies and deferred maintenance items that we have identified may vary significantly from estimates and competitive quotations from contractors.

If you have any questions about this study or the reserve fund analysis, please feel free to contact us. Thank you for the opportunity to be of assistance to you.

Respectfully submitted,

Kenneth Pfaff, P.E.
Criterium – Pfaff Engineers