
UPDATED CAPITAL RESERVE ANALYSIS
FOR
AUSTIN LAKE SUBDIVISION
SMYRNA, GEORGIA

PREPARED FOR:

AUSTIN LAKE HOMEOWNERS ASSOCIATION
C/O MR. AL LITTLE
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I. CAPITAL RESERVE DETERMINATION

A. METHODOLOGY AND ASSUMPTIONS

A Capital Reserve Analysis is a report giving an estimate of the amount of money which must be put aside to replace or restore the common elements and building components that will require replacement before the community's use expires. Typically, the items included are limited to those with a useful life of 30 years or less.

The commonly accepted guidelines as established by governing statutes, the Community Associations Institute, and our engineering judgment and experience have been used as a basis for the reserve schedule in this report. The schedule, when implemented in conjunction with a well-planned preventive maintenance program, will provide adequate funds for the replacement of the community's common elements as they reach the end of their useful lives. In order to assure that this schedule remains current, a reassessment of the existing condition and replacement costs for each item is necessary at a regular interval as recommended within the report. Updating of the schedule, reduction of the useful lives, and inflation of the replacement costs may be executed with the benefit of re-inspection. The schedule must also be adjusted as common elements are added or modified.

It is important to note that a reserve item is a common element component which will require replacement on a recurring basis using a similar cost item. If an upgrade is necessitated due to a cost change or other extraordinary reason, the cost over and above the replacement cost is considered to be a capital improvement rather than a capital replacement. Capital improvements should not be funded from the reserves. After it has been upgraded, the item will then become part of the reserve schedule.

Method of Accounting

The Method used in the Capital Reserve Analysis is the "Cash Flow" Method and the funding plan utilized is the Baseline Funding. The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance does not drop below zero during the projected period.

Level of Service

This reserve analysis was completed utilizing a Level II, Full Service Study as defined under the National Reserve Standards that have been adopted by the Community Association Institute. The common component inventory was established based on information provided by the association's representative, field measurements and/or drawing take-offs. The Full Service Study includes a review of the common property components and preparation of this report.

B. SUMMARY OF REPLACEMENT RESERVE NEEDS

1. TECHNICAL DEFINITIONS

This page is a summary of each of the different categories within the detailed schedule. It shows the total dollar amounts for each category and is based on the full funding of each item.

Following are descriptions of the different variables, which are shown on the reserve schedule in the order in which they appear.

Description

This column on the schedule lists all of the components for which we recommend that reserves be accumulated. The basis for the selection of these items includes:

- Review of the governing documents regarding the common and limited common elements.
- Review of all available maintenance contracts.
- The type of component and its anticipated full useful life and condition.
- A review of applicable statutes dealing with reserve requirements.

Quantity

The quantities which are used as a basis for this report are calculated from field measurements and drawings which have been supplied to Ray Engineering, Inc. Ray Engineering, Inc. has not made extensive as-built measurements, and the quantities used are based primarily on the reference materials provided.

Unit Cost

The construction and replacement costs used in this report are based primarily on the various publications written by the R.S. Means Company and construction related experience of Ray Engineering. The publications are listed in the Bibliography.

Reserve Requirements Present Dollars

This is calculated by multiplying the “quantity” by the “unit costs.”

Existing Reserve Fund

This is an allocation of the total existing reserve funds to the individual line items using a weighing factor which is based on the total “reserve requirement present dollars,” the “estimated remaining life,” and other factors. An existing balance was submitted to Ray Engineering, Inc. This balance was used in developing our Reserve Analysis.

Estimated Useful Life

The useful life values that are part of this report come from a variety of sources, some of which are listed in the Bibliography. In order to ensure that all items attain their anticipated useful lives, it is imperative that a well-planned maintenance schedule be adhered to. If an existing item is replaced with an upgraded product, the estimated remaining life has been listed for the new product.

Estimated Remaining Life

The estimated remaining life is based on both the age of the component and the results of the field inspections conducted in January 2008.

Annual Reserve Funding

The reserve requirement present value was converted to the future value for the time in which each replacement will occur. A 3% compounded inflation rate has been assumed. The future value was then converted to an annual reserve fund value. The arithmetic calculations and formulas are indicated later in this report.

C. EXECUTIVE SUMMARY

Austin Lake Subdivision is a single-family home community containing 98 residential units with one amenity area. It is the Consultant's understanding that the subdivision was developed approximately 15 years ago.

The property is located off of North Cooper Lake Road, south of its intersection with Concord Road in Cobb County, Georgia. The common elements within the amenity area generally include a clubhouse, pool with surrounding concrete deck, two lighted tennis courts, playground, parking lot, and landscaped common areas. The common elements within the community consist of brick veneer entry monument signs flanked by pre-finished aluminum fencing installed between brick veneer pilasters and a five acre lake and adjoining three acre green area that borders the east side of the community.

The community clubhouse is a one-story structure with a full basement level. The basement level appears to consist of reinforced masonry foundation walls at the front and side elevations with a wood framed bearing wall at the rear elevation. The framing of the first floor and basement level is conventional wood framing. The first floor contains a great room with a vaulted ceiling, a kitchen and a stairway leading to the basement level. The basement level contains separate men's and women's restroom that are accessible from both the interior and exterior of the building, a storage closet and a mechanical room containing the pool equipment, water heater and air handler. Interior finishes generally consist of painted gypsum board walls and ceiling and painted wood trim. Floor coverings consist of carpet at the great room, kitchen and stairs and ceramic tile at the restrooms. Exterior finishes consist of painted manufactured wood siding in combination with painted wood trim, eaves, columns, railings, decking and porch ceiling. The roof is a steep pitched gable roof system with fiberglass based asphalt shingles. Roof runoff is controlled by pre-finished aluminum gutters and downspouts installed at the front and rear elevations of the building roof eave.

This reserve analysis was completed utilizing the "Full" level of service, which included a review of the property and preparation of this report. This reserve analysis is prepared for the fiscal year starting on January 1, 2008. It is our understanding that the reserve account for the community has a balance of approximately \$84,000 with an annual contribution of \$5,000 estimated for 2008. Based on the Capital Reserve Analysis, the current annual contribution for reserves has been found to be inadequate to provide for the future expenses as projected by this analysis. It is our recommendation that the

annual contribution be increased by \$17,000 in year 2008 to an annual total of \$22,000*. This contribution should be sufficient through the end of the term of this analysis in order to maintain projected future expenses as shown in the "Cost and Funding Recap" included as part of this analysis.

*It should be noted that the recommended annual contribution of \$22,000 be based on assuming that the lake dredging will be completed in year 2013. From review of the cost and funding recap, it appears that beginning in year 2014 the annual contribution should be able to be decreased; however, the lake will most likely need to be dredged again in or about year 2028, which is why we are showing the annual contribution being unchanged.

D. REPLACEMENT RESERVE REQUIREMENTS

SCHEDULE I

Sitework

SCHEDULE II

Exterior/Interior Building Maintenance

SCHEDULE III

Electrical/Mechanical/Plumbing Maintenance

YEAR BY YEAR FUNDING RECAP - ALL ITEMS

COST AND FUNDING RECAP

ITEMIZED PROJECT COSTS BY YEAR

PROJECT NAME	AUSTIN LAKE SUBDIVISION
INFLATION RATE	3.00%
YIELD ON RESERVE FUNDS	1.50%
BEGINNING YEAR OF FUNDING	2008
PLANNING HORIZON	20 yrs

SCHEDULE Ia
AUSTIN LAKE SUBDIVISION
SITWORK ITEMS - PRELIMINARY DATA

	Sitework Item Description	Units of Measure	Number of Units	Cost per Unit	Total Cost in Current Dollars	Estimated Useful Life	Estimated Remaining Life	Notes
1	Clubhouse Parking Lot - Repair/Seal Coat	S.Y.	901	\$0.85	\$766	6	0	2
2	Clubhouse Parking Lot - 2" Overlay	S.Y.	901	\$10.00	\$9,010	20	5	2
3	Concrete Sidewalks & Curb - Repair/Replace	Allow	1	\$500.00	\$500	5	0	3
4	Concrete Masonry retaining Wall - Repair/Paint	Allow	1	\$1,800.00	\$1,800	7	0	4
5	Wood Cross-Tie retaining Wall - Repair	Allow	1	\$500.00	\$500	5	2	5
6	Aluminum Fence - Repair/Paint	Allow	1	\$3,000.00	\$3,000	6	2	6
7	Pool Plaster & Tile	L.S.	1	\$8,000.00	\$8,000	10	2	7
8	Pool Furniture - Repair/Replace	Allow	1	\$5,000.00	\$5,000	5	3	1
9	Pool Cover - Replace	L.S.	1	\$3,000.00	\$3,000	10	2	8
10	Pool Deck - Repair/replace	Allow	1	\$2,500.00	\$2,500	7	7	1
11	Tennis Courts - Resurface	E.A.	2	\$3,500.00	\$7,000	7	1	9
12	Tennis Court - Replace	E.A.	2	\$14,000.00	\$28,000	25	5	9
13	Wood Arbor - Repair/Paint	Allow	1	\$800.00	\$800	7	3	10
14	Tot Lot - Maintenance/Repair	L.S.	1	\$1,000.00	\$1,000	5	0	11
15	Wood Fence, Pool & Cooper Rd. - Repair/Paint	Allow	1	\$3,500.00	\$3,500	6	1	12
16	Monument Sign and Brick Pilasters - Repair/Paint	Allow	1	\$2,500.00	\$2,500	10	6	1
17	Dam & Spillway - Maintenance	Allow	1	\$2,000.00	\$2,000	5	1	1
18	Lake Maintenance	Allow	1	\$56,000.00	\$56,000	15	5	13
19	Irrigation System - Repair/Replace	Allow	1	\$2,500.00	\$2,500	5	1	14
20	Landscape Upgrades	L.S.	1	\$8,000.00	\$8,000	30	0	15
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**SCHEDULE 1b
AUSTIN LAKE SUBDIVISION
SITework ITEMS - REPLACEMENT COST & FUNDING DATA**

Sitework Item Description	First Replacement			Second Replacement			Third Replacement			Fourth Replacement		
	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced
1 Clubhouse Parking Lot - Repair/Seal Coat	2008	766	766	2014	914	152	2020	1092	182	2026	1304	217
2 Clubhouse Parking Lot - 2" Overlay	2013	10445	1741	2033			2053			2073		
3 Concrete Sidewalks & Curb - Repair/Replace	2008	500	500	2013	580	116	2018	672	134	2023	779	156
4 Concrete Masonry retaining Wall - Repair/PAint	2008	1800	1800	2015	2214	316	2022	2723	389	2029		
5 Wood Cross-Tie retaining Wall - Repair	2010	530	177	2015	615	123	2020	713	143	2025	826	165
6 Aluminum Fence - Repair/PAint	2010	3183	1061	2016	3800	633	2022	4538	756	2028		
7 Pool Plaster & Tile	2010	8487	2829	2020	11406	1141	2030			2040		
8 Pool Furniture - Repair/Replace	2011	5464	1366	2016	6334	1267	2021	7343	1469	2026	8512	1702
9 Pool Cover - Replace	2010	3183	1061	2020	4277	428	2030			2040		
10 Pool Deck - Repair/replace	2015	3075	384	2022	3781	540	2029			2036		
11 Tennis Courts - Resurface	2009	7210	3605	2016	8867	1267	2023	10906	1558	2030		
12 Tennis Court - Replace	2013	32460	5410	2038			2063			2088		
13 Wood Arbor - Repair/PAint	2011	874	219	2018	1075	154	2025	1322	189	2032		
14 Tot Lot - Maintenance/Repair	2008	1000	1000	2013	1159	232	2018	1344	269	2023	1558	312
15 Wood Fence, Pool & Cooper Rd. - Repair/PAint	2009	3605	1803	2015	4305	717	2021	5140	857	2027	6137	1023
16 Monument Sign and Brick Pilasters - Repair/PAint	2014	2985	426	2024	4012	401	2034			2044		
17 Dam & Spillway - Maintenance	2009	2060	1030	2014	2388	478	2019	2768	554	2024	3209	642
18 Lake Maintenance	2013	64919	10820	2028			2043			2058		
19 Irrigation System - Repair/Replace	2009	2575	1288	2014	2985	597	2019	3461	692	2024	4012	802
20 Landscape Upgrades	2008	8000	8000	2038			2068			2098		
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**SCHEDULE IIa
AUSTIN LAKE SUBDIVISION
EXTERIOR/INTERIOR BUILDING MAINTENANCE ITEMS
PRELIMINARY DATA**

	Exterior/Interior Building Maintenance Item Description	Units of Measure	Number of Units	Cost per Unit	Total Cost in Current Dollars	Estimated Useful Life	Estimated Remaining Life	Notes
1	Clubhouse Roof - Replace	S.Q.	18	\$150.00	\$2,700	15	7	16
2	Clubhouse Gutters-Downspouts - Replace	Allow	1	\$1,200.00	\$1,200	15	7	16
3	Clubhouse Exterior- Repair/Paint	Allow	1	\$5,000.00	\$5,000	7	7	17
4	Clubhouse Wood Deck - Repair/Replace	Allow	1	\$3,000.00	\$3,000	10	5	18
5	Clubhouse Interior - Repair/Paint	Allow	1	\$2,000.00	\$2,000	7	2	19
6	Clubhouse Floor Covering & Window Treatments - Replace	Allow	1	\$5,000.00	\$5,000	10	0	20
7	Clubhouse Furnishings - Replace	Allow	1	\$5,000.00	\$5,000	10	4	21
8	Clubhouse Tile - Repair/Replace	Allow	1	\$200.00	\$200	10	5	1
9	Toilet Partition - Replace	Allow	1	\$2,500.00	\$2,500	20	5	1
10	Update Capital Reserve Analysis	Allow	1	\$1,000.00	\$1,000	3	3	22
11	Update Capital Reserve Analysis	Allow	1	\$1,000.00	\$1,000	3	15	22
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SCHEDULE 11b

AUSTIN LAKE SUBDIVISION

EXTERIOR/INTERIOR BUILDING MAINTENANCE ITEMS - REPLACEMENT COST & FUNDING DATA

Exterior/Interior Building Maintenance Item Description	First Replacement			Second Replacement			Third Replacement			Fourth Replacement		
	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced
1 Clubhouse Roof - Replace	2015	3321	415	2030			2045			2060		
2 Clubhouse Gutters-Downspouts - Replace	2015	1476	184	2030			2045			2060		
3 Clubhouse Exterior- Repair/Paint	2015	6149	769	2022	7563	1080	2029			2036		
4 Clubhouse Wood Deck - Repair/Replace	2013	3478	580	2023	4674	467	2033			2043		
5 Clubhouse Interior - Repair/Paint	2010	2122	707	2017	2610	373	2024	3209	458	2031		
6 Clubhouse Floor Covering & Window Treatments - Re	2008	5000	5000	2018	6720	672	2028			2038		
7 Clubhouse Furnishings - Replace	2012	5628	1126	2022	7563	756	2032			2042		
8 Clubhouse Tile - Repair/Replace	2013	232	39	2023	312	31	2033			2043		
9 Toilet Partition - Replace	2013	2898	483	2033			2053			2073		
10 Update Capital Reserve Analysis	2011	1093	273	2014	1194	398	2017	1305	435	2020	1426	475
11 Update Capital Reserve Analysis	2023	1558	97	2026	1702	567	2029			2032		
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SCHEDULE IIIa
 AUSTIN LAKE SUBDIVISION
 ELECTRICAL/MECHANICAL/PLUMBING ITEMS - PRELIMINARY DATA

	Electrical Mechanical Item Description	Units of Measure	Number of Units	Cost per Unit	Total Cost in Current Dollars	Estimated Useful Life	Estimated Remaining Life	Notes
1	Pool Filter and Pump - Replace	L.S.	1	\$5,000.00	\$5,000	10	4	23
2	Chlorination System	L.S.	1	\$1,500.00	\$1,500	10	4	23
3	Clubhouse HVAC - Replace	E.A.	1	\$8,000.00	\$8,000	15	5	24
4	Toilet Exhaust Fans- Replace	E.A.	2	\$150.00	\$300	12	3	24
5	Water Heater - Replace	E.A.	2	\$850.00	\$1,700	12	3	24
6	Exterior Lighting Fixtures - Repair/Replace	Allow	1	\$1,500.00	\$1,500	5	0	25
7	Exterior Lighting Fixtures - Immediate Repair	Allow	1	\$2,500.00	\$2,500	30	0	25
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**SCHEDULE IIIb
AUSTIN LAKE SUBDIVISION
ELECTRICAL/MECHANICAL/PLUMBING ITEMS - REPLACEMENT COST & FUNDING DATA**

Electrical Mechanical Item Description	First Replacement			Second Replacement			Third Replacement			Fourth Replacement		
	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced	Yr Replaced	Adjusted Cost if Inflation is 3.00%	Annual Funding Thru Yr Replaced
1 Pool Filter and Pump - Replace	2012	5628	1126	2022	7563	756	2032			2042		
2 Chlorination System	2012	1688	338	2022	2269	227	2032			2042		
3 Clubhouse HVAC - Replace	2013	9274	1546	2028			2043			2058		
4 Toilet Exhaust Fans- Replace	2011	328	82	2023	467	39	2035			2047		
5 Water Heater - Replace	2011	1858	464	2023	2649	221	2035			2047		
6 Exterior Lighting Fixtures - Repair/Replace	2008	1500	1500	2013	1739	348	2018	2016	403	2023	2337	467
7 Exterior Lighting Fixtures - Immediate Repair	2008	2500	2500	2038			2068			2098		
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**AUSTIN LAKE SUBDIVISION
COST & FUNDING RECAP**

Year	Annual Funds	Future Expenses	Net Accumulated Funds
Current Funds	5,000		84,000
2008	22,000	21,066	86,524
2009	22,000	15,450	94,702
2010	22,000	17,505	100,948
2011	22,000	9,616	115,176
2012	22,000	12,943	126,290
2013	22,000	127,184	23,331
2014	22,000	10,467	35,544
2015	22,000	21,154	37,253
2016	22,000	19,002	41,140
2017	22,000	3,914	60,173
2018	22,000	11,826	71,579
2019	22,000	6,229	88,754
2020	22,000	18,914	93,501
2021	22,000	12,483	104,751
2022	22,000	36,000	92,653
2023	22,000	25,239	91,133
2024	22,000	14,442	100,388
2025	22,000	2,149	122,075
2026	22,000	11,518	134,718
2027	22,000	6,137	152,931

AUSTIN LAKE SUBDIVISION
Itemized Projected Costs by Year

Year	Job	Cost
Grand Total		\$403,238
2008 Total		21,066
	2008 Clubhouse Floor Covering & Window Treatments - Replace	5,000
	2008 Clubhouse Parking Lot - Repair/Seal Coat	766
	2008 Concrete Masonry retaining Wall - Repair/Paint	1,800
	2008 Concrete Sidewalks & Curb - Repair/Replace	500
	2008 Exterior Lighting Fixtures - Immediate Repair	2,500
	2008 Exterior Lighting Fixtures - Repair/Replace	1,500
	2008 Landscape Upgrades	8,000
	2008 Tot Lot - Maintenance/Repair	1,000
2009 Total		15,450
	2009 Dam & Spillway - Maintenance	2,060
	2009 Irrigation System - Repair/Replace	2,575
	2009 Tennis Courts - Resurface	7,210
	2009 Wood Fence, Pool & Cooper Rd. - Repair/Paint	3,605
2010 Total		17,505
	2010 Aluminum Fence - Repair/Paint	3,183
	2010 Clubhouse Interior - Repair/Paint	2,122
	2010 Pool Cover - Replace	3,183
	2010 Pool Plaster & Tile	8,487
	2010 Wood Cross-Tie retaining Wall - Repair	530
2011 Total		9,616
	2011 Pool Furniture - Repair/Replace	5,464
	2011 Toilet Exhaust Fans- Replace	328
	2011 Update Capital Reserve Analysis	1,093
	2011 Water Heater - Replace	1,858
	2011 Wood Arbor - Repair/Paint	874
2012 Total		12,943
	2012 Chlorination System	1,688
	2012 Clubhouse Furnishings - Replace	5,628
	2012 Pool Filter and Pump - Replace	5,628
2013 Total		127,184
	2013 Clubhouse HVAC - Replace	9,274
	2013 Clubhouse Parking Lot - 2" Overlay	10,445
	2013 Clubhouse Tile - Repair/Replace	232
	2013 Clubhouse Wood Deck - Repair/Replace	3,478
	2013 Concrete Sidewalks & Curb - Repair/Replace	580
	2013 Exterior Lighting Fixtures - Repair/Replace	1,739
	2013 Lake Maintenance	64,919
	2013 Tennis Court - Replace	32,460
	2013 Toilet Partition - Replace	2,898
	2013 Tot Lot - Maintenance/Repair	1,159
2014 Total		10,467
	2014 Clubhouse Parking Lot - Repair/Seal Coat	914
	2014 Dam & Spillway - Maintenance	2,388

2014 Irrigation System - Repair/Replace	2,985
2014 Monument Sign and Brick Pilasters - Repair/Paint	2,985
2014 Update Capital Reserve Analysis	1,194
2015 Total	21,154
2015 Clubhouse Exterior- Repair/Paint	6,149
2015 Clubhouse Gutters-Downspouts - Replace	1,476
2015 Clubhouse Roof - Replace	3,321
2015 Concrete Masonry retaining Wall - Repair/Paint	2,214
2015 Pool Deck - Repair/replace	3,075
2015 Wood Cross-Tie retaining Wall - Repair	615
2015 Wood Fence, Pool & Cooper Rd. - Repair/Paint	4,305
2016 Total	19,002
2016 Aluminum Fence - Repair/Paint	3,800
2016 Pool Furniture - Repair/Replace	6,334
2016 Tennis Courts - Resurface	8,867
2017 Total	3,914
2017 Clubhouse Interior - Repair/Paint	2,610
2017 Update Capital Reserve Analysis	1,305
2018 Total	11,826
2018 Clubhouse Floor Covering & Window Treatments - Replace	6,720
2018 Concrete Sidewalks & Curb - Repair/Replace	672
2018 Exterior Lighting Fixtures - Repair/Replace	2,016
2018 Tot Lot - Maintenance/Repair	1,344
2018 Wood Arbor - Repair/Paint	1,075
2019 Total	6,229
2019 Dam & Spillway - Maintenance	2,768
2019 Irrigation System - Repair/Replace	3,461
2020 Total	18,914
2020 Clubhouse Parking Lot - Repair/Seal Coat	1,092
2020 Pool Cover - Replace	4,277
2020 Pool Plaster & Tile	11,406
2020 Update Capital Reserve Analysis	1,426
2020 Wood Cross-Tie retaining Wall - Repair	713
2021 Total	12,483
2021 Pool Furniture - Repair/Replace	7,343
2021 Wood Fence, Pool & Cooper Rd. - Repair/Paint	5,140
2022 Total	36,000
2022 Aluminum Fence - Repair/Paint	4,538
2022 Chlorination System	2,269
2022 Clubhouse Exterior- Repair/Paint	7,563
2022 Clubhouse Furnishings - Replace	7,563
2022 Concrete Masonry retaining Wall - Repair/Paint	2,723
2022 Pool Deck - Repair/replace	3,781
2022 Pool Filter and Pump - Replace	7,563
2023 Total	25,239
2023 Clubhouse Tile - Repair/Replace	312
2023 Clubhouse Wood Deck - Repair/Replace	4,674
2023 Concrete Sidewalks & Curb - Repair/Replace	779
2023 Exterior Lighting Fixtures - Repair/Replace	2,337
2023 Tennis Courts - Resurface	10,906
2023 Toilet Exhaust Fans- Replace	467

2023 Tot Lot - Maintenance/Repair	1,558
2023 Update Capital Reserve Analysis	1,558
2023 Water Heater - Replace	2,649
2024 Total	14,442
2024 Clubhouse Interior - Repair/Paint	3,209
2024 Dam & Spillway - Maintenance	3,209
2024 Irrigation System - Repair/Replace	4,012
2024 Monument Sign and Brick Pilasters - Repair/Paint	4,012
2025 Total	2,149
2025 Wood Arbor - Repair/Paint	1,322
2025 Wood Cross-Tie retaining Wall - Repair	826
2026 Total	11,518
2026 Clubhouse Parking Lot - Repair/Seal Coat	1,304
2026 Pool Furniture - Repair/Replace	8,512
2026 Update Capital Reserve Analysis	1,702
2027 Total	6,137
2027 Wood Fence, Pool & Cooper Rd. - Repair/Paint	6,137

E. NOTES

The accompanying notes are an integral part of the reserve schedule contained in this report. When reviewing the schedule, please be sure to read all notes pertaining to a particular line item. This will provide the most complete explanation of each line item and will provide any clarification where necessary.

1. These items were found to be in good condition and well maintained. The useful life reflects the age and overall condition of the respective item.
2. Since the time of our review conducted in both 1999 and 2003, the asphalt pavement has not been restored as recommended. As a result, the cracking and breaking up of the pavement surface is becoming progressively worse. Based on its current condition we estimate that seal coating and repair of the pavement would be in excess of \$3,500 and, in our opinion, it would be more cost effective to resurface the pavement in lieu of undertaking repairs at this time. It is therefore, our recommendation that the parking lot be resurfaced within the next two years utilizing a "Perma-Flex" base, which is designed to be used with surfaces that are moderately cracked and/or broken up. It should be noted; however, that if resurfacing is delayed, some repairs may be required as the "Perma-Flex" base cannot be applied over extensively deteriorated asphalt surfaces. The budgets have been revised to reflect current industry standards. The seal coating unit price has been reduced to \$0.85 from \$1.50 and the resurfacing cost has been increased to \$10.00 from \$7.50.
3. Our current observation of the amenity area sidewalks generally found them to be in good condition with no remedial work required. Our observation of the concrete curb and gutter noted three areas where sections of the curb appear to have been broken out. In their current condition these sections of curb represent potential trip and liability hazards, therefore, we recommend they be replaced this year. The original budget of \$500 should be sufficient to complete the current and future repairs and remains unchanged. The schedule has been revised to show the repair work to be completed in 2008.
4. The retaining wall that borders two sides of the tennis courts was painted in year 2000. Our current observation found it to be in poor condition and in need of

minor repair and painting. The budget of \$1,800 should still be sufficient to provide for minor repair and painting of the wall and, therefore, remains unchanged. The schedule has been revised to show the wall being restored in year 2008, and every seven years thereafter.

5. The wood cross tie walls at the front sides of the clubhouse were found to be in fair condition with no remedial work required. Some deterioration of individual cross ties was observed and some repair and replacement may be required within the next two to three years. The original budget of \$200 has increased to \$500 to reflect current industry costs. The schedule has been revised to show repairs being completed in year 2010, and every five years thereafter.
6. The aluminum components of the fence surrounding the pool and enclosing the playground were found to be in good condition with no remedial work required; however, the painted finish of the aluminum fence is becoming faded and worn due to its continuous exposure to weather. Although the fence is not required to be painted to ensure its long-term performance, aesthetically it is not in keeping with the look of the recently painted clubhouse and decks, therefore, it is our recommendation that consideration be given to painting the fence within the next two years. The original budget of \$1,500 has been increased to \$3,000 to provide for the repair and replacement of the aluminum fence components as needed and to include the painting of the fence in year 2010, and every six years thereafter.
7. It is our understanding that the pool was resurfaced in year 2000. At the time of our observation, the pool cover was installed and the pool was not accessible for viewing. We were not made aware of any problems regarding the pool and, therefore, assume it is performing adequately. The original budget should still be sufficient to resurface the pool and, therefore, remains unchanged. The schedule has been updated to provide for the resurfacing of the pool in year 2010.
8. It is our understanding that the pool cover was replaced in 1999. Our current observation found it to be in average condition and experiencing normal wear and tear. Based on its current condition, we estimate that it should perform for another two to three years before replacement may need to be considered. The

budget should still be sufficient to replace the cover and, therefore, remains unchanged. The schedule has been updated to provide for replacement in year 2010.

9. It is our understanding that the tennis courts were resurfaced in year 2002. According to the schedules, the courts are due for repair and resurfacing in 2009. Based on our observation of their current condition, the work should be completed as scheduled. During the course of our review, we noted a number of straight parallel cracks extending across the width of the service and backcourts of both courts. The cracks are about 3/8" to 1/2" at their widest and appear to be the result of normal thermal stress that occurs over time and not due to a deficiency with the underlying base materials or soils. The cracks cannot be permanently repaired and will most likely become progressively worse and as a result, may require the application of a new asphalt wearing surface or replacement of the courts. Statistically, a tennis court should last an average of 25 years; however, due to the cracking observed in the surface of the courts, it is our opinion that they will have a useful remaining service life of only three to five years, even if properly maintained. The budgets for resurfacing and overlaying the courts should still be sufficient to complete the work. The schedules have been revised to show the courts are to be resurfaced in year 2009 and overlaid or replaced in year 2013.
10. It is our understanding the wood arbor was repaired and painted in 2003. Our observation of the arbor found it to be in good condition and experiencing normal wear and tear. No remedial work was observed to be required at this time. The budget has been increased to \$800, as the original budget of \$400 was found to be insufficient to provide for both painting and miscellaneous repair costs. The schedule has been updated to show the painting of the arbor to be completed in year 2011.
11. Our observation of the playground equipment found it to be in good condition and experiencing normal wear and tear with one exception. The wood ramp leading up to the fort was found to be in a deteriorated condition and in need of immediate repair or replacement. The budget should still be sufficient to provide for repair

of the playground equipment, as needed, and painting every five years. The schedule has been revised to show the recommended repairs being completed this year.

12. As noted in our previous review, the budget for the repair and painting of the wood fence at the pool and Cooper Road remains unchanged, as the original wood fencing was replaced with aluminum and the budget was found to be sufficient to provide for the repair and/or replacement of the aluminum fence panels, as needed, and for the repair and painting of the steel posts every six years, beginning in year 2009.

13. As noted in our previous reviews and, as the Community is aware, silt continues to accumulate in the lake, primarily at the north end, down stream of the City Park, and no dredge has been initiated. Since the time of our last review, several options have been evaluated in an effort to provide the most cost effective method of removing the silt and other options are being discussed. As we understand, the most important issues regarding the dredging operations, other than cost, are accessibility and haul off of the excess silt material, which is the most costly item. At this time accessibility appears to be limited to utilizing the access easement near the dam or City Park; however, there is a possibility of gaining access through the green area or through undeveloped land at the east side of the lake, both of which are being explored. In addition, the City will allow some of the dredged silt to be placed within the park and the possibility of utilizing the green area as a place to distribute the silt is also being evaluated. At this time, the estimated cost of removing the silt is between \$67,000 and \$100,000; however, there is currently insufficient funds in the community reserve to fully fund the cost of the work. For the purpose of this review, \$56,000 will be budgeted for the silt removal, with any additional funds being provided by other means, such as a bank loan or a special assessment. The time for initiating the work has been arbitrarily set to be 2013, five years from the time of this analysis.

14. The original irrigation budget of \$2,500, which provided funds for repair and replacement of the irrigation components, as needed, remains unchanged. It is our understanding that repairs are on-going and more are scheduled to be completed this year. The schedule has been revised to show the work being completed this year and every five years thereafter.

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15. As requested, a one-time budget of \$8,000 has been allocated to provide for upgrading of the community landscaping, primarily at the main entrance. The work, as we understand, is scheduled to be completed this year.
 16. Our observation of the roof shingles and gutter/downspouts found them to be in average condition and experiencing normal wear and tear. Based on our review, we believe both the shingles and gutter/downspouts will perform for another five to seven more years before replacement will be required. The roof replacement budget has been decreased from \$150 per square (100 square feet) to \$130 per square, based on current industry costs. The pricing for replacement of the gutters and downspouts is still sufficient based on current industry costs and, therefore, remains unchanged. The schedules have been revised to show replacement in year 2015.
 17. It is our understanding that the clubhouse exterior finishes, including painting of the wood decks, was completed in 2007. Our observation of the exterior finishes found them to be in very good condition with no remedial work required at this time. The budget of \$5,000 should still be sufficient to provide for repair and replacement of deteriorated siding and trim components, as needed, and for painting every seven years. The schedule has been re-set based on the painting having been completed in year 2007.
 18. The line item for the wood deck repair and replacement is new and has been added to provide for general repair and replacement of the wood and synthetic wood deck components, as needed. It is our understanding that the wood deck boards at the deck located at the left side of the clubhouse was replaced with synthetic wood decking in conjunction with the painting of the clubhouse exterior in year 2007. Our observation of both the wood and synthetic decks found them to be in good condition and experiencing normal wear and tear. A budget of \$3,000 has been provided every 10 years, beginning in year 2013, to provide for repair and replacement of the deck components, as needed. Painting of the decks is included as part of the clubhouse exterior finishes budget.
 19. The clubhouse interior was painted in year 2001 and was found to be in average condition with no remedial work observed to be required at this time. The budget of \$1,200 for interior painting has been increased to \$1,800 to reflect the current

costs. The schedule has also been revised to show the interior being re-painted in year 2010, and then every seven years thereafter.

20. It is our understanding that the floor coverings in the clubhouse great room will be replaced this year and window treatments will be installed at selected windows to prevent fading from direct sunlight. As we understand, consideration is being given to installing carpet or wood laminate flooring. An allowance of \$5,000, which should be sufficient to replacement the flooring with laminate wood or carpet, and for installing window treatments for the windows at the east and south sides of the clubhouse, has been provided every 10 years, beginning this year.
21. As noted in our previous review, the clubhouse furnishings were replaced in 2001 and our current observation found them to be in good condition and experiencing normal wear and tear. No replacements were noted to be required at this time. The replacement budget of \$5,000 remains unchanged. The schedule has been updated to provide for upgrading or replacing the furnishing as needed every 10 years, beginning in year 2011.
22. As a reminder and per request, a budget line item has been added to the schedules to provide \$1,000 every three years, beginning in year 2011, for reviewing and updating the Capital Reserve Study.
23. As noted in our previous review, the pool filtration equipment and pumps were replaced in year 2001 and the chlorination system as we understand is functioning adequately. The budget and schedules were revised to reflect the actual cost plus the addition of a contingency for unforeseen work. It is our understanding that the pool equipment is functioning adequately and no remedial work has been required. The budgets are still sufficient to provide for periodic repair and replacement, as needed, and, therefore, remains unchanged. The schedules have been updated to fully fund the replacement budget in year 2012.
24. It is our understanding that the clubhouse HVAC system, toilet exhaust fans and water heater are functioning adequately with only minor repairs required for the HVAC system. In regard to the budgets, the replacement cost of the HVAC system has been increased to \$8,000 from the previous budget of \$6,000 and the cost of replacing the water heater has also been increased to \$850 from \$650, to

reflect current industry costs. The budget for the exhaust fans should still be sufficient to provide for replacement of the fans and, therefore, the budget remains unchanged.

25. It is our understanding that the accent lighting at the entry monument signs are still not functioning properly and were not repaired, as indicated in our review of 2003. As we understand, a new service line may be required to be installed in order to complete the repair, which may entail a directional bore beneath the entry drive. Bids are to be solicited for the repair. We estimate that the cost of repairs to be between \$3,000 and \$4,000, therefore, we recommend providing a one time allowance of \$2,500 to be utilized in conjunction with the reoccurring repair/replacement budget of \$1,500 and when combined, provide the \$4,000 estimated to complete the repairs this year. After which, the original budget of \$1,500 should still be sufficient to provide for the general repair and replacement of the clubhouse fixtures and accent lighting, as needed, every five years.

II. RESERVE CASH FLOW ANALYSIS

A. INTRODUCTION

The enclosed chart and graph contain a 20-year cash flow projection of the reserve requirements for the Association. The budget should be adjusted at the end of the 20-year period to readjust for changes in remaining life, inflation, and current costs of replacements. This cash flow analysis is based on the assumption that all of the items that make up the schedule are fully funded. By this we mean that each item will accumulate its full replacement cost during its life span. At the end of this life, each item would be replaced and the funding would start aging for items with a long life. For items with a short useful life, the funding for the first replacement is budgeted in addition to future replacements due to the short life span. The future replacement funding is started in the first year; however, payments are less than the first replacement due to the extended time period allowed to accumulate funds. Taking all of the components that make up the reserve schedule, using this full funding analysis, there is typically an ongoing surplus in the reserve fund. This ensures that the Association will have a surplus at the end of the 10-year period. This is called the "pooling effect" and is represented by the upper line on the cash flow chart, which is designated as the "Net Cumulative Fund." The "Net Cumulative Fund" is calculated by taking the existing amount in the reserve fund at the time the reserve schedule is prepared, adding to it the yearly contribution, and subtracting from it the annual expenditures.

The annual reserve funding required has been calculated by estimating the useful remaining life based on the current condition, age, and all other known factors of each item description. The present value replacement cost was estimated by either past quotations or other listed methods of estimation. The present value replacement cost was then converted to future value using a 3% annual compounded inflation rate. The future cost was calculated for the projected time when replacement will be required.

The future cost was then broken down into annual installments while still considering the 3% compounded annual inflation rate. The monthly reserve funding was calculated by a further breakdown of the annual reserve funding required.

1. Formulas

The following economic formulas were used in our calculations:

DISCOUNTING FACTOR	FUNCTIONAL NOTATION	FORMULA
Single Payment Compound Amount	$(F/P, i \%, n)$	$(1+i)^n \exp n$
Uniform Series Sinking Fund	$(A/F, i \%, n)$	$i/[(1+i)^n - 1]$

2. Definitions

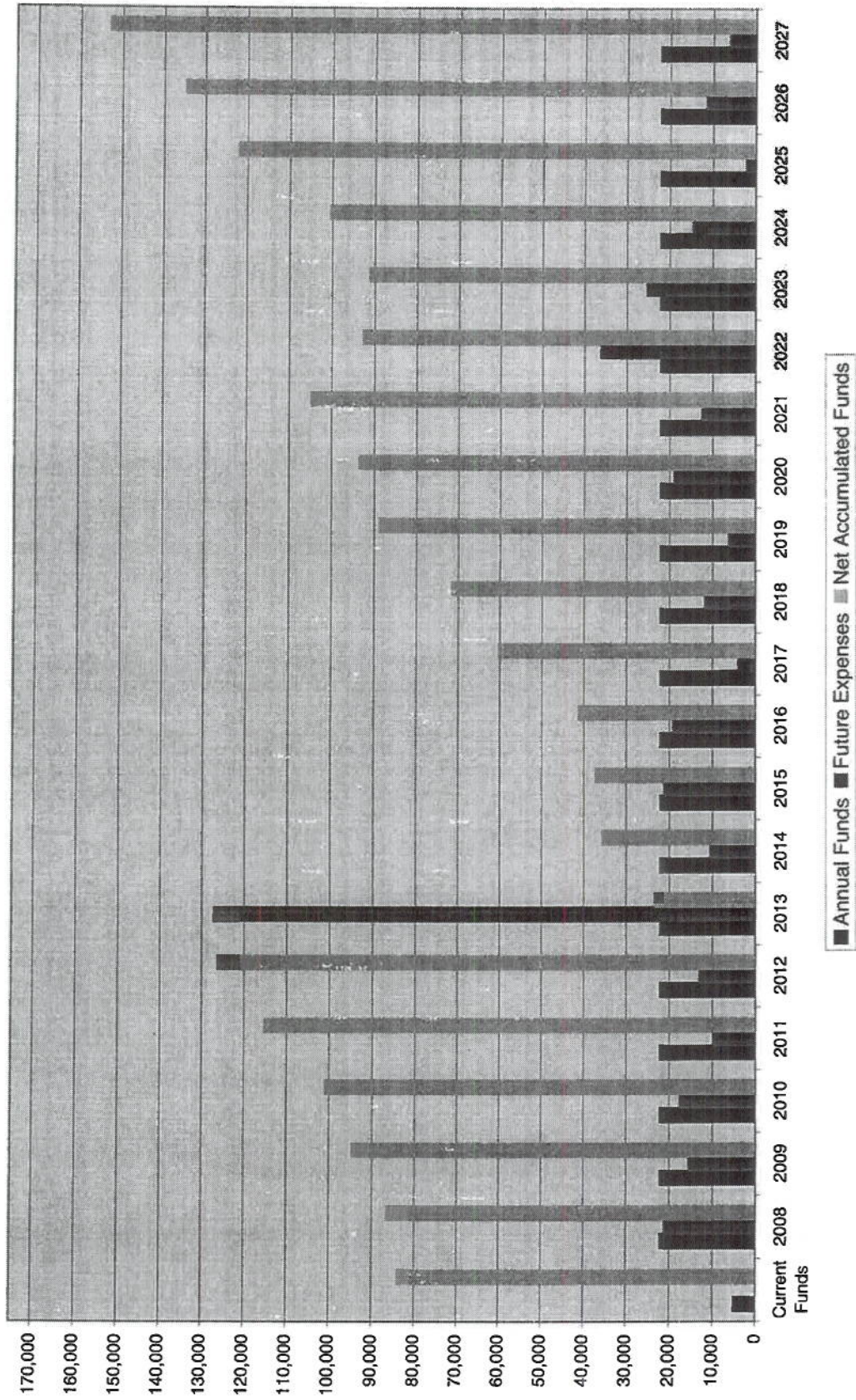
Definitions of the above-mentioned terms are as follows:

TERM	DEFINITION
Single Payment Compound Amount	Conversion of present worth to future value
Uniform Series Sinking Fund	Conversion of future value to annual value
F	Future worth of item in n years from present
P	Present Worth
A	Annual worth
I	Interest Rate (3% used)
N	# of years until each calculated replacement

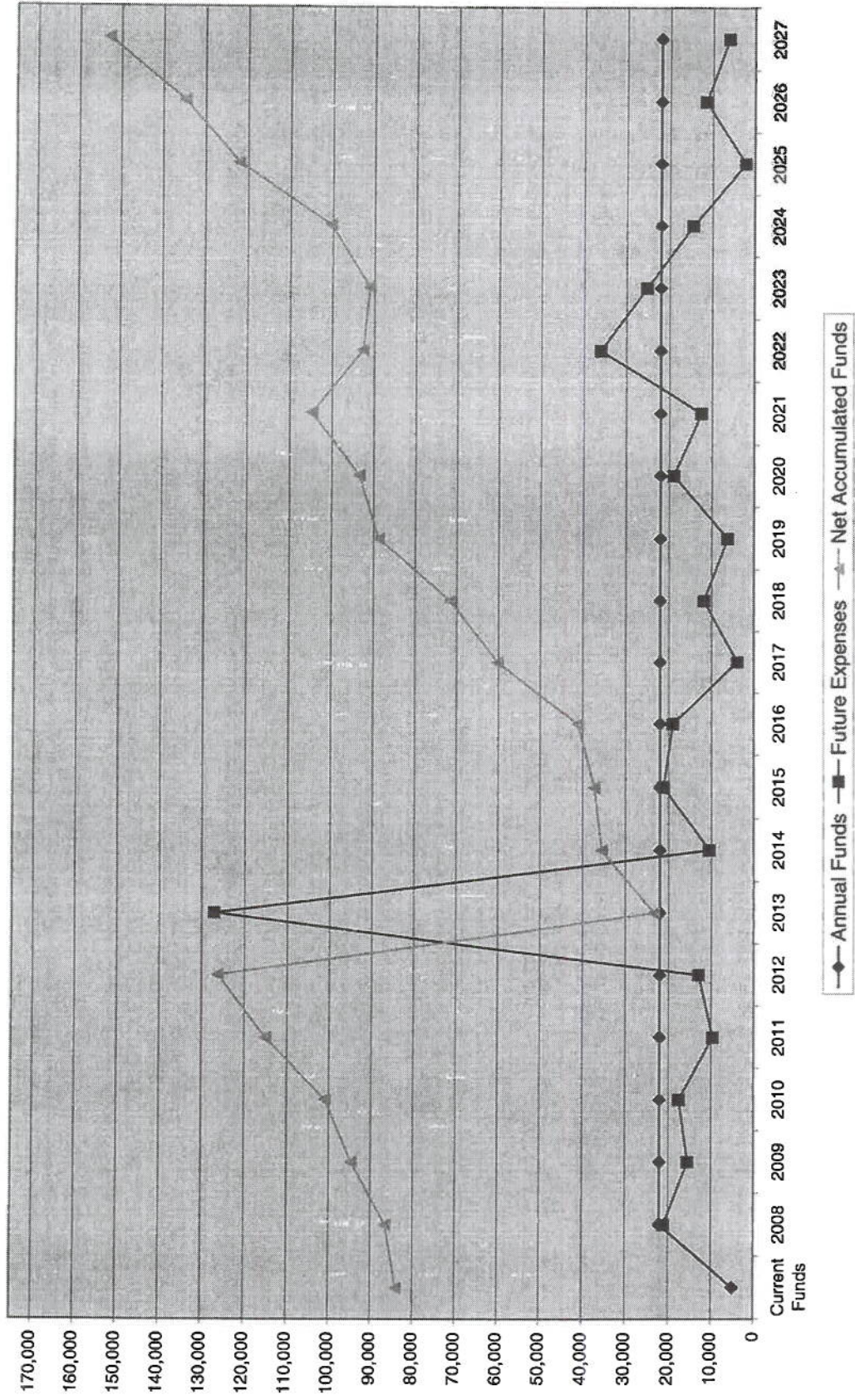
B. PROJECTED CASH FLOW GRAPH AND CHART

The projected cash flow for the Capital Reserve Analysis is illustrated by the bar graph and line chart on the following pages.

AUSTIN LAKE - PROJECTED CASH FLOW



AUSTIN LAKE - PROJECTED CASH FLOW



C. RECOMMENDATIONS AND CONCLUSIONS

Based on our review, we would make the following recommendations. The Association should set aside the following amount for the specified year into the reserve fund:

COST AND FUNDING RECAP

Year	Annual Funds	Future Expenses	Net Accumulated Funds
Current Funds	5,000		84,000
2008	22,000	21,066	86,524
2009	22,000	15,450	94,702
2010	22,000	17,505	100,948
2011	22,000	9,616	115,176
2012	22,000	12,943	126,290
2013	22,000	127,184	23,331
2014	22,000	10,467	35,544
2015	22,000	21,154	37,253
2016	22,000	19,002	41,140
2017	22,000	3,914	60,173
2018	22,000	11,826	71,579
2019	22,000	6,229	88,754
2020	22,000	18,914	93,501
2021	22,000	12,483	104,751
2022	22,000	36,000	92,653
2023	22,000	25,239	91,133
2024	22,000	14,442	100,388
2025	22,000	2,149	122,075
2026	22,000	11,518	134,718
2027	22,000	6,137	152,931

The Association should update the reserve schedule a minimum of once every two years. It is especially important to update the schedule when using average contribution due to the fact that even a minor change in the estimated useful life can have a significant impact on adequate funding.

The Association should review each of the individual line items that make up the reserve schedule to make sure that there is no overlap between what is indicated in the schedule and any other portion of the budget. For example, we may show on the reserve schedule the replacement of fencing, but at the same time, the Association may be replacing the fencing out of their operating budget. If a duplication like this exists, the item should either be removed from the reserve schedule or the operation budget. It should not be funded in two different locations.

The Association should review the items on the schedule to assure that their replacement is not covered under a maintenance contract. An example would be reserving for the replacement of mechanical equipment components while the Association has a maintenance contract for the item at the same time. The reserve schedule should be carefully reviewed to be sure that it does not fund the replacement of any portion of any item whose replacement is covered under a maintenance contract.

The Association should review the items on the schedule to be sure that they are all the Association's responsibility. As an example, if we have included site lighting on the reserve schedule, but at the same time the local municipality is responsible for the maintenance and repair of these connections, they should be removed from the schedule.

The Association should review the individual line items on the reserve schedule carefully to determine if a number of the smaller individual components can be consolidated into one line item which can be continuously funded.

For example, if there are five or six components with a total replacement cost of \$1,000 each, rather than reserving the full \$5,000 or \$6,000 for all of these items, the Association may want to consider funding all six components under one line item for a total of \$1,000. Should one of these six items have to be replaced, that line item would have to be brought current within a year or so after its expenditure. By doing this rather than funding the full \$6,000, only a portion of the total would be funded. This would reduce the overall yearly contribution to reserves.

Depending on the size of the overall operating budget, the Association may decide that any line item of less than the given amount will be funded directly through the operating budget rather than through the reserve schedule. If this is the case, any item with the given value or less should be removed from the schedule. The schedule would then be footnoted accordingly.

III. RECOMMENDED MAINTENANCE SCHEDULE (Association's Responsibility)

The following guidelines are intended to ensure that a program of preventive maintenance is implemented in order to assure that, as a minimum, the predicted useful lives of the major common elements is attained. A preventive maintenance program is made up of "a system of periodic inspections of existing facilities to uncover conditions leading to breakdown or harmful depreciation and the correction of these conditions while they are still minor." It should be noted that experience has shown that a proper maintenance program can add 50% to the expected useful life of some items.

In any case, the proper determination of the useful lives of the items which make up your common elements is critical to the proper updating of the reserve schedule. The items included will only attain their anticipated useful lives if a proper maintenance program is implemented. For this reason, it is recommended that the reserve schedule be updated every two years to assure that all items are being properly maintained.

A. ASPHALT PAVEMENT

The early detection and repair of minor defects is the most important consideration in the preventive maintenance of pavements. Cracks and other surface breaks, which in their first stages are almost unnoticeable, may develop into serious defects if not repaired in a timely manner. For this reason, walking inspections of the pavement should be conducted in the fall and spring of each year, as a minimum.

The inspections should note small cracks or other surface breaks in the pavement. In addition, there are other signs, such as mud or water on the pavement surface or soil erosion along the edges of the pavement, which may indicate possible future problem areas.

Most small cracks or surface breaks can be repaired by sealing them with a good commercial-grade caulk. Areas which have settled and pose a possible trip hazard should be cut out and replaced to prevent a potential liability problem, as well as to prevent further deterioration of the surface. If large areas are observed

to be cracking or breaking up, this may be an indication of a problem with the base material and/or subsoils and would require further investigation to determine the cause and proper method of repair.

B. CONCRETE CURBING

Any soil erosion behind the curbing should be noted, and possible problems such as broken pipes, malfunctioning sprinkler heads, and/or improper grading should be investigated and any necessary repairs made.

C. SIDEWALKS

Sidewalks should be inspected at least twice a year (spring and fall). The inspection should note any cracked sections, uneven settlement between sections (which may result in tripping hazards), and surface damage. Undermining of sidewalks (caused by soil erosion) should also be noted. Proper replacement of any sections with the above noted problems is necessary to eliminate safety hazards and potential liability problems. These repairs will also allow the curbing to achieve its full useful life.

D. STORM DRAINAGE SYSTEMS

All storm drainage systems should be routinely inspected to ensure proper operation. Inspections should be scheduled for all facilities after major storms for routine maintenance. In addition, bi-annual structural inspections should be performed. The following are the recommended maintenance schedules for each individual section of a storm system:

1. Catch Basins

All catch basins should be routinely inspected after a major storm to ensure that they are working properly. During these inspections, any sediment

build up or debris should be removed from catch basins to ensure that they continue to function properly.

2. Drainage Swales

The five most prevalent maintenance problems with swales are:

- Weed growth
- Grass maintenance
- Sediment control
- Soil deterioration
- Mosquito control

Drainage swales should be inspected on a routine basis to ensure that they are functioning properly. The grass located within the swales should be mowed on a weekly basis to prevent the accumulation of debris, which may impede the flow of the drainage. The trash racks attached to the outlet structures should be periodically checked and cleaned of debris to prevent blockage. The outlet structures should also be checked for deterioration and/or cracking of concrete.

E. LANDSCAPING

A discussion regarding the preventive maintenance of the landscaped areas of the development would require an entire report. For this reason, it is recommended that a professional service specializing in this area be consulted. It should be noted that landscaping is not included as a reserve schedule item since, with proper maintenance, large-scale replacement should not become necessary.

F. CROSS-TIE WALLS

Retaining wall surfaces should be inspected every spring as part of a preventive maintenance program. Areas should be checked for signs of major cracking,

splitting and warping. The retaining walls should be checked for soil erosion behind the retaining wall and undermining of the footings.

G. CONCRETE MASONRY UNIT RETAINING WALLS

Retaining wall surfaces should be inspected every spring as part of a preventive maintenance program. Areas should be checked for signs of cracking, deterioration of mortar joints and staining from moisture migrating through the wall. Additionally, the walls should be checked for soil erosion and/or voids forming at the tops and bases of the walls. Small cracks should be cleaned; caulked or patched and touched up with paint, if applicable. Wide cracks may be an indication of possible movement and should be reviewed by a structural engineer. Cracked, un-bonded or deteriorated mortar joints should be cleaned, raked out and pointed up with new mortar. Seepage is not uncommon at retaining walls and often results in staining of the wall. In many cases, caulking of the cracks and pointing up deteriorated mortar joints where seepage occurs is all that is required to remedy the problem; however, if it continues after caulking, it may be an indication of a problem, such as excessive hydrostatic pressure, and should again be reviewed by an engineer.

H. LAWN SPRINKLER SYSTEM

The preventive maintenance of the lawn sprinkler system would require an extensive report concerning the operation and servicing of the control valve, pumps, sprinkler heads, and water lines. For this reason, it is recommended that a professional sprinkler system contractor be consulted to provide the necessary services to properly maintain the sprinkler system.

I. WOODEN FENCES AND OTHER WOODEN SITE FURNISHINGS

Wooden fences constructed of treated lumber should last a number of years with minimal maintenance. However, these items should be checked at least once a year to ensure that excessive weathering is not occurring. If excessive weathering

is occurring, deteriorated members should be replaced, and the entire item should be treated with a preservative material.

Wooden site furnishings constructed of non-treated lumber should be regarded the same as exterior trim. Periodic application of a sealant to all surfaces is vital to preserve the wood. These items should be checked at least once a year to detect any peeling or deterioration. Deteriorated members should be replaced at this time, and resealing should be done as necessary.

J. TOT LOTS

Tot lots should be looked at a minimum of twice a year, with one inspection in the spring and one in the fall. Any splintering or cracking wood should be repaired or replaced as necessary to prevent any injury. Exposed bolts must not have sharp edges. The bolts should not be protruding excessively so as to cause unnecessary injuries.

K. ROOFS • PITCHED

The standard asphalt/fiberglass shingles available on the market today have an expected useful life of 15 - 20 years. Proper maintenance in order to achieve this useful life requires periodic inspections to detect the need for repair or changes in the roof surface. In order to reduce maintenance and replacement costs, it is vital to detect problems when they are minor and prevent them from escalating into major problems.

Roof inspections should be conducted at least twice a year. These inspections should preferably occur in the early fall to prepare for winter and in the spring to assess any winter damage and prepare for the hot summer sun. In addition to these seasonal inspections, the roofs should be carefully checked after violent rain or windstorms or nearby fires or after workmen have been on the roof.