

**ESTIMATED RESERVE REQUIREMENTS  
FOR  
BROOKSTONE II HOMEOWNER ASSOCIATION**



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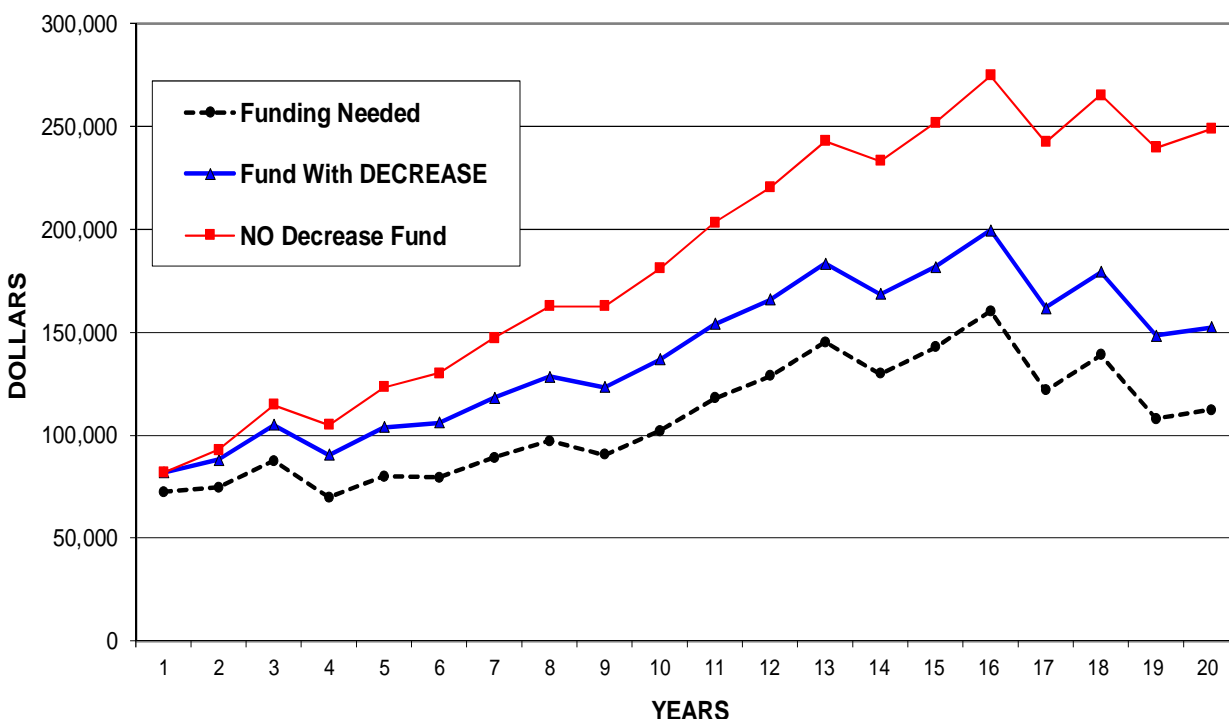
## EXECUTIVE SUMMARY

**The only reason for the Reserve Fund is to protect the value of the investments (i.e. homes) of the owners by allowing essential maintenance to be done when needed.**

In previous versions of this report the HOA Reserve Fund and for the Swim and Tennis (S&T) Reserve Fund were presented together. In this version they are separated.

This is a long document containing a lot of information about both of the Reserve Funds. The HOA Reserve Fund can be summarized as follows: your Reserve Fund is substantially over-funded. Significant steps are needed to correct the condition. The graph directly below illustrates (a) where you are now (year 1), (b) where you need to be (*Funding Needed*), (c) where you will be with the proposed decreases to the funding level (*Fund With DECREASE*) and (d) where you will be with no decreases (*NO Decrease Fund*).

### BROOKSTONE II HOMEOWNER ASSOCIATION CAPITAL RESERVE FUNDING



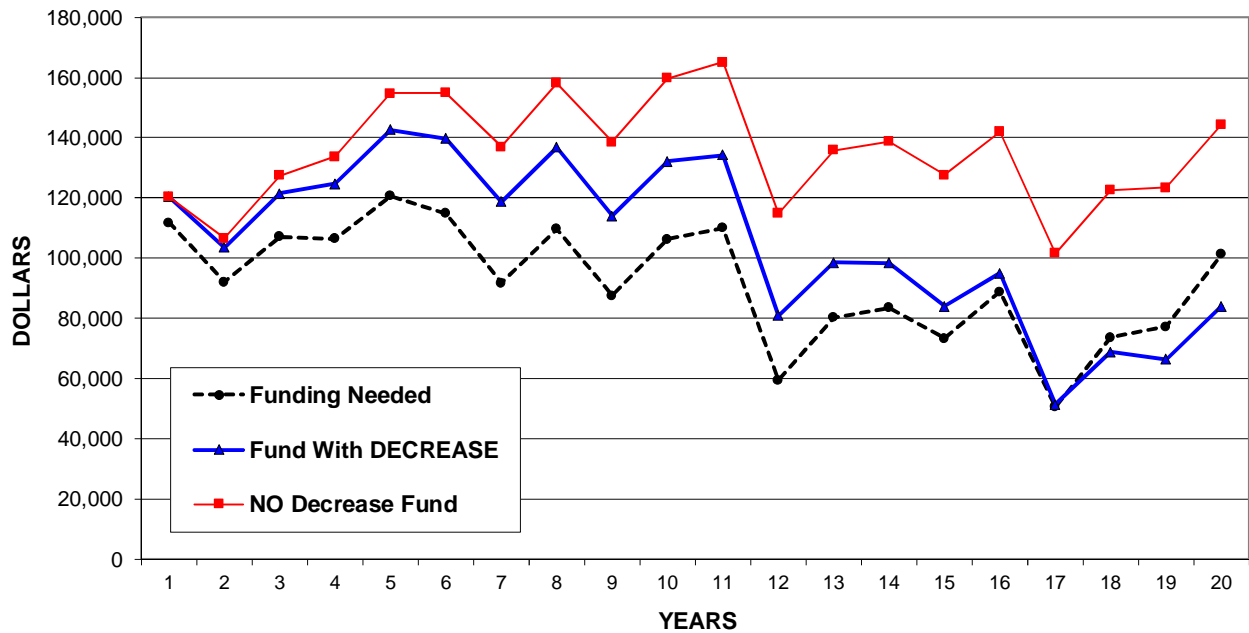
Most non-Brookstone community associations with which I work do not separate needs of the S&T facilities from the needs of the rest of the property. When you look at the entire budgets for the HOA and the S&T portions, the amounts are essentially equal. Therefore the amount (by itself) needed for the HOA portion is much smaller than on many properties with similar facilities.

In regard to the Reserve Budget for the HOA, the three “big ticket” items- the amenity parking lot, the clubhouse interior and the playground have been rehabbed in the recent past, have long

lives and are in good condition. In the graph above this is demonstrated by the low and very slowly rising black dashed line.

The S&T Reserve Fund can be summarized as follows: your Reserve Fund is slightly over-funded. Modest steps are needed to correct the condition. The graph directly below illustrates (a) where you are now (year 1), (b) where you need to be (*Funding Needed*), (c) where you will be with the proposed decrease to the funding level (*Fund With Decrease*) and (d) where you will be with no decreases (*NO Decrease Fund*).

### BROOKSTONE II SWIM AND TENNIS CAPITAL RESERVE FUNDING



The S&T Reserve Fund will have more recurring significant expenses over the next twenty years as shown by the up-and-down movement of the graph.

The information used to generate these graph can be found in the Tables at the end of this report.

## INTRODUCTION

Before turning to the specific information on your Reserve, there are a few general comments to be made. First, Brookstone II Homeowner Association is responsible for all of the common areas at the property. This includes all of the elements at the amenity area- the playground, the tennis courts, the pool and the cabana. Since not all owners want to swim and play tennis at the amenity area, the Swim and Tennis Club was established. Part of the membership fees for the Swim and Tennis Club pay for the long term maintenance of the pool area and tennis courts. The Swim and Tennis Club maintains separate financial records but the facilities are still the responsibility of the Brookstone II Homeowner Association. Therefore, even though certain divisions are shown in this report, all of the items listed are ultimately the responsibility of Brookstone II.

Second, Your Association has two Funds for the HOA and two funds for S&T. The first is the Operating Fund, which is used to pay your normal, recurring monthly and annual expenses like landscaping maintenance, insurance, legal fees, water, etc. This report does not address the Operating Fund. The other is your Capital Reserve Replacement Fund (i.e. "the Reserve") for the repair and replacement of the large items that are the Association's responsibility. Each HOA owner who buys a home "uses up" a month's worth of the playground, the signage, the amenity parking lot and all other common items each month and should contribute to the Reserve an amount equal to what is "used up". In order to know how much this contribution should be, it is necessary to study the property and its long term needs.

A properly funded Reserve makes it possible for the Association to perform needed projects that preserve the property value of the Common Elements which, in turn, has a direct effect on the property value of the homes in the community. The Reserve is not a fund to "make up" for deficits in the normal operating expenses of the Association. The Reserve is also not a fund to construct new additional elements (fountains, irrigation, etc.).

Third, the Capital Reserve is a Fund for the replacement of items that you already have. These items represent a known obligation. While Capital Improvements (e.g. a jacuzzi, a fountain at the entrance, etc.) can add to the aesthetics of the property, such expenditures are not covered by the Reserve Fund. Once an improvement is constructed then the replacement cost is added to the Reserve Fund requirements.

Fourth, maintenance expenses for the first ten years of any reasonably built structure are low. I refer to this as the "honeymoon period." For Brookstone II the original honeymoon is over, but you get a "second" honeymoon after a long term project (like the playground and the parking lot) is completed. You must always keep in mind that Reserve projects recur on a regular cycle.

Fifth, the Association is a business and should approach major projects in a business-like manner. When a project is upcoming, a specification should be written to give to the contractors submitting a bid. This helps ensure that all contractors are bidding on the same thing. Your property manager and/or other professionals can assist you with this. Also, make sure that only qualified and properly insured contractors work on the property. This will cost more but it is well worth the money.

Sixth, this is a budget and every budget will evolve over time. In the included Tables an expense may be shown for the year 2021. That expense may occur in that year or it may need to be moved up a year or back a year. Half of it may be spent in 2021 and the other half in another year. The expense may be a little more or a little less. But, as a whole, this report presents a plan for the Brookstone II Homeowner Association to meet its expenses for the next 20 years.

## **FINDINGS**

As to the body of this Report, it is made up of four sections. The brief descriptions below of the various sections should help you understand the body of the report. It will probably be helpful for you to flip back to the section being described as you read the descriptions that follow.

### ***Notes On Reserve Assets of Brookstone II For Year Ending 12/ 31/17***

The first section on pages 7 through 21 is a listing with narrative of the items that are included in this report as parts of the Association's responsibility. For each item there is a best, worst and an average case for the cost. The quantification was done by physically measuring the item. The costs are estimated by reference to actual costs for similar work in this area, by discussions with your present contractors, your management company, other contractors and by referral to costs for similar work at community associations in the Atlanta area.

### ***Table 1 - Calculation of Reserve Requirements***

The second section on pages 22 through 25 is a Table that takes the information from the narrative and determines how your present condition compares to your needs for the best, worst and average cases. It is a snapshot of how your actual funding compares to the ideal level of funding as of December 31, 2017, the end of your last full fiscal year. If you look at the first category, **Roofing and Guttering for the Clubhouse**, the first column is the **End of the Year Balance**. This is the prorated share of the Reserve for this category. The **Normal Life**, **Remaining Life** and **Cost Now** are self-explanatory. The **Cost Then** is the cost of doing the work including inflation when it is done in the future. **Today's Balance Should Be** is the amount you should have saved toward doing this work. The **Excess(Deficit)** is whether you have saved enough money. In this case there is a surplus of \$489 for the best case to a deficit of \$511 for the worst case. The **Annual Requirement** is the amount that you should be saving each year while **This Year's Budget Provision Including Interest** is the prorated share of the Reserve contributions made through your fees. Note that the average Annual Requirement is \$396 but you are now contributing \$618.

About mid-way on second page of the Table are the totals for the items **excluding** the Swim and Tennis Club items. At the end of 2017 you had \$205,250 in the HOA Reserve Fund. In the average case you should have had \$59,878, which gives a surplus of \$372 **PLUS** the \$145,000 in the **Contingency** category (that will be discussed later in this report). Also the contribution to the Reserve in 2018 with interest is \$21,294 while only \$13,655 is needed. Therefore the surplus will become even larger very quickly. This needs to be addressed (a relatively good problem to have).

The next nine categories cover the Swim and Tennis Club items. The totals for these categories are found on the fourth page. At the end of 2017 the S&T Club had \$109,545 in the Reserve

Fund. In the average case it should have had \$100,300, which gives a surplus of \$9245. Also the contribution to the S&T Reserve in 2018 with interest is \$20,280 while only \$17,347 is needed. Therefore this surplus will also become even larger without some action. This needs to be addressed (again, a relatively good problem to have).

The last two Tables are two spreadsheets that look at the Reserve Fund over the next twenty years from different angles. The spreadsheets assume the average case.

### ***Tables 2A and 2B - Projected Reserve Funds Flow***

The Tables 2A (for the HOA) and 2B (for S&T), entitled "Projected Reserve Funds Flow", show how the balances in your Reserve Accounts will fluctuate over the next 20 years. The top portion shows the Reserve expenditures. The bottom section shows how the balance fluctuates. Notice on Table 2A at the bottom that in the column under 2018 you begin with \$60,250 (the HOA balance without the **Contingency** as of the end of 2017), you subtract \$0 (the expenses for 2018), you add \$21,000 (the contribution out of the homeowner fee for 2018) and you add \$568 (the interest earned at 1% after taxes) to give a balance at the end of 2018 of \$81,818. Notice that the \$21,000 contribution is constant across this spreadsheet.

Also notice that there is a \$12 per home per year **decrease** shown in 2019 for the HOA contribution. With this adjustment, the bottom line, **Ending Reserve Balance**, shows that there will be sufficient cash to cover average case expenses in all years. Compare that with the bottom row **Ending Reserve Balance with NO DECREASE**. The Reserve will have \$152,313 in 2037.

Then, moving to Table 2B for S&T, notice at the bottom that in the column under 2018 you begin with \$109,545 (the balance as of the end of 2017), you subtract \$10,000 (the expenses for 2018), you add \$20,000 (the contribution out of the homeowner fee for 2018) and you add \$836 (the interest earned at 1% after taxes) to give a balance at the end of 2018 of \$120,381. Notice that the \$20,000 contribution is constant across this spreadsheet.

Also notice that there is a \$12 per home per year **decrease** shown in 2019 for the contribution from the S&T membership fee. With this adjustment, the bottom line, **Ending Reserve Balance**, shows that there will be sufficient cash to cover average case expenses in all years. Compare that with the bottom row **Ending Reserve Balance with NO DECREASE**. The S&T Reserve will have \$83,977 in 2037.

In both Funds the ultimate question is, "Will those amounts be enough?"

### ***Tables 3A and 3B - Prorated Reserve Requirements***

The last Tables, entitled "Prorated Reserve Requirements", answer that question. Both are a little intimidating at first glance but are really fairly simple. Both take the lump sum expenses from the 2A and 2B Tables and divide them evenly over the life of each category with an adjustment for inflation (figured at 2%). The two bottom lines (**Accumulated Requirements** and **Ending Reserve Balance**) are compared on the last line (**Surplus (+)/Deficit (-)**) so that you can see whether you are really saving enough to pay for everything as it is needed.

In Table 3A for the HOA, for the **Roofing and Guttering for Clubhouse** category in 2018 \$309 should be added. In 2019 that amount increases by 2% to \$315. In 2020 that amount increases by 2% to \$322. By doing this, both present and future owners are paying equitable amounts for this category.

The two bottom lines (**Accumulated Requirements** and **Ending Reserve Balance**) are compared on the last line (**Surplus(+)/Deficit(-)**) so that you can see whether or not you are really saving enough to pay for everything as it is needed. Even with the decrease in the contribution from the HOA fee, a surplus grows through the twenty years to about \$40,000.

In Table 3B for S&T, even with the decrease in the contribution from the S&T membership fee, a surplus grows through 2024 and then decreases through the remainder of the twenty years. A small deficit develops in the final years but that is too far in the future to cause concerns now.

## **RECOMMENDATIONS**

1. Decrease the contribution to the Capital Reserve Fund from the HOA by \$12 per home per year in 2019.
2. Decrease the contribution to the Capital Reserve Fund from the Swim & Tennis Club by \$12 per member per year in 2019.
3. Consider the best approach for the surplus in the HOA Reserve Fund as discussed in the Contingency category on page 16.
4. Re-evaluate the amount contributed to the Reserve every few years to see if the assumptions are still correct. This report is not a warranty of the condition of the items included.
5. Present this report or a summary of it to the membership.

## NOTES ON RESERVE ASSETS OF BROOKSTONE II FOR YEAR ENDING 12/ 31/17

Category-Notes

Quantity

Unit Cost

Extension

Best Case

Worst Case

Average Case

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**Roofing and Guttering for Clubhouse** - 28-year normal life. The three-tab fiberglass-reinforced asphalt shingles on the roof at the time of the previous report have been replaced with architectural shingles. These shingles are better quality and have a longer life. In addition, they match the shingles on most of the homes in Brookstone II. The shingles are aging normally. There is a slight color variation that is due to a difference in shingles from one bundle to another.



When replacement is necessary it is recommended that you again use the "tear off" method that means that the old shingles are completely removed before the new shingles are applied. While it is not essential that the old shingles be removed before applying a second roof, it does give a longer life to the new roof, makes a more attractive roof and also allows defects in the decking and flashing to be clearly seen. It is also recommended that you re-roof with the 30-year architectural shingles. Some manufacturers have increased the warranty on these shingles to 35 years but the 28-year life shown is a reasonable estimate of the useful life of the shingles. When re-roofing is done, roof valleys should receive valley flashing to prevent leaks.

Also included is the cost to replace from 5 to 10 sheets of roof decking when the reroofing is done. Decking must be replaced principally because of either deterioration due to leaking or poor original quality.

Roofing is measured in "squares" with a square being 100 square feet. The cost per square for the clubhouse roofing is higher than a house because it is a small job. This category also covers the roofing at the bulletin board.

The original galvanized steel guttering has been replaced with aluminum guttering in 2003. The existing guttering is 5-inch aluminum "ogee" guttering with 3X4 inch galvanized steel downspouts. While failure of galvanized steel guttering is caused by rust, failure of aluminum guttering is caused by physical abuse from ladders and tree limbs.



19 squares of roofing		
	\$300/square + 5 sheets	\$6029
	\$350/square + 10 sheets	\$7242
210 linear feet (LF) of guttering		
	\$5/LF	\$1050
	\$6/LF	\$1260
TOTAL OF COSTS	Best case	\$7079
	Worst case	\$8502
	<b>Average case</b>	<b>\$7790</b>

**Clubhouse Rehab** - 5-year normal life. The cabana exterior is primarily brick veneer with painted doors, soffit, guttering and windows. This category includes pressure washing the exterior surfaces (including the brick), the painting of the cabana exterior and bulletin board using the same or a similar color scheme with one coat of paint applied.

The painting of the clubhouse interior is expected to be done at the same time as every second exterior rehab. This should provide some economy of scale. Painting the interior areas will probably add \$2000 to \$2500 to the project. In the cost below half of these costs are included so that the cost will be covered in the long term.

The pool fence is a prefinished product but at some time you will probably want to include the painting of the pool fence in this project for aesthetic reasons.

The pool pergola has been removed since the last report. The wood fence has not been painted, stained or sealed and is not included in this category.

Care should be taken to formulate a set of detailed specifications for the Cabana Rehab project to ensure that everything is accomplished properly.

Best case	\$4000
Worst case	\$4750
<b>Average case</b>	<b>\$4375</b>

**Clubhouse Fixtures** - 15-year normal life. The clubhouse has an indefinite life and the roofing, gutters and painting are covered in other categories. This category provides a fund every ten years (two painting cycles) to update the clubhouse by replacing some plumbing fixtures, flooring, mirrors and/or cabinetry, the water heater, interior light fixtures, emergency lighting, appliances, the HVAC system, furniture and the exterior light fixtures at the cabana, and renovate other miscellaneous items. The tile flooring should have an indefinite life but it may need periodic work that could be expensive.

A major rehab of the bathroom areas was undertaken prior to the 2012 report during which the sinks, the tile floors, adding tile wainscot to the walls, light fixtures and toilet stalls were replaced. All of these items are in very good condition (see next photo) and are expected to have lives that exceed the previous 10-year life of the category so the costs listed below for those items have been reduced and the life has been extended to fifteen years. Other portions of the clubhouse will need attention.



Furniture		\$1500
		\$2000
Lights fixtures, emergency lighting, ceiling fan		\$ 750
		\$1000
Kitchen appliances, hand dryers		\$1000
		\$1400
Flooring allowance		\$2500
		\$3000
HVAC and plumbing systems		\$3000
		\$4000
Restroom mirrors, stalls, fixtures and misc.		\$3000
		\$4000
TOTAL OF COSTS	Best case	\$11,750
	Worst case	\$15,400
	<b>Average case</b>	<b>\$13,575</b>

**Asphalt Overlay** - 24-year normal life. The streets are dedicated to the County so there is no provision for their repair, but this category and the next category cover the parking lot at the amenity area. This category funds the complete overlay of the asphalt in this area when the asphalt reaches the end of its life. The asphalt (technically, asphaltic concrete) at the amenity area was replaced in 2017.

When streets reach the end of their life, an additional layer of asphalt is applied, usually two inches thick. This is called an overlay. While that could be done at your parking area, adding two inches to the height of the parking area could create problems.

The alternative to this approach would be to completely remove the asphalt and place new asphalt. The parking area is fairly small so the cost would not be out of reach.

Replace 1294 square yards (SY) of asphalt pavement		
Best case	\$30/SY	\$38,827
Worst case	\$35/SY	\$45,298
<b>Average case</b>		<b>\$42,062</b>

**Asphalt Repairs and Seal-coating** - 5-year normal life. As asphalt ages and deteriorates from ultraviolet solar radiation, it shrinks and develops cracks. The cracks eventually come together forming a pattern generally called "alligatoring". These cracks allow water to penetrate under the asphalt that will cause problems to the base (compacted fine gravel) and even the soils underneath. Repairs become progressively more expensive as this deterioration process continues. It is better to make repairs at an early stage.

As discussed above the asphalt pavement has been replaced and in good condition (see next photo). The only required maintenance for the next few years will be re-stripping the parking spaces.



The pine trees along the parking area next to the playground that were causing heaving of the previous parking lot pavement were removed. The remaining trees should not present a significant problem.

The previous parking lot pavement had been seal-coated. Seal-coating is a liquid coating, similar to stain for wood. It is primarily cosmetic but it does tend to extend the life of the asphalt by shielding it from ultra-violet sunshine. Seal-coating also gives a more uniform appearance to any repaired pavement. The value of the additional life for the asphalt is probably worth what the seal-coating costs. That is, you should not expect to receive a cost benefit from seal-coating, but it will make the property more attractive. The average time between seal-coating applications is 5 years. The recommended application would be two coats with the first coat squeegeed for maximum penetration into smaller cracks.

There are three basic types of seal-coating: petroleum-based, asphalt-based and coal tar-based.

Until about 10 years ago the seal-coating used was generally the coal-tar-based product. The asphalt-based seal-coating was developed as a more “environmentally friendly” product but it is not as durable as the coal tar-based product and it costs about 10% more. Recently the petroleum-based products have become more popular. They are about 10% more than the asphalt-based products but are as durable as the coal-tar seal-coating. The costs below assume that you will use the petroleum-based product.

This category provides a fund to make periodic repairs at a cost of 4% of the cost to repave, seal-coating and the re-stripping of the amenity area.

Best case	4% of best case above+seal-coat	\$2977
Worst case	4% or worst case above+seal-coat	\$3494
<b>Average case</b>		<b>\$3236</b>

**Irrigation** - 15-year normal life. In speaking with Unique Irrigation, the irrigation contractor from 2003 through 2017, Brookstone II has four irrigation systems- three of the systems are at the entrances and one system is at the amenity area. All of the original controllers have been replaced between 2003 and 2005 with Hunter controllers. The controllers are located on the brick monuments at the entrances and on the clubhouse wall just outside the fence on the pump room wall.

Most of the entrance systems at Brookstone II could have up to four zones but only two zones are needed because the plant material, other than the annual color, is well established. The systems are reported to be in fair working order.

Most of the system (the underground piping and wiring) will last indefinitely if it is not damaged by people digging in the area. The replacement of individual heads damaged from time to time is considered to be a normal operating expense and is not covered in this category, but the large-scale replacement of heads as a system renovation is included.

One other issue with irrigation is the need to periodically reconfigure the system. Over time, some plants become established and do not need irrigation. Other plants grow and can block sprinklers. If the system is not reconfigured, the irrigation will become ineffective and wasteful.

This category assumes that the controller and valves as well as some of the heads, wiring and piping will need to be replaced periodically. This funding will be spent over the life of the category rather than all at once.

	4 Controllers	at \$350	\$1400
		at \$450	\$1800
	Wiring/piping/heads		\$2000
			\$3000
	Reconfiguration		\$2500
			\$4000
<b>TOTAL OF COSTS</b>	Best case		\$5900
	Worst case		\$8800
	<b>Average case</b>		<b>\$7350</b>

**Infrastructure** - 5-year normal cycle of repairs. There are plumbing and electrical systems that serve the amenity area and the entrances. All of these systems should be designed for the life of the property, but significant and fairly expensive repairs may be needed periodically. There are also allowances in this category for structural problems and drainage problems that could

develop at the amenity area. Structural problems are generally due to insufficient footings for walls or buildings or to fill-soil compaction problems.

Drainage work on the surface of the ground to control and direct water run-off in the amenity and entrance areas was not a major issue at Brookstone II but a drainage issue did develop after the tennis courts were rebuilt. A drainage system was installed to direct the runoff appropriately but the rock-lined areas require periodic maintenance to align the stones in the drainage ditch. It was also noted that leaves and pine straw are starting to fill the channel and could push the water into undesirable areas.



While no indication was seen suggesting large problems in the short term and since small problems are generally considered to be normal general maintenance, this is a fund to provide for large problems (more than \$2,000) to any of these systems. There could be more than one repair totaling this amount every five years.

Best case	\$3000
Worst case	\$5000
<b>Average case</b>	<b>\$4000</b>

**Signage** - 20-year life. The property identification signage is found mounted to the brick monuments and columns at the main entrance and the various secondary entrances. The 5-foot by 2-foot signs at the main entrance on Mars Hill Road are sandblasted wood signs. The present signs at the main entrance are recessed into the face of the brick monuments. The signs are painted but the Brookstone letters are a metal veneer on the sign facing Fairwood Drive. The sign facing south has lost the metal veneer on three of the letters. Both signs have been refurbished, which is one of the advantages of a sandblasted wood sign, but they are reaching the end of their lives. The sign facing Fairwood has a rotted spot as seen in the next photo.

Also included in this category are the small oval “B” signs that are attached to the brick pillars that mark the entrance to the property and other miscellaneous signage in the amenity area. One of the pillars has signs on both sides while the other two pillars have a sign on only one

side. These signs are also sandblasted wood.



The last and largest group of signs are the street and traffic signs. In touring the property I counted 26 of the 6X6 street signs and 27 of the 4X4 traffic signs. In speaking with Don Court of Southern State Sign he indicated that the original sign posts are cedar and have a life of 10 to 14 years. He recommended a Post Protector for new signs that fits over the bottom of the posts to protect the posts from termites. It also extends up for several inches to prevent damage from string trimmers. It is unknown how effective this will be in the long term. The most economical alternative to cedar posts would be pressure treated posts but they are not recommended because of their tendency to warp, twist and split. If all these signs were replaced at one time the cost would be in excess of \$20,000 but Brookstone II is replacing these signs when they rot as an Operating expense so there is no provision in this category for them.

Entrance signs - 20 SF	Best case	\$100/SF	\$2000
	Worst Case	\$140/SF	\$2800
4 Oval signs	Best case	\$100 each	\$ 400
	Worst Case	\$150 each	\$ 600
Miscellaneous	Best case		\$ 500
	Worst Case		\$ 700
TOTAL OF COSTS			
	Best case		\$2900
	Worst case		\$4100
	<b>Average case</b>		<b>\$3500</b>

**Playground Equipment** - 22-year normal life. The playground equipment is located across from the pool area. It was replaced in 2010. As you will see, the cost of commercial playground equipment is significant. The plastic portions of the play equipment will probably need to be replaced during the life of the equipment.

The old wood bike rack has been replaced with a pre-finished freestanding bike rack that is bolted down to the concrete sidewalk.

The playground fencing is included in this category. The prefinished metal fencing has expended about half of its life. If the fence is not vandalized, it should be suitable for another ten years but, as with the pool fence, you may eventually want to paint it. When it is replaced, it is recommended that the height be increased to a 4-foot tall fence because that would satisfy the height requirement of a guardrail. Three feet is high enough for children but it is too low for an adult.

It was noted that the top of the picnic table is being abused (see next photo) but this has not caused any problem with its function.



The various items will probably be replaced at various times. The cost shown on the attached tables indicates the total that will be spent over a twenty-year period. These prices include an estimate of the labor to remove the old equipment and install the new.

	1 large swing set		\$ 3,000
			\$ 4,000
	2 play centers		\$21,000
			\$24,000
	Picnic table and trash can		\$ 1,800
			\$ 2,000
	Bike rack		\$ 600
			\$ 800
	320 LF of 4' Playground fencing	\$20/LF	\$ 4,800
		\$24/LF	\$ 6,400
TOTAL OF COSTS	Best case		\$32,800
	Worst case		\$38,480
	<b>Average case</b>		<b>\$35,640</b>

**Masonry Rehab** - 6-year normal life. This category covers the concrete sidewalks at the

amenity area, the brick veneer at the clubhouse, the pool deck and the brick monuments at the entrances.

There is a large amount of brickwork at the entrances and the cabana brick veneer. These structures are not significantly different now than they were at the time of the previous report but some minor problems have developed. At the monument some bricks have fallen out of the top portion (see next photo).



There are also some loose bricks on the front lip of the wall on the opposite side of the entrance (see next photo) as well as some white staining. The staining appears to be a common problem called efflorescence where “salts” in the masonry or soil are dissolved by rain, carried through the brick and left on the surface as the water evaporates. This problem, while somewhat unsightly, does not harm the structures. This can sometimes be helped by dusting off the white powder and applying a water repellent coating but repairing the mortar joints on the tops of the pillars and monument will be necessary to keep the water out.





The repairs to the wall in the previous photo are not comparable to the original construction. A qualified mason is desirable because inexperienced workers will often perform work that is aesthetically undesirable.

This category funds a periodic repair project by a qualified mason to all of the masonry structures rather than the repair of one small item at a time.

Best case	\$5000
Worst case	\$7000
<b>Average case</b>	<b>\$6000</b>

**Landscape Rehab** - 5-year normal life. As the plant material matures some of the plant material will prosper horticulturally better than others. Periodically some plants will need to be replaced. The landscaping at the main entrance, the secondary entrances and at the amenity area is generally adequate but some of the plant material is nearing the point where you may want to consider some changes. This category is for replacement of plant material and also for removal of plant material (e.g. dead trees or inappropriate trees like the pines by the parking lot at the amenity area).

There is a greater impact if this is approached on a periodic basis with a larger amount rather than spending a modest amount annually.

Best case	\$10,000
Worst case	\$20,000
<b>Average case</b>	<b>\$15,000</b>

**Contingency** - This category represents the surplus in the Reserve Fund. There was a relatively small surplus in 2012 but that surplus has grown to \$145,000. This could be used in several ways. The first option would be to refund this to the 395 current owners at a rate of \$367.09 per owner. This could also be accomplished by crediting it to the homeowner fee for 2019. The second option would be to suspend further contributions to the Reserve Fund for about ten years. The third option, that would probably require the consent of the ownership, would be to use this money for a capital improvement. This first and third options might involve some tax liability.

**NOTE** - The following categories pertain to the Brookstone II Homeowner Association. The facilities are owned by Brookstone II, which has the ultimate responsibility for the maintenance, but the expenses at this time are intended to be covered by contributions that are part of the Swim and Tennis Club membership fees rather than as a general expense to all residents.

**Pool Surface/Tiles** - 9-year normal life. Includes replastering of the pool and replacing the water line tiles. In speaking with Chad Freeman of Nautix Pools, the Brookstone II Swim & Tennis Club pool contractor since 2013, he reports that the surface is in good condition. The surface was replastered in 2013 at a cost of \$15,500 and the water-line tiles were replaced at a cost of \$5000. The kiddie pool was replastered at the same time at a cost of \$3500 but the water-line tiles were not replaced. The water-line tiles have a life about twice that of the plaster surface. The racing stripes are replaced whenever the surface is replastered.

Best case	\$20,000
Worst case	\$23,550
<b>Average case</b>	<b>\$21,775</b>

**Pool Equipment** - 8-year normal life. Brookstone II has two complete recirculating systems- one for the main pool and one for the children's pool. The main pool system includes a 7.5-HP motor and heavy duty pump and four large sand filters. The chlorination is provided by two chemical feeder pumps that are controlled by a sensor system. The equipment for the children's pool is a 1-HP motor and a light duty pump, one small sand filter and one small erosion chlorinator. The valves and piping are good quality. Also and skimmers. In speaking with Chad Freeman of Nautix Pools, the sand filters that were replaced this year at a cost of \$10,000. The remainder of the equipment is generally in fair condition.



Also included is the replacement of the pool cover. The cover was in very bad condition at the time of the previous report and was replaced the next year.

It is understood that consideration is being given to reconfiguring the equipment in the pump room to make it operate more efficiently and be easier to maintain. Nautix estimates that this work would cost \$18,000 to \$20,000.

Each of these items has a different cost and useable life so this is an average cost spent over an eight-year period. The filter cost is one third of the replacement cost and the pool cover is two thirds of the replacement cost because they should have lives of 24 years and 12 years respectively.

Equipment	
2 large pumps and motors	\$6000
	\$8000
1 small pump and motor	\$1000

		\$1500
4 large fiberglass sand filters		\$2000
		\$3000
1 small fiberglass sand filter		\$ 500
		\$ 800
2 chemical feeder pumps		\$ 600
		\$ 800
Pool cover		\$4000
		\$6000
Misc. - Chlorinator, skimmers, piping		\$3000
		\$4000
TOTAL OF COSTS	Best case	\$17,100
	Worst case	\$24,100
	<b>Average case</b>	<b>\$20,600</b>

**Pool Furniture** - 5-year life. The pool furniture is the good quality aluminum frame type with vinyl strapping. Most of the chairs are in fair to poor condition but the table tops were replaced last year. This category funds the total replacement of all the furniture. The frequency with which you replace the furniture will be more an issue of aesthetics but the members as well as potential members notice the condition of the pool furniture. Most homeowner associations replace their furniture every four to five years.

Pool furniture		
36 chaise lounges	\$135@	\$4860
	\$165@	\$5940
47 chairs	\$75@	\$3640
	\$85@	\$4200
15 tables	\$250@	\$3300
	\$300@	\$3850
5 umbrellas	\$100@	\$3300
	\$150@	\$3850
TOTAL OF COSTS	Best case	\$12,635
	Worst case	\$15,185
	<b>Average case</b>	<b>\$13,910</b>

**Pool Fence** - 24-year normal life. The pool is enclosed by a combination of prefinished steel fencing and wood privacy fencing. The steel fence was replaced in 2003 at a cost of \$10,500. This fence should have a normal life as long as it is not vandalized. The powder-coated finish is beginning to fade in areas with full sunlight so at some point you may want to paint it. It was noted that the fence is leaning at the area along the deep end. This is a little unattractive but is not causing a problem at this point.

The unfinished wood fence needs some repairs (one section is broken and unstable) but is generally in fair condition. The cost below assumes a wood fence of the same type will be installed but you might want to consider a more expensive vinyl fence or some other type of low-maintenance fencing.

256 LF (linear feet) of steel fencing	\$35/LF	\$ 8,960
	\$45/LF	\$11,520
118 LF of 6' stockade fencing	\$20/LF	\$ 2,360

		\$26/LF	\$ 3,068
TOTAL OF COSTS	Best case		\$11,320
	Worst case		\$14,588
	<b>Average case</b>		<b>\$12,954</b>

**Access and CCTV Systems** - 18-year normal life. Access through the main pool gates to the pool is controlled by magnetic locks activated by a card reader. The system has been maintained by Loud Security for the last six years. After the tennis courts were re-built a gate was added that is also part of this system. The cost now for the system would be approximately \$8500. Such a system does require periodic repairs as an Operating expense. This category funds the replacement of the main components. The cost of the access control cards is not included because those would be the responsibility of the members.

A Lorex CCTV system with six cameras was recently installed to monitor the pool and amenity area. The images are reviewable remotely. While the system can be installed by volunteer labor, the costs below include installation.

	Access control	\$7500
		\$9500
	CCTV	\$1500
		\$2500
TOTAL OF COSTS	Best case	\$ 9,000
	Worst case	\$10,500
	<b>Average case</b>	<b>\$12,000</b>

**Miscellaneous Pool and Tennis Structures** - 20-year normal life. This category funds the replacement of the non-concrete portion of the pool deck, work on the concrete portion of the pool deck and the replacement of the small storage building, the tennis court benches and the wood walkway. As with many other categories, the items in this category will not be replaced at the same time.

The concrete pool deck was replaced in 2004 at a cost of \$17,375. It is expected that it will be 25 to 35 years before the deck will again be replaced. It is expected that the cost to replace the deck now would be close to \$25,000 but there are no indications of problems so it is unlikely that the concrete pool deck will be replaced during the next twenty years, but funding should still be accumulating. The deck has a decorative surface so there is an amount shown below to Rehab the surface. This would entail making repairs and then applying a non-skid coating on the surface.

When the wood fence was replaced, a composite wood deck was installed next to the pergola to supplement the concrete pool deck. The composite boards were not performing as well as expected at the time of the previous report, but they do not appear to have developed any additional problems although a few boards have been replaced. There are still some issues at the end joints (see the next photo).

1440 SF (square feet) of pool deck	2/3's of \$12/SF	\$11,526
	2/3's of \$16/SF	\$15,368
concrete deck rehab		\$ 6,000
		\$10,000
Storage building		\$ 800
		\$ 1,000
554 SF of composite decking	\$15/SF	\$ 8,310

		\$18/SF	\$ 9,972
	108 SF of wood deck		\$ 1,500
			\$ 2,000
<b>TOTAL OF COSTS</b>	<b>Best case</b>		<b>\$28,136</b>
	<b>Worst case</b>		<b>\$38,340</b>
	<b>Average case</b>		<b>\$33,238</b>



**Tennis Court Fencing** - 30-year life There are 700 LF (linear feet) of 10-foot and 130 LF of 4-foot vinyl-coated chain-link fencing at the tennis courts. The fencing was replaced when the courts were rebuilt in 2009. A horizontal pole at the bottom was installed previously to prevent the bottom edge of the fence from curling up, but that bottom pole was not installed in the new fence and a tension wire at the bottom of the fencing tries to hold the fence. This will work for a while but will not work in the long term.

There is an additional 190 LF section of green 8-foot chain-link fencing that separates the courts from the homes on the far side. One section of the fence appears to have been damaged by a falling tree limb.

Eventually you will want to replace the chain-link fabric and repaint the poles for aesthetic reasons. This covers that expense.

	1020 LF fencing		
	Best case	\$10/ LF	\$10,200
	Worst case	\$14/ LF	\$14,280
	<b>Average case</b>		<b>\$12,240</b>

**Tennis Court Surface** - 5-year life. All four tennis courts were re-built in 2009. Tennis courts can usually be adequately maintained for twenty to thirty years by re-applying the colored surface every four to five years. At each such application, any cracking in the surface should be

repaired to prevent water intrusion under the tennis courts.

The courts are in good condition but there are a significant number of large cracks that will need to be addressed. If an acrylic filler is used to correct these cracks, they will reappear within a year or so. There are better systems for crack repair that have a five year warranty (e.g. Armor Crack Repair) but the cost is about \$15 per linear foot. \$5000 per court could be spent to repair the cracks before the color coating is applied. You may want to focus crack repair efforts on the lighted courts.

This category funds the reapplication of the colored surface, the restriping of the courts and the replacement of the nets. An additional \$12,000 (on average) is included for miscellaneous repairs, usually cracks.

4 courts

Best case	\$2500/court + \$10,000	\$20,000
Worst case	\$3500/court + \$14,000	\$28,000
<b>Average case</b>		<b>\$24,000</b>

**Tennis Court Lights** - 20-year life. Funds the replacement of the 6 tennis court lights for the court closest to the pool area plus two more lights for the pool area. Replacement LED fixtures are now available. The fixtures are more expensive but the additional cost should be recovered quickly with the reduced cost for electricity. The poles themselves should have an indefinite life if kept from rusting. At some point it may become necessary to begin painting the poles. If so, that expense should be added to the Exterior Rehab category.

8 fixtures

Best case	\$500/fixture	\$4000
Worst case	\$750/fixture	\$6000
<b>Average case</b>		<b>\$5000</b>

BROOKSTONE II HOMEOWNER ASSOCIATION, Est. 1989										
Table 1 - Calculation of Reserve Requirements										
For the Budget Year Ending: December 31,2017										
		Balance	Normal	Remaining	Cost	Cost	Today's	Excess	Annual	This Year's
		at 12/31/17	Life	Life	Now	Then	Balance	(Deficit)	Requirement	Budget
							Should be			Provision
										Including
										Interest
<b>Roofing and Guttering for Clubhouse</b>	Best Case	3,989	30	20	7,079	10,500	3,500	489	350	
19 squares of architectural	Average Case	3,989	28	18	7,790	11,100	3,964	25	396	618
fiberglass shingles and 210 linear	Worst Case	3,989	26	16	8,502	11,700	4,500	-511	450	
feet of guttering and downspouts										
<b>Clubhouse Rehab</b>	Best Case	3,602	6	2	4,000	4,200	2,800	802	700	
Repairs and painting of	Average Case	3,602	5	1	4,375	4,475	3,580	22	895	1,396
cabana interior and exterior	Worst Case	3,602	4	0	4,750	4,750	4,750	-1,148	1,188	
<b>Clubhouse Fixtures</b>	Best Case	10,062	17	7	11,750	13,500	7,941	2,121	794	
Periodic replacement and updating	Average Case	10,062	15	5	13,575	15,000	10,000	62	1,000	1,559
of lighting, fixtures, cabinets,	Worst Case	10,062	13	3	15,400	16,500	12,692	-2,630	1,269	
appliance, HVAC, etc										
<b>Asphalt Overlay</b>	Best Case	5,408	26	24	38,827	62,000	4,769	639	2,385	
Replacement of the	Average Case	5,408	24	22	42,062	64,500	5,375	33	2,688	4,191
parking lot surface	Worst Case	5,408	22	20	45,298	67,000	6,091	-683	3,045	
<b>Asphalt Repairs</b>	Best Case	704	6	5	2,977	3,300	550	154	550	
Periodic repairs to the	Average Case	704	5	4	3,236	3,500	700	4	700	1,092
parking lot, sealcoating	Worst Case	704	4	3	3,494	3,700	925	-221	925	
and restriping										
<b>Irrigation</b>	Best Case	6,628	17	4	5,900	6,400	4,894	1,733	376	
Replacement of irrigation	Average Case	6,628	15	2	7,350	7,600	6,587	41	507	790
equipment at amenity area and at	Worst Case	6,628	13	0	8,800	8,800	8,800	-2,172	677	
property entrances										
<b>Infrastructure</b>	Best Case	1,690	6	4	3,000	3,200	1,067	624	533	
Major repairs to the plumbing,	Average Case	1,690	5	3	4,000	4,200	1,680	10	840	1,310
electrical and sewer systems.	Worst Case	1,690	4	2	5,000	5,200	2,600	-910	1,300	
Also structural and drainage issues.										
<b>Signage</b>	Best Case	3,165	22	5	2,900	3,200	2,473	692	145	
Replacing the signage at the main and	Average Case	3,165	20	3	3,500	3,700	3,145	20	185	289
other entrances	Worst Case	3,165	18	1	4,100	4,200	3,967	-802	233	

Table 1	Page 2	End of Yr	Normal	Remaining	Cost	Cost	Today's	Excess	Annual	This Year's
		Balance	Life	Life	Now	Then	Balance	(Deficit)	Requirement	Budget
							Should be			Provision
<b>Playground Equipment</b>	Best Case	13,447	24	18	32,800	47,000	11,750	1,697	1,958	
Replacing the playground equipment at the amenity area	Average Case	13,447	22	16	35,640	49,000	13,364	83	2,227	3,473
	Worst Case	13,447	20	14	38,480	51,000	15,300	-1,853	2,550	
<b>Masonry Rehab</b>	Best Case	5,115	7	2	5,000	5,200	3,714	1,401	743	
Periodic repairs to the brick and concrete structures at amenity area and property entrances	Average Case	5,115	6	1	6,000	6,100	5,083	32	1,017	1,585
	Worst Case	5,115	5	0	7,000	7,000	7,000	-1,885	1,400	
<b>Landcape Rehab</b>	Best Case	6,440	6	4	10,000	11,000	3,667	2,773	1,833	
Replacing various landscape material that is no longer horticulturally appropriate	Average Case	6,440	5	3	15,000	16,000	6,400	40	3,200	4,990
	Worst Case	6,440	4	2	20,000	21,000	10,500	-4,060	5,250	
<b>Contingency</b>	Best Case	145,000								
Surplus funding	Average Case	145,000								
	Worst Case	145,000								
<b>TOTALS EXCLUDING SWIM AND TENNIS CLUB ITEMS</b>	Best Case						47,125	13,125	10,369	
	Average Case	205,250					59,878	372	13,655	21,294
	Worst Case						77,125	-16,875	18,287	
	Average Required and Current Monthly Contribution for 395 homes excluding Swim & Tennis Club								2.88	4.49



Table 1 Page 3										
<b>SWIM AND TENNIS CLUB ITEMS</b>										
		End of Yr	Normal	Remaining	Cost	Cost	Today's	Excess	Annual	This Year's
		Balance	Life	Life	Now	Then	Balance	(Deficit)	Requirement	Budget
							Should be			Provision
<b>Pool Surface/Tiles</b>	Best Case	11,650	10	6	20,000	22,500	9,000	2,650	2,250	
Replastering the pool	Average Case	11,650	9	5	21,775	24,000	10,667	983	2,667	3,118
surface and replacing the water-line tiles	Worst Case	11,650	8	4	23,550	25,500	12,750	-1,100	3,188	
<b>Pool Equipment</b>	Best Case	22,499	9	0	17,100	17,100	17,100	5,399	1,900	
Replacement of the pumps, filters and chlorination equipment	Average Case	22,499	8	0	20,600	20,600	20,600	1,899	2,575	3,010
	Worst Case	22,499	7	0	24,100	24,100	24,100	-1,601	3,443	
<b>Pool Furniture</b>	Best Case	6,444	6	4	12,635	13,500	4,500	1,944	2,250	
Periodic replacement of the existing pool furniture	Average Case	6,444	5	3	13,910	14,750	5,900	544	2,950	3,449
	Worst Case	6,444	4	2	15,185	16,000	8,000	-1,556	4,000	
<b>Pool Fence</b>	Best Case	10,034	26	12	11,320	14,500	7,808	2,227	558	
Replacing the existing steel and wood fencing at the pool area	Average Case	10,034	24	10	12,954	15,750	9,188	847	656	767
	Worst Case	10,034	22	8	14,588	17,000	10,818	-784	773	
<b>Access and CCTV Systems</b>	Best Case	8,555	20	8	9,000	10,500	6,300	2,255	525	
Replacing the access control system at the pool and tennis court gates. Also CCTV system at the clubhouse	Average Case	8,555	18	6	10,500	11,750	7,833	722	653	763
	Worst Case	8,555	16	4	12,000	13,000	9,750	-1,195	813	
<b>Misc. pool and tennis structures</b>	Best Case	20,151	22	13	28,136	36,000	14,727	5,423	1,636	
Replacement of the pool "wood" deck, small wood deck at tennis and concrete pool deck	Average Case	20,151	20	11	33,238	41,000	18,450	1,701	2,050	2,397
	Worst Case	20,151	18	9	38,340	46,000	23,000	-2,849	2,556	
<b>Tennis Court Fence</b>	Best Case	6,062	32	23	10,200	16,000	4,500	1,562	500	
Replacement of the vinyl-coated chainlink fencing	Average Case	6,062	30	21	12,240	18,500	5,550	512	617	721
	Worst Case	6,062	28	19	14,280	21,000	6,750	-688	750	

Table 1	Page 4	End of Yr	Normal	Remaining	Cost	Cost	Today's	Excess	Annual	This Year's
		Balance	Life	Life	Now	Then	Balance	(Deficit)	Requirement	Budget
							Should be			Provision
<b>Tennis Court Surface</b>	Best Case	21,407	6	2	20,000	21,000	14,000	7,407	3,500	
Recoating and restriping the	Average Case	21,407	5	1	24,000	24,500	19,600	1,807	4,900	5,729
surface at tennis courts and	Worst Case	21,407	4	0	28,000	28,000	28,000	-6,593	7,000	
replacing the nets. Fixing cracks.										
<b>Tennis Court Lights</b>	Best Case	2,744	26	17	4,000	5,600	1,938	806	215	
Replacement of 8 light fixtures at	Average Case	2,744	24	15	5,000	6,700	2,513	232	279	326
the tennis courts and pool	Worst Case	2,744	22	13	6,000	7,800	3,191	-447	355	
	Best Case						79,873	29,672	13,334	
<b>TOTALS FOR SWIM</b>	Average Case	109,545					100,300	9,245	17,347	20,280
<b>AND TENNIS CLUB ITEMS</b>	Worst Case						126,359	-16,814	22,876	
	Average Required and Current Monthly Contribution for 247 Members of Swim & Tennis Club								5.85	6.84

BROOKSTONE II HOMEOWNER ASSOCIATION, Est. 1989												
Table 2A - Projected Reserve Funds Flow												
2018 through 2037 of Average Case												
				YEARS								
RESERVE CATEGORIES	NORMAL LIFE	REMAINING LIFE	COST NOW	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>FOR ALL HOMES</b>												
Roofing and Guttering for Clubh	28	18	7,790									
Clubhouse Rehab	5	1	4,375		4,475					4,900		
Clubhouse Fixtures	15	5	13,575						15,000			
Asphalt Overlay	24	22	42,062									
Asphalt Repairs	5	4	3,236					3,500				
Irrigation	15	2	7,350				7,600					
Infrastructure	5	3	4,000				4,200					4,600
Signage	20	3	3,500				3,700					
Playground Equipment	22	16	35,640									
Masonry Rehab	6	1	6,000		6,100						6,900	
Landcape Rehab	5	3	15,000				16,000					17,500
HOA Yearly Expenditures				<b>0</b>	<b>10,575</b>	<b>0</b>	<b>31,500</b>	<b>3,500</b>	<b>15,000</b>	<b>4,900</b>	<b>6,900</b>	<b>22,100</b>
Prior Reserve Balance				60,250	81,818	88,115	105,105	90,494	103,976	105,972	118,153	128,405
Total Yearly Expenditures				0	10,575	0	31,500	3,500	15,000	4,900	6,900	22,100
Yearly Contribution from HOA fees				21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Interest Added				568	612	730	629	722	736	821	892	857
<b>\$12 per year DECREASE per home in 2019</b>				0	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740
Ending Reserve Balance				81,818	88,115	105,105	90,494	103,976	105,972	118,153	128,405	123,422
<b>Ending Balance WITH NO DECREASE</b>				<b>81,818</b>	<b>92,888</b>	<b>114,685</b>	<b>104,914</b>	<b>123,270</b>	<b>130,174</b>	<b>147,297</b>	<b>162,526</b>	<b>162,555</b>

BROOKSTONE II HOMEOWNER ASSOCIATION, Est. 1989				Page 2		ASSUMPTIONS-		Interest Rate=1%			
Table 2A - Projected Reserve Funds Flow								Tax Rate=30%			
2018 through 2037 of Average Case								Inflation Rate=2%			
RESERVE CATEGORIES	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
<b>FOR ALL HOMES</b>											
Roofing and Guttering for Clubhouse										11,100	
Clubhouse Rehab			5,500					6,000			
Clubhouse Fixtures											
Asphalt Overlay											
Asphalt Repairs	3,900					4,300					4,700
Irrigation										10,000	
Infrastructure					5,100					5,700	
Signage											
Playground Equipment								49,000			
Masonry Rehab					7,700						8,700
Landcape Rehab					19,500					21,500	
	<b>3,900</b>	<b>0</b>	<b>5,500</b>	<b>0</b>	<b>32,300</b>	<b>4,300</b>	<b>0</b>	<b>55,000</b>	<b>0</b>	<b>48,300</b>	<b>13,400</b>
Prior Reserve Balance	123,422	136,732	154,062	165,975	183,510	168,642	181,866	199,512	161,897	179,404	148,395
Total Yearly Expenditures	3,900	0	5,500	0	32,300	4,300	0	55,000	0	48,300	13,400
Yearly Contribution from HOA fee	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Interest Added	950	1,070	1,153	1,275	1,172	1,264	1,386	1,125	1,247	1,031	1,058
<b>\$12 per year DECREASE per h</b>	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740	-4,740
Ending Reserve Balance	136,732	154,062	165,975	183,510	168,642	181,866	199,512	161,897	179,404	148,395	152,313
<b>NO CHANGE</b>	<b>180,912</b>	<b>203,325</b>	<b>220,356</b>	<b>243,045</b>	<b>233,367</b>	<b>251,817</b>	<b>274,726</b>	<b>242,411</b>	<b>265,254</b>	<b>239,619</b>	<b>248,949</b>

BROOKSTONE II SWIM AND TENNIS, Est. 1989												
Table 2B - Projected Reserve Funds Flow												
2018 through 2037 of Average Case												
RESERVE	YEARS											
SWIM & TENNIS	NORMAL	REMAINING	COST	2018	2019	2020	2021	2022	2023	2024	2025	2026
CATEGORIES	LIFE	LIFE	NOW									
Pool Surface/Tiles	9	5	21,775						21,000			
Pool Equipment	8	0	20,600	10,000	10,000							24,000
Pool Furniture	5	3	13,910				14,750					16,500
Pool Fence	24	10	12,954									
Access and CCTV Systems	18	6	10,500							11,750		
Misc. pool and tennis structures	20	11	33,238									
Tennis Court Fence	30	21	12,240									
Tennis Court Surface	5	1	24,000		24,500					27,000		
Tennis Court Lights	24	15	5,000									
-----												
S&T Yearly Expenditures				<b>10,000</b>	<b>34,500</b>	<b>0</b>	<b>14,750</b>	<b>0</b>	<b>21,000</b>	<b>38,750</b>	<b>0</b>	<b>40,500</b>
Prior Reserve Balance				109,545	120,381	103,637	121,517	124,669	142,696	139,703	118,814	136,800
Total Yearly Expenditures				10,000	34,500	0	14,750	0	21,000	38,750	0	40,500
Yearly S&T Club Contribution from membership fee				20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Interest Added				836	720	844	866	991	971	825	950	793
<b>\$12 per year DECREASE to S&amp;T Club Contribution</b>				0	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964
-----												
Ending Reserve Balance				120,381	103,637	121,517	124,669	142,696	139,703	118,814	136,800	114,129
<b>Ending Balance WITH NO DECREASE</b>				<b>120,381</b>	<b>106,622</b>	<b>127,508</b>	<b>133,687</b>	<b>154,762</b>	<b>154,838</b>	<b>137,040</b>	<b>158,139</b>	<b>138,602</b>

BROOKSTONE II SWIM AND TENNIS, Est. 1989				Page 2								
Table 2B - Projected Reserve Funds Flow												
2018 through 2037 of Average Case												
RESERVE												
SWIM & TENNIS	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	
CATEGORIES												
Pool Surface/Tiles						32,000						
Pool Equipment								28,000				
Pool Furniture				18,000						20,000		
Pool Fence		15,750										
Access and CCTV Systems												
Misc. pool and tennis structures			41,000									
Tennis Court Fence												
Tennis Court Surface			30,000					33,000				
Tennis Court Lights							6,700					
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
S&T Yearly Expenditures	<b>0</b>	<b>15,750</b>	<b>71,000</b>	<b>0</b>	<b>18,000</b>	<b>32,000</b>	<b>6,700</b>	<b>61,000</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	
Prior Reserve Balance	114,129	132,083	134,302	80,900	98,621	98,340	83,959	94,955	51,347	68,861	66,358	
Total Yearly Expenditures	0	15,750	71,000	0	18,000	32,000	6,700	61,000	0	20,000	0	
Yearly S&T Club Contribution from	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	
Interest Added	918	933	562	685	683	583	660	356	478	461	583	
\$12 per year DECREASE to S&T	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964	-2,964	
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Ending Reserve Balance	132,083	134,302	80,900	98,621	98,340	83,959	94,955	51,347	68,861	66,358	83,977	
<b>NO CHANGE</b>	<b>159,712</b>	<b>165,109</b>	<b>114,907</b>	<b>135,851</b>	<b>138,815</b>	<b>127,702</b>	<b>141,989</b>	<b>101,695</b>	<b>122,546</b>	<b>123,403</b>	<b>144,406</b>	

BROOKSTONE II HOMEOWNER ASSOCIATION, Est. 1989											
Table 3A - Prorated Reserve Requirements											
2018 through 2037 of Average Case											
** EXPENSES **										YEARS	
RESERVE CATEGORIES	NORMAL LIFE	REMAINING LIFE	COST NOW	COST THEN	TODAY'S BALANCE	2018	2019	2020	2021	2022	2023
<b>FOR ALL HOMES</b>											
Roofing and Guttering for Club	28	18	7,790	11,100	3,989	309	315	322	328	335	341
Clubhouse Rehab	5	1	4,375	4,475	3,602	839	956	975	995	1,015	1,035
Clubhouse Fixtures	15	5	13,575	15,000	10,062	862	879	897	915	933	1,190
Asphalt Overlay	24	22	42,062	64,500	5,408	2,220	2,264	2,309	2,355	2,403	2,451
Asphalt Repairs	5	4	3,236	3,500	704	679	693	707	721	755	770
Irrigation	15	2	7,350	7,600	6,628	432	441	598	610	623	635
Infrastructure	5	3	4,000	4,200	1,690	819	836	852	898	916	934
Signage	20	3	3,500	3,700	3,165	148	151	154	235	239	244
Playground Equipment	22	16	35,640	49,000	13,447	1,841	1,877	1,915	1,953	1,992	2,032
Masonry Rehab	6	1	6,000	6,100	5,115	954	1,105	1,127	1,150	1,173	1,196
Landcape Rehab	5	3	15,000	16,000	6,440	3,080	3,142	3,205	3,417	3,485	3,555
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Yearly Requirement					60,250	12,184	12,660	13,062	13,576	13,868	14,383
Less Expenses Paid						0	10,575	0	31,500	3,500	15,000
-----											
Accumulated Requirement						72,434	74,518	87,580	69,656	80,024	79,407
<b>** INCOME **</b>											
Prior Reserve Balance					Beg. Bal.	60,250	81,818	88,115	105,105	90,494	103,976
Yearly Contribution from HOA fees						21,000	16,260	16,260	16,260	16,260	16,260
Yearly Expenditures						0	10,575	0	31,500	3,500	15,000
Interest Added						568	612	730	629	722	736
-----											
Ending Reserve Balance						81,818	88,115	105,105	90,494	103,976	105,972
-----											
<b>Surplus(+)/Deficit(-)</b>						<b>9,384</b>	<b>13,597</b>	<b>17,525</b>	<b>20,838</b>	<b>23,952</b>	<b>26,565</b>

BROOKSTONE II HOMEOWNER ASSOCIATION, Est. 1989										Page 2				
Table 3A - Prorated Reserve Requirements														
2018 through 2037 of Average Case														
** EXPENSES **	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
RESERVE CATEGORIES														
<b>FOR ALL HOMES</b>														
Roofing and Guttering for	348	355	362	370	377	384	392	400	408	416	424	433	557	569
Clubhouse Rehab	1,056	1,077	1,098	1,120	1,143	1,166	1,189	1,213	1,237	1,262	1,287	1,313	1,339	1,366
Clubhouse Fixtures	1,214	1,238	1,263	1,288	1,314	1,340	1,367	1,394	1,422	1,451	1,480	1,509	1,539	1,570
Asphalt Overlay	2,500	2,550	2,601	2,653	2,706	2,760	2,815	2,871	2,929	2,987	3,047	3,108	3,170	3,233
Asphalt Repairs	785	801	817	833	850	867	884	902	920	938	957	976	996	1,016
Irrigation	648	661	674	687	701	715	729	744	759	774	790	805	821	838
Infrastructure	953	972	991	1,011	1,031	1,052	1,073	1,094	1,116	1,138	1,161	1,184	1,208	1,232
Signage	249	254	259	264	269	275	280	286	292	298	303	310	316	322
Playground Equipment	2,073	2,114	2,157	2,200	2,244	2,289	2,334	2,381	2,429	2,477	1,312	1,338	1,365	1,392
Masonry Rehab	1,220	1,244	1,269	1,295	1,321	1,347	1,374	1,401	1,429	1,458	1,487	1,517	1,547	1,578
Landcape Rehab	3,626	3,699	3,773	3,848	3,925	4,004	4,084	4,165	4,249	4,334	4,420	4,509	4,599	4,691
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Yearly Requirement	14,671	14,964	15,264	15,569	15,880	16,198	16,522	16,852	17,189	17,533	16,669	17,002	17,458	17,807
Less Expenses Paid	4,900	6,900	22,100	3,900	0	5,500	0	32,300	4,300	0	55,000	0	48,300	13,400
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Accumulated Requirement	89,178	97,242	90,406	102,075	117,955	128,653	145,175	129,727	142,616	160,149	121,818	138,821	107,979	112,386
<b>** INCOME **</b>														
Prior Reserve Balance	105,972	118,153	128,405	123,422	136,732	154,062	165,975	183,510	168,642	181,866	199,512	161,897	179,404	148,395
Yearly Contribution from H	16,260	16,260	16,260	16,260	16,260	16,260	16,260	16,260	16,260	16,260	16,260	16,260	16,260	16,260
Yearly Expenditures	4,900	6,900	22,100	3,900	0	5,500	0	32,300	4,300	0	55,000	0	48,300	13,400
Interest Added	821	892	857	950	1,070	1,153	1,275	1,172	1,264	1,386	1,125	1,247	1,031	1,058
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Ending Reserve Balance	118,153	128,405	123,422	136,732	154,062	165,975	183,510	168,642	181,866	199,512	161,897	179,404	148,395	152,313
Surplus(+)/Deficit(-)	28,975	31,163	33,016	34,657	36,107	37,322	38,335	38,915	39,250	39,363	40,079	40,583	40,416	39,927



BROOKSTONE II SWIM AND TENNIS, Est. 1989											
Table 3B - Prorated Reserve Requirements S&T											
2018 through 2037 of Average Case											
** EXPENSES **											YEARS
RESERVE CATEGORIES	NORMAL LIFE	REMAINING LIFE	COST NOW	COST THEN	TODAY'S BALANCE	2018	2019	2020	2021	2022	2023
<b>SWIM AND TENNIS</b>											
Pool Surface/Tiles	9	5	21,775	24,000	11,650	2,292	2,338	2,385	2,433	2,481	3,003
Pool Equipment	8	0	20,600	20,600	22,499	1,250	1,275	1,300	1,326	1,353	1,380
Pool Furniture	5	3	13,910	14,750	6,444	2,681	2,735	2,790	1,505	1,535	1,565
Pool Fence	24	10	12,954	15,750	10,034	440	449	458	467	477	486
Access and CCTV Systems	18	6	10,500	11,750	8,555	437	446	454	464	473	482
Misc. pool and tennis structures	20	11	33,238	41,000	20,151	1,573	1,605	1,637	1,670	1,703	1,737
Tennis Court Fence	30	21	12,240	18,500	6,062	452	461	470	480	489	499
Tennis Court Surface	5	1	24,000	24,500	21,407	2,900	5,253	5,358	5,465	5,575	5,686
Tennis Court Lights	24	15	5,000	6,700	2,744	211	215	220	224	229	233
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Yearly Requirement					109,545	12,238	14,777	15,073	14,033	14,314	15,072
Less Expenses Paid						10,000	34,500	0	14,750	0	21,000
-----											
Accumulated Requirement						111,783	92,060	107,133	106,416	120,730	114,802
-----											
<b>** INCOME **</b>											
Prior Reserve Balance					Beg. Bal.	109,545	120,381	103,637	121,517	124,669	142,696
Yearly S&T Club Contribution from membership fee						20,000	17,036	17,036	17,036	17,036	17,036
Yearly Expenditures						10,000	34,500	0	14,750	0	21,000
Interest Added						836	720	844	866	991	971
-----											
Ending Reserve Balance						120,381	103,637	121,517	124,669	142,696	139,703
-----											
<b>Surplus(+)/Deficit(-)</b>						<b>8,598</b>	<b>11,577</b>	<b>14,384</b>	<b>18,253</b>	<b>21,966</b>	<b>24,901</b>

BROOKSTONE II SWIM AND TENNIS, Est. 1989										Page 2				
Table 3B - Prorated Reserve Requirements S&T														
2018 through 2037 of Average Case														
** EXPENSES **														
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
RESERVE CATEGORIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>SWIM AND TENNIS</b>														
Pool Surface/Tiles	3,063	3,125	3,187	3,251	3,316	3,382	3,450	3,519	3,589	3,661	3,734	3,809	3,885	3,963
Pool Equipment	1,407	3,417	3,485	3,555	3,626	3,699	3,773	3,848	3,925	4,004	4,084	4,165	4,249	4,334
Pool Furniture	1,597	1,629	1,661	1,694	1,728	1,763	1,798	1,834	1,871	1,908	1,946	1,985	2,025	2,065
Pool Fence	496	506	516	526	866	883	901	919	937	956	975	995	1,015	1,035
Access and CCTV System	815	831	847	864	882	899	917	936	954	974	993	1,013	1,033	1,054
Misc. pool and tennis struc	1,772	1,807	1,844	1,880	1,918	2,601	2,653	2,706	2,760	2,815	2,872	2,929	2,988	3,047
Tennis Court Fence	509	519	530	540	551	562	573	585	597	608	621	633	646	659
Tennis Court Surface	5,800	5,916	6,034	6,155	6,278	6,403	6,531	6,662	6,795	6,931	7,070	7,211	7,355	7,503
Tennis Court Lights	238	243	247	252	257	263	268	273	279	376	384	391	399	407
-----														
Yearly Requirement	15,697	17,992	18,352	18,719	19,422	20,455	20,865	21,282	21,707	22,233	22,678	23,132	23,594	24,066
Less Expenses Paid	38,750	0	40,500	0	15,750	71,000	0	18,000	32,000	6,700	61,000	0	20,000	0
-----														
Accumulated Requirement	91,749	109,741	87,593	106,311	109,984	59,439	80,304	83,586	73,293	88,827	50,505	73,636	77,231	101,297
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** INCOME **														
Prior Reserve Balance	139,703	118,814	136,800	114,129	132,083	134,302	80,900	98,621	98,340	83,959	94,955	51,347	68,861	66,358
Yearly S&T Club Contribu	17,036	17,036	17,036	17,036	17,036	17,036	17,036	17,036	17,036	17,036	17,036	17,036	17,036	17,036
Yearly Expenditures	38,750	0	40,500	0	15,750	71,000	0	18,000	32,000	6,700	61,000	0	20,000	0
Interest Added	825	950	793	918	933	562	685	683	583	660	356	478	461	583
-	-----													
Ending Reserve Balance	118,814	136,800	114,129	132,083	134,302	80,900	98,621	98,340	83,959	94,955	51,347	68,861	66,358	83,977
<b>Surplus(+)/Deficit(-)</b>	<b>27,065</b>	<b>27,059</b>	<b>26,536</b>	<b>25,772</b>	<b>24,318</b>	<b>21,461</b>	<b>18,317</b>	<b>14,754</b>	<b>10,666</b>	<b>6,128</b>	<b>842</b>	<b>-4,775</b>	<b>-10,873</b>	<b>-17,320</b>