

**ESTIMATED RESERVE REQUIREMENTS  
FOR  
PEACHTREE-MALONE  
CONDOMINIUM ASSOCIATION**

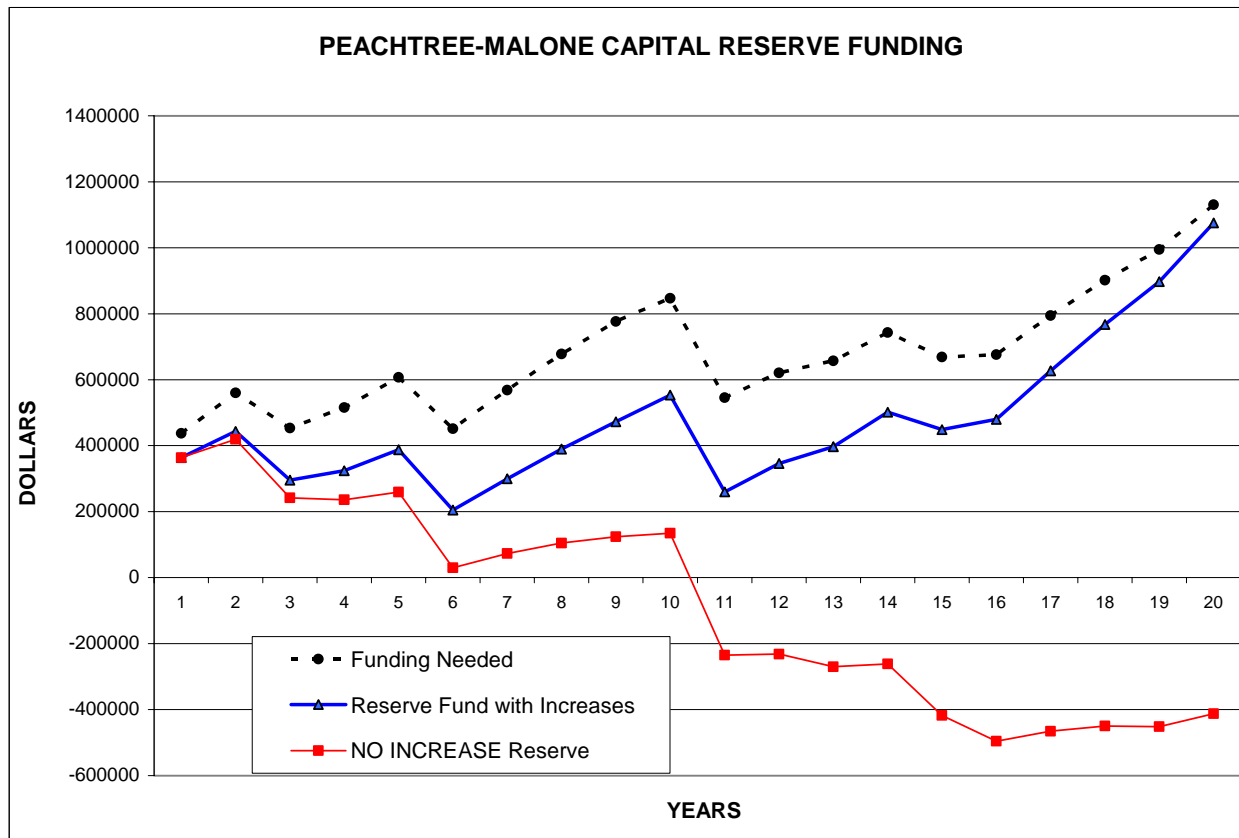


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## EXECUTIVE SUMMARY

This is a long document containing a lot of information that can be summarized as follows: **you have enough money to fund the short and mid term expenses but are unprepared for the long term expenses.** The graph directly below illustrates where you are now (year 1), where you need to be (*Funding Needed*), where you will be at the present funding level (*NO INCREASE Reserve*) and where you will be with suggested increases (*Reserve Fund with Increases*).



**The purpose of the Reserve Fund is to protect the value of each owner's investment by making it possible to perform all Reserve projects when needed.** Peachtree-Malone is a very elegant and distinctive property containing 134 homes. While elegance and distinction are not inexpensive, when a reasonable plan is started from the beginning of a property, the financing of future expenses can be planned so as to properly spread the costs over the entire life of the various items covered by the Capital Reserve.

Increases in the contribution to the Reserve are needed to meet the long-term needs of Peachtree-Malone. While there are other ways to address the need, we recommend that in 2011 the present contribution to the Reserve be increased by \$15 per home per month with additional increases each year thereafter of \$3 per home per month.

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

## INTRODUCTION

Your Association has two Funds. The first is the Operating Fund that is used to pay your normal, recurring monthly and annual expenses like landscaping maintenance, insurance, electricity, 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 owner of a condominium unit "uses up" a month's worth of the roofs, the entry system, the hallway HVAC systems 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.

The Capital Reserve is not a fund to "make up" for deficits in the normal operating expenses of the Association. The Capital Reserve is also not a fund to construct new additional elements (jacuzzis, wifi systems, fountains, etc.).

Before looking at the information on the Reserve requirements, there are a few general comments to be made. First, when a property is either newly built or converted (as in your case), there is a "honeymoon" period during the first ten years when everything is new and little maintenance is needed. Peachtree-Malone is reaching the end of the honeymoon period. The property was well constructed but there are some significant costs in the short to mid-term.

Second, the Association is a business and should approach major projects in a business-like manner. When a project is upcoming, a specification (i.e. a precise description of what work needs to be done) 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.

Third, make sure that only qualified and properly insured contractors work on the property. This will cost more but it is well worth the money.

Fourth, this is a budget and every budget will evolve over time. In the included Tables an expense may be shown for the year 2015. 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 2015 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 your 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 To The Peachtree-Malone Reserve For Year Ending 12/ 31/09***

The first section on pages 6 through 15 shows 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. For each item there is a best, worst and an average case for the cost. The costs are estimated by reference to your actual past expenditures, by discussions with your present contractors and by referral to cost estimation tables.

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

The second section on pages 16 through 18 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, 2009. If you look at the first category, **Flat Roof Replacement**, 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 deficit of from \$224,709 for the best case to a deficit of \$343,885 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. Notice that in the average case you should be contributing \$44,125 each year but in 2010 will contribute \$26,450.

At the bottom of the spreadsheet are the totals. At the end of 2009 you had \$312,116 in the Reserve Fund. In the average case you should have had \$730,823, which gives a deficit of \$410,150 or \$3061 per home. Also, the ownership should have been contributing \$49.64 per home per month to the Reserve in the average case but in 2010 you plan to contribute \$29.75 per home per month. Therefore, there is a deficit that will worsen unless remedial action is taken.

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

### ***Table 2 - Projected Reserve Funds Flow***

The Table on page 19 and 20, entitled "Projected Reserve Funds Flow", shows how the balance in your Reserve Account will fluctuate over the next 20 years. The top portion shows the Reserve expenditures. The bottom section shows how the balance fluctuates. Notice at the bottom that in the column under 2010 you begin with \$312,116 (the balance as of the end of 2009), you subtract \$3000 (the expenses for this year), you add \$47,184 (the contribution out of

fees for 2010) and you add \$7482 (the interest earned at 3% after taxes) to give a balance at the end of 2010 of \$363,782.

Notice that the \$47,184 baseline contribution is constant across this Table but an increase of \$15 per home per month is shown in 2011 with additional increases of \$3 per home per month in every year thereafter. With these increases to the level of contribution for the next twenty years, the bottom line, **Ending Reserve Balance With Increases**, shows that there will be sufficient cash to cover average case expenses in all years. Peachtree-Malone will even have \$1,075,265 in 2029. But is that enough?

### ***Table 3 - Prorated Reserve Requirements***

The last Table on pages 21 and 22, entitled "Prorated Reserve Requirements", answers that question. It is a little intimidating at first glance, but it is really fairly simple. It basically takes the lump sum expenses from the first spread sheet and divides them evenly over the life of each category with an adjustment for inflation. 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. Even with the increases in the fee, the deficit grows through 2018 and then is reduced consistently so that you are fully funded by the end of the twenty-year period.

## **RECOMMENDATIONS**

1. Increase the Reserve contribution in 2011 by \$15 per home per month and by an additional \$3 per home per month in every year thereafter.
2. 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.
3. Present this report or a summary of it to the ownership.

## NOTES TO PEACHTREE-MALONE RESERVE FOR YEAR ENDING 12/31/09

### Category-Notes

Quantity

Unit Cost

Extension

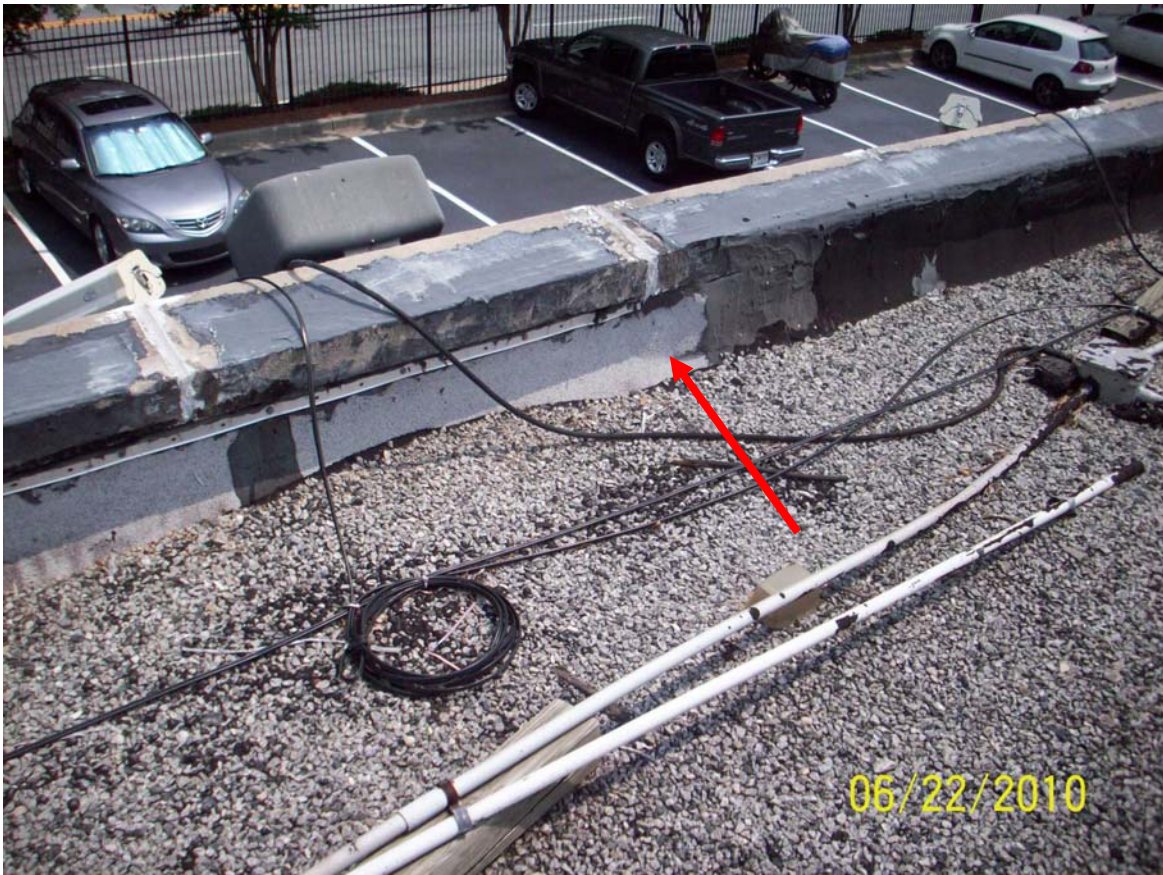
Best Case

Worst Case

Average Case

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**Flat Roof Replacement** - 20 year normal life. The flat roofs at Peachtree-Malone are of two types. The one story buildings have BUR (i.e. built-up roofing) roofs. This roof consists of layers of felt (i.e. tar paper) fully embedded in hot liquid asphalt. The surface is covered with gravel to protect the roof from physical damage and ultraviolet radiation. It appears that the roofs for these two buildings were not replaced during conversion. There were numerous areas where repairs could be seen. In the photo below taken on the 200 Building, the white colored membrane on the short parapet wall is a repair. Numerous repairs were seen around skylights and other roof penetrations. There also were areas where the gravel had been scraped off so that the underlying roof membrane could be checked for leaks. While the life of the roof is hard to judge because it is covered with gravel, the indications are that it is approaching the end of its life. The roof on the 100 building has somewhat fewer repairs and may have more remaining life.



The four-story building is entirely different. It has an EPDM (i.e. rubber) that may have been

installed during conversion. EPDM roofing is an entirely different roofing system. It is single-ply membrane. The EPDM membrane is can be attached to the roof in different ways. At Peachtree-Malone, it is glued down. The surface is not covered because the rubber is not adversely affected by ultraviolet sunlight. EPDM roofs can have lives of 15, 20 or 30 years depending on the thickness of the membrane and the installation technique. Another nice feature of the 300 Building roof is that it has a ridge (indicated by the green arrow in the photo below) that runs down the center of the roof along the long dimension and the roof slopes slightly to both the front and the back (indicated by the green arrows) so that water does not pond on the roof. EPDM, unlike the BUR roofs, is not degraded by ponding water but it is best to have adequate drainage on a flat roof .



There have been some repairs made to the EPDM roofing. Most of the repairs were around the curb-mounted skylights where the membrane does not appear to extend up high enough behind the lip of the skylight (see the next photo).

Repairs on roofs in general and EPDM roofs in particular should only be done by qualified (and preferably manufacturer approved) roofers because use of an incorrect product can do more harm than good. Many products that work well on a BUR system cause deterioration on an EPDM roof.

There are many variations of manufactured flat roofing products available. Many commercial

roofs appear visually to look the same, but the quality differences and durability of the roofs vary considerably as do the prices of the roofing materials. There are many variables associated with flat roofs that affect the life expectancy of flat roofs.



When roof replacement is necessary, it is recommended that you receive several estimates from quality oriented, long established roofing companies that have a reputation for quality installation work. The price of a new flat roof (4 to 5 times as expensive as shingle roofing) will depend on the type of roofing system used and the life of the system used. You should always consider using the best system because the difference in the price between a 15-year roof and a 30-year roof could be as little as 25%. Note that the cost of the roofing is affected by the numerous air conditioner condensers and other equipment that will probably require removal and resetting at the time of the flat roofing replacement.

Manufactures repair warranty programs are generally available on the better quality roofing products. Prices generally range from \$4 - \$7 per square (100 square feet) for repair warranties that last 10 to 15 years respectively. We generally recommend these warranty programs. In addition to providing a more predictable budgetary plan, the manufacturer sends out a representative to review the roofing system and then authorizes the warranty after inspecting the roofing system installation.

Over the last two years the cost of roofing materials has increased at a rate several times



greater than the general rate of inflation. This has continued into 2010 so this could have a significant effect on the cost when the roofs do need to be replaced.

Roofing areas for the three buildings are as follow. The roofs will not generally be replaced at the same time but it could be necessary to replace the 100 and 200 roofs at the same time.

100 Building	21,780 SF
200 Building	22,680 SF
300 Building	34,402 SF
<b>TOTAL</b>	<b>78,862 SF</b>

Roofing pricing below is measured in square feet (SF).

Best case	\$8 per square foot	\$630,896
Worst case	\$10 per square foot	\$788,620
<b>Average case</b>		<b>\$709,758</b>

**Guttering & Downspout** - 25-year normal life. The existing guttering at the 100 and 200 Buildings is 6-inch coated steel box guttering with 3X4-inch downspouts. The 100 building also has some downspouts that have conductor heads (i.e. a small box designed to catch a concentrated flow of water) on the back side of the building. The guttering at the 300 building is 7-inch coated steel box gutter with 4X5 inch downspouts. The eventual failure of guttering and downspouts is primarily due to physical damage.

The pricing for gutters, downspouts and conductors has been averaged into a lineal foot price.

In general, it is best to replace the guttering at the flat roof areas when the roofing is replaced so that the two systems mesh together. Replacing guttering alone often causes problems with the roofing where they intersect. It is likely that the existing guttering at the 100 and 200 buildings will (with care during the roofing process) not need replacement until the end of the life of the next roof.

3024 linear feet (LF) of gutter & downspout		
Best case	\$6.50/LF	\$19,656
Worst case	\$7.50/LF	\$22,680
<b>Average case</b>		<b>\$21,168</b>

**Interior Rehab** - 10-year normal life. This category covers the painting of the 1790 LF of hallways and stairwells including unit doors and trim. There is also an allowance for areas of wallpaper. A 10-year life for the paint will require a program of cleaning and/or touching up the unavoidable marks. It is assumed that the ceiling will not be painted as it will not be subject to any significant physical abuse.

The interior hallway floors are concrete that has been stained and sealed. The surface has performed well and should continue to do so for an extended period of time. An allowance is included for the concrete floors but it is doubtful that much will need to be done for the short to mid term.

It should be noted that there is a significant difference between properties and the aesthetic considerations that exist among residents. The life expectancy may have to be adjusted

upwards or downwards depending on the amount of physical damage to the various surfaces (such as walls, doors and trim); as well as the varying sensitivities of the residents.



Best case	\$10/LF	\$17,940
Worst case	\$20/LF	\$35,880
<b>Average case</b>		<b>\$26,910</b>

**Exterior Rehab** - 6-year normal life. This includes repair, preparation and painting of the building using the same or a similar color scheme with one coat of gloss acrylic paint brushed/sprayed. There is little to paint on the exterior at Peachtree-Malone. Most of the exterior is brick and the doors and windows are mill-finished aluminum. The steel railings and beams at the 300 building are the bulk of the painting but there are a few exterior areas at the 100 and 200 buildings that will be painted. Most of the metal fencing, gutters and downspouts have a factory applied finish but they will fade and you will eventually want to include them in the exterior painting.

It appears that the present condition of the paint is good.

In earlier times an oil-based paint would be used on steel surfaces but acrylic paints are now available that are designed to be applied on steel surfaces. Using quality orientated painters is strongly recommended when painting metal surfaces. It is very easy to “hide” un-prepped metal which will become visible after a short time of the rehab work being completed.

Care should be taken to formulate a set of detailed specifications for the Exterior Rehab project

to insure that you are doing everything that needs to be done.

Best case	\$25,000
Worst case	\$35,000
<b>Average case</b>	<b>\$30,000</b>

**Masonry Rehab** - 10-year normal life. This category covers large-scale repairs to the concrete sidewalks, concrete pavement and brick veneer.

Some of your driveway area at the 300 Building and the parking area below 300 are concrete that has an indefinite life when properly done. No significant problems were noted with the concrete pavement for Peachtree-Malone.

One area was noted in the courtyard where the sidewalks from the three buildings converge. There is a circular concrete section with a brick-paver border. There are some bricks that need to be re-set.



When making repairs to masonry items it is important to use an experienced worker. An ugly masonry repair remains ugly.

Best case	\$3000
Worst case	\$7000
<b>Average case</b>	<b>\$5000</b>

**Landscaping and Irrigation Rehab** –5-year normal life. The landscaping around the buildings and at the entrance is attractive now, but as it matures you may need to replace various types of plant material for either horticultural or aesthetic reasons. This category provides a fund for that purpose.

This category would provide a fund to replace this plant material. The amount below may need to be adjusted to accommodate either a more aggressive or a more conservative approach.

This category also includes certain work on the irrigation system. In speaking with Kat Hawkins with your irrigation company, there is one controller for the common areas of the property and the system operation is described as fair. Most of the pipes and wires for the system should have an indefinite life as long as they are not damaged by digging. The parts that do require replacement are the controller, the sprinkler heads and the zone valves. The replacement of individual heads, valves and the minor repairs to the wires and piping are considered to be normal operating maintenance. The replacement of the controller and other large scale replacement projects are considered to be a Reserve item.

Another aspect that would be covered by this category is reconfiguring the system. As the landscaping matures, shrubs grow and often block sprinkler heads. Trees grow, generating denser shade that causes turf to retreat. If not corrected, irrigation may become ineffective and wasteful.

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

**Access Control and CCTV Equipment**– 15-year normal life. This category covers the replacement of the equipment for the two vehicular entrances, the DoorKing telephone access panels at the front courtyard gate and the 300 Building elevator and the three hall or stairway entrances at each building. Also included is the CCTV (closed circuit television) surveillance equipment. It is assumed that the equipment will perform adequately for the normal life but there are numerous other problems that may require the systems to be replaced prematurely (i.e. electrical surges, lightning strikes, obsolescence, and vandalism).

In speaking with Celeste Tanguay of N. A. Security, your vendor for the access control system for the last four years, the access control system is in fair condition. They report that someone has tampered with the gate operators. She reports that there have been times when the system was not as reliable as would be desired due to the normal issues that are part of gated systems. The OSCO gate operators are the only OSCO operators (apparently made by Linear who makes telephone access equipment) that I have seen. You may want to consider going with more readily available operators (like DoorKing) when these need to be replaced.

This category covers the replacement of the CCTV (closed circuit television) surveillance equipment. The DVR and monitor are located near the mail room and the cameras are at entrances and other strategic areas. There are 10 cameras with the capacity to increase to sixteen cameras.

Normal maintenance is not included in this category. With these systems there is a somewhat

blurry line between maintenance (an Operating expense) and replacement (a Reserve expense). When in doubt, it is recommended that you establish a dollar value above which a repair would be a Reserve expense.

	2 DoorKing telephone access systems	\$ 5,000
		\$ 7,000
	Four gate operators \$2500 each	\$10,000
		\$3000 each
		\$12,000
	9 door entrances \$450 each	\$ 4,050
		\$550 each
		\$ 4,950
	CCTV- 16 cameras \$400 each	\$ 6,400
		\$500 each
		\$ 8,000
	Monitor and recorder	\$ 2,500
		\$ 3,500
	Wiring and misc.	\$ 4,000
		\$ 6,000
Total of Costs	Best case	\$31,950
	Worst case	\$41,450
	<b>Average case</b>	<b>\$36,700</b>

**Elevators-** 24-year normal life. There are two Thyssenkrupp hydraulic elevators. The equipment is located in a room at the garage level of the 300 Building. The elevator equipment appears to have been replaced at conversion and is currently working well. The elevator cab and hydraulic piston for each elevator should have an indefinite life but the controller, pump, pump motor and peripheral parts have a life of about 20 years. The expense to replace a controller is \$5,000. The cost for a new pump and motor assembly is \$16,000. Also included in this category is \$10,000 to refurbish the interior of each cab.

As with the Emergency Equipment, this equipment should be checked on a regular basis by a qualified contractor to insure that it operates correctly.

Two elevators

	Best case	\$50,000
	Worst case	\$74,000
	<b>Average case</b>	<b>\$62,000</b>

**Infrastructure** - 8-year normal life. This is a non-specific category to provide a fund to make one or more repairs over a five-year period to the water main, the sewer system, the property signage, the carpet, electrical service, garage waterproofing, the fire sprinklers, the buried drains for downspouts or some structural element. A large portion of the plumbing and electrical systems in the buildings are the responsibility of individual units but a significant portion of these systems is common responsibility. The need for a specific repair is difficult to predict. Few such issues are expected to arise in the early years.

This category covers possible large scale work on the fire sprinkler system which could eventually include the replacement of all of the sprinkler heads. Replacement of occasional sprinkler head and other minor service calls are Operating Expenses.

Many of the downspouts that were checked were attached to part of a buried drainage system. This system uses PVC pipe to carry water to the detention pond. Such systems tend to be

reliable and can be cleaned in the unlikely event that they become clogged.

Structural problems are concerned with issues that adversely affect the ability of the structure to perform as intended. No such indications of a problem were noted.

Best case	\$15,000
Worst case	\$25,000
<b>Average case</b>	<b>\$20,000</b>

**Asphalt Pavement Replacement** - 25-year normal life. This category and the next category cover the asphalt driveway and parking areas. 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) is in good to fair condition.

While a better approach may be developed, it is recommended that you use a Perma-flex Overlay when the asphalt overlay is done. This is a two-layer technique with each layer being one-inch thick. The bottom layer is primarily asphalt-coated coarse gravel (called Perma-flex) that bridges the existing cracks. It is then topped with a layer of regular (Type F) asphalt that gives your pavement an attractive appearance.

This category funds the total repaving of the property. You can delay this repaving by repairing and replacing areas as needed, but this will become unattractive at some point in time. Over the last two years, asphalt paving prices have risen significantly and the cost of liquid asphalt has not dropped the way oil prices have. The costs shown below are the cost today. These prices may moderate in the future, but they could also rise even further. Asphalt is measured in square yards (SY).

4067 square yards (SY) of asphalt pavement		
Best case	\$10/SY	\$40,666
Worst case	\$12/SY	\$48,799
<b>Average case</b>		<b>\$44,732</b>

**Asphalt Repairs and Striping** - 5-year normal life. As asphalt ages and deteriorates from ultraviolet solar radiation and weathering, it shrinks and develops cracks. The cracks eventually come together forming a pattern generally called "alligating". 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.

This category provides a fund to make periodic repairs plus the re-painting and stenciling of the parking spaces that are outside. Repainting of the striping in the covered area under the 300 Building would be done on a much less frequent basis.

Many Associations apply sealcoating to extend the life of the asphalt. Sealcoating is primarily aesthetic but it does tend to extend the life of the asphalt by shielding it from ultra-violet sunshine. Sealcoating would also give a more uniform appearance to any repaired pavement. The value of the additional life for the asphalt is probably worth what the sealcoating costs. That is, you should not expect to receive a cost benefit from sealcoating, but it will make the property more attractive. The average time between sealcoating applications is 5 years. The

recommended application would be two coats with the first coat squeegeed for maximum penetration into smaller cracks.

Best case	repairs + striping	\$2000
Worst case	repairs + striping	\$3000
<b>Average case</b>		<b>\$2500</b>

**Emergency Equipment** - 20-year normal life. This category funds replacement/repair of the fire alarm system, the exit lighting and the emergency lighting (fire sprinklers are covered in the **Infrastructure** category).

The buildings are equipped with fire alarms and pull stations at all of the required areas. These devices should have an indefinite life but fire alarm control panels will need to be replaced every fifteen to twenty years due to obsolescence. The system is maintained by Alliance Fire protection. The system should be checked annually. checked annually.

The emergency lights and exit lights have battery back-up systems to guide people when the electricity is off. All of this equipment should be checked on a regular (at least annual) basis to ensure that it operates correctly.

Best case		\$10,000
Worst case		\$15,000
<b>Average case</b>		<b>\$12,500</b>

**Lighting** - 25-year normal life. There are numerous interior and exterior lighting fixtures in the hallways, courtyard and the flood lighting. This category provides a fund to replace and/or upgrade the lighting (emergency lights are excluded from this category and are covered in the Emergency Equipment category). The price below is an average installed cost assuming that a sizable group of fixtures will be replaced at one time.

90 light fixtures

Best case	\$250/fixture	\$22,500
Worst case	\$350/fixture	\$31,500
<b>Average case</b>		<b>\$27,000</b>

**HVAC Systems** - 22-year normal life. Each residence has an independent HVAC system that is the responsibility of the owner, but there are also six systems that serve the common areas. The interior parts of the systems are air handlers that are hung from the ceiling. As with any such system there is also an exterior condensing unit.

6 systems

Best case	\$4500@	\$58,500
Worst case	\$5500@	\$71,500
<b>Average case</b>		<b>\$65,000</b>

**Fitness Center** -15 year normal life. This category provides a fund to replace the exercise equipment. These items have different useful lives and would not necessarily be done at the same time. The life of these items will depend on the amount of use.

The exercise equipment with the moving electronic parts (i.e. the Star Trac treadmill) is more likely to be replaced than the equipment that merely has pulleys and weights, but exercise equipment does go out of style. You might want to consider a preventive maintenance

agreement (as an Operating expense) with an equipment vendor to check and lubricate the equipment on a quarterly or semi-annual basis.

Star Trac treadmill		\$3400
		\$3800
Star Trac recumbent bike		\$1800
		\$2400
Cateye EC 5000 stair climber		\$2500
		\$3500
Two Muscle Max Weight machines		\$3000
		\$3800
TOTAL OF COSTS	Best case	\$10,700
	Worst case	\$13,000
	<b>Average case</b>	<b>\$11,850</b>

**Metal Fencing** - 24-year life. There are sections of prefinished metal fencing at the perimeter of the property and in areas within the property. The fencing should have a long life as long as it is not subjected to physical abuse. The gates are this type of material also so they are included but are calculated at twice the cost for regular fencing. At some point you will probably want to add the painting of the fence to the **Exterior Rehab** project.

1901 LF of fencing		
	Best case	\$45,624
	Worst case	\$53,228
	<b>Average case</b>	<b>\$49,426</b>



PEACHTREE-MALONE CONDOMINIUM ASSOCIATION, est. 2000										
Table 1 - Calculation of Reserve Requirements										
For the Budget Year Ending: December 31,2009										
							Today's		Annual	This Year's
		Balance at	Normal	Remaining	Cost	Cost	Balance	Excess	Requiremen	Budget
		12/31/2009	Life	Life	Now	Then	Should be	(Deficit)		Provision
										Including
										Interest
<b>Flat Roof Replacement</b>	Best Case	207,291	23	11	630,896	828,000	432,000	-224,709	36,000	
78,862 square feet of built-up	Average Case	207,291	20	9	709,758	882,500	485,375	-278,084	44,125	26,450
modified bitumen roofing	Worst Case	207,291	17	7	788,620	937,000	551,176	-343,885	55,118	
<b>Guttering</b>	Best Case	5,296	28	18	19,656	31,000	11,071	-5,776	1,107	
3024 linear feet of the gutters,	Average Case	5,296	25	15	21,168	31,000	12,400	-7,104	1,240	743
conduiter heads and downspouts	Worst Case	5,296	22	12	22,680	31,000	14,091	-8,795	1,409	
<b>Interior Rehab</b>	Best Case	7,559	12	6	17,940	21,000	10,500	-2,941	1,750	
Painting and minor floor work in	Average Case	7,559	10	4	26,910	29,500	17,700	-10,141	2,950	1,768
interior hallways and stairwells	Worst Case	7,559	8	2	35,880	38,000	28,500	-20,941	4,750	
<b>Exterior Rehab</b>	Best Case	7,260	7	4	26,400	29,000	12,429	-5,168	4,143	
Exterior repairs and	Average Case	7,260	6	3	31,680	34,000	17,000	-9,740	5,667	3,397
then painting of previously	Worst Case	7,260	5	2	36,960	39,000	23,400	-16,140	7,800	
painted building surfaces										
<b>Masonry Rehab</b>	Best Case	974	12	8	3,000	3,700	1,233	-260	308	
Periodic repairs to the parking	Average Case	974	10	6	5,000	5,700	2,280	-1,306	570	342
lot and sidewalks. Also repairs	Worst Case	974	8	4	7,000	7,700	3,850	-2,876	963	
to brick veneer and walk surfaces										
<b>Landscape/Irrigation Rehab</b>	Best Case	3,972	6	3	10,000	10,500	5,250	-1,278	1,750	
Replacement of plant	Average Case	3,972	5	2	15,000	15,500	9,300	-5,328	3,100	1,858
material at the common areas.	Worst Case	3,972	4	1	20,000	20,500	15,375	-11,403	5,125	
Irrigation is also included										
<b>Access Control &amp; CCTV Equipment</b>	Best Case	11,816	18	8	31,950	39,000	21,667	-9,851	2,167	
Replacement of the access	Average Case	11,816	15	5	36,700	41,500	27,667	-15,851	2,767	1,658
control system at the entances.	Worst Case	11,816	12	2	41,450	44,000	36,667	-24,851	3,667	
CCTV surveillannce system.										

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)	Requiremer	Budget
							Should be			Provision
<b>Elevator</b>	Best Case	15,392	27	17	50,000	76,000	28,148	-12,756	2,815	
Periodic major repairs to the hydraulic elevator systems	Average Case	15,392	24	14	62,000	86,500	36,042	-20,649	3,604	2,160
	Worst Case	15,392	21	11	74,000	97,000	46,190	-30,798	4,619	
<b>Infrastructure</b>	Best Case	3,673	6	4	15,000	16,500	5,500	-1,827	2,750	
Fund for repair of water lines, sewer lines, electrical service, fire sprinklers and structural	Average Case	3,673	5	3	20,000	21,500	8,600	-4,927	4,300	2,578
	Worst Case	3,673	4	2	25,000	26,500	13,250	-9,577	6,625	
<b>Asphalt Pavement Replacement</b>	Best Case	13,325	28	15	40,666	59,000	27,393	-14,068	2,107	
Asphalt replacement of all driveway and parking areas totalling 4067 SY	Average Case	13,325	25	12	44,732	60,000	31,200	-17,875	2,400	1,439
	Worst Case	13,325	22	9	48,799	61,000	36,045	-22,721	2,773	
<b>Asphalt Repairs and Striping</b>	Best Case	1,008	6	4	5,083	5,600	1,867	-859	933	
Periodic repairs to the parking lots and restriping.	Average Case	1,008	5	3	5,490	5,900	2,360	-1,352	1,180	707
	Worst Case	1,008	4	2	5,897	6,200	3,100	-2,092	1,550	
<b>Emergency Equipment</b>	Best Case	3,417	22	12	10,000	13,500	6,136	-2,720	614	
Replacement of various fire alarm equipment, exit lights and emergency lights	Average Case	3,417	20	10	12,500	16,000	8,000	-4,583	800	480
	Worst Case	3,417	18	8	15,000	18,500	10,278	-6,861	1,028	
<b>Lighting</b>	Best Case	6,577	28	18	22,500	35,000	12,500	-5,923	1,250	
Replacement of various interior and exterior lighting at the entrances, hallways & parking	Average Case	6,577	25	15	27,000	38,500	15,400	-8,823	1,540	923
	Worst Case	6,577	22	12	31,500	42,000	19,091	-12,514	1,909	
<b>HVAC Systems</b>	Best Case	16,885	25	13	27,000	37,000	17,760	-875	1,480	
Heating and air conditioning systems for the common areas in the buildings	Average Case	16,885	22	11	30,000	39,000	19,500	-2,615	1,773	1,063
	Worst Case	16,885	19	9	33,000	41,000	21,579	-4,694	2,158	

Table 1 - Page 3		End of Yr	Normal	Remaining	Cost	Cost	Today's	Excess	Annual	This Year's
		Balance	Life	Life	Now	Then	Balance	(Deficit)	Requiremen	Budget
							Should be			Provision
<b>Fitness Center</b>	Best Case	3,772	18	8	10,700	13,000	7,222	-3,450	722	
Periodic replacement of the	Average Case	3,772	15	5	11,850	13,250	8,833	-5,061	883	530
existing equipment in the	Worst Case	3,772	12	2	13,000	13,500	11,250	-7,478	1,125	
fitness center										
<b>Metal Fencing</b>	Best Case	12,456	26	16	45,624	68,000	26,154	-13,698	2,615	
Replacement of perimeter fencing	Average Case	12,456	24	14	49,426	70,000	29,167	-16,710	2,917	1,748
and the fencing at certain areas	Worst Case	12,456	22	12	53,228	72,000	32,727	-20,271	3,273	
inside the property										
<b>TOTALS</b>	Best Case	320,673					626,830	-306,157	62,512	
	Average Case						730,823	-410,150	79,815	47,845
	Worst Case						866,570	-545,897	103,890	
Per UNIT for AVERAGE case		2,393					5,454	-3,061	596	357
Per UNIT Per Month Contribution THIS YEAR									49.64	29.75

PEACHTREE-MALONE CONDOMINIUM ASSOCIATION, est. 2000										
Table 2 - Projected Reserve Funds Flow										
2010 through 2029 of Average Case										
				YEARS						
RESERVE CATEGORIES	NORMAL LIFE	REMAINING LIFE	COST NOW	2010	2011	2012	2013	2014	2015	2016
Flat Roof Replacement	20	9	709,758			214,000			222,000	
Guttering	25	15	21,168							
Interior Rehab	10	4	26,910					29,500		
Exterior Rehab	6	3	31,680				34,000			
Masonry Rehab	10	6	5,000							5,700
Landscape/Irrigation Rehab	5	2	15,000			15,500				
Access Control & CCTV Equipm	15	5	36,700						41,500	
Elevator	24	14	62,000							
Infrastructure	5	3	20,000	3,000			18,500			
Asphalt Pavement Replacement	25	12	44,732							
Asphalt Repairs and Striping	5	3	5,490				5,900			
Emergency Equipment	20	10	12,500							
Lighting	25	15	27,000							
HVAC Systems	22	11	30,000							
Fitness Center	15	5	11,850						13,250	
Metal Fencing	24	14	49,426							
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Yearly Expenditures				3,000	0	229,500	58,400	29,500	276,750	5,700
Prior Reserve Balance				312,116	363,782	443,716	295,833	324,361	387,819	204,992
Yearly Expenditures				3,000	0	229,500	58,400	29,500	276,750	5,700
Yearly Contribution				47,184	47,184	47,184	47,184	47,184	47,184	47,184
Interest Added				7,482	8,630	5,489	5,976	7,182	3,323	5,175
<b>Increases-\$15 per unit per month in 2011 &amp; \$3 each year thereafter</b>				0	24,120	28,944	33,768	38,592	43,416	48,240
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Ending Reserve Balance				363,782	443,716	295,833	324,361	387,819	204,992	299,891
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Ending Balance WITH NO INCREASE				363,782	419,596	242,262	235,897	258,906	29,956	72,940

PEACHTREE-MALONE CONDOMINIUM ASSOCIATION, est. 2000					Page 2		ASSUMPTIONS-		Interest Rate=3%					
Table 2 - Projected Reserve Funds Flow									Tax Rate=30%					
2010 through 2029 of Average Case									Inflation Rate=2.5%					
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
RESERVE CATEGORIES														
Flat Roof Replacement				396,000										
Guttering									31,000					
Interior Rehab								38,000						
Exterior Rehab			39,000						46,000					
Masonry Rehab										7,300				
Landscape/Irrigation Rehab	17,500					20,000						22,000		
Access Control & CCTV Equi														
Elevator								86,500						
Infrastructure		24,000					26,000						31,000	
Asphalt Pavement Replacem						60,000								
Asphalt Repairs and Striping		6,700					7,600						8,500	
Emergency Equipment				16,000										
Lighting									38,500					
HVAC Systems					39,000									
Fitness Center														
Metal Fencing								70,000						
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Yearly Expenditures	17,500	30,700	39,000	412,000	39,000	80,000	33,600	194,500	115,500	7,300	22,000	39,500	0	
Prior Reserve Balance	299,891	389,560	472,458	553,447	260,128	346,306	397,257	501,476	448,429	479,751	627,027	767,211	897,295	
Yearly Expenditures	17,500	30,700	39,000	412,000	39,000	80,000	33,600	194,500	115,500	7,300	22,000	39,500	0	
Yearly Contribution	47,184	47,184	47,184	47,184	47,184	47,184	47,184	47,184	47,184	47,184	47,184	47,184	47,184	47,184
Interest Added	6,921	8,526	10,093	3,961	5,634	6,583	8,627	7,437	7,982	10,912	13,696	16,272	19,834	
Increases-\$15 per unit per mo	53,064	57,888	62,712	67,536	72,360	77,184	82,008	86,832	91,656	96,480	101,304	106,128	110,952	
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Ending Reserve Balance	389,560	472,458	553,447	260,128	346,306	397,257	501,476	448,429	479,751	627,027	767,211	897,295	1,075,265	
NO INCREASE	104,779	123,809	134,764	-234,883	-231,459	-269,824	-261,621	-417,524	-496,042	-465,737	-449,804	-451,404	-412,708	

PEACHTREE-MALONE CONDOMINIUM ASSOCIATION, est. 2000											
Table 3 - Prorated Reserve Requirements											
2010 through 2029 of Average Case											
** EXPENSES **										YEARS	
RESERVE CATEGORIES	NORMAL LIFE	REMAINING LIFE	COST NOW	COST THEN	TODAY'S BALANCE	2010	2011	2012	2013	2014	2015
Flat Roof Replacement	20	9	709,758	882,500	207,291	67,062	68,739	70,457	72,219	74,024	75,875
Guttering	25	15	21,168	31,000	5,296	1,421	1,456	1,492	1,530	1,568	1,607
Interior Rehab	10	4	26,910	29,500	7,559	5,290	5,423	5,558	5,697	3,459	3,546
Exterior Rehab	6	3	31,680	34,000	7,260	8,740	8,958	9,182	6,235	6,391	6,551
Masonry Rehab	10	6	5,000	5,700	974	748	766	785	805	825	846
Landscape/Irrigation Rehab	5	2	15,000	15,500	3,972	5,780	5,925	3,383	3,467	3,554	3,643
Access Control & CCTV Equipment	15	5	36,700	41,500	11,816	5,593	5,733	5,876	6,023	6,174	3,468
Elevator	24	14	62,000	86,500	15,392	4,309	4,417	4,527	4,641	4,757	4,875
Infrastructure	5	3	20,000	21,500	3,673	5,835	5,981	6,130	4,664	4,780	4,900
Asphalt Pavement Replacement	25	12	44,732	60,000	13,325	3,335	3,418	3,504	3,591	3,681	3,773
Asphalt Repairs and Striping	5	3	5,490	5,900	1,008	1,601	1,641	1,682	1,292	1,324	1,357
Emergency Equipment	20	10	12,500	16,000	3,417	1,110	1,138	1,167	1,196	1,226	1,256
Lighting	25	15	27,000	38,500	6,577	1,788	1,833	1,879	1,926	1,974	2,024
HVAC Systems	22	11	30,000	39,000	16,885	1,641	1,682	1,724	1,768	1,812	1,857
Fitness Center	15	5	11,850	13,250	3,772	1,799	1,844	1,890	1,938	1,986	1,102
Metal Fencing	24	14	49,426	70,000	12,456	3,460	3,546	3,635	3,726	3,819	3,915
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Yearly Requirement					320,673	119,513	122,501	122,874	120,717	121,354	120,594
Less Expenses Paid						3,000	0	229,500	58,400	29,500	276,750
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Accumulated Requirement						437,187	559,688	453,061	515,378	607,232	451,076
** INCOME **											
Prior Reserve Balance					Beg. Bal.	320,673	372,518	453,142	306,065	335,517	400,020
Yearly Contribution						47,184	71,304	76,128	80,952	85,776	90,600
Yearly Expenditures						3,000	0	229,500	58,400	29,500	276,750
Interest Added						7,661	9,320	6,295	6,900	8,227	4,491
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Ending Reserve Balance						372,518	453,142	306,065	335,517	400,020	218,361
Surplus(+)/Deficit(-)						-64,668	-106,546	-146,996	-179,861	-207,212	-232,715

PEACHTREE-MALONE CONDOMINIUM ASSOCIATION, est. 2000					Page 2										
Table 3 - Prorated Reserve Requirements															
2010 through 2029 of Average Case															
** EXPENSES **															
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
RESERVE CATEGORIES															
Flat Roof Replacement	77,771	79,716	81,709	59,668	61,160	62,688	64,256	65,862	67,509	69,196	70,926	72,699	74,517	76,380	
Guttering	1,647	1,689	1,731	1,774	1,818	1,864	1,910	1,958	2,007	1,804	1,849	1,895	1,943	1,991	
Interior Rehab	3,635	3,725	3,819	3,914	4,012	4,112	4,215	4,320	4,428	4,539	4,652	4,769	4,888	5,010	
Exterior Rehab	6,715	6,883	7,055	7,231	7,412	7,597	7,787	7,982	8,181	8,386	8,596	8,810	9,031	9,257	
Masonry Rehab	666	683	700	717	735	754	773	792	812	832	853	874	896	918	
Landscape/Irrigation Re	3,734	3,827	3,923	4,021	4,121	4,224	4,330	4,438	4,549	4,663	4,779	4,899	5,021	5,147	
Access Control & CCTV	3,555	3,643	3,735	3,828	3,924	4,022	4,122	4,225	4,331	4,439	4,550	4,664	4,781	4,900	
Elevator	4,997	5,122	5,250	5,382	5,516	5,654	5,795	5,940	5,178	5,308	5,441	5,577	5,716	5,859	
Infrastructure	5,022	5,148	5,277	5,409	5,544	5,682	5,824	5,970	6,119	6,272	6,429	6,590	6,755	6,923	
Asphalt Pavement Repl	3,867	3,964	4,063	4,165	4,269	4,376	3,506	3,593	3,683	3,775	3,869	3,966	4,065	4,167	
Asphalt Repairs and Str	1,391	1,426	1,461	1,498	1,535	1,574	1,613	1,653	1,695	1,737	1,780	1,825	1,870	1,917	
Emergency Equipment	1,288	1,320	1,353	1,387	1,076	1,103	1,131	1,159	1,188	1,218	1,248	1,279	1,311	1,344	
Lighting	2,074	2,126	2,179	2,234	2,289	2,347	2,405	2,465	2,527	2,245	2,301	2,358	2,417	2,478	
HVAC Systems	1,904	1,951	2,000	2,050	2,101	2,469	2,531	2,594	2,659	2,726	2,794	2,864	2,935	3,009	
Fitness Center	1,129	1,158	1,187	1,216	1,247	1,278	1,310	1,343	1,376	1,410	1,446	1,482	1,519	1,557	
Metal Fencing	4,012	4,113	4,216	4,321	4,429	4,540	4,653	4,769	4,207	4,312	4,420	4,530	4,643	4,760	
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Yearly Requirement	123,408	126,493	129,655	108,813	111,188	114,284	116,161	119,065	120,450	122,862	125,934	129,082	132,309	135,617	
Less Expenses Paid	5,700	17,500	30,700	39,000	412,000	39,000	80,000	33,600	194,500	115,500	7,300	22,000	39,500	0	
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Accumulated Requirem	568,783	677,776	776,732	846,545	545,733	621,016	657,178	742,643	668,593	675,955	794,588	901,670	994,479	1,130,096	
** INCOME **															
Prior Reserve Balance	218,361	314,554	405,645	490,097	572,773	281,278	369,420	422,477	528,948	478,301	512,175	662,158	805,207	938,318	
Yearly Contribution	95,424	100,248	105,072	109,896	114,720	119,544	124,368	129,192	134,016	138,840	143,664	148,488	153,312	158,136	
Yearly Expenditures	5,700	17,500	30,700	39,000	412,000	39,000	80,000	33,600	194,500	115,500	7,300	22,000	39,500	0	
Interest Added	6,469	8,343	10,080	11,780	5,785	7,598	8,689	10,879	9,837	10,534	13,619	16,561	19,299	23,025	
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Ending Reserve Balanc	314,554	405,645	490,097	572,773	281,278	369,420	422,477	528,948	478,301	512,175	662,158	805,207	938,318	1,119,479	
Surplus(+)/Deficit(-)	-254,229	-272,131	-286,635	-273,772	-264,455	-251,596	-234,701	-213,695	-190,292	-163,780	-132,430	-96,463	-56,161	-10,616	