

# **Old Mill Village**

## **Reserve Management Plan**

### **Type 1**

#### **Reserve Study With On-Site Analysis**

**For 30-Year Projection Period Beginning January 1, 2017**



Old Mill Village  
January 1, 2017

**Old Mill Village**  
**Reserve Management Plan**

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**Preparer's Report on Reserve Study  
Reserve Management Plan**

**Type I Reserve Study With On-Site Analysis**

**For 30-Year Projection Period Beginning January 1, 2017**

**Board of Directors**

Old Mill Village  
Salt Lake City, Utah

**Description of Reserve Management Plan Engagement and Reserve Study Report**

A reserve management plan engagement involves the reserve professional providing assistance to management of Old Mill Village by helping them identify key factors, develop assumptions, gather and assemble information, and develop a financial model so they may consider the results based upon their stated assumptions.

A Type I reserve study engagement is based on an on-site analysis. The on-site analysis of Old Mill Village upon which this reserve management plan is based was performed by Matt Woytek, RS, PRA of Facilities Advisors Texas. on February 27, 2016.

The attached basic financial exhibits and disclosures comprise a Type I Reserve Study report of Old Mill Village. The basic financial exhibits comprising this reserve study report are the statement of position and summary component list as of January 1, 2017, statements of projected cash flows and expenditures for the 30-year period beginning January 1, 2017, and related disclosures that provide important information regarding the basic financial exhibits.

**Management's Responsibility for Reserve Study**

The Governing Body of Old Mill Village is responsible for the preparation and fair presentation of this reserve study report in accordance with Generally Accepted Reserve Study Principles.

**Reserve Professional's Responsibility**

Our responsibility is to perform our reserve management plan engagement and compile the reserve study report in accordance with Generally Accepted Reserve Study Standards.

**Report on Reserve Study**

Our reserve management plan engagement was performed in accordance with Generally Accepted Reserve Study Standards. A reserve study involves performing procedures to identify, quantify and evaluate condition of components based upon a visual observation for the purpose of making a financial projection. The procedures selected are based on the reserve professional's judgment. We believe that the procedures we have performed are sufficient and appropriate to support the reserve study report as presented. We are not responsible for any events subsequent to the date of this report.

We have compiled the accompanying reserve study report of Old Mill Village, comprised of the financial exhibits referred to above in accordance with Generally Accepted Reserve Study Principles.

This reserve study report was prepared using software meeting the reserve study calculation and software standards of the International Capital Budgeting Institute.

We are not aware of any material modifications that should be made to the financial exhibits referred to above, based upon the stated significant assumptions and exclusions, for them to be presented in conformity with Generally Accepted Reserve Study Principles.

This reserve study report is restricted to the management and members of the Old Mill Village, and should not be relied upon by others not involved in the establishment of the significant assumptions and exclusions upon which this report is based. Readers of the reserve study report should consider the significant assumptions, excluded components, and general exclusions in forming their own conclusions regarding the reserve study report.

### **Required Supplementary Information**

Generally Accepted Reserve Study Standards require that the component list compiled at the major or minor component level be presented to supplement the basic financial exhibits. This component list is the responsibility of the Old Mill Village's management and was used to prepare the basic financial exhibits. The information contained in this list has been subjected to the procedures applied in the compilation of the reserve study report, and we are not aware of any material modifications that should be made thereto.

### **Regulatory Information**

In the case of common interest realty associations located in the U.S.A., Generally Accepted Reserve Study Standards require that regulatory disclosures be presented to supplement the basic financial exhibits. Regulatory Disclosures consist of supplemental information required by the Financial Accounting Standards Board and any disclosures required by state or local jurisdictions. Such information is the responsibility of the Old Mill Village's management and was derived from the component list used to prepare the reserve study report. The information has been subjected to the procedures applied in the compilation of the basic reserve study report, and we are not aware of any material modifications that should be made thereto.

Facilities Advisors, Inc.  
Matt Woytek  
May 4, 2016

Old Mill Village  
January 1, 2017

### Statement of Position

Projection period: January 1, 2017 to 2047  
Type of Project: Single Family Development (SFD)  
Number of Units: 262  
Location: Salt Lake City, Utah  
Projected Construction date: January 1, 2009

Description of Project: Old Mill Village is an 262 - lot planned development located in Salt Lake City, Utah. The property consists of 3 distinct green belt areas as well as 2 parks with structures and outdoor furnishings. The green belts are irrigated sod with on-site water management system (irrigation controllers) The project was developed in January 1, 2009.

On-Site analysis performed by: Matt Woytek  
Component analysis performed by: Matt Woytek  
Report prepared by: Matt Woytek

### Components Excluded From This Report

Major Component	Reason Excluded
Building Structures	Lifetime Component
Utilities - Underground and in Structure	Long-lived Component – Never previously included in study, and Excluded per Board decision
Street Base	Lifetime Component
Hardscape – sidewalks and curbs	Lifetime Component
Irrigation Lines and Sprinklers	Included in Operating Budget
Major Tree Trimming	Included in Operating Budget
Landscape / Plant Replacement	Included in Operating Budget

See Preparer's Report  
See Summary of Significant Assumptions

# Old Mill Village

Analysis Date - January 1, 2017

Inflation:2.50% Investment:1.00% Contribution Factor:0.00% Calc:Future

## Summary of Major Components

<b>Categories</b>	<b>Estimated Useful Lives Years</b>	<b>Estimated Remaining Useful Lives Years</b>	<b>Estimated Future Replacement Cost</b>
Grounds	4-40	0-31	\$ 291,374
Landscaping	12	4	10,599
Perimeter Fence	5-20	4-11	20,133
			<u>\$ 322,106</u>

# Old Mill Village

Analysis Date - January 1, 2017

Inflation:2.50% Investment:1.00% Contribution Factor:0.00% Calc:Future

## Cash Flow - Annual

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Begin Balance	15,000	24,872	34,333	49,597	68,408	75,534	84,281	83,245	100,143	99,725
Contribution	16,920	17,343	17,776	18,221	18,676	19,143	19,622	20,112	20,615	21,130
Average Per Unit	64	66	67	69	71	73	74	76	78	80
Percent Change	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest	166	258	405	589	663	747	739	897	898	583
Less Expenditures	7,213	8,140	2,917	0	12,213	11,144	21,396	4,112	21,931	54,459
Ending Balance	24,872	34,333	49,597	68,408	75,534	84,281	83,245	100,143	99,725	66,981

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Begin Balance	66,981	86,955	87,985	107,968	121,440	144,598	167,888	180,430	190,601	219,038
Contribution	21,659	22,200	22,755	23,324	23,907	24,505	25,117	25,745	26,389	27,049
Average Per Unit	82	84	86	89	91	93	95	98	100	103
Percent Change	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest	758	773	962	1,096	1,319	1,548	1,675	1,774	2,047	2,313
Less Expenditures	2,442	21,944	3,735	10,948	2,070	2,763	14,251	17,349	0	2,342
Ending Balance	86,955	87,985	107,968	121,440	144,598	167,888	180,430	190,601	219,038	246,059

	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Begin Balance	246,059	273,238	83,959	109,251	140,355	169,847	150,950	176,147	204,235	220,886
Contribution	27,725	28,418	29,129	29,857	30,603	31,368	32,152	32,956	33,780	34,625
Average Per Unit	105	108	111	113	116	119	122	125	128	132
Percent Change	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest	2,580	784	943	1,247	1,537	1,366	1,595	1,869	2,036	1,622
Less Expenditures	3,126	218,482	4,781	0	2,649	51,632	8,551	6,738	19,166	80,029
Ending Balance	273,238	83,959	109,251	140,355	169,847	150,950	176,147	204,235	220,886	177,104

# Old Mill Village

Analysis Date - January 1, 2017

Inflation:2.50% Investment:1.00% Contribution Factor:0.00% Calc:Future

## Expenditures - Components

Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
5.5' Bench							4,406			
6.5' Benches							10,437			
7' Picnic Table							5,798			
Asphalt Path										
Asphalt Path - East	5,305									
Asphalt Path - Seal		8,140				8,985				9,918
Barbecue Grill							753			
Basketball - Goal/Post										
Concrete			2,917					3,301		
Concrete Curbing								811		
Fencing - Chain Link					1,617					1,829
Fencing - Vinyl										
Irrigation Controllers					10,596					
Mailbox Kiosks										37,091
Mulch - Replenish	1,908					2,158				
Play Structure									21,931	
Shade Pavilion - Roof										
Shade Pavilion - Steel										
Swingset										5,619
	7,213	8,140	2,917	0	12,213	11,144	21,396	4,112	21,931	54,459



# Old Mill Village

Analysis Date - January 1, 2017

Inflation:2.50% Investment:1.00% Contribution Factor:0.00% Calc:Future

## Expenditures - Components

Description	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
5.5' Bench										
6.5' Benches										
7' Picnic Table										
Asphalt Path										
Asphalt Path - East										
Asphalt Path - Seal				10,948				12,084		
Barbecue Grill										
Basketball - Goal/Post		1,508								
Concrete			3,735					4,225		
Concrete Curbing								1,038		
Fencing - Chain Link					2,070					2,342
Fencing - Vinyl		18,516								
Irrigation Controllers							14,251			
Mailbox Kiosks										
Mulch - Replenish	2,442					2,763				
Play Structure										
Shade Pavilion - Roof		1,918								
Shade Pavilion - Steel										
Swingset										
	2,442	21,944	3,735	10,948	2,070	2,763	14,251	17,349	0	2,342

# Old Mill Village

Analysis Date - January 1, 2017

Inflation:2.50% Investment:1.00% Contribution Factor:0.00% Calc:Future

## Expenditures - Components

Description	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
5.5' Bench		6,382								
6.5' Benches		15,116								
7' Picnic Table		8,397								
Asphalt Path		174,154								
Asphalt Path - East										
Asphalt Path - Seal		13,339				14,724				16,252
Barbecue Grill		1,091								
Basketball - Goal/Post										
Concrete			4,781					5,409		
Concrete Curbing								1,329		
Fencing - Chain Link					2,649					2,997
Fencing - Vinyl										
Irrigation Controllers									19,166	
Mailbox Kiosks										60,778
Mulch - Replenish	3,126					3,537				
Play Structure						33,370				
Shade Pavilion - Roof										
Shade Pavilion - Steel										
Swingset							8,551			
	3,126	218,482	4,781	0	2,649	51,632	8,551	6,738	19,166	80,029

# Old Mill Village

Analysis Date - January 1, 2017

Inflation:2.50% Investment:1.00% Contribution Factor:0.00% Calc:Future

## Component List - Summary

	<b>Basis Cost</b>	<b>Quantity</b>	<b>Replace Date</b>	<b>Current Cost</b>	<b>Est Life</b>	<b>Adj Life</b>	<b>Rem Life</b>	<b>Future Cost</b>
5.5' Bench	\$ 950.00	4.000	01/01/2023	\$ 3,800	15:00	15:00	6:00	\$ 4,406
6.5' Benches	1,000.00	9.000	01/01/2023	9,000	15:00	15:00	6:00	10,437
7' Picnic Table	1,250.00	4.000	01/01/2023	5,000	15:00	15:00	6:00	5,798
Asphalt Path	2.35	44,123.000	01/01/2038	103,689	30:00	30:00	21:00	174,154
Asphalt Path - East	0.37	14,340.000	01/01/2017	5,305	2:00	2:00	0:00	5,305
Asphalt Path - Seal	0.18	44,123.000	01/01/2018	7,942	4:00	4:00	1:00	8,140
Barbecue Grill	650.00	1.000	01/01/2023	650	15:00	15:00	6:00	753
Basketball - Goal/Post	1,150.00	1.000	01/01/2028	1,150	20:00	20:00	11:00	1,508
Concrete	1.05	2,645.000	01/01/2019	2,777	5:00	5:00	2:00	2,917
Concrete Curbing	1.05	650.000	01/01/2024	682	10:00	10:00	7:00	811
Fencing - Chain Link	1.00	1,465.000	01/01/2021	1,465	5:00	5:00	4:00	1,617
Fencing - Vinyl	28.00	504.000	01/01/2028	14,112	20:00	20:00	11:00	18,516
Irrigation Controllers	1,200.00	8.000	01/01/2021	9,600	12:00	12:00	4:00	10,596
Mailbox Kiosks	1,650.00	18.000	01/01/2026	29,700	20:00	20:00	9:00	37,091
Mulch - Replenish	18.00	106.000	01/01/2017	1,908	5:00	5:00	0:00	1,908
Play Structure	18,000.00	1.000	01/01/2025	18,000	17:00	17:00	8:00	21,931
Shade Pavilion - Roof	6.50	225.000	01/01/2028	1,462	20:00	20:00	11:00	1,918
Shade Pavilion - Steel	6,500.00	1.000	01/01/2048	6,500	40:00	40:00	31:00	13,975
Swingset	4,500.00	1.000	01/01/2026	4,500	17:00	17:00	9:00	5,619
				\$ 227,244				\$ 327,409

## **Disclosures**

### **Site Analysis**

Old Mill Village is a planned development association located in Salt Lake City, Utah. The Association consists of 262 The property consists of 3 distinct green belt areas as well as 2 parks with structures and outdoor furnishings. The green belts are irrigated sod with on-site water management systems (irrigation controllers) The project was developed in January 1, 2009.

The site analysis was performed on February 27, 2016 by Matt Woytek, RS, PRA of Facilities Advisors Texas. Management was interviewed prior to the site analysis regarding component existence, maintenance activities, dates last repaired/replaced, and actual or bid costs, if known. Site analysis procedures included:

- Review of Google Earth satellite images
- Tour of Association common areas
- Identification and quantification / measurement of common area components
- Component condition assessment

The site analysis was performed as a limited scope visual observation. No destructive or invasive testing was performed. The condition of components may be assessed differently if destructive / invasive testing was performed, but such testing is beyond the scope of a reserve study.

### **Component Analysis**

Components considered for inclusion in the reserve study report are all those components that are the maintenance responsibility of the Association that are anticipated to require future major repair or replacement under the assumption that such components are subject to normal maintenance activities and normal wear and tear. Components with a useful life of less than two years or a cost of \$1,000 have generally been excluded from this analysis, as such items are considered to be part of the Association's operating budget.

The component list was compiled based upon the previous reserve study, the tour of association common areas, inquiry of Association management and maintenance staff, and selected vendors providing maintenance services to the Association. The component list is believed to be complete, except for the exclusions noted below, which are considered normal exclusions.

Estimated future major repair and replacement costs are generally based on current replacement costs projected to estimated repair or replacement date, applying an inflation factor of 2.50% for the entire 30-year financial projection period.

Current estimated replacement costs are derived from a variety of sources including; actual prior costs, current bids, vendor or contractor estimates, management's estimates, Facilities Advisors, Inc. cost database, or cost estimator manuals. This data is considered reliable and has been relied upon in the determination of current cost. Current cost includes material or product cost, labor, overhead, delivery, and sales tax.

General Exclusions from the analysis are:

Excluded Conditions	Reason for Exclusion
Building code or zoning violations or upgrades	Outside scope of study
Structural stability or engineering analysis	Outside scope of study
Environmental conditions *	Outside scope of study
Geological stability or soil conditions	Outside scope of study
Soil contamination	Outside scope of study
Hydrological conditions	Outside scope of study
Mold or fungus	Outside scope of study
Termites or other pest control	Outside scope of study
Risks of wildfire, flood or seismic activity	Outside scope of study
Water quality or testing	Outside scope of study
Illegal or controlled substances	Outside scope of study
Building values or appraisals	Outside scope of study
Adequacy of efficiency of any system or component	Outside scope of study
Information not provided by the association necessary to identify all components	Outside scope of study

\* Asbestos, radon, formaldehyde, lead, water or air quality, electromagnetic radiation or other environmental hazards.

**Financial Analysis**

The financial projection was prepared using the pooled cash flow method. Under this method, aggregate expenditures are projected to future estimated repair or replacement dates considering inflation at 2.50%. Actual expenditures may vary from estimated expenditures, and the differences may be significant.

Reserve fund revenues consist of member assessments and interest earned (and other income). Interest income has been estimated at 1.00%. The funding plan does not contain an income tax expense related to interest earned, as income taxes are paid from the operating fund. The projected annual assessment has been subjected to an annual increase factor for the projection period. This annual assessment adjustment factor is necessary to counteract the effects of inflation on projected expenditures.

Percent funded at January 1, 2017 of 14.76 was calculated using the inflation adjusted method.

The beginning balance of reserve funds was estimated at \$ 14,115, based on information provided by management. The beginning balance of reserve funds was calculated as follows:

Reserve Cash balance at April 30, 2016	\$ 14,115
Total Funds available for reserves beginning balance	<u>\$ 14,115</u>

See Preparer’s Report  
 See Summary of Significant Assumptions

### **Significant Assumptions**

The following significant assumptions were used in the preparation of this reserve study report. If the actual replacement costs or remaining lives vary from the assumptions used in this analysis, the impact could be significant on future assessments. Accordingly, an annual review of the analysis is necessary to see if the Board, within its authority, should increase the regular assessments, pass special assessments or reschedule future replacement dates.

- Generally, only long-term major repair and replacement activities for components with a life of 2 years or longer and a cost of \$1,000 or more have been considered in this analysis. A group of items with individual cost of less than \$1,000 are included if the aggregate cost exceeds \$1,000.
- The Board of Directors will implement and/or continue preventive maintenance and repair programs to prevent abnormal deterioration of the common areas.
- The analysis assumes that no unusual conditions will occur, such as weather, vandalism, unusual use, or unforeseen obsolescence.
- Measurements and quantities were obtained by count, measurement, or estimation from plans provided by the Board of Directors unless otherwise noted, and are assumed to be a close approximation to actual.
- Proper construction and installation of all improvements is assumed, unless otherwise noted.
- This analysis assumes that the Association membership wishes to continue the use and maintenance of all amenities currently in place.
- The Association carries comprehensive property insurance to cover most insurable property risks.
- Current financial information was supplied by the Board of Directors and is assumed to be reasonably accurate as of the date of this analysis. Funded cash balances were not audited nor confirmed directly with financial institutions as a part of this analysis.
- The Association will collect and set aside reserve assessments on an annual basis as set forth in the funding plan projection, in order that sufficient funds will be available when expenditures are scheduled or necessary.
- The Board of Directors does not anticipate any special assessments other than those that may be scheduled as part of the attached 30-year funding projection.
- Interest rate of 1.00% is used in the funding plan.
- Inflation rate of 2.50% is used in the funding plan.

# Old Mill Village

Analysis Date - January 1, 2017

Inflation:2.50% Investment:1.00% Contribution Factor:0.00% Calc:Future

## Supplementary Information on Future Major Repairs and Replacements

<b>Categories</b>	<b>Estimated Remaining Useful Lives Life YY:MM</b>	<b>Estimated Future Replacement Cost</b>	<b>2017 Funding Requirement</b>	<b>Components of Fund Balance at 12/31/2016</b>
Grounds	0:00 -31:00	\$ 291,374	\$ 14,870	\$ 13,299
Landscaping	4:00	10,599	918	649
Perimeter Fence	4:00 -11:00	20,133	1,298	1,053
		<u>\$ 322,106</u>	<u>\$ 17,086</u>	<u>\$ 15,000</u>