



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Deer Run Condominium Owners' Association (Deer Run)

Location: Centerville, Ohio

Reference: 089969

Property Basics: Deer Run Condominium Owners' Association is a condominium style development of 195 units. The buildings were built from 1987 to 2000.

Reserve Components Identified: 36 Reserve Components.

Inspection Date: March 12, 2019. We conducted previous inspections in 2008 and 2013.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2032 due to replacement of the roofs.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 1.7% anticipated annual rate of return on invested reserves
- 2.8% future Inflation Rate for estimating Future Replacement Costs

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Cash Status of Reserve Fund:

- \$540,476 as of October 31, 2019
- 2019 budgeted Reserve Contributions of \$225,996

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the *Reserve Expenditures* tables and include a *Five-Year Outlook* table following the *Reserve Funding Plan* in Section 3. Subsequent to our inspection, Management and the Board inform us the Association conducted repairs to the retaining walls. We recommend the Association conduct partial concrete replacements in the next five years based on the conditions identified.

Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Phased increases of approximately \$21,400 from 2020 through 2024
- Inflationary increases from 2025 through 2032
- Stable contributions of \$415,300 from 2033 through 2035
- Inflationary increases through 2049, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$21,404 represents an average monthly increase of \$9.15 per homeowner and about a three percent (2.7%) adjustment in the 2019 total Operating Budget of \$794,180.
- The Association may ascribe the actual contributions and assessments per owner based upon percent ownership, as defined by the Association's governing documents.



Deer Run Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2020	247,400	781,220	2030	393,000	1,375,299	2040	476,800	1,189,177
2021	268,800	1,051,197	2031	404,000	775,715	2041	490,200	1,660,435
2022	290,200	1,272,171	2032	415,300	116,276	2042	503,900	2,025,930
2023	311,600	1,570,721	2033	415,300	204,794	2043	518,000	2,548,220
2024	333,000	1,878,462	2034	415,300	455,046	2044	532,500	3,013,266
2025	342,300	2,239,537	2035	415,300	806,812	2045	547,400	3,494,962
2026	351,900	2,516,693	2036	426,900	556,809	2046	562,700	3,923,606
2027	361,800	2,639,605	2037	438,900	301,822	2047	578,500	4,463,373
2028	371,900	2,719,827	2038	451,200	639,735	2048	594,700	5,023,358
2029	382,300	2,106,690	2039	463,800	1,051,250	2049	611,400	3,977,718

