

Beaverdam Run Condominium Association
Supplement for 2016 to the Long-Range Plan for the Capital Reserve Fund
November 15, 2016

On September 21, 2009, the BRCA Board adopted a “Long-Range Plan for the Capital Fund – 2010” (“the Plan”). The Plan was the product of the Long-Range Planning Committee. The Plan presented forecasts of expenditures on replacements and long-lived major repairs of Common and Limited Common assets. It also recommended to the Board the portion of the monthly maintenance fee in 2010 that should be allocated to the BRCA Capital Reserve Fund, so the Capital Reserve Fund would be sufficient to finance the forecasted replacements and major repairs in each of the next 30 years. The Committee issued annual updates that included recommendations for the 2011 through 2065 allocations to the Capital Reserve Fund. This is the update for the 2017 budget.

The Long-Range Planning Committee (LRPC)¹ recommends that the Finance Committee and the Board adopt an allocation of \$120 per Unit from monthly maintenance fees to the BRCA Capital Reserve Fund for 2017. That allocation has been incorporated into the Proposed 2017 Budget. The allocation is unchanged from its value in 2016.

The budgeted expenditures from the Capital Reserve Fund in 2017 are the following:

- \$100,000 for either refurbishment or the beginning of reconstruction of the swimming pool enclosure, for when and if the Board decides on what should be done;
- \$51,000 for roof replacements;
- \$65,000 for major road and driveway repair and resurfacing;
- \$4,000 for the continuing program of major repairs of the Log Cabin; and
- \$10,000 provision for whatever unplanned major repairs are needed.

Given these budgeted items, the balance of the Capital Reserve Fund at the end of 2017 would be \$166,000.

Paul Brandon
Chair, Long-Range Planning Committee

¹ Members of the Long-Range Planning Committee are Paul Brandon, chair, Sally Foster, and Bill Tucker.

Beaverdam Run Condominium Association
Supplement for 2015 to the Long-Range Plan for the Capital Reserve Fund
September 18, 2014

On September 21, 2009, the BRCA Board adopted a “Long-Range Plan for the Capital Fund – 2010” (“the Plan”). The Plan was the product of the Long-Range Planning Committee.¹ The Plan presented forecasts of expenditures on replacements and long-lived major repairs of Common and Limited Common assets. It also recommended to the Board the portion of the monthly maintenance fee in 2010 that should be allocated to the BRCA Capital Reserve Fund, so the Capital Reserve Fund would be sufficient to finance the forecasted replacements and major repairs in each of the next 30 years. The Committee issued annual updates that included recommendations for the 2011, 2012, 2013, and 2014 allocations to the Capital Reserve Fund. This is the update for the 2015 budget. Owners should continue to retain the 2009 Plan as well as all updates.

In August 2014, the Finance Committee and the Board decided on an allocation of \$98.00 per Unit per month from maintenance fees to the BRCA Capital Reserve Fund for 2015. This amount, if held constant in real terms, would be sufficient to cover the forecasted expenditures from the Fund while maintaining a balance of the fund above a prudent minimum. That allocation has been incorporated into the 2015 preliminary budget. The allocation is an increase from the 2014 level of \$72.93.

These are the principal changes from last year’s update that have resulted in the increased allocation to the Capital Reserve Fund:

1. the forecast expenditure that will be needed in about eight years to replace the storm drain line on the western side of the property was increased to \$196,000;
2. the Board has decided to phase in a larger planned prudent minimum of the Capital Reserve Fund – \$200,000 in 2014 dollars – to minimize the impacts on owners that might result from unexpected expenditures from the Fund in the future; and
3. the Board has deferred making any decision to fund the Clubhouse Committee’s request for \$300,000 to renovate or replace the swimming pool enclosure until further study of alternatives has been done; however, the Board has also decided that our capital accounts should be increased to a level where they can sustain a capital expenditure(s) of that magnitude.

After the Finance Committee and the Board set the monthly allocation to the Capital Reserve Fund, the Board authorized an unbudgeted \$24,000 to be spent from the Capital Reserve Fund in 2014 to replace heaters in the swimming pool enclosure to address safety concerns the Clubhouse Committee Chairs brought to the community’s attention at the August 26, 2014 Special Town Meeting.

The Board has decided to hire an outside firm to develop the long-range plan for the 2016 budget. A comprehensive long-range plan will be distributed when that effort is complete.

¹ Paul Brandon was then and is currently chair of the Long-Range Planning Committee. Current members of the Committee are Conner Fay and Sally Foster.

Beaverdam Run Condominium Association
Supplement for 2014 to the Long-Range Plan for the Capital Reserve Fund
September 29, 2013

In August 2013, the BRCA Long-Range Planning Committee (“the Committee”) recommended to the Finance Committee and the Board an allocation of \$72.83 per Unit per month from maintenance fees to the BRCA Capital Reserve Fund for 2014.¹ That recommendation is the same as the recommendation in last year’s update. The Finance Committee and the Board accepted the recommendation and incorporated it into the 2014 proposed budget.

On September 21, 2009, the BRCA Board adopted a “Long-Range Plan for the Capital Fund – 2010” (“the Plan”). The Plan was the product of the Committee. The Plan presented forecasts of expenditures on replacements and long-lived major repairs of Common and Limited Common assets. It also recommended to the Board the portion of the monthly maintenance fee in 2010 that should be allocated to the BRCA Capital Reserve Fund, so the Capital Reserve Fund would be sufficient to finance the forecasted replacements and major repairs in each of the next 30 years. The Committee issued updates on September 11, 2010, on August 23, 2011, and December 17, 2012, which included recommendations for the 2011, 2012, and 2013 allocations, respectively, to the Capital Reserve Fund. This is the update for the 2014 budget. Owners should continue to retain the 2009 Plan as well as all updates.

These were the three principal changes in forecasted expenditures from last year’s update:

1. for the first time, the Committee’s forecasted expenditures from the Capital Reserve Fund incorporate the likely need to replace the lower tennis court in a few years; its pavement is cracking, most likely because its original construction appears not to have been done to a high standard;
2. the last few roofs that have not yet been replaced are needing replacing at a slower rate than had been forecasted;
3. the Clubhouse Committee has reduced its estimate of the cost of renovating or replacing the swimming pool enclosure.

The net effect of these three principal changes and other minor changes was a negligible change in the monthly allocation of monthly maintenance fees to the Capital Reserve Fund that would be needed to ensure that it would be sufficient to finance forecasted expenditures over the next 30 years. Therefore, for the 2014 budget the Committee decided to recommend no change in the allocation from the 2013 budget.

In 2014, the Committee plans to develop a complete update to the Long-Range Plan. This effort will require a comprehensive inventory of the condition of the various Common and Limited Common elements. Since a lot of work will be required, the Committee would appreciate having volunteers to join the Committee and assist this effort.

¹ Paul Brandon is chair of the Long-Range Planning Committee. He was the only member of the Committee when it developed this recommendation. Since then, Conner Fay has joined the Committee.

Beaverdam Run Condominium Association
Supplement for 2013 to the Long-Range Plan for the Capital Reserve Fund
December 17, 2012

On September 21, 2009, the BRCA Board adopted a “Long-Range Plan for the Capital Fund – 2010” (“the Plan”). The Plan was the product of the BRCA Long-Range Planning Committee (“the Committee”). The Plan presented forecasts of expenditures on replacements and long-lived major repairs of Common and Limited Common assets. It also recommended to the Board the portion of the monthly maintenance fee in 2010 that should be allocated to the BRCA Capital Reserve Fund, so the Capital Reserve Fund would be sufficient to finance the forecasted replacements and major repairs in each of the next 30 years. The Committee issued updates on September 11, 2010, and on August 23, 2011, which included recommendations for the 2011 and 2012 allocations, respectively, to the Capital Reserve Fund. This is the update for the 2013 budget. Owners should continue to retain the 2009 Plan as well as all updates.

The Committee recommended an allocation of \$72.83 per Unit per month from maintenance fees to the BRCA Capital Reserve Fund for 2013.¹ That recommendation is 1.6% higher than the recommendation of \$71.78 in last year’s update. The Finance Committee and the Board accepted the recommendation and incorporated it into the 2013 proposed budget.

The principal reasons for the increase in the allocation to the Capital Reserve Fund from the 2012 to the 2013 budgets are the following:

1. the model forecasting future expenditures from the Capital Reserve Fund incorporates the effect of expected inflation and assumes that, absent any changes in the forecasted expenditures, the allocation of monthly maintenance fees to the Capital Reserve Fund would increase at the expected rate of inflation; therefore, most of the change in the recommended allocation from 2012 to 2013 is attributable to the passage of one year;
2. the model incorporates a higher inflation rate for 2012 than last year’s model assumed;
3. the forecast incorporates an update to the inflation forecast for the next 30 years published by the Federal Reserve Bank of Cleveland; the updated forecast estimates that inflation will be lower than previously forecasted for the next 15 years and higher than previously forecasted after that.

¹ This year’s Long-Range Planning Committee consists of Paul Brandon (chair).

Beaverdam Run Condominium Association
Supplement for 2012 to the Long-Range Plan for the Capital Fund
August 23, 2011

On September 21, 2009, the BRCA Board adopted a “Long-Range Plan for the Capital Fund – 2010” (“the Plan”). The Plan was the product of the BRCA Long-Range Planning Committee (“the Committee”). The Plan presented forecasts of expenditures on replacements and long-lived major repairs of Common and Limited Common assets. It also recommended to the Board the portion of the monthly maintenance fee in 2010 that should be allocated to the BRCA Capital Fund, so the Capital Fund would be sufficient to finance the forecasted replacements and major repairs in future years. The Committee issued an update on September 11, 2010, which included a recommendation for the 2011 allocation to the Capital Fund. This is a further update. Owners should continue to retain the 2009 Plan as well as the 2010 update and this update.

The Committee recommends that the Board allocate \$71.78 per Unit per month from maintenance fees to the BRCA Capital Fund for 2012.¹ That recommendation is 0.6% higher than the recommendation of \$71.32 in last year’s update.

The Committee’s current recommendation is based on the following principal changes in the Committee’s forecasts from those in last year’s update:

Item	Last Year’s Forecast	Updated Forecast
Capital Fund balance at the end of 2011	\$270,000	\$233,000. 2011 expenditures from the Capital Fund exceeded what had been budgeted, mainly because of a bulk purchase of shingles to avoid a price increase, for use in 2011 and in some of 2012, and also because of a replacement of two retaining walls.
Estimated cost of repairing and repaving the roads over the next 15 years	\$410,000	\$699,000. A consultant recently estimated the higher cost for the current update. The updated estimate adds anticipated inflation to the revised consultant’s estimate.
Credit for shingle inventory carried over from 2011 to 2012	No provision	\$24,385. Bulk purchase of shingles in 2011 yielded enough shingle inventory to reduce needed expenditures in 2012.
Estimated cost of replacing polycarbonate panels in swimming pool enclosure within the next few years	\$100,000	\$65,000. Jim Egnew received the revised estimate from a contractor.

¹ This year’s Long-Range Planning Committee consists of Paul Brandon (chair) and John Campbell.

Item	Last Year's Forecast	Updated Forecast
Estimated cost of replacing roof over swimming pool in 2013	No provision	\$10,000
Annual provision for needed expenditures not individually forecasted	\$20,000 in 2011, increasing thereafter at the expected rate of inflation	\$18,000 in 2012, increasing thereafter 2% per year ² plus the expected rate of inflation

² This growth in needed expenditures is assumed because of the increasing age of the development.