

Location
Rutledge Park,
Clear Lake, Texas

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number
1

Description:

View of the parking lot at the
park



Photo Number
2

Description:

Damage noted to curbs in the
parking lot

Location
*Rutledge Park,
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Inspection Date:
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Photo Number
3



Description:

Damage and cracking in the asphalt pavement in the parking lot allowing water to stand

Photo Number
4



Description:

Typical view of the play equipment at the park

New slide installed in 2017

Location
Rutledge Park,
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Photo Number
5

Description:

Concrete flatwork has severe cracking at locations in the park



Photo Number
6

Description:

View of the basketball court at the park

Location
Rutledge Park,
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Photos Taken by:
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Photo Number

7

Description:

Paint blistering and peeling on
the side of the pool building



Photo Number

8

Description:

Touch-up and spot repairs
made on the pool building

Building would benefit from a
comprehensive restoration
consisting of sealing all cracks
and restoring the siding

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Photo Number
9

Description:

Interior wood siding is
generally in good condition



Photo Number
10

Description:

Typical view of the bathroom
plumbing fixtures

Location
Rutledge Park,
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Inspection Date:
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Photo Number
11

Description:
View of the main lap pool



Photo Number
12

Description:
View of the baby pool

Location
Rutledge Park,
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Inspection Date:
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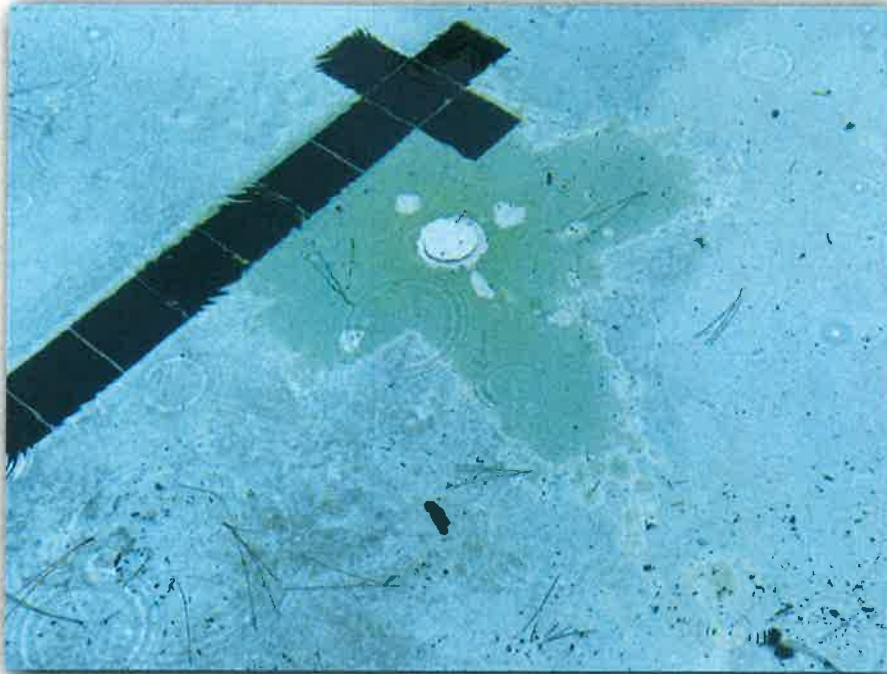


Photo Number
13

Description:

Spalling plaster noted along
the bottom of the pool (typical)



Photo Number
14

Description:

View of the diving board and
dive stands at the pool

Location
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Photo Number
15

Description:

Typical view of the canopy
holders at the pool area



Photo Number
16

Description:

Concrete in the canopy area
has moderate cracking

Location
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Photo Number
17

Description:

Moderate cracking noted on
the concrete pool flatwork



Photo Number
18

Description:

View of the pool equipment
house

Plaster damage noted on the
front elevation of the building

Location
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Photo Number
19

Description:

Typical view of the pool
filtration system and pump
equipment



Photo Number
20

Description:

Typical view of the tennis
courts at the park

Location
Krueger Park,
Clear Lake, Texas

Photos Taken by:
David L. Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number
1

Description:

View of the pool house at
Krueger Park



Photo Number
2

Description:

Evidence of past repairs to the
roof on the pool house

Location
Krueger Park,
Clear Lake, Texas

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number

3

Description:

Evidence of past repairs to the roof on the pool house



Photo Number

4

Description:

Faded paint noted on the pool house



Location
*Krueger Park,
Clear Lake, Texas*

Photos Taken by:
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#97855

Inspection Date:
July 3, 2019



Photo Number
5

Description:

Water damage noted at the base of the siding near the pool house restrooms



Photo Number
6

Description:

Typical view of the pool house bathroom fixtures

Location
Krueger Park,
Clear Lake, Texas

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
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Photo Number

7

Description:

Main pool at Krueger Park



Photo Number

8

Description:

Baby pool at Krueger Park



Location
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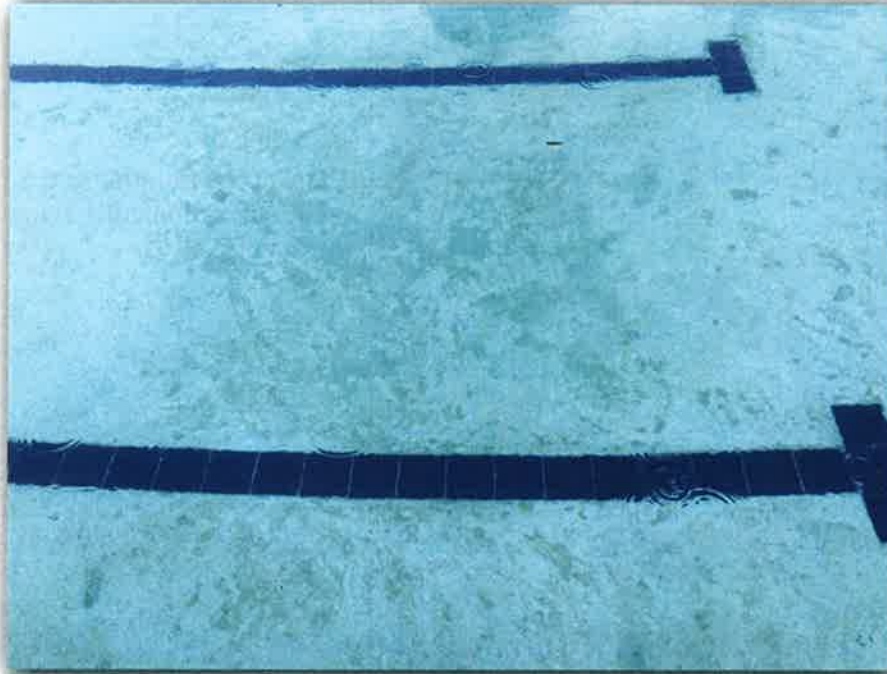


Photo Number
9

Description:

Typical view of the plaster on
the bottom surface of the main
pool



Photo Number
10

Description:

Pool coping is serviceable but
lacking sealant at the interface
with the deck

Location
Krueger Park,
Clear Lake, Texas

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Photo Number
11

Description:
View of the filtration and
pumping equipment serving
the main pool



Photo Number
12

Description:
View of the filtration and
pumping equipment serving
the baby pool

Location
*Krueger Park,
Clear Lake, Texas*

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Photo Number

13

Description:

Typical view of the backstop
at the park



Photo Number

14

Description:

Overview of the tennis courts

Location
Krueger Park,
Clear Lake, Texas

Photos Taken by:
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Photo Number
15

Description:

Close-up view of the tennis court shows deterioration of the surface and cracking in the concrete



Photo Number
16

Description:

Chain link fence around the tennis courts has moderate corrosion and deterioration

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Photo Number

17

Description:

Typical view of a swing set in the park area



Photo Number

18

Description:

Play equipment in good condition outside of the pool area

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Photo Number
19

Description:
Overview of the basketball
court at the park



Photo Number
20

Description:
Typical view of the concrete
flat work in the park

Moderate cracking noted in
the panels

Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number

1

Description:

Park equipment in good condition



Photo Number

2

Description:

Typical swing set noted in the play area for toddlers

Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number
3

Description:

Typical swing set noted in the
play area for elementary age



Photo Number
4

Description:

Wooden park benches near the
play area

Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number

5

Description:

Typical backstop noted in the field area



Photo Number

6

Description:

Concrete flatwork recently installed and in good condition

Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number

7

Description:

Concrete pavement at the park recently installed and in good condition



Photo Number

8

Description:

Overview of the tennis courts



Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
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#97855

Inspection Date:
July 3, 2019



Photo Number
9

Description:

Blistering and peeling surface
noted on the courts (1 of 2)



Photo Number
10

Description:

Blistering and peeling surface
noted on the courts (2 of 2)

Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
David L. Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number

11

Description:

Overview of the pool area and
pool buildings



Photo Number

12

Description:

View of the large swimming
pool

Location
Oakbrook West Park,
Houston, Texas

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number
13

Description:
View of the baby pool



Photo Number
14

Description:
Coping is generally in good condition but lacking sealant around the pool area

No major cracks in the concrete

Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number
15

Description:

Typical view of a guard stand
in good condition



Photo Number
16

Description:

View of the starting blocks at
the end of the pool used for
competition

Location
Oakbrook West Park,
Houston, Texas

Photos Taken by:
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#97855

Inspection Date:
July 3, 2019



Photo Number
17

Description:
Pool filtration equipment for
the baby pool



Photo Number
18

Description:
Pool filtration equipment for
the main pool

Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
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#97855

Inspection Date:
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Photo Number

19

Description:

View of the bathroom building

Building is similar in size and condition as the pool house



Photo Number

20

Description:

Typical view of the bathroom fixtures



Location
*Oakbrook West Park,
Houston, Texas*

Photos Taken by:
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#97855

Inspection Date:
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Photo Number
21

Description:

View of the pool canopy steel
framing



Photo Number
22

Description:

Close inspection of the
framing indicates moderate
surface corrosion

Steel is in need of cleaning
and painting

Location
Royal Park,
Clear Lake, Texas

Photos Taken by:
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#97855

Inspection Date:
July 3, 2019



Photo Number
1

Description:
View of the playground
equipment



Photo Number
2

Description:
Typical quad swing set in the
play area

Location
Royal Park,
Clear Lake, Texas

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number
3

Description:
Typical park table and seating
area



Photo Number
4

Description:
Typical park bench noted
throughout the park

Location
Royal Park,
Clear Lake, Texas

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number

5

Description:

View of the pavilion and
seating area in the park



Photo Number

6

Description:

Typical view of the pavilion
structural framing



Location
Royal Park,
Clear Lake, Texas

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number
7

Description:

Concrete walkway to the pavilion has insufficient drainage

Cracking and settlement noted in the concrete sidewalks



Photo Number
8

Description:

View of the sidewalk looking toward the pavilion from the street

Cracking and settlement noted in the concrete sidewalk panels

Location
Drill Site,
Clear Lake, Texas

Photos Taken by:
David L Yancy II, TX P.E.
#97855

Inspection Date:
July 3, 2019



Photo Number

1

Description:

Concrete pavement and
parking area at the park



Photo Number

2

Description:

Pavement surfaces have minor
to moderate cracking and are
in need of re-stripping



Location
Drill Site,
Clear Lake, Texas

Photos Taken by:
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#97855

Inspection Date:
July 3, 2019



Photo Number
3

Description:

Typical view of a backstop at
the park



Photo Number
4

Description:

Back of the chain link fence is
warped on the backstop
(typical)

Location
Drill Site,
Clear Lake, Texas

Photos Taken by:
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#97855

Inspection Date:
July 3, 2019



Photo Number

5

Description:

View of the swing set in the
play area



Photo Number

6

Description:

Paint on the cross bracing has
chipped and vulnerable to
corrosion



APPENDIX D

REFERENCE DOCUMENTS

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

Clear Lake City Community Association
2019-2020 BUDGET

ACCT#	Category	<u>17-18 Budget</u>	<u>18-19 Budget</u>	<u>19-20 Budget</u>
INCOME				
60000	Community Income			
61100	Mill Assessment (Annual CSC)	615,261	621,154	621,456
61150	Auxiliary CSC	0	0	0
61200	Late Charges	85,000	85,000	85,000
61225	Administrative Fee	200	300	600
61250	Returned Check Fees	400	300	300
61400	Attorney Fees Reimbursement	48,000	30,000	32,000
	<i>Total Community Income</i>	748,861	736,754	739,356
62000	Real Estate			
62100	Transfer/Refinance/Convenience Fees	125,000	120,000	120,000
62300	Convenience Fee	500	3,000	3,000
62200	Resale Certificates	6,000	11,000	10,000
	<i>Total Real Estate</i>	131,500	134,000	133,000
63000	Investment Income			
63100	Interest Income	3,000	3,000	1,800
63200	UBS Interest	8,000	12,000	18,000
	<i>Total Investment Income</i>	11,000	15,000	19,800
	Total Community, Real Estate & Investment Income	891,361	885,754	892,156
64000	Recreation and Programming Income			
64050	Little League Reimbursement	1,600	2,200	2,400
64115	Gym Daily Fees	2,000	2,000	2,700
64126	Indoor Pool Daily Fees	3,500	3,000	4,000
64127	Outdoor Rec Center Pool Daily Fees	6,500	7,200	5,500
64128	Camino South Daily Fee	300	300	250
64129	Meadowgreen Daily Fee	650	300	400
64145	Fitness Room Daily Fees	4,200	4,000	3,500
64100	Usage Fees - Punch Cards	600	650	1,900
	<i>Sub-Total Usage Fees</i>	19,350	19,650	20,650
64170	Tag Sales Other (Guests)	700	700	400
64173	Outdoor Pool Summer Pass	0	2,000	2,700
64175	Platinum	5,500	5,500	5,300
64180	Gold - Facility	14,000	7,000	4,500
64185	Silver - Facility	20,000	14,000	15,000
64190	Bronze - Facility	35,000	27,000	23,000
64195	Fitness Room	500	700	0
64196	Locker Room Rental	300	300	300
	<i>Sub-Total Tag Sales</i>	76,000	57,200	51,200

64210	Pool Rental	25,000	20,000	18,000
64220	Gym Rental	55,000	55,000	55,000
64230	Room Rental	20,000	20,000	22,000
64235	OBW Rental	13,000	13,000	13,000
64245	Silver Sneakers			1,000
64240	Tower Lease	17,000	16,000	16,000
64250	Rec Center Field Rental	0	1,500	3,700
64200	Rental Fees - Other	800	800	10,000
Sub-Total Rental Fees		130,800	126,300	138,700
64301	Water Supply Fee	1,500	1,500	1,500
64305	Swim Lessons	1,000	750	750
64310	Aqua Fitness & Exercise	7,000	7,000	9,500
64311	Gentle Joints	9,000	8,000	8,000
64312	Deep Water Exercise	5,000	4,000	4,000
64313	Evening Water Aerobics	2,250	2,250	2,250
64314	Aqua Fit	7,000	3,500	3,500
64315	Indoor Basketball League	1,000	1,000	1,000
64317	Pickleball	1,000	100	250
64318	Volleyball Leagues	1,000	1,000	1,500
64319	Aqua Circuit	2,000	1,000	0
64320	Pilates/Yoga	3,000	3,000	3,000
64326	Zumba	4,000	2,500	1,000
64331	Tai-Kwon-Do/Aikido	400	4,400	4,500
64332	Tai Chi/Little Ninjas	1,400	400	0
64340	Kim Soo Karate	3,500	750	0
64350	Modern Arnis/Filipino Stick Fighting	7,600	6,000	8,000
64375	Tennis Lessons	0	0	500
64376	Salsa/Country Dancing	1,000	0	250
64386	CLCCA Day Camp	75,000	70,000	70,000
64385	Houston Rockets	3,600	2,000	1,000
64387	Sports Camp	500	1,000	1,000
64389	Speed/Agil/Jump - Sports Performance Training	1,500	1,000	1,000
64390	Personal Training	750	750	2,500
64395	Boot Camp/Kick Boxing	500	0	0
64396	CPR/AED/First Aid & Lifeguard	6,500	7,500	12,000
64397	Party Packages	4,000	3,000	1,000
64300	Recreation Programs - Other	3,000	500	500
Sub-Total Recreation Programs		154,000	132,900	138,500
64400	Programming & Events			
64401	Opening Day Bash	500	750	1,300
64405	Camp Sponsorships	500	1,500	2,000
64410	Sponsorships (Other)	1,000	2,500	3,000
64415	Newsletter Income	4,000	2,500	3,000
64425	Bingo	1,000	750	0
64430	National Night Out	500	1,000	300

64440	Dive In Movie	750	500	0
64447	Holiday Celebration			2,600
64450	Community Garage Sale	1,500	1,500	1,500
64455	Fall Festival	1,500	1,000	2,300
64460	Spring Fling Easter Celebration	500	1,500	2,500
64465	Community Fun Runs	1,000	500	500
64470	Cook-Off Fairs (Health, Job, Home Improvement)	2,000	1,000	1,000
64480	Lifeguard Uniforms	1,000	1,000	800
64485	Concessions	1,500	1,500	500
64491	Vending Machines	4,500	3,000	3,200
Sub-Total Programming & Events		21,750	20,500	24,500
Total Recreation and Programming Income		401,900	356,550	373,550
Miscellaneous				
64500	Filing Fees	250	200	200
65000	Adverstising Income (Camps, events, etc.)	500	500	0
69990	Miscellaneous Income	1,000	1,000	250
69991	Park Beautification Donation		500	5,000
69992	Monument Beautification Donation		500	500
69998	Miscellaneous Income - Workman's Comp.	4,000	5,000	5,000
69999	Cash Donations - General Donations	0	200	3,000
Total Miscellaneous		5,750	7,900	13,950
Capital Reserve Fund		37,021	37,021	37,021
Total Income		1,336,032	1,287,225	1,316,677
EXPENSES				
80000				
81000 Administrative				
81010	Assessment Write-Off	500	500	1,500
81045	Charitable Donations	50	50	0
81100	Bank Charges	400	400	400
81110	Credit Card Charges	5,000	6,000	6,000
81200	Dues/Subscriptions	1,000	500	800
81300	Office Supplies	8,500	7,500	10,500
81350	Office Services	22,000	20,000	20,000
81400	Office Equipment Leases	7,000	7,000	10,500
81500	Postage	4,000	3,500	4,000
81550	Postage - Invoice Mailing		3,000	5,500
81600	Transportation	1,000	1,000	1,000
81700	Training Expenses	2,000	0	0
81900	Accounting Software	36,220	36,220	40,000
81000	Administrative - Other	1,000	1,000	1,000
Total Administrative		88,670	86,670	101,200
82000 Professional Expense				
82100	Legal Expense General (Corporate)	20,000	25,000	25,000
82150	Legal Expense General (Reimbursable)	20,000	30,000	25,000

82200	Audit	12,300	12,300	12,300
82205	Reserve Study	5,000	5,000	0
82210	Accounting Services	500	500	500
82000	Professional Expense - Other	300	300	400
Total Professional Expense		58,100	73,100	63,200
83000	Human Resources	500	1,000	600
83100	Contract Employees	1,000	1,000	500
83110	Contract Instructors	25,000	25,000	27,000
83120	Contract Labor	600	500	500
Total Contract Employees		27,100	27,500	28,600
83200	Salary/Wages			
83210	Facility Wages (Maintenance)	60,000	50,000	60,000
83240	Lifeguard Wages	100,000	93,000	95,000
83220	Administrative Wages	177,000	190,000	202,000
83230	Recreation Wages	35,000	50,000	80,000
83225	Fitness Room Wages	68,000	70,000	55,000
83235	Camp Wages	28,500	29,000	29,000
Total Salary/Wages		468,500	482,000	521,000
83300	Payroll Taxes: Medicare & SS	35,500	35,500	35,500
83310	Texas/Federal Unemployment Taxes	8,000	8,000	5,000
83315	Payroll Processing Service	1,000	1,500	1,500
83320	Employee Testing/Drug Screens	500	500	500
83400	Benefits - 401-K	3,000	6,000	4,000
83410	Benefits - Life Ins	1,500	1,100	1,000
83420	Employee Bonus	6,000	6,000	6,000
Total Payroll Taxes & Benefits		55,500	58,600	53,500
83500	Training/Seminars	2,000	0	0
83510	General Staff	1,000	3,000	3,500
83520	Aquatics	3,500	7,250	5,000
Total Training/Seminars		6,500	10,250	8,500
84000	Communication			
84100	Newsletter	15,000	16,000	17,000
84200	Website/Domain/Email	500	700	2,400
Total Communication		15,500	16,700	19,400
85000	Programming & Events			
85100	Advertising	1,500	3,500	3,000
85200	Public Relations	200	500	400
85300	Program Supplies - Other	900	500	500
85310	Water Class Supplies	500	500	500
85320	Lifeguard Supplies	2,500	2,500	2,800
85330	Boot Camp/Speed/Agility Supplies	400	250	500
85335	Indoor Volleyball League	300	250	250
85340	Tennis	300	0	300

85345	Pickle Ball	500	100	100
85350	Dive In Movie Series	750	1,200	0
85360	Parents Night Out	400	600	500
85365	CLCCA Day Camp Supplies & Events	10,000	9,000	10,000
85366	Sports Camp	300	300	300
85370	Community Garage Sale	250	300	300
85375	Fall Festival	1,600	1,500	1,500
85377	Winter Holiday Celebration			1,500
85378	Fairs (Health, Job and Home Improvement)	800	1,000	500
85385	Community Fun Runs	500	750	250
85390	Spring Fling	400	550	2,000
85395	Opening Day Bash	600	800	1,000
85397	Party Packages	1,000	800	750
85399	Concessions	1,500	1,000	800
85401	Vending Machine Supplies		1,600	1,800
Total Program & Events		25,200	27,500	29,550
86000	Maintenance & Repair	20,000	20,000	23,500
86050	Painting	3,000	3,000	2,000
86100	Buildings Painting	2,500	5,000	5,000
86115	Gym Painting	500	500	500
86120	Monument Sign Maintenance	1,200	2,000	1,200
86125	Landscaping	70,000	72,000	76,000
86150	Tree Removal/Trimming	4,000	2,000	4,000
86200	Equipment			
86205	Vending Machine Repair		500	450
86210	M & R Equipment - Fitness Room	2,000	2,000	2,000
86220	M & R Equipment - Computer	2,500	2,500	2,000
86230	M & R Equipment - Tennis Courts	1,000	1,000	1,000
86200	M & R Equipment - Other	1,500	1,500	1,000
86250	HVAC - GYM	5,000	5,000	8,000
86255	HVAC - All Other Rooms	2,500	2,500	2,500
86275	Boilers	2,500	2,000	1,000
86295	Plumbing	15,000	10,000	20,000
86300	Pools	10,000	10,000	10,000
86325	Security (keys, locks, office sec system, etc.)	7,000	5,000	3,500
86350	Electrical	9,000	12,000	13,000
86400	Fuel & Oil	1,300	1,200	800
86500	Equipment Rental	500	500	500
86600	Pool Chemicals	5,000	5,000	5,000
86610	Indoor Pool Chemicals	3,000	3,500	3,200
86620	Outdoor Rec Pool Chemicals	13,000	10,000	10,000
86630	Meadowgreen Pool Chemicals	4,300	4,000	4,000
86640	Camino South Pool Chemicals	4,300	4,000	3,000
86645	Oakbrook West Pool Chemicals	4,300	4,000	4,500
86650	Parks	5,000	5,500	5,500
86700	Permits (Pools, Boilers, etc.)	3,200	3,200	3,500

86800	Maintenance/Shop Supplies	500	500	1,000
86810	Janitorial Expense	21,000	23,000	26,000
Total Maintenance & Repair		224,600	222,900	243,650
87000	Contracts			
87100	Mosquito Control	12,654	13,000	15,000
87300	Pest Control	750	750	750
87000	Contracts - Other	0	0	0
Total Contracts		13,404	13,750	15,750
88000	Utilities			
88100	Electricity			
88105	16511 Diana	55,000	50,000	43,000
88110	14902 Penn Hills	6,200	6,200	6,200
88115	404 Woodcombe	6,000	5,400	5,400
88125	1501 Reseda	1,000	750	750
88130	1212 Ramada	1,800	1,000	800
88135	Shell Lake	6,000	5,200	5,200
Sub-Total Electricity		76,000	68,550	61,350
88200	Gas	8,000	9,500	11,000
88300	Water			
88305	Diana	9,500	7,000	7,000
88310	Penn Hills	1,000	1,000	1,000
88315	Woodcombe	550	750	750
88325	Shell Lake	925	750	750
Sub-Total Water		11,975	9,500	9,500
88410	Office Phones	400	800	300
88400	Phones - Other	2,500	2,500	2,500
Sub-Total Telephone/Pagers		2,900	3,300	2,800
88500	Garbage Collection	5,500	6,200	6,800
88000	Utilities - Other			
Total Utilities		104,375	97,050	91,450
89000	Insurance & Taxes			
89100	Insurance	152,000	140,000	140,000
89200	Property Taxes	70	70	200
89300	Renew Houston Fee	0	0	0
89800	Employee Theft	0	0	0
89998	Uncategorized Expenses	0	0	0
89999	Reconciliation Discrepancies	0	0	0
89000	Insurance & Taxes - Other	0	0	0
Total Insurance & Taxes		152,070	140,070	140,200
Capital Reserve Fund				
89900	Reserve Fund Contribution	0	0	0
Total Capital Reserve Fund		0	0	0

Other Expense			
96000 Capital Expenses	37,021	20,000	0
96006 Major Electrical Work			
Total Other Expense	37,021	20,000	0
Total Expenses	1,276,540	1,276,090	1,316,000
Excess (Deficit)	59,492	11,135	677



RS

National Reserve Study Standards

11/2014

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

Table of Contents

Reserve Study General Information.....	1
Levels of Service	2
Terms and Definitions.....	2
Reserve Study Required Contents.....	6
Reserve Study Required Disclosures	7
 Reserve Specialist (RS) Code of Ethics	 Appendix 1

General Information

Reserve Study

A Reserve Study is made up of two parts, 1) the information about the physical status and repair/ replacement cost of the major common area components the association is obligated to maintain (Physical Analysis), and 2) the evaluation and analysis of the association's Reserve balance, income, and expenses (Financial Analysis). The Physical Analysis is comprised of the Component Inventory, Condition Assessment, and Life and Valuation Estimates. The Component Inventory should be relatively "stable" from year to year, while the Condition Assessment and Life and Valuation Estimates will necessarily change from year to year. The Financial Analysis is made up of a finding of the client's current Reserve Fund Status (measured in cash or as Percent Funded) and a recommendation for an appropriate Reserve contribution rate (Funding Plan).

Physical Analysis

- Component Inventory
- Condition Assessment
- Life and Valuation Estimates

Financial Analysis

- Fund Status
- Funding Plan

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

Levels of Service

The following three categories describe the various types of Reserve Studies, from exhaustive to minimal.

- I. **Full:** A Reserve Study in which the following five Reserve Study tasks are performed:
 - Component Inventory
 - Condition Assessment (based upon on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan
- II. **Update, With-Site-Visit/On-Site Review:** A Reserve Study update in which the following five Reserve Study tasks are performed:
 - Component Inventory (verification only, not quantification)
 - Condition Assessment (based on on-site visual observations)
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan
- III. **Update, No-Site-Visit/Off Site Review:** A Reserve Study update with no on-site visual observations in which the following three Reserve Study tasks are performed:
 - Life and Valuation Estimates
 - Fund Status
 - Funding Plan

Terms and Definitions

CASH FLOW METHOD: A method of developing a Reserve Funding Plan where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

COMPONENT: The individual line items in the Reserve Study, developed or updated in the Physical Analysis. These elements form the building blocks for the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

COMPONENT INVENTORY: The task of selecting and quantifying Reserve Components. This task can be accomplished through on-site visual observations, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s) of the association or cooperative.

COMPONENT METHOD: A method of developing a Reserve Funding Plan where the total contribution is based on the sum of contributions for individual components. See "Cash Flow Method."

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

CONDITION ASSESSMENT: The task of evaluating the current condition of the component based on observed or reported characteristics.

CURRENT REPLACEMENT COST: See "Replacement Cost."

DEFICIT: An actual (or projected) Reserve Balance less than the Fully Funded Balance. The opposite would be a Surplus.

EFFECTIVE AGE: The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computations.

FINANCIAL ANALYSIS: The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived, and the projected Reserve income and expense over time is presented. The Financial Analysis is one of the two parts of a Reserve Study.

FULLY FUNDED: 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

FULLY FUNDED BALANCE (FFB): Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider's sensitivity to interest and inflation effects. Note: Both yield identical results when interest and inflation are equivalent.

$$\text{FFB} = \text{Current Cost} \times \text{Effective Age} / \text{Useful Life}$$

or

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) + [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Interest Rate})^{\wedge} \text{Remaining Life}] - [(\text{Current Cost} \times \text{Effective Age} / \text{Useful Life}) / (1 + \text{Inflation Rate})^{\wedge} \text{Remaining Life}]$$

FUND STATUS: The status of the reserve fund as compared to an established benchmark such as percent funding.

FUNDING GOALS: Independent of methodology utilized, the following represent the basic categories of Funding Plan goals:

Baseline Funding: Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding: Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding: Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding: Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold, this may be more or less conservative than "Fully Funding."

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

FUNDING PLAN: An association's plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

FUNDING PRINCIPLES:

- Sufficient Funds When Required
- Stable Contribution Rate over the Years
- Evenly Distributed Contributions over the Years
- Fiscally Responsible

LIFE AND VALUATION ESTIMATES: The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components.

PERCENT FUNDED: The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage. 4

PHYSICAL ANALYSIS: The portion of the Reserve Study where the Component Inventory, Condition Assessment, and Life and Valuation Estimate tasks are performed. This represents one of the two parts of the Reserve Study.

REMAINING USEFUL LIFE (RUL): Also referred to as "Remaining Life" (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Projects anticipated to occur in the initial year have "zero" Remaining Useful Life.

REPLACEMENT COST: The cost of replacing, repairing, or restoring a Reserve Component to its original functional condition. The Current Replacement Cost would be the cost to replace, repair, or restore the component during that particular year.

RESERVE BALANCE: Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves. Based upon information provided and not audited.

RESERVE PROVIDER: An individual that prepares Reserve Studies.

RESERVE STUDY: A budget planning tool which identifies the current status of the Reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. "Our budget and finance committee is soliciting proposals to update our Reserve Study for next year's budget."

RESPONSIBLE CHARGE: A reserve specialist in responsible charge of a reserve study shall render regular and effective supervision to those individuals performing services which directly and materially affect the quality and competence rendered by the reserve specialist. A reserve specialist shall maintain such records as are reasonably necessary to establish that the reserve specialist exercised regular and effective supervision of a reserve study of which he was in responsible charge. A reserve specialist engaged in any of the following acts or practices shall be deemed not to have rendered the regular and effective supervision required herein:

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

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1. The regular and continuous absence from principal office premises from which professional services are rendered, except for performance of field work or presence in a field office maintained exclusively for a specific project;
 2. The failure to personally inspect or review the work of subordinates where necessary and appropriate;
 3. The rendering of a limited, cursory or perfunctory review of plans or projects in lieu of an appropriate detailed review;
 4. The failure to personally be available on a reasonable basis or with adequate advance notice for consultation and inspection where circumstances require personal availability.

SPECIAL ASSESSMENT: An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by governing documents or local statutes.

SURPLUS: An actual (or projected) Reserve Balance greater than the Fully Funded Balance.
See "Deficit."

USEFUL LIFE (UL): Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function if properly constructed in its present application or installation.

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

Reserve Study Required Contents

Each Reserve Study prepared by a Reserve Specialist or Reserve Specialist applicant **must contain all of the following elements:**

PAGE	CONTENTS
_____	1. A summary of the association's number of units.
_____	2. Association physical description (legal or physical narrative).
_____	3. General statement or opinion describing the association's current reserve fund status (good/fair/poor, adequate or inadequate, Percent Funded, etc.)
_____	4. General statement describing the methods and objectives utilized in computing or evaluating the association's Reserve Fund status (Percent Funded or otherwise).
_____	5. Fiscal Year (start and end) for which the Reserve study is prepared.
_____	6. A projection of starting reserve cash balance (as-of above start date).
_____	7. A general statement describing the development or computation of the association's starting Reserve Fund balance.
_____	8. Recommended reserve contributions (minimum 20 years).
_____	9. Projected reserve expenses (minimum 20 years).
_____	10. Projected ending reserve fund balance (minimum of 20 years).
_____	11. A tabular listing of the components in the Reserve Study.
_____	12. A tabular listing of the component quantities or identifying descriptions.
_____	13. A tabular listing showing each component's Useful Life.
_____	14. A tabular listing showing each component's Remaining Useful Life, where RUL=0=initial year.
_____	15. A tabular listing showing each component's Current Replacement Cost.
_____	16. A general statement describing the Methods (cash flow, component, etc.) and Goals (Full Funding, Threshold Funding, Baseline Funding) of the Funding Plan, using National Standard terminology.
_____	17. Identification of the source(s) utilized to obtain component repair or replacement cost estimates.
_____	18. A clear description of which one of the three Reserve Study "Levels of Service" (i.e.: Full, Update With Site Visit, Update No Site Visit) was performed.
_____	19. A clear statement of assumption used for Interest and inflation (whether zero or otherwise).

Applicants MUST INCLUDE THE ABOVE TABLE with their work product submission, noting the page number where all the above required elements can be found in their sample work product.

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

Reserve Study Required Disclosures

Each Reserve Study prepared by a Reserve Specialist or Reserve Specialist applicant must contain all of the following disclosures:

PAGE	DISCLOSURE
_____	1 General: Description of other involvement(s) with the association, which could result in actual or perceived conflicts of interest.
_____	2 Physical Analysis: Description of how thorough the on-site observations were performed: representative sampling vs. all common areas, destructive testing or not, field measurements vs. drawing take-offs, etc.
_____	3 Personnel Credentials: State or organizational licenses or credentials carried by the individual responsible for Reserve Study preparation or oversight.
_____	4 Completeness: Material issues which, if not disclosed, would cause a distortion of the association's situation.
_____	5 Reliance on Client Data: Information provided by the official representative of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant.
_____	6 Scope: The Reserve Study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
_____	7 Reserve Balance: The actual or projected total presented in the Reserve Study is based upon information provided and was not audited.
_____	8 Reserve Projects: Information provided about reserve projects will be considered reliable. Any on-site inspection should not be considered a project audit or quality inspection.

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

APPENDIX 1:

Reserve Specialist Code of Ethics

COMMUNITY ASSOCIATIONS INSTITUTE PROFESSIONAL RESERVE SPECIALIST (RS) CODE OF ETHICS

The Reserve Specialist Shall:

1. Comply with current standards and practices as may be established from time to time by CAI, the Reserve Specialist (RS) Designation Review Board, subject to all federal, state and local laws, ordinances, and regulations, if any, in effect where the RS practices;
2. Participate in continuing professional education through CAI and other industry related organizations as required;
3. Act in the best interests of the client; refrain from making inaccurate or misleading representations or statements; not knowingly misrepresent facts to benefit the Specialist;
4. Undertake only those engagements that they can reasonably expect to perform with professional competence;
5. Exercise due care and perform planning and supervision as specified in the written client engagement agreement;
6. Disclose all relationships in writing to the client regarding any actual, potential or perceived conflict of interest between the Specialist and other vendors, including, but not limited to, management companies, insurance carriers, contractors and legal counsel;
7. Provide written disclosure of any compensation, gratuity or other form of remuneration from individuals or companies who act or may act on behalf of the client;
8. Conduct himself or herself in accordance with the Reserve Specialist requirements;
9. Not represent to anyone as being a Reserve Specialist designee until such time as he or she receives written confirmation from the Reserve Specialist Designation Review Board or CAI of receipt of the designation;
10. Recognize the original records, files, plats and surveys that are the property of the client are returned to the client at the end of the Specialists engagement; maintain the duty of confidentiality to all current and former clients.
11. Refrain from criticizing competitors or their business practices; Act in the best interests of their Employers; Maintain a professional relationship with our peers and industry related professionals.
12. Conduct themselves in a professional manner at all times when acting in the scope of their employment;
13. Not engage in any form of price fixing, anti-trust, or anti-competition.
14. Not use the work products of colleagues or competing Reserve Specialist firms that are considered proprietary without the expressed written permission of the author or the reserve specialist firm.
15. Abide by the re-designation policy of CAI.

Compliance with the Professional Reserve Specialist Code of Ethics is further amplified in the Code Clarification Document provided by the Community Associations Institute.

Draft Revision April 2008

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

TERMS OF REFERENCE	
ASSOCIATION	The unit owners' association. May be referred to with different terminology in legal covenants of incorporation.
BOARD	Elected officers of the Association with fiduciary responsibility for the community's common holdings. May be referred to with different terminology in legal covenants of incorporation.
OWNER	Individual Unit owner, a Member or the Association
PROPERTY MANAGER	Professional organization through which the Board delegates responsibilities for operations and maintenance of the community.
EXCELLENT	Component or system is in "as new" condition, requiring no rehabilitation and should perform in accordance with expected performance.
GOOD	Component or system is sound and performing its function, although it may show signs of normal wear and tear. Some minor rehabilitation work may be required.
FAIR	Component or system falls into one or more of the following categories: a) Workmanship not in compliance with commonly accepted standards, b) Evidence of previous repairs not in compliance with commonly accepted practice, c) Component or system is obsolete, d) Component or system approaching end of expected performance. Repair or replacement is required to prevent further deterioration or to prolong expected life.
POOR	Component or system has either failed or cannot be relied upon to continue performing its original function as a result of having exceeded its expected performance, excessive deferred maintenance, or state of disrepair. Present condition could contribute to or cause the deterioration of other adjoining elements or systems. Repair or replacement is
ADEQUATE	A component or system is stable, has capacity to function as required, is sufficient for its service, is suitable for operation, and/or conforms to standard construction practices.
BASIS OF COMPARISON	Ratings are determined by comparison to other buildings of similar age and construction type.
LEFT, RIGHT, FRONT,	Directions are taken from the viewpoint of an observer standing at the property frontage and facing it. Or, for a building within a campus setting, the viewpoint of an observer standing in front of the principal entrance and facing it.
CURRENT DEFICIENCY IMMEDIATE EXPENSE	<p>We will note any observed or reported physical condition which requires immediate action to correct an existing or potential safety hazard, an enforceable building code violation, or the poor or deteriorated condition of a critical element or system. Also, to address any conditions which, if left "as is", would likely result in the failure of a critical element or system.</p> <p>Such items will be noted in our report even if they do not require a capital expenditure.</p>
SHORT-TERM CAPITAL EXPENDITURES	<p>Correction of physical deficiencies including deferred maintenance, which may not warrant immediate attention, but require repairs or replacements which should be undertaken on a priority basis, taking precedence over preventive maintenance work within a one-year time frame.</p> <p>Included are physical deficiencies resulting from improper design, faulty installation, and/or substandard quality of original systems or materials. Components or systems that have exceeded their expected useful life and require repair or replacement within a one-year time frame are also included. Observed minor issues which would typically be addressed as normal operations & maintenance work may not be noted in the report.</p>

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

LONG-TERM CAPITAL EXPENDITURES	<p>Non-routine repairs, replacements or planned improvements that will require significant expenditure during the study period. Included are items that will reach the end of their estimated useful life or which, in the opinion of the engineer, will require such expense during that time. If saving for longer- term expenditures is desired, then allowances or contingencies for such items may also be included.</p> <p>Observed minor issues which would typically be addressed as normal operations & maintenance work may not be noted in the report.</p>
EXPECTED USEFUL LIFE (EUL)	<p>As components age, they wear and deteriorate at varying rates, depending on their service and exposure.</p> <p>Although it is an inexact science, various financial underwriters, data services and trade organizations publish guidance regarding the EULs of typical building materials and operating systems.</p> <p>For short-lived components, their EUL is used as the frequency between periodic repairs or replacements.</p> <p>Some systems' economic life may be shortened because improved equipment or materials has become available which is less costly to operate or maintain.</p>
REMAINING USEFUL LIFE (RUL)	<p>The simple equation for determining remaining useful life before repair or replacement is:</p> $\text{EUL} - \text{Age} = \text{RUL}$ <p>However, based on our evaluation of a component and our professional judgment, we may assign a shorter or longer RUL to actual items being considered.</p>

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas

BUILDING SYSTEMS AND COMPONENTS COMMON			
ACM	Asbestos Containing Material	HW	Hot Water
ACT	Acoustic Ceiling Tile	HWH	Hot Water Heater (domestic)
ADA	Americans with Disabilities Act	IBC	International Building Code
AHU	Air Handling Unit	IRC	International Residential Code
ASHRAE	American Society of Heating, Refrigeration and Air-Conditioning Engineers	KVA	Kilovolt-Ampere
ASTM	American Society for Testing and Materials	LF	Lineal Foot
BOCA	Building Officials Code Administrators International	MSL	Mean Sea Level
BTU	British Thermal Unit	NEC	National Electric Code
BTUH	British Thermal Unit / Hour	NFPA	National Fire Protection Association
CFM	Cubic Foot / Minute	MBH	Thousand British Thermal Units / Hour
CI	Cast Iron (piping)	MDP	Main Distribution Panel (electric power)
CIP	Cast In Place (concrete)	O&M	Operations & Maintenance
CMU	Concrete Masonry Unit (block)	OSB	Oriented Strand Board (sheathing or decking)
CPVC	Chlorinated Poly Vinyl Chloride (piping)	PCA	Property Condition Assessment
CW	Cold Water	PCR	Property Condition Report
DI	Ductile Iron (piping)	PE	Licensed Professional Engineer
EIFS	Exterior Insulating and Finishing System	PVC	Poly Vinyl Chloride (piping and siding)
EPDM	Ethylene Propylene Diene Monomer	PTAC	Packaged Terminal Air Conditioning Unit
EUL	Expected Useful Life	ROM	Rough Order of Magnitude
FCU	Fan Coil Unit	RUL	Remaining Useful Life
FEMA	Federal Emergency Management Agency	RTU	Roof Top Unit
FFE	Furniture, Fixtures and Equipment	SF	Square Foot
FHA	Forced Hot Air	SOG	Slab on Grade (concrete basement or ground floor)
FHAA	Fair Housing Act and Amendments	SQ	100 Square Feet
FHW	Forced Hot Water	SY	Square Yard
FIRM	Flood Insurance Rate Map	UBC	Uniform Building Code
FOIA	Freedom of Information Act	UL	Underwriters Laboratories
GFI	Ground Fault Interruption (circuit breaker)	VAC	Volts Alternating Current
GBW	Gypsum Wall Board (drywall or sheetrock)	VAV	Variable Air Volume box
HID	High Intensity Discharge (lamp, lighting fixture)	VCT	Vinyl Composition Tile
HVAC	Heating Ventilation and Air Conditioning	VWC	Vinyl Wall Covering

RESERVE STUDY

Clear Lake City Community Association, Clear Lake, Texas