

## Recommended Alternate Plan for Harvest Dance Updates

This plan is being proposed by a group of Harvest Dance owners as an alternative to the plan renovations proposed by the SCR HOA Board for addressing maintenance and updating work for the Harvest Dance Townhouse exteriors. This plan is being proposed as an alternative to the \$5 million plan proposed by the HOA Board that would need to be funded with each homeowner taking on approximately \$140,000 in new debt. This obligation would likely adversely affect the short term value and marketability of these units.

By contrast the alternative plan proposed here would be funded by drawing down the existing \$925,000 reserve to about \$300,000 and gradually building it back up. Key to this plan is that it would quickly renovate the exteriors to excellent condition, would quickly address any safety or insurance issues, and would also establish a prudent spend plan for the next 10 years. At the end of this 10 year period, the plan calls for reserves to have been built up to about \$800,000 while ensuring that assets are maintained in excellent condition.

This plan was developed using the inputs from a number of homeowners and from the walk around tour involving various Board members, other non-owners and two construction experts - contractor Ken Jern and property inspector Warren Pratt.

### A. Renovation Priorities

#### Priority 1

The highest priority items are those that are affecting basic building functionality and safety. These include:

- Windows and Sliding Doors
- Siding
- Pathway Lighting
- Deck Railings

#### Priority 2

The next highest priority items are those that are clearly in need of deferred maintenance but still are important to the basic functioning of these structures. These include:

- Front Doors (as required)
- Entryways
- Decks (front and rear)
- Pathway Pavement

#### Priority 3

The final priority are those items that might enhance the structures but are not essential. These include:

- Sod
- Wood Boxes

## B. Cost Estimates

While these numbers are not precise they have been developed using on the ground experience and information provided by Ken Jern/Warren Pratt. They need to be verified and competitively bid.

- window replacement. (per window) - \$600 purchase cost plus \$750 installation cost
- sliding door replacement. (per door and stationary panel) - \$2,000 purchase cost plus \$1,000 installation cost
- entryway; power wash, repair and stain. \$3,000
- deck; power wash, repair and stain. \$2,000
- railings
  - lower - remove deck railing (where approved) and repair structure, power wash and stain. \$4,000
  - upper - replace deck railing with new commercially-available materials, repair structure, power wash and stain. \$6,500
- replace door. \$1,500

## C. Proposed schedule

Windows and Sliding Doors - South and West exposure windows tend to be worn while North and East exposure windows are generally in good condition. Assuming that all of the South and West windows should be replaced in the near future and assuming they account for 50% of all the windows, this would imply a replacement cost of \$1,350/window times 95 windows for a total cost of \$128,250. The N/E windows are assumed to have a life of 10 more years and should be reserved for replacement at the rate of \$12,825 per year.

Siding - The same wear pattern as for the windows applies to the siding, but the siding is generally in serviceable condition and while in some spots requires board replacement and screw attachment. In most cases all that is required is cleaning and staining. With this in mind we propose \$25,000 per year repair/replacement for the first 2 years followed by an additional \$10,000 per year. This amount is in addition to the existing \$55,000 per year HOA maintenance assessment for routine cleaning and staining.

Pathway Lighting. Competitive bids for installing commercially available lighting and supports as needed. This work should be done over the next 24 months. Initial cost assessment is \$50,000 spread over 2019 and 2020.

### Deck Railings/Decks

Lower - Recommend removing the lower railings (where owners of given building agree) and making repairs at a cost of \$4,000 per unit. If owners of a given building prefer to keep a wooden railing this will have to be priced. Total cost of \$152,000.

Upper - Recommend replacing the upper railings with commercially available powder coated metal railings and commercially available safety lattice at a cost of \$6,500 per unit. Total cost of \$247,000.

Pathways - Estimate repairs at \$75,000 spread over 3 years.

Entryways - Estimate repairs at \$144,000 spread over 2 years.

Doors - Estimate \$1,500 per door, replacing 50% over 2 years.

#### D. Cash flow:

See attached schedule.

#### E. Summary:

Given the information provided by Ken Jern and Warren Pratt at the annual meeting walking tour it is clear that we can address the various issues with the Harvest Dance exteriors in a way that both ensures that important work is done quickly but also prevents needless spending and the potential for up to \$5 million in debt and depressing values of our units in the near term.

It is clear that almost all of the HD exterior components (except windows and railings) can be maintained rather than replaced. In the case of the siding, entryways and decks the experts tell us that the life of these items is likely to be greater than 20 years, or in their words “forever”.

What we propose is an approach that causes significant money to be spent and prioritizes this spending on the items of greatest importance first, but doesn't omit the lower priority items. While the numbers aren't exact we feel confident that an approach such as we propose coupled with a clearly defined maintenance regimen will ensure that the exteriors of these buildings are quickly brought up to an acceptable standard and will be maintained at this standard for the foreseeable future.

It was clear from our discussions with Ken Jern was that no matter what repairs/replacements are done we need a more rigorous maintenance regimen. We think it makes sense to go with Ken's recommendations on this, with more frequent maintenance on the southern/western exposures. Beyond this it was made clear that complex designs are likely to have short lives in the Jackson environment. It was also made clear that where there are excellent off the shelf solutions (powder coated railings and safety lattice, lighting, etc.). These should be employed wherever possible as the cost of custom solutions is exponentially higher. It was also made clear that much of what was proposed be replaced is entirely serviceable, but needs basic maintenance.

With these factors in mind we developed a model that calculates the cash flows over the next 10 years while ensuring that all known issues are addressed. We recommend that the Board should replace the current proposal with this proposal as it is just a much better fit for the Harvest Dance units. We believe this proposal will receive widespread support, will not impose enormous financial hardships on owners, and can be quickly implemented.