

**HARRISBURG ESTATES OWNERS ASSOCIATION
ADMINISTRATIVE POLICY RESOLUTION #11
RESERVE SCHEDULE**

WHEREAS, Section 4, Article V of the By-Laws gives authority to the Board of Trustees to manage the affairs of the Corporation; and Section 3, Article II of the By- Laws gives power to the Board of Trustees to create resolutions and other directives,

LET IT BE RESOLVED that the following items must be included with regard to the creation and maintenance of the Harrisburg Estates Owners Association 30-Year Reserve Schedule. The maintenance of Reserve Schedule will not only meet legal, fiduciary and professional requirements, it will also minimize the need for special assessments and will enhance resale values of the Members' properties. Accordingly, a reserve study must be created and maintained.

Reserve Schedule: The document that lists the common area components, described below, and the estimated costs to repair or replace these components over time. Additionally, the Reserve Schedule shall provide indicators showing whether or not sufficient funds are available from year to year to meet the estimated costs of component repair or replacement.

Reserve Study: There are two components of the reserve study:

- 1) Physical Analysis - The Board will provide for a study of the physical status and repair/replacement cost of the Association's major common area components. This consists of a component inventory, a condition assessment, and life and valuation estimates. A threshold valuation of \$500.00, including labor and/or related costs, is the determinant of what constitutes a major common area component.
- 2) Financial Analysis - This assesses only the Association's reserve balance or fund status to determine a recommendation for an appropriate reserve contribution rate (funding plan).

The reserve study is a financial summary. The format to be used in the reserve study is the "Full Funding" method. The goal of this full funding strategy is to attain and maintain the reserves at or near 100 percent. For example, if an association has a component with a 10-year life and a \$10,000 replacement cost, the reserve schedule should have \$3000 set aside to replace the component after 3 years, or \$7000 after 7 years, or \$10,000 after 10 years.

Investment Policy: To avoid the possibility of making risky investment decisions, the Board will review state laws related to reserves, review Association documents regarding reserves, consult with service providers such as an attorney and/or accountant and conduct yearly reserve policy reviews. Investments shall be guided by the following goals: A) Safety of Principal. B) Liquidity and Accessibility. C) Minimal Costs. D) Professional Management. E) Rate of Return.

Review of Schedule: The Reserve Schedule must be updated each year. Additionally, as the major common area components are either repaired or replaced, the Reserve Schedule must be updated to reflect the actual costs.

Misdirection of Funds: The Board of Trustees shall not use reserve funds for any purpose not stated in the Reserve Schedule, with exception for the following: The Board may authorize the temporary transfer of money from the reserves fund to the Association's Operating Funds account to meet short-term cash flow requirements of that account, providing that the Board has made a written finding,

**HARRISBURG ESTATES OWNERS ASSOCIATION
ADMINISTRATIVE POLICY RESOLUTION #11
RESERVE SCHEDULE**

recorded in the Board's minutes, explaining the reason for the transfer and describing when and how the money will be repaid to the reserve fund.

Non-Revocable: The Reserve Schedule is non-revocable. The responsibility for implementing and maintaining the Reserve Schedule belongs to the Board of Trustees, and a set of guidelines for use in meeting this responsibility must be in place for the use of future Board members.

Accountability: - The Appointed Treasurer, or the Park Manager, shall furnish a complete accounting of the Reserve Schedule to the Members at their annual meeting in March of each year.

Recorded in the Book of Resolutions on January 30, 2002 (original signed by Janet Huber, President Board of Trustees, Harrisburg Estates Owners Association)
Updated: Gary Blanchette, President HEOA, 03/10/2014

Updated: September 17th, 2016



Jeff Carter, President HEOA