

2022 Final Reserve Study Report

Crosswinds

**Property Manager: Atlantic States Management
4 Pensacola Dr.
Hilton Head Island, SC 29928**

For the period

From: January 1, 2022

To: December 31, 2031



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INTRODUCTION

History of Crosswinds

Crosswinds was developed in 1999 and built by BA Crosswinds LLC. It is a small tract of land that has 67 owners of residential houses, pool area, deck area, gates and fences that surround the tract.

Crosswinds is one of the most beautiful tracks of land on Hilton Head and the property owners association strives to maintain a balance with development and the natural surroundings.



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December 05, 2021

Crosswinds
c/o Atlantic States Management
4 Pensacola Dr.
Hilton Head Island, SC 29928

Attn.: David Howard

Re: 2022 Reserve Study Draft

Dear Mr. Howard:

As authorized, this reserve study report has been prepared for Crosswinds located on Hilton Head Island, South Carolina. A summary of our recommendations and findings can be found on the next page.

Based on the field inspection made of the property, our professional experience and subsequent discussions with various contractors and construction industry personnel, we have prepared a schedule of our findings. Section two of the report titled **“REVIEW”** shows in graph form the reserve schedules we have calculated and should give you a better understanding of the numbers.

In this report we have taken two approaches to calculating the 2020 reserve contribution amount. Section three-titled **“SCHEDULE”** uses straight line accounting method. This schedule will give you the recommended 2020 straight-line contribution amount.

Section four-titled **“CASH FLOW”** calculates the annual contribution amount based on a thirty-year positive cash flow. The total recommended 2020-contribution amount using this method is based on pooling all the reserve funds and creating one general reserve fund. For further explanation of these two funding methods, please refer to page 7.

Thank you for allowing my Company the opportunity of serving you. Upon your review of this report, should there be any questions, please do not hesitate to contact me.

Respectfully submitted,

Robert J. Baroni
President

RESERVE STUDY SURVEY INTRODUCTION

Purpose

The updated Reserve Study is an excellent tool for evaluating and establishing a stable level of reserve funding. Not only do such studies ensure adequate funds for long term maintenance of common areas but they are also a means of fairly distributing the costs of future repairs.

Scope

The scope of our reserve study included interviews with management personnel, the visual examination of all in their entirety and the removal and replacement of same, as required, to determine conditions, a report detailing our findings, conclusions and recommendations.

General

The recommendations submitted for the reserve study are based on available information, our test data, and drawings furnished. The observations and recommendations present in the report are time dependent, and conditions will change. The information contained in this survey reflects the condition at the time this survey was conducted. These findings may change as a result of continued weather exposure. This information is intended for the use of our client. ACCI will not be responsible for conclusions drawn from this survey by other parties. If deviations from the noted conditions are encountered during the remedial application, they should be brought to the attention of ACCI.

ACCI warrants that these findings have been developed after being prepared in accordance with generally accepted practices of the construction industry. No other warranties are implied or expressed.

When replacement or renovation is considered, it is recommended that ACCI, be provided the opportunity to prepare the specifications so that the work and recommendations may be properly interpreted and implemented. At that time, it may be necessary to submit supplementary recommendations.

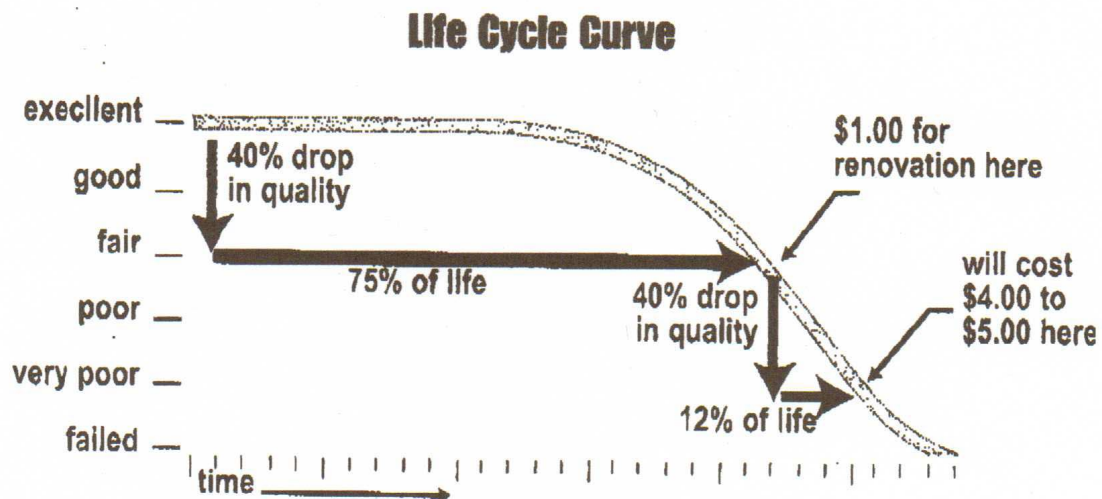
This report has been prepared for the exclusive use of Crosswinds Board.

Many buildings reflect the personality of the owner. Some exhibit a progressive design, using modern styles and materials that are on the cutting edge in terms of technology and their relationship with the environment; others are more traditional, standing as a testament to history and a more conservative past. However, no matter what type of building you are responsible for maintaining, the structure's life cycle and requirements for maintenance, upkeep and repairs can be predicted.

Buildings are composed of many different systems, such as HVAC and lighting systems, control interior environments and have a fairly predictable life cycle that depends on the reliability of the equipment comprising the system. A building's structural systems are also predictable in that they re designed and constructed with reasonable safety factors to accommodate loading and to offer protection from the environment.

In comparison a building's exterior systems are more environmentally dependent, subject to wind, rain, temperature extremes, chemicals and pollutants, and other forces of nature. They are also affected by other factors that cause deterioration such as poor construction detailing and construction defects. All of these forces and factors erode protective coatings, crack exterior materials, and allow water and environmental elements to enter a building. Even so, we can still predict the life cycle of a building's material systems, and provide preventative maintenance that will prolong service life and improve performance.

The life cycle graph (below) depicts the condition of a building system relative to its age. The curve can represent the deterioration of a number of building's systems, such as roofs, exterior walls, pavements, parking garages and decks. A basic understanding of the construction of these systems allows us to make a reasonable prediction of their performance and failure.



In the graph, the slope of the system condition curve is a function of the rate of deterioration of the system over time. Very few building exterior systems have a constant, or straight line deterioration curve. Normally, the rate of deterioration increases with time,

causing much more rapid deterioration in later years. As the rate of deterioration increases, so does the cost to repair. Maintenance performed at the right time can extend the need to expend a significantly greater cost for maintenance, pushing the performance curve to the right. An effective facility management system can program repairs at the right time to reduce the overall life cycle cost of maintaining the system.

Since building's exterior systems are constantly exposed to the sun, wind, rain, and thermal movement, over time the materials that make up the systems deteriorate to the point that major repairs are needed to maintain the integrity of the systems. The major economic factor confronting an owner who is responsible for maintaining the building involves deciding when and where to spend the maintenance dollars to get the most service life from the building's systems.

The building's exterior envelope systems consist of various components (Roofs, exterior wall systems, doors, windows and balconies) that are in place primarily to keep out water and the effects of the weather. The variety of materials, encountered in these systems is widely diverse and includes glass, stone, concrete, mortar, asphalt, plastics, metals, and composite materials, among others.

The long term budget wise approach to managing these systems successfully is to break down the systems into manageable components, periodically assess the condition of the systems, and develop long range repair plans for each system.

From past experience with many building exterior systems, the service life of these systems can be much different from the service life of the building. By routinely checking the performance of the building's exterior, the maintenance and repairs necessary to extend the life of the building's systems can be done on a timely, cost effective basis.

Effective building exterior maintenance is a combination of maintaining good record keeping and applying a small amount of effort at regular intervals over the life of a building. Whether the maintenance is provided solely by the owner or contractor assisted, attention to maintenance will help the owner monitor the building's performance, locate its position on the life cycle curve and reduce the overall expenditures.

EXTERIOR STRUCTURE		EXTERIOR WALL SYSTEMS	
Typical Service Life of System: Moderate Climate – 30 to 40 years		Typical Service Life— 20 to 30 Years	
Cold Regions (Chloride Environment) – 15 to 25 years			
Major Repairs	Service Life	Major Repairs	Service Life
Delamination Repair (Concrete)	10 to 15 years	Tuckpointing (Masonry)	10 to 15 years
Sealant Application	5 years	Sealant Application (Masonry)	5 years
Coating Application	10 years	Sealant Replacement	5 to 10 years
Overlays	5 to 10 years	Coating Application	10 years
Membrane Replacement	15 to 20 years	Replace Flashings	15 years
Deck Replacement	25 to 40 years	Crack Injection	15 years
Cathodic Protection	20 years	Concrete Patching	15 years

SUMMARY OF RESERVE COMPONENTS

- ***Paving- .08 miles***

The Owner Association must maintain .08 miles of asphalt roads. The road low usage when determining useful life cycle is very high.

Low Life Typical Useful Life	Remaining Useful Life	11,000 sq. yds. Maintenance	Cost Based on milling road at time of Replacement
31-36 years	16-18 years	\$17,000	\$221,000

- ***Drainable Pavers Road Area***

3 Areas at approximately 3,200 sq. ft.

Expected Useful Life	Remaining Useful Life	Replacement Cost
30 years	16-18 years	\$46,125

- ***Curbing – 1.7 miles***

Curbing is curb and gutter profile and is in good shape

Useful Life	Remaining Useful Life	Replacement Cost
45 years	31-35 years	\$290,000

- ***Entrance***

Stucco wall and 10 stucco columns/fence condition good.

Expected Useful Life	Remaining Useful Life	Cost
25 years	16 years	\$32,000

- **Gates- Exit/Entrance/Keypad**

The gates ate hydraulic arm gates spent \$16,000.

Useful Life	Remaining Useful Life	Cost
30 years	15 years	\$39,000

- **Deck**

Benches & Rails – Fair condition – 600 lin. ft.

Useful Life	Remaining Useful Life	Replacement Cost
22 years	6 years	\$24,000

Walkway & Deck – Aluminum – 300 lin.ft.

Useful Life	Remaining Useful Life	Replacement Cost
45 years	35 years	\$197,000

Sidewalk – Leading to Deck and Pool – 200 ft x 5 ft

Useful Life	Remaining Useful Life	Replacement Cost
30 years	24 years	\$6,200

- **Fence – 497 sections nine feet wide**

This fence is located across the front and down the side

Useful Life	Remaining Useful Life	Replacement Cost
28 -30 years	Varies 11 - 18 years	\$245,000

- **Pool Section**

Building – Needs minor repairs but no major work

Useful Life	Remaining Useful Life	Cost
35 years	25 years	\$23,975

Bathroom – sink/toilets/lighting

Useful Life	Remaining Useful Life	Replacement Cost
25 years	15 years	\$6,500

Trellis – minor repairs painting (900)

Useful Life	Remaining Useful Life	Maintenance Cost
20 years	10 years	\$5,000

Fences

Useful Life	Remaining Useful Life	Maintenance Cost
18 years	12 years	\$4,190

Gate

Useful Life	Remaining Useful Life	Maintenance Cost
12 years	7 years	\$850

Shell

Useful Life	Remaining Useful Life	Cost
12 years	7 years	\$14,000

Deck

Useful Life	Remaining Useful Life	Cost
10-12 years	8 years	\$2,500

Equipment

Useful Life	Remaining Useful Life	Cost
7-10 years	5 years	\$5,000

Summary of Recommendations & Findings

1. General Information

Property Name:	Crosswinds		
Property Location:	Hilton Head Island, South Carolina		
		Report Run Date	12/05/2021
Property Type:		Budget Year Begins:	01/01/2022
Report Run Version:	1	Budget Year Ends:	12/31/2031

2. Report Findings

Total number of categories set up in reserve schedule:	7
Total number of components scheduled for reserve funding:	17
Total current cost of all scheduled reserve components:	\$618,388
Estimated Beginning year Reserve Balance:	\$130,343
Total number of components scheduled for replacement in the 2022 budget year:	17
Total cost of components scheduled for replacement in the 2022 budget year:	\$60,105

3. Straight Line Reserve Funding Plan Analysis

(Refer to Section 3 "SCHEDULE")

Current Annual Reserve Funding Contribution Amount:	\$24,000 per year
Recommended Annual Reserve Funding Contribution Amount:	\$39,000 per year

Recommend increase Annual Reserve Funding Contribution 5% per year

Cash Flow (Starting at \$24,000)

CROSSWINDS					
Cash Flow Chart 2022					
With Additions Starting at \$24,000					
	INFLATION RATE	1.09%			
	EARNINGS RATE	0.65%			
	ANNUAL ADDITIONS	24,000	Increased at 5% per year		
YEAR	BOY	ADDITIONS	EARNINGS	DELETIONS	EOY
2022	130,343	24,000	8,472	60,105	102,710
2023	102,710	25,200	6,676	60,760	73,826
2024	73,826	26,460	4,799	61,422	43,663
2025	43,663	27,783	2,838	62,092	12,192
2026	12,192	29,172	792	62,769	(20,612)
2027	(20,612)	30,631	(1,340)	63,453	(54,774)
2028	(54,774)	32,162	(3,560)	60,943	(87,115)
2029	(87,115)	33,770	(5,662)	61,607	(120,615)
2030	(120,615)	35,459	(7,840)	62,279	(155,274)
2031	(155,274)	37,232	(10,093)	62,958	(191,093)

CASH FLOW (Start at \$39,000)

CROSSWINDS					
Cash Flow Chart 2022					
With Additions Increased Starting at \$39,000					
	INFLATION RATE	1.09%			
	EARNINGS RATE	0.65%			
	ANNUAL ADDITIONS	39,000	Increased at 5% per year		
YEAR	BOY	ADDITIONS	EARNINGS	DELETIONS	EOY
2022	130,343	39,000	8,472	60,105	117,710
2023	117,710	40,950	7,651	60,760	105,551
2024	105,551	42,998	6,861	61,422	93,987
2025	93,987	45,147	6,109	62,092	83,152
2026	83,152	47,405	5,405	62,769	73,193
2027	73,193	49,775	4,758	63,453	64,272
2028	64,272	52,264	4,178	60,943	59,771
2029	59,771	54,877	3,885	61,607	56,926
2030	56,926	57,621	3,700	62,279	55,968
2031	55,968	60,502	3,638	62,958	57,150

Spending Chart 2022 Today's Cost

CROSSWINDS											
10 YEAR LIFE CYCLE CHART 2022											
Major Components	Cost of Maintenance/Repairs at Today's Dollar										
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
Roads											0
Paving	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	120,000
Driveable Pavers	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	22,000
Curbing	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	81,000
Entrance											0
Stucco Wall inc. Fence	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Gates	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	24,000
Ponds inc. Seawall											0
Deck/Boardwalk											0
Rails	4,000	4,000	4,000	4,000	4,000	4,000	1,000	1,000	1,000	1,000	28,000
Walkway	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	62,000
Sidewall/Roof/Walkway	275	275	275	275	275	275	275	275	275	275	2,750
Fence Perimeter	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	140,000
Pool Area											0
Building	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,000
Bathroom	300	300	300	300	300	300	300	300	300	300	3,000
Trellis	500	500	500	500	500	500	500	500	500	500	5,000
Fence	300	300	300	300	300	300	300	300	300	300	3,000
Gate	110	110	110	110	110	110	110	110	110	110	1,100
Shell	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	15,000
Deck	320	320	320	320	320	320	320	320	320	320	3,200
Equipment	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10,000
Total	60,105	60,105	60,105	60,105	60,105	60,105	57,105	57,105	57,105	57,105	589,050

Spending Plan 2022 1.09% Inflation

CROSSWINDS											
10YEAR LIFE CYCLE CHART											
Major Components	Cost of Maintenance/Repairs at 1.09% Inflation										TOTAL
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Roads	0	0	0	0	0	0	0	0	0	0	0
Paving	12,000	12,131	12,263	12,397	12,532	12,668	12,806	12,946	13,087	13,230	126,060
Driveable Pavers	2,200	2,224	2,248	2,273	2,297	2,323	2,348	2,373	2,399	2,425	23,111
Curbing	9,000	9,098	9,197	9,298	9,399	9,501	9,605	9,710	9,815	9,922	94,545
Entrance	0	0	0	0	0	0	0	0	0	0	0
Stucco Wall inc. Fence	5,000	5,055	5,110	5,165	5,222	5,279	5,336	5,394	5,453	5,512	52,525
Gates	2,400	2,426	2,453	2,479	2,506	2,534	2,561	2,589	2,617	2,646	25,212
Ponds inc. Seawall	0	0	0	0	0	0	0	0	0	0	0
Deck/Boardwalk	0	0	0	0	0	0	0	0	0	0	0
Rails	4,000	4,044	4,088	4,132	4,177	4,223	1,067	1,079	1,091	1,102	29,003
Walkway	6,200	6,268	6,336	6,405	6,475	6,545	6,617	6,689	6,762	6,835	65,131
Sidewall/Roof/Walkway	275	278	281	284	287	290	293	297	300	303	2,889
Fence Perimeter	14,000	14,153	14,307	14,463	14,620	14,780	14,941	15,104	15,268	15,435	147,070
Pool Area	0	0	0	0	0	0	0	0	0	0	0
Building	1,000	1,011	1,022	1,033	1,044	1,056	1,067	1,079	1,091	1,102	10,505
Bathroom	300	303	307	310	313	317	320	324	327	331	3,152
Trellis	500	505	511	517	522	528	534	539	545	551	5,253
Fence	300	303	307	310	313	317	320	324	327	331	3,152
Gate	110	111	112	114	115	116	117	119	120	121	1,156
Shell	1,500	1,516	1,533	1,550	1,566	1,584	1,601	1,618	1,636	1,654	15,758
Deck	320	323	327	331	334	338	342	345	349	353	3,362
Equipment	1,000	1,011	1,022	1,033	1,044	1,056	1,067	1,079	1,091	1,102	10,505
Total	60,105	60,760	61,422	62,092	62,769	63,453	60,943	61,607	62,279	62,958	618,388