

## Section 9

### **Finance Policies and Procedures**

**Purpose:** The purpose of Section 9 is to define the objectives, account structure, account funding, and general finance processes for the Association, including the Board and Committees.

**Applicability:** This Section replaces all previous Association Finance and Reserve Fund policies and procedures. This Section shall remain in effect until amended or replaced by Board action.

**Policies and Procedures:** This Section is divided into a General section on Association accounts, standards, and approvals and three Policy and Procedure sub-sections:

- Section 9.0 General Finance Policies
- Section 9.1 Association Finance Procedures and Accounting
- Section 9.2 Architectural Review Committee (ARC) Finance Policy and Procedures
- Section 9.3 Reserve Fund Finance Policy and Procedures

#### **Section 9.0 General Finance Policies**

**Objectives:** To responsibly manage the monies and accounts of the Association and make financial decisions in the best interests of the Association and in accordance with the Uniform Prudent Investor Act, Section 2, Standard of Care; Portfolio Strategy; Risk and Return Objectives. The Board of Directors of the Association shall set aside and manage capital contributions from the Owners' annual assessments for major maintenance and repair of common property in a Reserve Fund; and maintain this Reserve Fund such that investment returns are exempt as taxable income to the Association in accordance with IRS regulations.

**General Policy:** All Association personnel and charged parties including the Association Board of Directors, the Finance Committee, and the Architectural Review Committee, and agents thereof shall act in a prudent, responsible manner, and in the interest of the Association. Expenditures for subdivision road maintenance and repair are not mandated in the Covenants, Conditions, Easements, and Restrictions (Covenants), but are discretionary for the Association. The initial paving of roads, including construction of the existing gravel roads, was done by the then-developer. The initial paving of the remaining unpaved gravel roads, and similar improvements, by the Association, are neither mandated by the Covenants nor contemplated by Section 9, or any other of the Policies and Procedures of the Association.

**Revisions to this Policy:** The Finance Policies of the Association are embodied in Sections 9.0, 9.1, 9.2, and 9.3 of this document, and can only be amended or otherwise changed by appropriate action of the Board in consultation with the Covenants and Rules Committee as required by Section 1 of the Association Policies and Procedures. The Appendices to this Section 9 are not policies, and can be revised or changed from time to time by appropriate actions of the Board in consultation with the Treasurer, the ARC, Finance, or Road Committee as appropriate.

## Section 9.1 Association Finance Procedures and Accounting

Purpose: The purpose of this Section is to define the account structure, account funding, and general finance processes for the Association.

Accounts: Bank and Brokerage Accounts maintained by the Association:

Alpine Bank # \*\*\*\*3891 - Principal Association Operating Acct - Checking  
 Alpine Bank # \*\*\*\*3951 - Road Fund Operating Acct – Checking  
 Alpine Bank # \*\*\*\*3185 - Architectural Conformance/Rental Deposit Account (Ref Section 9.2)  
 Vanguard Acct # \*\*\*\*4777 -Reserve Fund - Mutual Funds, Vanguard Short-Term Investment-Grade Fund Admiral Shares (VFSUX)

Policy and Process:

1. The Association Board of Directors and its agents shall conduct financial matters, contract for accounting services, make investment decisions, and take action as necessary, acting in a prudent and responsible manner and in the proper interests of the Association.
2. According to Article IX, Section 2, of the Association Bylaws, the Association shall have a Finance Committee consisting of the Chair, who shall be the Treasurer of the Association, and at least two more members appointed by the Board. The Committee shall assist the Treasurer and the Board to assure sound Association accounting practices and controls, to formulate and make recommendations to the Board of investment guidelines for managing the investments pursuant to guidelines approved by the Board, assist the Treasurer in preparing the Annual Budget, prepare forecasts of funds necessary to maintain the roads and other projects over the long term, and determine dues required to meet projected long-term needs including but not limited to road maintenance.
3. An Annual Budget shall be prepared by the Treasurer in consultation with the Finance Committee. The Annual Budget shall be reviewed and approved by the Board. The Treasurer may solicit input from the Association's Committees and members in preparing the Annual Budget. The Treasurer shall post the proposed Budget on the Association's website as part of the budgeting process. The Annual Budget shall be presented to the Members during the Winter Member Meeting, normally held in late January each year.
4. All Association Bank and Brokerage Account balances and major account activity, including investment results, shall be reviewed with Members during the Semi-Annual Meetings
5. Reserve Fund: The Reserve Fund contribution shall appear as a separate line item in the Association's annual budget. Reserve Fund monies shall not be expended for general expenses or road operations expenses. The Reserve Fund shall be expended for replacement or major repair of Association assets such as roads. However, to cover an emergency or a significant and unanticipated expense, the Board may, by resolution and a properly executed note, borrow money from the Reserve Fund; the resolution shall include a plan and timetable for repaying the loan with interest, as required by the IRS, within twelve (12) months. The Board may extend such a loan by Resolution.
6. Funds due the Association are collected by the Association's designated agent(s)—currently Mountain Mansion Management, located in Ridgway, CO—and deposited to the Association's Alpine Bank Principal Operating Account (Checking).

7. Funds shall be disbursed from the Operating Account for ongoing operating expenses.
8. As needed each year, the Board shall determine the total monies to be deposited to the Road Fund Operating Account.
9. The flowchart shown in Appendix I of this policy describes the account structure, account funding, and general finance processes for the Association, and may be changed from time to time by the Board as appropriate.
10. All checks and promissory notes exceeding \$3,000 from any account must be co-signed, or approved by written documentation by at least two Board members. In such cases where electronic fund transfer should be utilized, Mountain Mansion Management must have e-mail approval from authorized Board members prior to any transfer.

## **Section 9.2 ARC Finance Policy and Procedures**

Purpose: The purpose of this policy is to define the objectives, account structure, account funding, and general finance processes for the Association Architectural Review Committee (ARC).

Applicability: This policy replaces all previous Association ARC finance-related policies. This policy shall remain in effect until amended or replaced by a duly approved Policy.

Accounts: The following Association Bank accounts are part of this Policy and Process:

Alpine Bank # \*\*\*\*3951 - Road Fund Operating Acct - Checking  
 Alpine Bank # \*\*\*\*3185 - Architectural Conformance Acct/RentalDepositAcct - Checking  
 Alpine Bank # \*\*\*\*3891 - Principal Association Operating Acct - Checking

Objectives: To define the flow of monies in bank accounts maintained by the Association to support ARC operations and deposits from rental operators. To responsibly manage the monies and accounts of the Association and make decisions in the best interests of the association.

### Policy and Process:

1. The ARC reports to the Board and is subject to Board oversight.
2. The ARC and its agents shall conduct financial business in support of ARC operations in accordance with ARC procedures and acting in a prudent, responsible manner and in the interests of the Association.
3. ARC fees and deposits shall be collected by the ARC Chairperson, ARC Administrative Secretary, or other designated person who shall deposit or cause these funds to be deposited to the ARC Conformance Account listed in the above table.
4. The Fees and Deposits for each project may change from time to time and include:
  - Construction Conformance Deposit - Partially or fully refundable per ARC rules. (Deposited to ARC Conformance Account.)
  - Contractor Conformance Deposit - Partially or fully refundable per ARC rules. (Deposited to ARC Conformance Account.)
  - ARC Administrative and Service Fee – **Non-refundable**. (Applied to Principal Operating Account.)

- Subdivision Road Impact Fee – **Non-refundable**. (Applied to Road Fund Operating Account.)
5. ARC Fees and refundable deposits shall be collected early in the project and shall be paid in full before a building permit is issued.
  6. A check for the Road Impact Fee shall be cut from the ARC Conformance Checking Account and deposited into the Road Fund Operating checking account to be used for ongoing maintenance of subdivision streets.
  7. Conformance Deposits shall be returned to the project in accordance with ARC procedures. Retention of partial deposits with the objective of returning funds at a later date (e.g., project completion of landscaping after Certificate of Occupancy) shall be avoided. The ARC shall notify the Board of any unclaimed conformance deposits, or deposits to be forfeited, and turn over information for final disposition by the Board.
  8. The ARC Administrative and Service Fee shall be deposited to the Association's Principal Operating Account. These funds shall be used for the Association's general operating expenses.
  9. Any fines or retained deposits (deposits not returned for conformance issues or penalties) shall be deposited to the Association's Principal Operating Account. These funds shall be used for the Association's general operating expenses.
  10. ARC expenses shall be paid from the Association's Principal Operating Account. The ARC Chair and the Board President or Treasurer shall approve ARC expense payments.
  11. In spreadsheet format or similar method, the ARC Committee shall maintain an ongoing accounting for all active projects noting date and amount of deposits and fees paid, penalties, and fines, funds disbursed to Road Fund Operating checking account, and conformance deposits returned.
  12. The flowchart shown in Appendix II of this policy describes flow of monies in bank accounts maintained by the Association to support ARC operations. Appendix II may be changed from time to time by the Board as appropriate.

### **Section 9.3 Reserve Fund Finance Policy and Procedures**

**Purpose:** The purpose of this policy is to provide direction for management of the monies to be used for major maintenance and repair of subdivision roads and common property. These monies shall be maintained in the Association's Reserve Fund.

**Reserve Fund Account:** The Association's Vanguard Account # \*\*\*\* 4777 is the Reserve Fund investment account. The account currently consists of the following, and may be changed upon recommendation by the Finance Committee to the Board from time to time as conditions dictate.

Vanguard Short-Term Investment-Grade Fund Admiral Shares (VFSUX)

**Objectives:** To responsibly manage the monies and accounts of the Association and make financial decisions in the proper interests of the Association. To set aside and manage capital contributions from the Owners' annual assessments for major maintenance and repair of subdivision roads and common property, in a reserve fund; and, maintain this fund such that investment returns are exempt as taxable income in accordance with IRS regulations. To manage the investment allocations in order to provide a prudent return, and based on the time horizon for expenditures. Expenditure plans shall be supported by appropriate plans and studies, such as road maintenance reserve fund studies.

Policy and Process:

1. The Association's Finance Committee and its agents shall conduct financial matters, make recommendations to the Board, implement Board decisions, and take appropriate and timely action in a prudent and responsible manner, and in the proper interests of the Association.
2. Studies shall be made and periodically updated to support the Reserve Fund planning process. Studies shall include, but not be limited to:
  - a. Study of needs for, and cost thereof, relating to improvements, construction, repair, and maintenance of roads and common areas the subdivision.
  - b. Time horizon and cost for maintenance of the roads and common areas.
  - c. Adequacy of the investment options, management fees and costs, water assets, and performance along with the proper allocation of invested monies.
3. Report and make recommendations to the Board as appropriate for prudent management of the Reserve Fund.
4. Implement any and all actions as directed by the Board.
5. The following documents and procedures are appended to this policy and will be updated from time to time by appropriate actions of the Finance and/or Road Committee and the Board.
  - a. Appendix III, Road Maintenance and Assets Reserve Fund Study and Current Percent Allocation and Recommendations
6. The Finance Committee shall meet as often as needed at the call of the Treasurer, but not less than quarterly.
7. The Finance Committee shall prepare a report and make recommendations to the Board regarding the Reserve Fund not less than once per year with a target of February-March and/ or August-September.
8. As part of the Annual Budget process, the Finance Committee shall make a recommendation for budget amounts to the Reserve Fund to meet planned expenditures.

**Appendices:**

- |              |   |
|--------------|---|
| Appendix I   | Flowchart describing the account structure, account funding, and general finance processes for the Association. |
| Appendix II  | Flowchart describing the account structure and flow of monies to support ARC operations.                        |
| Appendix III | Road Maintenance and Assets Reserve Fund Study  |

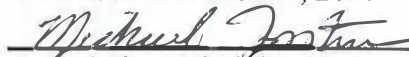
Adopted September 17, 2007

Amended June 9, 2009

Amended January 13, 2010

Amended November 14, 2011

Amended December 1, 2017


  
 Association Administrator

**APPENDIX I**

**Flowchart Describing the Account Structure, Account Funding, and General Finance Processes for the Association**

**Flowchart**

**\$ IN**

Lot Owner Annual Dues, Fines collected, Special Assessments, profits from sale of properties, etc. **Note:** For ARC deposits and fees, see Section 9.2

Association Operating Account  
Alpine Bank Acct # 3891

At the direction of the Board, in Feb. and Sept. the Designated Agent deposits the budgeted contribution per lot for lot dues paid (e.g. \$50 per lot in 2017), plus any special assessments (if any) collected during the prior period.

Pays General Expenses: Legal, Administration and Compliance, Insurance, Supplies, Utilities, Taxes, Other.

Road and Reserve Funds  
  
(Split by BOD considering recommendation from Finance Committee. Action for Feb. and Sept. BOD meetings.)

Reserve Fund Vanguard Investment Account # 4777	Road Operating Account Alpine Bank # 3951 Operations & Maintenance Expense
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Vanguard Short Term Investment Grade Fund-Admiral Shares (VFSUX)  
Fund Allocation per Sec. 9.3  
Funds dedicated to subdivision road and common property improvements and assets.  
Spending as directed and approved by BOD with input from Road and Finance Committees

Snowplowing  
Crack Sealing  
Weed Control  
Other required maintenance  
Signage/Miscellaneous  
Spending per annual budget by Road Committee, with oversight by Finance Committee and BOD

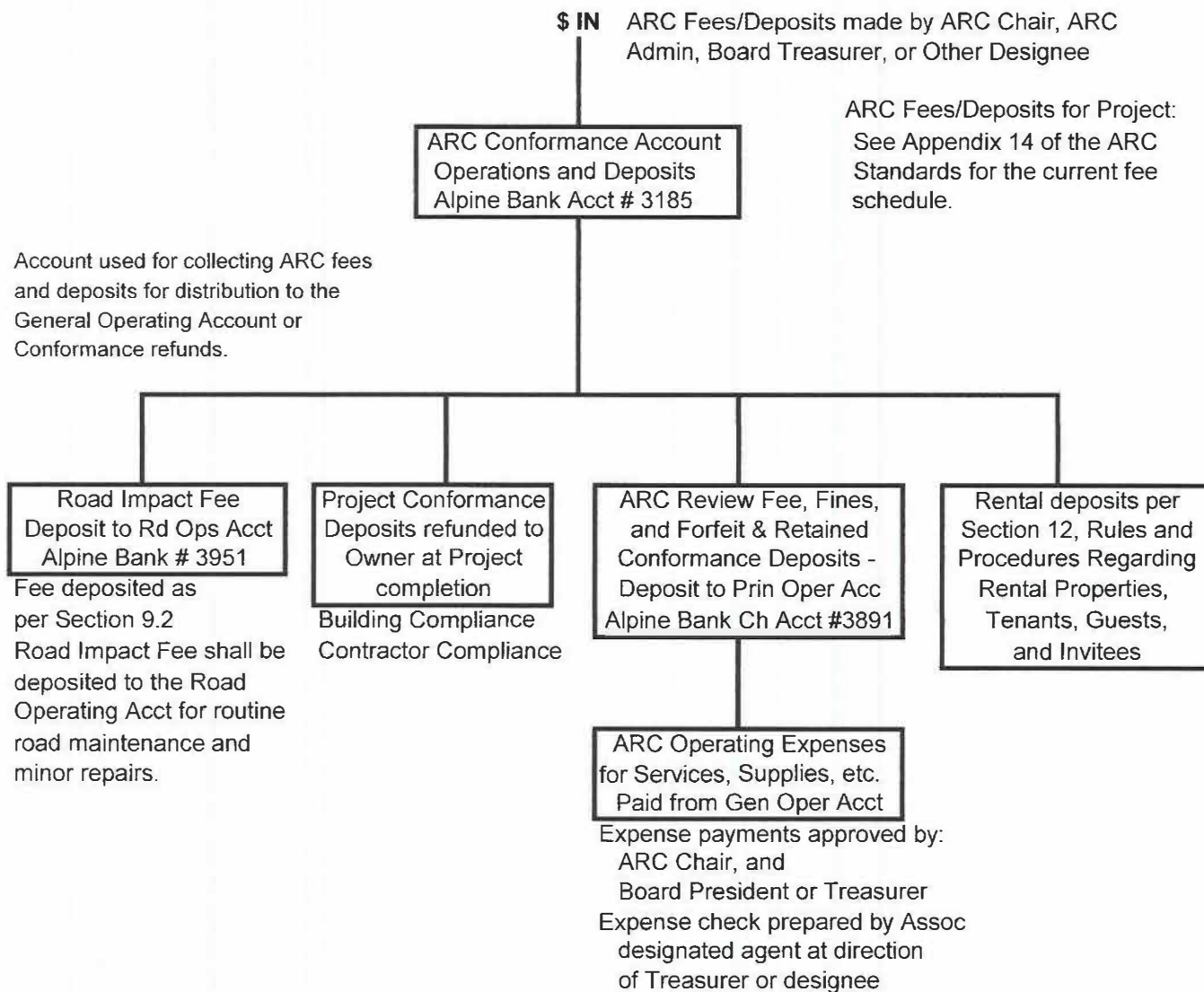
*Revised, May 2017*

APPENDIX II

Flowchart Describing the Accounts and Flow of Monies to Support ARC Operations

Section 9.2 - ARC Finance Policy and Procedures

FLOWCHART



## APPENDIX III

**Fairway Pines**  
**Road Maintenance and Assets Reserve Fund Study**  
**December 2009**  
**Revised November, 2017**

A Reserve Fund for the major maintenance and repair of roads in Fairway Pines was initially established in 1998. The money is held in an account at Vanguard Funds. This study estimates the future cost for major road maintenance over the next 17 years (2017-2033) and provides an estimate of the annual Reserve Fund contributions required to meet future needs and major maintenance costs.

Until maintenance and repair of existing roads may be accepted for maintenance and repair by Ouray County or any other entity or entities, the Association intends to plan for and perform maintenance and repair of existing paved roads, as well as status quo gravel maintenance of existing gravel roads.

In 1994, 1999, 2000 and 2005, the developer at the time constructed and paved most of the roads as noted in the listing below, but five roads, or parts thereof, were left with a gravel surface and with roadbeds not meeting County Standards. Regardless, the Association elected to undertake the necessary maintenance and repair of all roads in Fairway Pines in 1998 when an initial reserve fund was established, and dues were allocated to perform major maintenance in the future. However, the Association has never elected to do the initial paving of unpaved roads, and such election is not currently contemplated by the Association.

In 2012, major resurfacing (chip-seal) was completed for most of the Phase 1 & 2 roads within the community. Phase 3, with several additions from Phase I and 2 that were not deemed to need initial resurfacing, are currently scheduled for chip-sealing in the summer of 2020.

Phase 4 streets currently have a gravel surface, and while maintained by the Association, no scheduled date for upgrading to paved status is known, as they remain mostly undeveloped. Information on Phase 4, and that of Phase 5, is for reference purposes only. As noted above, the Association performs normal maintenance (i.e. snowplowing, grading and gravel application) on Phase 4.

Specific Road Background/Information

The actual linear feet (LF) and square yards (SY) for each road was recalculated and updated based on Filings and Plat Map specifications.



Phase	Road Name	Date Paved by Developer	Date Chip-Sealed	Next Scheduled Chip-Seal	Approx. LF/SY
1.	(Primarily Filings 1 & 2)				
	a. Marmot Drive	1994	2012	2023	12,084 LF/29,539 SY
	b. Marmot Court	1994	2012	2023	268 LF/1,356 SY
	c. Whitetail Lane	1994	2012	2023	975 LF/3,037 SY
	d. Antler Court	1994	2012	2023	281 LF/1,497 SY
	e. Antler Place	1994	2012	2023	597 LF/2,198 SY
	f. Woodchuck Place	1994	2012	2023	1,039 LF/3,182 SY
	g. Gopher Court	1994	2012	2023	417 LF/1,800 SY
	h. Pika Lane	1994	2012	2023	559 LF/1,242 SY
	i. Puma Lane	1994	2012	2023	1,573 LF/4,367 SY
2.	(Primarily Filings 3 & 4)				
	a. Bear Cub Drive	1999	NA	2020	2,643 LF/5,873 SY
	b. Red Fox Lane	1999	2012	2023	513 LF/1,141 SY
	c. South Badger Trail	1999	2012	2023	4,037 LF/8,971 SY
	d. North Badger Trail	2000	2012	2023	3,850 LF/8,555 SY
	e. Divide Ranch Circle	2007	2012	2023	1,020 LF/1,360 SY
	f. Coyote Court	2000	NA	2023	396 LF/880 SY
	g. Marten Court	2000	NA	2023	332 LF/909 SY
3.	(Various Filings)				
	a. Hummingbird Trail	2005	NA	2020	1,857 LF/4,998 SY
	b. Cottontail Lane	2005	NA	2020	3,099 LF/7,759 SY
	c. Black Bear Way	2005	NA	2020	630 LF/1,400 SY

4. (Unpaved gravel roads in platted/un-platted status. Filings are varied and no data is available when further improvements will occur).

	a. Pronghorn Lane	Gravel	NA	NA	1,167 LF/2,593 SY
	b. Cougar Trail	Gravel	NA	NA	137 LF/304 SY
	c. Bobcat Court	Gravel	NA	NA	600 LF/1,334 SY
	d. Lynx Lane	Gravel	NA	NA	838 LF/2,734 SY
	e. Bear Cub Drive (Small Section @ Red Fox Lane and Bear Cub Drive)	Gravel	NA	NA	262 LF/582 SY

5. Un-platted and no current plans for expansion (Filing 10-16)

Note: The Ouray County Standard used for paving in 1994, 1999, 2000 and 2005 was initially 3" of asphalt paving, over 6" aggregate base. All paving to date has been performed by United Companies, and resurfacing (chip sealing) in 2012 was also completed by United Companies as low bidder.

### Projected Major Maintenance Schedule

Major road maintenance includes 3/8" chip-sealing, with application of an overlay of fog seal. Additional costs are for mobilization of equipment to location, crack sealing as needed prior to application of chip-seal, and traffic control. Such major maintenance applies only to roads previously constructed and paved to County standards by developer. Chip-sealing is a surface treatment that needs to be applied prior to any structural failures to the subsurface, such as extensive cracking, spalling or potholing. Allowing structural failure in most cases will require removal and replacement of the surface layers down to and possibly into the aggregate base to improve drainage caused by depressions (sinking) or other abnormal failures.

Based upon the low traffic volume to date within Fairway Pines, and limited heavy vehicle traffic, a future 2" asphalt overlay is not anticipated in the next 15+ years, but rather continued chip-sealing on the schedule noted. As new homes are constructed within Fairway Pines in the future, and associated traffic increases, adjustments to the maintenance scheduled may be necessary.

The updated major maintenance schedule budgets for 3/8" chip-sealing with fog seal of existing paved roads approximately every 10-12 years. This assumes that minor repairs, crack sealing, shoulder and ditch and culvert maintenance, along with weed control are performed yearly, and any unexpected damage from home construction or weather related issues are promptly completed. Moving forward, the following is the basis for reserve funding in this specific area:

**2020** – Phase 3, with some roads from Phase 1 & 2 that did not require chip-sealing in 2012, are included. Specifically, they include:

1. Hummingbird Trail
2. Cottontail Lane
3. Black Bear Way
4. Bear Cub Drive
5. Woodchuck Place
6. Divide Ranch Circle (not currently included in costing, but due to volume of traffic and road condition, this specific area will need to be reviewed prior to each phase going forward).

**2023** – Phase 1 & 2 will include the following chip-seal application. Specifically, they are:

1. Marmot Drive
2. Marmot Court
3. Whitetail Lane
4. Antler Court
5. Antler Place
6. Gopher Court
7. Pika Lane
8. Puma Lane
9. Red Fox Lane
10. South Badger Trail
11. North Badger Trail
12. Divide Ranch Circle
13. Coyote Court

## 14. Marten Court

**2030** – Phase 3 resurfaced with 3/8” chip-seal of the following roads. Possible addition or subtraction of some streets, or parts thereof, based upon home construction or other increased traffic patterns.

1. Hummingbird Trail
2. Cottontail Lane
3. Black Bear Way
4. Bear Cub Drive
5. Woodchuck Place
6. Divide Ranch Circle (option)

**2033** – Phase 1 & 2 resurfaced with 3/8” chip-seal of the following roads. Based upon home construction damage or other usage factors, specific roads may be deleted from list or rescheduled as conditions warrant.

1. Marmot Drive
2. Marmot Court
3. Whitetail Lane
4. Antler Court
5. Antler Place
6. Gopher Court
7. Pika Lane
8. Puma Lane
9. Red Fox Lane
10. South Badger Trail
11. North Badger Trail
12. Coyote Court
13. Marten Court
14. Entrance section from Ponderosa on Marmot Drive

It should be noted that the currently unpaved or un-platted roads in Phase 4 & 5 are not included in this major maintenance forecast schedule. However, the following cost analysis is provided (for information only) as an example of the estimated cost of bringing the following gravel roads, or sections, up to Ouray County Standards. The Association assumes no responsibility for the construction or paving of these roads.

Estimated cost per SY for each road would vary based upon mobilization of equipment; 8” subbase (class 2) required; 4” base (class 6) required; shoulder and drainage preparation; and application of 2.5” of asphalt overlay to meet County standards for new roads as well as the number of roads to be included in the project. Additional costs not included is mobilization per project, plus flagmen (required), county permitting and inspection of project, as well as miscellaneous. Current estimate per SY (without add-ons) is \$16.40. A breakdown by road is provided below:

Pronghorn Lane - \$42,500  
 Bobcat Court - \$21,900  
 Cougar Trail - \$4,985  
 Lynx Lane - \$44,800

Bear Cub Drive (Section) - \$9,600

Projected Total for complete upgrade of above is \$124,000 to \$150,000, and would be subject to specific bids at time of construction and surface preparation.

The actual chip-seal schedule for Phases 1 through 3 will be based solely on road conditions as resurfacing schedules approach and bids are solicited. The majority of the roads within Fairway Pines receive minimal traffic, and very little heavy duty traffic, except during home construction time frames, and as such are in excellent shape due to an ongoing yearly and minor maintenance schedule. Road conditions should be monitored closely to ensure minor maintenance and repairs, such as crack sealing and shoulder maintenance are properly noted, and needed work performed in a timely manner.

It should also be noted that minor maintenance to the gravel roads, such as grading, gravel application and shoulder and drainage work should be actively managed to maintain those specific roads in anticipation of future construction which meets Ouray County Roads Standards by entities other than the Association.

### **Projected Major Maintenance Costs**

The actual square yards for each road was recalculated and updated based on Filings and Plat Map specifications. The cost per square yard (SY) for chip-sealing of roads was obtained from United Companies, and other sources, and are provided solely for forecasting purposes and are not reflective of bids that would be provided thirty to sixty days prior to expected resurface project dates. Final bid prices noted below for 2012 are shown for comparison purposes only. Chip-seal application costs are primarily controlled by the price of oil on the market place, and at the times of expected application projects.

Costs of aggregate, equipment and labor are normally predictable, but not oil, or the law of supply and demand. As an example, the cost of 3/8" chip-sealing for the project in 2012 was \$2.55 per square yard (SY), but just a few years earlier was almost double due to world market conditions. Over the last few years, the market has been somewhat stable, but obviously that can change in the years ahead.

The costs projected through 2033 are best guess estimates, and should be reviewed at least every two years as markets change to ensure reserve balances and yearly allocations are in line with project needs.

Projected Chip-seal Costs by year:

2012 - \$2.55 SY (actual)  
 2020 - \$3.06 SY (estimate)  
 2023 - \$3.37 SY (estimate)  
 2030 - \$3.71 SY (estimate)  
 2033 - \$3.86 SY (estimate)

The following table reflects the projected/suggested yearly reserve allocation through 2033 using the cost factors above. The reserve account for major road maintenance is projected to have a balance of approximately \$179,000 by year-end 2017. Therefore, the following contribution schedule is provided subject to yearly review by the Finance Committee and Board of Directors.

YEAR	DESCRIPTION	ASSESSMENT PER LOT	ALLOCATION	EXPENDITURES	PROJECTED BALANCE
2017	Projected balance at year end				179,000
2018	Repayment of 2017 reserve fund loan		25,000		204,000
2018	Annual allocation	100	29,200		233,200
2019	Annual allocation	115	33,580		266,780
2020	Annual allocation / Phase 3 chip seal	115	33,580	(87,000)	213,360
2021	Annual allocation	125	36,500		249,860
2022	Annual allocation	125	36,500		286,360
2023	Annual allocation / Phase 1 & 2 chip seal	125	36,500	(236,300)	86,560
2024	Annual allocation	125	36,500		123,060
2025	Annual allocation	125	36,500		159,560
2026	Annual allocation	125	36,500		196,060
2027	Annual allocation	125	36,500		232,560
2028	Annual allocation	125	36,500		269,060
2029	Annual allocation	125	36,500		305,560
2030	Annual allocation / Phase 3 chip seal	125	36,500	(86,117)	255,943
2031	Annual allocation	125	36,500		292,443
2032	Annual allocation	125	36,500		328,943
2033	Annual allocation / Phase 1 & 2 chip seal	125	36,500	(258,048)	107,395

Note: Yearly balances do not reflect changes in value or interest earned from funds invested within Vanguard accounts. Past experience may assume an average gain of 1.4%, but is not reflected in year-end balances,

As Fairway Pines grows, and traffic and construction increases, a review will be required as to what point in future years, beyond 2033, that a 2-3" asphalt layer will need to be applied in lieu of chip-sealing in a specific year, to ensure road conditions are maintained at optimum condition. Based upon current road conditions and rate of new home construction within Fairway Pines, and that projected into 2033, it is believed the current chip-sealing schedule is more than sufficient, but as conditions change, monitoring and review is required at least every two years.

