

Forrestal Village Community Services Association, Inc.

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POLICY RESOLUTION NO. 51

Long Term Reserve Funding Goals

WHEREAS, the Board of Directors has all powers for conduct of the affairs of the Association, which is a non-profit corporation organized and existing under the law of New Jersey and is charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents; and

WHEREAS, the Association is required to budget for reserves for repair and replacement of the common elements and facilities; and

WHEREAS, Article V, Section 4 (c) of the Forrestal Village Declaration of Covenants and Restrictions provides that the Board of Directors shall fix the Annual General and Parcel Assessments; and

WHEREAS, the Management Standards Agreement dated September 26, 2016 requires that the annual contribution to the Capital Replacement Reserve must be sufficient to assure that the Capital Reserve balance remains at or above a minimum threshold amount established by the Board from time to time; and

WHEREAS, after receipt of advice from its counsel, auditor, engineer and managing agent, the Board of Directors has determined that it is necessary to set the yearly contribution to the Capital Reserve for each cost center; and

WHEREAS it is the goal of the Association to fully fund all capital projects with funds from the Parcel's, or other appropriate cost center's, Capital Reserve; however it is recognized that such full funding cannot be established without increasing Parcel annual budgets by more than ten percent (10%), Five percent (5%) for Parcel 2.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors that Policy Resolution 51 adopted on November 26, 1998 and Policy Resolution adopted July 26, 2011 are rescinded and replaced with this Policy Resolution that govern minimum balances and contributions to the Capital Replacement Reserves for all parcels:

1. A replacement reserve analysis by an engineering firm qualified to perform a replacement reserve study shall be performed for each Cost Center which includes Parcels 1 through XII, the Smith House, Smith House Pool and Common areas on a periodic basis, but no less than once every five years.
2. The minimum annual contribution to the Capital Reserve of Parcels I through XII shall be 1.8% of the current total cost to replace all capital items for that Cost Center as listed in the latest reserve study. If this amount requires the monthly maintenance

fee for a Parcel to increase by more than 10% (5% in Parcel 2), the transfer shall be capped at a level that results in an increase of less than 10% (5% in Parcel 2).

3. For the Smith House, Smith House Pool and the General Fund, the transfer of funds to their respective Capital Reserves shall be increased 10% over the prior amount until the next reserve study is completed. If a capital project is approved for any of those cost centers requiring funds in excess of those available from their respective Capital Reserves, then that cost center shall have its transfer to Operating Reserves increased to pay for the capital project. That increase shall be limited to an amount that would not increase the monthly maintenance fee for any Parcel by more than 10% (5% for Parcel 2), and only for the period needed to generate the necessary funds.
4. Absent an emergency, a minimum amount of \$500 per unit is required to be maintained by each parcel and a minimum of \$5,000 for each of the Smith House, Smith House Pool and Common Area in their Capital Reserve account. The existence of an emergency shall be determined exclusively by the Association's Board of Directors.
5. Parcel capital projects must be funded with a special assessment if funding from the Capital Reserve account would result in less than \$500 per unit being held in the Parcel's Capital Reserve account.

IN WITNESS WHEREOF, the Forrestal Village Community Services Association Inc., has affixed its hand and seal the day and year first above written.

Adopted: September 29, 2020