



**Traditional Reserve Study
For
Sand Lake Point Homeowners Association, Inc.
Orlando, Florida
February 7, 2024**

Report Number: 2024.02.07.203



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REPORT SUMMARY

As a member of the Association’s Board of Directors, you are responsible for maintaining common areas of the Association’s physical property. This report is intended to assist you in the development of the Association’s capital budget for current and future reserve fund contributions. The goal of the study is to assist you in maintaining the Association’s reserve above an adequate, but not excessive, threshold during one or more years of significant expenditures.

We present our findings and recommendations in the following report sections:

- **Executive Summary** – Provides a snapshot of the Association’s reserve study, highlighting significant findings and conclusions.
- **Physical Analysis** – Includes list of the reserve components, useful life, remaining useful life, and a schedule of items excluded from the study.
- **Financial Analysis** – Includes the percent funded, 30-year reserve expense forecast, and the recommended funding plan.
- **Photographs** – Schedule of photographs of components taken during site visit.
- **Methodology** – Details the process of developing the Reserve Study, which includes descriptions of the methods, materials, and guidelines used in preparation of physical and financial analysis of the study.
- **Statement of Limitations and Assumptions** – Describes the limitations and assumptions made when conducting this study and in preparation of this report.
- **Professional Experience** – Contains the professional experience of the individuals who prepared this study.
- **Glossary** – Contains definitions of terms used in the Reserve Study.

Executive Summary

General Information

| | |
|-----------------------------|--|
| Association Name: | Sand Lake Point Homeowners Association, Inc. (Sand Lake Point) |
| Location: | Orlando, FL |
| Project Description: | HOA |
| Type of Study: | Level 1 |
| Site Visit: | January 2, 2024 |
| Number of Units: | 436 |

Project Summary

Funding Strategy Recommended: The Funding Goal of this Reserve Study is to maintain reserve above an adequate, not excessive threshold during years of significant expenditures.

| | |
|---|-----------|
| <i>Inflation Rate</i> ¹ | 2.51% |
| <i>Interest Rate</i> ² | 4.06% |
| <i>Cash Status of the Reserve Fund Balance</i> ³ | \$280,000 |
| <i>Full Funded Balance</i> | \$944,053 |
| <i>Percent Funded</i> | 30% |
| <i>Special Assessments</i> | None |

¹ Inflation rate is based upon the average annual increase of the Consumer Price Index (CPI) over the last 30-years as published by the US Bureau of Labor Statistics (www.labor.gov).

² Interest rate is based on 3-year Treasury Note as published by the U.S. Treasury (www.treasury.gov).

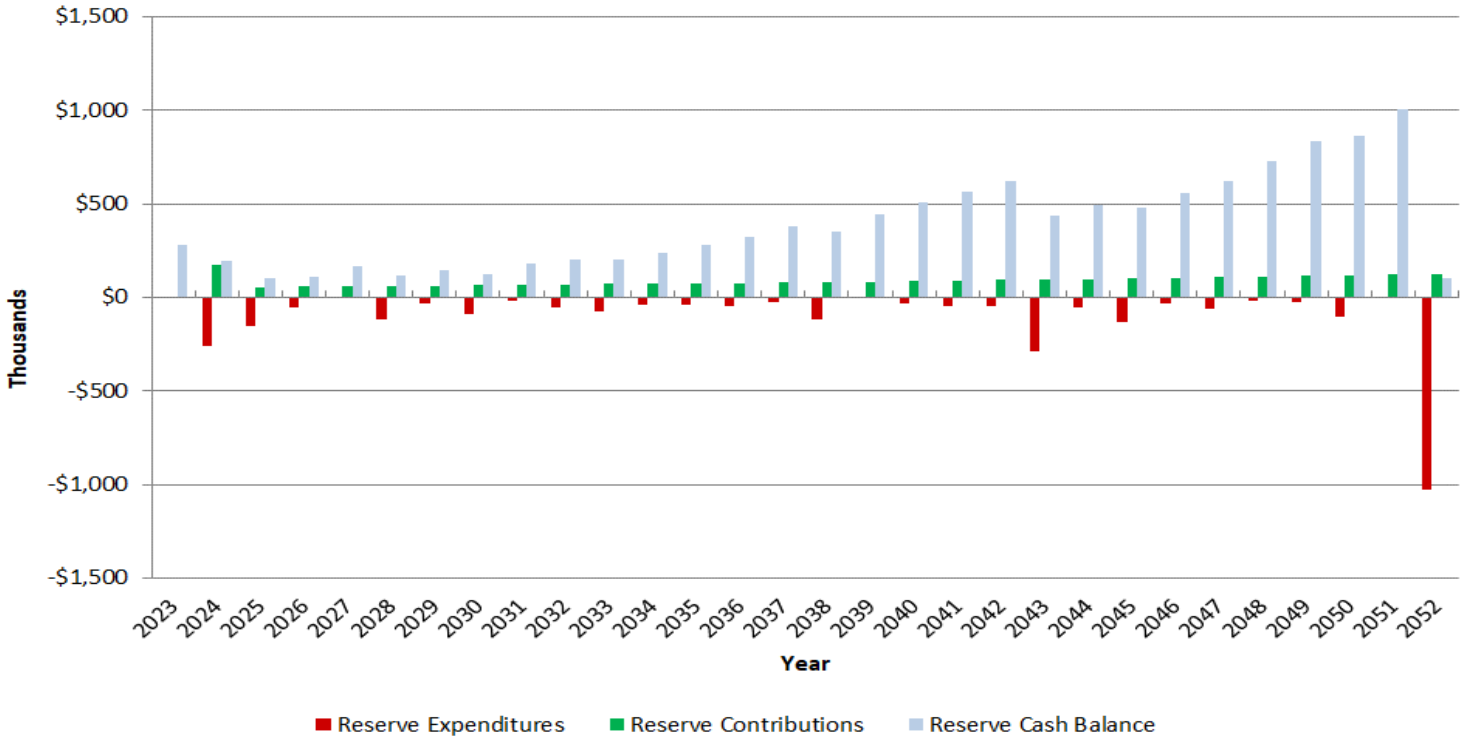
³ Information in relation to the association's finances were supplied by the association's representative and is not audited. Balance as of December 21, 2023.

Recommended Reserve Funding: The Association budgeted \$18,535 for reserve contributions in 2023. We recommend that the Association adopt reserve contributions of \$173,200 in 2024. The Association will have funded the most significant anticipated expenditures related to brick perimeter wall, clubhouse replacement fund, partial, and asphalt pavement, mill, and overlay. The Association obtained an SBA recovery loan to replace the dock that was destroyed by a hurricane, which reduces the 2024 outlay. Then in 2025 the contributions can be reduced to \$55,822 with steady annual increases of 3% annually thereafter. The goal of this particular reserve funding plan is to prevent the year end reserve balance from falling below \$102,927 during threshold funding years. The recommended year 2024 reserve contribution of \$173,200 is equivalent to an average monthly contribution of \$33.10 per owner.

Recommended Reserve Funding Table

| Year | Reserve Contributions (\$) | Reserve Cash Balance (\$) | Year | Reserve Contributions (\$) | Reserve Cash Balance (\$) | Year | Reserve Contributions (\$) | Reserve Cash Balance (\$) |
|------|----------------------------|---------------------------|------|----------------------------|---------------------------|------|----------------------------|---------------------------|
| 2023 | - | 280,171 | 2033 | 70,714 | 200,918 | 2043 | 95,033 | 439,739 |
| 2024 | 173,200 | 196,095 | 2034 | 72,835 | 239,872 | 2044 | 97,884 | 495,377 |
| 2025 | 55,822 | 103,505 | 2035 | 75,020 | 282,768 | 2045 | 100,821 | 476,807 |
| 2026 | 57,497 | 111,347 | 2036 | 77,271 | 319,565 | 2046 | 103,845 | 560,549 |
| 2027 | 59,222 | 168,624 | 2037 | 79,589 | 380,848 | 2047 | 106,961 | 620,319 |
| 2028 | 60,998 | 113,687 | 2038 | 81,976 | 349,336 | 2048 | 110,170 | 727,873 |
| 2029 | 62,828 | 146,905 | 2039 | 84,436 | 442,578 | 2049 | 113,475 | 832,200 |
| 2030 | 64,713 | 124,671 | 2040 | 86,969 | 507,651 | 2050 | 116,879 | 865,780 |
| 2031 | 66,654 | 178,423 | 2041 | 89,578 | 564,660 | 2051 | 120,385 | 1,006,184 |
| 2032 | 68,654 | 199,756 | 2042 | 92,265 | 622,975 | 2052 | 123,997 | 102,962 |

Recommended Reserve Funding Graph



Respectfully submitted on February 7, 2024 by
RESERVE STUDY INSTITUTE, LLC

T. Christopher Tyndall

T. Christopher Tyndall, Reserve Analyst
Visual Inspection and Report by: T. Christopher Tyndall

PHYSICAL ANALYSIS

The Physical Analysis section details the reserve components and provides information about items excluded from the reserve study. Our recommendation is but one scenario and is not intended to represent the only means of achieving the association's goals. We recommend that the Board of Directors use the following information as a guide in planning for their future objectives.

Identification of Reserve Components

We have segregated classes of property from our review of the information provided by the Association and through conversations with Management and the Board. These classes of property:

- Reserve Components
- Excluded Components
- Repairs and Replacements Funded from Operating Budget
- Property Maintained by Owners
- Property Maintained by Others

Reserve Components

The following table identifies all Reserve Components that meet the criteria to be included in the study that we identified.

RESERVE COMPONENT INVENTORY

| Category | Component | Quantity Total | Per Phase | Unit of Measure | Useful Life | Remaining Useful Life | Unit Cost | Current Cost | Current Fully Funded Balance |
|--------------------------|--|----------------|-----------|-----------------|-------------|-----------------------|--------------|--------------------|------------------------------|
| Building Elements | Bathrooms | 2 | 2 | Each | 30 | 15 | \$3,000.00 | \$6,000 | \$3,000 |
| Building Elements | Clubhouse Replacement Fund, Partial | 1 | 1 | Each | to 100 | 3 | \$18,987.75 | \$18,988 | \$18,418 |
| Building Elements | Decking | 1,422 | 1,422 | Square Feet | to 40 | 7 | \$40.00 | \$56,880 | \$46,926 |
| Building Elements | Doors, Allowance | 1 | 1 | Each | 30 | 29 | \$18,750.00 | \$18,750 | \$625 |
| Building Elements | Exterior Painting | 6,498 | 6,498 | Square Feet | 8 to 12 | 3 | \$1.80 | \$11,696 | \$8,772 |
| Building Elements | Flooring, Carpet | 418 | 418 | Square Feet | 10 | 3 | \$10.00 | \$4,180 | \$2,926 |
| Building Elements | Gutters and Downspouts | 292 | 292 | Each | 20 | 1 | \$10.00 | \$2,920 | \$2,774 |
| Building Elements | HVAC | 1 | 1 | Each | 10 to 15 | 4 | \$4,800.00 | \$4,800 | \$3,520 |
| Building Elements | Interior Painting | 2,120 | 2,120 | Square Feet | 8 to 12 | 3 | \$2.00 | \$4,240 | \$3,180 |
| Building Elements | Kitchen Remodeling | 1 | 1 | Each | 30 | 13 | \$8,150.00 | \$8,150 | \$4,618 |
| Building Elements | Roof, Metal | 42 | 42 | Squares | 30 | 1 | \$1,200.00 | \$50,400 | \$48,720 |
| Building Elements | Windows, Allowance | 1 | 1 | Each | 40 | 7 | \$10,800.00 | \$10,800 | \$8,910 |
| General Site Elements | Asphalt Pavement, Crack Repair Seal and Coat | 3,397 | 3,397 | Square Yards | 3 to 5 | 2 | \$2.50 | \$8,493 | \$5,096 |
| General Site Elements | Asphalt Pavement, Mill and Overlay | 3,397 | 3,397 | Square Yards | 15 to 20 | 5 | \$25.00 | \$84,925 | \$63,694 |
| General Site Elements | Cluster Mailboxes, Partial | 14 | 1 | Each | to 40 | 3 | \$2,150.00 | \$30,100 | \$27,843 |
| General Site Elements | Dock Access Area, One Time Expense | 1 | 1 | Each | to 65 | 1 | \$200,000.00 | \$200,000 | \$196,923 |
| General Site Elements | Dock, Replacement, Partial | 1 | 1 | Each | 40 | 3 | \$4,550.00 | \$4,550 | \$4,209 |
| General Site Elements | Emergency Landscaping Expense | 1 | 1 | Each | 10 | 10 | \$50,000.00 | \$50,000 | \$0 |
| General Site Elements | Entrance Gate | 1 | 1 | Each | 30 to 50 | 5 | \$6,000.00 | \$6,000 | \$5,400 |
| General Site Elements | Entrance Gate Electrical | 1 | 1 | Each | 10 to 15 | 9 | \$5,000.00 | \$5,000 | \$2,000 |
| General Site Elements | Entrance Gate Motor | 1 | 1 | Each | 10 to 15 | 9 | \$3,000.00 | \$3,000 | \$1,200 |
| General Site Elements | Entrance Signage | 6 | 6 | Each | 30 | 13 | \$3,600.00 | \$21,600 | \$12,240 |
| General Site Elements | Fencing, Chain Link | 1,410 | 1,410 | Linear Feet | 20 | 2 | \$38.00 | \$53,580 | \$48,222 |
| General Site Elements | Irrigation, Allowance | 1 | 1 | Each | 10 | 9 | \$5,000.00 | \$5,000 | \$500 |
| General Site Elements | LED Lights | 18 | 18 | Each | 15 to 20 | 15 | \$1,250.00 | \$22,500 | \$5,625 |
| General Site Elements | Light Poles | 12 | 12 | Each | to 50 | 20 | \$2,200.00 | \$26,400 | \$15,840 |
| General Site Elements | Parcel Mailboxes, Partial | 10 | 1 | Each | to 40 | 3 | \$1,200.00 | \$12,000 | \$11,100 |
| General Site Elements | Perimeter Wall, Brick | 15,210 | 15,210 | Square Feet | to 65 | 29 | \$30.00 | \$456,300 | \$252,720 |
| General Site Elements | Recessed Mailboxes, Partial | 11 | 1 | Each | to 40 | 3 | \$1,940.00 | \$21,340 | \$19,740 |
| General Site Elements | Security Camera System | 1 | 1 | Each | 10 | 7 | \$7,500.00 | \$7,500 | \$2,250 |
| General Site Elements | Sidewalks, Concrete, Partial | 2,950 | 148 | Square Feet | to 65 | 3 | \$9.00 | \$26,550 | \$25,325 |
| Mailbox Station Elements | Brick, Repointing | 1,150 | 1,150 | Square Feet | 50 | 25 | \$8.00 | \$9,200 | \$4,600 |
| Mailbox Station Elements | Roof, Terracotta | 4 | 4 | Squares | 30 | 10 | \$1,850.00 | \$7,400 | \$4,933 |
| Recreational Elements | Playground Equipment, Allowance | 1 | 1 | Each | 20 | 15 | \$26,500.00 | \$26,500 | \$6,625 |
| Recreational Elements | Tennis Court Fencing, Chain Link | 440 | 440 | Linear Feet | 20 | 2 | \$48.00 | \$21,120 | \$19,008 |
| Recreational Elements | Tennis Court, Replacement | 1 | 1 | Each | 30 to 35 | 2 | \$60,000.00 | \$60,000 | \$56,571 |
| Recreational Elements | Tennis Court, Resurfacing | 1 | 1 | Each | 3 to 5 | 5 | \$5,000.00 | \$5,000 | \$0 |
| Other Elements | Reserve Study Update | 1 | 1 | Each | 1 | 1 | \$1,500.00 | \$1,500 | \$0 |
| TOTALS | | | | | | | | \$1,373,362 | \$944,053 |

Excluded Components

Excluded Components do not have predictable Remaining Useful Lives within the scope of this study – i.e., within 30 years. The Board should budget for infrequent repairs for these items from the Operating Fund. We identify the following Excluded Elements as excluded from reserve funding at this time.

- **Pipes, Subsurface Utilities, Lateral** – Subsurface pipes and other elements have a useful life that is greater than 30 years and is generally unpredictable as to when repairs and replacement will be required.
- **Clubhouse Replacement Fund, Replacement** – Clubhouse Replacement Fund has a useful life expectancy of up to 100 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.
- **Cluster Mailboxes, Replacement** – Cluster Mailboxes have a useful life expectancy of up to 40 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.
- **Parcel Mailboxes, Replacement** – Parcel Mailboxes have a useful life expectancy of up to 40 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.
- **Recessed Mailboxes, Replacement** – Recessed Mailboxes have a useful life expectancy of up to 40 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.
- **Concrete Sidewalks, Replacement** – Concrete Sidewalks have a useful life expectancy of up to 65 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.
- **Dock Replacement, Replacement** – Dock Replacement has a useful life expectancy of up to 40 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.

Repairs and Replacement Funded from Operating Budget

- General Maintenance to the Common Elements
- Expenditures less than \$10,000 (except for reserve study expense)
- Landscaping
- Light Fixtures, Interior
- Irrigation Repairs and Maintenance
- Paint Finishes, Touch Up
- Pipes, Interior Building, Water and Sewer, Manifold
- Pipes, Subsurface Utilities, Laterals, Inspections
- Playground Maintenance
- Smoke Detectors and Alarms
- Tree Trimming
- Tennis Court Repairs and Maintenance
- Other Repairs Normally Funded Through the Operating Budget

Property Maintained by Owners

- Homes and Driveways

Property Maintained by Others

- Roads (City)
- Road Gutters (City)
- Stormwater System (City)
- Streetlights (Duke Energy)
- Lift Station (City)

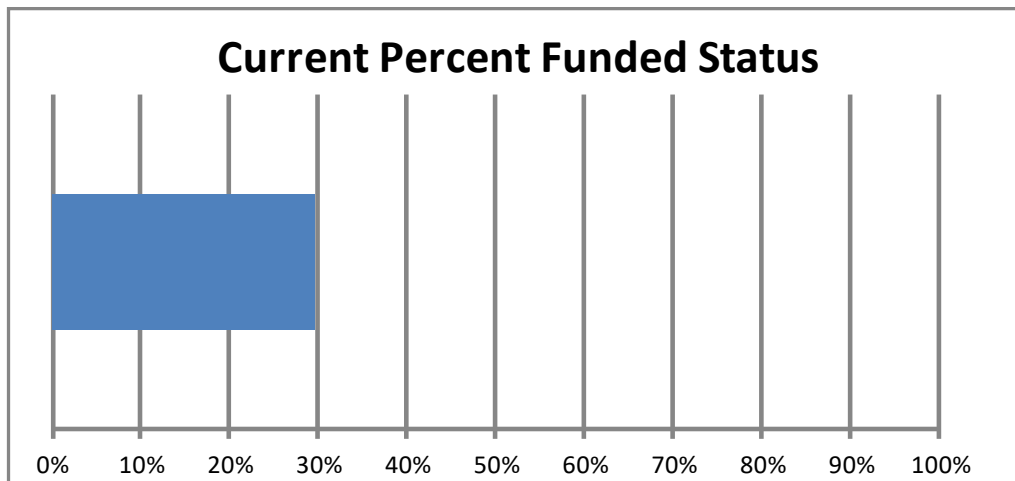
FINANCIAL ANALYSIS

This section of the report is intended to provide the association with the awareness to adequately plan for the ongoing major maintenance, repair, and replacement of their common property components. Our recommendation is but one scenario and is not intended to represent the only means of achieving the association’s goals. We recommend that the Board of Directors use the following information as a guide in planning for their future objectives.

Percent Funded

Percent Funded measures the strength of the Reserve Fund at the beginning of each fiscal year. Percent Funded is the industry measure of how well prepared an association is to meet its current and future repair and replacement obligations and how likely the Association is to require a special assessment to fund major repairs and replacements. Percent funded ranges from weak to strong as follows:

- Less than 30% funded is considered weak.
- Between 30% and 70% funded is considered fair
- Greater than 70% funded is considered strong.
- 100% or more is considered ideal.



The Association’s Current Percent Funded Status is 30% funded, which indicates that the Association is starting with what is considered a fair level of reserve funds. However, we recommend increased budgeted reserve assessments such that the current percentage funded is at least 100%.

Reserve Expenditures

| | | Years 1 - 10 | | | | | | | | | |
|--------------------------|--|--------------|-----------|-----------|----------|---------|-----------|----------|----------|----------|----------|
| Category | Component | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
| Building Elements | Bathrooms | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Clubhouse Replacement Fund, Partial | \$0 | \$0 | \$0 | \$20,454 | \$0 | \$0 | \$22,033 | \$0 | \$0 | \$23,734 |
| Building Elements | Decking | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$67,659 | \$0 | \$0 |
| Building Elements | Doors, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Exterior Painting | \$0 | \$0 | \$0 | \$12,599 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Flooring, Carpet | \$0 | \$0 | \$0 | \$4,503 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Gutters and Downspouts | \$0 | \$2,993 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | HVAC | \$0 | \$0 | \$0 | \$0 | \$5,300 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Interior Painting | \$0 | \$0 | \$0 | \$4,567 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Kitchen Remodeling | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Roof, Metal | \$0 | \$51,665 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Windows, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$12,847 | \$0 | \$0 |
| General Site Elements | Asphalt Pavement, Crack Repair Seal and Coat | \$0 | \$0 | \$8,924 | \$0 | \$0 | \$9,613 | \$0 | \$0 | \$10,355 | \$0 |
| General Site Elements | Asphalt Pavement, Mill and Overlay | \$0 | \$0 | \$0 | \$0 | \$0 | \$96,132 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Cluster Mailboxes, Partial | \$0 | \$0 | \$0 | \$1,621 | \$0 | \$0 | \$1,746 | \$0 | \$0 | \$1,881 |
| General Site Elements | Dock Access Area, One Time Expense | \$0 | \$205,020 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Dock, Replacement, Partial | \$0 | \$0 | \$0 | \$4,901 | \$0 | \$0 | \$5,280 | \$0 | \$0 | \$5,687 |
| General Site Elements | Emergency Landscaping Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Entrance Gate | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,792 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Entrance Gate Electrical | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,250 |
| General Site Elements | Entrance Gate Motor | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,750 |
| General Site Elements | Entrance Signage | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Fencing, Chain Link | \$0 | \$0 | \$56,303 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Irrigation, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,250 |
| General Site Elements | LED Lights | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Light Poles | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Parcel Mailboxes, Partial | \$0 | \$0 | \$0 | \$646 | \$0 | \$0 | \$696 | \$0 | \$0 | \$750 |
| General Site Elements | Perimeter Wall, Brick | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Recessed Mailboxes, Partial | \$0 | \$0 | \$0 | \$1,149 | \$0 | \$0 | \$1,238 | \$0 | \$0 | \$1,334 |
| General Site Elements | Security Camera System | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,921 | \$0 | \$0 |
| General Site Elements | Sidewalks, Concrete, Partial | \$0 | \$0 | \$0 | \$1,430 | \$0 | \$0 | \$1,540 | \$0 | \$0 | \$1,659 |
| Mailbox Station Elements | Brick, Repointing | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Mailbox Station Elements | Roof, Terracotta | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Playground Equipment, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court Fencing, Chain Link | \$0 | \$0 | \$22,194 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court, Replacement | \$0 | \$0 | \$63,050 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court, Resurfacing | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,660 | \$0 | \$0 | \$6,097 | \$0 |
| Other Elements | Reserve Study Update | \$0 | \$1,500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTALS | | \$0 | \$261,178 | \$150,471 | \$51,870 | \$5,300 | \$118,197 | \$32,533 | \$89,427 | \$16,452 | \$51,295 |

Years 11 - 20

| Category | Component | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 |
|--------------------------|--|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------|-----------------|-----------------|-----------------|
| Building Elements | Bathrooms | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,703 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Clubhouse Replacement Fund, Partial | \$0 | \$0 | \$25,566 | \$0 | \$0 | \$27,540 | \$0 | \$0 | \$29,666 | \$0 |
| Building Elements | Decking | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Doors, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Exterior Painting | \$0 | \$15,363 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$18,733 |
| Building Elements | Flooring, Carpet | \$0 | \$0 | \$0 | \$5,769 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Gutters and Downspouts | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | HVAC | \$0 | \$0 | \$0 | \$0 | \$6,792 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Interior Painting | \$0 | \$5,569 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,791 |
| Building Elements | Kitchen Remodeling | \$0 | \$0 | \$0 | \$11,249 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Roof, Metal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Windows, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Asphalt Pavement, Crack Repair Seal and Coat | \$0 | \$11,155 | \$0 | \$0 | \$12,016 | \$0 | \$0 | \$12,944 | \$0 | \$0 |
| General Site Elements | Asphalt Pavement, Mill and Overlay | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Cluster Mailboxes, Partial | \$0 | \$0 | \$2,026 | \$0 | \$0 | \$2,183 | \$0 | \$0 | \$2,351 | \$0 |
| General Site Elements | Dock Access Area, One Time Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Dock, Replacement, Partial | \$0 | \$0 | \$6,126 | \$0 | \$0 | \$6,599 | \$0 | \$0 | \$7,109 | \$0 |
| General Site Elements | Emergency Landscaping Expense | \$64,067 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Entrance Gate | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Entrance Gate Electrical | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,008 |
| General Site Elements | Entrance Gate Motor | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$4,805 |
| General Site Elements | Entrance Signage | \$0 | \$0 | \$0 | \$29,814 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Fencing, Chain Link | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Irrigation, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,008 |
| General Site Elements | LED Lights | \$0 | \$0 | \$0 | \$0 | \$0 | \$32,634 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Light Poles | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Parcel Mailboxes, Partial | \$0 | \$0 | \$808 | \$0 | \$0 | \$870 | \$0 | \$0 | \$937 | \$0 |
| General Site Elements | Perimeter Wall, Brick | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Recessed Mailboxes, Partial | \$0 | \$0 | \$1,437 | \$0 | \$0 | \$1,548 | \$0 | \$0 | \$1,667 | \$0 |
| General Site Elements | Security Camera System | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$11,431 | \$0 | \$0 |
| General Site Elements | Sidewalks, Concrete, Partial | \$0 | \$0 | \$1,787 | \$0 | \$0 | \$1,925 | \$0 | \$0 | \$2,074 | \$0 |
| Mailbox Station Elements | Brick, Repointing | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Mailbox Station Elements | Roof, Terracotta | \$9,482 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Playground Equipment, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$38,436 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court Fencing, Chain Link | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court, Replacement | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court, Resurfacing | \$0 | \$6,567 | \$0 | \$0 | \$7,075 | \$0 | \$0 | \$7,621 | \$0 | \$0 |
| Other Elements | Reserve Study Update | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTALS | | \$73,549 | \$38,654 | \$37,750 | \$46,832 | \$25,883 | \$120,438 | \$0 | \$31,996 | \$43,804 | \$46,345 |

Years 21 - 30

| Category | Component | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 |
|--------------------------|--|------------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|------------------|------------|--------------------|
| Building Elements | Bathrooms | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Clubhouse Replacement Fund, Partial | \$0 | \$31,957 | \$0 | \$0 | \$34,424 | \$0 | \$0 | \$37,082 | \$0 | \$0 |
| Building Elements | Decking | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Doors, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$38,479 |
| Building Elements | Exterior Painting | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$22,842 | \$0 | \$0 |
| Building Elements | Flooring, Carpet | \$0 | \$0 | \$0 | \$7,393 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Gutters and Downspouts | \$0 | \$4,914 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | HVAC | \$0 | \$0 | \$0 | \$0 | \$8,702 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Interior Painting | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$8,280 | \$0 | \$0 |
| Building Elements | Kitchen Remodeling | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Roof, Metal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Building Elements | Windows, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Asphalt Pavement, Crack Repair Seal and Coat | \$13,943 | \$0 | \$0 | \$15,020 | \$0 | \$0 | \$16,179 | \$0 | \$0 | \$17,428 |
| General Site Elements | Asphalt Pavement, Mill and Overlay | \$139,431 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Cluster Mailboxes, Partial | \$0 | \$2,533 | \$0 | \$0 | \$2,729 | \$0 | \$0 | \$2,939 | \$0 | \$0 |
| General Site Elements | Dock Access Area, One Time Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Dock, Replacement, Partial | \$0 | \$7,658 | \$0 | \$0 | \$8,249 | \$0 | \$0 | \$8,886 | \$0 | \$0 |
| General Site Elements | Emergency Landscaping Expense | \$82,091 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Entrance Gate | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Entrance Gate Electrical | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,261 |
| General Site Elements | Entrance Gate Motor | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,157 |
| General Site Elements | Entrance Signage | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Fencing, Chain Link | \$0 | \$0 | \$92,440 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Irrigation, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$10,261 |
| General Site Elements | LED Lights | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Light Poles | \$43,344 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| General Site Elements | Parcel Mailboxes, Partial | \$0 | \$1,010 | \$0 | \$0 | \$1,088 | \$0 | \$0 | \$1,172 | \$0 | \$0 |
| General Site Elements | Perimeter Wall, Brick | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$936,421 |
| General Site Elements | Recessed Mailboxes, Partial | \$0 | \$1,796 | \$0 | \$0 | \$1,934 | \$0 | \$0 | \$2,084 | \$0 | \$0 |
| General Site Elements | Security Camera System | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$14,647 | \$0 | \$0 |
| General Site Elements | Sidewalks, Concrete, Partial | \$0 | \$2,234 | \$0 | \$0 | \$2,407 | \$0 | \$0 | \$2,593 | \$0 | \$0 |
| Mailbox Station Elements | Brick, Repointing | \$0 | \$0 | \$0 | \$0 | \$0 | \$17,098 | \$0 | \$0 | \$0 | \$0 |
| Mailbox Station Elements | Roof, Terracotta | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Playground Equipment, Allowance | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court Fencing, Chain Link | \$0 | \$0 | \$36,438 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court, Replacement | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Recreational Elements | Tennis Court, Resurfacing | \$8,209 | \$0 | \$0 | \$8,843 | \$0 | \$0 | \$9,526 | \$0 | \$0 | \$10,261 |
| Other Elements | Reserve Study Update | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTALS | | \$287,018 | \$52,102 | \$128,878 | \$31,256 | \$59,533 | \$17,098 | \$25,705 | \$100,525 | \$0 | \$1,029,268 |

Reserve Funding Plan

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Beginning Balance | \$280,000 | \$280,171 | \$196,095 | \$103,505 | \$111,347 | \$168,624 | \$113,687 | \$146,905 | \$124,671 | \$178,423 |
| Recommended Reserve Contribution | \$0 | \$173,200 | \$55,822 | \$57,497 | \$59,222 | \$60,998 | \$62,828 | \$64,713 | \$66,654 | \$68,654 |
| Estimated Interest Earned | \$171 | \$3,902 | \$2,059 | \$2,215 | \$3,355 | \$2,262 | \$2,923 | \$2,480 | \$3,550 | \$3,974 |
| Special Assessments / Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Anticipated Reserve Expenditures | \$0 | (\$261,178) | (\$150,471) | (\$51,870) | (\$5,300) | (\$118,197) | (\$32,533) | (\$89,427) | (\$16,452) | (\$51,295) |
| Ending Balance | \$280,171 | \$196,095 | \$103,505 | \$111,347 | \$168,624 | \$113,687 | \$146,905 | \$124,671 | \$178,423 | \$199,756 |

| | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Beginning Balance | \$199,756 | \$200,918 | \$239,872 | \$282,768 | \$319,565 | \$380,848 | \$349,336 | \$442,578 | \$507,651 | \$564,660 |
| Recommended Reserve Contribution | \$70,714 | \$72,835 | \$75,020 | \$77,271 | \$79,589 | \$81,976 | \$84,436 | \$86,969 | \$89,578 | \$92,265 |
| Estimated Interest Earned | \$3,997 | \$4,773 | \$5,626 | \$6,358 | \$7,577 | \$6,950 | \$8,806 | \$10,100 | \$11,235 | \$12,395 |
| Special Assessments / Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Anticipated Reserve Expenditures | (\$73,549) | (\$38,654) | (\$37,750) | (\$46,832) | (\$25,883) | (\$120,438) | \$0 | (\$31,996) | (\$43,804) | (\$46,345) |
| Ending Balance | \$200,918 | \$239,872 | \$282,768 | \$319,565 | \$380,848 | \$349,336 | \$442,578 | \$507,651 | \$564,660 | \$622,975 |

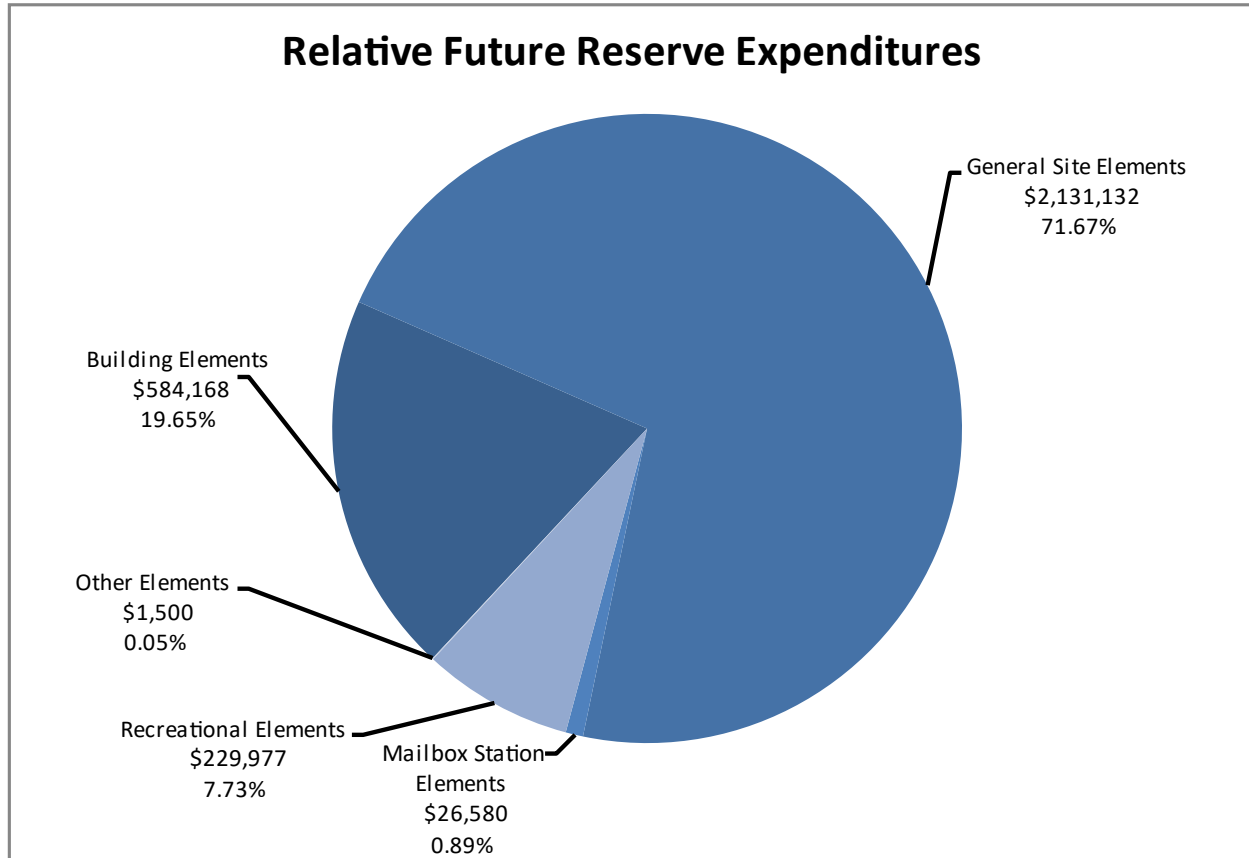
| | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| Beginning Balance | \$622,975 | \$439,739 | \$495,377 | \$476,807 | \$560,549 | \$620,319 | \$727,873 | \$832,200 | \$865,780 | \$1,006,184 |
| Recommended Reserve Contribution | \$95,033 | \$97,884 | \$100,821 | \$103,845 | \$106,961 | \$110,170 | \$113,475 | \$116,879 | \$120,385 | \$123,997 |
| Estimated Interest Earned | \$8,749 | \$9,856 | \$9,487 | \$11,153 | \$12,342 | \$14,482 | \$16,558 | \$17,226 | \$20,019 | \$2,049 |
| Special Assessments / Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Anticipated Reserve Expenditures | (\$287,018) | (\$52,102) | (\$128,878) | (\$31,256) | (\$59,533) | (\$17,098) | (\$25,705) | (\$100,525) | \$0 | (\$1,029,268) |
| Ending Balance | \$439,739 | \$495,377 | \$476,807 | \$560,549 | \$620,319 | \$727,873 | \$832,200 | \$865,780 | \$1,006,184 | \$102,962 |

Notes:

- (1) The beginning balance of reserve was provided by management and includes reserve fund balances as of December 21, 2023.
- (2) Inflation rate of 2.51% and interest rate on Investments of 4.06% were used for this study.
- (3) 2023 reserve contribution was budgeted by the Association.
- (4) 2052 is threshold funding year due to significant expenditures.

Major Expenditures

The relative cost of total reserve expenses is summarized in the chart below to give the Board perspective on the relative size and importance of key reserve items.



As illustrated above, the Association’s largest future expense is general site elements of which \$2,131,132 is needed for their repair or replacement of approximately 15,210 square feet of perimeter wall, brick, approximately 3,397 square yards of asphalt pavement, mill, and overlay, and approximately 1 each of dock access area, onetime expense.

The next highest priority categories are the building elements and recreational elements, respectively.

The Association may be able to mill and overlay the asphalt pavement prior to replacement. Milling and overlaying asphalt pavement is significantly less expensive than replacement, with approximately the same useful life if the asphalt pavement is maintained properly.

We recommend the Association carefully plan for these expenses and advise us promptly of any changes to the Associations budget plans related to both the timing of these items and cost of these items so that we can incorporate the necessary adjustments into future studies for the Associations to assist the Board in its capital budget process.

Condition Assessment

The following is a condition assessment of certain reserve components:

Building Elements

- **Bathrooms** – There are two bathrooms in the clubhouse. They appear to be in fair condition.
- **Clubhouse Replacement Fund, Partial** – This allowance provides for the replacement of the clubhouse. Added at the direction of the board. The estimated remaining useful life is 100 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.
- **Decking** – There are approximately 1,422 square feet of decking around the clubhouse. It appears to be in fair condition.
- **Doors, Allowance** – This allowance provides for the replacement of the doors. They are in excellent condition.
- **Exterior Painting** – There is approximately 6,498 square feet of exterior painting including the decking. It is in fair condition.
- **Flooring, Carpet** – There are approximately 418 square feet of carpet. There are many stains. It appears to be in fair condition.
- **Gutters and Downspouts** – There are approximately 292 linear feet of gutters and downspouts. They are in poor condition.
- **HVAC** – There is one 4-ton Goodman HVAC unit. It is in fair condition.
- **Interior Painting** – There are approximately 2,120 square feet of interior painting. It appears to be in fair condition.
- **Kitchen Remodeling** – This allowance provides for the replacement of the fridge, tile, and cabinets. They appear to be in good condition.
- **Roof, Metal** – There are approximately 42 squares of metal roof. It appears to be bent at the eaves and has a leak. It is in poor condition.
- **Windows, Allowance** – This allowance provides for the replacement of the windows. They appear to be in fair condition.

General Site Elements

- **Asphalt Pavement, Crack Repair Seal and Coat** – There is approximately 3,397 square yards of asphalt pavement. The sealant is in fair condition.
- **Asphalt Pavement, Mill and Overlay** – There is approximately 3,397 square yards of asphalt pavement. There is moderate cracking throughout and some areas that have heavy cracking due to tree roots. It is in poor condition. Third party vendors may charge a higher mobilization fee because of the small amount of asphalt. This can vary from vendor to vendor, so we recommend getting a third-party quote.
- **Cluster Mailboxes, Partial** – There are 14 full-size cluster mailboxes between the mailbox station and on Lake Cromwell. They appear to be in very good condition. The estimated

remaining useful life is 40 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.

- **Dock Access Area, One Time Expense** – This is a one-time expense to lift the dock area so it will not be submerged. Added at the direction of the board.
- **Dock, Replacement, Partial** – This provides for the removal of the dock and replacing the section damaged by the hurricane. The estimated remaining useful life is 40 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.
- **Emergency Landscaping Expense** – This was added at the direction of the board.
- **Entrance Gate** – There is one 33-foot metal entrance gate. It is showing signs of rust. It is in fair condition.
- **Entrance Gate Electrical** – This was added at the direction of the board.
- **Entrance Gate Motor** – There is one entrance gate motor. The tag is unreadable.
- **Entrance Signage** – There are 6 entrance signs. They appear to be fading slightly but overall, in fair condition.
- **Fencing, Chain Link** – There is approximately 1,410 linear feet of chain link fence. It is damaged, sagging and leaning. It is in poor condition.
- **Irrigation, Allowance** – This allowance provides for the replacement of the irrigation pumps in the median and the clubhouse area. No condition assessment is available.
- **LED Lights** – There are 18 LED lights between the tennis courts and the clubhouse area. They appear to be in fair condition.
- **Light Poles** – There are 12 light poles between the tennis courts and the clubhouse area. They appear to be in good condition.
- **Parcel Mailboxes, Partial** – There are 10 parcel mailboxes. They appear to be in very good condition. The estimated remaining useful life is 40 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.
- **Perimeter Wall, Brick** – There are approximately 15,210 square feet of brick perimeter wall. It appears to be in good condition.
- **Recessed Mailboxes, Partial** – There are 11 recessed mailboxes. They appear to be in very good condition. The estimated remaining useful life is 40 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.
- **Security Camera System** – There are approximately 9 security cameras. They appear to be in good condition.
- **Sidewalks, Concrete, Partial** – There are approximately 2,950 square feet of concrete sidewalks between the mailbox station and the clubhouse area. There is some severe cracking in front of the clubhouse, but overall, it is in good condition. The estimated remaining useful life is 65 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.

Mailbox Station Elements

- **Brick, Repointing** – There are approximately 1,150 square feet of bricks. They appear to be in good condition.
- **Roof, Terracotta** – There are approximately 4 squares of terracotta roofing on the mailbox station. It appears to be in good condition.

Recreational Elements

- **Playground Equipment, Allowance** – There is one playground and one swing set. They appear to be in good condition.
- **Tennis Court Fencing, Chain Link** – There is approximately 440 linear feet of 10-foot chain link fence. Although it is in fair condition, it is typically replaced during the tennis court replacement process.
- **Tennis Court, Replacement** – There is one double tennis court. It has a foundational cracking. It is in poor condition.
- **Tennis Court, Resurfacing** – There is one double tennis court. It has a foundational cracking. It is in poor condition.

Other Elements

- **Reserve Study Update** – Reserve study is a snapshot in time that will require annual updates because factors and assumptions of the study can result in overfunding or underfunding of reserves. These factors include additions or disposals of reserve components, changes in inflation rate, changes in interest rate on investment income, and acceleration or deceleration of capital projects at the discretion of the Board.

PHOTOGRAPHS

ID: 001

Item Description:
Entrance Signage



ID: 002

Item Description:
Perimeter Wall



ID: 003

Item Description:
Entrance Gate



ID: 004

Item Description:
Entrance Gate Motor



ID: 005

Item Description:
Asphalt Pavement



ID: 006

Item Description:
Sidewalks



ID: 007

Item Description:
Chain Link Fence



ID: 008

Item Description:
Playground



ID: 009

Item Description:
Tennis Court



ID: 010

Item Description:
Tennis Court Fence



ID: 011

Item Description:
LED Lights and Light Poles



ID: 012

Item Description:
Clubhouse Roof



ID: 013

Item Description:
Deck



ID: 014

Item Description:
Gutters and Downspouts



ID: 015

Item Description:
Doors



ID: 016

Item Description:
Bathrooms



ID: 017

Item Description:
Security Camera System



ID: 018

Item Description:
Exterior Paint



ID: 019

Item Description:
Interior Paint



ID: 020

Item Description:
Kitchen



ID: 021

Item Description:
HVAC



ID: 022

Item Description:
Carpet



ID: 023

Item Description:
Windows



ID: 024

Item Description:
Dock



ID: 025

Item Description:
Boat Ramp



ID: 026

Item Description:
Irrigation



ID: 027

Item Description:
Cluster Mailboxes



ID: 028

Item Description:
Recessed Mailboxes



ID: 029

Item Description:
Parcel Mailboxes



ID: 030

Item Description:
Terracotta Roof



ID: 031

Item Description:
Brick Repointing



ID: 032

Item Description:
Roads



Excluded from study. Responsibility of city.

ID: 033

Item Description:
Road Gutters



Excluded from study. Responsibility of city.

ID: 034

Item Description:
Stormwater System



Excluded from study. Responsibility of city.

ID: 035

Item Description:
Streetlights



Excluded from study. Responsibility of Duke Energy.

ID: 036

Item Description:
Lift Station



Excluded from study. Responsibility of city.

ID: 037

Item Description:
Furniture

Excluded from study. Considered operational expense.



ID: 038

Item Description:
Lighting

Excluded from study. Considered operational expense.



METHODOLOGY

This Reserve Study has been prepared to provide guidance to the Board of Directors to adequately prepare the Association to meet financial obligations with major maintenance, repair, and replacement of common element components. These financial obligations are best met through periodic contributions gradually instead of raising large sums of money through alternative means.

The Association can fund repairs and replacements in any combination of the following:

- Increases in the operating budget during years when the shortages occur.
- Loans using borrowed capital for major replacements projects.
- Level monthly reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future replacements.
- Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of level monthly reserve assessments with relatively minor annual adjustments for the following reasons:

- Ensuring an equitable funding plan such that owners pay their “fair share” of the weathering and aging of the commonly owned property each year.
- Level reserve assessments preserve the property.
- Preservation of the market value of owners’ properties
- Compliance with governing documents, statutes, mortgages, and the like
- Reduction (but not elimination) of risk of need for loans or special assessments

A reserve study is composed of two parts: physical analysis and financial analysis. The physical analysis is a result of the onsite visit in which a visual observation of the property is conducted to collect data and review of data specific to the property’s reserve components, common areas, and limited common areas. Through this site visit and the use of source materials, we have quantified and established the reserve component inventory and assessed the physical condition of the Association’s reserve components. This information from the physical analysis is used to estimate the timing and cost of future anticipated expenses.

The financial analysis evaluates the condition of the Association’s reserve fund in relation to its income and anticipated expenses. To adequately forecast these expenditures over the 30-year projection period, current costs, projected inflation, and interest rates must be established. Recommendations are

then provided to establish a reserve fund that addresses anticipated expenses, without having to resort to special assessments.

These standards require a Reserve Component to have a “predictable remaining Useful Life.” Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We consider the following factors in our analysis.

- The Cash Flow Method to compute, project, and illustrate the 30-year Reserve Funding Plan.
- Local costs of materials, equipment, and labor.
- Current and future costs of replacement for the Reserve Components.
- Costs of demolition as part of the cost of replacement.
- Local economic conditions and a historic perspective to arrive at our estimate of long-term future inflation for construction costs in Orlando, Florida at an annual inflation rate of 2.51%. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.
- The past and current maintenance practices of the Association and their effects on remaining useful lives.
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Physical Analysis

The Physical Analysis is the foundation of this Reserve Study, and the methods we used to conduct the Physical Analysis are outlined below.

Identification of Reserve Components

We identified major classes of property and then identified common elements that are likely to require capital repair or replacement for inclusion in the Financial Analysis. We identified reserve components from the Association’s Declaration and reviewed information provided to us and from conversations with Association’s management and the Board. We identified the following classes of property:

- 1) **Reserve Components** – Reserve components are elements that meet the Component Criteria in this section and are included in the Reserve Funding Plan of this study.
- 2) **Excluded Property Components** – These elements are the responsibility of the Association but are excluded from the study because they may require infrequent repairs and replacements, have unpredictable useful lives, or have useful lives that are greater than the scope of this study.

The Association budget for the repairs and replacements of these items from the operating budget.

- 3) **Operating Budget Funded Repairs and Replacements** – Operating budget provides funds for the repair and replacement of some items that meet the criteria of a Reserve Component, but the Board has indicated will be funded from operations. These items are excluded from the Reserve Funding Plan of this study. If the Board elects to fund these items through the reserve budget, then we should be notified to include them in a future study.
- 4) **Property Maintained by Owners** – Certain items have been designated as being the responsibility of the owners are excluded from the Reserve Funding Plan of this study.
- 5) **Property Maintained by Others** – Certain items that are the responsibility of other entities (ex., municipalities, and local governments) are excluded from the Reserve Funding Plan of this Study.

The Board should conduct an annual review of these classes of property to confirm its policy concerning the manner of funding from reserves or from the operating budget.

Site Visit

A site visit is conducted to assess the general condition of the property and its common areas. The onsite observation is visual in nature; no invasive or destructive testing is conducted. Sloped roofs, if any, are inspected from the ground for the safety of our personnel. Observations are recorded using a representative sampling of the Association's common areas and reserve components. The component inventory and associated field measurements are also substantiated as part of the site visit.

Component Criteria

The components assessed in this study must meet four criteria to be included:

1. The components must be the responsibility of the Association for repair and maintenance.
2. Replacement cost above a minimum threshold
3. The component must have a limited and predictable useful life.
4. The useful life of the component must be within the projection period (i.e., not more than 30 years)

Damage to components associated with settlement, fire, earthquakes, flooding, extreme weather, other natural disasters and events, and misuse is not considered predictable or measurable, and are thus not included or allowed for in this study.

Determining Useful Life

The useful life of a reserve component relates to the number of years it is expected to last assuming reasonable care and maintenance. The prediction of reserve and building component life can be considered no more than an informed estimate based upon information made available at the time of preparation of this report. The useful life is estimated based on information from various sources which include:

- Historical data and information provided by the Association.
- Consultation with management groups and construction industry professionals
- Manufacturer recommendations and industry guidelines
- Published service life data.
- Manufacturers and suppliers' data

Determining Remaining Useful Life

The remaining useful life of a reserve component relates to the number of years it is anticipated to be functional or useful. The remaining useful life is estimated based on information from various sources which include:

- Age or years in service
- Physical condition
- Frequency and quality of care and maintenance
- Environmental and weather effects.
- Design and quality of materials used.

In addition to deterioration or anticipated failure of components, the remaining useful lives may be impacted by obsolesces. The accuracy of the estimate is contingent upon reliable information made available at the time of the report's development. It is important to note that even with the highest degree of diligence and experience, outcomes will vary, and no guarantee can be given as to the timing or service life of the reserve components. All service life assessments in this report are based on the assumption that installation is carried out in accordance with manufacturer's recommendations and installation instructions, together with industry standards of workmanship. Consideration is given to visible design and signs of improper installation of components that will have an impact upon the anticipated service life of the component.

Maintenance Assumptions

The Board has some flexibility in choosing to pay for repairs and replacements from the operating or reserve funds. For items the Association has elected to pay from the operating fund as represented by the Association's management, we have excluded these items from this study.

Financial Analysis

The Financial Analysis is based on the information gathered during the Physical Analysis and represents the long-term capital funding plan the Board can use to determine the level of reserve assessments for the Association. The methods we used to conduct the Financial Analysis are outlined below.

Determining Replacement Costs

Determining the replacement costs of components is accomplished in several ways which include:

- Consulting with local vendors, manufacturers, and contractors
- Comparisons can also be made to other associations of similar size and geographic location.
- Using collaborative efforts by construction industry professionals

Once the current repair or replacement cost of each asset is estimated, it must be adjusted for future costs. Future costs include inflation and account for some market variability and represent the anticipated cost of the asset at the end of its useful life when it is scheduled for repair or replacement.

Inflation Rate

The effect of inflation on the cost of reserve components is a key factor in the financial projections. We have used the 30-year average annual increase in the Consumer Price Index (CPI) as published by the U.S. Bureau of Labor Statistics. This rate reflects a realistic appreciation of future costs for reserve components and assists the Association in adequately budgeting for increasing cost.

Interest Rate

The interest rate used in this report is formulated on a conservative rate of return based on the rate of return of three-year U.S. Treasury bill. We offer no guarantee or opinion in relation to investment decisions made by the Association, or the rate of return achieved.

Current Reserve Balance

The analysis, recommendations, and financial projections made within this report are heavily reliant on information provided by the Association and its representatives. The starting reserve fund balance (current or projected) and member contribution totals are supplied by these sources. This information has not been audited nor have the financial projections or recommendations.

Percent Funded

Percent funded is calculated by dividing the Association's current reserve fund balance by the fully funded balance. The percent funded measures how well prepared an Association is to meet its current and future repair and replacement obligations. Percent funded highlights the strength of the association's reserve account in relation to the anticipated costs of repair and replacement.

Recommended Funding Plan

We recommend a funding plan that maintains reserve above an adequate, though not excess threshold during years of significant expenditures. We recommend regular reserve fund contributions and gradual increasing reserves over time to fund expenses for future repairs and replacements whenever possible. Sometimes we adjust reserve assessments up or down to account for items that include, but are not limited to, catching up reserves that are not fully funded or to prepare the Association adequately from one or more years of significant expenses. The reserve funding recommendation is designed to distribute the anticipated costs of maintaining common property components equitable to all owners over the 30-year projection period to the extent reasonable possible.

STATEMENT OF LIMITATIONS AND ASSUMPTIONS

As a guideline for establishing and spending reserves, we assumed that the Reserve Study will be regularly updated to account for the Association's changing physical, financial, technological, and regulatory conditions. As such, this report is valid at the date shown and Reserve Study Institute, LLC, cannot be held responsible for subsequent changes including, but not limited to, physical, chemical, economic, technological, or regulatory conditions over which we have no control.

This Reserve Study is based on non-invasive visual observation of the Association's property. No invasive or destructive testing, or testing of materials was conducted during the inspections, or at any other time during the preparation of this report. Accordingly, we do not opine on, nor are we responsible for, the structure integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection. Also, it is assumed that all building and ancillary components have been designed and constructed properly and that life cycles will approximate normal industry performance standards. Reserve Study Institute, LLC shall not be responsible for accurate determination of remaining life expectancies of components that may have been improperly designed and constructed. Our opinions of the remaining useful lives of the property elements do not represent a guarantee or warranty of performance of the products, materials, and workmanship.

The cost estimates used represent a preliminary opinion only and are neither a quote nor a warranty of actual costs that may be incurred. These estimates are based on typical cost data that may not fully characterize the scope of the underlying property conditions. It should be anticipated that actual cost outcomes will be impacted by varying physical and economic conditions, maintenance practices, changes in technology, and future regulatory actions.

The projected values and recommendations included in this study are strictly estimated representations of true values. The more distant the year, the lower the probability the values are accurate. The model is sensitive to initial expenses – especially when inflated over 30 years – thus, depending on the economic climate, the recommended reserve assessments may need to be increased or decreased.

We did not make any soil analysis or geological study with this report; nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated. Substances such as asbestos, urea-formaldehyde, other chemicals, toxic wastes, environmental mold, or other potentially hazardous materials, if present, adversely affect the validity of this study. Our opinions are predicated on the assumption that there are no hazardous materials on or in the property. We assume no responsibility for any such condition. We are not qualified to detect such substances, quantify the impact, or develop the remedial cost.

We make no representation or warranty, expressed or implied, with respect to the contents of this report or any part thereof and cannot accept any legal responsibility or liability for any inaccuracies, errors or omissions contained in this report or any part thereof. Our best professional judgment has

been used, however certain facts forming the basis of this report are subject to professional interpretation and differing conclusions could be reached.

We have relied on the Association's management and the Board of Directors to disclose the pertinent financial status of the Association. Assumptions regarding interest earned and inflation have been made according to the current financial trends and rates. Component and material quantities were determined by observation during the site visit.

This reserve study should be reviewed carefully as it may not include, nor are our methods designed to include, all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. We have relied on the Association's management and/or the Board of Directors to disclose to us any and all reserve components or assets that are the responsibility of the Association to maintain during the onsite visit. The failure to include a component may, under some circumstances, require the Board to levy a special assessment for owners' shares of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

We assume, without independent verification, the accuracy of all data provided to us. We performed no procedures to detect false, misleading, or incomplete information, or violations of any rules, regulations, or laws.

Restricted Use of Our Report – This report is intended for use by the Association's management and the Board of Directors and is limited to only the purpose stated herein. Any use or reliance for any other purpose, by the Association's management, the Board of Directors, or third parties, is invalid. The Association's management and Board of Directors, or any other third parties viewing this report, should not reference our name or our report, in whole or in part, in any document prepared and/or distributed to third parties. This report contains intellectual property developed by Reserve Study Institute, LLC specific to this engagement and cannot be reproduced or distributed to those who conduct reserve studies without the expressed written consent of Reserve Study Institute, LLC.

Client Confidentiality – We will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings, though we reserve the right to include the Association's name in our client lists.

PROFESSIONAL EXPERIENCE

T. CHRISTOPHER TYNDALL

Reserve Analyst

T. Christopher Tyndall is a reserve analyst at the Reserve Study Institute, LLC. He is responsible for preparing both the physical analysis and financial analysis of Reserve Studies. Mr. Tyndall is also responsible for inspection and analysis of the condition of clients' properties and recommending solutions to prolong the lives of the components. He also forecasts capital expenditures for the repairs or replacement of the property components and prepares technical reports on assignments for condominiums, townhomes, homeowners' associations, other associations, and properties.

Professional Experience

Before joining Reserve Study Institute, LLC, Mr. Tyndall worked in construction development for large-scale road infrastructure projects with Sacyr, Inc. Mr. Tyndall also worked with Extreme Painting and Cleaning, which specialized in both interior and exterior painting projects. Mr. Tyndall worked on development projects for large-scale, subterranean pipe development projects for Atlantic Pipe Services. He also served with several companies performing landscaping and tree removal services.

The following highlights some of his professional experience:

- Installed, inspected, and repaired subterranean storm and sanitation systems.
- Large scale construction job site management and planning
- Residential and commercial power line and tree removal services
- Commercial and residential painting and pressure washing experience.
- Tanker endorsement for grapple trucks, flat beds, and VAC trucks.
- Served in disaster relief projects for tree removal and power line services.

Certifications

CDL – Class A

GLOSSARY

Cash Flow Method – A method of calculating Reserve contributions to the reserve fund designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component – Also referred to as an “Asset.” Individual line items in the Reserve Study developed or updated in the physical analysis. Components typically meet four requirements: 1) Association’s responsibility, 2) limited useful lives, 3) predictable useful lives, and 4) above a minimum threshold cost.

Component Inventory – The task of selecting and quantifying reserve components, which can be accomplished through on-site visual observations, review of Association design and organizational documents, a review of established association precedents, and discussion with appropriate Association representatives.

Component Method – A method of developing a Reserve Funding Plan with the total contributions based on the sum of the contributions for individual components.

Current Cost of Replacement – The amount required today derived from the quantity of a Reserve Component and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current local market prices for materials, labor, and manufactured equipment, contractors’ overhead, profit, and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Deficit – An actual or projected reserve balance that is less than the fully funded balance.

Effective Age – The difference between Useful Life (UL) and Remaining Useful Life (RUL)

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented.

Fully Funded Balances – The Reserve balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement costs similar to Total Accrued Depreciation.

Funding Goal (Threshold) – The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Costs of Replacement – Reserve Expenditure derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor, and equipment.

Long-Lived Property Component – Property component of the Association responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded – The ratio, at a particular point in time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed.

Remaining Useful Life (RUL) – The estimated remaining functional or useful time in years of a Reserve Component based on its age, condition, and maintenance.

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning and ending of the fiscal year) that the Association has identified for use to defray the future repair or replacement of those major components that the Association is obligated to maintain. Reserve balance is also commonly referred to as “reserves,” “reserve accounts”, or “cash reserves.” In this report, the reserve balance is based on information provided by management and is not audited.

Reserve Component – Property elements with: 1) the Association’s responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory – Line Items in Reserve Expenditures that identify a Reserve Component.

Reserve Contribution – An amount of money set aside or Reserve Assessment contributed to a Reserve Fund for future Reserve Expenditures to repair or replace Reserve Components.

Reserve Expenditure – Future Cost of Replacement of a Reserve Component.

Reserve Funding Plan – The portion of Reserve Study identifies the Cash Flow Analysis and contains the recommended Reserve Contributions and projected annual expenditures, interest earned, and reserve balances.

Reserve Study – A budget planning tool that identifies both the current status of the reserve fund and a stable and equitable Funding Plan designed to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: 1) Physical Analysis and 2) Financial Analysis.

Special Assessment – An assessment levied on the members of an Association by the Board of Directors in addition to regular assessments.

Surplus – An actual or projected reserve balance that is greater than the fully funded balance.

Useful Life (UL) – The estimated total time, in years, that a Reserve Component is expected to serve its intended function in its present application or installation.