



**Traditional Reserve Study
For
Windward Community Development District
Kissimmee, Florida
May 15, 2024**

Report Number: 2024.05.15.234



Table of Contents

REPORT SUMMARY 4

 Executive Summary..... 5

PHYSICAL ANALYSIS..... 7

 Identification of Reserve Components 7

 Reserve Components 7

 Excluded Components 9

 Repairs and Replacement Funded from Operating Budget..... 10

 Property Maintained by Owners..... 10

 Property Maintained by Others 10

FINANCIAL ANALYSIS..... 11

 Percent Funded 11

 Reserve Expenditures 12

 Reserve Funding Plan..... 15

 Major Expenditures..... 16

 Condition Assessment..... 18

PHOTOGRAPHS 21

METHODOLOGY 31

 Physical Analysis..... 32

 Identification of Reserve Components 32

 Site Visit..... 33

 Component Criteria..... 33

 Determining Useful Life 34

 Determining Remaining Useful Life 34

 Maintenance Assumptions 34

 Financial Analysis 34

 Determining Replacement Costs 35

 Inflation Rate..... 35

 Interest Rate..... 35

 Current Reserve Balance..... 35

 Percent Funded 35

DRAFT



RESERVE STUDY INSTITUTE, LLC

Recommended Funding Plan 35

STATEMENT OF LIMITATIONS AND ASSUMPTIONS..... 36

CONFLICTS OF INTEREST 38

PROFESSIONAL EXPERIENCE 39

GLOSSARY..... 40

DRAFT

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:	Windward Community Development District (Windward Community)
Location:	Kissimmee, FL
Project Description:	CDD
Type of Study:	Level 1
Site Visit:	May 3, 2024
Number of Units:	553

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	2.53%
<i>Interest Rate</i> ²	4.76%
<i>Cash Status of the Reserve Fund Balance</i> ³	\$0
<i>Full Funded Balance</i>	\$6,070,830
<i>Percent Funded</i>	0%
<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 April 23, 2024.

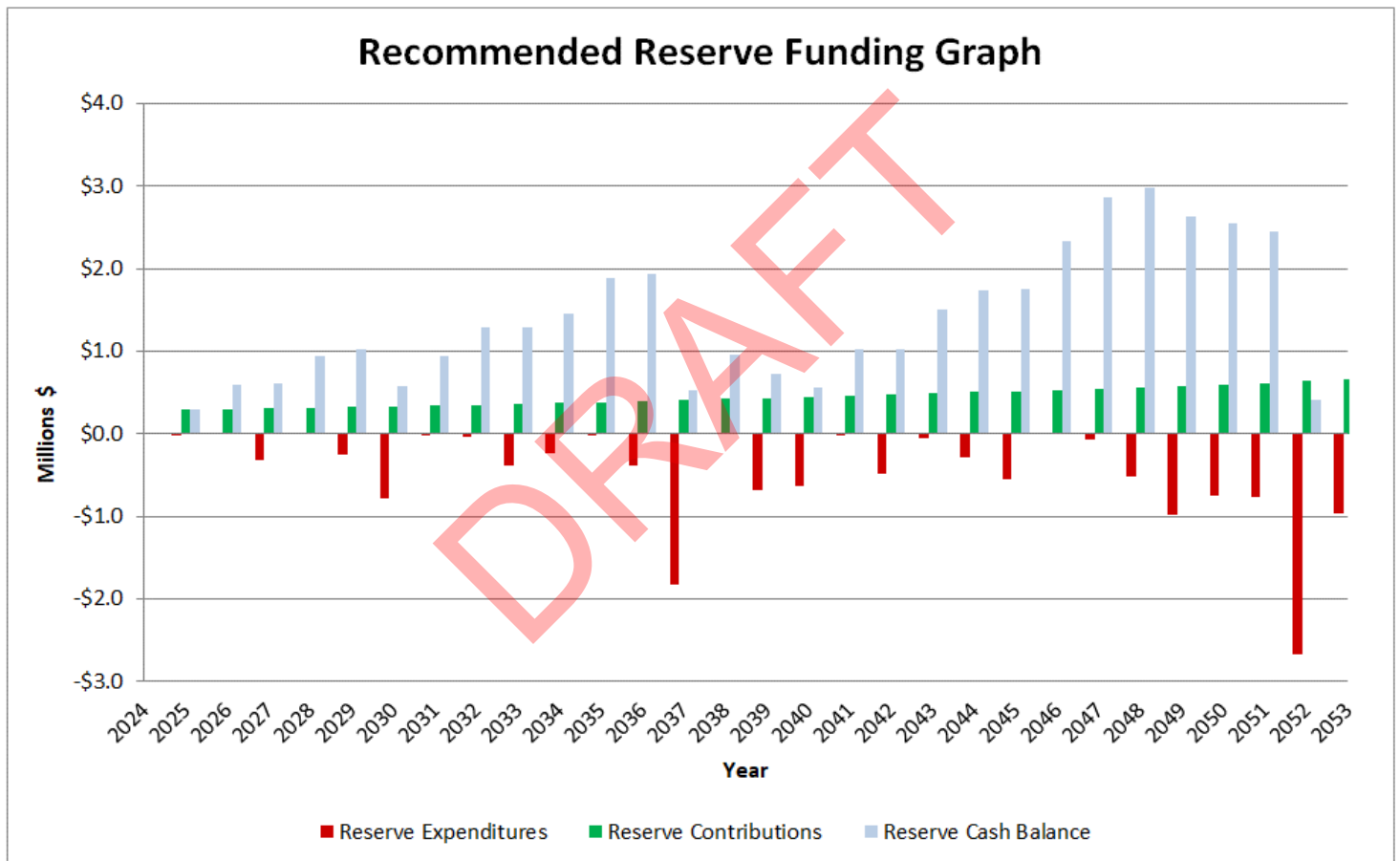
Recommended Reserve Funding: The Association budgeted \$0 for reserve contributions in 2024. We recommend that the Association adopt reserve contributions of \$285,686 in 2025 with steady annual increases of 3% annually thereafter. The Association will have funded the most significant anticipated expenditures related to asphalt pavement, mill and overlay, curbs, and road gutters, partial, and asphalt pavement, crack repair, seal, and coat. The goal of this particular reserve funding plan is to prevent the year end reserve balance from falling below \$268,099 during threshold funding years. The recommended year 2025 reserve contribution of \$285,686 is equivalent to an average monthly contribution of \$43.05 per owner.

RESERVE STUDY INSTITUTE, LLC

Recommended Reserve Funding Table

Year	Reserve Contributions (\$)	Reserve Cash Balance (\$)	Year	Reserve Contributions (\$)	Reserve Cash Balance (\$)	Year	Reserve Contributions (\$)	Reserve Cash Balance (\$)
2024	-	-	2034	372,755	1,461,211	2044	500,952	1,743,714
2025	285,686	290,950	2035	383,938	1,881,950	2045	515,981	1,747,350
2026	294,257	599,135	2036	395,456	1,935,254	2046	531,460	2,333,046
2027	303,084	601,238	2037	407,320	519,768	2047	547,404	2,868,037
2028	312,177	935,154	2038	419,540	961,664	2048	563,826	2,978,825
2029	321,542	1,026,310	2039	432,126	725,978	2049	580,741	2,637,627
2030	331,188	582,420	2040	445,089	551,840	2050	598,163	2,544,983
2031	341,124	936,746	2041	458,442	1,023,061	2051	616,108	2,450,226
2032	351,358	1,285,011	2042	472,195	1,027,161	2052	634,591	413,444
2033	361,898	1,283,738	2043	486,361	1,496,451	2053	653,629	97,236

Recommended Reserve Funding Graph



Respectfully submitted on May 15, 2024 by
RESERVE STUDY INSTITUTE, LLC

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



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.

DRAFT

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	Exterior Painting and Waterproofing	2,640	2,640	Square Feet	8 to 12	3	\$2	\$5,280	\$3,960
Building Elements	HVAC, 2 Ton	1	1	Each	10 to 15	5	\$5,325	\$5,325	\$3,550
Building Elements	Roof, Metal	23	23	Squares	30	23	\$850	\$19,550	\$4,562
Building Elements	Security Building, Allowance	1	1	Each	30	23	\$25,000	\$25,000	\$5,833
General Site Elements	Asphalt Pavement, Crack Repair, Seal and Coat	71,450	71,450	Square Yards	5	5	\$3	\$178,625	\$0
General Site Elements	Asphalt Pavement, Mill and Overlay	71,450	71,450	Square Yards	15 to 20	13	\$18	\$1,286,100	\$450,135
General Site Elements	Backflow Preventer	1	1	Each	30	27	\$12,000	\$12,000	\$1,200
General Site Elements	Barrier Gates, North Gate	2	2	Each	10 to 15	7	\$3,600	\$7,200	\$3,840
General Site Elements	Barrier Gates, West Gate	5	5	Each	10 to 15	6	\$3,600	\$18,000	\$10,800
General Site Elements	Callbox, East Entrance	1	1	Each	10 to 15	9	\$9,000	\$9,000	\$3,600
General Site Elements	Callbox, South Entrance	1	1	Each	10 to 15	8	\$9,000	\$9,000	\$4,200
General Site Elements	Curbs and Road Gutters, Partial	63,000	3,150	Linear Feet	40 to 50	3	\$43	\$2,709,000	\$2,546,460
General Site Elements	Dog Park Fencing, Chain Link	340	340	Linear Feet	30	25	\$20	\$6,800	\$1,133
General Site Elements	Entrance Gates, East Entrance	4	4	Each	30	28	\$5,000	\$20,000	\$1,333
General Site Elements	Entrance Gates, South Entrance	4	4	Each	30	27	\$5,000	\$20,000	\$2,000
General Site Elements	Entrance Monuments, Allowance, Partial	1	1	Each	to 65	3	\$13,910	\$13,910	\$13,268
General Site Elements	Entrance Signage	4	4	Each	20	16	\$8,000	\$32,000	\$6,400
General Site Elements	Exterior Painting and Waterproofing, Monuments	20,236	20,236	Square Feet	8 to 12	5	\$2	\$40,472	\$23,609
General Site Elements	Fencing, Aluminum	7,600	7,600	Linear Feet	30	25	\$38	\$288,800	\$48,133
General Site Elements	Fencing, Aluminum, Residential Areas	1,065	1,065	Linear Feet	30	25	\$38	\$40,470	\$6,745
General Site Elements	Fencing, Chain Link	300	300	Linear Feet	30	25	\$23	\$6,900	\$1,150
General Site Elements	Fencing, Concrete, Partial	6,336	317	Square Feet	to 65	3	\$40	\$253,440	\$241,743
General Site Elements	Fountain Equipment	1	1	Each	10	6	\$10,000	\$10,000	\$4,000
General Site Elements	Gate Motors, East Gate	4	4	Each	10 to 15	9	\$4,500	\$18,000	\$7,200
General Site Elements	Gate Motors, South Gate	4	4	Each	10 to 15	8	\$4,500	\$18,000	\$8,400
General Site Elements	Irrigation, Allowance	18	18	Each	10	6	\$3,000	\$54,000	\$21,600
General Site Elements	Pond Restoration	4	4	Acres	30 to 50	27	\$15,000	\$60,000	\$27,600
General Site Elements	Retaining Walls, Common Areas, Partial	4,619	231	Square Feet	to 65	3	\$50	\$230,950	\$220,291
General Site Elements	Retaining Walls, Residential, Partial	7,753	388	Square Feet	to 65	3	\$50	\$387,650	\$369,758
General Site Elements	Road Pavers	28,856	28,856	Square Feet	to 40	29	\$14	\$403,984	\$111,096
General Site Elements	Security Camera System, Allowance	1	1	Each	10	6	\$6,000	\$6,000	\$2,400
General Site Elements	Sidewalks, Concrete, Partial	235,000	11,750	Square Feet	to 65	3	\$8	\$1,880,000	\$1,793,231
General Site Elements	Stormwater System, Cleaning and Inspection	1	1	Each	10	6	\$264,000	\$264,000	\$105,600
General Site Elements	Stormwater System, Repairs Allowance	1	1	Each	10	6	\$40,000	\$40,000	\$16,000
Other Elements	Reserve Study Update	1	1	Each	1	1	\$1,500	\$1,500	\$0
TOTALS								\$8,380,956	\$6,070,830

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.
- **Curbs and Road Gutters, Replacement** – Curbs and Road Gutters have a useful life expectancy of up to 50 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.
- **Entrance Monuments, Allowance, Replacement** – Entrance Monuments, Allowance 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.
- **Concrete Fencing, Replacement** – Concrete Fencing has 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.
- **Retaining Walls, Common Areas, Replacement** – Retaining Walls, Common Areas 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.
- **Retaining Walls, Residential, Replacement** – Retaining Walls, Residential 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.
- **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.

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
- Pond Maintenance
- Security Building, Replace and Replacement
- Call Boxes, Replace and Replacement
- Dog Park Fencing, Replace and Replacement
- Entrance Monuments, Replace and Replacement
- Gate Motors, Replace and Replacement
- Fountain Equipment, Replace and Replacement
- Security Camera System, Replace and Replacement
- Other Repairs Normally Funded Through the Operating Budget

Property Maintained by Owners

- Homes and Driveways

Property Maintained by Others

- Streetlights (Utility Company)
- Lift Stations (City)
- Sales Center (Other)

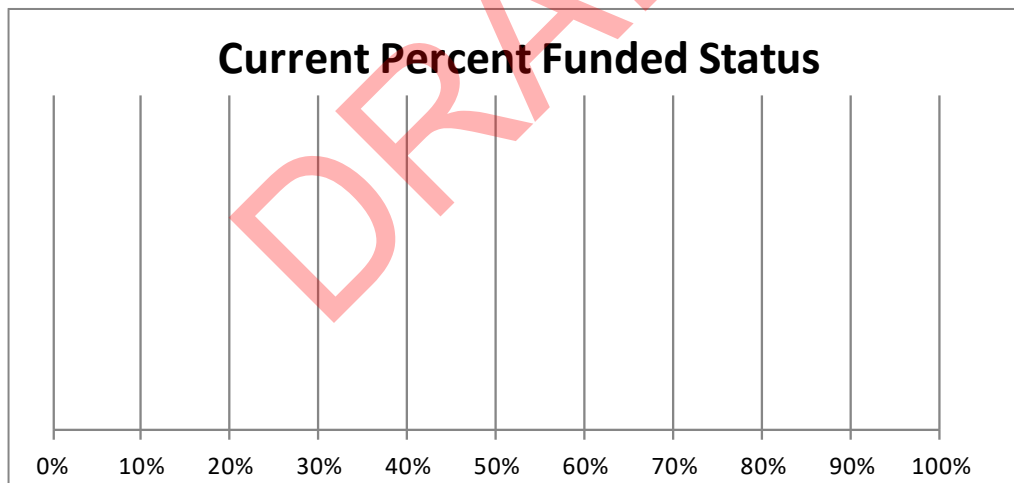
FINANCIAL ANALYSIS

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 0% funded, which indicates that the Association is starting with what is considered a weak level of reserve funds. However, we recommend increased budgeted reserve assessments such that the current percentage funded is at least 100%.

Reserve Expenditures

Category	Component	Years 1 - 10									
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Building Elements	Exterior Painting and Waterproofing	\$0	\$0	\$0	\$5,690	\$0	\$0	\$0	\$0	\$0	\$0
Building Elements	HVAC, 2 Ton	\$0	\$0	\$0	\$0	\$0	\$6,033	\$0	\$0	\$0	\$0
Building Elements	Roof, Metal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Elements	Security Building, Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Asphalt Pavement, Crack Repair, Seal and Coat	\$0	\$0	\$0	\$0	\$0	\$202,361	\$0	\$0	\$0	\$0
General Site Elements	Asphalt Pavement, Mill and Overlay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Backflow Preventer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Barrier Gates, North Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,574	\$0	\$0
General Site Elements	Barrier Gates, West Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$20,907	\$0	\$0	\$0
General Site Elements	Callbox, East Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,266
General Site Elements	Callbox, South Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,988	\$0
General Site Elements	Curbs and Road Gutters, Partial	\$0	\$0	\$0	\$145,979	\$0	\$0	\$157,326	\$0	\$0	\$169,555
General Site Elements	Dog Park Fencing, Chain Link	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Entrance Gates, East Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Entrance Gates, South Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Entrance Monuments, Allowance, Partial	\$0	\$0	\$0	\$14,991	\$0	\$0	\$16,157	\$0	\$0	\$17,412
General Site Elements	Entrance Signage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Exterior Painting and Waterproofing, Monuments	\$0	\$0	\$0	\$0	\$0	\$45,850	\$0	\$0	\$0	\$0
General Site Elements	Fencing, Aluminum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Fencing, Aluminum, Residential Areas	\$0	\$0	\$0	\$0	\$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	Fencing, Concrete, Partial	\$0	\$0	\$0	\$13,657	\$0	\$0	\$14,719	\$0	\$0	\$15,863
General Site Elements	Fountain Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$11,615	\$0	\$0	\$0
General Site Elements	Gate Motors, East Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,532
General Site Elements	Gate Motors, South Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,977	\$0
General Site Elements	Irrigation, Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$62,721	\$0	\$0	\$0
General Site Elements	Pond Restoration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Retaining Walls, Common Areas, Partial	\$0	\$0	\$0	\$12,445	\$0	\$0	\$13,412	\$0	\$0	\$14,455
General Site Elements	Retaining Walls, Residential, Partial	\$0	\$0	\$0	\$20,889	\$0	\$0	\$22,513	\$0	\$0	\$24,263
General Site Elements	Road Pavers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Security Camera System, Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$6,969	\$0	\$0	\$0
General Site Elements	Sidewalks, Concrete, Partial	\$0	\$0	\$0	\$101,307	\$0	\$0	\$109,181	\$0	\$0	\$117,668
General Site Elements	Stormwater System, Cleaning and Inspection	\$0	\$0	\$0	\$0	\$0	\$0	\$306,637	\$0	\$0	\$0
General Site Elements	Stormwater System, Repairs Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$46,460	\$0	\$0	\$0
Other Elements	Reserve Study Update	\$0	\$1,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS		\$0	\$1,500	\$0	\$314,958	\$0	\$254,244	\$788,617	\$8,574	\$32,965	\$393,014

Years 11 - 20

Category	Component	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Building Elements	Exterior Painting and Waterproofing	\$0	\$6,948	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,483
Building Elements	HVAC, 2 Ton	\$0	\$0	\$0	\$0	\$0	\$7,742	\$0	\$0	\$0	\$0
Building Elements	Roof, Metal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Elements	Security Building, Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Asphalt Pavement, Crack Repair, Seal and Coat	\$229,251	\$0	\$0	\$0	\$0	\$259,714	\$0	\$0	\$0	\$0
General Site Elements	Asphalt Pavement, Mill and Overlay	\$0	\$0	\$0	\$1,778,909	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Backflow Preventer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Barrier Gates, North Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,004	\$0	\$0
General Site Elements	Barrier Gates, West Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$26,833	\$0	\$0	\$0
General Site Elements	Callbox, East Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,459
General Site Elements	Callbox, South Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,103	\$0
General Site Elements	Curbs and Road Gutters, Partial	\$0	\$0	\$182,735	\$0	\$0	\$196,939	\$0	\$0	\$212,247	\$0
General Site Elements	Dog Park Fencing, Chain Link	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Entrance Gates, East Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Entrance Gates, South Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Entrance Monuments, Allowance, Partial	\$0	\$0	\$18,766	\$0	\$0	\$20,225	\$0	\$0	\$21,797	\$0
General Site Elements	Entrance Signage	\$0	\$0	\$0	\$0	\$0	\$0	\$47,702	\$0	\$0	\$0
General Site Elements	Exterior Painting and Waterproofing, Monuments	\$0	\$0	\$0	\$55,980	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Fencing, Aluminum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Fencing, Aluminum, Residential Areas	\$0	\$0	\$0	\$0	\$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	Fencing, Concrete, Partial	\$0	\$0	\$17,096	\$0	\$0	\$18,425	\$0	\$0	\$19,857	\$0
General Site Elements	Fountain Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$14,907	\$0	\$0	\$0
General Site Elements	Gate Motors, East Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,918
General Site Elements	Gate Motors, South Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$28,206	\$0
General Site Elements	Irrigation, Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$80,498	\$0	\$0	\$0
General Site Elements	Pond Restoration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Retaining Walls, Common Areas, Partial	\$0	\$0	\$15,579	\$0	\$0	\$16,790	\$0	\$0	\$18,095	\$0
General Site Elements	Retaining Walls, Residential, Partial	\$0	\$0	\$26,149	\$0	\$0	\$28,181	\$0	\$0	\$30,372	\$0
General Site Elements	Road Pavers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Security Camera System, Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$8,944	\$0	\$0	\$0
General Site Elements	Sidewalks, Concrete, Partial	\$0	\$0	\$126,815	\$0	\$0	\$136,672	\$0	\$0	\$147,296	\$0
General Site Elements	Stormwater System, Cleaning and Inspection	\$0	\$0	\$0	\$0	\$0	\$0	\$393,544	\$0	\$0	\$0
General Site Elements	Stormwater System, Repairs Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$59,628	\$0	\$0	\$0
Other Elements	Reserve Study Update	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS		\$229,251	\$6,948	\$387,140	\$1,834,889	\$0	\$684,688	\$632,056	\$11,004	\$491,973	\$51,860

Years 21 - 30

Category	Component	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Building Elements	Exterior Painting and Waterproofing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,357	\$0	\$0
Building Elements	HVAC, 2 Ton	\$0	\$0	\$0	\$0	\$0	\$9,937	\$0	\$0	\$0	\$0
Building Elements	Roof, Metal	\$0	\$0	\$0	\$34,705	\$0	\$0	\$0	\$0	\$0	\$0
Building Elements	Security Building, Allowance	\$0	\$0	\$0	\$44,380	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Asphalt Pavement, Crack Repair, Seal and Coat	\$294,225	\$0	\$0	\$0	\$0	\$333,321	\$0	\$0	\$0	\$0
General Site Elements	Asphalt Pavement, Mill and Overlay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,586,463	\$0
General Site Elements	Backflow Preventer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,538	\$0	\$0
General Site Elements	Barrier Gates, North Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,123	\$0	\$0
General Site Elements	Barrier Gates, West Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$34,437	\$0	\$0	\$0
General Site Elements	Callbox, East Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,557
General Site Elements	Callbox, South Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,100	\$0
General Site Elements	Curbs and Road Gutters, Partial	\$0	\$228,746	\$0	\$0	\$246,526	\$0	\$0	\$265,689	\$0	\$0
General Site Elements	Dog Park Fencing, Chain Link	\$0	\$0	\$0	\$0	\$0	\$12,689	\$0	\$0	\$0	\$0
General Site Elements	Entrance Gates, East Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,222	\$0
General Site Elements	Entrance Gates, South Entrance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,231	\$0	\$0
General Site Elements	Entrance Monuments, Allowance, Partial	\$0	\$23,491	\$0	\$0	\$25,317	\$0	\$0	\$27,285	\$0	\$0
General Site Elements	Entrance Signage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Site Elements	Exterior Painting and Waterproofing, Monuments	\$0	\$68,348	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$83,449
General Site Elements	Fencing, Aluminum	\$0	\$0	\$0	\$0	\$0	\$538,912	\$0	\$0	\$0	\$0
General Site Elements	Fencing, Aluminum, Residential Areas	\$0	\$0	\$0	\$0	\$0	\$75,519	\$0	\$0	\$0	\$0
General Site Elements	Fencing, Chain Link	\$0	\$0	\$0	\$0	\$0	\$12,876	\$0	\$0	\$0	\$0
General Site Elements	Fencing, Concrete, Partial	\$0	\$21,400	\$0	\$0	\$23,064	\$0	\$0	\$24,856	\$0	\$0
General Site Elements	Fountain Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$19,132	\$0	\$0	\$0
General Site Elements	Gate Motors, East Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$37,114
General Site Elements	Gate Motors, South Gate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$36,200	\$0
General Site Elements	Irrigation, Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$103,312	\$0	\$0	\$0
General Site Elements	Pond Restoration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$117,692	\$0	\$0
General Site Elements	Retaining Walls, Common Areas, Partial	\$0	\$19,501	\$0	\$0	\$21,017	\$0	\$0	\$22,651	\$0	\$0
General Site Elements	Retaining Walls, Residential, Partial	\$0	\$32,733	\$0	\$0	\$35,277	\$0	\$0	\$38,019	\$0	\$0
General Site Elements	Road Pavers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$832,976
General Site Elements	Security Camera System, Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$11,479	\$0	\$0	\$0
General Site Elements	Sidewalks, Concrete, Partial	\$0	\$158,746	\$0	\$0	\$171,085	\$0	\$0	\$184,384	\$0	\$0
General Site Elements	Stormwater System, Cleaning and Inspection	\$0	\$0	\$0	\$0	\$0	\$0	\$505,082	\$0	\$0	\$0
General Site Elements	Stormwater System, Repairs Allowance	\$0	\$0	\$0	\$0	\$0	\$0	\$76,528	\$0	\$0	\$0
Other Elements	Reserve Study Update	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS		\$294,225	\$552,965	\$0	\$79,085	\$522,286	\$983,254	\$749,970	\$767,825	\$2,680,985	\$972,096

Reserve Funding Plan

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	\$0	\$0	\$290,950	\$599,135	\$601,238	\$935,154	\$1,026,310	\$582,420	\$936,746	\$1,285,011
Recommended Reserve Contribution	\$0	\$285,686	\$294,257	\$303,084	\$312,177	\$321,542	\$331,188	\$341,124	\$351,358	\$361,898
Estimated Interest Earned	\$0	\$6,764	\$13,928	\$13,977	\$21,739	\$23,858	\$13,539	\$21,776	\$29,872	\$29,843
Special Assessments / Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Anticipated Reserve Expenditures	\$0	(\$1,500)	\$0	(\$314,958)	\$0	(\$254,244)	(\$788,617)	(\$8,574)	(\$32,965)	(\$393,014)
Ending Balance	\$0	\$290,950	\$599,135	\$601,238	\$935,154	\$1,026,310	\$582,420	\$936,746	\$1,285,011	\$1,283,738

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Beginning Balance	\$1,283,738	\$1,461,211	\$1,881,950	\$1,935,254	\$519,768	\$961,664	\$725,978	\$551,840	\$1,023,061	\$1,027,161
Recommended Reserve Contribution	\$372,755	\$383,938	\$395,456	\$407,320	\$419,540	\$432,126	\$445,089	\$458,442	\$472,195	\$486,361
Estimated Interest Earned	\$33,968	\$43,749	\$44,988	\$12,083	\$22,356	\$16,877	\$12,828	\$23,783	\$23,878	\$34,788
Special Assessments / Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Anticipated Reserve Expenditures	(\$229,251)	(\$6,948)	(\$387,140)	(\$1,834,889)	\$0	(\$684,688)	(\$632,056)	(\$11,004)	(\$491,973)	(\$51,860)
Ending Balance	\$1,461,211	\$1,881,950	\$1,935,254	\$519,768	\$961,664	\$725,978	\$551,840	\$1,023,061	\$1,027,161	\$1,496,451

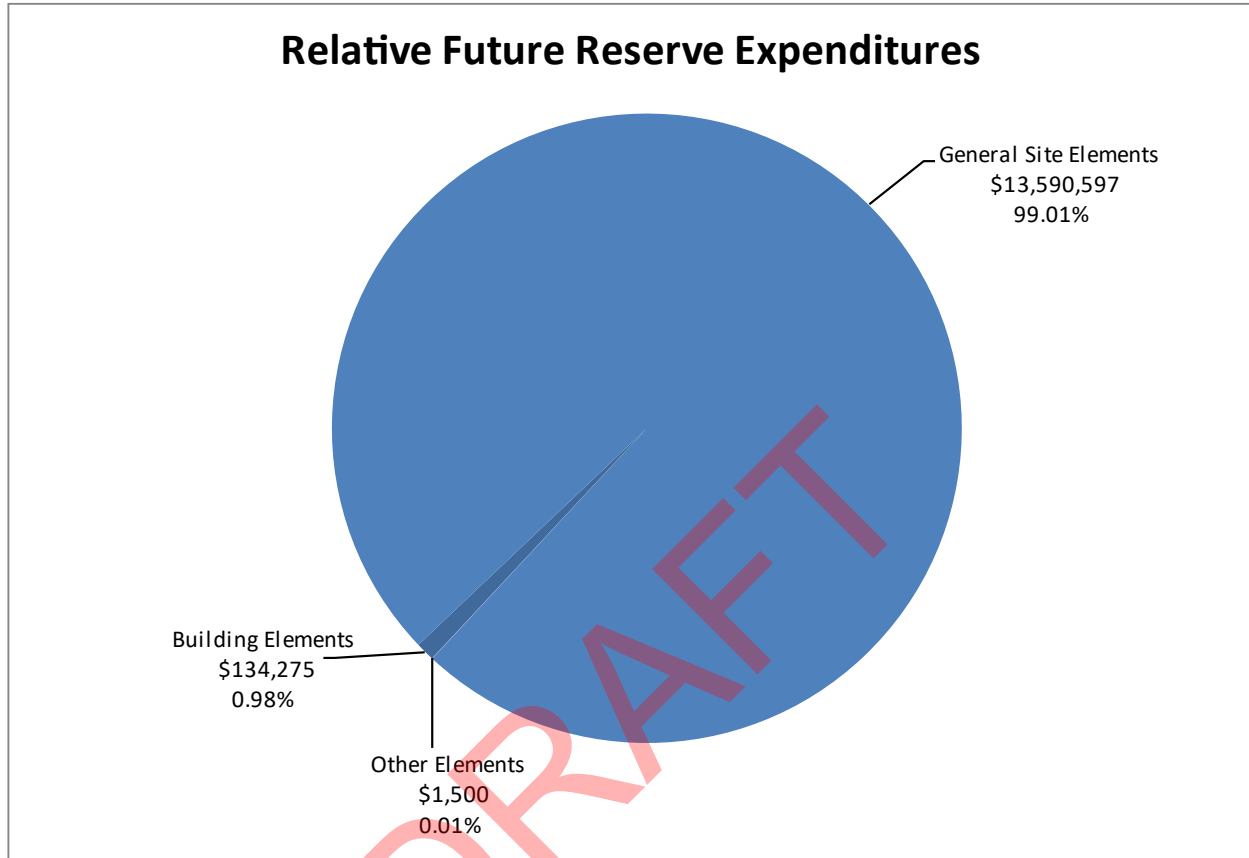
	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Beginning Balance	\$1,496,451	\$1,743,714	\$1,747,350	\$2,333,046	\$2,868,037	\$2,978,825	\$2,637,627	\$2,544,983	\$2,450,226	\$413,444
Recommended Reserve Contribution	\$500,952	\$515,981	\$531,460	\$547,404	\$563,826	\$580,741	\$598,163	\$616,108	\$634,591	\$653,629
Estimated Interest Earned	\$40,536	\$40,620	\$54,236	\$66,672	\$69,248	\$61,316	\$59,163	\$56,960	\$9,611	\$2,260
Special Assessments / Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Anticipated Reserve Expenditures	(\$294,225)	(\$552,965)	\$0	(\$79,085)	(\$522,286)	(\$983,254)	(\$749,970)	(\$767,825)	(\$2,680,985)	(\$972,096)
Ending Balance	\$1,743,714	\$1,747,350	\$2,333,046	\$2,868,037	\$2,978,825	\$2,637,627	\$2,544,983	\$2,450,226	\$413,444	\$97,236

Notes:

- (1) Beginning balance of reserve was provided by management and includes reserve fund balances as of April 23, 2024.
- (2) The inflation rate of 2.53% and interest rate on Investments of 4.76% were used for this study.
- (3) 2024 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 \$13,590,597 is needed for the repair or replacement of components in this category. The next highest priority categories are the building elements and other elements, respectively. The following are the cost of the major components that must be replaced:

Major Expenditures as a Percent of Total Expenditures					
Rank	Component	Quantity Total	Unit of Measure	Future Expenditures (\$)	% of Total
1	Asphalt Pavement, Mill and Overlay	71,450	Square Yards	\$ 4,365,372	31.8%
2	Curbs and Road Gutters, Partial	63,000	Linear Feet	\$ 1,805,742	13.2%
3	Asphalt Pavement, Crack Repair, Seal and Coat	71,450	Square Yards	\$ 1,318,872	9.6%
4	Sidewalks, Concrete, Partial	235,000	Square Feet	\$ 1,253,154	9.1%
5	Stormwater System, Cleaning and Inspection	1	Each	\$ 1,205,263	8.8%
6	All Other Components	N/A	N/A	\$ 3,777,969	27.5%
TOTAL				\$ 13,726,372	100.0%



RESERVE STUDY INSTITUTE, LLC

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. We also recommend that the Association obtain third-party quotes from qualified vendors or contractors on at least the major components not less than annually and update their study if the estimated costs or timing of expenses or timing of these expenditures of any changes. The Association should also pay special attention to potential upgrades or alternatives to these components in discussions with their vendor or contractor as they have the most significant impact on funding.

DRAFT

Condition Assessment

The following is a condition assessment of certain reserve components:

Building Elements

- **Exterior Painting and Waterproofing** – There are approximately 2,640 square feet of exterior painting on the security building. It appears to be in fair condition.
- **HVAC, 2 Ton** – There is one 2-ton Lennox heat pump for the security building. It appears to be in good condition.
- **Roof, Metal** – There are approximately 23 squares of metal roofing on the security building and the entrance monuments. It appears to be in good condition.
- **Security Building Allowance** – This allowance provides for the remodeling of the security building, including lights, windows, doors, flooring, bathroom, and other related components. It appears to be in good condition.

General Site Elements

- **Asphalt Pavement, Crack Repair, Seal and Coat** – There is approximately 71,450 square yards of asphalt pavement. There is some staining, but overall, it is in very good condition.
- **Asphalt Pavement, Mill and Overlay** – There is approximately 71,450 square yards of asphalt pavement. It does not appear to have sealant.
- **Backflow Preventer** – There is one backflow preventer located by the south entrance. It appears to be in very good condition.
- **Barrier Gates, North Gate** – There are 2 barrier gates on the north side entrance. There is no visible manufacturer label. They appear to be in good condition.
- **Barrier Gates, West Gate** – There are 5 barrier gates on the east side entrance. There is no visible manufacturer label. They appear to be in good condition.
- **Callbox, East Entrance** – There is one callbox at the south entrance. It appears to be in very good condition.
- **Callbox, South Entrance** – There is one callbox for the east entrance. It appears to be in very good condition.
- **Curbs and Road Gutters, Partial** – There is approximately 63,000 linear feet of concrete curbs and road gutters. They are in very good condition. The estimated remaining useful life is 50 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.
- **Dog Park Fencing, Chain Link** – There is approximately 360 linear feet of chain link fencing. It appears to be in very good condition.
- **Entrance Gates, East Entrance** – There are 4 entrance gates at the east entrance. They are in very good condition.
- **Entrance Gates, South Entrance** – There are 4 entrance gates at the south entrance. They are in very good condition.

- **Entrance Monuments, Allowance, Partial** – This accounts for all entrance monuments throughout the community. The west side entrance monuments are slightly cracked in several areas, but overall, the monuments are 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.
- **Entrance Signage** – There are four entrance signs, 2 on the west side and 2 on the south side. They appear to be in good condition.
- **Exterior Painting and Waterproofing, Monuments** – There are approximately 20,236 square feet of exterior painting on all the monuments throughout the community as well as both sides of the east side concrete perimeter wall. It appears to be in good condition.
- **Fencing, Aluminum** – There are approximately 7,600 linear feet of aluminum fencing in common areas such as near entrance gates and perimeter fencing. There are some areas that are damaged on the west side of the property, but overall, it is in good condition.
- **Fencing, Aluminum, Residential Areas** – There is approximately 1,065 linear feet of aluminum fencing located behind residential areas. They appear to be in good condition.
- **Fencing, Chain Link** – There are approximately 300 linear feet of chain link fencing near the east entrance. It appears to be in good condition.
- **Fencing, Concrete, Partial** – There is approximately 6,336 square feet of concrete fencing on the east side of the property. It appears to be in very 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.
- **Fountain Equipment** – This includes the pumps, motors, and filters for both entrance monument fountains. They appear to be in good condition.
- **Gate Motors, East Gate** – There are 4 gate motors at the south entrance. They appear to be in very good condition.
- **Gate Motors, South Gate** – There are 4 gate motors at the east entrance. They appear to be in very good condition.
- **Irrigation, Allowance** – There are 18 irrigation controllers. They appear to be in good condition.
- **Pond Restoration** – There are approximately 4 acres of ponds throughout the property. They appear to range from good to fair condition.
- **Retaining Walls, Common Areas, Partial** – There are approximately 4,619 square feet of stone retaining walls located in common areas such as Four Seasons Blvd and the south entrance area. They appear to be in very 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.
- **Retaining Walls, Residential, Partial** – There is approximately 7,753 square feet of stone retaining walls located behind homes. They appear to be in very 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.

- **Road Pavers** – There are approximately 28,856 square feet of pavers. They appear to be in good condition.
- **Security Camera System, Allowance** – This accounts for the replacement of security cameras at the entrances. They appear to be in good condition.
- **Sidewalks, Concrete, Partial** – There are approximately 235,000 square feet of concrete sidewalks. There are some broken sections, but overall, it appears to be 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.
- **Stormwater System, Cleaning, and Inspection** – This allowance provides for the cleaning and inspecting of the stormwater system. No plans provided. Price can vary depending on pipe size, type, length, heavy cleaning vs. light cleaning and whether plugging and draining is required. We recommend contacting a third-party vendor for an exact quote.
- **Stormwater System, Repairs Allowance** – This allowance provides for the repairs of the stormwater system. No condition assessment is available. We recommend contacting a third-party vendor for cleaning and inspection to determine the number of repairs that need to be made.

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:

Entrance Monuments



ID: 003

Item Description:

Fountain Equipment



ID: 004

Item Description:

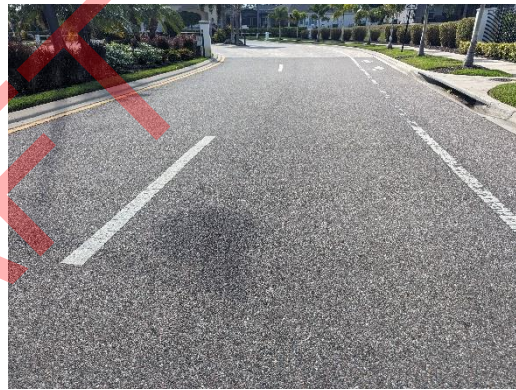
Irrigation



ID: 005

Item Description:

Asphalt Pavement



ID: 006

Item Description:

Curbs and Road Gutters



ID: 007

Item Description:

Catch Basins



ID: 008

Item Description:

Aluminum Fencing



ID: 009

Item Description:

Streetlights



Excluded from study. Responsibility of utility company.

ID: 010

Item Description:

Callbox (West)



ID: 011

Item Description:

Security Building Exterior Paint



ID: 012

Item Description:

Metal Roof



ID: 013

Item Description:

Security Building Interior



ID: 014

Item Description:

HVAC



ID: 015

Item Description:

Road Pavers



ID: 016

Item Description:

Retaining Wall (Common Area)



ID: 017

Item Description:

Entrance Gate Barrier



ID: 018

Item Description:

Lift Stations



Excluded from study. Responsibility of city.

ID: 019

Item Description:

Benches

Excluded from study. Considered operational expense.



ID: 020

Item Description:

Sidewalks



ID: 021

Item Description:

Retaining Wall and Fencing (Residential Areas)



ID: 022

Item Description:

Street Signs

Excluded from study. Considered operational expense.



ID: 023

Item Description:

Entrance Gate Motors



ID: 024

Item Description:

Entrance Gates



ID: 025

Item Description:

Dog Park Fencing



ID: 026

Item Description:

Ponds



ID: 027

Item Description:

Backflow Preventer



ID: 028

Item Description:

Security Camera System



ID: 029

Item Description:

Stormwater System



ID: 030

Item Description:

Sales Center



Excluded from study. Responsibility of other.

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 arrive at our estimate of long-term future inflation for construction costs in Kissimmee, Florida at an annual inflation rate of 2.53%. 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 that 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.

Additionally, statutory requirements, particularly in the context of reserve studies, are relatively new and subject to interpretation. Acknowledging uncertainty, we recommend the Association to consider consulting a qualified attorney for specific guidance on compliance with these statutory requirements. The responsibility for making decisions regarding statutory interpretations and compliance rests with the Association in its specific situation. We recommend the Association stay informed about changing regulations and seek legal counsel to navigate any uncertainties. We are not licensed attorneys, and nothing in this report should be construed as legal advice.

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 processes or proceedings, though we reserve the right to include the Association's name in our client lists.

CONFLICTS OF INTEREST

To the best of our knowledge, we are not aware of any conflicts of interest to the best of my knowledge, there are currently no conflicts of interest that could impact the services provided to you at the time of the preparation of this report.

DRAFT

PROFESSIONAL EXPERIENCE

T. CHRISTOPHER TYNDALL **Professional 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:

- Completed reserve studies of high-rise towers, property owner associations, homeowner associations, and townhome associations.
- Obtained professional designation of Professional Reserve Analyst
- 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.
- Served in disaster relief projects for tree removal and power line services.

Certifications

Professional Reserve Analyst (PRA), Association of Professional Reserve Analysts

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.