

## PROJECTED ANNUAL REPLACEMENTS GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 94 Projected Replacements in the Fishing Creek Farm Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.

### REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision, if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only.
- **TAX CODE.** The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot commingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacements activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither Miller - Dodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to Miller - Dodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **UPDATING.** In the first two or possibly three years after the completion of a Level One Replacement Reserve Study, we recommend the Association review and revise the Replacement Reserve Analysis and Inventory annually to take into account replacements which have occurred and known changes in replacement costs. This can frequently be handled as a Level Two or Level Three Study (as defined by the Community Associations Institute), unless the Association has completed major replacement projects. A full analysis (Level One) based on a comprehensive visual evaluation of the site should be accomplished every three to five years or after each major replacement project.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the next thirty years, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.
- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Fishing Creek Farm Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

**PROJECTED REPLACEMENTS - YEARS 1 TO 3**

2012			2013			2014		
Item		\$	Item		\$	Item		\$
1	Asphalt pvmt, seal coat, poc	\$3,300				83	Swimming pool pump, wade	\$1,200
3	Asphalt pvmt, seal coat, Sou	\$1,640				84	Swimming pool pump, main	\$1,800
8	Concrete sidewalk (6%)	\$1,190						
20	Pool sewage ejector (allowa	\$10,000						
29	Path sign & picnic table (allc	\$1,500						
40	Entry monument (repointing	\$1,500						
46	Cedar shingle, synthetic	\$31,900						
47	Flat rubber membrane, top &	\$6,400						
49	Gutter & downspout	\$2,640						
50	Siding & trim, premium vinyl	\$17,710						
51	Stucco repairs (10%)	\$2,000						
52	Stucco recoating	\$13,600						
53	Main entry, door with side lig	\$3,400						
54	Door glazed	\$11,000						
55	Door solid	\$4,500						
56	Window, fixed	\$1,600						
57	Window, opening	\$11,250						
58	Deck/stair/ramp, railing	\$27,750						
59	Deck/stair/ramp, decking	\$16,530						
60	Deck/stair/ramp, structure	\$39,000						
61	Awning refabric	\$1,000						
63	Exterior building lighting (alk	\$3,000						
64	Flooring, wood laminate, rep	\$8,450						
65	Flooring, ceramic	\$7,498						
66	Flooring, carpet/vinyl (allowe	\$1,000						
67	Interior lighting, general	\$3,750						
68	Audio/video (allowance)	\$2,000						
69	Folding chair & table (allowa	\$2,500						
70	Kitchen, res., remodel	\$13,440						
71	Kitchen, res., appliance (allc	\$1,800						
72	Restroom, renovate	\$8,400						
73	Locker room, renovate	\$22,500						
74	Hot water heater	\$1,000						
76	Security system	\$5,000						
Total Scheduled Replacements		\$289,748	No Scheduled Replacements			Total Scheduled Replacements		\$3,000

**PROJECTED REPLACEMENTS - YEARS 4 TO 6**

Item	2015	\$	Item	2016	\$	Item	2017	\$	
36	Tennis court, color coat	\$5,000				19	Pool well (allowance)	\$10,000	
37	Tennis court, resurface/over	\$18,000				22	Boat ramp pier, deck	\$9,025	
38	Tennis court, post & footings	\$2,600				25	Float & hinge (allowance)	\$1,000	
39	Tennis court, fence	\$9,120				26	Boat pier, lighting & power (i	\$3,900	
78	Swimming pool, whitecoat	\$9,555				27	Canoe rack & boat storage (	\$1,000	
79	Swimming pool, waterline til	\$3,600				35	Storm water mgmt (allowanc	\$7,000	
80	Swimming pool, coping	\$12,000				41	Entry monument lettering (al	\$1,000	
81	Swimming pool, cover	\$4,095				86	Water treatment system	\$12,000	
87	Pool furniture, lounge	\$7,500							
88	Pool furniture, table	\$1,080							
89	Pool furniture, umbrella	\$2,925							
90	Pool furniture, chair	\$3,450							
92	BBQ Grill (allownace)	\$1,000							
Total Scheduled Replacements			\$79,925			Total Scheduled Replacements			\$44,925

*100% if  
PIC  
low in*

*100% Allowance*

*4/1/12*

PROJECTED REPLACEMENTS - YEARS 7 TO 9

Item	2018	\$
1	Asphalt pvmt, seal coat, poc	\$3,300
2	Asphalt pvmt, mill/overlay, p	\$34,650
3	Asphalt pvmt, seal coat, Sol	\$1,640
4	Asphalt pvmt, overlay, South	\$12,300
5	Concrete curb & gutter (20%)	\$3,400
9	Concrete sidewalk (6%)	\$1,190
18	Pool light, heads & poles	\$16,200
61	Awning refabric	\$1,000

Total Scheduled Replacements \$73,680

Item	2019	\$
66	Flooring, carpet/vinyl (allowe	\$1,000
68	Audio/video (allowance)	\$2,000
83	Swimming pool pump, wade	\$1,200
84	Swimming pool pump, main	\$1,800
85	Pool filter system	\$10,000

Total Scheduled Replacements \$16,000

Item	2020	\$
36	Tennis court, color coat	\$5,000
43	Entry monument trellis, pent	\$1,500
44	Entry monument landscape	\$1,800
81	Swimming pool, cover	\$4,095
82	Swimming pool, concrete de	\$55,000
91	Pool furniture, restrap (10%)	\$1,500
93	Perimeter fence - 6' (chain li	\$5,760
94	Wading pool fence - 3' (chai	\$1,050

Total Scheduled Replacements \$75,705

NOT  
INCL

round up due to new fence  
defer to 2022

**PROJECTED REPLACEMENTS - YEARS 10 TO 12**

Item	2021	\$	Item	2022	\$	Item	2023	\$	
			21	Boat ramp, concrete, replac	\$13,200				
			29	Path sign & picnic table (allc	\$1,500				
			31	Shoreline revetment (20% a	\$48,000				
			33	Bulkhead, repair	\$16,000				
			40	Entry monument (repointing	\$1,500				
			45	Entry fence, wood	\$22,800				
			51	Stucco repairs (10%)	\$2,000				
			71	Kitchen, res., appliance (allc	\$1,800				
			74	Hot water heater	\$1,000				
			75	HVAC handler & coil	\$9,000				
			92	BBQ Grill (allownace)	\$1,000				
No Scheduled Replacements			Total Scheduled Replacements			\$117,800	No Scheduled Replacements		



**PROJECTED REPLACEMENTS - YEARS 16 TO 18**

Item	2027	\$
25	Float & hinge (allowance)	\$1,000
26	Boat pier, lighting & power (i	\$3,900
27	Canoe rack & boat storage (	\$1,000
35	Storm water mgmt (allowanc	\$7,000
58	Deck/stair/ramp, railing	\$27,750
59	Deck/stair/ramp, decking	\$16,530
63	Exterior building lighting (all	\$3,000
76	Security system	\$5,000

58 - red to 5K based on new material

Item	2028	\$
No Scheduled Replacements		

Item	2029	\$
83	Swimming pool pump, wade	\$1,200
84	Swimming pool pump, main	\$1,800
92	BBQ Grill (allownace)	\$1,000

Total Scheduled Replacements \$65,180

No Scheduled Replacements

Total Scheduled Replacements \$4,000

PROJECTED REPLACEMENTS - YEARS 19 TO 21

Item	2030	\$
1	Asphalt pvmt, seal coat, poo	\$3,300
3	Asphalt pvmt, seal coat, Sol	\$1,640
11	Concrete sidewalk (6%)	\$1,190
36	Tennis court, color coat	\$5,000
42	Entry monument trellis	\$2,340
43	Entry monument trellis, penc	\$1,500
44	Entry monument landscape	\$1,800
61	Awning refabric	\$1,000
81	Swimming pool, cover	\$4,095
87	Pool furniture, lounge	\$7,500
88	Pool furniture, table	\$1,080
89	Pool furniture, umbrella	\$2,925
90	Pool furniture, chair	\$3,450
91	Pool furniture, restrap (10%)	\$1,500
Delete > see item 87		
Total Scheduled Replacements		\$38,320

Item	2031	\$
No Scheduled Replacements		

Item	2032	\$
20	Pool sewage ejector (allowa	\$10,000
22	Boat ramp pier, deck	\$9,025
23	Boat ramp pier, structure	\$23,750
24	Boat ramp pier, pilings	\$21,600
29	Path sign & picnic table (allc	\$1,500
34	Bulkhead, replace	\$240,000
40	Entry monument (repointing	\$1,500
51	Stucco repairs (10%)	\$2,000
53	Main entry, door with side lic	\$3,400
54	Door glazed	\$11,000
55	Door solid	\$4,500
71	Kitchen, res., appliance (allc	\$1,800
74	Hot water heater	\$1,000
Combine = 27187 - 50% margin/NOA		
2		
Total Scheduled Replacements		\$331,075

combine

Combine = 27187 - 50% margin/NOA  
2



**PROJECTED REPLACEMENTS - YEARS 22 TO 24**

Item	2033	\$
65	Flooring, ceramic	\$7,498
66	Flooring, carpet/vinyl (allowe	\$1,000
67	Interior lighting, general	\$3,750
68	Audio/video (allowance)	\$2,000
70	Kitchen, res., remodel	\$13,440
73	Locker room, renovate	\$22,500

→ dislant tot \$8500 5k Rehabil  
3500 APPL

Item	2034	\$
75	HVAC handler & coil	\$9,000
83	Swimming pool pump, wade	\$1,200
84	Swimming pool pump, main	\$1,800
85	Pool filter system	\$10,000

Item	2035	\$
36	Tennis court, color coat	\$5,000
37	Tennis court, resurface/over	\$18,000
38	Tennis court, post & footings	\$2,600
39	Tennis court, fence	\$9,120
77	Swimming pool, structure	\$118,300
78	Swimming pool, whitecoat	\$9,555
79	Swimming pool, waterline til	\$3,600
80	Swimming pool, coping	\$12,000
81	Swimming pool, cover	\$4,095
91	Pool furniture, restrap (10%	\$1,500

Total Scheduled Replacements \$50,188

Total Scheduled Replacements \$22,000

Total Scheduled Replacements \$183,770



**PROJECTED REPLACEMENTS - YEARS 28 TO 30**

Item	2039	\$	Item	2040	\$	Item	2041	\$
83	Swimming pool pump, wade	\$1,200	36	Tennis court, color coat	\$5,000			
84	Swimming pool pump, main	\$1,800	43	Entry monument trellis, penc	\$1,500			
			44	Entry monument landscape	\$1,800			
			64	Flooring, wood laminate, rep	\$8,450			
			66	Flooring, carpet/vinyl (allowe	\$1,000			
			68	Audio/video (allowance)	\$2,000			
			69	Folding chair & table (allowe	\$2,500			
			72	Restroom, renovate	\$8,400			
			81	Swimming pool, cover	\$4,095			
			91	Pool furniture, restrap (10%	\$1,500			
<b>Total Scheduled Replacements</b>		<b>\$3,000</b>	<b>Total Scheduled Replacements</b>		<b>\$36,245</b>	<b>No Scheduled Replacements</b>		



## CONDITION ASSESSMENT

**General Comments.** Miller-Dodson Associates conducted a Reserve Study at Fishing Creek Farm in June of 2012. Fishing Creek Farm HOA is in generally poor and mixed condition for a community constructed in 1990. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

We understand that the Association is planning on a major renovation of the Community buildings and pool areas, and this work is aggressively reflected in this study. This study also takes into account some of the findings from the Homeowners Survey Report, dated June 3, 2012. Capital improvements are not considered and would not be applicably funded from reserves. As the Association develops definitive plans for the renovation of these facilities, assumptions made in this study may require reconsideration and modification.

**Asphalt Pavement.** The Association is responsible for the parking area at the pool, and a small area at the tennis court. This study also includes Southbreeze Lane which is marked as a private road and does not have the standard turn-around bulb at its end. The other roadways within the community are maintained by the city, county or other municipality. In general, the Association's asphalt pavements are in fair to poor condition, with wide cracking and patches. The Association maintains an inventory of about 16,500 square feet (sf) of asphalt pavement, with Southbreeze Lane being an additional 8,200 sf.



As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years. However, given the condition of other community components, we have modeled the deferral of the overlay work for six years and recommend repair and seal coating in the current year of this study.

In order to maintain the condition of the pavement throughout the community and to ensure the longest life of the asphalt, we recommend a systematic and comprehensive maintenance program that includes:

1. **Cleaning.** Long-term exposure to oil or gas breaks down asphalt. Because this asphalt pavement is generally not used for long-term parking, it is unlikely that frequent cleaning will be necessary. When necessary, spill areas should be cleaned, or patched if deterioration has penetrated the asphalt. This is a maintenance activity, and we have assumed that it will not be funded from Reserves.
2. **Crack Repair.** All cracks should be repaired with an appropriate compound to prevent water infiltration through the asphalt into the base. This repair should be done annually. Crack repair is normally considered a maintenance activity and is not funded from Reserves. Areas of extensive cracking or deterioration that cannot be made watertight should be cut out and patched.

3. **Seal Coating.** The asphalt should be seal coated every three to five years. For this maintenance activity to be effective in extending the life of the asphalt, cleaning and crack repair should be performed first.

The pricing used is based on recent contracts for a two-inch overlay, which reflects the current local market for this work.

For seal coating, several different products are available. The older more traditional seal coating products are simply paints. They coat the surface of the asphalt and they are minimally effective. However, the newer coating materials, such as those from Total Asphalt Management, Asphalt Restoration Technologies, Inc., and others, are penetrating. They are engineered, so to speak, to 'remoisturize' the pavement. Asphalt pavement is intended to be flexible. Over time, the volatile chemicals in the pavement dry, the pavement becomes brittle, and degradation follows in the forms of cracking and potholes. Remoisturizing the pavement can return its flexibility and extend the life of the pavement.

Lastly, the resource links provided on our web site may provide insight into the general terms and concerns, including maintenance related advantages and disadvantages, which may help the Association better manage the asphalt pavements throughout the community: <http://mdareserves.com/resources/links/site-components>.

**Concrete Work.** The concrete work includes primarily the community curbs and sidewalks at the community build parking lot. The Association maintains an inventory of approximately 2,300 square feet (sf) of concrete flatwork and about 500 linear feet (ft) of concrete curb. We have modeled for curb replacement when the asphalt pavement is overlaid. The overall condition of the concrete work is fair with a few tripping hazards and other defects.



The standards we used for recommending replacement are as follows:

1. Trip hazard, ½ inch height difference.
2. Severe cracking.
3. Severe spalling and scale.
4. Uneven riser heights on steps.
5. Steps with risers in excess of 8¼ inches.

Because it is highly unlikely that all of the community's concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of these inventories and spread the funds over an extended timeframe to reflect the incremental nature of this work. This approach assumes an average failure rate of ½% to 1% per year.

The relevant links on our web site may provide useful information related to concrete terminology, maintenance, and repair. Please see <http://mdareserves.com/resources/links/site-components>.

**Entry Monument and Signage.** The Association maintains several entry monuments. The monuments are made of brick masonry and are in fair condition, with open masonry joints and loose and broken masonry units.



We recommend repointing and replacement of defective areas of the masonry, and have accounted for 10% of this work every 10 years. The Association may want to consider applying a coat of Siloxane or other appropriate breathable sealant to mitigate water penetration and further degradation of the masonry work. For additional information, please see the appropriate links on our web site at <http://mdareserves.com/resources/links/building-exterior>

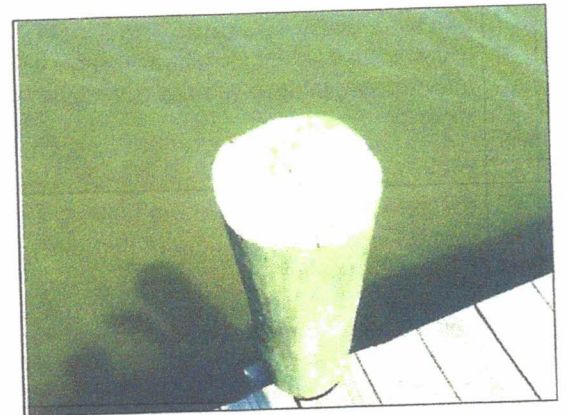
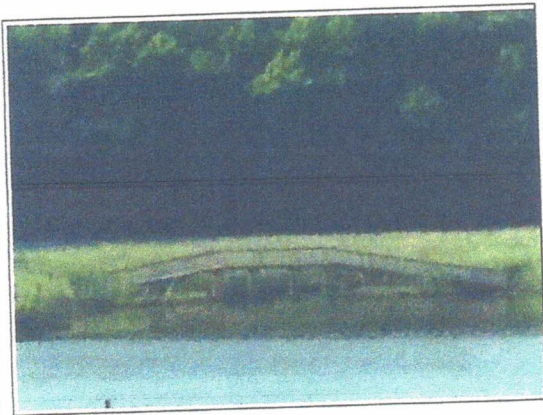
**Site Lighting.** The Association is responsible for the operation of the pole lights located at the parking lot and pool. The lighting system was on at the time of our site visit, but appears worn with a mix of repairs.

This study assumes replacement of these light fixtures every 20 years, and that these lights will be replaced when the parking lot is overlaid. When the light poles are replaced, we assume that the underground wiring will also be replaced.

When a whole scale lighting replacement project is called for, we recommend consulting with a lighting design expert. Many municipalities have design codes, guidelines, and restrictions when it comes to exterior illumination. In addition, new technology such as LED and LIFI among others should be considered for replacement.

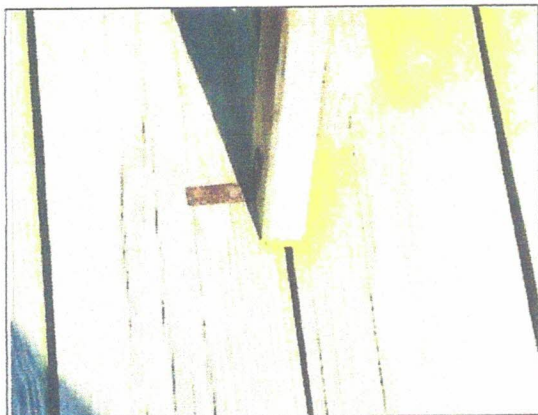


**Wood Walks, Piers and Bridge.** The community maintains an inventory of wood walks, piers, and a bridge. The crab pier has had a significant amount of erosion at its entrance and the addition of an access ramp is recommended to tie the elevation of the pier to the surrounding topography. In addition the pile caps are uncovered. In other locations railings are loose and some deck planks are rotting or lifted.



We have assumed that when these components are replaced they will be replaced with similar materials.

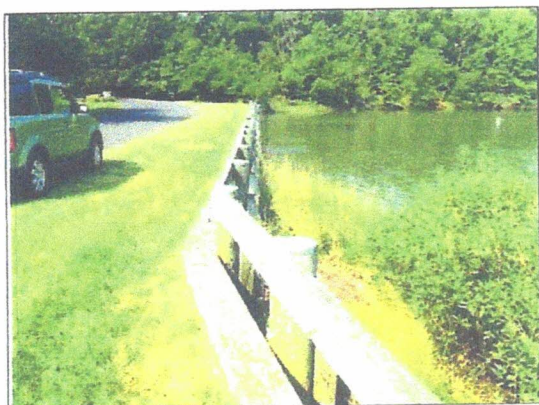




Also at the crabbing pier, two benches are poorly mounted to the end of the pier, and we recommend removing the benches or providing a more secure mounting and bench system.

Lastly, the Association maintains an unimproved but mowed path system in many locations throughout the community. There are logs, snagged trees, and construction debris in many locations along the paths. These pose a significant tripping, stumbling, or other hazard to pedestrians using these paths, and we recommend their removal as a maintenance expense.

**Bulkhead.** There is a wood bulkhead extending along a portion of the community that is in generally good condition, with only minor settlement and erosion along the back side of the bulkhead. The cap boards are split and loose in some locations and to preserve the top of the wall portions of the bulkhead, we recommend removing and replacing the cap boards as needed along, with an annual inspection.



**Tennis Courts - Asphalt.** The community maintains a single tennis court. The overall condition of this court is poor, with wide cracking in many locations that extend into the playing surface. We have assumed a service life of 20 years for the asphalt. When the surface is reconstructed, we recommend replacing the fencing, posts, and footings.



**Building Roofing.** The community buildings are roofed in cedar shake shingles and a flat membrane roofing system. These roofing systems are at the end of their useful lives.



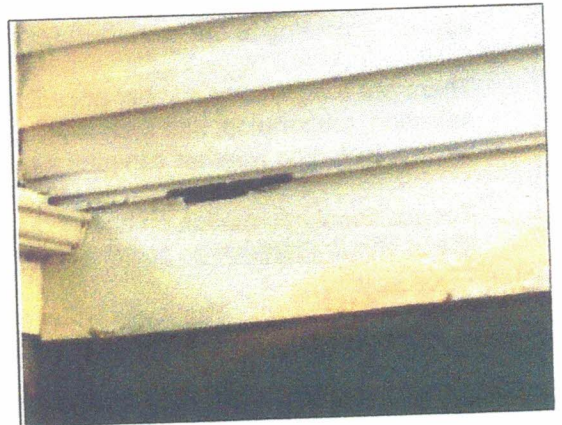
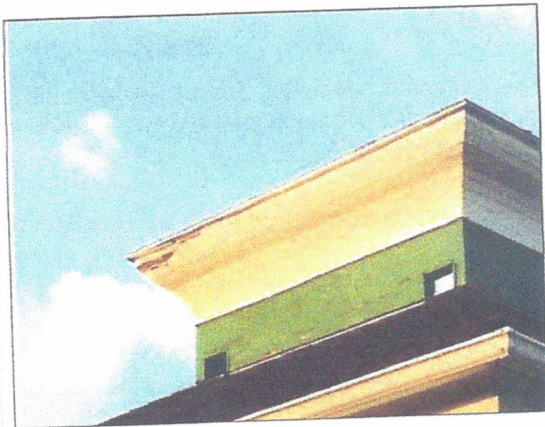
Cedar shake roofing is expected to have a useful life of about 30 years, but the system installed is in poor condition. We have assumed a synthetic cedar shingle system for the sloped roofs of the main and mechanical community buildings.

Flat roofing systems can have a variety of configurations that will greatly affect the cost of replacement including insulation, ballast and the height of the building. We have assumed a 30 years roofing system for the flat upper area and front deck of the main community building.

As roofing systems age, periodic inspections are recommended and repair work may be required. In order to obtain the maximum useful life possible, we recommend performing routine inspections and cleanings at a decreasing interval as the roof ages. Access, inspection, and repair work should be performed by contractors and personnel who are experienced in the types of roofing used for the facility.

For additional information on roofs and roof maintenance, please see the appropriate links on our web site at <http://mdareserves.com/resources/links/building-exterior>.

**Siding and Trim.** The exteriors of the community building are in poor condition with wood rot and stucco failure in many locations.



As an alternative to high-maintenance materials such as wood, this study assumes that the Association will want to consider replacements using low maintenance synthetic or cementitious materials. For additional consideration, please see the related articles "Alternative Trim Materials - A Replacement for Wood Trim?" and "An Examination of New Materials - Cement Fiber Composites" on our web site at <http://mdareserves.com/resources/links/building-exterior>.

**Windows and Doors.** The Association is responsible for the windows and doors of the facility.

Window and door units play an integral part in a facility's overall comfort, efficiency, and energy use. The quality of the installed units, and the care taken in their installation and maintenance are major factors in their effectiveness and useful life. These units can have a useful life of 20 to 35 years or more depending on their use and other factors mentioned above.

In general, we recommend coordinating the replacement of these units with other exterior work, such as siding and roof replacements. The weather tightness of the building envelope often requires transitional flashing and caulking that should be performed in coordination with each other. Warranties and advantages in 'economy of scale' can often result in lower overall replacement costs and a more reliable result. Lastly, coordinated replacements offer the opportunity to correct initial construction defects and improve the effectiveness of details with improved construction techniques and materials.

For more information, please see our links at <http://mdareserves.com/resources/links/building-exterior>.

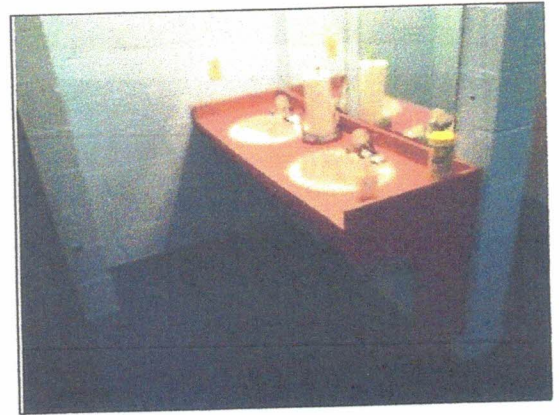
**Caulking.** Caulking and sealants play a primary role in the protection of the facility's exterior components and the overall weather tightness of the facility. Caulking also provides a seal between dissimilar materials and changes in construction where movement is expected. We therefore recommend recaulking every 10 years or when painting, or when other exterior repairs and replacements are scheduled.

When recaulking, a simple overlay of the old caulk is improper. Rather, defective caulk joints should be completely cut out, cleaned, and prepped, with new backer materials installed as needed. New caulk can then be applied according to the manufacturer's guidelines and recommendations.

There are a significant number of sealants and caulks of varying quality and specialty. The proper specification, selection, preparation, and installation are critical to proper performance and longevity of the work. Environmental factors, including weather can play a significant role in the success of this work.

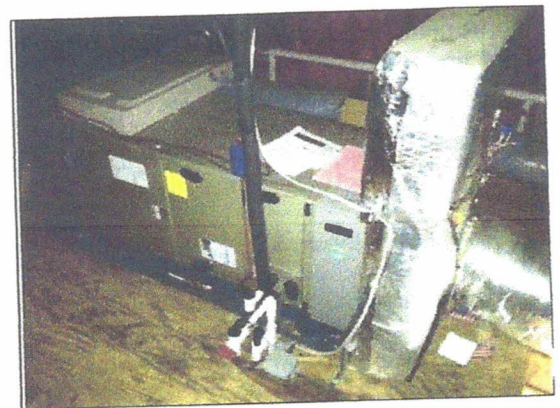
For additional information on caulking and sealants, please see the appropriate links on the Miller-Dodson web site at <http://mdareserves.com/resources/links/building-exterior>.

**Common Interiors.** The Association maintains the interior of the main community building which is in generally worn condition.



We have assumed that the Association will want to maintain these areas in a commercially acceptable condition. Typically, replacement cycles for common interior spaces vary between 5 and 10 years depending on the aesthetic tastes of the community, usage, and construction. Material selection and the community's preferences are the major factors in setting the reserve components for items such as refurbishing and interior refurbishment. The Association will need to establish these cycles as these facilities age. Maintaining historical records and incorporating these trends and preferences into a future Reserve Study update is the best way to adjust for these cycles.

**Split and Package HVAC Systems.** The Association maintains a heating ventilation and air conditioning (HVAC) systems that use one of the new generation refrigerants. Unlike the old R22 refrigerant, the new refrigerants are expected to be available throughout the period of this study. However, the operating pressure for new refrigerant systems is approximately twice as high as older systems. Many of the standard components have not been redesigned for these higher pressures, including the coils, which generally fail due to metal fatigue.



Even though manufacturers continue to predict 15 to 20-year life cycles for HVAC equipment that use these new refrigerants, this is not proven by historical data. We therefore recommend anticipating a normal economic life of 12 years for all HVAC equipment that uses pressurized refrigerants of these types.

As is the case with most equipment, to achieve a maximum useful economic life, proper maintenance is essential. In some cases, proper and proactive maintenance can greatly extend the useful life of a component.

**Building Electrical Service.** Other than transformers and meters and if protected from water damage or overloading, interior electrical systems within a building, including feed lines and switch gear, are considered long-life components and are therefore excluded from this study.

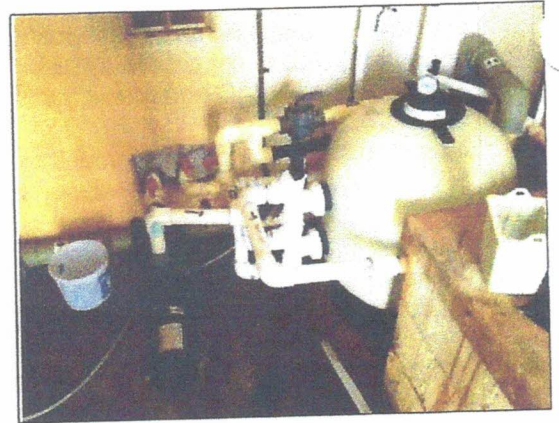
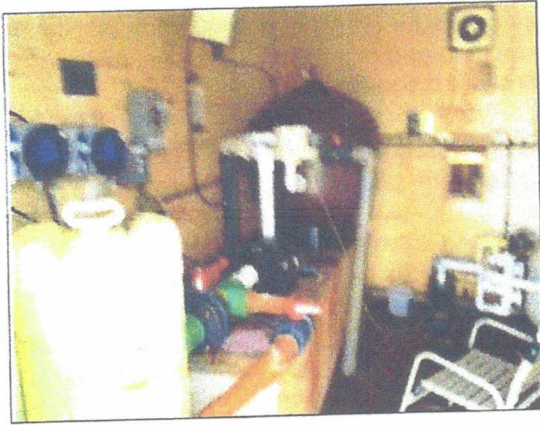
In order to maintain this equipment properly, periodic tightening of all connections is recommended every three to five years. Insurance policies in some cases may have specific requirements regarding the tightening of electrical connections. It is also recommended that outlets, sockets, switches, and minor fixtures be replaced at a maximum of every 30 years.

Replacement of these smaller components, unless otherwise identified, is considered incidental to refurbishment or is considered a Valuation Exclusion.

**Swimming Pool.** The community operates an outdoor pool and wading pool of concrete construction with a concrete deck. The concrete deck is not coated.



- **Pool Shell.** The shell for the swimming pool is in good condition. Pool shells normally have a finite life of approximately 45 years. At that time it may not be necessary to replace the entire structure. However, it is prudent to anticipate a major expenditure for replacement of underground lines and sections of the pool. Based on our research, we have found it to be prudent to program \$65 per square foot of pool surface to cover these needs.
- **Pool Deck.** The pool has a concrete deck. The overall condition of the deck is good.
- **Whitecoat.** The pool whitecoat is in good condition. We have assumed a service life of eight to ten years for the pool whitecoat.
- **Coping.** The pool is edged with masonry brick coping. The coping is in good condition.
- **Waterline Tile.** The waterline tile is in fair condition. We have assumed that the waterline tile will be replaced or restored when the pool is whitecoated.
- **Pump and Filter System.** The pump and filter systems were operational at the time of inspection. We have assumed a service life of 15 years for the filter systems, and 5 years for the pumps.



However, in the parking lot near the wade pool and sidewalk adjacent to this pool, water was observed and it is reported that this area is constantly wet. We recommend pressure testing the wade pool lines and inspecting the skimmer systems to see if there is a leak that is in need of repair.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common elements of the property to ascertain the remaining useful life and the replacement costs of these common elements. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

## CASH FLOW METHOD ACCOUNTING SUMMARY

This Fishing Creek Farm - Cash Flow Method Accounting Summary is an attachment to the Fishing Creek Farm - Replacement Reserve Study dated June 20, 2012 and is for use by accounting and reserve professionals experienced in Association funding and accounting principles. This Summary consists of four reports, the 2012, 2013, and 2014 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- CASH FLOW METHOD CATEGORY FUNDING REPORT, 2012, 2013, and 2014. Each of the 94 Projected Replacements listed in the Fishing Creek Farm Replacement Reserve Inventory has been assigned to one of 7 categories. The following information is summarized by category in each report:
  - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
  - Cost of all Scheduled Replacements in each category.
  - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
  - Cost of Projected Replacements in the report period.
  - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Cash Flow Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$50,000 Beginning Balance (at the start of the Study Year) and the \$412,154 of additional Replacement Reserve Funding in 2012 through 2014 (as calculated in the Replacement Reserve Analysis) to each of the 94 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and discussed below. The calculated data includes:
  - Identification and estimated cost of each Projected Replacement schedule in years 2012 through 2014.
  - Allocation of the \$50,000 Beginning Balance to the Projected Replacements by Chronological Allocation.
  - Allocation of the \$412,154 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2012 through 2014, by Chronological Allocation.
- CHRONOLOGICAL ALLOCATION. Chronological Allocation assigns Replacement Reserves to Projected Replacements on a "first come, first serve" basis in keeping with the basic philosophy of the Cash Flow Method. The Chronological Allocation methodology is outlined below.
  - The first step is the allocation of the \$50,000 Beginning Balance to the Projected Replacements in the Study Year. Remaining unallocated funds are next allocated to the Projected Replacements in subsequent years in chronological order until the total of Projected Replacements in the next year is greater than the unallocated funds. Projected Replacements in this year are partially funded with each replacement receiving percentage funding. The percentage of funding is calculated by dividing the unallocated funds by the total of Projected Replacements in the partially funded year.

At Fishing Creek Farm the Beginning Balance funds 17.3% of Scheduled Replacements in the Study Year.
  - The next step is the allocation of the \$301,796 of 2012 Cash Flow Method Reserve Funding calculated in the Replacement Reserve Analysis. These funds are first allocated to fund the partially funded Projected Replacements and then to subsequent years in chronological order as outlined above.

At Fishing Creek Farm the Beginning Balance and the 2012 Replacement Reserve Funding, funds replacements through 2014 and partial funds (73.9%) replacements in 2015.
  - Allocations of the 2013 and 2014 Reserve Funding are done using the same methodology.
  - The Three-Year Replacement Funding Report details component by component allocations made by Chronological Allocation.

### 2012 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Fishing Creek Farm Replacement Reserve Inventory has been assigned to one of the 7 categories listed in TABLE CF-1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$50,000 as of the first day of the Study Year, January 1, 2012.
- Total reserve funding (including the Beginning Balance) of \$351,796 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2012 being accomplished in 2012 at a cost of \$289,748.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

#### 2012 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-1

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2012 BEGINNING BALANCE	2012 RESERVE FUNDING	2012 PROJECTED REPLACEMENTS	2012 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	0 to 54 years	\$90,190	\$1,058	\$5,072	(\$6,130)	
SITE COMPONENT (cont.)	10 to 30 years	0 to 30 years	\$214,975	\$1,984	\$9,516	(\$11,500)	
SITE COMPONENT (cont.)	5 to 40 years	0 to 25 years	\$400,660	\$259	\$26,892	(\$1,500)	\$25,651
BUILDING EXTERIOR	10 to 50 years	0 to 30 years	\$190,480	\$32,663	\$156,617	(\$189,280)	
BUILDING EXTERIOR (cont.)	6 to 30 years	0 to 12 years	\$6,500	\$690	\$3,310	(\$4,000)	
BUILDING INTERIOR	7 to 21 years	0 to 10 years	\$86,338	\$13,346	\$63,992	(\$77,338)	
SWIMMING POOL	5 to 45 years	2 to 23 years	\$251,815		\$36,397		\$36,397



## 2013 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Fishing Creek Farm Replacement Reserve Inventory has been assigned to one of the 7 categories listed in TABLE CF-2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$62,048 on January 1, 2013.
- Total reserve funding (including the Beginning Balance) of \$406,975 in 2012 through 2013.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

**2013 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-2**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2013 BEGINNING BALANCE	2013 RESERVE FUNDING	2013 PROJECTED REPLACEMENTS	2013 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	5 to 59 years	\$90,190				\$19,031
SITE COMPONENT (cont.)	10 to 30 years	4 to 29 years	\$214,975		\$19,031		\$40,828
SITE COMPONENT (cont.)	5 to 40 years	2 to 24 years	\$400,660	\$25,651	\$15,177		
BUILDING EXTERIOR	10 to 50 years	9 to 49 years	\$190,480				
BUILDING EXTERIOR (cont.)	6 to 30 years	5 to 14 years	\$6,500				
BUILDING INTERIOR	7 to 21 years	6 to 20 years	\$86,338				
SWIMMING POOL	5 to 45 years	1 to 22 years	\$251,815	\$36,397	\$20,970		\$57,367

### 2014 - CASH FLOW METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Fishing Creek Farm Replacement Reserve Inventory has been assigned to one of the 7 categories listed in TABLE CF-3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$117,227 on January 1, 2014.
- Total Replacement Reserve funding (including the Beginning Balance) of \$462,154 in 2012 to 2014.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2014 being accomplished in 2014 at a cost of \$3,000.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

**2014 - CASH FLOW METHOD CATEGORY FUNDING - TABLE CF-3**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2014 BEGINNING BALANCE	2014 RESERVE FUNDING	2014 PROJECTED REPLACEMENTS	2014 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	4 to 58 years	\$90,190		\$43,951		\$43,951
SITE COMPONENT (cont.)	10 to 30 years	3 to 28 years	\$214,975	\$19,031	\$5,894		\$24,925
SITE COMPONENT (cont.)	5 to 40 years	1 to 23 years	\$400,660	\$40,828	\$1,892		\$42,720
BUILDING EXTERIOR	10 to 50 years	8 to 48 years	\$190,480		\$0		\$0
BUILDING EXTERIOR (cont.)	6 to 30 years	4 to 13 years	\$6,500		\$605		\$605
BUILDING INTERIOR	7 to 21 years	5 to 19 years	\$86,338		(\$0)		(\$0)
SWIMMING POOL	5 to 45 years	0 to 21 years	\$251,815	\$57,367	\$2,838	(\$3,000)	\$57,205

## CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE 4 below details the allocation of the \$50,000 Beginning Balance, as reported by the Association and the \$412,154 of Replacement Reserve Funding calculated by the Cash Flow Method in 2012 to 2014, to the 94 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF-1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$50,000 on January 1, 2012.
- Replacement Reserves on Deposit totaling \$62,048 on January 1, 2013.
- Replacement Reserves on Deposit totaling \$117,227 on January 1, 2014.
- Total Replacement Reserve funding (including the Beginning Balance) of \$462,154 in 2012 to 2014.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2012 to 2014 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$292,748.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

### CASH FLOW METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CF-4

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2012 Reserve Funding	2012 Projected Replacements	2012 End of Year Balance	2013 Reserve Funding	2013 Projected Replacements	2013 End of Year Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance
SITE COMPONENT												
										1,996		1,996
										20,954		20,954
1	Asphalt pvmt, seal coat, pool & t-court	3,300	569	2,731	(3,300)					992		992
2	Asphalt pvmt, mill/overlay, pool & t-c	34,650	283	1,357	(1,640)					7,438		7,438
3	Asphalt pvmt, seal coat, Southbreeze	1,640								2,056		2,056
4	Asphalt pvmt, overlay, Southbreeze	12,300										
5	Concrete curb & gutter (20%)	3,400										
6	Concrete curb & gutter (20%)	3,400										
7	Concrete curb & gutter (20%)	3,400										
8	Concrete sidewalk (6%)	1,190	205	985	(1,190)					720		720
9	Concrete sidewalk (6%)	1,190										
10	Concrete sidewalk (6%)	1,190										
11	Concrete sidewalk (6%)	1,190										
12	Concrete sidewalk (6%)	1,190										
13	Concrete sidewalk (6%)	1,190										
14	Concrete sidewalk (6%)	1,190										
15	Concrete sidewalk (6%)	1,190										
16	Concrete sidewalk (6%)	1,190								9,797		9,797
17	Concrete sidewalk (6%)	1,190										
18	Pool light, heads & poles	16,200										
SITE COMPONENT (cont.)												
							7,635		7,635	2,365		10,000
19	Pool well (allowance)	10,000										
20	Pool sewage ejector (allowance)	10,000	1,726	8,274	(10,000)					2,134		9,025
21	Boat ramp, concrete, replace	13,200					6,891		6,891			
22	Boat ramp pier, deck	9,025										
23	Boat ramp pier, structure	23,750							764	236		1,000
24	Boat ramp pier, pilings	21,600					764		2,978	922		3,900
25	Float & hinge (allowance)	1,000					2,978		764	236		1,000
26	Boat pier, lighting & power (allowance)	3,900					764					
27	Canoe rack & boat storage (allow.)	1,000										
28	Crab pier	36,000										
29	Path sign & picnic table (allowance)	1,500	259	1,241	(1,500)							
30	Pedestrian bridge	84,000										
SITE COMPONENT (cont.)												
31	Shoreline revetment (20% allowance)	48,000										
32	Cherry Tree Ln, shoreline revetment	24,000										
33	Bulkhead, repair	16,000										
34	Bulkhead, replace	240,000						5,345	5,345	1,655		7,000
35	Storm water mgmt (allowance)	7,000						1,306	5,000			5,000
36	Tennis court, color coat	5,000		3,694		3,694	13,298	4,702	18,000			18,000
37	Tennis court, resurface/overlay	18,000		13,298		13,298	1,921	679	2,600			2,600
38	Tennis court, post & footings	2,600		1,921		1,921	6,738	2,382	9,120			9,120
39	Tennis court, fence	9,120		6,738		6,738						



## COMPONENT METHOD ACCOUNTING SUMMARY

This Fishing Creek Farm - Component Method Accounting Summary is an attachment to the Fishing Creek Farm - Replacement Reserve Study dated June 20, 2012 and is for use by accounting and reserve professionals experienced in Association funding and accounting principals. This Summary consists of four reports, the 2012, 2013, and 2014 Cash Flow Method Category Funding Reports (3) and a Three-Year Replacement Funding Report.

- COMPONENT METHOD CATEGORY FUNDING REPORT, 2012, 2013, and 2014. Each of the 94 Projected Replacements listed in the Fishing Creek Farm Replacement Reserve Inventory has been assigned to one of 7 categories. The following information is summarized by category in each report:
  - Normal Economic Life and Remaining Economic Life of the Projected Replacements.
  - Cost of all Scheduled Replacements in each category.
  - Replacement Reserves on Deposit allocated to the category at the beginning and end of the report period.
  - Cost of Projected Replacements in the report period.
  - Recommended Replacement Reserve Funding allocated to the category during the report period as calculated by the Component Method.
- THREE-YEAR REPLACEMENT FUNDING REPORT. This report details the allocation of the \$50,000 Beginning Balance (at the start of the Study Year) and the \$531,137 of additional Replacement Reserve funding in 2012 through 2014 (as calculated in the Replacement Reserve Analysis) to each of the 94 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made using the Component Method as outlined in the Replacement Reserve Analysis. The calculated data includes:
  - Identification and estimated cost of each Projected Replacement schedule in years 2012 through 2014.
  - Allocation of the \$50,000 Beginning Balance to the Projected Replacements by the Component Method.
  - Allocation of the \$531,137 of additional Replacement Reserve Funding recommended in the Replacement Reserve Analysis in years 2012 through 2014, by the Component Method.

## 2012 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Fishing Creek Farm Replacement Reserve Inventory has been assigned to one of the 7 categories listed in TABLE CM-1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of \$50,000 as of the first day of the Study Year, January 1, 2012.
- Total reserve funding (including the Beginning Balance) of \$396,344 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2012 being accomplished in 2012 at a cost of \$289,748.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

**2012 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-1**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2012 BEGINNING BALANCE	2012 RESERVE FUNDING	2012 PROJECTED REPLACEMENTS	2012 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	0 to 54 years	\$90,190	\$4,147	\$15,436	\$6,130	\$13,454
SITE COMPONENT (cont.)	10 to 30 years	0 to 30 years	\$214,975	\$3,823	\$21,960	\$11,500	\$14,283
SITE COMPONENT (cont.)	5 to 40 years	0 to 25 years	\$400,660	\$11,270	\$31,072	\$1,500	\$40,842
BUILDING EXTERIOR	10 to 50 years	0 to 30 years	\$190,480	\$14,027	\$175,302	\$189,280	\$49
BUILDING EXTERIOR (cont.)	6 to 30 years	0 to 12 years	\$6,500	\$401	\$3,888	\$4,000	\$289
BUILDING INTERIOR	7 to 21 years	0 to 10 years	\$86,338	\$5,783	\$72,424	\$77,338	\$869
SWIMMING POOL	5 to 45 years	2 to 23 years	\$251,815	\$10,549	\$26,262		\$36,811

## 2013 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Fishing Creek Farm Replacement Reserve Inventory has been assigned to one of the 7 categories listed in TABLE CM-2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$106,596 on January 1, 2013.
- Total reserve funding (including the Beginning Balance) of \$488,740 in 2012 through 2013.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

**2013 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-2**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2013 BEGINNING BALANCE	2013 RESERVE FUNDING	2013 PROJECTED REPLACEMENTS	2013 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	5 to 59 years	\$90,190	\$13,454	\$10,603		\$24,057
SITE COMPONENT (cont.)	10 to 30 years	4 to 29 years	\$214,975	\$14,283	\$11,962		\$26,244
SITE COMPONENT (cont.)	5 to 40 years	2 to 24 years	\$400,660	\$40,842	\$29,833		\$70,675
BUILDING EXTERIOR	10 to 50 years	9 to 49 years	\$190,480	\$49	\$7,701		\$7,750
BUILDING EXTERIOR (cont.)	6 to 30 years	5 to 14 years	\$6,500	\$289	\$551		\$840
BUILDING INTERIOR	7 to 21 years	6 to 20 years	\$86,338	\$869	\$5,484		\$6,353
SWIMMING POOL	5 to 45 years	1 to 22 years	\$251,815	\$36,811	\$26,262		\$63,073

### 2014 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 94 Projected Replacements included in the Fishing Creek Farm Replacement Reserve Inventory has been assigned to one of the 7 categories listed in TABLE CM-3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$198,992 on January 1, 2014.
- Total Replacement Reserve funding (including the Beginning Balance) of \$581,137 in 2012 to 2014.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2014 being accomplished in 2014 at a cost of \$3,000.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates to arrange for an update of the Replacement Reserve Study.

**2014 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM-3**

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2014 BEGINNING BALANCE	2014 RESERVE FUNDING	2014 PROJECTED REPLACEMENTS	2014 END OF YEAR BALANCE
SITE COMPONENT	6 to 60 years	4 to 58 years	\$90,190	\$24,057	\$10,603		\$34,661
SITE COMPONENT (cont.)	10 to 30 years	3 to 28 years	\$214,975	\$26,244	\$11,962		\$38,206
SITE COMPONENT (cont.)	5 to 40 years	1 to 23 years	\$400,660	\$70,675	\$29,833		\$100,508
BUILDING EXTERIOR	10 to 50 years	8 to 48 years	\$190,480	\$7,750	\$7,701		\$15,451
BUILDING EXTERIOR (cont.)	6 to 30 years	4 to 13 years	\$6,500	\$840	\$551		\$1,391
BUILDING INTERIOR	7 to 21 years	5 to 19 years	\$86,338	\$6,353	\$5,484		\$11,837
SWIMMING POOL	5 to 45 years	0 to 21 years	\$251,815	\$63,073	\$26,262	\$3,000	\$86,335



## COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING REPORT

TABLE CM-4 below details the allocation of the \$50,000 Beginning Balance, as reported by the Association and the \$531,137 of Replacement Reserve Funding calculated by the Cash Flow Method in 2012 to 2014, to the 94 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller Dodson Associates, Inc., and outlined on Page CF-1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling \$50,000 on January 1, 2012.
- Replacement Reserves on Deposit totaling \$106,596 on January 1, 2013.
- Replacement Reserves on Deposit totaling \$198,992 on January 1, 2014.
- Total Replacement Reserve funding (including the Beginning Balance) of \$581,137 in 2012 to 2014.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2012 to 2014 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of \$292,748.

If any of these critical factors are inaccurate, do not use the data and please contact Miller Dodson Associates, Inc., to arrange for an update of the Replacement Reserve Study.

### COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM-4

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2012 Reserve Funding	2012 Projected Replacements	2012 End of Year Balance	2013 Reserve Funding	2013 Projected Replacements	2013 End of Year Balance	2014 Reserve Funding	2014 Projected Replacements	2014 End of Year Balance
SITE COMPONENT												
1	Asphalt pvmt, seal coat, pool & t-court	3,300	244	3,056	(3,300)	6,294	550		550	550		1,100
2	Asphalt pvmt, mill/overlay, pool & t-c	34,650	1,568	4,726			4,726		11,020	4,726		15,746
3	Asphalt pvmt, seal coat, Southbreeze	1,640	121	1,519	(1,640)		273		273	273		547
4	Asphalt pvmt, overlay, Southbreeze	12,300	557	1,678		2,234	1,678		3,912	1,678		5,590
5	Concrete curb & gutter (20%)	3,400	219	454		674	454		1,128	454		1,582
6	Concrete curb & gutter (20%)	3,400	135	131		266	131		396	131		527
7	Concrete curb & gutter (20%)	3,400	51	78		129	78		207	78		285
8	Concrete sidewalk (6%)	1,190	88	1,102	(1,190)		20		20	20		40
9	Concrete sidewalk (6%)	1,190	78	159		237	159		396	159		554
10	Concrete sidewalk (6%)	1,190	69	86		155	86		241	86		328
11	Concrete sidewalk (6%)	1,190	60	59		120	59		179	59		239
12	Concrete sidewalk (6%)	1,190	51	46		97	46		142	46		188
13	Concrete sidewalk (6%)	1,190	43	37		80	37		117	37		154
14	Concrete sidewalk (6%)	1,190	34	31		65	31		96	31		128
15	Concrete sidewalk (6%)	1,190	25	27		52	27		79	27		106
16	Concrete sidewalk (6%)	1,190	16	24		40	24		64	24		88
17	Concrete sidewalk (6%)	1,190	7	22		29	22		50	22		72
18	Pool light, heads & poles	16,200	780	2,203		2,983	2,203		5,186	2,203		7,389
SITE COMPONENT (cont.)												
19	Pool well (allowance)	10,000	592	1,568		2,160	1,568		3,728	1,568		5,296
20	Pool sewage ejector (allowance)	10,000	741	9,259	(10,000)		500		500	500		1,000
21	Boat ramp, concrete, replace	13,200	440	1,160		1,600	1,160		2,760	1,160		3,920
22	Boat ramp pier, deck	9,025	401	1,437		1,838	1,437		3,276	1,437		4,713
23	Boat ramp pier, structure	23,750	528	1,106		1,633	1,106		2,739	1,106		3,845
24	Boat ramp pier, pilings	21,600	480	1,006		1,486	1,006		2,491	1,006		3,497
25	Float & hinge (allowance)	1,000	30	162		191	162		353	162		515
26	Boat pier, lighting & power (allowance)	3,900	116	631		746	631		1,377	631		2,008
27	Canoe rack & boat storage (allow.)	1,000	30	162		191	162		353	162		515
28	Crab pier	36,000	355	1,371		1,726	1,371		3,097	1,371		4,468
29	Path sign & picnic table (allowance)	1,500	111	1,389	(1,500)		150		150	150		300
30	Pedestrian bridge	84,000		2,710		2,710	2,710		5,419	2,710		8,129
SITE COMPONENT (cont.)												
31	Shoreline revetment (20% allowance)	48,000	1,600	4,218		5,818	4,218		10,036	4,218		14,254
32	Cherry Tree Ln, shoreline revetment	24,000	622	899		1,521	899		2,420	899		3,320
33	Bulkhead, repair	16,000	533	1,406		1,939	1,406		3,345	1,406		4,751
34	Bulkhead, replace	240,000	5,332	11,175		16,507	11,175		27,681	11,175		38,856
35	Storm water mgmt (allowance)	7,000	207	1,132		1,339	1,132		2,472	1,132		3,604
36	Tennis court, color coat	5,000	74	1,231		1,306	1,231		2,537	1,231		3,769
37	Tennis court, resurface/overlay	18,000	1,066	4,233		5,300	4,233		9,533	4,233		13,767
38	Tennis court, post & footings	2,600	154	611		766	611		1,377	611		1,989
39	Tennis court, fence	9,120	540	2,145		2,685	2,145		4,830	2,145		6,975

**COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM-4 cont'd**

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2012	2012	2012	2013	2013	2013	2014	2014	2014
				Reserve Funding	Projected Replacements	End of Year Balance	Reserve Funding	Projected Replacements	End of Year Balance	Reserve Funding	Projected Replacements	End of Year Balance
40	Entry monument (repointing allowance)	1,500	111	1,389	(1,500)		150		150	150		300
41	Entry monument lettering (allowance)	1,000	52	158		210	158		368	158		526
42	Entry monument trellis	2,340	9	123		131	123		254	123		377
43	Entry monument trellis, pendent light	1,500	11	165		177	165		342	165		507
44	Entry monument landscape light	1,800	13	199		212	199		410	199		609
45	Entry fence, wood	22,800	946	1,987		2,932	1,987		4,919	1,987		6,906
<b>BUILDING EXTERIOR</b>												
46	Cedar shingle, synthetic	31,900	2,362	29,538	(31,900)		638		638	638		1,276
47	Flat rubber membrane, top & frnt dck	6,400	474	5,926	(6,400)		213		213	213		427
48	Roof hatch	1,200	10	38		49	38		87	38		125
49	Gutter & downspout	2,640	196	2,444	(2,640)		88		88	88		176
50	Siding & trim, premium vinyl	17,710	1,311	16,399	(17,710)		506		506	506		1,012
51	Stucco repairs (10%)	2,000	148	1,852	(2,000)		200		200	200		400
52	Stucco recoating	13,600	1,007	12,593	(13,600)		453		453	453		907
53	Main entry, door with side lights	3,400	252	3,148	(3,400)		170		170	170		340
54	Door glazed	11,000	815	10,185	(11,000)		550		550	550		1,100
55	Door solid	4,500	333	4,167	(4,500)		225		225	225		450
56	Window, fixed	1,600	118	1,482	(1,600)		46		46	46		91
57	Window, opening	11,250	833	10,417	(11,250)		321		321	321		643
58	Deck/stair/ramp, railing	27,750	2,055	25,695	(27,750)		1,850		1,850	1,850		3,700
59	Deck/stair/ramp, decking	16,530	1,224	15,306	(16,530)		1,102		1,102	1,102		2,204
60	Deck/stair/ramp, structure	39,000	2,888	36,112	(39,000)		1,300		1,300	1,300		2,600
<b>BUILDING EXTERIOR (cont.)</b>												
61	Awning refabric	1,000	74	926	(1,000)		167		167	167		333
62	Awning structure	2,500	105	184		289	184		473	184		658
63	Exterior building lighting (allowance)	3,000	222	2,778	(3,000)		200		200	200		400
<b>BUILDING INTERIOR</b>												
64	Flooring, wood laminate, replace	8,450	626	7,824	(8,450)		604		604	604		1,207
65	Flooring, ceramic	7,498	555	6,943	(7,498)		357		357	357		714
66	Flooring, carpet/vinyl (allowance)	1,000	74	926	(1,000)		143		143	143		286
67	Interior lighting, general	3,750	278	3,472	(3,750)		179		179	179		357
68	Audio/video (allowance)	2,000	148	1,852	(2,000)		286		286	286		571
69	Folding chair & table (allowance)	2,500	185	2,315	(2,500)		179		179	179		357
70	Kitchen, res., remodel	13,440	995	12,445	(13,440)		640		640	640		1,280
71	Kitchen, res., appliance (allowance)	1,800	133	1,667	(1,800)		180		180	180		360
72	Restroom, renovate	8,400	622	7,778	(8,400)		600		600	600		1,200
73	Locker room, renovate	22,500	1,666	20,834	(22,500)		1,071		1,071	1,071		2,143
74	Hot water heater	1,000	74	926	(1,000)		100		100	100		200
75	HVAC handler & coil	9,000	56	813		869	813		1,682	813		2,495
76	Security system	5,000	370	4,630	(5,000)		333		333	333		667
<b>SWIMMING POOL</b>												
77	Swimming pool, structure	118,300	4,088	4,759		8,847	4,759		13,606	4,759		18,365
78	Swimming pool, whitecoat	9,555	425	2,283		2,707	2,283		4,990	2,283		7,272
79	Swimming pool, waterline tile	3,600	160	860		1,020	860		1,880	860		2,740
80	Swimming pool, coping	12,000	711	2,822		3,533	2,822		6,355	2,822		9,178
81	Swimming pool, cover	4,095	61	1,009		1,069	1,009		2,078	1,009		3,086
82	Swimming pool, concrete deck	55,000	2,851	5,794		8,645	5,794		14,440	5,794		20,234
83	Swimming pool pump, wade	1,200	36	388		424	388		812	388	(1,200)	
84	Swimming pool pump, main	1,800	53	582		636	582		1,218	582	(1,800)	
85	Pool filter system	10,000	346	1,207		1,552	1,207		2,759	1,207		3,966
86	Water treatment system	12,000	622	1,896		2,518	1,896		4,415	1,896		6,311
87	Pool furniture, lounge	7,500	407	1,773		2,180	1,773		3,954	1,773		5,727
88	Pool furniture, table	1,080	59	255		314	255		569	255		825
89	Pool furniture, umbrella	2,925	159	692		850	692		1,542	692		2,233
90	Pool furniture, chair	3,450	187	816		1,003	816		1,819	816		2,634
91	Pool furniture, restrap (10% of repl.)	1,500		167		167	167		333	167		500
92	BBQ Grill (allowance)	1,000	32	242		274	242		516	242		758
93	Perimeter fence - 6' (chain link)	5,760	299	607		905	607		1,512	607		2,119
94	Wading pool fence - 3' (chain link)	1,050	54	111		165	111		276	111		386

## 1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for community facilities and infrastructure around many of our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a home owner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, street lights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965 there were only 500 Community Associations in the United States. According to the U.S. Census, there were 130,000 Community Associations in 1990. Community Associations Institute (CAI), a national trade association, estimates there were more than 200,000 Community Associations in the year 2000, and that the number of Community Associations will continue to multiply.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated problems. Although Community Associations have succeeded in solving many short term problems, many Associations have failed to properly plan for the tremendous expenses of replacing community facilities and infrastructure components. When inadequate replacement reserve funding results in less than timely replacements of failing components, home owners are exposed to the burden of special assessments, major increases in Association fees, and a decline in property values.

## 2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic replacement, a general view of the condition of these components, and an effective financial plan to fund projected periodic replacements. The Replacement Reserve Study consists of the following:

- Replacement Reserve Study Introduction. The introduction provides a description of the property, reviews the intent of the Replacement Reserve Study, and lists documents and site evaluations upon which the Replacement Reserve Study is based.
- Section A Replacement Reserve Analysis. Many components owned by the Association have a limited life and require periodic replacement. Therefore it is essential the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and value of the community. In conformance with American Institute of Certified Public Accountant guidelines, Section A Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by two generally accepted accounting methods; the Cash Flow Method and the Component Method. Section A Replacement Reserve Analysis includes graphic and tabular presentations of these methods and current Association funding.
- Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly-owned components within the community that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about components excluded from the Replacement Reserve Inventory whose replacement is not scheduled for funding from Replacement Reserves.  
  
Replacement Reserve Inventory includes estimates of the normal economic life and the remaining economic life for those components whose replacement is scheduled for funding from Replacement Reserves.
- Section C Projected Annual Replacements. The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.
- Section D Condition Assessment. Several of the items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed during our visual evaluation.
- Section E Attachments. The Appendix is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc).

### 3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Minimum Annual Contribution to the Reserves. The results of both methods are presented in this report. The Association should obtain the advice of its accounting professional as to which method is more appropriate for the Association. The two methods are:

- **Component Method.** This method is a time tested mathematical model developed by HUD in the early 1980s. It treats each item in the replacement schedule as an individual line item budget. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

First, the total Current Objective is calculated, which is the reserve amount that would have accumulated had all of the items on the schedule been funded from initial construction at their current replacement costs. Next, the Reserves Currently on Deposit (as reported by the Association) are distributed to the components in the schedule in proportion to the Current Objective. The Minimum Annual Deposit for each component is equal to the Estimated Replacement Cost, minus the Reserves on Hand, divided by the years of life remaining.

- **Cash Flow Method.** The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the specified minimum level in any year. This method usually results in a calculated requirement for annual contribution somewhat less than that arrived at by the Component Method of analysis.

First, the Minimum Recommended Reserve Level to be Held on Account is determined based on the age, condition, and replacement cost of the individual components. The mathematical model then allocates the estimated replacement costs to the future years in which they are projected to occur. Based on these expenditures, it then calculates the minimum constant yearly contribution (Minimum Annual Deposit) to the reserves necessary to keep the reserve balance at the end of each year above the Minimum Recommended Reserve Level to be Held on Account. The Cash Flow Analysis assumes that the Association will have authority to use all of the reserves on hand for replacements as the need occurs. This method usually results in a Minimum Annual Deposit which is less than that arrived at by the Component Method.

- **Adjusted Cash Flow Analysis.** This program has the ability to modify the Cash Flow Method to take into account forecasted inflation and interest rates, thereby producing an Adjusted Cash Flow Analysis. Attempting to forecast future inflation and interest rates and the impact of changing technology is highly tenuous. Therefore, in most cases it is preferable to make a new schedule periodically rather than attempt to project far into the future. We will provide more information on this type of analysis upon request.

### 4. REPLACEMENT RESERVE STUDY DATA

- **Identification of Reserve Components.** The Reserve Analyst has only two methods of identifying Reserve Components: 1) information provided by the Association and 2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the individuals responsible for maintaining the community after acceptance of our proposal. After completion of the Study, the Study should be reviewed by the Board of Directors, individuals responsible for maintaining the community, and the Association's accounting professionals. We are dependent upon the Association for correct information, documentation, and drawings.

- **Unit Costs.** Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures.

Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

- **Replacement vs. Repair and Maintenance.** A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or cost of repairs or maintenance.

## Miller-Dodson Associates, Inc.

## Appendix

## 5. DEFINITIONS

**Adjusted Cash Flow Analysis.** Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

**Annual Deposit if Reserves Were Fully Funded.** Shown on the Summary Sheet A1 in the Component Method summary, this would be the amount of the Annual Deposit needed if the Reserves Currently on Deposit were equal to the Total Current Objective.

**Cash Flow Analysis.** See Cash Flow Method, above.

**Component Analysis.** See Component Method, above.

**Contingency.** An allowance for unexpected requirements. Roughly the same as the Minimum Recommended Reserve Level to be Held on Account used in the Cash Flow Method of analysis.

**Critical Year.** In the Cash Flow Method, a year in which the reserves on hand are projected to fall to the established minimum level. See Minimum Recommended Reserve Level to be Held on Account.

**Current Objective.** This is the reserve amount that would have accumulated had the item been funded from initial construction at its current replacement cost. It is equal to the estimated replacement cost divided by the estimated economic life, times the number of years expended (the difference between the Estimated Economic Life and the Estimated Life Left). The Total Current Objective can be thought of as the amount of reserves the Association should now have on hand based on the sum of all of the Current Objectives.

**Cyclic Replacement Item.** A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

**Estimated Economic Life.** Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

**Estimated Economic Life Left.** Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

**Estimated Initial Replacement.** For a Cyclic Replacement Item (see above), the number of years until the replacement cycle is expected to begin.

**Estimated Replacement Cycle.** For a Cyclic Replacement Item, the number of years over which the remainder of the component's replacement occurs.

**Minimum Annual Deposit.** Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves as calculated by the Cash Flow Method (see above).

**Minimum Deposit in the Study Year.** Shown on the Summary Sheet A1. The calculated requirement for contribution to reserves in the study year as calculated by the Component Method (see above).

**Minimum Recommended Reserve Level to be Held on Account.** Shown on the Summary Sheet A1, this number is used in the Cash Flow Method only. This is the prescribed level below which the reserves will not be allowed to fall in any year. This amount is determined based on the age, condition, and replacement cost of the individual components. This number is normally given as a percentage of the total Estimated Replacement Cost of all reserve components.

**Normal Replacement Item.** A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

**Normal Replacement Schedules.** The list of Normal Replacement Items by category or location. These items appear on pages designated.

**Number of Years of the Study.** The number of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. This study covers a 40-year period.

**One Time Deposit Required to Fully Fund Reserves.** Shown on the Summary Sheet A1 in the Component Method summary, this is the difference between the Total Current Objective and the Reserves Currently on Deposit.

Appendix

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Reserves on Hand. Shown in the Cyclic Replacement and Normal Replacement Schedules, this is the amount of reserves allocated to each component item in the Cyclic or Normal Replacement schedules. This figure is based on the ratio of Reserves Currently on Deposit divided by the total Current Objective.

Replacement Reserve Study. An analysis of all of the components of the common property of the Association for which a need for replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its estimated Replacement Cost, Estimated Economic Life, and Estimated Life Left. The objective of the study is to calculate a recommended annual contribution to the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

EA: each    FT: linear feet    LS: lump sum    PR: pair    SF: square feet    SY: square yard

What is a Reserve Study?  
 Who are we?



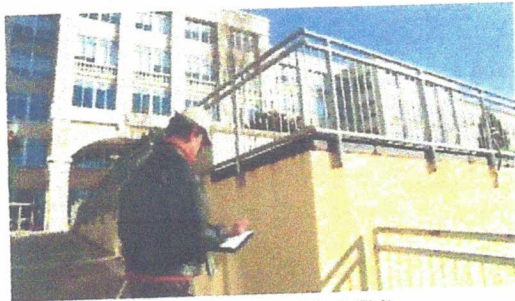
<http://bcove.me/nc0o69t7>

What kind of property uses a Reserve Study?  
 Who are our clients?



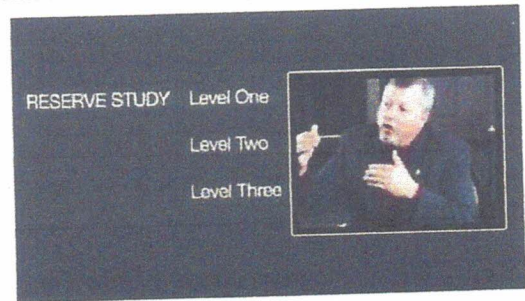
<http://bcove.me/stt373hj>

Who conducts a Reserve Study?  
 Reserve Specialist (RS) what does this mean?



<http://bcove.me/81ch7kjt>

When should a Reserve Study be updated?  
 What are the different types of Reserve Studies?



<http://bcove.me/ixis1yxm>

What is in a Reserve Study and what is out?  
 Improvement vs Component, is there a difference?



<http://bcove.me/81ch7kjt>

What is my role as a Community Manager?  
 Will the report help me explain Reserves to my clients?

PLACEMENT RESEI



Community Management Group

<http://bcove.me/fazwdk3h>

What is my role as a Board Member?  
Will a Reserve Study meet my community's needs?



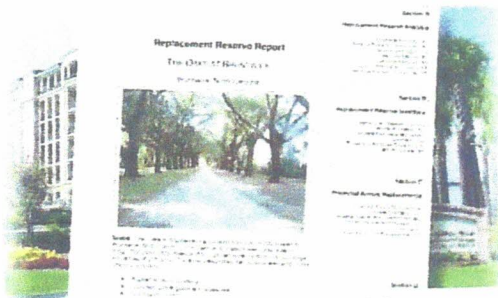
<http://bcove.me/n6nwnktv>

Community dues, how can a Reserve Study help?  
Will a study help keep my property competitive?



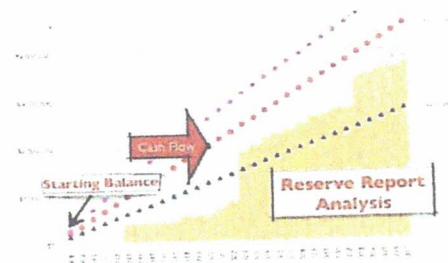
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How do I read the report?  
Will I have a say in what the report contains?



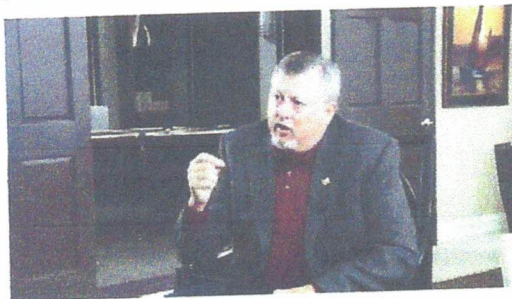
<http://bcove.me/wb2fugb1>

Where do the numbers come from?  
Cumulative expenditures and funding, what?



<http://bcove.me/7buer3n8>

How are interest and inflation addressed?  
What should we look at when considering inflation?



<http://bcove.me/s2tmtj9b>

A community needs more help, where do we go?  
What is a Strategic Funding Plan?

**The Challenge**

Adequately fund "long-term" obligations, i.e. Replacement Reserves,  
Without triggering "short-term" financial crisis, i.e. delinquencies or foreclosures.

<http://bcove.me/iqul31vq>



Item	Unit	Quantity	Replacement Cost	Normal Life (Yrs.)	Remaining Life (Yrs.)	Extension	Note	Item Annual
Collector Pier-PH I	LF	550	\$ 450.00	30	15	\$ 247,500.00		\$ 16,500
Collector Pier-PH II	LF	150	\$ 450.00	30	20	\$ 67,500.00		\$ 3,375
Finger Piers-PH I	EA	13	\$ 6,000.00	25	15	\$ 78,000.00		\$ 5,200
Finger Piers-PH II	EA	5	\$ 6,000.00	25	20	\$ 30,000.00		\$ 1,500
Mooring Piles	EA	60	\$ 800.00	25	15	\$ 48,000.00		\$ 3,200
Utilities	LS	1	\$ 55,000.00	20	15	\$ 55,000.00	Allowance for upgrades/replacements since PH I	\$ 3,666.67
Boathouse <sup>1</sup>	EA	1	\$ 150,000.00	40	5	\$ 150,000.00	Replace in kind?	\$ 30,000.00
Boat Ramp	LF	40	\$ 420.00	40	30	\$ 16,800.00		\$ 560
Revetment <sup>2</sup>	SF	240	\$ 75.00	40	35	\$ 18,000.00		\$ 514
Concrete Ramp	LF	80	\$ 250.00	30	20	\$ 20,000.00		\$ 1,000
Boat Ramp Piers						\$ 730,800.00		\$ 65,516
							Slipholders (39) Annual Contribution	\$ 1,680
Crab Pier	LF	80	\$ 450.00	30	25	\$ 36,000.00		\$ 1,440
Pedestrian Bridge	LF	240	\$ 350.00	30	30	\$ 84,000.00		\$ 2,800
Large Revetment (Cherry Tree Lane)	LF	80	\$ 300.00	40	25	\$ 24,000.00		\$ 960
Bulkhead--Repair <sup>3</sup>	LF	80	\$ 200.00	20	10	\$ 16,000.00		\$ 1,600
Bulkhead--Replace	LF	240	\$ 1,000.00	30	20	\$ 240,000.00		\$ 12,000
						\$ 400,000.00		\$ 18,800
							HOA Members (120) Annual Contribution	\$ 157

OUT



heavenly \$50k

cistern

\* Remove

<sup>1</sup> Future cost/benefit of replacing boathouse should be modeled for impact to overall marina reserve fund

<sup>2</sup> Plantings and Miscellaneous decking considered Oper. Expenses and not included in this schedule

<sup>3</sup> Bulkhead repair pro-rated --major work planned to extend life