

LEVEL 1 REPLACEMENT RESERVE REPORT FY 2024 LAKESHORE



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LAKESHORE

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REPLACEMENT RESERVE REPORT

LAKESHORE

MOUNT PLEASANT, SOUTH CAROLINA

December 20, 2023



Description. Lakeshore is a Homeowner's Association located in Mount Pleasant, South Carolina. Constructed between 1993 and 2004, the community consists of 82 single-family homes and a pool house containing 82 units. The survey examined the common elements of the property, including:

- Entry Monument and Signage
- Fencing and Retaining Walls
- Irrigation
- Pond, Aerators, and Fountains
- Exterior Main Pool, Observation Dock, and Bulkhead.
- Building exteriorsinteriorssystems

EXECUTIVE SUMMARY

This Reserve Study has been prepared for the Lakeshore for the Fiscal Year 2024 covering the period from January 1, 2024 to December 31, 2024. The Replacement Reserves Starting Balance as of January 1, 2024 is proposed to be \$3,500. The reported Current Annual Funding for Reserves is \$23,685. The Recommended Annual Reserve Funding level for 2024 is \$23,700.

The Association is currently funding the Reserves at a higher funding level than is calculated in this Reserve Study. However, due to the high rate of inflation in today's construction industry and its effect on increased Replacement costs, we recommend that the Association continue to fund at its current higher funding level. This can be adjusted in the future when inflation rates stabilize.

MillerDodson welcomes the opportunity to answer questions or to discuss this Reserve Study in more detail should the Board so desire.

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Current Funding. The Starting Balance and Current Annual Reserve Funding figures have been supplied by the managing agent and/or Board of Directors. Confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Level of Service. This study has been performed as a Level 1 Full-Service Reserve Study with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, a complete inventory of components, including their condition and cost for major repair or replacement, was established by the Analyst for the common and limited common elements of this facility based on information provided by the Community Manager and/or Board of Directors, or by those developed from visual assessments, field measurements, takeoffs from to-scale drawings, or review of provided historical data. The analysis, including fund status and funding plan, is developed from the inventory.

To aid in the understanding of this report and its concepts and practices, on our website, we have developed videos addressing frequently asked topics. In addition, there are posted links covering a variety of subjects under the resources page of our web site at mdareserves.com.

Purpose. The purpose of this Replacement Reserve Study is to provide Lakeshore (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.
- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.
- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. 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 the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the reported current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1.

Basis. The data contained in this Replacement Reserve Study is based upon the following:

- The Request for Proposal submitted and executed by the Association.
- Miller+Dodson performed a visual evaluation on November 16, 2023 to determine a remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller+Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

To-Scale Drawings. Site and building plans were used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller+Dodson can provide scanning services.

Acknowledgment. Miller+Dodson Associates would like to acknowledge the assistance and input of Mr. Andrew Hauser (Association Treasurer), Bill Duckett (President), and Glen Pellett (Member) who provided very helpful insight into the current operations of the property.

Analyst's Credentials. Mr. Gary D. Freeman, AIA, CCS, NCARB holds a Bachelor's Degree in Architecture from Mississippi State University. Mr. Freeman is a registered Architect in the states of South Carolina, North Carolina, and Georgia. He has over 35 years of experience as a practicing architect with a strong focus in the last 25 years in the area of forensics in buildings and assessments. He is President of Gary Freeman Architect Inc., and a Reserve Specialist for Miller+Dodson Associates.

Respectfully Submitted,



Gary Freeman

Gary D. Freeman, RS

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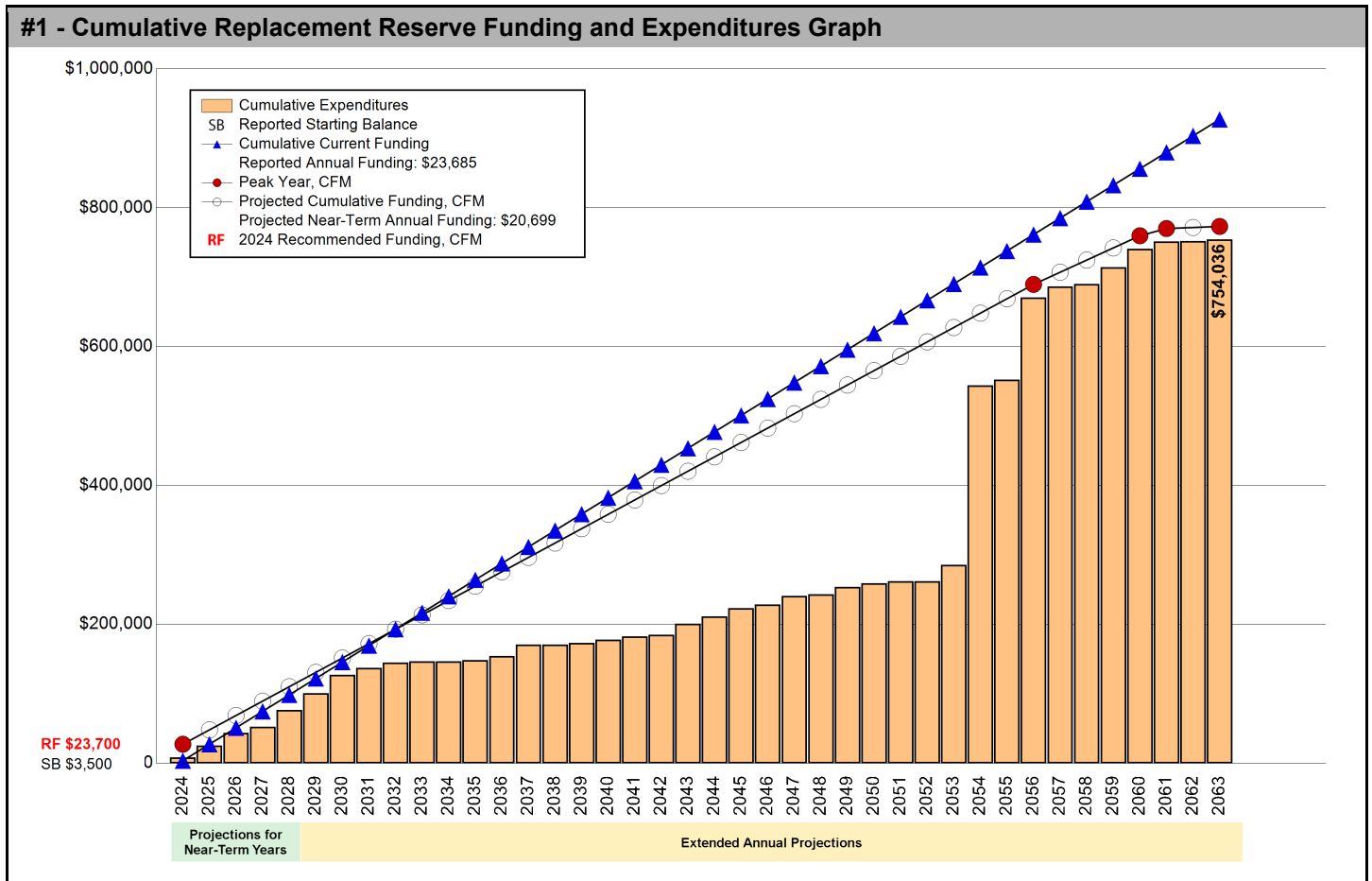
SECTION A - FINANCIAL ANALYSIS

The Lakeshore Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 29 Projected Replacements identified in the Replacement Reserve Inventory.

\$23,700 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2024**
\$24.09 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A.5.

Lakeshore reports a Starting Balance of \$3,500 and Annual Funding totaling \$23,685, which is inadequate to fund projected replacements starting in 2024. See Page A.3 for a more detailed evaluation.



The Association is currently funding the Reserves at a higher funding level than is calculated in this Reserve Study. However, due to the high rate of inflation in today's construction industry and its effect on increased Replacement costs, we recommend that the Association continue to fund at its current higher funding level. This can be adjusted in the future when inflation rates stabilize.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Lakeshore Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2024 | STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2024.

40 Years | STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

\$3,500 | STARTING BALANCE

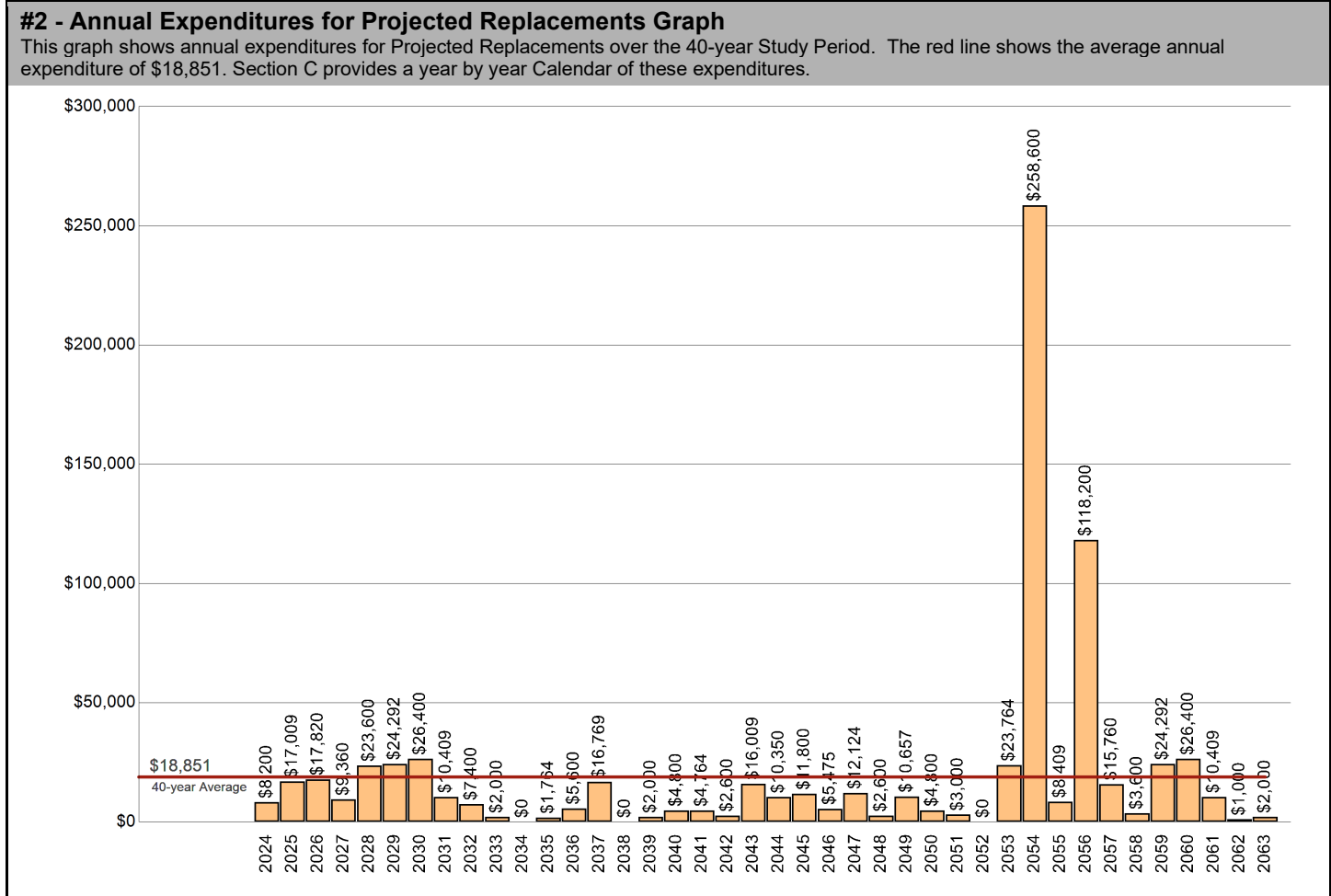
The Association reports Replacement Reserves on Deposit totaling \$3,500 at the start of the Study Year.

Level One | LEVEL OF SERVICE

The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level One Study, as defined by the Community Associations Institute (CAI).

\$754,036 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Lakeshore Replacement Reserve Inventory identifies 29 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$754,036 over the 40-year Study Period. The Projected Replacements are divided into 3 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A.4 and A.5. The Projected Replacements listed on Page C.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$754,036 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40										
Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Starting Balance	\$3,500									
Projected Replacements	(\$8,200)	(\$17,009)	(\$17,820)	(\$9,360)	(\$23,600)	(\$24,292)	(\$26,400)	(\$10,409)	(\$7,400)	(\$2,000)
Annual Deposit	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685
End of Year Balance	\$18,985	\$25,661	\$31,526	\$45,851	\$45,936	\$45,329	\$42,614	\$55,890	\$72,175	\$93,860
Cumulative Expenditures	(\$8,200)	(\$25,209)	(\$43,029)	(\$52,389)	(\$75,989)	(\$100,281)	(\$126,681)	(\$137,090)	(\$144,490)	(\$146,490)
Cumulative Receipts	\$27,185	\$50,870	\$74,555	\$98,240	\$121,925	\$145,610	\$169,295	\$192,980	\$216,665	\$240,350
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Projected Replacements		(\$1,764)	(\$5,600)	(\$16,769)		(\$2,000)	(\$4,800)	(\$4,764)	(\$2,600)	(\$16,009)
Annual Deposit	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685
End of Year Balance	\$117,545	\$139,466	\$157,551	\$164,467	\$188,152	\$209,837	\$228,722	\$247,643	\$268,728	\$276,404
Cumulative Expenditures	(\$146,490)	(\$148,254)	(\$153,854)	(\$170,623)	(\$170,623)	(\$172,623)	(\$177,423)	(\$182,187)	(\$184,787)	(\$200,796)
Cumulative Receipts	\$264,035	\$287,720	\$311,405	\$335,090	\$358,775	\$382,460	\$406,145	\$429,830	\$453,515	\$477,200
Year	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Projected Replacements	(\$10,350)	(\$11,800)	(\$5,475)	(\$12,124)	(\$2,600)	(\$10,657)	(\$4,800)	(\$3,000)		(\$23,764)
Annual Deposit	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685
End of Year Balance	\$289,739	\$301,624	\$319,834	\$331,395	\$352,480	\$365,508	\$384,393	\$405,078	\$428,763	\$428,684
Cumulative Expenditures	(\$211,146)	(\$222,946)	(\$228,421)	(\$240,545)	(\$243,145)	(\$253,802)	(\$258,602)	(\$261,602)	(\$261,602)	(\$285,366)
Cumulative Receipts	\$500,885	\$524,570	\$548,255	\$571,940	\$595,625	\$619,310	\$642,995	\$666,680	\$690,365	\$714,050
Year	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063
Projected Replacements	(\$258,600)	(\$8,409)	(\$118,200)	(\$15,760)	(\$3,600)	(\$24,292)	(\$26,400)	(\$10,409)	(\$1,000)	(\$2,000)
Annual Deposit	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685	\$23,685
End of Year Balance	\$193,769	\$209,045	\$114,530	\$122,455	\$142,540	\$141,933	\$139,218	\$152,494	\$175,179	\$196,864
Cumulative Expenditures	(\$543,966)	(\$552,375)	(\$670,575)	(\$686,335)	(\$689,935)	(\$714,227)	(\$740,627)	(\$751,036)	(\$752,036)	(\$754,036)
Cumulative Receipts	\$737,735	\$761,420	\$785,105	\$808,790	\$832,475	\$856,160	\$879,845	\$903,530	\$927,215	\$950,900

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$3,500 & annual funding of \$23,685), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 29 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$23,685 throughout the 40-year Study Period.

Annual Funding of \$23,685 is approximately 100 percent of the \$23,700 recommended Annual Funding calculated by the Cash Flow Method for 2024, the Study Year.

See the Executive Summary for the Current Funding Statement.

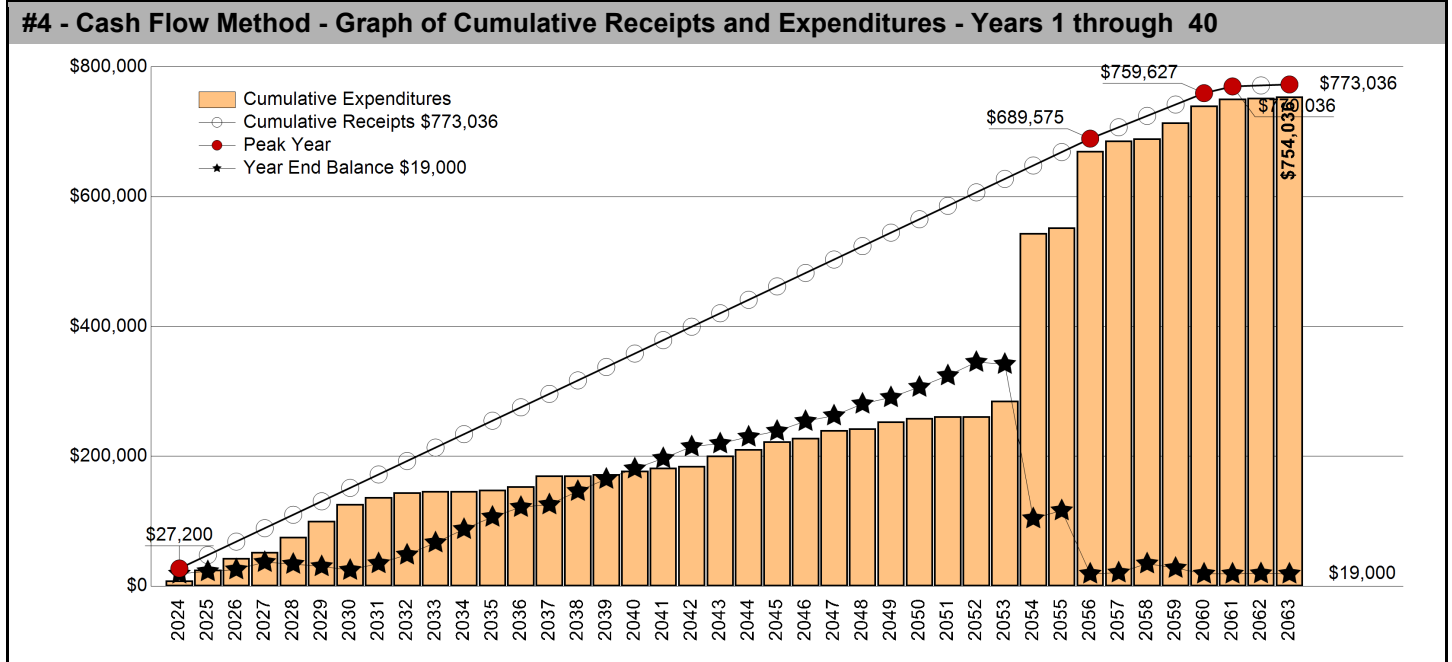
CASH FLOW METHOD FUNDING

\$23,700 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2024

\$24.09 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- Peak Years.** The First Peak Year occurs in 2024 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$8,200 of replacements from 2024 to 2024. Recommended funding is projected to decline from \$23,700 in 2024 to \$20,699 in 2025. Peak Years are identified in Chart 4 and Table 5.
- Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$19,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$18,851 as shown on Graph #2.
- Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$754,036 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2063 and in 2063, the end of year balance will always be the Minimum Balance.



Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Starting Balance	\$3,500									
Projected Replacements	(\$8,200)	(\$17,009)	(\$17,820)	(\$9,360)	(\$23,600)	(\$24,292)	(\$26,400)	(\$10,409)	(\$7,400)	(\$2,000)
Annual Deposit	\$23,700	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699
End of Year Balance	\$19,000	\$22,690	\$25,569	\$36,909	\$34,008	\$30,415	\$24,714	\$35,005	\$48,304	\$67,003
Cumulative Expenditures	(\$8,200)	(\$25,209)	(\$43,029)	(\$52,389)	(\$75,989)	(\$100,281)	(\$126,681)	(\$137,090)	(\$144,490)	(\$146,490)
Cumulative Receipts	\$27,200	\$47,899	\$68,598	\$89,298	\$109,997	\$130,696	\$151,395	\$172,095	\$192,794	\$213,493
Year	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Projected Replacements		(\$1,764)	(\$5,600)	(\$16,769)		(\$2,000)	(\$4,800)	(\$4,764)	(\$2,600)	(\$16,009)
Annual Deposit	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699
End of Year Balance	\$87,702	\$106,637	\$121,737	\$125,667	\$146,366	\$165,065	\$180,964	\$196,900	\$214,999	\$219,689
Cumulative Expenditures	(\$146,490)	(\$148,254)	(\$153,854)	(\$170,623)	(\$170,623)	(\$172,623)	(\$177,423)	(\$182,187)	(\$184,787)	(\$200,796)
Cumulative Receipts	\$234,192	\$254,891	\$275,591	\$296,290	\$316,989	\$337,688	\$358,387	\$379,087	\$399,786	\$420,485
Year	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Projected Replacements	(\$10,350)	(\$11,800)	(\$5,475)	(\$12,124)	(\$2,600)	(\$10,657)	(\$4,800)	(\$3,000)		(\$23,764)
Annual Deposit	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699	\$20,699
End of Year Balance	\$230,038	\$238,938	\$254,162	\$262,737	\$280,836	\$290,878	\$306,778	\$324,477	\$345,176	\$342,111
Cumulative Expenditures	(\$211,146)	(\$222,946)	(\$228,421)	(\$240,545)	(\$243,145)	(\$253,802)	(\$258,602)	(\$261,602)	(\$261,602)	(\$285,366)
Cumulative Receipts	\$441,184	\$461,884	\$482,583	\$503,282	\$523,981	\$544,680	\$565,380	\$586,079	\$606,778	\$627,477
Year	2054	2055	2nd Peak - 2056	2057	2058	2059	3rd Peak - 2060	4th Peak - 2061	2062	5th Peak - 2063
Projected Replacements	(\$258,600)	(\$8,409)	(\$118,200)	(\$15,760)	(\$3,600)	(\$24,292)	(\$26,400)	(\$10,409)	(\$1,000)	(\$2,000)
Annual Deposit	\$20,699	\$20,699	\$20,699	\$17,513	\$17,513	\$17,513	\$17,513	\$10,409	\$1,500	\$1,500
End of Year Balance	\$104,211	\$116,501	\$19,000	\$20,753	\$34,666	\$27,887	\$19,000	\$19,000	\$19,000	\$19,000
Cumulative Expenditures	(\$543,966)	(\$552,375)	(\$670,575)	(\$686,335)	(\$689,935)	(\$714,227)	(\$740,627)	(\$751,036)	(\$752,036)	(\$754,036)
Cumulative Receipts	\$648,177	\$668,876	\$689,575	\$707,088	\$724,601	\$742,114	\$759,627	\$770,036	\$771,536	\$773,036

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller+Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$23,700 2024 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2024 Study Year calculations have been made using current replacement costs (see Page B.2), modified by the Analyst for any project specific conditions.

\$21,941 2025 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2025 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$19,000 on January 1, 2025.
- All 2024 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$8,200.
- Construction Cost Inflation of 6.00 percent in 2024.

The \$21,941 inflation adjusted funding in 2025 is a 5.99 percent increase over the non-inflation adjusted funding of \$20,699.

\$23,258 2026 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2026 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$19,000 on January 1, 2026.
- All 2025 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$17,058.
- Construction Cost Inflation of 6.00 percent in 2025.

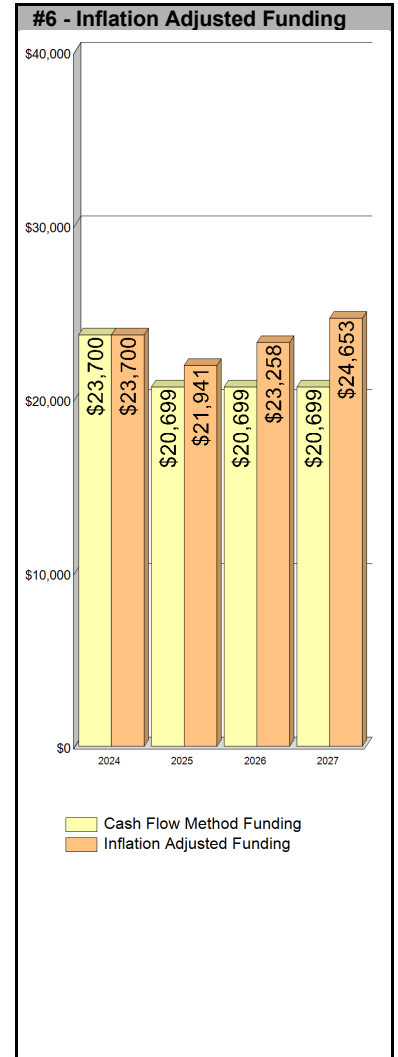
The \$23,258 inflation adjusted funding in 2026 is a 12.35 percent increase over the non-inflation adjusted funding of \$20,699.

\$24,653 2027 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2027 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$19,000 on January 1, 2027.
- All 2026 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$19,084.
- Construction Cost Inflation of 6.00 percent in 2026.

The \$24,653 inflation adjusted funding in 2027 is a 19.10 percent increase over the non-inflation adjusted funding of \$20,699.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2025, 2026 and 2027 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2024, based on a 1.00 percent interest rate, we estimate the Association may earn \$113 on an average balance of \$11,250, \$190 on an average balance of \$19,000 in 2025, and \$190 on \$19,000 in 2026. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2024 funding from \$23,700 to \$23,587 (a 0.47 percent reduction), \$21,941 to \$22,131 (a 0.86 percent reduction), and \$23,258 to \$23,068 (a 0.81 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Lakeshore - Replacement Reserve Inventory identifies 29 items which are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$516,154. Cumulative Replacements totaling \$754,036 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

Tax Code. The United States Tax Code grants very favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

Value. Items with a replacement cost of less than \$1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B.2.

Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

Unit improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

Other non-common improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 29 items included in the Lakeshore Replacement Reserve Inventory are divided into 3 major categories. Each category is printed on a separate page, beginning on page B.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level One Study - Full Service, as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

A Level I - Full-Service Reserve Study includes the computation of complete component inventory information regarding commonly owned components provided by the Association, quantities derived from field measurements, and/or quantity takeoffs from to-scale engineering drawings that may be made available. The condition of all components is ascertained from a visual inspection of each component by the analyst. The remaining economic life and the value of the components are provided based on these observations and the funding status and funding plan are then derived from the analysis of this data.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 29 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 29 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B.1.

SITE ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
1	Entrance monument, replace lettering (composite)	ea	2	\$500.00	15	1	\$1,000
2	Entrance monument, electric lamps	ea	4	\$250.00	25	1	\$1,000
3	Concrete flatwork (6% allowance)	sf	56	\$14.00	6	1	\$784
4	Masonry screen wall, refurbish	ft	530	\$12.50	6	1	\$6,625
5	Fence, 5' decorative aluminum (88%)	ft	260	\$57.00	40	2	\$14,820
6	Fence, 8' PTL, wood board (Turtle Pond)	ft	140	\$40.00	20	none	\$5,600
7	Fence, 8' PTL, wood board (entrance)	ft	190	\$40.00	20	1	\$7,600
8	Stormwater management (allowance)	ls	1	\$2,000.00	10	5	\$2,000
9	Stormwater pond dredging (allowance)	cy	50	\$95.00	20	20	\$4,750
10	Bulkhead	ft	400	\$640.00	30	30	\$256,000
11	Stormwater pond, fountains	ea	2	\$1,900.00	10	6	\$3,800
12	Gazebo, 8' octagon, PTL wood with asphalt shingle	ea	2	\$10,000.00	25	4	\$20,000
13	Irrigation pump, 1 hp	ea	2	\$1,000.00	10	9	\$2,000
14	Piling (8" diameter)	ea	8	\$1,200.00	30	6	\$9,600
15	Pier structure, PTL	sf	200	\$31.00	30	6	\$6,200
16	Pier decking, PTL	sf	200	\$21.00	15	6	\$4,200
Replacement Costs - Page Subtotal							\$345,979

COMMENTS
<ul style="list-style-type: none"> Concrete has a normal economic life expectancy of 60 years. We are modeling 6% of the total requiring replacement every six years. Items showing zero remaining life expectancy are to take care of immediate needs due to tripping hazards. Items here that fall below the \$1,000 minimum threshold are included to provide a complete inventory of reserve items. It is considered that these items will be completed with similar items to bring them up to the minimum amount for reserves. 12/19/23 - Revised REL of several items to match the schedule provided by the Association. Revised quantity of piling, pier structure, and decking. Adjusted cost of masonry screen wall along Rifle Range Road (Item 4).

RECREATION ITEMS PROJECTED REPLACEMENTS					NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
17	Swimming pool, structure, concrete	sf	960	\$120.00	60	32	\$115,200
18	Pool deck, concrete	sf	1,283	\$16.00	30	5	\$20,528
19	Swimming pool, whitecoat	sf	960	\$8.00	10	3	\$7,680
20	Swimming pool, waterline tile (6x6)	ft	140	\$12.00	10	3	\$1,680
21	Swimming pool, pump, (3 hp)	ea	1	\$3,000.00	5	2	\$3,000
22	Swimming pool, filter, sand, 19" diameter	ea	2	\$1,800.00	15	4	\$3,600
23	Pool furniture, lounge, vinyl strap	ea	6	\$294.00	6	5	\$1,764
24	Pool furniture, table 4 chair set	ea	2	\$1,300.00	6	none	\$2,600
Replacement Costs - Page Subtotal							\$156,052

COMMENTS

- 12/19/23 - Revised cost, size, and REL of pool pump. Revised filter REL, furniture cost, NEL, and REL.

EXTERIOR ITEMS - POOL BUILDING					NEL- Normal Economic Life (yrs)		REPLACEMENT COST (\$)
PROJECTED REPLACEMENTS					REL- Remaining Economic Life (yrs)		
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
25	Roofing, asphalt shingles	sf	600	\$5.00	25	19	\$3,000
26	Gutter and downspouts, 5" aluminum	ft	104	\$12.00	30	25	\$1,248
27	Soffit and trim, vinyl	sf	275	\$9.00	50	22	\$2,475
28	Toilets, refurbish (allowance)	ea	2	\$500.00	15	8	\$1,000
29	Door, steel, flush (3' X 6'8")	ea	4	\$1,600.00	25	8	\$6,400
Replacement Costs - Page Subtotal							\$14,123

COMMENTS

- 12/19/23 - Revised REL of several items to match the schedule provided by the Association.

VALUATION EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)	
	Site lighting fixtures							EXCLUDED
	Miscellaneous signage							EXCLUDED
	Mailboxes							EXCLUDED

VALUATION EXCLUSIONS
Comments
<ul style="list-style-type: none"> Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than \$1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Masonry features						EXCLUDED
	Exterior brick veneer						EXCLUDED
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED

LONG-LIFE EXCLUSIONS
Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT REL	REL	REPLACEMENT COST (\$)
	Primary electric feeds						EXCLUDED
	Water mains and meters						EXCLUDED
	Sanitary sewers						EXCLUDED

UTILITY EXCLUSIONS
Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Exterior painting						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.
- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS							
Excluded Items							
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED
	Government, lighting						EXCLUDED

GOVERNMENT EXCLUSIONS
Comments

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded rights-of-way, including adjacent properties and adjacent roadways.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

IRRIGATION SYSTEM EXCLUSIONS								
Excluded Items								
ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	REPLACEMENT COST (\$)	UNIT COST (\$)	NEL	REL	REPLACEMENT COST (\$)
	Subsurface irrigation pipe							EXCLUDED
	Subsurface irrigation valve							EXCLUDED
	Subsurface irrigation control wiring							EXCLUDED
	Irrigation control system							EXCLUDED
	Irrigation system electrical service							EXCLUDED
	Irrigation system enclosures							EXCLUDED

IRRIGATION SYSTEM EXCLUSIONS
Comments

- Irrigation System Exclusions. We have assumed that the maintenance, repair, and periodic replacement of the components of the extensive irrigation systems at the property will not be funded from Replacement Reserves. These systems should be inspected each spring when the systems are brought online and again each fall when they are winterized. Repair(s) and or replacement(s) should be made in conjunction with these semiannual inspections.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 29 Projected Replacements in the Lakeshore 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 C.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the 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.
- **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. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain on our time and manpower resources. Therefore, Miller Dodson will exercise its sole discretion as to whether additional charges are incurred.
- **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 co-mingle 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.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period, 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.

PROJECTED REPLACEMENTS

2024 - Study Year			2025 - YEAR 1		
Item		\$	Item		\$
6	Fence, 8' PTL, wood board (Turtle Pond)	\$5,600	1	Entrance monument, replace lettering (composite)	\$1,000
24	Pool furniture, table 4 chair set	\$2,600	2	Entrance monument, electric lamps	\$1,000
			3	Concrete flatwork (6% allowance)	\$784
			4	Masonry screen wall, refurbish	\$6,625
			7	Fence, 8' PTL, wood board (entrance)	\$7,600
Total Scheduled Replacements		\$8,200	Total Scheduled Replacements		\$17,009

2026 - YEAR 2			2027 - YEAR 3		
Item		\$	Item		\$
5	Fence, 5' decorative aluminum (88%)	\$14,820	19	Swimming pool, whitecoat	\$7,680
21	Swimming pool, pump, (3 hp)	\$3,000	20	Swimming pool, waterline tile (6x6)	\$1,680
Total Scheduled Replacements		\$17,820	Total Scheduled Replacements		\$9,360

2028 - YEAR 4			2029 - YEAR 5		
Item		\$	Item		\$
12	Gazebo, 8' octagon, PTL wood with asphalt shingle	\$20,000	8	Stormwater management (allowance)	\$2,000
22	Swimming pool, filter, sand, 19" diameter	\$3,600	18	Pool deck, concrete	\$20,528
			23	Pool furniture, lounge, vinyl strap	\$1,764
Total Scheduled Replacements		\$23,600	Total Scheduled Replacements		\$24,292

2030 - YEAR 6			2031 - YEAR 7		
Item		\$	Item		\$
11	Stormwater pond, fountains	\$3,800	3	Concrete flatwork (6% allowance)	\$784
14	Piling (8" diameter)	\$9,600	4	Masonry screen wall, refurbish	\$6,625
15	Pier structure, PTL	\$6,200	21	Swimming pool, pump, (3 hp)	\$3,000
16	Pier decking, PTL	\$4,200			
24	Pool furniture, table 4 chair set	\$2,600			
Total Scheduled Replacements		\$26,400	Total Scheduled Replacements		\$10,409

2032 - YEAR 8			2033 - YEAR 9		
Item		\$	Item		\$
28	Toilets, refurbish (allowance)	\$1,000	13	Irrigation pump, 1 hp	\$2,000
29	Door, steel, flush (3' X 6'8")	\$6,400			
Total Scheduled Replacements		\$7,400	Total Scheduled Replacements		\$2,000

PROJECTED REPLACEMENTS

Item	2034 - YEAR 10	\$	Item	2035 - YEAR 11	\$
No Scheduled Replacements			23	Pool furniture, lounge, vinyl strap	\$1,764
Total Scheduled Replacements			Total Scheduled Replacements		
			\$1,764		

Item	2036 - YEAR 12	\$	Item	2037 - YEAR 13	\$
21	Swimming pool, pump, (3 hp)	\$3,000	3	Concrete flatwork (6% allowance)	\$784
24	Pool furniture, table 4 chair set	\$2,600	4	Masonry screen wall, refurbish	\$6,625
			19	Swimming pool, whitecoat	\$7,680
			20	Swimming pool, waterline tile (6x6)	\$1,680
Total Scheduled Replacements			Total Scheduled Replacements		
\$5,600			\$16,769		

Item	2038 - YEAR 14	\$	Item	2039 - YEAR 15	\$
No Scheduled Replacements			8	Stormwater management (allowance)	\$2,000
Total Scheduled Replacements			Total Scheduled Replacements		
			\$2,000		

Item	2040 - YEAR 16	\$	Item	2041 - YEAR 17	\$
1	Entrance monument, replace lettering (composite)	\$1,000	21	Swimming pool, pump, (3 hp)	\$3,000
11	Stormwater pond, fountains	\$3,800	23	Pool furniture, lounge, vinyl strap	\$1,764
Total Scheduled Replacements			Total Scheduled Replacements		
\$4,800			\$4,764		

Item	2042 - YEAR 18	\$	Item	2043 - YEAR 19	\$
24	Pool furniture, table 4 chair set	\$2,600	3	Concrete flatwork (6% allowance)	\$784
			4	Masonry screen wall, refurbish	\$6,625
			13	Irrigation pump, 1 hp	\$2,000
			22	Swimming pool, filter, sand, 19" diameter	\$3,600
			25	Roofing, asphalt shingles	\$3,000
Total Scheduled Replacements			Total Scheduled Replacements		
\$2,600			\$16,009		

PROJECTED REPLACEMENTS

Item	2044 - YEAR 20	\$	Item	2045 - YEAR 21	\$
6	Fence, 8' PTL, wood board (Turtle Pond)	\$5,600	7	Fence, 8' PTL, wood board (entrance)	\$7,600
9	Stormwater pond dredging (allowance)	\$4,750	16	Pier decking, PTL	\$4,200
Total Scheduled Replacements		\$10,350	Total Scheduled Replacements		\$11,800

Item	2046 - YEAR 22	\$	Item	2047 - YEAR 23	\$
21	Swimming pool, pump, (3 hp)	\$3,000	19	Swimming pool, whitecoat	\$7,680
27	Soffit and trim, vinyl	\$2,475	20	Swimming pool, waterline tile (6x6)	\$1,680
			23	Pool furniture, lounge, vinyl strap	\$1,764
			28	Toilets, refurbish (allowance)	\$1,000
Total Scheduled Replacements		\$5,475	Total Scheduled Replacements		\$12,124

Item	2048 - YEAR 24	\$	Item	2049 - YEAR 25	\$
24	Pool furniture, table 4 chair set	\$2,600	3	Concrete flatwork (6% allowance)	\$784
Total Scheduled Replacements		\$2,600	4	Masonry screen wall, refurbish	\$6,625
			8	Stormwater management (allowance)	\$2,000
			26	Gutter and downspouts, 5" aluminum	\$1,248
Total Scheduled Replacements		\$2,600	Total Scheduled Replacements		\$10,657

Item	2050 - YEAR 26	\$	Item	2051 - YEAR 27	\$
2	Entrance monument, electric lamps	\$1,000	21	Swimming pool, pump, (3 hp)	\$3,000
11	Stormwater pond, fountains	\$3,800	Total Scheduled Replacements		\$3,000
Total Scheduled Replacements		\$4,800	Total Scheduled Replacements		\$3,000

Item	2052 - YEAR 28	\$	Item	2053 - YEAR 29	\$
No Scheduled Replacements			12	Gazebo, 8' octagon, PTL wood with asphalt shingle	\$20,000
			13	Irrigation pump, 1 hp	\$2,000
			23	Pool furniture, lounge, vinyl strap	\$1,764
No Scheduled Replacements			Total Scheduled Replacements		\$23,764

PROJECTED REPLACEMENTS

Item	2054 - YEAR 30	\$	Item	2055 - YEAR 31	\$
10	Bulkhead	\$256,000	1	Entrance monument, replace lettering (composite)	\$1,000
24	Pool furniture, table 4 chair set	\$2,600	3	Concrete flatwork (6% allowance)	\$784
			4	Masonry screen wall, refurbish	\$6,625
Total Scheduled Replacements		\$258,600	Total Scheduled Replacements		\$8,409

Item	2056 - YEAR 32	\$	Item	2057 - YEAR 33	\$
17	Swimming pool, structure, concrete	\$115,200	19	Swimming pool, whitecoat	\$7,680
21	Swimming pool, pump, (3 hp)	\$3,000	20	Swimming pool, waterline tile (6x6)	\$1,680
			29	Door, steel, flush (3' X 6'8")	\$6,400
Total Scheduled Replacements		\$118,200	Total Scheduled Replacements		\$15,760

Item	2058 - YEAR 34	\$	Item	2059 - YEAR 35	\$
22	Swimming pool, filter, sand, 19" diameter	\$3,600	8	Stormwater management (allowance)	\$2,000
			18	Pool deck, concrete	\$20,528
			23	Pool furniture, lounge, vinyl strap	\$1,764
Total Scheduled Replacements		\$3,600	Total Scheduled Replacements		\$24,292

Item	2060 - YEAR 36	\$	Item	2061 - YEAR 37	\$
11	Stormwater pond, fountains	\$3,800	3	Concrete flatwork (6% allowance)	\$784
14	Piling (8" diameter)	\$9,600	4	Masonry screen wall, refurbish	\$6,625
15	Pier structure, PTL	\$6,200	21	Swimming pool, pump, (3 hp)	\$3,000
16	Pier decking, PTL	\$4,200			
24	Pool furniture, table 4 chair set	\$2,600			
Total Scheduled Replacements		\$26,400	Total Scheduled Replacements		\$10,409

Item	2062 - YEAR 38	\$	Item	2063 - YEAR 39	\$
28	Toilets, refurbish (allowance)	\$1,000	13	Irrigation pump, 1 hp	\$2,000
Total Scheduled Replacements		\$1,000	Total Scheduled Replacements		\$2,000

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SECTION D - CONDITION ASSESSMENT

General Comments. Miller+Dodson Associates conducted a Reserve Study at Lakeshore in November 2023. Lakeshore appears to be generally in fair condition for a homeowner's association constructed between 1993 and 2004. Reviewing the Replacement Reserve Inventory will show that we anticipate most components achieving their normal economic lives.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and 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.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. Miller Dodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected, moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

SITE ITEMS

Entry Monument and Signage. The Association maintains two entry monuments - one on each side of the entrance onto Southlake Drive off Rifle Range Road. The monuments are primarily brick veneer wall elements with some iron rails. The lettering on the walls is a composite material. The walls appear to need a power wash; however, they appear to be in overall good condition. The composite lettering is expected to have a useful life of 10 to 15 years.



This study does not consider other small miscellaneous signs, and those should be replaced using other funds.

Fencing. The Association maintains two wood fences that provide privacy from adjoining neighborhoods, a masonry privacy screening wall along Rifle Range Road, and an existing chain link fence at the pool. We were informed that the Board intends to replace the chain link fence at the pool with a decorative aluminum picket fence.

Fencing systems have many configurations and finishes that can usually be repaired as a maintenance activity by replacing individual components as they become damaged or weathered.



Protection from string machine damage during lawn maintenance can extend the useful life of some fence types. Protection from this type of damage is typically provided by applying herbicides around post bases or installing protective sheathing.

Pressure-treated wood fencing should be cleaned and sealed every year or two. Typically the least-cost fencing option, this type of fence can last 15 to 20 years if maintained properly.

Aluminum fencing can have a useful life of 40 years or more. Periodic cleaning and touch-up painting may be required to keep the fence attractive.

We consider the masonry screen wall along Rifle Range Road to have an indefinite life. The Association regularly maintains the wall by power washing, painting, and applying sealant to the wall joints.

Stormwater Pond. The community is served by two stormwater ponds that appear to be in overall good condition. This is based on a Bathymetric Analysis The Lake Doctors, Inc. conducted five years ago. Also, the entire bulkhead wall was removed and replaced with new material at the pond next to the pool.

Ponds will accumulate silt over time and lose the ability to store stormwater at design levels, which could result in overflows and minor local flooding. In addition, water quality can be negatively affected by increased siltation and debris accumulation. Accordingly, ponds require periodic dredging.

Estimates of cost and the frequency of dredging ponds are a function of many variables, including the volume of the pond, the siltation rate, the nature of the material being removed, the method of removal, and the haul distance to a site that will accept the spoil material. This information is unknown and must be assumed for reserve study planning. The siltation rate and cost of periodic dredging are speculative, varying greatly depending on local conditions.



As a rule of thumb, dredging should be performed when approximately one-third of the pond's volume has been filled with silt. In this case, however, we have modeled the dredging amounts based on the Bathymetric Studies performed several years ago by The Lake Doctors, Inc.

As a supplement to traditional dredging methods, hydro-raking can prolong the interval between dredging.

Because of the significant cost of this work, it is recommended that the Association undertake studies to refine the assumptions of this study.

Based on our understanding, we recommend the following:

- Periodically remove accumulated debris and vegetation growing in the ponds.
- Survey the ponds to establish the current profile of the bottom. After five years of operation, re-survey the pond to establish new depths to determine the local siltation rate. This will establish the frequency required for periodic dredging.
- Periodically sample and test for contaminants.
- Consult with local contractors to determine the cost of removing and disposing of the spoil once its nature is known.

Firms specializing in this work can typically be found by searching Lake and Pond, Construction and Maintenance for your state or area of the country. Some states provide shortlists of companies that specialize in this type of work.

Please note that the periodic removal of overgrown vegetation from the pond is considered a maintenance activity and has not been reserved for or included in this study.

RECREATION ITEMS

Swimming Pool. The community operates an outdoor pool of concrete construction. Listed below are the major components of the pool facilities:



- Pool Shell. The shell for the swimming pool appears to be in good condition.
- Pool Deck. The pool has a concrete deck, and the overall condition of the deck appears to be in fair condition with several cracks noted on the deck surface.
- Whitecoat. The pool whitecoat appears to be in fair condition. We have assumed eight to ten years of service life for the pool whitecoat.

- **Waterline Tile.** The waterline tile appears to be in fair condition. We have assumed the waterline tile will be replaced or restored when the pool is whitecoated.
- **Pump and Filter System.** The filter system appears to be in good operating condition.
- **Pool Fence.** The swimming pool is enclosed by a chain link fence that the Association plans to replace with a decorative aluminum fence in the near future.

EXTERIOR ITEMS

Building Roofing. The roof of the pool building is an asphalt shingle roof that is relatively new and appears to be in good condition. There are also two gazebos at the pool that have asphalt shingle roofs. The roofs of the two gazebos also appear to be in good overall condition.



Asphalt shingle roofs can have a useful life of 20 to 50 years, depending on the weight and quality of the shingle. Weathered, curled, and missing shingles indicate they may be nearing the end of their useful life.

Access to the roof was not provided during the site visit.

Annual inspections are recommended, with cleaning, repair, and vegetation mitigation performed as needed. Contractors and personnel should perform access, inspection, and repair work with the appropriate access equipment experienced in the roofing types used for the facility.

Gutters and Downspouts. The pool building has aluminum residential-style gutters and downspouts. The gutters and downspouts appear to be in good condition.

A gutter and downspout system will remove rainwater from the area of the building's roof, siding, and foundation and protect the exterior surfaces from water damage. Gutters should run the full length of all drip edges of the building's roof. Even with full gutters, it is important to inspect the function of the gutters during heavy rain to identify any deficiencies. It may be necessary to periodically adjust the slope of sections, repair connections, replace hangers, and install shrouds to the gutter system. Downspouts should be securely attached to the side of the structure. Any broken straps should be replaced. The area of the outlet should be inspected to promote run-off in the desired direction. Long straight runs should have an elbow at the bottom. Splash blocks should be installed to fray the water outletting from the downspout.



It is recommended that all gutters be cleaned at least twice each year. If there are a large number of trees located close to a building, consider installing a gutter debris shield that will let water into the gutters but will filter out leaves, twigs, and other debris.

Windows and Doors. The Association is responsible for all of the windows and exterior doors of the pool building.

The windows and doors appear to be generally in fair condition. Due to the small size of the windows, we have excluded them from the Study.



Window and door units are integral to a facility's 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. Warranties and advantages in 'economy of scale' can often result in lower replacement costs and more reliable results. Lastly, coordinated replacements offer the opportunity to correct initial construction defects and improve the effectiveness of details with improved construction techniques and materials.

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 and limited common elements of the property to ascertain their remaining useful life and replacement cost. 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

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for many services, facilities and infrastructure around 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 homeowner 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, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only approximately 500 Community Associations in the United States. According to the 1990 U.S. Census, there were roughly 130,000 Community Associations. The Community Associations Institute (CAI), a national trade association, estimates in 2020 that there were more than 350,000 communities with over 75 million residents.

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 issues. Although Community Associations have succeeded in solving many short-term issues, many Associations still fail to properly plan for the significant 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 invariably exposed to the burden of special assessments, major increases in Association fees, and often 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 major repair or replacement, a general view of the physical condition of these components, and an effective financial plan to fund projected periodic replacements or major repairs. The Replacement Reserve Study consists of the following:

Replacement Reserve Study Introduction. The introduction provides a description of the property, an Executive Summary of the Funding Recommendations, Level of Reserve Study service, and a statement of the Purpose of the Replacement Reserve Study. It also lists documents and site evaluations upon which the Replacement Reserve Study is based, and provides the Credentials of the Reserve Analyst.

Section A Replacement Reserve Analysis. Many components that are owned by the Association have a limited life and require periodic replacement. Therefore, it is essential that the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and ultimately, the property value of the home in the community. In conformance with National Reserve Study Standards, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves using the Threshold Cash Flow Method. See definition below.

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. Replacement Reserve Inventory includes estimates of the Normal Economic Life (NEL) and the Remaining Economic Life (REL) for those components whose replacement is scheduled for funding from Replacement Reserves.

The Replacement Reserve Inventory also provides information about those components which are excluded from the Replacement Reserve Inventory and whose replacement is not 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. The observed condition of the major 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 at the time of our visual evaluation.

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, the Cash Flow Method and the Component Method. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Recommended Annual Funding to the Reserves. A brief description is included below:

Cash Flow Threshold Method. This Reserve Study uses the Threshold Cash Flow Method, sometimes referred to as the "Pooling Method." It calculates the minimum constant annual funding to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the predetermined Minimum Balance, or Threshold, in any year.

Component Method. The Component Method of calculating Reserve Funding needs is based upon an older mathematical model. Instead of calculating total funding based on yearly funding requirements, the Component method treats each component as its own "line item" budget that can only be used for that component. As a result, the Component Method is typically more conservative requiring greater Annual Reserve Funding levels.

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 parties responsible for maintaining the community after acceptance of our proposal. Upon submission of the initial Study, the Study should be reviewed by the Board of Directors and the individuals responsible for maintaining the community. We depend upon the Association for correct information, documentation, and drawings. We also look to the Association representative to help us fashion the Reserve Study so that it reflects what the community hopes to accomplish in the coming years.

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 regular repairs or maintenance.

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 Threshold Method, above.

Component Analysis. See Component Method, above.

Contingency. An allowance for unexpected requirements. The "Threshold" used in the Cash Flow Method is a predetermined minimum balance that serves the same purpose as a "contingency". However, IRS Guidelines do not allow for a "contingency" line item in the inventory. Therefore, it is built into the mathematical model as a "Threshold".

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 Normal Economic Life (NEL). 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 Remaining Economic Life (REL). 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.

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 Balance. Otherwise referred to as the Threshold, this amount is used in the Cash Flow Threshold Method only. Normally derived using the average annual expenditure over the study period, this is the minimum amount held in reserves in the Peak Year.

National Reserve Study Standards. A set of Standards developed by the Community Associations Institute in 1995 (and updated in 2017) which establishes the accepted methods of Reserve Calculation and stipulates what data must be included in the Reserve Study for each component listed in the inventory. These Standards can be found at CALonline.org.

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.)

Number of Years of the Study. The numbers 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. The Reserve Study must cover a minimum of 20 years to comply with the National Reserve Study Standards. However, your study covers a 40-year period.

Peak Year. In the Cash Flow Threshold Method, a year in which the reserves on hand are projected to fall to the established threshold level. See Minimum Balance, above.

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.

Replacement Reserve Study. An analysis of all of the components of the common property of a Community Association for which 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, Normal Economic Life, and Remaining Economic Life. The objective of the study is to calculate a Recommended Annual Funding 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	ls	lump sum	sy	square yard
ft or lf	linear foot	pr	pair	cy	cubic yard
sf	square foot				

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What is a Reserve Study?
Who are we?



<https://youtu.be/m4BcOE6q3Aw>

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



<https://youtu.be/40SodajTW1g>

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



<https://youtu.be/pYSMZ013VjQ>

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



<https://youtu.be/Qx8WHB9Cgnc>

What's in a Reserve Study and what's out?
Improvement/Component, what's the difference?



<https://youtu.be/ZfBoAEhtf3E>

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



<https://youtu.be/1J2h7FIU3qw>

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



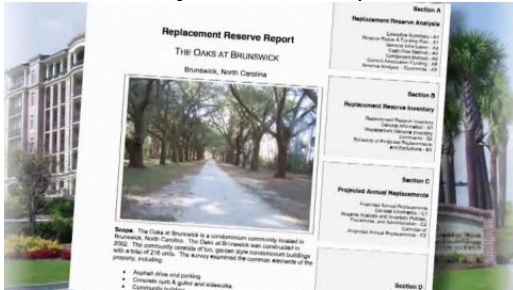
<https://youtu.be/aARD1B1Oa3o>

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



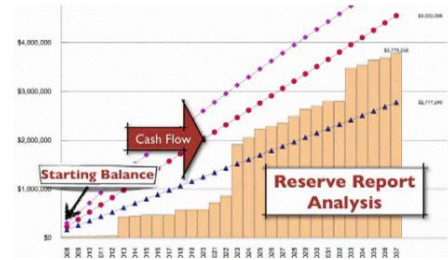
<https://youtu.be/diZfM1IyJYU>

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



<https://youtu.be/qCeVJhFf9ag>

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



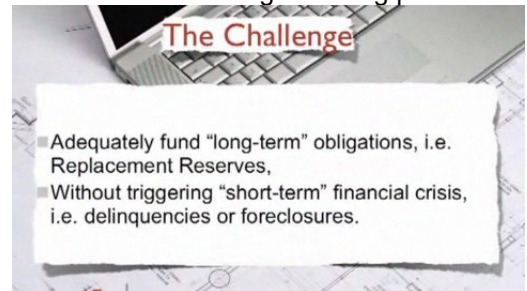
<https://youtu.be/SePdWVDvHWI>

How are interest and inflation addressed?
Inflation, what should we consider?



<https://youtu.be/W8CDLwRlv68>

A community needs more help, where do we go?
What is a strategic funding plan?



<https://youtu.be/hIxV9X1tlcA>