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“Full” Reserve Study



The Landings Slidell, LA

Report #: 28121-0
For Period Beginning: January 1, 2015
Expires: December 31, 2015
Date Prepared: January 14, 2015



Hello, and welcome to your Reserve Study!

We don't want you to be surprised. This Report is designed to help you anticipate, and prepare for, the major common area expenses your association will face. Inside you will find:

- 1) **The Reserve Component List** (the “Scope and Schedule” of your Reserve projects) – telling you what your association is Reserving for, what condition they are in now, and what they'll cost to replace.
- 2) **An Evaluation of your current Reserve Fund Size and Strength (Percent Funded)**. This tells you your financial starting point, revealing your risk of deferred maintenance and special assessments.
- 3) **A Recommended Multi-Year Reserve Funding Plan**, answering the question... “What do we do now?”

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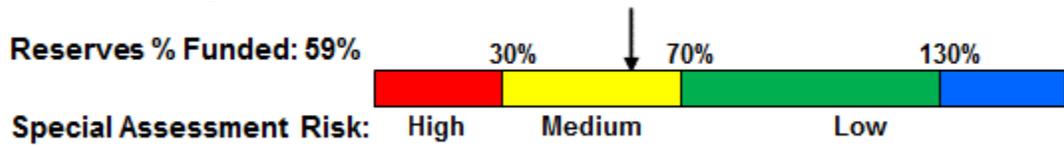
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3- Minute Executive Summary

Association: The Landings **#:** 28121-0
Location: Slidell, LA **# of Units:** 154
Report Period: January 1, 2015 through December 31, 2015

Findings/Recommendations as-of 1/1/2015:

Projected Starting Reserve Balance:	\$100,060
Current Fully Funded Reserve Balance:	\$169,311
Average Reserve Deficit (Surplus) Per Unit:	\$450
Recommended 2015 Quarterly “Full Funding” Contributions:	\$6,200
Alternate minimum contribs* to keep Reserves above \$0:	\$6,050
Recommended 2015 Special Assessment for Reserves:	\$0
Most Recent Budgeted Reserve Contribution Rate:	\$0



Economic Assumptions:

Net Annual “After Tax” Interest Earnings Accruing to Reserves..... 1.00%
Annual Inflation Rate 3.00%

- This is a “Full” Reserve Study (original, created “from scratch”), and is based on our site inspection on November 26, 2014. It was prepared by a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is between 30% and 70% at 59% Funded, this means the association’s special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to Fully Fund your Reserves, where associations enjoy a low risk of such Reserve cash flow problems.
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions in the 2015 fiscal year.
- No assets appropriate for Reserve designation were excluded.

*officially called “Baseline Funding”

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Cost Estimate
2113	Site Drainage System - Clean/Repair	5	4	\$7,500
2119	Brick Roadways - Replace	30	19	\$47,550
2123	Concrete Roads - Repair	1	0	\$1,800
2125	Concrete Roads - Repair/Replace	15	4	\$138,500
2145	Entry/Exit Gates - Replace	25	14	\$45,000
2169	Sign/Monuments - Refurbish/Replace	20	9	\$10,000
2170	Road Signs, Reader Boards - Replace	20	19	\$18,850
2501	Intercom/Entry Systems - Replace	15	4	\$5,500
2509	Gate Operators - Replace	15	4	\$22,000
2543	Security Camera System - Modernize	10	9	\$6,000
10	Total Funded Components			

Note 1: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Note 2: Yellow highlighted line items are expected to require attention in the initial year, green highlighted items are expected to occur within the first five years.

Introduction



A Reserve Study is the art and science of anticipating, and preparing for, an association’s major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a combination of research and well-defined computations, following consistent National Reserve Study Standard principles.

The foundation of this and every Reserve Study is your Reserve Component List (what you are reserving for). This is because the Reserve Component List defines the *scope and schedule* of all your anticipated upcoming Reserve projects. Based on that List and your starting balance, we calculate the association’s Reserve Fund Strength (reported in terms of “Percent Funded”). Then we compute a Reserve Funding Plan to provide for the Reserve needs of the association. These form the three results of your Reserve Study.



Reserve contributions are not “for the future”. Reserve contributions are designed to offset the ongoing, daily deterioration of your Reserve assets. Done well, a stable, budgeted Reserve Funding Plan will collect sufficient funds from the owners who enjoyed the use of those assets, so the association is financially prepared for the irregular expenditures scattered through future years when those projects eventually require replacement.

Methodology

LEVELS OF SERVICE



For this [Full Reserve Study](#), we started with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs Reserves), and research into any well-established association precedents.

We performed an on-site inspection to quantify and evaluate your common areas, creating your Reserve Component List *from scratch*.

Which Physical Assets are Funded by Reserves?

There is a national-standard four-part test to determine which expenses should appear in your Reserve Component List. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the remaining life must be predictable (or it by definition is a *surprise* which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost (often between .5% and 1% of an association's total budget). This limits Reserve Components to major, predictable expenses. Within this framework, it is inappropriate to include *lifetime* components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.



RESERVE COMPONENT "FOUR-PART TEST"

How do we establish Useful Life and Remaining Useful Life estimates?

- 1) Visual Inspection (observed wear and age)
- 2) Association Reserves database of experience
- 3) Client History (install dates & previous life cycle information)
- 4) Vendor Evaluation and Recommendation

How do we establish Current Repair/Replacement Cost Estimates?

In this order...

- 1) Actual client cost history, or current proposals
- 2) Comparison to Association Reserves database of work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Reserve adequacy is not measured in cash terms. Reserve adequacy is found when the *amount* of current Reserve cash is compared to Reserve component deterioration (the *needs of the association*). Having *enough* means the association can execute its projects in a timely manner with existing Reserve funds. Not having *enough* typically creates deferred maintenance or special assessments.

Adequacy is measured in a two-step process:

- 1) Calculate the *value of deterioration* at the association (called Fully Funded Balance, or FFB).
- 2) Compare that to the Reserve Fund Balance, and express as a percentage.



SPECIAL ASSESSMENT RISK

Each year, the *value of deterioration* at the association changes. When there is more deterioration (as components approach the time they need to be replaced), there should be more cash to offset that deterioration and prepare for the expenditure. Conversely, the *value of deterioration* shrinks after projects are accomplished. The *value of deterioration* (the FFB) changes each year, and is a moving but predictable target.

There is a high risk of special assessments and deferred maintenance when the Percent Funded is *weak*, below 30%. Approximately 30% of all associations are in this high risk range. While the 100% point is Ideal (indicating Reserve cash is equal to the *value of deterioration*), a Reserve Fund in the 70% -130% range is considered strong (low risk of special assessment).

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?



RESERVE FUNDING PRINCIPLES

According to National Reserve Study Standards, there are four Funding Principles to balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. Second, a stable contribution is desirable because it keeps these naturally irregular expenses from unsettling the budget.

Reserve contributions that are evenly distributed over current and future owners enable each owner to pay their fair share of the association’s Reserve expenses over the years. And finally, we develop a plan that is fiscally responsible and safe for Boardmembers to recommend to their association. Remember, it is the Board’s job to provide for the ongoing care of the common areas. Boardmembers invite liability exposure when Reserve contributions are inadequate to offset ongoing common area deterioration.

What is our Recommended Funding Goal?

Maintaining the Reserve Fund at a level equal to the *value* of deterioration is called “Full Funding” (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. **This is simple, responsible, and our recommendation.** Evidence shows that associations in the 70-130% range *enjoy a low risk of special assessments or deferred maintenance.*

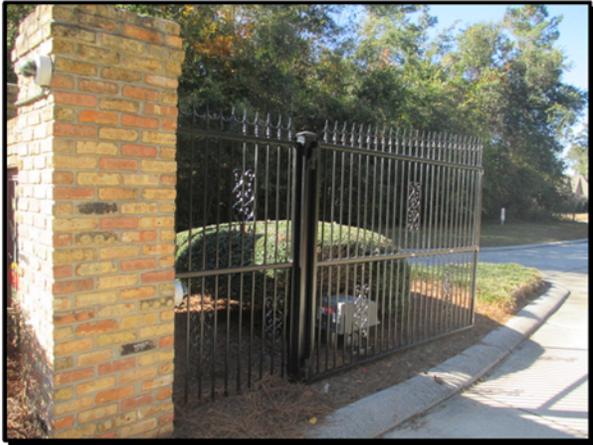
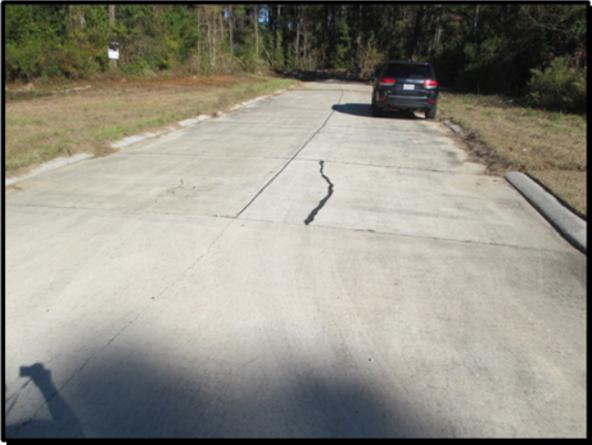


FUNDING OBJECTIVES

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. Doing so allows the Reserve Fund to drop into the 0-30% range, where there is a high risk of special assessments & deferred maintenance. Since Baseline Funding still provides for the timely execution of all Reserve projects, and only the “margin of safety” is different, Baseline Funding contributions average only 10% - 15% less than Full Funding contributions. Threshold Funding is the title of all other Cash or Percent Funded objectives *between* Baseline Funding and Full Funding.

Site Inspection Notes

During our site visit on November 26, 2014, we started with a brief meeting with Mr. Daniel Camp of Pelican Association Management, and then started the site inspection beginning with the roads and entry areas. We visually inspected all of the Association’s common areas during this visit.



Projected Expenses

While this Reserve Study looks forward 30 years, we have no expectation that all these expenses will all take place as anticipated. This Reserve Study needs to be updated annually because we expect the timing of these expenses to shift and the size of these expenses to change. We do feel more certain of the timing and cost of near-term expenses than expenses many years away. Your *first five years* of projected Reserve expenses total \$204,832. Adding the next five years, your *first ten years* of projected Reserve expenses are \$246,573. Please be aware of your near-term expenses, which we are able to project more accurately than the more distant projections.

The figure below summarizes the projected future expenses at your association as defined by your Reserve Component List. A summary of these expenses are shown in Table 5, while details of the projects that make up these expenses are shown in Table 6.

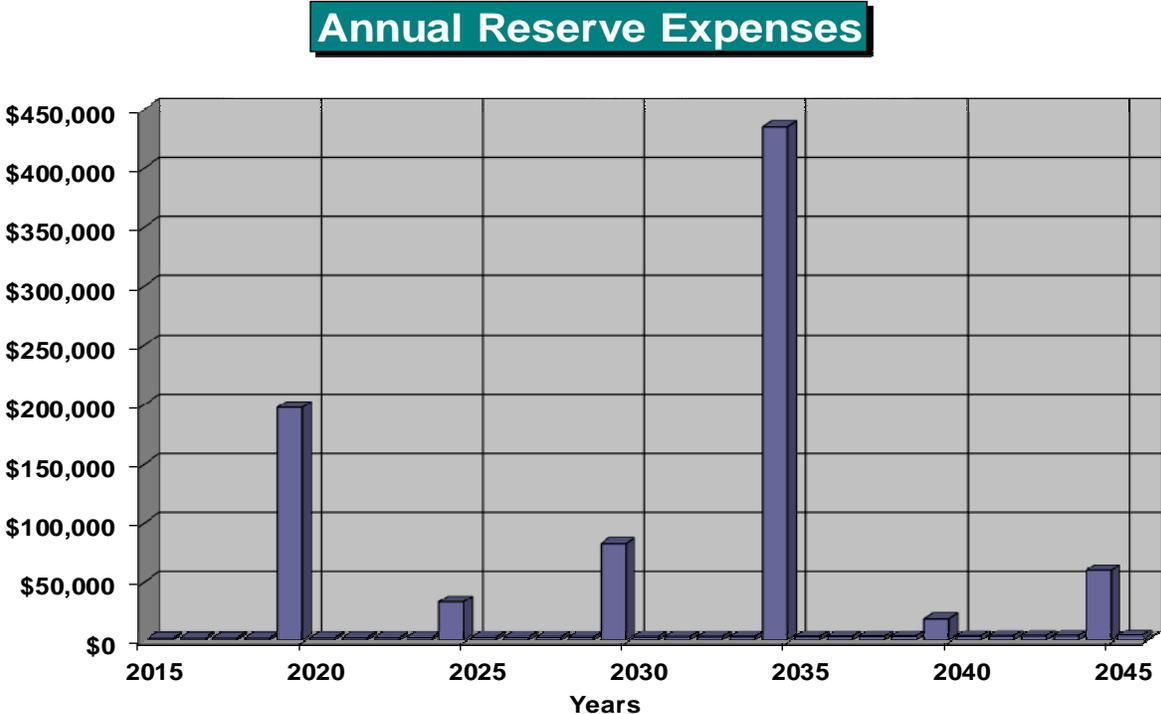


Figure 1

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$100,060 as-of the start of your Fiscal Year on January 1, 2015. This is based on information provided to us as of November 2014. As of January 1, 2015, your Fully Funded Balance is computed to be \$169,311 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 59% Funded. Across the country, approx 6% of associations in this range experience special assessments or deferred maintenance.

Recommended Funding Plan

Based on your current Percent Funded and your near-term and long-term Reserve needs, we are recommending budgeted contributions of \$6,200/quarter this Fiscal Year. The overall 30-yr plan, in perspective, is shown below. This same information is shown numerically in both Table 5 and Table 6.

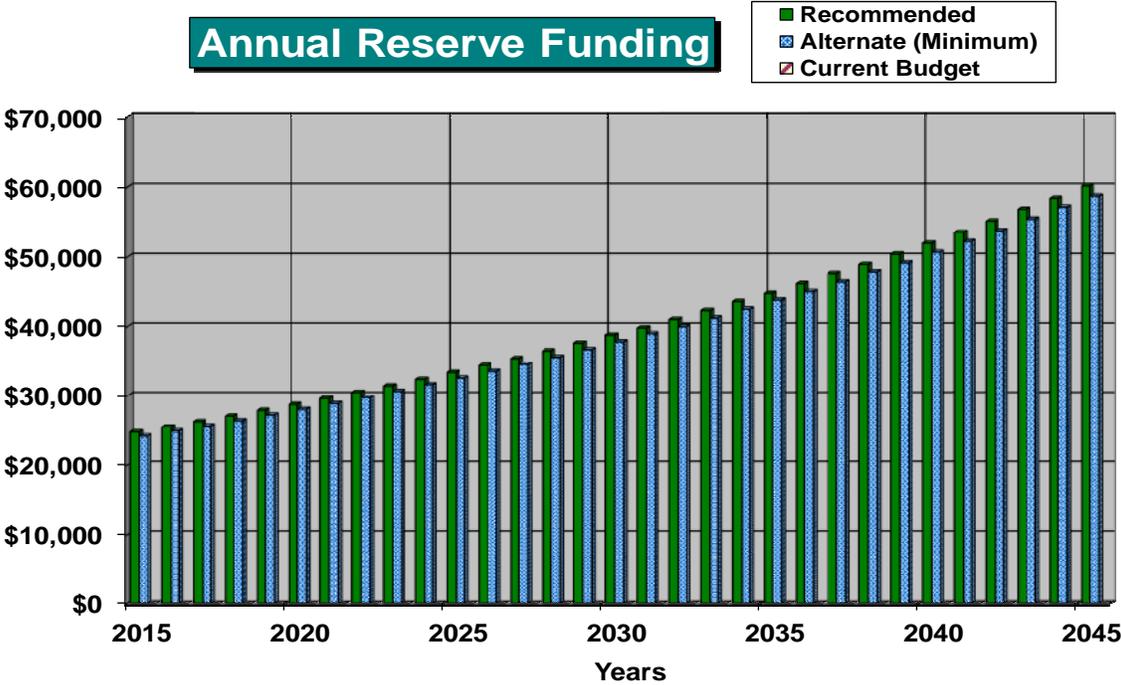


Figure 2

The following chart shows your Reserve balance under our recommended Full Funding Plan, an alternate Baseline Funding Plan, and at your current budgeted contribution rate, compared to your always-changing Fully Funded Balance target.

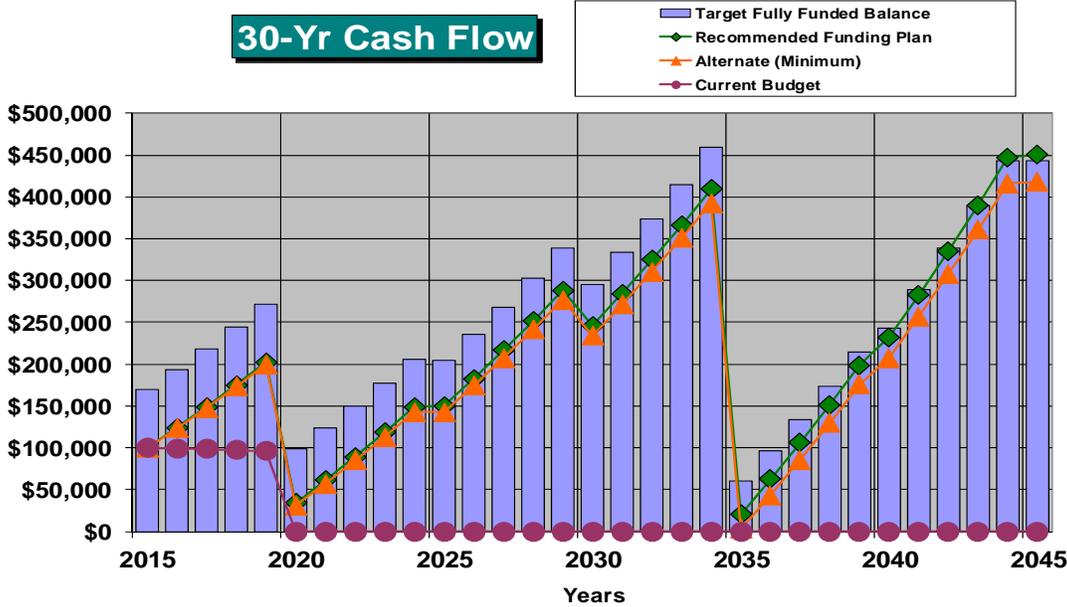


Figure 3

This figure shows this same information, plotted on a [Percent Funded](#) scale.

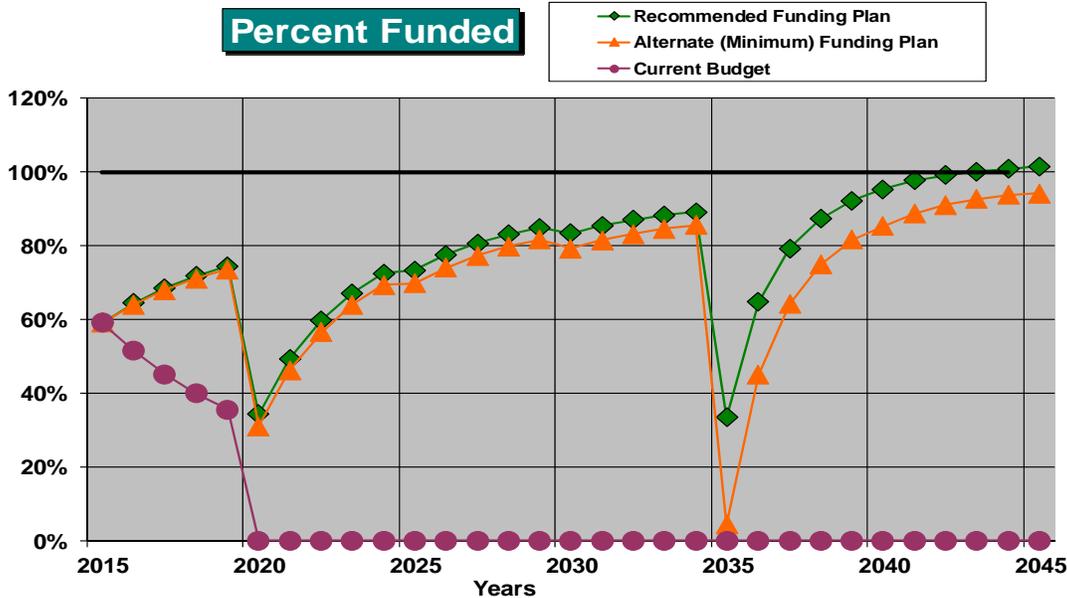


Figure 4

Table Descriptions

The tabular information in this Report is broken down into six tables.

Table 1 is a summary of your Reserve Components (your Reserve Component List), the information found in Table 2.

Table 2 is your Reserve Component List, which forms the foundation of this Reserve Study. This table represents the information from which all other tables are derived.

Table 3 shows the calculation of your Fully Funded Balance, the measure of your current Reserve component deterioration. For each component, the Fully Funded Balance is the fraction of life used up multiplied by its estimated Current Replacement Cost.

Table 4 shows the significance of each component to Reserve needs of the association, helping you see which components have more (or less) influence than others on your total Reserve contribution rate. The deterioration cost/yr of each component is calculated by dividing Current Replacement Cost by Useful Life, then that component's percentage of the total is displayed.

Table 5: This table provides a one-page 30-year summary of the cash flowing into and out of the Reserve Fund, with a display of the Fully Funded Balance, Percent Funded, and special assessment risk for each year.

Table 6: This table shows the cash flow detail for the next 30 years. This table makes it possible to see which components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail

28121-0

#	Component	Quantity	Useful Life	Rem. Useful Life	[--- Current Cost Estimate ---]	
					Best Case	Worst Case
2113	Site Drainage System - Clean/Repair	(1) System	5	4	\$5,000	\$10,000
2119	Brick Roadways - Replace	Approx 7,925 GSF	30	19	\$39,600	\$55,500
2123	Concrete Roads - Repair	Approx 197,500 GSF	1	0	\$1,500	\$2,100
2125	Concrete Roads - Repair/Replace	Approx 197,500 GSF	15	4	\$119,000	\$158,000
2145	Entry/Exit Gates - Replace	(4) Pairs of Gates	25	14	\$40,000	\$50,000
2169	Sign/Monuments - Refurbish/Replace	(2) Signs	20	9	\$8,000	\$12,000
2170	Road Signs, Reader Boards - Replace	Approx (21) Signs/Boards	20	19	\$17,000	\$20,700
2501	Intercom/Entry Systems - Replace	(2) Systems	15	4	\$5,000	\$6,000
2509	Gate Operators - Replace	(8) Operators	15	4	\$20,000	\$24,000
2543	Security Camera System - Modernize	(8) Cameras	10	9	\$5,000	\$7,000
10	Total Funded Components					

Table 3: Fully Funded Balance**28121-0**

#	Component	Current Cost Estimate	X	Effective Age	/	Useful Life	=	Fully Funded Balance
2113	Site Drainage System - Clean/Repair	\$7,500	X	1	/	5	=	\$1,500
2119	Brick Roadways - Replace	\$47,550	X	11	/	30	=	\$17,435
2123	Concrete Roads - Repair	\$1,800	X	1	/	1	=	\$1,800
2125	Concrete Roads - Repair/Replace	\$138,500	X	11	/	15	=	\$101,567
2145	Entry/Exit Gates - Replace	\$45,000	X	11	/	25	=	\$19,800
2169	Sign/Monuments - Refurbish/Replace	\$10,000	X	11	/	20	=	\$5,500
2170	Road Signs, Reader Boards - Replace	\$18,850	X	1	/	20	=	\$943
2501	Intercom/Entry Systems - Replace	\$5,500	X	11	/	15	=	\$4,033
2509	Gate Operators - Replace	\$22,000	X	11	/	15	=	\$16,133
2543	Security Camera System - Modernize	\$6,000	X	1	/	10	=	\$600
								\$169,311

Table 4: Component Significance**28121-0**

#	Component	Useful Life	Current	Deterioration Cost/yr	Deterioration Significance
			Cost Estimate		
2113	Site Drainage System - Clean/Repair	5	\$7,500	\$1,500	7.6%
2119	Brick Roadways - Replace	30	\$47,550	\$1,585	8.0%
2123	Concrete Roads - Repair	1	\$1,800	\$1,800	9.1%
2125	Concrete Roads - Repair/Replace	15	\$138,500	\$9,233	46.6%
2145	Entry/Exit Gates - Replace	25	\$45,000	\$1,800	9.1%
2169	Sign/Monuments - Refurbish/Replace	20	\$10,000	\$500	2.5%
2170	Road Signs, Reader Boards - Replace	20	\$18,850	\$943	4.8%
2501	Intercom/Entry Systems - Replace	15	\$5,500	\$367	1.9%
2509	Gate Operators - Replace	15	\$22,000	\$1,467	7.4%
2543	Security Camera System - Modernize	10	\$6,000	\$600	3.0%
10	Total Funded Components			\$19,794	100.0%

Table 5: 30-Year Reserve Plan Summary

28121-0

Fiscal Year Start: 01/01/15

Interest: 1.0%

Inflation: 3.0%

**Reserve Fund Strength Calculations
(All values as of Fiscal Year Start Date)**

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Special Assmt Risk	Reserve Contribs.	Loans or Special Assmts	Interest Income	Reserve Expenses
2015	\$100,060	\$169,311	59.1%	Med	\$24,800	\$0	\$1,121	\$1,800
2016	\$124,181	\$192,924	64.4%	Med	\$25,544	\$0	\$1,367	\$1,854
2017	\$149,237	\$217,802	68.5%	Med	\$26,310	\$0	\$1,622	\$1,910
2018	\$175,260	\$243,999	71.8%	Low	\$27,100	\$0	\$1,887	\$1,967
2019	\$202,279	\$271,571	74.5%	Low	\$27,913	\$0	\$1,181	\$197,302
2020	\$34,072	\$99,444	34.3%	Med	\$28,750	\$0	\$476	\$2,087
2021	\$61,211	\$123,914	49.4%	Med	\$29,612	\$0	\$753	\$2,149
2022	\$89,427	\$149,762	59.7%	Med	\$30,501	\$0	\$1,040	\$2,214
2023	\$118,755	\$177,049	67.1%	Med	\$31,416	\$0	\$1,339	\$2,280
2024	\$149,230	\$205,839	72.5%	Low	\$32,358	\$0	\$1,496	\$33,011
2025	\$150,073	\$204,615	73.3%	Low	\$33,329	\$0	\$1,663	\$2,419
2026	\$182,646	\$235,661	77.5%	Low	\$34,329	\$0	\$1,995	\$2,492
2027	\$216,478	\$268,386	80.7%	Low	\$35,359	\$0	\$2,339	\$2,566
2028	\$251,610	\$302,863	83.1%	Low	\$36,420	\$0	\$2,697	\$2,643
2029	\$288,084	\$339,167	84.9%	Low	\$37,512	\$0	\$2,670	\$82,134
2030	\$246,132	\$295,583	83.3%	Low	\$38,638	\$0	\$2,653	\$2,804
2031	\$284,618	\$333,326	85.4%	Low	\$39,797	\$0	\$3,045	\$2,888
2032	\$324,571	\$373,067	87.0%	Low	\$40,991	\$0	\$3,452	\$2,975
2033	\$366,038	\$414,893	88.2%	Low	\$42,220	\$0	\$3,874	\$3,064
2034	\$409,068	\$458,893	89.1%	Low	\$43,487	\$0	\$2,146	\$434,343
2035	\$20,358	\$61,036	33.4%	Med	\$44,792	\$0	\$413	\$3,251
2036	\$62,312	\$96,342	64.7%	Med	\$46,135	\$0	\$841	\$3,349
2037	\$105,939	\$133,710	79.2%	Low	\$47,519	\$0	\$1,286	\$3,449
2038	\$151,295	\$173,235	87.3%	Low	\$48,945	\$0	\$1,748	\$3,552
2039	\$198,436	\$215,010	92.3%	Low	\$50,413	\$0	\$2,152	\$18,905
2040	\$232,096	\$243,433	95.3%	Low	\$51,926	\$0	\$2,574	\$3,769
2041	\$282,826	\$289,542	97.7%	Low	\$53,483	\$0	\$3,090	\$3,882
2042	\$335,518	\$338,199	99.2%	Low	\$55,088	\$0	\$3,627	\$3,998
2043	\$390,235	\$389,514	100.2%	Low	\$56,741	\$0	\$4,185	\$4,118
2044	\$447,042	\$443,604	100.8%	Low	\$58,443	\$0	\$4,485	\$59,621

Table 6: 30-Year Income/Expense Detail (yrs 0 through 4)**28121-0**

Fiscal Year	2015	2016	2017	2018	2019
Starting Reserve Balance	\$100,060	\$124,181	\$149,237	\$175,260	\$202,279
Annual Reserve Contribution	\$24,800	\$25,544	\$26,310	\$27,100	\$27,913
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,121	\$1,367	\$1,622	\$1,887	\$1,181
Total Income	\$125,981	\$151,091	\$177,169	\$204,246	\$231,373
# Component					
2113 Site Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$8,441
2119 Brick Roadways - Replace	\$0	\$0	\$0	\$0	\$0
2123 Concrete Roads - Repair	\$1,800	\$1,854	\$1,910	\$1,967	\$2,026
2125 Concrete Roads - Repair/Replace	\$0	\$0	\$0	\$0	\$155,883
2145 Entry/Exit Gates - Replace	\$0	\$0	\$0	\$0	\$0
2169 Sign/Monuments - Refurbish/Replace	\$0	\$0	\$0	\$0	\$0
2170 Road Signs, Reader Boards - Replace	\$0	\$0	\$0	\$0	\$0
2501 Intercom/Entry Systems - Replace	\$0	\$0	\$0	\$0	\$6,190
2509 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$24,761
2543 Security Camera System - Modernize	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$1,800	\$1,854	\$1,910	\$1,967	\$197,302
Ending Reserve Balance:	\$124,181	\$149,237	\$175,260	\$202,279	\$34,072

Table 6: 30-Year Income/Expense Detail (yrs 5 through 9)**28121-0**

Fiscal Year	2020	2021	2022	2023	2024
Starting Reserve Balance	\$34,072	\$61,211	\$89,427	\$118,755	\$149,230
Annual Reserve Contribution	\$28,750	\$29,612	\$30,501	\$31,416	\$32,358
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$476	\$753	\$1,040	\$1,339	\$1,496
Total Income	\$63,298	\$91,576	\$120,968	\$151,510	\$183,084
# Component					
2113 Site Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$9,786
2119 Brick Roadways - Replace	\$0	\$0	\$0	\$0	\$0
2123 Concrete Roads - Repair	\$2,087	\$2,149	\$2,214	\$2,280	\$2,349
2125 Concrete Roads - Repair/Replace	\$0	\$0	\$0	\$0	\$0
2145 Entry/Exit Gates - Replace	\$0	\$0	\$0	\$0	\$0
2169 Sign/Monuments - Refurbish/Replace	\$0	\$0	\$0	\$0	\$13,048
2170 Road Signs, Reader Boards - Replace	\$0	\$0	\$0	\$0	\$0
2501 Intercom/Entry Systems - Replace	\$0	\$0	\$0	\$0	\$0
2509 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
2543 Security Camera System - Modernize	\$0	\$0	\$0	\$0	\$7,829
Total Expenses	\$2,087	\$2,149	\$2,214	\$2,280	\$33,011
Ending Reserve Balance:	\$61,211	\$89,427	\$118,755	\$149,230	\$150,073

Table 6: 30-Year Income/Expense Detail (yrs 10 through 14)**28121-0**

Fiscal Year	2025	2026	2027	2028	2029
Starting Reserve Balance	\$150,073	\$182,646	\$216,478	\$251,610	\$288,084
Annual Reserve Contribution	\$33,329	\$34,329	\$35,359	\$36,420	\$37,512
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,663	\$1,995	\$2,339	\$2,697	\$2,670
Total Income	\$185,065	\$218,970	\$254,177	\$290,727	\$328,266
# Component					
2113 Site Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$11,344
2119 Brick Roadways - Replace	\$0	\$0	\$0	\$0	\$0
2123 Concrete Roads - Repair	\$2,419	\$2,492	\$2,566	\$2,643	\$2,723
2125 Concrete Roads - Repair/Replace	\$0	\$0	\$0	\$0	\$0
2145 Entry/Exit Gates - Replace	\$0	\$0	\$0	\$0	\$68,067
2169 Sign/Monuments - Refurbish/Replace	\$0	\$0	\$0	\$0	\$0
2170 Road Signs, Reader Boards - Replace	\$0	\$0	\$0	\$0	\$0
2501 Intercom/Entry Systems - Replace	\$0	\$0	\$0	\$0	\$0
2509 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
2543 Security Camera System - Modernize	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$2,419	\$2,492	\$2,566	\$2,643	\$82,134
Ending Reserve Balance:	\$182,646	\$216,478	\$251,610	\$288,084	\$246,132

Table 6: 30-Year Income/Expense Detail (yrs 15 through 19)**28121-0**

Fiscal Year	2030	2031	2032	2033	2034
Starting Reserve Balance	\$246,132	\$284,618	\$324,571	\$366,038	\$409,068
Annual Reserve Contribution	\$38,638	\$39,797	\$40,991	\$42,220	\$43,487
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,653	\$3,045	\$3,452	\$3,874	\$2,146
Total Income	\$287,423	\$327,460	\$369,013	\$412,133	\$454,701
# Component					
2113 Site Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$13,151
2119 Brick Roadways - Replace	\$0	\$0	\$0	\$0	\$83,379
2123 Concrete Roads - Repair	\$2,804	\$2,888	\$2,975	\$3,064	\$3,156
2125 Concrete Roads - Repair/Replace	\$0	\$0	\$0	\$0	\$242,861
2145 Entry/Exit Gates - Replace	\$0	\$0	\$0	\$0	\$0
2169 Sign/Monuments - Refurbish/Replace	\$0	\$0	\$0	\$0	\$0
2170 Road Signs, Reader Boards - Replace	\$0	\$0	\$0	\$0	\$33,054
2501 Intercom/Entry Systems - Replace	\$0	\$0	\$0	\$0	\$9,644
2509 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$38,577
2543 Security Camera System - Modernize	\$0	\$0	\$0	\$0	\$10,521
Total Expenses	\$2,804	\$2,888	\$2,975	\$3,064	\$434,343
Ending Reserve Balance:	\$284,618	\$324,571	\$366,038	\$409,068	\$20,358

Table 6: 30-Year Income/Expense Detail (yrs 20 through 24)**28121-0**

Fiscal Year	2035	2036	2037	2038	2039
Starting Reserve Balance	\$20,358	\$62,312	\$105,939	\$151,295	\$198,436
Annual Reserve Contribution	\$44,792	\$46,135	\$47,519	\$48,945	\$50,413
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$413	\$841	\$1,286	\$1,748	\$2,152
Total Income	\$65,563	\$109,288	\$154,744	\$201,988	\$251,001
# Component					
2113 Site Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$15,246
2119 Brick Roadways - Replace	\$0	\$0	\$0	\$0	\$0
2123 Concrete Roads - Repair	\$3,251	\$3,349	\$3,449	\$3,552	\$3,659
2125 Concrete Roads - Repair/Replace	\$0	\$0	\$0	\$0	\$0
2145 Entry/Exit Gates - Replace	\$0	\$0	\$0	\$0	\$0
2169 Sign/Monuments - Refurbish/Replace	\$0	\$0	\$0	\$0	\$0
2170 Road Signs, Reader Boards - Replace	\$0	\$0	\$0	\$0	\$0
2501 Intercom/Entry Systems - Replace	\$0	\$0	\$0	\$0	\$0
2509 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
2543 Security Camera System - Modernize	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$3,251	\$3,349	\$3,449	\$3,552	\$18,905
Ending Reserve Balance:	\$62,312	\$105,939	\$151,295	\$198,436	\$232,096

Table 6: 30-Year Income/Expense Detail (yrs 25 through 29)**28121-0**

Fiscal Year	2040	2041	2042	2043	2044
Starting Reserve Balance	\$232,096	\$282,826	\$335,518	\$390,235	\$447,042
Annual Reserve Contribution	\$51,926	\$53,483	\$55,088	\$56,741	\$58,443
Recommended Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,574	\$3,090	\$3,627	\$4,185	\$4,485
Total Income	\$286,595	\$339,400	\$394,233	\$451,160	\$509,970
# Component					
2113 Site Drainage System - Clean/Repair	\$0	\$0	\$0	\$0	\$17,674
2119 Brick Roadways - Replace	\$0	\$0	\$0	\$0	\$0
2123 Concrete Roads - Repair	\$3,769	\$3,882	\$3,998	\$4,118	\$4,242
2125 Concrete Roads - Repair/Replace	\$0	\$0	\$0	\$0	\$0
2145 Entry/Exit Gates - Replace	\$0	\$0	\$0	\$0	\$0
2169 Sign/Monuments - Refurbish/Replace	\$0	\$0	\$0	\$0	\$23,566
2170 Road Signs, Reader Boards - Replace	\$0	\$0	\$0	\$0	\$0
2501 Intercom/Entry Systems - Replace	\$0	\$0	\$0	\$0	\$0
2509 Gate Operators - Replace	\$0	\$0	\$0	\$0	\$0
2543 Security Camera System - Modernize	\$0	\$0	\$0	\$0	\$14,139
Total Expenses	\$3,769	\$3,882	\$3,998	\$4,118	\$59,621
Ending Reserve Balance:	\$282,826	\$335,518	\$390,235	\$447,042	\$450,349

Accuracy, Limitations, and Disclosures

Because we have no control over future events, we do not expect that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect Reserve funds to continue to earn interest, so we believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. We can control measurements, which we attempt to establish within 5% accuracy through a combination of on-site measurements, drawings, and satellite imagery. The starting Reserve Balance and interest rate earned on deposited Reserve funds that you provided to us were considered reliable and were not confirmed independently. We have considered the association's representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable. Component Useful Life, Remaining Useful Life, and Current Cost estimates assume a stable economic environment and lack of natural disasters.

Because the physical condition of your components, the association's Reserve balance, the economic environment, and legislative environment change each year, this Reserve Study is by nature a "one-year" document. Because a long-term perspective improves the accuracy of near-term planning, this Report projects expenses for the next 30 years. It is our recommendation and that of the Financial Accounting Standards Board (FASB) that your Reserve Study be updated each year as part of the annual budget process.

Association Reserves and its employees have no ownership, management, or other business relationships with the client other than this Reserve Study engagement. William G. Simons, RS is the President of Association Reserves – Florida, LLC and is a credentialed Reserve Specialist (#190). All work done by Association Reserves – Florida, LLC is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association's situation.

Component quantities indicated in this Report were developed by Association Reserves unless otherwise noted in our "Site Inspection Notes" comments. No destructive or intrusive testing was performed. This Report and this site inspection were accomplished only for Reserve budget purposes (to help identify and address the normal deterioration of properly built and installed components with predictable life expectancies). The Funding Plan in this Report was developed using the cash-flow methodology to achieve the specified Funding Objective.

Association Reserves' liability in any matter involving this Reserve Study is limited to our Fee for services rendered.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area). Equivalent to Square Feet
GSY	Gross Square Yards (area). Equivalent to Square Yards
HP	Horsepower
LF	Linear Feet (length)

Effective Age: The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

Fully Funded Balance (FFB): The value of the deterioration of the Reserve Components. This is the fraction of life “used up” of each component multiplied by its estimated Current Replacement. While calculated for each component, it is summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age}) / \text{Useful Life}$$

Inflation: Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 6.

Interest: Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary.

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

Remaining Useful Life (RUL): The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

Useful Life (UL): The estimated time, in years, that a common area component can be expected to serve its intended function.

Component Details

Client: 28121A The Landings

Comp #: 2109 Concrete Curbs & Gutters - Repair

Quantity: Numerous LF

Location: Throughout development

Evaluation: Some damage noted during inspection, likely resulting from ongoing development within the community. Curbs and gutters are typically not life-limited components and can often be repaired as needed for relatively low cost using Operating funds. If potholes, large cracks, or other drainage impediments develop, these should be addressed to ensure proper water flow. No need for Reserve funding at this time.



Useful Life:

Remaining Life:

Best Case:

Worst Case:

Cost Source:

Client: 28121A The Landings

Comp #: 2113 Site Drainage System - Clean/Repair

Quantity: (1) System

Location: Throughout development

Evaluation: According to information provided by the manager and visual observations, all surface drainage within the community drains by gravity to the North end of the development where it meets the local swamp. Drains are spaced approximately 4 houses apart. In at least one location, the drainpipe did not extend far enough to allow for water flow to reach the swamp, resulting in local erosion around the pipe. Manager reported that the pipe was extended (see photo) farther to prevent recurring issues. At this time, existing conditions at other locations may require a similar modification. This component represents an allowance for ongoing drainage repairs/refurbishment, which may include repairs to underground piping in other sections of the community.



Useful Life:

5 years

Remaining Life:

4 years

Best Case: \$5,000.00

Lower allowance to clean/repair

Worst Case: \$10,000.00

Higher allowance

Cost Source: AR Cost Database/Client Cost History

Client: 28121A The Landings

Comp #: 2119 Brick Roadways - Replace

Quantity: Approx 7,925 GSF

Location: Main entrance

Evaluation: Some cracking and deterioration observed. High-traffic area which may have a shorter useful life than other road sections. Also a higher aesthetic priority for curb appeal. As routine maintenance, pavers should be inspected to identify any physical issues such as lifting, cracking, and excessive surface wear. Plan to resurface/replace at the approximate interval shown here.

Useful Life:
30 years

Remaining Life:
19 years



Best Case: \$39,600.00
Lower estimate to replace

Worst Case: \$55,500.00
Higher estimate

Cost Source: AR Cost Database

Comp #: 2123 Concrete Roads - Repair

Quantity: Approx 197,500 GSF

Location: Streets/roadways throughout association

Evaluation: Control joints run down the center of each road, and horizontally spaced at 15 foot intervals. Repairs are expected to be required on an ongoing basis. Some work was completed in 2014 according to manager. Plan for similar projects going forward.

Useful Life:
1 years

Remaining Life:
0 years



Best Case: \$1,500.00
Lower estimate to resurface

Worst Case: \$2,100.00
Higher estimate

Cost Source: Client Cost History

Client: 28121A The Landings

Comp #: 2125 Concrete Roads - Repair/Replace

Quantity: Approx 197,500 GSF

Location: Streets/roadways throughout association

Evaluation: Control joints run down the center of each road, and horizontally spaced at 15 foot intervals. Some cracking noted during inspection, but not severe or extreme. Conditions vary somewhat throughout development, and ongoing construction in some areas may lead to increased deterioration. Individual sections can be replaced without needing to replace the entire roadway. As routine maintenance, keep roadway clean, free of debris and well drained; fill/seal cracks to prevent water from penetrating into the sub-base and accelerating damage. Take note of any areas of ponding water or other drainage concerns, and incorporate repairs into scope of work for resurfacing. Our inspection is visual only and does not incorporate any core sampling or other testing, which may be advisable when roadways are nearing end of useful life. Some communities choose to work with independent paving consultants or engineering firms in order to identify any hidden concerns and develop scope of work prior to bidding. If more comprehensive analysis becomes available, incorporate findings into future Reserve Study updates as appropriate. Costs shown here are based on replacement of roughly 20% of the total area every 15 years.

Useful Life:
15 years

Remaining Life:
4 years



Best Case: \$119,000.00

Worst Case: \$158,000.00

Lower estimate to repair/replace (20%)

Higher estimate

Cost Source: AR Cost Database

Client: 28121A The Landings

Comp #: 2145 Entry/Exit Gates - Replace

Quantity: (4) Pairs of Gates

Location: Entrance/exit areas

Evaluation: Painted steel gates. Each pair is approximately 24 LF across at main entry and 26 LF at secondary entry. Manager reported that the Association is considering removing the gates to save on operating costs. If gates are removed at a later date, the Reserve Study should be updated accordingly to remove all related components, including operators, entry access systems, etc. We strongly recommend regular inspections, maintenance and repairs to help extend useful life cycles. Clean for appearance and paint/touch-up as needed within general maintenance/Operating funds. Although metal gates are typically durable, we recommend setting aside funding for regular intervals of replacement due to constant wear/usage, exposure and vehicle damage. Replacement can also be warranted for aesthetic changes over time. Plan to replace at roughly the time frame shown below.

Useful Life:
25 years

Remaining Life:
14 years



Best Case: \$40,000.00
Lower estimate to replace

Worst Case: \$50,000.00
Higher estimate

Cost Source: AR Cost Database

Client: 28121A The Landings

Comp #: 2157 Brick Walls - Repair

Quantity: Minimal LF

Location: Entrance areas

Evaluation: Brick walls should have an indefinite useful life under normal circumstances. Should be inspected periodically for damage and repaired as needed. Can be pressure-washed to preserve appearance. No recommendation for Reserve funding; maintain as needed as an Operating expense.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 2166 Mailboxes - Replace

Quantity: (154) Mailboxes

Location: At each home

Evaluation: Individual home owners are reported to be responsible for replacement of mailboxes. No recommendation for Reserve funding at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Client: 28121A The Landings

Comp #: 2169 Sign/Monuments - Refurbish/Replace

Quantity: (2) Signs

Location: Gate entrances

Evaluation: Sign at entry looks more faded and worn. At brick wall, with surrounding planters and lighting. Second entrance has a similar, but smaller sign. As routine maintenance, inspect regularly, clean/touch-up and repair as an Operating expense. Plan to refurbish or replace at the interval below. Timing and scope of refurbishing or replacement projects is very subjective but should always be scheduled in order to maintain good curb appeal. In our experience, most Associations choose to replace signage in order to maintain good appearance and aesthetics in keeping with local area, often before signage is in poor physical condition. If present, concrete walls are expected to be painted and repaired as part of refurbishing, but not fully replaced. Costs can vary significantly depending on style/type desired, and may include landscaping, lighting, etc. Reserve Study updates should incorporate any estimates or information collected regarding potential replacements.

Useful Life:
20 years

Remaining Life:
9 years



Best Case: \$8,000.00

Worst Case: \$12,000.00

Lower estimate to refurbish/replace

Higher estimate

Cost Source: AR Cost Database

Client: 28121A The Landings

Comp #: 2170 Road Signs, Reader Boards - Replace

Quantity: Approx (21) Signs/Boards

Location: Adjacent to streets and parking areas

Evaluation: (12) MPH/stop signs and reader boards, and (9) street name signs. Some posts have combinations of signs. All were replaced in 2012 and 2013. New signs are decorative aluminum, which replaced older wood signs. Decorative street signs and posts are generally replaced at longer intervals due to weathering and deterioration or to coincide with other exterior projects such as entry signage, street lighting, etc. Signs should be inspected regularly to make sure visibility is adequate, including at night. Repair any damaged or leaning posts as needed. Costs for replacement can vary greatly depending on style selected; costs shown here are based on replacement with a comparable type as are currently in place.

Useful Life:

20 years

Remaining Life:

19 years



Best Case: \$17,000.00
Lower estimate to replace

Worst Case: \$20,700.00
Higher estimate

Cost Source: Client Cost History

Client: 28121A The Landings

Comp #: 2173 Street Lights - Replace

Quantity: Numerous Lights

Location: Throughout development

Evaluation: Street lights are not owned by the Association. No obligation to pay for replacement, so no Reserve funding is required.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 2501 Intercom/Entry Systems - Replace

Quantity: (2) Systems

Location: Gate entrances

Evaluation: DKS model with small digital display. Appeared to be original. Access/intercom system was not inspected internally during site inspection. Should be checked and repaired as needed by servicing vendor as routine maintenance. Individual components can often be replaced for relatively low cost as an Operating expense. Plan for complete replacement at the approximate interval shown here for functional and aesthetic considerations.

Useful Life:
15 years

Remaining Life:
4 years



Best Case: \$5,000.00
Lower estimate to replace

Worst Case: \$6,000.00
Higher estimate

Cost Source: AR Cost Database

Client: 28121A The Landings

Comp #: 2509 **Gate Operators - Replace**

Quantity: (8) Operators

Location: Gate entrances

Evaluation: DKS model 6100-080 swing open operators. All appeared to be original. We recommend regular inspections (including service and repair as needed) be paid through the Operating budget. Even with ongoing maintenance, plan for replacement at typical life expectancy indicated below. Useful life can vary greatly depending on level of use, exposure to the elements, etc. Monitor actual expenses closely for future Reserve Study updates. Funding to replace with similar units.

Useful Life:
15 years

Remaining Life:
4 years



Best Case: \$20,000.00
Lower estimate to replace

Worst Case: \$24,000.00
Higher estimate

Cost Source: AR Cost Database

Client: 28121A The Landings

Comp #: 2543 **Security Camera System - Modernize**

Quantity: (8) Cameras

Location: Gate entrances

Evaluation: Camera systems were added within the last 1-2 years according to manager. Image quality is reported to be poor. Security/surveillance systems should be monitored closely to ensure proper function. Whenever possible, camera locations should be protected and isolated to prevent tampering and/or theft. Plan to replace/upgrade the system at the approximate interval shown below. Typical modernization projects may include addition and/or replacement of camera fixtures, recording equipment, monitors, software, etc. In many cases, replacement or modernization is warranted due to advancement in technology, not functional failure of the existing system. Keep track of any partial replacements and include cost history during future Reserve Study updates.

Useful Life:

10 years

Remaining Life:

9 years



Best Case: \$5,000.00

Lower estimate to replace

Worst Case: \$7,000.00

Higher estimate

Cost Source: Client Cost History
