Revised RESERVE STUDY

The Towns at Lakeside Association, Inc.



North Port, Florida Inspected - April 7, 2022 Revised - July 28, 2022



Long-term thinking. Everyday commitment.

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The Towns at Lakeside Association, Inc. North Port, Florida

Dear Board of Directors of The Towns at Lakeside Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of The Towns at Lakeside Association, Inc. in North Port, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, April 7, 2022.

This *Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II Reserve Study Update."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help The Towns at Lakeside Association, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on July 28, 2022 by

Reserve Advisors, LLC

Visual Inspection and Report by: John E. McKee Review by: Alan M. Ebert, RS¹, PRA², Director of Quality Assurance Review by: Nancy S. Daniel, RS



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.







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1.RESERVE STUDY EXECUTIVE SUMMARY

Client: The Towns at Lakeside Association, Inc. (The Towns at Lakeside) **Location:** North Port, Florida **Reference:** 080638

Property Basics: The Towns at Lakeside Association, Inc. is a townhome style development which consists of 236 units in 33 buildings. The community was built from 2005 to 2019.

Reserve Components Identified: 11 Reserve Components.

Inspection Date: April 7, 2022. We conducted previous inspections in 2011, 2014 and 2018.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2039 due to replacement of the asphalt shingle roofs. In addition, the Reserve Funding Plan recommends 2052 year end accumulated reserves of approximately \$3,661,100. We judge this amount of accumulated reserves in 2052 necessary to fund the likely replacement of the asphalt shingle roofs after 2052. Future replacement costs beyond the next 30 years for the replacement of the asphalt shingle roofs are likely to more than double the current cost of replacement. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2052 year end reserves.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 0.7% anticipated annual rate of return on invested reserves
- 3.5% future Inflation Rate for estimating Future Replacement Costs

Sources for *Local* **Costs of Replacement**: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Unaudited Cash Status of Reserve Fund:

- Zero dollars (\$0) projected until April 1st, 2022, per Management and the Board.
- 2022 budgeted Reserve Contributions of \$107,533

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the **Reserve Expenditures** tables and include a **Five-Year Outlook** table following the **Reserve Funding Plan** in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Walls, Stucco, Paint Finishes and Capital Repairs
- Pipes, Subsurface Utilities, Laterals
- Signage, Replacement

Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$190,000 in 2023
- Inflationary increases from 2024 through 2039



- Decrease to \$306,000 by 2040 due to fully funding for replacement of the asphalt shingle roofs
- Inflationary increases through 2052, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$82,467 represents an average monthly increase of \$29.12 per homeowner and about a twenty-three percent (22.9%) adjustment in the 2022 total Operating Budget of \$360,500.

Our revised findings reflect both external market and internal property changes. The result is an overall increase in the recommended Reserve Funding Plan since our last Reserve Study on March 2, 2018. The overall increase relates primarily to the low 2023 reserve balance.

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2023	190,000	242,252	2033	268,200	1,651,692	2043	339,300	868,928
2024	196,700	429,073	2034	277,600	1,922,379	2044	351,200	1,184,660
2025	203,600	636,389	2035	287,300	2,043,657	2045	363,500	1,415,597
2026	210,700	829,251	2036	297,400	1,949,299	2046	376,200	1,803,023
2027	218,100	1,049,897	2037	307,800	1,377,905	2047	389,400	2,150,973
2028	225,700	1,283,736	2038	318,600	753,132	2048	403,000	2,570,440
2029	233,600	1,181,624	2039	329,800	137,850	2049	417,100	2,974,412
2030	241,800	880,717	2040	306,000	445,886	2050	431,700	2,716,878
2031	250,300	1,138,058	2041	316,700	728,231	2051	446,800	3,184,260
2032	259,100	1,372,943	2042	327,800	1,055,536	2052	462,400	3,661,062

The Towns at Lakeside Recommended Reserve Funding Table and Graph



Page 1.2 - Executive Summary



2.RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of

The Towns at Lakeside Association, Inc.

North Port, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, April 7, 2022. We conducted previous inspections in 2011, 2014 and 2018.

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

- Identification of Property Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures** Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- Reserve Funding Plan Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five-Year Outlook** Identifies reserve components and anticipated reserve expenditures during the first five years
- Reserve Component Detail Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology** Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions** Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions** Describes Assumptions and Professional Service Conditions
- Credentials and Resources



IDENTIFICATION OF PROPERTY



Our investigation includes Reserve Components or property elements as set forth in your Declaration. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management and the Board. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Homeowners
- Property Maintained by Others

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- The Towns at Lakeside responsibility
- Limited useful life expectancies



- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time:

- Electrical Systems, Common
- Irrigation System, Well Castings

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than \$3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Bulletin Board
- Curb Stops, Parking Areas
- Landscape
- Mailbox Cleaning
- Irrigation System, Well Pump (Abandoned)
- Paint Finishes, Touch Up
- Shutters, Vinyl
- Signage, Paint Finishes and Capital Repairs
- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

- Concrete Driveways
- Concrete Sidewalks, Driveway to Front Entrance
- Doors, Garage
- Electrical Systems (Including Circuit Protection Panels)
- Foundations
- Gutters and Downspouts
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Light Fixtures, Recessed and Exterior Wall Mounted (Per Management and the Board of Directors)



- Patios
- Patios, Light Fixtures
- Patios, Screens and Frames
- Pavers, Driveway Dividers
- Pipes (Within Units)
- Soffits, Vinyl
- Structural Frames
- Walls, Stone, Veneer
- Walls, Stucco, Repairs
- Walls, Vinyl Siding
- Windows and Doors



Concrete driveways and pavers

Certain items have been designated as the responsibility of others to repair or replace. Property Maintained by the Community Development District relates to:

- Asphalt Pavement, Streets
- Catch Basins
- Concrete Curbs and Gutters
- Concrete Sidewalks, Street
- Pipes, Subsurface Utilities, Sanitary Sewer, Domestic Water, Fire Suppression, Storm Water Drainage, Mains
- Ponds (Including Shorelines and Control Structures)





Concrete sidewalks

Streets and curbs



3.RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2022 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end

Five-Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of **Reserve Expenditures** and **Reserve Funding Plan**.

RESERVE EXPENDITURES

The Towns at Lakeside Association, Inc.

Explanatory Notes:

1) 3.5% is the estimated Inflation Rate for estimating Future Replacement Costs. 2) FY2022 is Fiscal Year beginning January 1, 2022 and ending December 31, 2022.

er Phase		Estimated	Life Analycic																				
er Phase		Lotinutou	Life Analysis,		Costs, \$		Percentage						_		_								
	December Commence the sector	1st Year of	Years	Unit	Per Phase	Total	of Future RU	JL = 0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Quantity Units	Reserve Component Inventory	Event	Useful Remainir	g (2022)	(2022)	(2022)	Expenditures FY	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2030	2037
	Exterior Building Elements																						
1,057 Squares	Roofs, Asphalt Shingles, 2005 -2007, Phased	2037	12 to 18 15 to 17	500.00	528,335	1,585,000	46.2%																885,145
190 Squares	Roofs, Asphalt Shingles, 2017-2019	2035	12 to 18 13	500.00	95,000	95,000	2.5%														148,576		
200,500 Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted)	2029	5 to 7 7	1.25	250,625	250,625	31.9%								318,865							405,685	
	Property Site Elements																						
450 Square Yard	s Asphalt Pavement Total Replacement Parking Areas	2034	15 to 20 12	28 50	12 825	12 825	0.9%													19 379			
		2004	13 10 20 12	20.50	12,025	12,023	0.770													17,577			
270 Square Feet	Concrete Parking Areas, Partial	2027	to 65 5 to 30+	12.50	3,375	56,250	0.6%						4,008					4,761					5,654
1 Allowance	Irrigation System, Decoders and Controls	2030	10 to 15 8	48,600.00	48,600	48,600	2.9%									63,997							
3 Each	Irrigation System, Pumps (5-hp)	2030	10 to 15 8	5,200.00	15,600	15,600	0.9%									20,542							
123 Zones	Irrigation System, Replacement	2030	to 40+ 8	2,600.00	319,800	319,800	7.1%									421,116							
16 Each	Mailbox Stations	2030	to 25 8	2.100.00	33.600	33.600	0.7%									44.245							
1 Allowanaa	Dinos Subsurfass I tilitias I starels	2022	to 2 1	20,000,00	20,000	20,000	E 00/		20.700			22.050			25 444			20 212			21 270		
I Allowance	Pipes, Subsurface Utilities, Laterais	2023	10 3 1	20,000.00	20,000	20,000	5.8%		20,700			22,950			25,446			28,212			31,279		
8 Each	Signage, Replacement	2024	15 to 20 2	1,000.00	8,000	8,000	0.4%			8,570													
1 Allowance	Reserve Study Update with Site Visit	2024	2 2	3,650.00	3,650	3,650	0.1%			3,650													
	Anticipated Expenditures, By Year (\$5,950,089 over 30 vears)							0	20,700	12,220	0	22,950	4,008	0	344,311	549,900	0	32,973	0	19,379	179,855	405,685	890,799
	1,057 Squares 1,057 Squares 190 Squares 200,500 Square Feet 450 Square Yard 270 Square Feet 1 Allowance 3 Each 123 Zones 16 Each 1 Allowance 8 Each 1 Allowance	Inase Reserve Component Inventory Exterior Building Elements 1,057 Squares Roofs, Asphalt Shingles, 2005 -2007, Phased 190 Squares Roofs, Asphalt Shingles, 2017-2019 200,500 Square Feet Walls, Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted) Property Site Elements Value 450 Square Yards Asphalt Pavement, Total Replacement, Parking Areas 270 Square Feet Concrete Parking Areas, Partial 1 Allowance Irrigation System, Decoders and Controls 3 Each Irrigation System, Pumps (5-hp) 123 Zones Irrigation System, Replacement 1 Allowance Pipes, Subsurface Utilities, Laterals 8 Each Signage, Replacement 1 Allowance Reserve Study Update with Site Visit Atlicipated Expenditures, By Year (\$5,950,089 over 30 years)	Instrumentation Instrumentation Instrumentation Reserve Component Inventory Event Exterior Building Elements 2037 1,057 Squares Roofs, Asphalt Shingles, 2005 -2007, Phased 2037 190 Squares Roofs, Asphalt Shingles, 2017-2019 2035 200,500 Square Feet Walls, Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted) 2029 Property Site Elements 450 Square Yards Asphalt Pavement, Total Replacement, Parking Areas 2034 270 Square Feet Concrete Parking Areas, Partial 2027 1 Allowance Irrigation System, Decoders and Controls 2030 3 Each Irrigation System, Replacement 2030 16 Each Mailbox Stations 2030 1 Allowance Pipes, Subsurface Utilities, Laterals 2023 8 Each Signage, Replacement 2024 1 Allowance Reserve Study Update with Site Visit 2024 Anticipated Expenditures, By Year (\$5,950,089 over 30 years) 2024	InitialReserve Component InventoryEventUsefulRemaininExterior Building Elements1,057 SquaresRoofs, Asphalt Shingles, 2005 -2007, Phased203712 to 1815 to 17190 SquaresRoofs, Asphalt Shingles, 2017-2019203512 to 1813200,500 Square FeetWalls, Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted)20295 to 77Property Site ElementsEvent Uals, Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted)20310 to 158Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted)20310 to 158Italian System, Decoders and Capital Repairs (2022 is Budgeted)20310 to 158270 Square FeetConcrete Parking Areas, Partial2027to 655 to 30+1 AllowanceIrrigation System, Decoders and Controls203010 to 1583 EachIrrigation System, Pumps (5-hp)2030to 40+816 EachMailbox Stations2030to 2581 AllowancePipes, Subsurface Utilities, Laterals2023to 318 EachSignage, Replacement2024221 AllowanceReserve Study Update with Site Visit2024221 AllowanceReserve Study Update with Site Visit2024221 AllowanceAnticipated Expenditures, By Year (\$5,950,089 over 30 years)202	Hinds Reserve Component Inventory Event Useful Remaining (202) Literior Building Elements 1,057 Squares Roofs, Asphalt Shingles, 2005 - 2007, Phased 2037 12 to 18 15 to 17 500.00 190 Squares Roofs, Asphalt Shingles, 2017-2019 2035 12 to 18 13 500.00 200,500 Square Feet Walls, Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted) 2029 5 to 7 7 1.25 Property Site Elements Property Site Elements 450 Square Feet Concrete Parking Areas, Partial 2027 to 65 5 to 30+ 12.50 270 Square Feet Concrete Parking Areas, Partial 2027 to 65 5 to 30+ 12.50 1 Allowance Irrigation System, Decoders and Controls 2030 10 to 15 8 48,600.00 16 Each Irrigation System, Replacement 2030 to 40+ 8 2,600.00 16 Each Nalibox Stations 2030 t	Hinds Reserve Component Inventory Event Useful Remaining Offin Huse Offin Huse Literior Building Elements 1,057 Squares Roofs, Asphalt Shingles, 2005 -2007, Phased 2037 12 to 18 15 to 17 500.00 528,335 190 Squares Roofs, Asphalt Shingles, 2017-2019 2035 12 to 18 13 500.00 95,000 200,500 Square Feet Walls, Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted) 2029 5 to 7 7 1.25 250,625 Property Site Elements 450 Square Yards Asphalt Pavement, Total Replacement, Parking Areas 2034 15 to 20 12 28.50 12,825 270 Square Feet Concrete Parking Areas, Partial 2027 to 65 5 to 30+ 12.50 3.375 1 Allowance Irrigation System, Decoders and Controls 2030 10 to 15 8 48,600.00 48,600 3 Each Irrigation System, Replacement 2030 to 15 8 2,000.00 33	Hinds Reserve Component Inventory Event Useful Remaining (202) (202) (202) Exterior Building Elements 1,057 Squares Roofs, Asphalt Shingles, 2005-2007, Phased 2037 12 to 18 15 to 17 500.00 528.335 1,585,000 190 Squares Roofs, Asphalt Shingles, 2017-2019 2035 12 to 18 13 500.00 95,000 95,000 Property Site Elements Property Site Elements Property Site Elements 450 Square Feet Concrete Parking Areas, Partial 2027 to 65 5 to 30+ 12.50 3,375 56,250 1 Allowance Irrigation System, Decoders and Controls 2030 10 to 15 8 48,600.00 48,600 48,600 123 Zones Irrigation System, Replacement 2030 10 to 15 8 2,000.00 319,800 319,800 14 Allowance Pipes, Subsurface Utilities, Laterals 2030 to 40+ 8 2,000.00 30,600 36,600 319,800 319,800	Initiality Units Reserve Component Inventory Lot 10 Lot 00 C022 C023 C033 C033 C030 C030 C030 C030 <thc03< th=""> C030 C030</thc03<>	Initiality Units Reserve Component Inventory Event Joint Remaining Citizity Ontrol to the component Inventory PP2022 Literior Building Elements 1,057 Squares Roofs, Asphalt Shingles, 2005-2007, Phased 2037 12 to 18 15 to 17 500.00 528.335 1,585.000 46.2% 190 Squares Roofs, Asphalt Shingles, 2017-2019 2035 12 to 18 13 500.00 95.000 95.000 259.625 31.9% Property Site Elements Property Site Elements Property Site Elements 1 diators 500.00 12.825 12.825 0.9% Other in trigation System, Decoders and Controls 2030 10 to 15 8 48.600.00 48.600 29% 33.600 319.800 7.1% 1 diaton System, Decoders and Controls 2030 10 to 15 8 5.200.00 15.600 0.9% 3 Each Irigation System, Pumps (5-hp) 2030 10 to 15 8 2.000.00 33.600	Initiative Reserve Component Inventory Event Units Cours Cours Cours Cours Cours Cours Event Cours Cours Cours Event Cours Event Cours Cours Event Event Cours Event Event	Hinds Reserve Component Inventory Event Useful Remaining QU22 QU22 Expenditures P72022 Q023 Q024 1,057 Squares Roofs, Asphalt Shingles, 2005-2007, Phased 2037 12 to 18 13 500.00 528,335 1,585,000 46.2% 47.2% 47.2% 47.2% 47.2% 47.2% 47.2% 46.2% 47.2% 47.2% 47.2% 47.2% 47.2% 47.2% 47.2% 47.2% 47.2% 47.2% 47.2%	Transitive Team Team	Tanking Units Reserve Component Inventory Ferritor Useful	Name Reserve Component Inventory Field Use Interact C002 C002	Landity units Reserve Component Inventory First Event Useful Useful Useful (202) C022 C022 C022 C023 2024 2025 2026 2027 2028 Laterior Building Elements 1,057 Squares Rods, Asphall Shingles, 2005-2007, Phased 203 121 to 18 13 500.00 95.000 46.2% - <th>Market Lands Instant Instant</th> <th>Control Reserve Component Inventory Event Useful Remaining Qu22 Qu23 Qu20 Paperalitires FY202 Qu23 Qu24 Qu25 Qu25 Qu20 <th< th=""><th>Marting Messawe Component Inventory Event Justical Reserve Component Inventory Event Value Reserve Value Reserve Subd Value<</th><th>Name Reserve Component Inventory Prem Userve Userve Userve Userve Output Prem Output Outpu<</th> Output Outpu<</th<></th> <th>Descrive Component Inventory Normal Sector Sector Component Inventory Normal Sector Sector Component Inventory Normal Sector Sector</th> <th>Marking Deside Event Listed Reserve Component Inventory Listed Reserve Component Inventory Reserve Compo</th> <th>Mathy Mathy <th< th=""><th>Mathy Units Reserve Component Inventory Deam Use 1 Remaining Output Departments Process 2024 2024 2025 2026 2029 2030 2031 2032 2033 2034 2036 2036 2035 2036 2036 2036 2031 2032 2031 2032 2033 2034 2036</th></th<></th>	Market Lands Instant Instant	Control Reserve Component Inventory Event Useful Remaining Qu22 Qu23 Qu20 Paperalitires FY202 Qu23 Qu24 Qu25 Qu25 Qu20 Qu20 <th< th=""><th>Marting Messawe Component Inventory Event Justical Reserve Component Inventory Event Value Reserve Value Reserve Subd Value<</th><th>Name Reserve Component Inventory Prem Userve Userve Userve Userve Output Prem Output Outpu<</th> Output Outpu<</th<>	Marting Messawe Component Inventory Event Justical Reserve Component Inventory Event Value Reserve Value Reserve Subd Value<	Name Reserve Component Inventory Prem Userve Userve Userve Userve Output Prem Output Outpu<	Descrive Component Inventory Normal Sector Sector Component Inventory Normal Sector Sector Component Inventory Normal Sector	Marking Deside Event Listed Reserve Component Inventory Listed Reserve Component Inventory Reserve Compo	Mathy Mathy <th< th=""><th>Mathy Units Reserve Component Inventory Deam Use 1 Remaining Output Departments Process 2024 2024 2025 2026 2029 2030 2031 2032 2033 2034 2036 2036 2035 2036 2036 2036 2031 2032 2031 2032 2033 2034 2036</th></th<>	Mathy Units Reserve Component Inventory Deam Use 1 Remaining Output Departments Process 2024 2024 2025 2026 2029 2030 2031 2032 2033 2034 2036 2036 2035 2036 2036 2036 2031 2032 2031 2032 2033 2034 2036

RESERVE EXPENDITURES

The Towns at Lakeside

Association, Inc. North Port, Florida

Line	Total I	Per Phase			Estimated 1st Year o	d Life <i>l</i> of Y	Analysis, ears	Unit	Costs, \$ Per Phase	Total	Percentage of Future	16	17	18	19	20	21	22	23
Item	Quantity	Quantity	Units	Reserve Component Inventory	Event	Useful	Remaining	(2022)	(2022)	(2022)	Expenditures	2038	2039	2040	2041	2042	2043	2044	2045
				Exterior Building Elements															
1.280	3,170	1, 057 S	quares	Roofs, Asphalt Shingles, 2005 -2007, Phased	2037	12 to 18	15 to 17	500.00	528,335	1,585,000	46.2%	916,126	948,190						
1.285	190	190 S	quares	Roofs, Asphalt Shingles, 2017-2019	2035	12 to 18	13	500.00	95,000	95,000	2.5%								
1.880	200,500	200,500 S	quare Feet	Walls, Stucco, Paint Finishes and Capital Repairs (2022 is Budgeted)	2029	5 to 7	7	1.25	250,625	250,625	31.9%						516,145		
				Property Site Elements															
4.045	450	450 S	quare Yards	s Asphalt Pavement, Total Replacement, Parking Areas	2034	15 to 20	12	28.50	12,825	12,825	0.9%								
4.121	4,500	270 S	quare Feet	Concrete Parking Areas, Partial	2027	to 65	5 to 30+	12.50	3,375	56,250	0.6%					6,716			
4.400	1	1 A	llowance	Irrigation System, Decoders and Controls	2030	10 to 15	8	48,600.00	48,600	48,600	2.9%								107,217
4.410	3	3 E	ach	Irrigation System, Pumps (5-hp)	2030	10 to 15	8	5,200.00	15,600	15,600	0.9%								34,415
4.420	123	123 Z	ones	Irrigation System, Replacement	2030	to 40+	8	2,600.00	319,800	319,800	7.1%								
4.600	16	16 E	ach	Mailbox Stations	2030	to 25	8	2,100.00	33,600	33,600	0.7%								
4.650	1	1 A	llowance	Pipes, Subsurface Utilities, Laterals	2023	to 3	1	20,000.00	20,000	20,000	5.8%	34,680			38,450			42,630	
4.810	8	8 E	ach	Signage, Replacement	2024	15 to 20	2	1,000.00	8,000	8,000	0.4%						16,475		
		1 A	llowance	Reserve Study Update with Site Visit	2024	2	2	3,650.00	3,650	3,650	0.1%								
				Anticipated Expenditures, By Year (\$5,950,089 over 30 years)								950,806	948,190	0	38,450	6,716	532,620	42,630	141,632



RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

The Towns at Lakeside																	
Association, Inc.	Association, Inc. Individual Reserve Budgets & Cash Flows for the Next 30 Years																
North Port, Florida		FY2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Reserves at Beginning of Year	(Note 1)	0	71,856	242,252	429,073	636,389	829,251	1,049,897	1,283,736	1,181,624	880,717	1,138,058	1,372,943	1,651,692	1,922,379	2,043,657	1,949,299
Total Recommended Reserve Contributions	(Note 2)	71,689	190,000	196,700	203,600	210,700	218,100	225,700	233,600	241,800	250,300	259,100	268,200	277,600	287,300	297,400	307,800
Estimated Interest Earned, During Year	(Note 3)	167	1,096	2,341	3,716	5,112	6,554	8,139	8,599	7,193	7,041	8,758	10,549	12,466	13,833	13,927	11,605
Anticipated Expenditures, By Year		0	(20,700)	(12,220)	0	(22,950)	(4,008)	0	(344,311)	(549,900)	0	(32,973)	0	(19,379)	(179,855)	(405,685)	(890,799)
Anticipated Reserves at Year End		<u>\$71,856</u>	<u>\$242,252</u>	<u>\$429,073</u>	<u>\$636,389</u>	<u>\$829,251</u>	<u>\$1,049,897</u>	<u>\$1,283,736</u>	<u>\$1,181,624</u>	<u>\$880,717</u>	<u>\$1,138,058</u>	<u>\$1,372,943</u>	<u>\$1,651,692</u>	<u>\$1,922,379</u>	<u>\$2,043,657</u>	<u>\$1,949,299</u>	<u>\$1,377,905</u>

(continued)	Individual Res	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued													
	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
Reserves at Beginning of Year	1,377,905	753,132	137,850	445,886	728,231	1,055,536	868,928	1,184,660	1,415,597	1,803,023	2,150,973	2,570,440	2,974,412	2,716,878	3,184,260
Total Recommended Reserve Contributions	318,600	329,800	306,000	316,700	327,800	339,300	351,200	363,500	376,200	389,400	403,000	417,100	431,700	446,800	462,400
Estimated Interest Earned, During Year	7,433	3,108	2,036	4,095	6,221	6,712	7,162	9,069	11,226	13,791	16,467	19,339	19,850	20,582	23,875
Anticipated Expenditures, By Year	(950,806)	(948,190)	0	(38,450)	(6,716)	(532,620)	(42,630)	(141,632)	0	(55,241)	0	(32,467)	(709,084)	0	(9,473)
Anticipated Reserves at Year End	<u>\$753,132</u>	<u>\$137,850</u>	<u>\$445,886</u>	<u>\$728,231</u>	<u>\$1,055,536</u>	<u>\$868,928</u>	<u>\$1,184,660</u>	<u>\$1,415,597</u>	<u>\$1,803,023</u>	<u>\$2,150,973</u>	<u>\$2,570,440</u>	<u>\$2,974,412</u>	<u>\$2,716,878</u>	<u>\$3,184,260</u>	<u>\$3,661,062</u>
		(NOTE 5)													(NOTE 4)

Explanatory Notes:

1) Year 2022 starting reserves are as of March 31, 2022; FY2022 starts January 1, 2022 and ends December 31, 2022.

2) Reserve Contributions for 2022 are the remaining budgeted 8 months; 2023 is the first year of recommended contributions.

3) 0.7% is the estimated annual rate of return on invested reserves; 2022 is a partial year of interest earned.

4) Accumulated year 2052 ending reserves consider the need to fund for replacement of the asphalt shingle roofs shortly after 2052, and the age, size, overall condition and complexity of the property.

5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK

The Towns at Lakeside Association, Inc.

North Port, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2022	1 2023	2 2024	3 2025	4 2026	5 2027
	Property Site Elements						
4.121	Concrete Parking Areas, Partial						4,008
4.650	Pipes, Subsurface Utilities, Laterals		20,700			22,950	
4.810	Signage, Replacement			8,570			
	Reserve Study Update with Site Visit			3,650			
	Anticipated Expenditures, By Year (\$5,950,089 over 30 years)	0	20,700	12,220	0	22,950	4,008



4.RESERVE COMPONENT DETAIL

The Reserve Component Detail of this Reserve Study includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. However, the Report in whole or part is not and should not be used as a design specification or design engineering service.

Exterior Building Elements



Front building elevation

Side building elevation



Rear building elevation



Roofs, Asphalt Shingles

Line Items: 1.280 and 1.285

Quantity: Approximately 3,170 squares¹ make up the roofs on the buildings built from 2005 to 2007 and approximately 190 squares make up the roofs on the building built from 2017 to 2019.

History: 2005 to 2007: Replaced in 2021

2017 to 2019: Original

Condition: Good overall with no visible deterioration evident from our visual inspection from the ground. Management and the Board do not report a history of leaks.



Roof overview

Roof overview



Roof overview



¹ We quantify the roof area in squares where one square is equal to 100 square feet of surface area.







Gutter discharging onto lower roof

Square hood box vents



2017 roof overview

Roof overview

Useful Life: 12- to 18-years

Component Detail Notes: The existing roof assembly comprises the following:

- Three tab shingles
- Boston style ridge caps
- Lead boot flashing at waste pipes
- Square hood box
- Metal drip edge
- Enclosed half weaved valleys

The following cross-sectional schematic illustrates a typical asphalt shingle roof system although it may not reflect the actual configuration at The Towns at Lakeside:





Contractors use one of two methods for replacement of sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

The Association should plan to coordinate the replacement of gutters and downspouts with the adjacent roofs. This will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

Preventative Maintenance Notes: We recommend the Association maintain a service and inspection contract with a qualified professional and record all documentation of repairs conducted. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
 - o Implement repairs as needed if issues are reoccurring
 - o Trim tree branches that are near or in contact with roof



- As-needed:
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Walls, Stucco

Line Item: 1.880

Quantity: Approximately 200,500 square feet of the building exteriors, including the two buildings that were built from 2017 to 2019.

History: Applied paint finishes and repaired in 2022

Condition: Good overall with no significant deterioration evident.



Stucco wall finishes



Stucco wall finishes





Stucco wall finishes

Stucco wall finishes

Useful Life: We recommend inspections, repairs and paint finish applications every five-to seven-years.

Component Detail Notes: The following graphic details the typical components of a stucco wall system on frame construction although it may not reflect the actual configuration at The Towns at Lakeside:





Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new paint finish. The contractor should then power wash the surface to remove all dirt and biological growth. Water-soluble cleaners that will not attack Portland cement are acceptable for removing stains.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association and anticipates the following in coordination with each paint finish application:

- Complete inspection of the stucco
- Crack repairs as needed (Each paint product has the limited ability to cover and seal cracks but we recommend repair of all cracks which exceed the ability of the paint product to bridge.)
- Replacement of up to one percent (1%), of the stucco walls (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of up to thirty-three percent (33%) of the sealants in coordination with each paint finish application.

We are informed the Association plans to use the remaining reserve balance to partially fund the painting project and fund the remaining balance through the Operating Budget.

Property Site Elements

Asphalt Pavement, Repaving

Line Item: 4.045

Quantity: Approximately 450 square yards at the parking areas

History: Installed in 2019

Condition: Good overall with isolated raveling evident





Asphalt pavement parking lot overview

Pavement raveling

Useful Life: 15- to 20-years with the benefit of timely patching

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at The Towns at Lakeside:



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the



application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the total replacement method of repaving at The Towns at Lakeside.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
 - Repair areas which could cause vehicular damage such as potholes
- As needed:
 - o Perform crack repairs and patching

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Concrete Parking Areas

Line Item: 4.121

Quantity: Approximately 4,500 square feet

Condition: Good overall with isolated stains evident



Concrete parking area

Stain evident

Useful Life: Up to 65 years although interim deterioration of areas is common



Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - o Inspect and repair failed or deteriorated joint sealant as needed
 - Inspect and repair major cracks, spalls and trip hazards
 - Mark with orange safety paint prior to replacement or repair

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 1,350 square feet of concrete streets, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Irrigation System, Decoders and Controllers

Line Item: 4.400

Quantity: Three controls and approximately 123 decoders

History: Replaced in 2016.

Condition: Reported satisfactory without operational deficiencies



Irrigation system controller and pump

Useful Life: 10- to 15-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.



Irrigation System, Pumps

Line Item: 4.410

Quantity: We are informed there are four pumps in total with one being abandoned.

History: Replaced in 2016

Condition: Reported satisfactory. One well is leaking, but the Association does not plan to repair as it is no longer in use.

Useful Life: 10- to 15-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Irrigation System, Replacement

Line Item: 4.420

Quantity: Approximately 123 zones

History: Original with repairs in 2016 in conjunction with the replacement of the decoders. We are informed the Association will have to replace the irrigation system in 6 to 8 years based on recent inspections.

Condition: Good to fair operational condition and Management and the Board reports no deficiencies.

Useful Life: Up to 40 years

Component Detail Notes: Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors
- Network of supply pipes
- Pop-up heads
- Valves

The Towns at Lakeside should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.



Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
 - Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs
 - Blow out irrigation water lines and drain building exterior faucets each fall if applicable

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Based on information provided by Management and the Board, we accelerated the timing of replacement.

Mailbox Stations

Line Item: 4.600

Quantity: 16 stations

History: Original

Condition: Good overall



Mailbox stations

Useful Life: Up to 25 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- As-needed:
 - o Inspect and repair damage, vandalism, and finish deterioration
 - Verify posts are anchored properly



Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.

Pipes, Subsurface Utilities, Laterals

Line Item: 4.650

Condition: Reported satisfactory

Useful Life: Up to and likely beyond 85 years

Component Detail Notes: The Association maintains the subsurface sanitary sewer and domestic water lateral pipes throughout the property. The exact amounts and locations of the subsurface utility pipes were not ascertained due to the nature of the underground construction and the non-invasive nature of the inspection.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- As-needed:
 - Video inspect waste pipes for breaks and damaged piping
 - Monitor for water and gas leaks through pressure losses and present odors
 - Partially replace damaged section of pipes

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. At this time, we do not anticipate replacement of continuous lengths of subsurface utility pipes. Rather we recommend the Association budget for repairs to isolated occurrences of breached utilities. Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Management could budget sufficient reserves for these utility repairs and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual repairs to budget sufficient reserves. Management and the Board requests an allowance for \$20,000 every three years for isolated occurrences and repairs to the lateral subsurface utility pipes.



Signage

Line Item: 4.810

Quantity: Eight signs

History: Original with repairs in 2017

Condition: Good overall with isolated finish deterioration



Sign finish deterioration



Traffic management signage

Useful Life: 15- to 20-years

Component Detail Notes: The community signs contribute to the overall aesthetic appearance of the property to owners and potential buyers. Replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific time for replacement of the signs is discretionary.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - o Inspect and repair damage, vandalism and loose components
 - o Verify lighting is working properly if applicable
 - o Touch-up paint finish applications if applicable

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3.



Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. The Association can expense the fee for an Update with site visit from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study report. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.



5.METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

The Towns at Lakeside can fund capital repairs and replacements in any combination of the following:

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

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in North Port, Florida at an annual inflation rate³. Isolated or regional markets of greater

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.

³ Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.



construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of The Towns at Lakeside and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.



6.CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long-range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well-versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors' experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.



JOHN E. MCKEE Responsible Advisor

CURRENT CLIENT SERVICES

John E. McKee, a Mechanical Engineer, is an Advisor for Reserve Advisors, LLC. Mr. McKee is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study and Transition Study Reports for condominiums, townhomes, and homeowners associations. Mr. McKee has experience leading Associations to a negotiated settlement concerning appropriate reserve at the time of developer turnover.



The following is a partial list of clients served by John McKee demonstrating

his breadth of experiential knowledge of community associations in construction and related buildings systems.

- The Waters of Weeki Wachee This homeowners Association is located in Weeki Wachee, Florida and consists of 85 single family homes, which were constructed in 1986. The Association maintains the asphalt pavement streets, ponds, tennis and basketball courts, and retaining walls
- **Heritage Crossing** This Townhome Association located in Reunion, Florida and consists of 22 multi-family townhomes, which consists of 176 units. The Association is responsible for maintaining elevators in each unit, plumbing and mechanical systems, lobbies and hallways, and asphalt pavement parking area.
- Hampton Chase Located in Tampa, Florida. This Townhome Association was built from 2003 through 2005 and comprises of 22 multi-family units, which consist of 120 total units. The Association maintains a pool area, pool house, pond, multiple retaining walls, lift station, and playground.
- Altessa at Vasari Village Association This Townhome Association located in Estero, Florida is comprised of 22 multi-family townhomes, which consist of 88 units. This Association was built from 2002 to 2006 and is responsible for the builds exterior wall finishes, patio and lanais, and the concrete tile roofs. The Association also maintains the pool area, pool house, and paver sidewalks and driveways.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Mr. McKee successfully completed the bachelors program in Mechanical Engineering for Purdue University

EDUCATION

Purdue University - B.S. Mechanical Engineering



ALAN M. EBERT, P.E., PRA, RS Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.



- **Brownsville Winter Haven** Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.
- **Rosemont Condominiums** This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.
- Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.
- **Birchfield Community Services Association** This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.
- **Oakridge Manor Condominium Association** Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.
- **Memorial Lofts Homeowners Association** This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado Reserve Specialist (RS) - Community Associations Institute Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts



NANCY S. DANIEL, P.E., RS Responsible Advisor

CURRENT CLIENT SERVICES

Nancy S. Daniel, a Mechanical Engineer, is an Advisor for *Reserve Advisors*. Ms. Daniel is responsible for the inspection and analysis of the condition of clients' properties, and for recommending engineering solutions to prolong the lives of the components. She forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is also responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for apartments, condominiums, townhomes and homeowner associations.

The following is a partial list of clients served by Nancy Daniel demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.



- Queen's Harbour Yacht and Country Club Owners Association, Inc. An exclusive Master planned community for the common elements shared by 1,000 single family homes. Located in Jacksonville, Florida, the Queen's Harbour Yacht and Country Club Owners Association contains a marina, a lock and dam, sea walls, as well as community center, fitness center and maintenance facility.
- **Riviera Dunes Marina** A premier marina with 219 wet slips with slip sizes up to 100 feet located near Bradenton, Florida. The community contains floating docks, utility and pump out services, marina fuel station, floating pools, a dock master office, and restaurant.
- PGA Village Property Owners' Association A 3,000-acre Master planned community located in Port St. Lucie, Florida. The exclusive community consists of 2,500 single-family homes, townhomes and condominiums. The PGA Village contains a clubhouse and pool area, approximately 33 miles of paved streets, irrigation distribution systems, and 46 lakes.
- YC Coconut Grove Hotel and Condominium A 24-story high-rise condominium community with 211 units, located in Miami, Florida. This all-inclusive condominium includes a commercial hotel, restaurants, fitness center, pool, parking garage, and building services equipment.
- Jade Signature Condominium A 57-story high-rise condominium community with 193 units, located in Sunny Isles Beach, Florida. This exclusive condominium contains a spa and wellness center, restaurants, pools and spas, parking garage, and building services equipment.
- Vero Beach Museum of Art A nonprofit art museum for the appreciation and teaching of the arts and humanities, located in Vero Beach, Florida. The museum contains art galleries, sculpture gardens, performance halls, art studios, children's art zone, and building services equipment.

PRIOR RELEVANT EXPERIENCE

Before joining *Reserve Advisors*, Ms. Daniel was a licensed Community Association Manager for Condominium Associates in Tampa, Florida. Ms. Daniel also was employed as a Process Engineer for Anheuser Busch and Lockwood Greene Engineering. She was responsible for process engineering design, construction and process start-up for beverage manufacturing facilities across the United States. She currently serves as a Board Member and Treasurer for her condominium association.

EDUCATION

University of Illinois – B.S. Mechanical Engineering North Carolina State University – M.A. Humanities and Social Sciences

PROFESSIONAL AFFILIATIONS

Professional Engineer (P.E.) – State of Texas Reserve Specialist (RS) - Community Associations Institute Licensed Community Association Manager (LCAM) – State of Florida

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RESOURCES

Reserve Advisors utilizes numerous resources of national and local data to conduct its Professional Services. A concise list of several of these resources follows:

<u>Association of Construction Inspectors</u>, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org.

<u>American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc.</u>, (ASHRAE) the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., devoted to the arts and sciences of heating, ventilation, air conditioning and refrigeration; recognized as the foremost, authoritative, timely and responsive source of technical and educational information, standards and guidelines, found on the web at www.ashrae.org. Reserve Advisors actively participates in its local chapter and holds individual memberships.

<u>Community Associations Institute</u>, (CAI) America's leading advocate for responsible communities noted as the only national organization dedicated to fostering vibrant, responsive, competent community associations. Their mission is to assist community associations in promoting harmony, community, and responsible leadership.

<u>Marshall & Swift / Boeckh</u>, (MS/B) the worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at www.marshallswift.com.

R.S. Means CostWorks, North America's leading supplier of construction cost information. As a member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects found on the web at www.rsmeans.com.

Reserve Advisors' library of numerous periodicals relating to reserve studies, condition analyses, chapter community associations, and historical costs from thousands of capital repair and replacement projects, and product literature from manufacturers of building products and building systems.



7. DEFINITIONS

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

- **Cash Flow Method** A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.
- **Component Method** A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.
- **Current Cost of Replacement** That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials, labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.
- **Fully Funded Balance** The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.
- Funding Goal (Threshold) The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.
- Future Cost of Replacement Reserve Expenditure derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.
- **Long-Lived Property Component** Property component of The Towns at Lakeside responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.
- **Percent Funded** The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.
- **Remaining Useful Life** The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.
- **Reserve Component** Property elements with: 1) The Towns at Lakeside responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.
- **Reserve Component Inventory** Line Items in **Reserve Expenditures** that identify a *Reserve Component*.
- **Reserve Contribution** An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.
- Reserve Expenditure Future Cost of Replacement of a Reserve Component.
- Reserve Fund Status The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.
- **Reserve Funding Plan** The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.
- **Reserve Study** A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.



8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part *is not and cannot be used* as a design specification for design *engineering purposes or as an appraisal.* You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and *shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA.*

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.