



Board Package

January 2023

**Gatling Pointe Community Association Inc.
Board Meeting Agenda**

Monday, January 23, 2023 @ 6:30 PM

www.gatlingpointe.net

Location: 1613 South Church Street, Conference Room, Smithfield, VA

Virtual Attendance Available: GoToMeeting

Virtual: <https://meet.goto.com/334263389>

Call in: 1 (872) 240-3311

Access Code: 334-263-389

Meeting called to Order

Move to Executive Session

The Board will move in to Executive Session for the purpose of consideration of contract proposals, delinquent accounts and possible covenant violation matters.

Any decisions made in Executive that require a vote in Open Session will be discussed under "Unfinished Business" or "New Business."

Open Session

Approval of Minutes: The Board will review draft Minutes of the Regular Board Meeting held on November 21, 2022, and draft Minutes of a Special Board Meeting held on December 5, 2022.

Treasurer's Report:

| | |
|----------------------------|---------------|
| Total Operating Fund | \$ 3,150.63 |
| Total Operating Reserves | 27,889.34 |
| Total Replacement Reserves | 49,543.84 |
| Total Other Reserves | 20,007.56 |
| Total Assets | \$ 100,591.34 |

Manager's Report: Casey Lindblad, the Association's Manager, will provide a Manager's Report of management activities since the last Board Meeting.

Ratification of Decisions Made by Unanimous Consent of the Board between Board Meetings:

1. Ratification of Exterior Modification Applications depicted on Exhibit A to this Agenda approved by Unanimous Consent of the Board of Directors since the last Board Meeting.

GROWTH THROUGH EXCELLENCE

2. Ratification of decisions made by Unanimous Consent of the Board since the last Board Meeting depicted on Exhibit B to this Agenda.

Unfinished Business:

1. Gas lamp replacement.
[Review status of acquiring and testing a solar lamp at the James Landing light post.](#)
2. 2023 Reserve Study.
[Review and provide recommended changes or adopt as presented.](#)

New Business:

1. Precision Safe Sidewalk Proposal.
2. Spring Annuals Expenses.
3. Project Priority Outline.
4. Discuss Removal of Walls between Brick Posts at the Entrance.
5. Due Process Hearing Decisions. None.

HOMEOWNER'S FORUM

[Owner questions and comments from Owners in attendance.](#)

Adjourn

Next Board Meeting: The next Meeting of the Board of Directors is scheduled for Monday, February 27, 2023, beginning at 5:30 PM.

Exhibit A: Applications for Alterations, Exterior Modifications, Installations or New Construction approved since the last Board Meeting.

1. Application for 102 Sunrise Bluff Court to replace the home's windows approved by Unanimous Consent of the Board on 11-26-2022 and by the Architectural Review Board.
2. Application for 205 Clipper Creek Lane to remove a second tree located next to the driveway, in addition to an Application to remove a dead tree approved on 11-09-2022, approved by Unanimous Consent of the Board on 12-07-2022 and by the Architectural Review Board.

3. Application for 303 Clipper Creek Lane to install an access ramp from the driveway to the front door of the home provisionally approved on 12-16-2022, with a complete Application approved on 01-02-2023 by Unanimous Consent of the Board and by the Architectural Review Board.
4. Application for 1000 Gatling Pointe Parkway to replace front door approved by Unanimous Consent of the Board on 01-11-2023 and by Members of the Architectural Review Board.
5. Application for 107 Mariners Circle to replace front railings and posts approved by Unanimous Consent of the Board on 01-15-2023 and by the Architectural Review Board.

Exhibit B: Decisions made by Unanimous Consent of the Board since the last Board Meeting.

None.



Minutes

GATLING POINTE COMMUNITY ASSOCIATION, INC.
Minutes of the November 21, 2022
Regular Meeting of the Board of Directors

A Regular Meeting of the Board of Directors of Gatling Pointe Community Association, Inc. (“Gatling Pointe”) was held on Monday, November 21, 2022, at 1613 South Church Street, Smithfield, Virginia. Electronic participation was available for Owners to attend virtually.

Directors and Management Present:

Sarah Palamara, President; Pete Carlson, Vice President; Ross Tomlin, Treasurer; Steve Serafini, Member at Large.

Call to Order:

Sarah called the Board Meeting to order at 5:30 PM.

Executive Session:

Steve motioned to move in to Executive Session for the purpose of discussing contracts and proposals and possible covenant violation matters; seconded by Pete. Motion passed. The Board moved in to Executive Session at 5:30 PM.

Ross motioned to move out of Executive Session; seconded by Steve. Motion passed. The Board moved out of Executive Session at 6:30 PM.

Approval of Minutes of Prior Board Meeting:

The Board Meeting Minutes of the October 24, 2022, Board Meeting were approved by Unanimous Consent of the Board on October 26, 2022.

Treasurer’s Report: Ross read the Treasurer’s Report into the record at the Meeting.

| | |
|----------------------------|--------------|
| Total Operating Fund | \$ 1,443.78 |
| Total Operating Reserves | 27,086.66 |
| Total Replacement Reserves | 48,480.53 |
| Total Other Reserves | 20,006.88 |
| Total Assets | \$ 97,017.85 |

Pete motioned to accept the Treasurer’s Report as presented; seconded by Steve. Motion passed.

Ratification of Decisions Made by Unanimous Consent of the Board between Board Meetings:

1. Steve motioned to ratify the Exterior Modification Applications identified on Exhibit A to these Minutes approved by Unanimous Consent of the Board and by the Members of the Architectural Review Board since the last Board Meeting; seconded by Pete. Motion passed.

2. Decisions made by Unanimous Consent of the Board since the last Board Meeting: None.

Unfinished Business:

1. Gas Lamp Replacement. The Board is expecting a schedule for Metro Mechanical to replace the James Landing Neighborhood Gas Lamp with a solar lamp for the approximate cost of labor and materials in the amount of \$400 as approved during the October 24, 2022, Board Meeting.

New Business:

1. Pete motioned to approve the proposal by Thomas, Adams and Associates to serve as collections counsel to the Association; seconded by Sarah. Motion passed.
2. Steve motioned to approve the proposal by DesRoches and Company, CPAs, P.C., to prepare and submit the Association's federal and state tax returns in the amount of \$350 per year for the years 2022, 2023 and 2024; seconded by Ross. Motion passed.
3. Steve motioned to approve the due process hearing results discussed by the Board during Executive Session; seconded by Ross. Motion passed.

Owners Forum: Owners Forum opened at 6:45 PM and closed at 6:57 PM.

Next Board Meeting: The next Gatling Pointe Board Meeting is a Special Meeting of the Board noticed for the purpose of discussing covenant violations, scheduled for Monday, December 5, 2022, beginning at 5:30 PM. The Special Board Meeting will be held at 1613 South Church Street, Smithfield, Virginia.

The next Regular Meeting of the Board of Directors is scheduled for Monday, January 23, 2023.

Adjournment: Steve motioned to adjourn the Board Meeting held on Monday, November 21, 2022; seconded by Pete. The Meeting adjourned at 7:05 PM.

Prepared by: Board of Directors.

Date Approved: _____, 2022.

Exhibit A: Applications for Alterations, Exterior Modifications, Installations or New Construction approved since the last Board Meeting.

1. Application for 107 Mariners Circle to modify the exterior color of the home approved with an extension to complete the work by April 30, 2023, by Unanimous Consent of the Board on 10-26-2022 and by the Architectural Review Board.

2. Application for 207 Winterberry Lane to remove three trees on the right side of the Lot approved by Unanimous Consent of the Board on 10-26-2022 and by the Architectural Review Board.
3. Application for 103 Sunrise Bluff Court to remove trees within 10 feet of the front of the home approved by Unanimous Consent of the Board on 11-02-2022 and by the Architectural Review Board.
4. Application for 106 Sunrise Bluff Court to install a rear yard screen to conceal a boat denied by Unanimous Consent of the Board on 11-09-2022 and by the Architectural Review Board.
5. Application for 205 Clipper Creek Lane to remove a dead tree in the front yard approved by Unanimous Consent of the Board on 11-09-2022 and by the Architectural Review Board.

Exhibit B: Decisions made by Unanimous Consent of the Board since the last Board Meeting.

None.

GATLING POINTE COMMUNITY ASSOCIATION, INC.
Minutes of the December 5, 2022
Special Meeting of the Board of Directors

A Regular Meeting of the Board of Directors of Gatling Pointe Community Association, Inc. (“Gatling Pointe”) was held on Monday, December 5, 2022, at 1613 South Church Street, Smithfield, Virginia. Electronic participation was available for Owners to attend virtually.

Directors and Management Present:

Sarah Palamara, President; Pete Carlson, Vice President; Ross Tomlin, Treasurer; Kim Burbage, Secretary; Steve Serafini, Member at Large; and Casey Lindblad, Association Manager.

Call to Order:

Sarah called the Board Meeting to order at 5:30 PM.

Executive Session:

Ross motioned to move in to Executive Session for the purpose of discussing covenant violation matters; seconded by Steve. Motion passed. The Board moved in to Executive Session at 5:30 PM.

Ross motioned to move out of Executive Session; seconded by Pete. Motion passed. The Board moved out of Executive Session at 5:38 PM.

New Business: None.

Owners Forum: Owners Forum opened at 5:38 PM and closed at 5:38 PM.

Next Board Meeting: The next Gatling Pointe Regular Meeting of the Board of Directors is scheduled for Monday, January 23, 2023.

Adjournment: Pete motioned to adjourn the Board Meeting held on Monday, December 5, 2022; seconded by Ross. The Meeting adjourned at 5:40 PM.

Prepared by: Board of Directors.

Date Approved: January 23, 2023.



Financials

Assets

| | | | |
|-------|-----------------------------------|--------------|----------------------|
| 10100 | Cash/Operating Account/TowneBank | \$ 3,096.47 | |
| 10200 | Cash/Debit Card GMR/Towne | 54.16 | |
| | Total Operating Fund | | \$ 3,150.63 |
| 11020 | Cash/Operating Reserve/TowneBank | \$ 27,889.34 | |
| | Total Operating Reserves | | \$ 27,889.34 |
| 11000 | Cash/Replacement Res/ATL Union | \$ 39,818.61 | |
| 11084 | Cash/CD/Rep Reserve/TowneBank | 9,725.23 | |
| | Total Replacement Reserves | | \$ 49,543.84 |
| | Other Reserves | | |
| 11050 | Cash/Tree Reserve/TowneBank | \$ 10,003.78 | |
| 11070 | Cash/Weather Reserve/TowneBank | 10,003.78 | |
| | Total Other Reserves | | \$ 20,007.56 |
| | Total Current Assets | | \$ 100,591.37 |
| | Total Assets | | \$ 100,591.37 |

Liabilities and Equity

Liabilities

| | | | |
|--|--------------------------|--|----------------|
| | Total Liabilities | | \$ 0.00 |
|--|--------------------------|--|----------------|

| | | | |
|-------|---------------------------------------|--------------|----------------------|
| 32000 | Accumulated Operating Reserve | \$ 27,770.34 | |
| 34500 | Operating Reserve Y-T-D Expense | 119.00 | |
| | Total Operating Reserves | | \$ 27,889.34 |
| 33000 | Accumulated Replacement Reserve | \$ 49,543.84 | |
| | Total Replacement Reserves | | \$ 49,543.84 |
| | Other Reserves | | |
| 32020 | Accumulated Tree Reserve | \$ 10,003.78 | |
| 32040 | Accumulated Utility Reserve | 10,002.94 | |
| 32060 | Accumulated Weather Reserve | 10,003.78 | |
| 34300 | Utility Reserve Y-T-D Expense | (10,002.94) | |
| | Total Other Reserves | | \$ 20,007.56 |
| 34980 | Retained Earnings | \$ 7,278.53 | |
| | Current Earnings | (4,127.90) | |
| | Total Equity | | \$ 100,591.37 |
| | Total Liabilities & Equity | | \$ 100,591.37 |



301 Bendix Rd, Suite 300
Virginia Beach VA 23452-1385

Gatling Pointe Community Assn Inc 0939
Budget Comparison Statement
12/31/2022

| Account Number | Account Name | Monthly Budget | Monthly Actual | Current Variance | YTD Budget | YTD Actual | YTD Variance | Annual Budget |
|-----------------|---|-------------------|--------------------|----------------------|-------------------|----------------------|-----------------------|-------------------|
| Income | | | | | | | | |
| 41100 | Income-Association Fees | \$ 0 | \$ 9,924.09 | \$ 9,924.09 | \$ 119,772 | \$ 124,243.76 | \$ 4,471.76 | \$ 119,772 |
| 41400 | Legal Administrative Income | 0 | 0.00 | 0.00 | 0 | 60.00 | 60.00 | 0 |
| 42000 | Income-Advanced Assoc Fees | 0 | 0.00 | 0.00 | 0 | (601.55) | (601.55) | 0 |
| 42440 | Due Process Income | 0 | 0.00 | 0.00 | 0 | 900.00 | 900.00 | 0 |
| 42450 | Resale Package Income | 0 | 0.00 | 0.00 | 0 | 58.69 | 58.69 | 0 |
| 42530 | Interest-Delinquent Fees | 0 | 0.00 | 0.00 | 0 | 47.06 | 47.06 | 0 |
| 42550 | Reserve Interest Income | 0 | 5.18 | 5.18 | 0 | 35.58 | 35.58 | 0 |
| 42630 | Late Fee Income | 0 | 30.00 | 30.00 | 0 | 1,120.86 | 1,120.86 | 0 |
| 42660 | Court Costs Collections Income | 0 | 0.00 | 0.00 | 0 | 1,261.69 | 1,261.69 | 0 |
| | Total Income | \$ 0 | \$ 9,959.27 | \$ 9,959.27 | \$ 119,772 | \$ 127,126.09 | \$ 7,354.09 | \$ 119,772 |
| Expenses | | | | | | | | |
| 51400 | Audit/Tax Preparation Expense | \$ 0 | \$ 0.00 | \$ 0.00 | \$ 325 | \$ 303.00 | \$ 22.00 | \$ 325 |
| 51500 | Social Committee Expense | 0 | 0.00 | 0.00 | 1,000 | 21.19 | 978.81 | 1,000 |
| 51800 | Bank Service Charges | 30 | 23.40 | 6.60 | 360 | 335.25 | 24.75 | 360 |
| 51950 | Legal Expense- Collections | 87 | 0.00 | 87.00 | 1,000 | 3,735.16 | (2,735.16) | 1,000 |
| 52200 | Property Insurance | 0 | 0.00 | 0.00 | 3,375 | 3,532.00 | (157.00) | 3,375 |
| 52210 | Corporate Fees | 0 | 0.00 | 0.00 | 150 | 140.00 | 10.00 | 150 |
| 52400 | Management Fee Expense | 1,999 | 3,997.60 | (1,998.60) | 23,456 | 23,451.71 | 4.29 | 23,456 |
| 52600 | Misc Expense-General & Administrati | 87 | 75.00 | 12.00 | 1,000 | 770.00 | 230.00 | 1,000 |
| 52700 | Office Expense-Printing | 135 | 81.90 | 53.10 | 2,160 | 1,638.38 | 521.62 | 2,160 |
| 52750 | Coupon Books | 0 | 799.00 | (799.00) | 772 | 799.00 | (27.00) | 772 |
| 52900 | Postage Expense | 69 | 196.11 | (127.11) | 850 | 1,359.25 | (509.25) | 850 |
| 52910 | Postage- Certified Legal | 0 | 0.00 | 0.00 | 0 | 65.45 | (65.45) | 0 |
| 53040 | Resale Package Reimbursement | 0 | 0.00 | 0.00 | 0 | 381.46 | (381.46) | 0 |
| | Total General & Administrative | \$ 2,407 | \$ 5,173.01 | \$ (2,766.01) | \$ 34,448 | \$ 36,531.85 | \$ (2,083.85) | \$ 34,448 |
| 53700 | Utilities-Water Expense | \$ 150 | \$ 491.35 | \$ (341.35) | \$ 3,000 | \$ 3,729.42 | \$ (729.42) | \$ 3,000 |
| 53800 | Utilities-Electric Expense | 75 | 32.88 | 42.12 | 900 | 508.62 | 391.38 | 900 |
| 53850 | Utilities-Gas Expense | 1,000 | 1,571.09 | (571.09) | 12,000 | 14,961.37 | (2,961.37) | 12,000 |
| | Total Utilities | \$ 1,225 | \$ 2,095.32 | \$ (870.32) | \$ 15,900 | \$ 19,199.41 | \$ (3,299.41) | \$ 15,900 |
| 54290 | Maint.-Common Area Grounds Expense | \$ 837 | \$ 0.00 | \$ 837.00 | \$ 10,000 | \$ 250.00 | \$ 9,750.00 | \$ 10,000 |
| 54300 | Maint.-Lawn Contract Expense | 3,163 | 0.00 | 3,163.00 | 38,000 | 34,060.03 | 3,939.97 | 38,000 |
| 54310 | Maint.-Landscaping Extras/Tree Remo | 450 | 0.00 | 450.00 | 5,400 | 5,841.94 | (441.94) | 5,400 |
| 54320 | Maint.-Irrigation System Expenses | 0 | 0.00 | 0.00 | 2,000 | 945.13 | 1,054.87 | 2,000 |
| 54350 | Maint.-Streets/Lights/Sidewalk Expe | 200 | 0.00 | 200.00 | 2,400 | 52.99 | 2,347.01 | 2,400 |
| 54550 | Maint.-Building/Fence/Grounds Expen | 38 | 0.00 | 38.00 | 500 | 33,216.00 | (32,716.00) | 500 |
| | Total Maintenance | \$ 4,688 | \$ 0.00 | \$ 4,688.00 | \$ 58,300 | \$ 74,366.09 | \$ (16,066.09) | \$ 58,300 |
| 55160 | Replacement Reserve Earned Interest | \$ 0 | \$ 4.84 | \$ (4.84) | \$ 0 | \$ 24.47 | \$ (24.47) | \$ 0 |
| 55490 | Replacement Reserves | 526 | 526.00 | 0.00 | 6,312 | 6,312.00 | 0.00 | 6,312 |
| | Total Replacement Reserves | \$ 526 | \$ 530.84 | \$ (4.84) | \$ 6,312 | \$ 6,336.47 | \$ (24.47) | \$ 6,312 |
| 56550 | Operating Reserve Earned Interest | \$ 0 | \$ 0.00 | \$ 0.00 | \$ 0 | \$ 5.95 | \$ (5.95) | \$ 0 |
| 56551 | Tree Reserve - Earned Interest | 0 | 0.17 | (0.17) | 0 | 2.00 | (2.00) | 0 |
| 56552 | Utility Reserve - Earned Interest | 0 | 0.00 | 0.00 | 0 | 1.16 | (1.16) | 0 |
| 56553 | Tree Reserve - Earned Interest | 0 | 0.17 | (0.17) | 0 | 2.00 | (2.00) | 0 |
| 56581 | Utility Reserve Draw | 0 | 0.00 | 0.00 | 0 | (10,002.94) | 10,002.94 | 0 |
| 56600 | Operating Reserves | 401 | 401.00 | 0.00 | 4,812 | 4,812.00 | 0.00 | 4,812 |
| | Total Operating Reserves | \$ 401 | \$ 401.34 | \$ (0.34) | \$ 4,812 | \$ (5,179.83) | \$ 9,991.83 | \$ 4,812 |
| | Total Expenses/Reserves | \$ 9,247 | \$ 8,200.51 | \$ 1,046.49 | \$ 119,772 | \$ 131,253.99 | \$ (11,481.99) | \$ 119,772 |
| | Net Income (Loss) | \$ (9,247) | \$ 1,758.76 | \$ 11,005.76 | \$ 0 | \$ (4,127.90) | \$ (4,127.90) | \$ 0 |



Unfinished Business

GATLING POINTE COMMUNITY ASSOCIATION, INC.
2023 Project Priority List developed on December 5, 2022

1. Gas Lamp Replacement with Solar Lamp
2. Sidewalk Trip and Fall Hazards
3. Leveling of Grass on the Sidewalk between Sunrise Bluff and James Landing
4. Finish GPP retaining wall between Clipper Creek Lane and Sunrise Bluff
5. Irrigation
6. Fencing at the Gazebo (remove?)

LEVEL 2 REPLACEMENT RESERVE REPORT FY 2023 GATLING POINTE COMMUNITY ASSOCIATION

LEVEL 2 REPLACEMENT RESERVE REPORT FY 2023
GATLING POINTE COMMUNITY ASSOCIATION



Community Management by:

UNITED PROPERTY ASSOCIATES - SUFFOLK OFFICE

Casey Lindblad

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millerdodson
Capital Reserve Consultants

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REPLACEMENT RESERVE REPORT

GATLING POINTE COMMUNITY ASSOCIATION

SMITHFIELD, VIRGINIA
October 28, 2022



Description. Gatling Pointe Community Association is a Homeowner's Association located in Smithfield, Virginia. Constructed in 1989, the community consists of 264 Single-family Homes. The survey examined the common elements of the property, including:

- Entry Monument and Signage
- Sidewalks, Paths, and Footbridges
- Fencing, Site Lighting, and Retaining Walls
- Entrance Gazebos

EXECUTIVE SUMMARY

This Reserve Study has been prepared for the Gatling Pointe Community Association for the Fiscal Year 2023 covering the period from January 1, 2023 to December 31, 2023. The Replacement Reserves Starting Balance as of January 1, 2023 are proposed to be \$49,529. The reported Current Annual Funding for Reserves is \$6,312. The Recommended Annual Reserve Funding level for 2023 is \$7,110.

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

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

Section A

Replacement Reserve Analysis

Financial Analysis - A1
General Information - A2
Current Funding - A3
Cash Flow Method Funding - A4
Inflation Adjusted Funding - A5

Section B

Replacement Reserve Inventory

Replacement Reserve Inventory
General information - B1
Replacement Reserve Inventory
Comments - B2
Schedule of Projected Replacements
and Exclusions - B3

Section C

Projected Annual Replacements

Projected Annual Replacements
General Information - C1
Calendar of
Projected Annual Replacements - C2

Section D

Condition Assessment

Appendix

Overview, Standard Terms, and Definitions
Video Answers to Frequently Asked Questions

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

Level of Service. This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by Miller Dodson in 2019. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

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

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

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

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

- The Request for Proposal submitted and executed by the Association.
- Miller+Dodson performed a visual evaluation on October 28, 2022 to determine a remaining useful life and replacement cost for the commonly owned elements of this facility.
- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, Miller+Dodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

To-Scale Drawings. Site and building plans were not used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, Miller+Dodson can provide scanning services.

Acknowledgment. Miller+Dodson Associates would like to acknowledge the assistance and input of Casey Lindblad, CMCA, the Manager who provided very helpful insight into the current operations of the property.

Analyst's Credentials. Mr. Philip Pointon holds a Bachelors Degree in Architecture from Virginia Polytechnic Institute and State University and a Masters Degree from Old Dominion University in Engineering Management and is a graduate of the Army Management Staff College. He has been a Registered Professional Architect in the States of Virginia and Hawaii since 1990 and has served in many design, management, and construction capacities as an architect since 1987. Mr. Pointon is a Reserve Specialist as accredited by the Community Association Institute for Miller+Dodson Associates.

Respectfully Submitted,

millerdodson
CAPITAL RESERVE CONSULTANTS

Philip Pointon

Philip Pointon, RS

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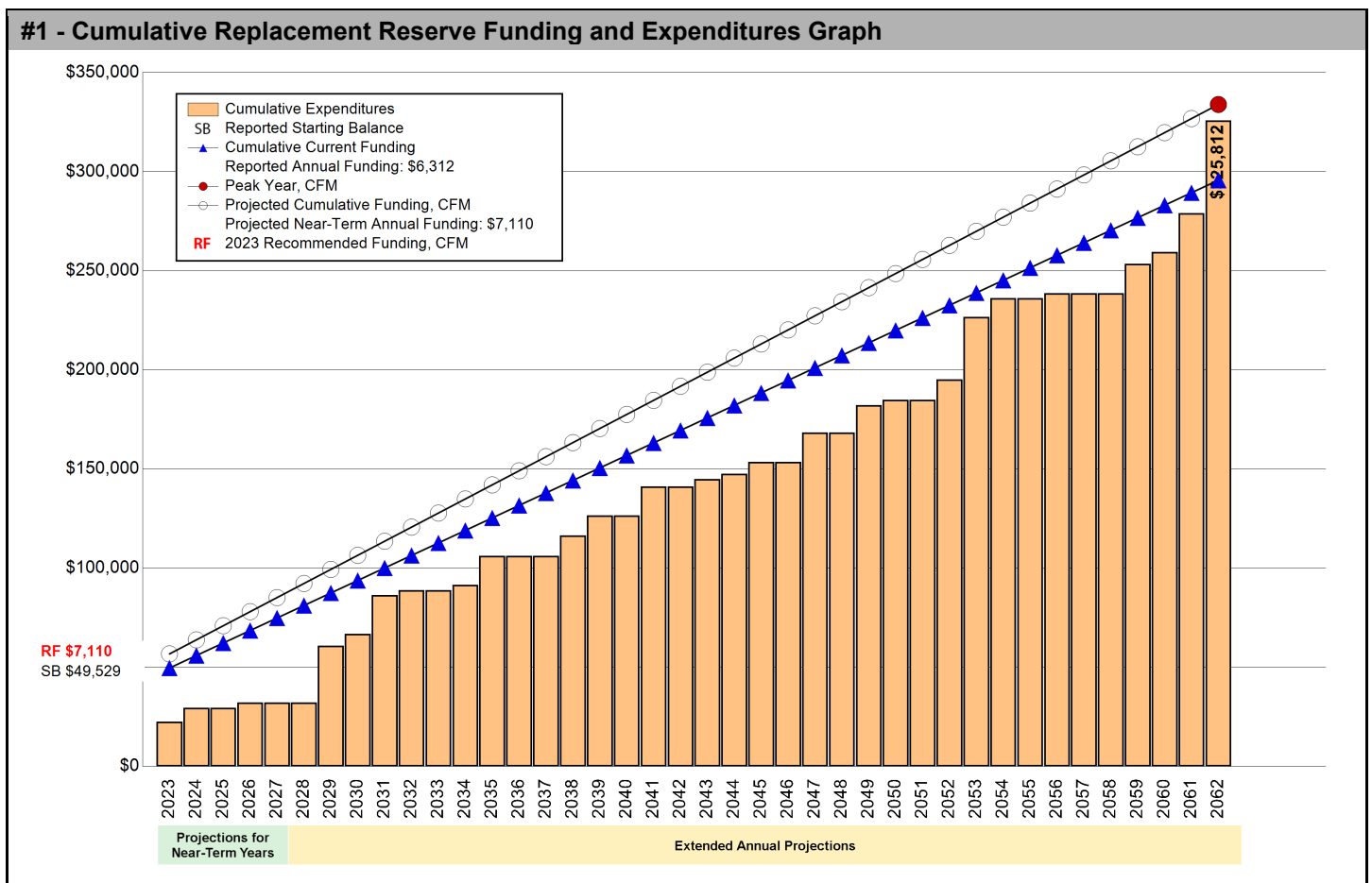
SECTION A - FINANCIAL ANALYSIS

The Gatling Pointe (North) Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 14 Projected Replacements identified in the Replacement Reserve Inventory.

\$7,110 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2023
 \$2.24 Per unit (average), minimum monthly funding of Replacement Reserves

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

Gatling Pointe (North) reports a Starting Balance of \$49,529 and Annual Funding totaling \$6,312, which is inadequate to fund projected replacements starting in 2062. See Page A.3 for a more detailed evaluation.



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

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

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

2023 | STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2023.

40 Years | STUDY PERIOD

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

\$49,529 | STARTING BALANCE

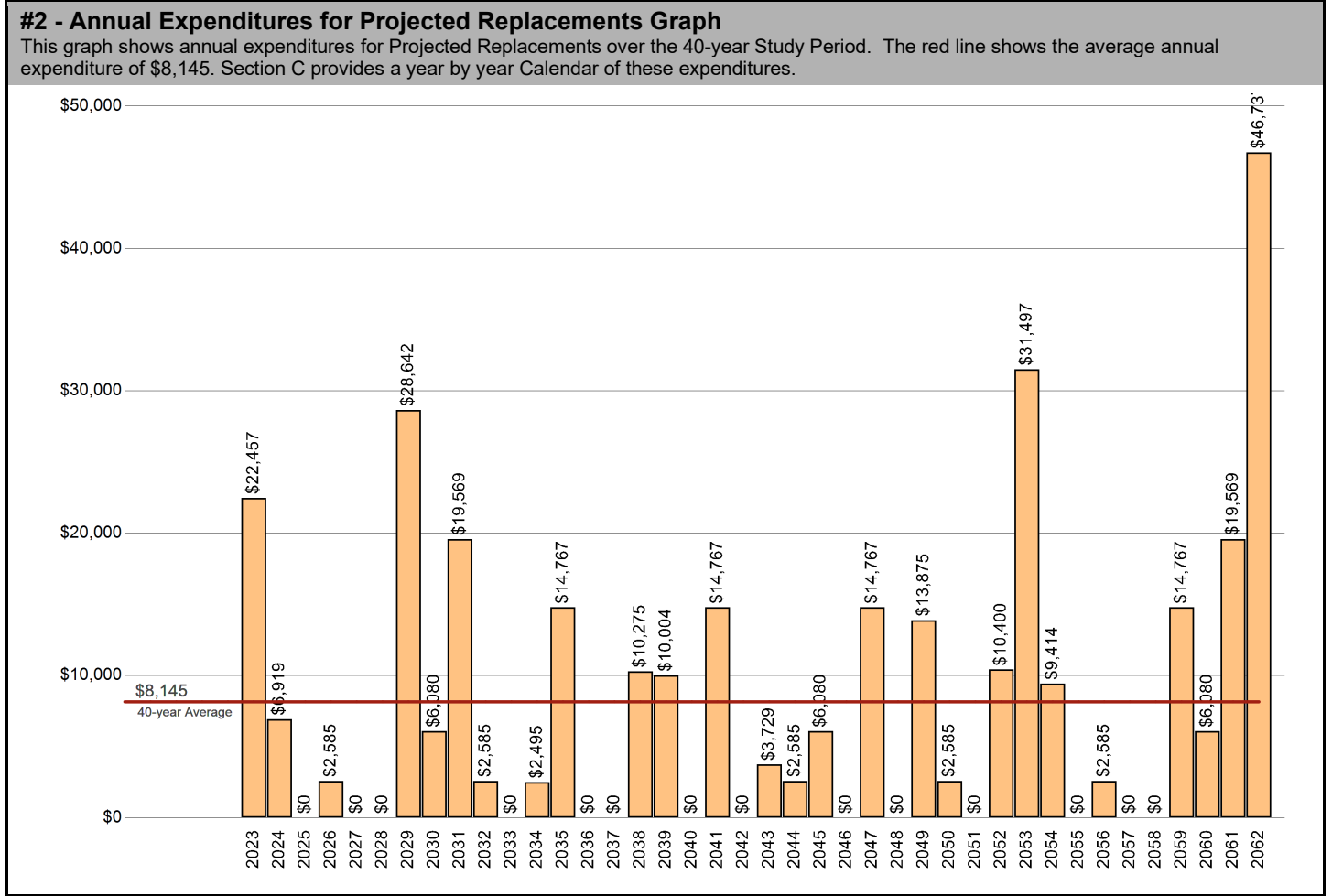
The Association reports Replacement Reserves on Deposit totaling \$49,529 at the start of the Study Year.

Level Two | LEVEL OF SERVICE

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

\$325,812 | REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Gatling Pointe (North) Replacement Reserve Inventory identifies 14 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$325,812 over the 40-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.



UPDATING OF THE FUNDING PLAN

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

UPDATING OF THE REPLACEMENT RESERVE STUDY

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

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$325,812 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

| #3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40 | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Year | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
| Starting Balance | \$49,529 | | | | | | | | | |
| Projected Replacements | (\$22,457) | (\$6,919) | | (\$2,585) | | | (\$28,642) | (\$6,080) | (\$19,569) | (\$2,585) |
| Annual Deposit | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 |
| End of Year Balance | \$33,384 | \$32,777 | \$39,089 | \$42,816 | \$49,128 | \$55,440 | \$33,110 | \$33,343 | \$20,086 | \$23,813 |
| Cumulative Expenditures | (\$22,457) | (\$29,376) | (\$29,376) | (\$31,961) | (\$31,961) | (\$31,961) | (\$60,603) | (\$66,682) | (\$86,251) | (\$88,836) |
| Cumulative Receipts | \$55,841 | \$62,153 | \$68,465 | \$74,777 | \$81,089 | \$87,401 | \$93,713 | \$100,025 | \$106,337 | \$112,649 |
| Year | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 |
| Projected Replacements | | (\$2,495) | (\$14,767) | | | (\$10,275) | (\$10,004) | | (\$14,767) | |
| Annual Deposit | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 |
| End of Year Balance | \$30,125 | \$33,942 | \$25,487 | \$31,799 | \$38,111 | \$34,148 | \$30,456 | \$36,768 | \$28,313 | \$34,625 |
| Cumulative Expenditures | (\$88,836) | (\$91,331) | (\$106,098) | (\$106,098) | (\$106,098) | (\$116,373) | (\$126,377) | (\$126,377) | (\$141,144) | (\$141,144) |
| Cumulative Receipts | \$118,961 | \$125,273 | \$131,585 | \$137,897 | \$144,209 | \$150,521 | \$156,833 | \$163,145 | \$169,457 | \$175,769 |
| Year | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 |
| Projected Replacements | (\$3,729) | (\$2,585) | (\$6,080) | | (\$14,767) | | (\$13,875) | (\$2,585) | | (\$10,400) |
| Annual Deposit | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 |
| End of Year Balance | \$37,208 | \$40,935 | \$41,168 | \$47,480 | \$39,025 | \$45,337 | \$37,774 | \$41,501 | \$47,813 | \$43,725 |
| Cumulative Expenditures | (\$144,873) | (\$147,458) | (\$153,537) | (\$153,537) | (\$168,304) | (\$168,304) | (\$182,179) | (\$184,764) | (\$184,764) | (\$195,164) |
| Cumulative Receipts | \$182,081 | \$188,393 | \$194,705 | \$201,017 | \$207,329 | \$213,641 | \$219,953 | \$226,265 | \$232,577 | \$238,889 |
| Year | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 2062 |
| Projected Replacements | (\$31,497) | (\$9,414) | | (\$2,585) | | | (\$14,767) | (\$6,080) | (\$19,569) | (\$46,737) |
| Annual Deposit | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 | \$6,312 |
| End of Year Balance | \$18,540 | \$15,438 | \$21,750 | \$25,477 | \$31,789 | \$38,101 | \$29,646 | \$29,879 | \$16,622 | (\$23,803) |
| Cumulative Expenditures | (\$226,661) | (\$236,075) | (\$236,075) | (\$238,660) | (\$238,660) | (\$238,660) | (\$253,427) | (\$259,506) | (\$279,075) | (\$325,812) |
| Cumulative Receipts | \$245,201 | \$251,513 | \$257,825 | \$264,137 | \$270,449 | \$276,761 | \$283,073 | \$289,385 | \$295,697 | \$302,009 |

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$49,529 & annual funding of \$6,312), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 14 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$6,312 throughout the 40-year Study Period.

Annual Funding of \$6,312 is approximately 89 percent of the \$7,110 recommended Annual Funding calculated by the Cash Flow Method for 2023, the Study Year.

See the Executive Summary for the Current Funding Statement.

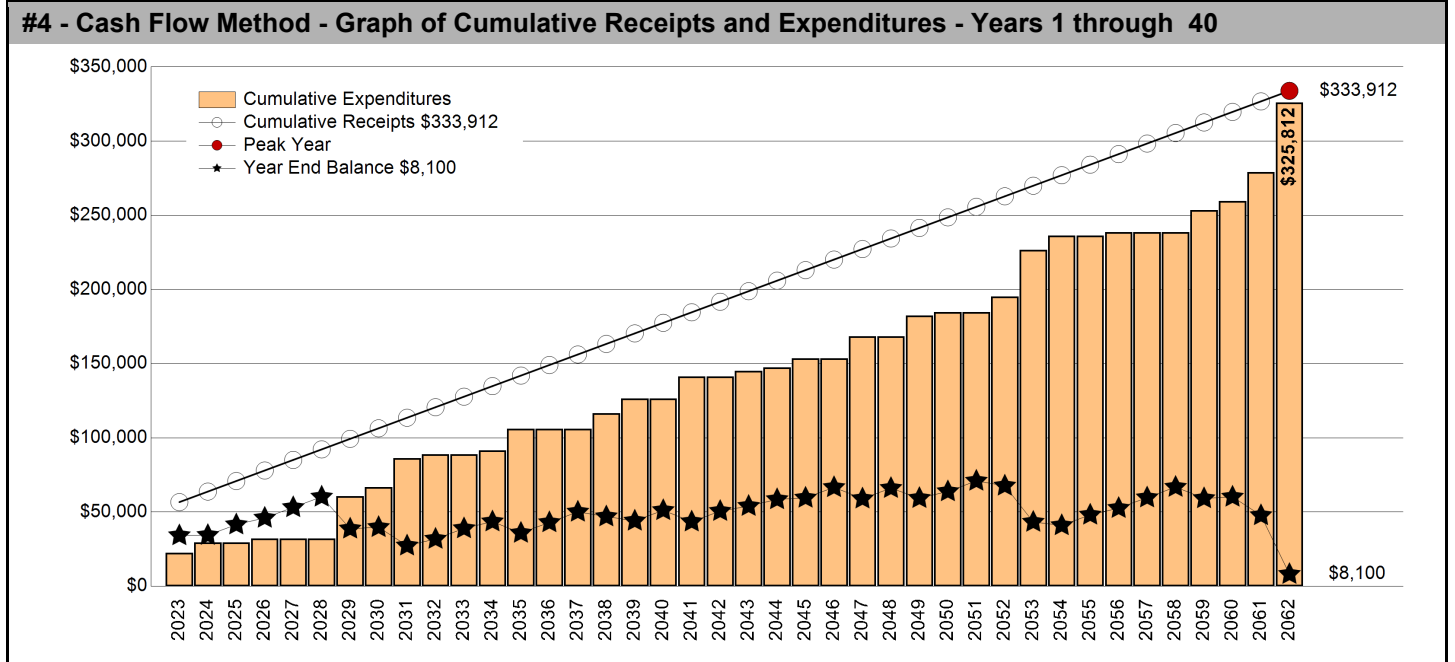
CASH FLOW METHOD FUNDING

\$7,110 RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2023

\$2.24 Per unit (average), minimum monthly funding of Replacement Reserves

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

- **Peak Years.** The First Peak Year occurs in 2062 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$325,812 of replacements from 2023 to 2062. Recommended funding is anticipated to decline in 2063. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of \$8,100 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of \$8,145 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$325,812 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2062 and in 2062, the end of year balance will always be the Minimum Balance.



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 40

| Year | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------|
| Starting Balance | \$49,529 | | | | | | | | | |
| Projected Replacements | (\$22,457) | (\$6,919) | | (\$2,585) | | | | (\$28,642) | (\$6,080) | (\$19,569) |
| Annual Deposit | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 |
| End of Year Balance | \$34,182 | \$34,372 | \$41,482 | \$46,007 | \$53,116 | \$60,226 | \$68,693 | \$79,724 | \$92,264 | \$106,836 |
| Cumulative Expenditures | (\$22,457) | (\$29,376) | (\$29,376) | (\$31,961) | (\$31,961) | (\$31,961) | (\$60,603) | (\$66,682) | (\$86,251) | (\$88,836) |
| Cumulative Receipts | \$56,639 | \$63,748 | \$70,858 | \$77,967 | \$85,077 | \$92,186 | \$99,296 | \$106,406 | \$113,515 | \$120,625 |
| Year | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 |
| Projected Replacements | | (\$2,495) | (\$14,767) | | | (\$10,275) | (\$10,004) | | (\$14,767) | |
| Annual Deposit | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 |
| End of Year Balance | \$38,898 | \$43,513 | \$35,856 | \$42,965 | \$50,075 | \$46,909 | \$44,015 | \$51,124 | \$43,467 | \$50,577 |
| Cumulative Expenditures | (\$88,836) | (\$91,331) | (\$106,098) | (\$106,098) | (\$106,098) | (\$116,373) | (\$126,377) | (\$126,377) | (\$141,144) | (\$141,144) |
| Cumulative Receipts | \$127,734 | \$134,844 | \$141,954 | \$149,063 | \$156,173 | \$163,282 | \$170,392 | \$177,501 | \$184,611 | \$191,721 |
| Year | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 | 2051 | 2052 |
| Projected Replacements | | (\$2,585) | (\$6,080) | | (\$14,767) | | (\$13,875) | (\$2,585) | | (\$10,400) |
| Annual Deposit | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 |
| End of Year Balance | \$53,957 | \$58,482 | \$59,512 | \$66,622 | \$58,964 | \$66,074 | \$59,309 | \$63,833 | \$70,943 | \$67,652 |
| Cumulative Expenditures | (\$144,873) | (\$147,458) | (\$153,537) | (\$153,537) | (\$168,304) | (\$168,304) | (\$182,179) | (\$184,764) | (\$184,764) | (\$195,164) |
| Cumulative Receipts | \$198,830 | \$205,940 | \$213,049 | \$220,159 | \$227,268 | \$234,378 | \$241,488 | \$248,597 | \$255,707 | \$262,816 |
| Year | 2053 | 2054 | 2055 | 2056 | 2057 | 2058 | 2059 | 2060 | 2061 | 1st Peak - 2062 |
| Projected Replacements | (\$31,497) | (\$9,414) | | (\$2,585) | | | (\$14,767) | (\$6,080) | (\$19,569) | (\$46,737) |
| Annual Deposit | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 | \$7,110 |
| End of Year Balance | \$43,265 | \$40,961 | \$48,070 | \$52,595 | \$59,704 | \$66,814 | \$59,157 | \$60,187 | \$47,727 | \$8,100 |
| Cumulative Expenditures | (\$226,661) | (\$236,075) | (\$236,075) | (\$238,660) | (\$238,660) | (\$238,660) | (\$253,427) | (\$259,506) | (\$279,075) | (\$325,812) |
| Cumulative Receipts | \$269,926 | \$277,035 | \$284,145 | \$291,255 | \$298,364 | \$305,474 | \$312,583 | \$319,693 | \$326,803 | \$333,912 |

INFLATION ADJUSTED FUNDING

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

\$7,110 2023 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2023 Study Year calculations have been made using current replacement costs (see Page B.2), modified by the Analyst for any project specific conditions.

\$7,671 2024 - INFLATION ADJUSTED FUNDING

A new analysis calculates the 2024 funding based on three assumptions:

- Replacement Reserves on Deposit totaling \$34,182 on January 1, 2024.
- All 2023 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$22,457.
- Construction Cost Inflation of 7.90 percent in 2023.

The \$7,671 inflation adjusted funding in 2024 is a 7.89 percent increase over the non-inflation adjusted funding of \$7,110.

\$8,277 2025 - INFLATION ADJUSTED FUNDING

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

- Replacement Reserves on Deposit totaling \$49,276 on January 1, 2025.
- All 2024 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than \$6,969.
- Construction Cost Inflation of 7.90 percent in 2024.

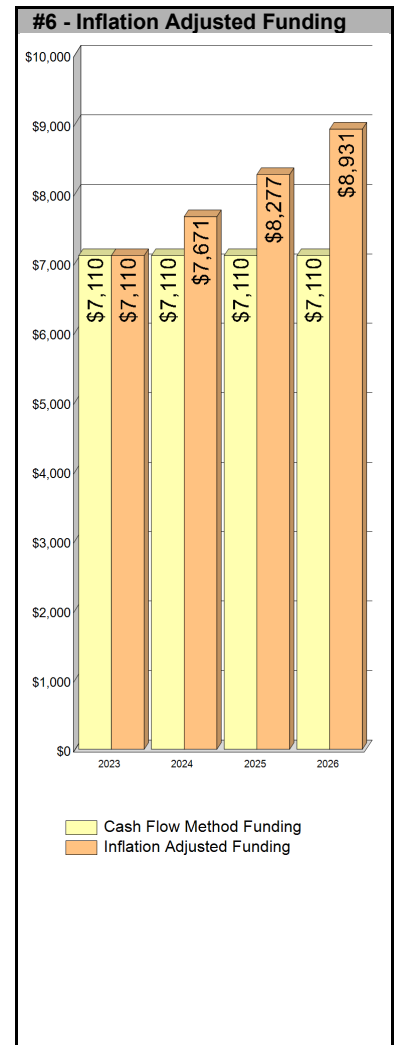
The \$8,277 inflation adjusted funding in 2025 is a 16.42 percent increase over the non-inflation adjusted funding of \$7,110.

\$8,931 2026 - INFLATION ADJUSTED FUNDING

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

- Replacement Reserves on Deposit totaling \$56,854 on January 1, 2026.
- No Expenditures from Replacement Reserves in 2025.
- Construction Cost Inflation of 7.90 percent in 2025.

The \$8,931 inflation adjusted funding in 2026 is a 25.62 percent increase over the non-inflation adjusted funding of \$7,110.



Year Four and Beyond

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

Inflation Adjustment

Prior to approving a budget based upon the 2024, 2025 and 2026 inflation-adjusted funding calculations above, the 7.90 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact Miller+Dodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2023, based on a 1.00 percent interest rate, we estimate the Association may earn \$419 on an average balance of \$41,855, \$417 on an average balance of \$41,729 in 2024, and \$531 on \$53,065 in 2025. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2023 funding from \$7,110 to \$6,691 (a 5.88 percent reduction), \$7,671 to \$7,254 in 2024 (a 5.43 percent reduction), and \$8,277 to \$7,747 in 2025 (a 6.41 percent reduction).

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SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Gatling Pointe (North) - Replacement Reserve Inventory identifies 14 items which are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of \$141,800. Cumulative Replacements totaling \$325,812 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

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

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

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

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

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

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

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

- **CATEGORIES.** The 14 items included in the Gatling Pointe (North) Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B.3.
- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by Community Associations Institute, which states:

This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by Miller Dodson in 2019. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 14 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:
 - Item Number.** The Item Number is assigned sequentially and is intended for identification purposes only.
 - Item Description.** We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.
 - Units.** We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.
 - Number of Units.** The methods used to develop the quantities are discussed in "Level of Service" above.
 - Unit Replacement Cost.** We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.
 - Normal Economic Life (Years).** The number of years that a new and properly installed item should be expected to remain in service.
 - Remaining Economic Life (Years).** The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.
 - Total Replacement Cost.** This is calculated by multiplying the Unit Replacement Cost by the Number of Units.
- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 14 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B.1.

| SITE ITEMS PROJECTED REPLACEMENTS | | | | | NEL- Normal Economic Life (yrs) REL- Remaining Economic Life (yrs) | | |
|--------------------------------------|--|------|-----------------|----------------------------|---|------|-----------------------|
| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NEL | REL | REPLACEMENT COST (\$) |
| 1 | Concrete paths (6% allowance) | sf | 948 | \$12.85 | 6 | none | \$12,182 |
| 2 | Monument signage (entrance) | ls | 1 | \$3,085.00 | 25 | 16 | \$3,085 |
| 3 | Retaining wall, segmental block | lf | 200 | \$52.00 | 40 | 29 | \$10,400 |
| 4 | Concrete block retaining wall (older), allowance | lf | 200 | \$65.00 | 60 | 39 | \$13,000 |
| 5 | Concrete block retaining wall (newer), allowance | lf | 528 | \$59.00 | 60 | 39 | \$31,152 |
| 6 | Wood fence, 7' (pump station) | ft | 210 | \$28.95 | 15 | 7 | \$6,080 |
| 7 | Wood fence, 4' (entrance) | ls | 1 | \$7,690.00 | 15 | none | \$7,690 |
| 8 | Street signs (large, on light poles) | ea | 11 | \$339.00 | 20 | 20 | \$3,729 |
| 9 | Street lights (gas), fixture | ea | 11 | \$629.00 | 15 | 1 | \$6,919 |
| 10 | Street lights (gas), orifice & mantels | ea | 11 | \$235.00 | 3 | none | \$2,585 |
| 11 | Street lights (gas), pole, decorative metal | ea | 11 | \$1,779.00 | 30 | 8 | \$19,569 |
| 12 | Gazebo, wood (allowance) | sf | 500 | \$27.75 | 20 | 6 | \$13,875 |
| 13 | Gazebo, metal roofing | sf | 400 | \$22.60 | 50 | 30 | \$9,040 |
| 14 | Foot bridge (allowance) | ea | 1 | \$2,495.00 | 20 | 11 | \$2,495 |
| Replacement Costs - Page Subtotal | | | | | | | \$141,800 |

| COMMENTS |
|---|
| <ul style="list-style-type: none"> Item #8: Street signs (large, on light poles) - These are reported to have been replaced in 2022 for a cost of \$3,708. |

| VALUATION EXCLUSIONS | | | | | | | |
|----------------------|-----------------------|------|-----------------|-----------------------|----------|-----|-----------------------|
| Excluded Items | | | | | | | |
| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | REPLACEMENT COST (\$) | UNIT REL | REL | REPLACEMENT COST (\$) |
| | Street signs | | | | | | EXCLUDED |
| | Bench | | | | | | EXCLUDED |
| | Fountain | | | | | | EXCLUDED |
| | Miscellaneous Signage | | | | | | EXCLUDED |

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

| LONG-LIFE EXCLUSIONS | | | | | | | |
|----------------------|----------------------------|------|-----------------|-----------------------|----------|-----|-----------------------|
| Excluded Items | | | | | | | |
| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | REPLACEMENT COST (\$) | UNIT REL | REL | REPLACEMENT COST (\$) |
| | Masonry features (posts) | | | | | | EXCLUDED |
| | Masonry walls (decorative) | | | | | | EXCLUDED |

LONG-LIFE EXCLUSIONS
 Comments

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

| UNIT IMPROVEMENTS EXCLUSIONS | | | | | | | |
|------------------------------|-------------------------------------|------|-----------------|----------------------------|-----|-----|-----------------------|
| Excluded Items | | | | | | | |
| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | UNIT REPLACEMENT COST (\$) | NEL | REL | REPLACEMENT COST (\$) |
| | Driveway on an individual lot | | | | | | EXCLUDED |
| | Sidewalk on an individual lot | | | | | | EXCLUDED |
| | Retaining wall on an individual lot | | | | | | EXCLUDED |
| | Fence on an individual lot | | | | | | EXCLUDED |
| | Unit exterior | | | | | | EXCLUDED |
| | Unit interior | | | | | | EXCLUDED |

UNIT IMPROVEMENTS EXCLUSIONS
 Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

| UTILITY EXCLUSIONS | | | | | | | |
|--------------------|---------------------------------|------|-----------------|-----------------------|----------|-----|-----------------------|
| Excluded Items | | | | | | | |
| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | REPLACEMENT COST (\$) | UNIT REL | REL | REPLACEMENT COST (\$) |
| | Primary electric feeds | | | | | | EXCLUDED |
| | Electric transformers | | | | | | EXCLUDED |
| | Cable TV systems and structures | | | | | | EXCLUDED |
| | Telephone cables and structures | | | | | | EXCLUDED |
| | Gas mains and meters | | | | | | EXCLUDED |
| | Water mains and meters | | | | | | EXCLUDED |
| | Sanitary sewers | | | | | | EXCLUDED |

UTILITY EXCLUSIONS
 Comments

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

| MAINTENANCE AND REPAIR EXCLUSIONS | | | | | | | | |
|-----------------------------------|------------------------------|------|-----------------|-----------------------|----------|-----|-----------------------|----------|
| Excluded Items | | | | | | | | |
| ITEM # | ITEM DESCRIPTION | UNIT | NUMBER OF UNITS | REPLACEMENT COST (\$) | UNIT REL | REL | REPLACEMENT COST (\$) | |
| | Landscaping and site grading | | | | | | | EXCLUDED |
| | Exterior painting | | | | | | | EXCLUDED |
| | Capital improvements | | | | | | | EXCLUDED |

MAINTENANCE AND REPAIR EXCLUSIONS
 Comments

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

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

IRRIGATION SYSTEM EXCLUSIONS
 Comments

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

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 14 Projected Replacements in the Gatling Pointe (North) Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

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

PROJECTED REPLACEMENTS

| Item | 2023 - Study Year | \$ | Item | 2024 - YEAR 1 | \$ |
|------------------------------|--|----------|------------------------------|------------------------------|---------|
| 1 | Concrete paths (6% allowance) | \$12,182 | 9 | Street lights (gas), fixture | \$6,919 |
| 7 | Wood fence, 4' (entrance) | \$7,690 | | | |
| 10 | Street lights (gas), orifice & mantels | \$2,585 | | | |
| Total Scheduled Replacements | | \$22,457 | Total Scheduled Replacements | | \$6,919 |

| Item | 2025 - YEAR 2 | \$ | Item | 2026 - YEAR 3 | \$ |
|------------------------------|---------------|----|------------------------------|--|---------|
| No Scheduled Replacements | | | 10 | Street lights (gas), orifice & mantels | \$2,585 |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | \$2,585 |

| Item | 2027 - YEAR 4 | \$ | Item | 2028 - YEAR 5 | \$ |
|---------------------------|---------------|----|---------------------------|---------------|----|
| No Scheduled Replacements | | | No Scheduled Replacements | | |

| Item | 2029 - YEAR 6 | \$ | Item | 2030 - YEAR 7 | \$ |
|------------------------------|--|----------|------------------------------|-------------------------------|---------|
| 1 | Concrete paths (6% allowance) | \$12,182 | 6 | Wood fence, 7' (pump station) | \$6,080 |
| 10 | Street lights (gas), orifice & mantels | \$2,585 | | | |
| 12 | Gazebo, wood (allowance) | \$13,875 | | | |
| Total Scheduled Replacements | | \$28,642 | Total Scheduled Replacements | | \$6,080 |

| Item | 2031 - YEAR 8 | \$ | Item | 2032 - YEAR 9 | \$ |
|------------------------------|---|----------|------------------------------|--|---------|
| 11 | Street lights (gas), pole, decorative metal | \$19,569 | 10 | Street lights (gas), orifice & mantels | \$2,585 |
| Total Scheduled Replacements | | \$19,569 | Total Scheduled Replacements | | \$2,585 |

PROJECTED REPLACEMENTS

| Item | 2033 - YEAR 10 | \$ | Item | 2034 - YEAR 11 | \$ |
|---------------------------|----------------|----|------------------------------|-------------------------|---------|
| | | | 14 | Foot bridge (allowance) | \$2,495 |
| No Scheduled Replacements | | | Total Scheduled Replacements | | |
| | | | \$2,495 | | |

| Item | 2035 - YEAR 12 | \$ | Item | 2036 - YEAR 13 | \$ |
|------------------------------|--|----------|---------------------------|----------------|----|
| 1 | Concrete paths (6% allowance) | \$12,182 | | | |
| 10 | Street lights (gas), orifice & mantels | \$2,585 | | | |
| Total Scheduled Replacements | | | No Scheduled Replacements | | |
| \$14,767 | | | | | |

| Item | 2037 - YEAR 14 | \$ | Item | 2038 - YEAR 15 | \$ |
|---------------------------|----------------|----|------------------------------|--|---------|
| | | | 7 | Wood fence, 4' (entrance) | \$7,690 |
| | | | 10 | Street lights (gas), orifice & mantels | \$2,585 |
| No Scheduled Replacements | | | Total Scheduled Replacements | | |
| | | | \$10,275 | | |

| Item | 2039 - YEAR 16 | \$ | Item | 2040 - YEAR 17 | \$ |
|------------------------------|------------------------------|---------|---------------------------|----------------|----|
| 2 | Monument signage (entrance) | \$3,085 | | | |
| 9 | Street lights (gas), fixture | \$6,919 | | | |
| Total Scheduled Replacements | | | No Scheduled Replacements | | |
| \$10,004 | | | | | |

| Item | 2041 - YEAR 18 | \$ | Item | 2042 - YEAR 19 | \$ |
|------------------------------|--|----------|---------------------------|----------------|----|
| 1 | Concrete paths (6% allowance) | \$12,182 | | | |
| 10 | Street lights (gas), orifice & mantels | \$2,585 | | | |
| Total Scheduled Replacements | | | No Scheduled Replacements | | |
| \$14,767 | | | | | |

PROJECTED REPLACEMENTS

| Item | 2043 - YEAR 20 | \$ | Item | 2044 - YEAR 21 | \$ |
|------------------------------|--------------------------------------|---------|------------------------------|--|---------|
| 8 | Street signs (large, on light poles) | \$3,729 | 10 | Street lights (gas), orifice & mantels | \$2,585 |
| Total Scheduled Replacements | | \$3,729 | Total Scheduled Replacements | | \$2,585 |

| Item | 2045 - YEAR 22 | \$ | Item | 2046 - YEAR 23 | \$ |
|------------------------------|-------------------------------|---------|---------------------------|----------------|----|
| 6 | Wood fence, 7' (pump station) | \$6,080 | | | |
| Total Scheduled Replacements | | \$6,080 | No Scheduled Replacements | | |

| Item | 2047 - YEAR 24 | \$ | Item | 2048 - YEAR 25 | \$ |
|------------------------------|--|----------|---------------------------|----------------|----|
| 1 | Concrete paths (6% allowance) | \$12,182 | | | |
| 10 | Street lights (gas), orifice & mantels | \$2,585 | | | |
| Total Scheduled Replacements | | \$14,767 | No Scheduled Replacements | | |

| Item | 2049 - YEAR 26 | \$ | Item | 2050 - YEAR 27 | \$ |
|------------------------------|--------------------------|----------|------------------------------|--|---------|
| 12 | Gazebo, wood (allowance) | \$13,875 | 10 | Street lights (gas), orifice & mantels | \$2,585 |
| Total Scheduled Replacements | | \$13,875 | Total Scheduled Replacements | | \$2,585 |

| Item | 2051 - YEAR 28 | \$ | Item | 2052 - YEAR 29 | \$ |
|---------------------------|----------------|----|------------------------------|---------------------------------|----------|
| No Scheduled Replacements | | | 3 | Retaining wall, segmental block | \$10,400 |
| No Scheduled Replacements | | | Total Scheduled Replacements | | \$10,400 |

PROJECTED REPLACEMENTS

| Item | 2053 - YEAR 30 | \$ | Item | 2054 - YEAR 31 | \$ |
|------------------------------|--|----------|------------------------------|------------------------------|---------|
| 1 | Concrete paths (6% allowance) | \$12,182 | 9 | Street lights (gas), fixture | \$6,919 |
| 7 | Wood fence, 4' (entrance) | \$7,690 | 14 | Foot bridge (allowance) | \$2,495 |
| 10 | Street lights (gas), orifice & mantels | \$2,585 | | | |
| 13 | Gazebo, metal roofing | \$9,040 | | | |
| Total Scheduled Replacements | | \$31,497 | Total Scheduled Replacements | | \$9,414 |

| Item | 2055 - YEAR 32 | \$ | Item | 2056 - YEAR 33 | \$ |
|------------------------------|----------------|----|------------------------------|--|---------|
| No Scheduled Replacements | | | 10 | Street lights (gas), orifice & mantels | \$2,585 |
| Total Scheduled Replacements | | | Total Scheduled Replacements | | \$2,585 |

| Item | 2057 - YEAR 34 | \$ | Item | 2058 - YEAR 35 | \$ |
|---------------------------|----------------|----|---------------------------|----------------|----|
| No Scheduled Replacements | | | No Scheduled Replacements | | |

| Item | 2059 - YEAR 36 | \$ | Item | 2060 - YEAR 37 | \$ |
|------------------------------|--|----------|------------------------------|-------------------------------|---------|
| 1 | Concrete paths (6% allowance) | \$12,182 | 6 | Wood fence, 7' (pump station) | \$6,080 |
| 10 | Street lights (gas), orifice & mantels | \$2,585 | | | |
| Total Scheduled Replacements | | \$14,767 | Total Scheduled Replacements | | \$6,080 |

| Item | 2061 - YEAR 38 | \$ | Item | 2062 - YEAR 39 | \$ |
|------------------------------|---|----------|------------------------------|--|----------|
| 11 | Street lights (gas), pole, decorative metal | \$19,569 | 4 | Concrete block retaining wall (older), allowance | \$13,000 |
| | | | 5 | Concrete block retaining wall (newer), allowance | \$31,152 |
| | | | 10 | Street lights (gas), orifice & mantels | \$2,585 |
| Total Scheduled Replacements | | \$19,569 | Total Scheduled Replacements | | \$46,737 |

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SECTION D - CONDITION ASSESSMENT

General Comments. Miller+Dodson Associates conducted a Reserve Study at Gatling Pointe (North) in October 2022. Gatling Pointe (North) is in generally mixed condition for a homeowner's association constructed in 1989. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.

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

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

General Condition Statements.

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

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

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

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

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

SITE ITEMS

Concrete Flatwork. The concrete flatwork includes the community sidewalks only. The Association maintains an inventory of approximately 15,800 square feet of concrete sidewalk and the overall condition is good with evidence of some past repairs or partial replacement. There are small isolated instances of cracked walks or trip hazards from tree roots or differential settlement.



The standards we used for recommending replacement are as follows:

- Trip hazard, 0.5-inch height difference.
- Severe cracking.
- Severe spalling
- Uneven riser heights on steps. Steps with risers over 8.25 inches.

Because it is highly unlikely that all of the community's concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of 60% of the inventory and spread those funds over a 60-year timeframe to reflect the incremental nature of this work. This approach assumes a failure rate of 1% per year.



Signage. There is one large monument panel sign at the main entrance that was replaced a few years ago and remains in very good condition. The Association is encouraged to program operating funds for periodic refurbishing of this sign to keep its appearance up. There is also 11 pole-mounted signs at each of the gas lights along Gatling Parkway. These signs were all replaced in 2022 for a reported cost of \$3,708.



(Continued on next page)

Masonry Monuments and Planters. The main entrance to the community features brick masonry planter walls and piers. These decorative masonry monument walls and piers at the community entrance are considered to be “life of the property” items and a full replacement is not included in the funding. However, partial repointing of the mortar joints is necessary along with the replacement of broken or missing bricks.



While they may need periodic cleaning these expenses are considered maintenance items. The walls display a small amount of damage believed to be reckless groundskeeping. Some mortar joint erosion is beginning to appear in areas. These conditions were noted in the previous study (2019) and no work appears to have been performed.

An allowance for periodic repointing of the brick mortar joints is included in the analysis.



Segmental Block Retaining Wall. A previous timber retaining wall along one length of sidewalk has been replaced with a segmental block. This wall is low (5- to 6-course above finish grade) and only retains a slight amount of earth. The wall is in fair condition and may have an indefinite economic life. Portions of the wall that become displaced or begin to overturn can usually be reset. Erosion and expanding root systems of large adjacent trees may result in partial wall overturning.





Wood Board Fencing. Painted wood board fencing is installed as decorative fencing at the entrance to the community and as screening fencing at the pump house. The Association maintains an inventory of 210 linear feet of wood board fencing at the pump house and approximately 100 linear feet at the entrance. The fence around the pump house is in fair overall condition. It has signs of repair and regular painting. The entrance fence is in overall marginal condition but has numerous areas of rot and therefore is likely to need full replacement within 12-18 months.

Consider the use of longer-lived synthetic products for a replacement that requires lower maintenance. Individual boards, posts, caps, and rails can be replaced as a repair as needed when cleaning and painting are performed, but eventually, the entire fence will require replacement.



Site Lighting. The Association is responsible for the operation of the community's street and walkway lights. There are four landscape accent lights at the community entrance island and some smaller solar-powered accent lights. These should be replaced as needed using operating funds due to the low relative cost of individual lights.

There is 11 pole-mounted gas lights and street intersections. The three major components of these include the poles themselves, the fixture, and the burner element. Mantles should be replaced as a maintenance expense, whenever orifice cleaning is performed. The majority of these lights appear to need mantles and cleaning at this time.

The decorative metal poles are in fair condition and with refurbishing may have a longer remaining life than indicated.



Gazebos. There are two painted wood gazebo structures with metal roofing and a brick paver surfacing at the entrance to the community. These structures are largely decorative. The brick pavers are sand set and are in good overall condition with minimal displacement and no visible settling. The painted wood elements are in mixed condition and can be repaired whenever cleaning and painting are performed. However, at some point, much of the wood will need to be replaced.

The metal roofing appears to be in fair overall condition with some scratches and abrasions from tree limbs. These roofs can have a 50-year or more life if not damaged by a storm or falling tree limb. Consider proper cleaning and recoating the metal to maximize the life of these roofs. Contact a metal roofing contractor or manufacturer for recommended coatings to apply.



Pedestrian Bridge. The sidewalk along Gatling Parkway includes a small painted wood pedestrian bridge that is in fair overall condition. The bridge appears to have been repaired and painted in recent years which should be considered a maintenance activity.



Irrigation. There is a small amount of common area irrigation primarily at the main community entrance and along the parkway green areas. Irrigation was excluded per the Board's direction when a previous study was prepared and remains excluded.

The irrigation system was not on at the time of the site visit. It is difficult to quantify irrigation systems without a design drawing that indicates all of the components and extent of piping and heads. We have included an allowance for the replacement of controllers, backflow preventers, and other major components. Heads, wiring, and lateral piping can be replaced as needed with operating funds.



Site Furnishings. There are minimal site furnishings in the common areas including benches, a small statue, and a small fountain. These are considered low-valued items and should be replaced as needed with operating funds.



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

End of Condition Assessment

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

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

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

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

2. REPLACEMENT RESERVE STUDY

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

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

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

Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. Replacement Reserve Inventory includes estimates of the Normal Economic Life (NEL) and the Remaining Economic Life (REL) for those components whose replacement is scheduled for funding from Replacement Reserves.

The Replacement Reserve Inventory also provides information about those components which are excluded from the Replacement Reserve Inventory and whose replacement is not scheduled for funding from Replacement Reserves.

Section C Projected Annual Replacements. The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.

Section D Condition Assessment. The observed condition of the major items listed in the Replacement Reserve Inventory are discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed at the time of our visual evaluation.

The Appendix is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e. Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc.).

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis, the Cash Flow Method and the Component Method. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Recommended Annual Funding to the Reserves. A brief description is included below:

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

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

4. REPLACEMENT RESERVE STUDY DATA

Identification of Reserve Components. The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. It is important that the Reserve Analyst be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the parties responsible for maintaining the community after acceptance of our proposal. Upon submission of the initial Study, the Study should be reviewed by the Board of Directors and the individuals responsible for maintaining the community. We depend upon the Association for correct information, documentation, and drawings. We also look to the Association representative to help us fashion the Reserve Study so that it reflects what the community hopes to accomplish in the coming years.

Unit Costs. Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures. Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

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

5. DEFINITIONS

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

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

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

Component Analysis. See Component Method, above.

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

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

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

Estimated Remaining Economic Life (REL). Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated

Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction and quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

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

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

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

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

Number of Years of the Study. The numbers of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. The Reserve Study must cover a minimum of 20 years to comply with the National Reserve Study Standards. However, your study covers a 40-year period.

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

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

Replacement Reserve Study. An analysis of all of the components of the common property of a Community Association for which replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its Estimated Replacement Cost, Normal Economic Life, and Remaining Economic Life. The objective of the study is to calculate a Recommended Annual Funding to the Association's Replacement Reserve Fund.

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

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

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

| | | | | | |
|-----------------|-------------|-----------|----------|-----------|-------------|
| ea | each | ls | lump sum | sy | square yard |
| ft or lf | linear foot | pr | pair | cy | cubic yard |
| sf | square foot | | | | |