LEVEL 2 REPLACEMENT RESERVE REPORT FY 2020
DEVON CONDOMINIUM

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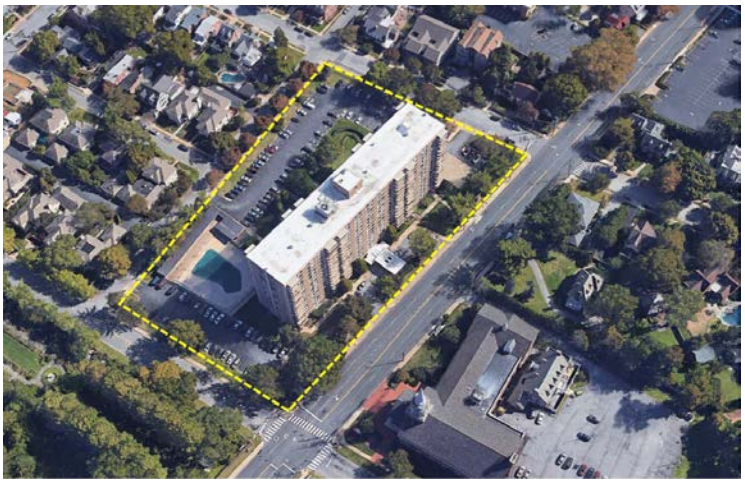
REPLACEMENT RESERVE REPORT

DEVON CONDOMINIUM

WILMINGTON, DELAWARE
February 26, 2020



Description. The Devon Condominium is a Residential Condominium, located in Wilmington, Delaware. The community consists of 15 story Highrise Building, and Pool House containing 232 units. The survey examined the common elements of the property, including:

- Entry Roadway and Parking Areas
- Sidewalks
- Fencing, and Site Lighting
- Waterlines and Sanitary Lines
- Storm Water Management
- Exterior Main Pool and Pool House Complex
- Highrise Building Exteriors and Common Areas
- Electrical, Mechanical, and Plumbing System

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 International Consultants Inc. 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 Devon Condominium (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 Association's current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1. The alternative Component Method of funding is provided in the Appendix.

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 February 26, 2020 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.

Current Funding. This reserve study has been prepared for Fiscal Year 2020 covering the period from January 1, 2020 to December 31, 2020. The Replacement Reserves on deposit as of January 1, 2020 are reported to be $1,118,088. The reported current annual funding for reserves is $385,560.

The balance and contribution figures have been supplied by the managing agent and 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.

Acknowledgement. Miller+Dodson Associates would like to acknowledge the assistance and input of Dino Peronti who provided very helpful insight into the current operations of the property.

Analyst's Credentials. Mr. Gregory S. Gilbert (RS) holds a Bachelors Degree in Architecture from the Georgia Institute of Technology and a Master of Architecture from the University of Oklahoma. Mr. Gilbert is a licensed Architect. Mr. Gilbert's experience includes the design of residential homes, fire stations, and most recently educational projects. Greg has also performed over twenty feasibility studies for the U. S. Navy, Boards of Education, and retail developers, which included performing existing condition surveys to address maintenance issues, code violations, and general conditions of the structure to determine if and how the buildings can be renovated or modified. Mr. Gilbert is currently a Reserve Specialist for Miller+Dodson Associates.

Respectfully Submitted,

millerdodson
CAPITAL RESERVE CONSULTANTS

Greg Gilbert
Gregory S. Gilbert, RS

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EXECUTIVE SUMMARY

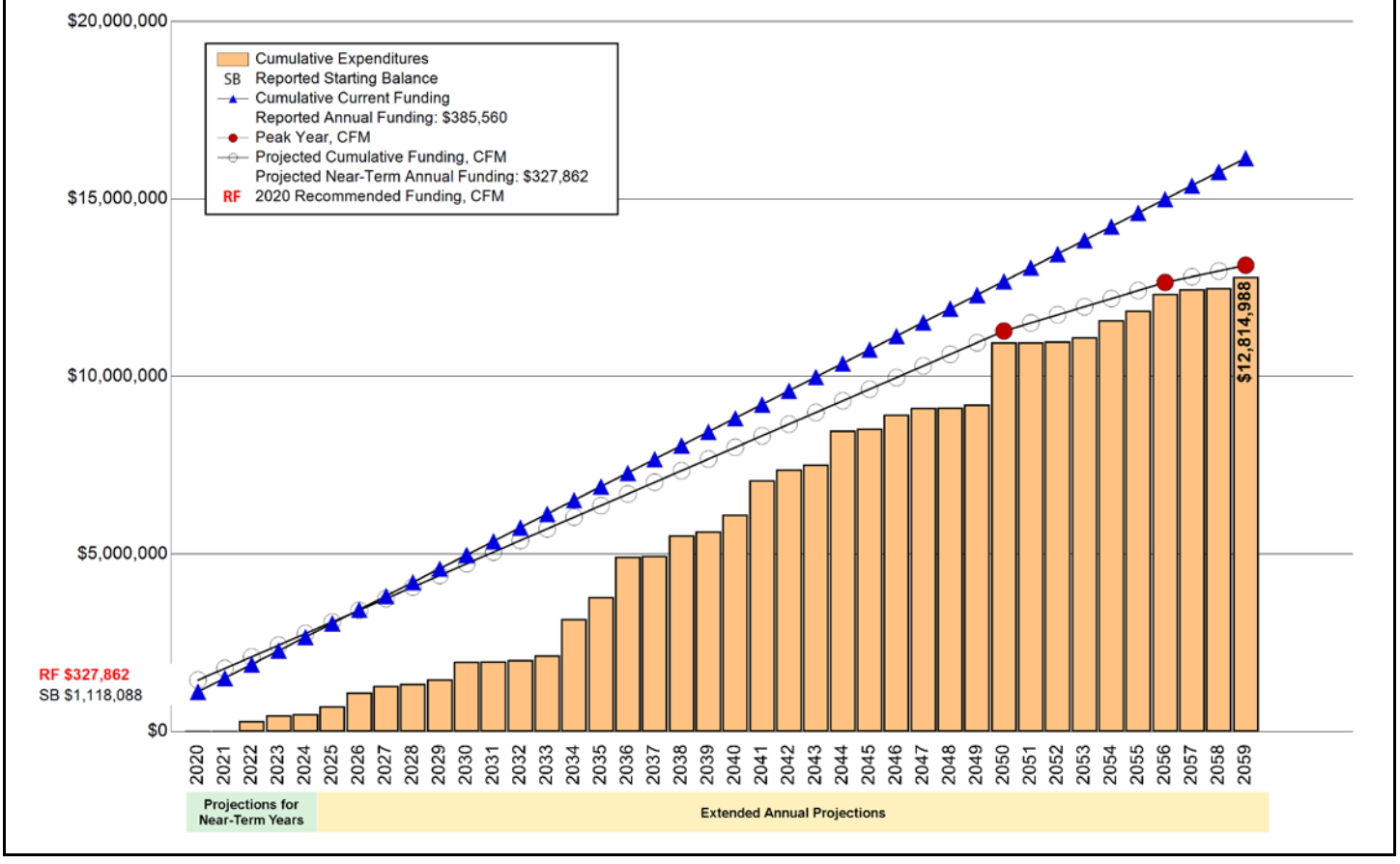
The Devon Condominium Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 139 Projected Replacements identified in the Replacement Reserve Inventory.

$327,862 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2020**
$117.77 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.

The Devon Condominium reports a Starting Balance of $1,118,088 and Annual Funding totaling $385,560. The reported Current Annual Funding of $385,560 adequately funds projected replacements for the near-term years. See Page A.3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



The Current Funding Objective as calculated by the Component Method (Fully Funded) is $3,117,306 making the reserve account 35.9% funded. See the Appendix for more information on this method.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Devon Condominium 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.

2020 **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, 2020.

40 Years **STUDY PERIOD**

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

$1,118,088 **STARTING BALANCE**

The Association reports Replacement Reserves on Deposit totaling $1,118,088 at the start of the Study Year.

Level Two **LEVEL OF SERVICE**

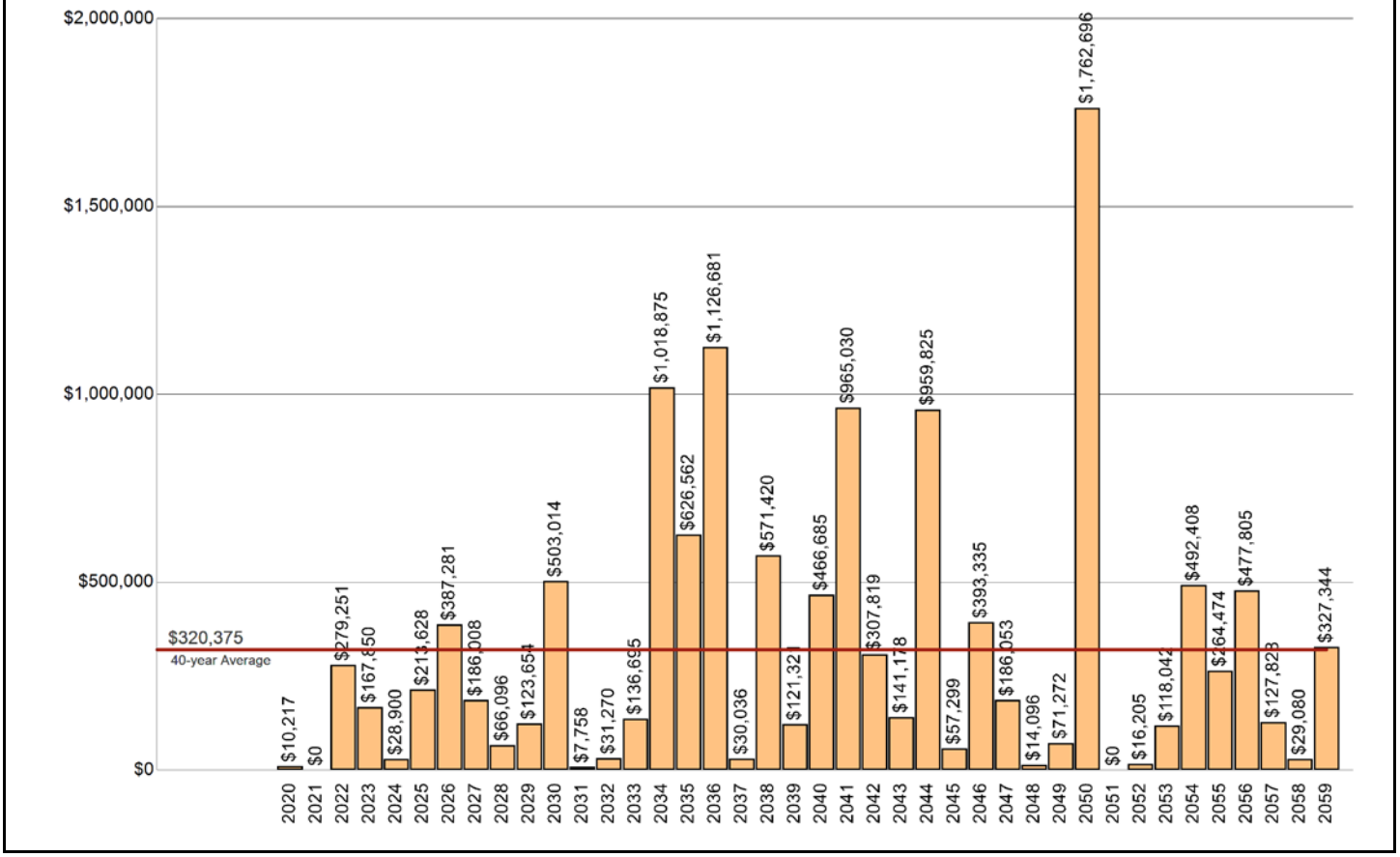
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

$12,814,988 **REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The Devon Condominium Replacement Reserve Inventory identifies 139 items that will require periodic replacement, which are to be funded from Replacement Reserves. We estimate the cost of these replacements will be $12,814,988 over the 40-year Study Period. The Projected Replacements are divided into 6 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of $320,375. Section C provides a year by year Calendar of these expenditures.



UPDATING

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 $12,814,988 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	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Starting Balance	$1,118,088									
Projected Replacements	($10,217)		($279,251)	($167,850)	($28,900)	($213,628)	($387,281)	($186,008)	($66,096)	($123,654)
Annual Deposit	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560
End of Year Balance	$1,493,431	$1,878,991	$1,985,300	$2,203,010	$2,559,670	$2,731,602	$2,729,882	$2,929,434	$3,248,898	$3,510,804
Cumulative Expenditures	($10,217)	($10,217)	($289,468)	($457,318)	($486,218)	($699,846)	($1,087,126)	($1,273,134)	($1,339,230)	($1,462,885)
Cumulative Receipts	$1,118,088	$1,503,648	$1,889,208	$2,274,768	$2,660,328	$3,045,888	$3,431,448	$3,817,008	$4,202,568	$4,588,128
Year	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**
Projected Replacements	($503,014)	($7,758)	($31,270)	($136,695)	($1,018,875)	($626,562)	($1,126,681)	($30,036)	($571,420)	($121,321)
Annual Deposit	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560
End of Year Balance	$3,393,349	$3,771,151	$4,125,442	$4,374,307	$3,740,992	$3,499,990	$2,758,869	$3,114,394	$2,928,534	$3,192,773
Cumulative Expenditures	($1,965,899)	($1,973,657)	($2,004,926)	($2,141,621)	($3,160,496)	($3,787,058)	($4,913,739)	($4,943,774)	($5,515,194)	($5,636,515)
Cumulative Receipts	$4,973,688	$5,359,248	$5,744,808	$6,130,368	$6,515,928	$6,901,488	$7,287,048	$7,672,608	$8,058,168	$8,443,728
Year	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**	**2047**	**2048**	**2049**
Projected Replacements	($466,685)	($965,030)	($307,819)	($141,178)	($959,825)	($57,299)	($393,335)	($186,053)	($14,096)	($71,272)
Annual Deposit	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560
End of Year Balance	$3,111,648	$2,532,178	$2,609,919	$2,854,301	$2,280,037	$2,608,298	$2,600,523	$2,800,030	$3,171,494	$3,485,782
Cumulative Expenditures	($6,103,200)	($7,068,230)	($7,376,049)	($7,517,227)	($8,477,051)	($8,534,350)	($8,927,685)	($9,113,738)	($9,127,834)	($9,199,106)
Cumulative Receipts	$8,829,288	$9,214,848	$9,600,408	$9,985,968	$10,371,528	$10,757,088	$11,142,648	$11,528,208	$11,913,768	$12,299,328
Year	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**	**2056**	**2057**	**2058**	**2059**
Projected Replacements	($1,762,696)		($16,205)	($118,042)	($492,408)	($264,474)	($477,805)	($127,828)	($29,080)	($327,344)
Annual Deposit	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560	$385,560
End of Year Balance	$2,108,646	$2,494,206	$2,863,561	$3,131,079	$3,024,232	$3,145,318	$3,053,073	$3,310,805	$3,667,285	$3,725,500
Cumulative Expenditures	($10,961,802)	($10,961,802)	($10,978,007)	($11,096,049)	($11,588,456)	($11,852,930)	($12,330,736)	($12,458,564)	($12,487,644)	($12,814,988)
Cumulative Receipts	$12,684,888	$13,070,448	$13,456,008	$13,841,568	$14,227,128	$14,612,688	$14,998,248	$15,383,808	$15,769,368	$16,154,928

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of $1,118,088 & annual funding of $385,560), 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 139 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of $385,560 throughout the 40-year Study Period.

Annual Funding of $385,560 is approximately 118 percent of the $327,862 recommended Annual Funding calculated by the Cash Flow Method for 2020, the Study Year.

Evaluation of the 139 Projected Replacements calculates an average annual expenditure over the next 40 years of $320,375. Annual funding of $385,560 is 120 percent of the average annual expenditure. Our calculations identify funding shortfalls in 0 years of the Study Period with the initial shortfall in . The largest shortfall, $1,493,431, occurs in 2020. All shortfalls can be seen and evaluated in Table 3 above.

See the Executive Summary for the Current Funding Statement.

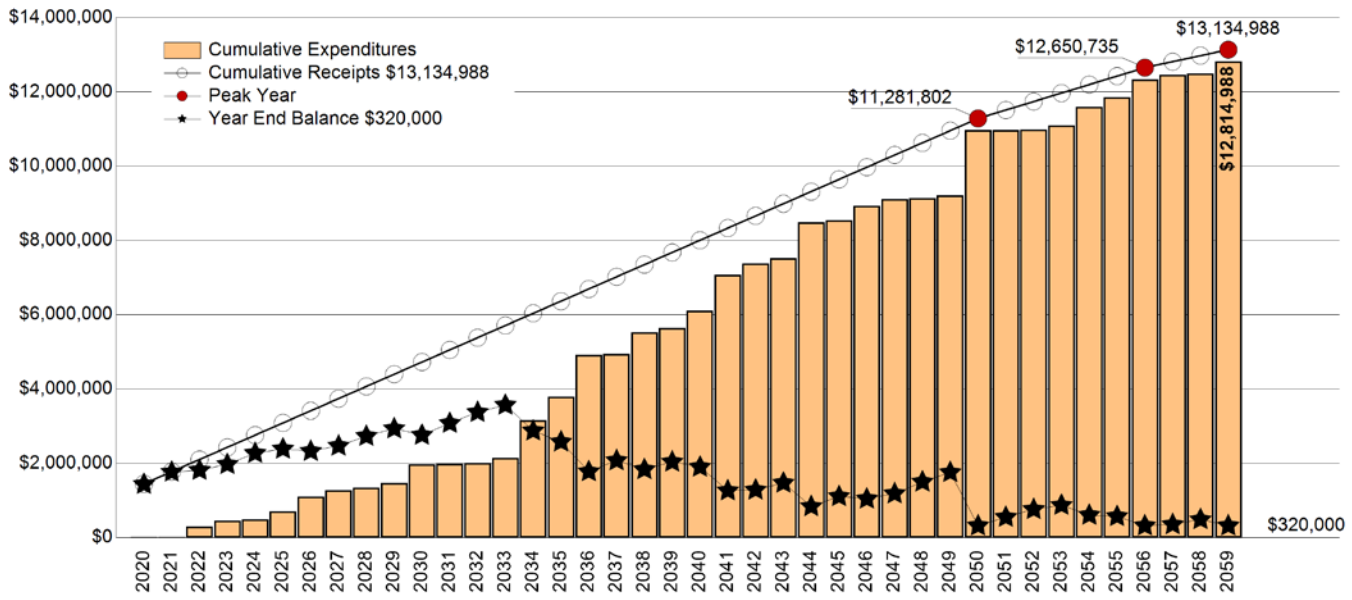
CASH FLOW METHOD FUNDING

$327,862 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2020**
$117.77 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 2050 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of $10,961,802 of replacements from 2020 to 2050. Recommended funding is anticipated to decline in 2051. Peak Years are identified in Chart 4 and Table 5.
- Minimum Balance. The calculations assume a Minimum Balance of $320,000 in Replacement Reserves. This is approximately 12 months of average expenditures based on the $320,375, 40-year average annual expenditure.
- Cash Flow Method Study Period. Cash Flow Method calculates funding for $12,814,988 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2059 and in 2059, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 1 through 40



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

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Starting Balance	$1,118,088									
Projected Replacements	($10,217)		($279,251)	($167,850)	($28,900)	($213,628)	($387,281)	($186,008)	($66,096)	($123,654)
Annual Deposit	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862
End of Year Balance	$1,435,733	$1,763,595	$1,812,205	$1,972,217	$2,271,179	$2,385,413	$2,325,994	$2,467,848	$2,729,614	$2,933,821
Cumulative Expenditures	($10,217)	($10,217)	($289,468)	($457,318)	($486,218)	($699,846)	($1,087,126)	($1,273,134)	($1,339,230)	($1,462,885)
Cumulative Receipts	$1,445,950	$1,773,812	$2,101,673	$2,429,535	$2,757,397	$3,085,259	$3,413,120	$3,740,982	$4,068,844	$4,396,706

Year	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Projected Replacements	($503,014)	($7,758)	($31,270)	($136,695)	($1,018,875)	($626,562)	($1,126,681)	($30,036)	($571,420)	($121,321)
Annual Deposit	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862
End of Year Balance	$2,758,669	$3,078,773	$3,375,365	$3,566,532	$2,875,518	$2,576,818	$1,777,999	$2,075,825	$1,832,267	$2,038,809
Cumulative Expenditures	($1,965,899)	($1,973,657)	($2,004,926)	($2,141,621)	($3,160,496)	($3,787,058)	($4,913,739)	($4,943,774)	($5,515,194)	($5,636,515)
Cumulative Receipts	$4,724,567	$5,052,429	$5,380,291	$5,708,153	$6,036,014	$6,363,876	$6,691,738	$7,019,600	$7,347,461	$7,675,323

Year	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Projected Replacements	($466,685)	($965,030)	($307,819)	($141,178)	($959,825)	($57,299)	($393,335)	($186,053)	($14,096)	($71,272)
Annual Deposit	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862	$327,862
End of Year Balance	$1,899,985	$1,262,817	$1,282,859	$1,469,543	$837,581	$1,108,144	$1,042,670	$1,184,479	$1,498,245	$1,754,835
Cumulative Expenditures	($6,103,200)	($7,068,230)	($7,376,049)	($7,517,227)	($8,477,051)	($8,534,350)	($8,927,685)	($9,113,738)	($9,127,834)	($9,199,106)
Cumulative Receipts	$8,003,185	$8,331,047	$8,658,908	$8,986,770	$9,314,632	$9,642,494	$9,970,355	$10,298,217	$10,626,079	$10,953,941

Year	1st Peak - 2050	2051	2052	2053	2054	2055	2nd Peak - 2056	2057	2058	3rd Peak - 2059
Projected Replacements	($1,762,696)		($16,205)	($118,042)	($492,408)	($264,474)	($477,805)	($127,828)	($29,080)	($327,344)
Annual Deposit	$327,862	$228,156	$228,156	$228,156	$228,156	$228,156	$228,156	$161,417	$161,417	$161,417
End of Year Balance	$320,000	$548,156	$760,106	$870,220	$605,968	$569,650	$320,000	$353,589	$485,927	$320,000
Cumulative Expenditures	($10,961,802)	($10,961,802)	($10,978,007)	($11,096,049)	($11,588,456)	($11,852,930)	($12,330,736)	($12,458,564)	($12,487,644)	($12,814,988)
Cumulative Receipts	$11,281,802	$11,509,958	$11,738,113	$11,966,269	$12,194,424	$12,422,580	$12,650,735	$12,812,153	$12,973,570	$13,134,988

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.

$327,862 **2020 - CASH FLOW METHOD RECOMMENDED FUNDING**

The 2020 Study Year calculations have been made using current replacement costs (see Page B.2), modified by the Analyst for any project specific conditions.

$335,403 **2021 - INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2021 funding based on three assumptions:

- Replacement Reserves on Deposit totaling $1,435,733 on January 1, 2021.
- All 2020 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than $10,217.
- Construction Cost Inflation of 2.30 percent in 2020.

The $335,403 inflation adjusted funding in 2021 is a 2.30 percent increase over the non-inflation adjusted funding of $327,862.

$343,117 **2022 - INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2022 funding based on three assumptions:

- Replacement Reserves on Deposit totaling $1,778,491 on January 1, 2022.
- No Expenditures from Replacement Reserves in 2021.
- Construction Cost Inflation of 2.30 percent in 2021.

The $343,117 inflation adjusted funding in 2022 is a 4.65 percent increase over the non-inflation adjusted funding of $327,862.

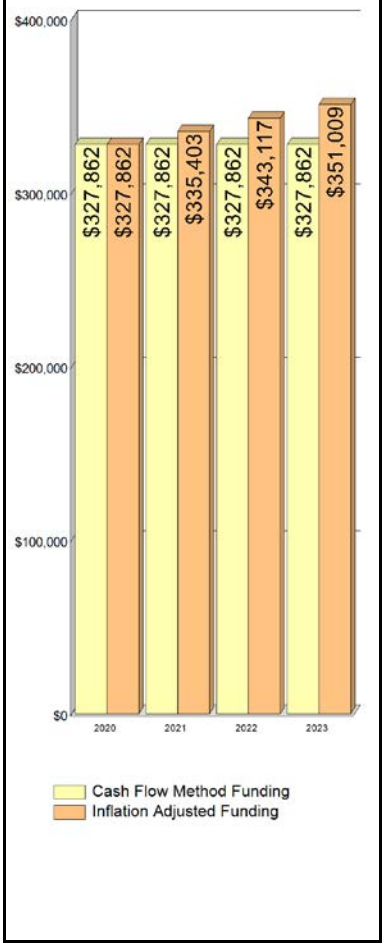
$351,009 **2023 - INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2023 funding based on three assumptions:

- Replacement Reserves on Deposit totaling $1,844,353 on January 1, 2023.
- All 2022 Projected Replacements listed on Page C.2 accomplished at a cost to Replacement Reserves less than $285,978.
- Construction Cost Inflation of 2.30 percent in 2022.

The $351,009 inflation adjusted funding in 2023 is a 7.05 percent increase over the non-inflation adjusted funding of $327,862.

#6 - Inflation Adjusted Funding



Year Five 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 be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2021, 2022 and 2023 inflation adjusted funding calculations above, the 2.30 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 percent), 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 2020, based on a 1.00 percent interest rate, we estimate the Association may earn $12,769 on an average balance of $1,276,910, $16,071 on an average balance of $1,607,112 in 2021, and $18,114 on $1,811,422 in 2022. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2020 funding from $327,862 to $315,093 (a 3.89 percent reduction), $335,403 to $319,331 in 2021 (a 4.79 percent reduction), and $343,117 to $325,003 in 2022 (a 5.27 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

- The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory.
- The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 139 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.

REPLACEMENT RESERVE INVENTORY
GENERAL INFORMATION

The Devon Condominium - Replacement Reserve Inventory identifies 139 Projected Replacements.

- PROJECTED REPLACEMENTS. 139 of the items 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 $7,908,715. Replacements totaling $12,814,988 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period.

  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. None of the items included 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 $1,000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect 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 that when properly maintained, can be assumed to have a life equal to the property as a whole, are typically excluded from the Replacement Reserve Inventory.

  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 139 items included in the Devon Condominium Replacement Reserve Inventory are divided into 6 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 Two 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 International Consultants Inc. . 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 139 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.

- REVIEW OF EXPENDITURES. This Replacement Reserve Study should be reviewed by an accounting professional representing the Association prior to implementation.

- 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.

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	Asphalt pavement, mill & overlay	sf	46,440	$1.68	20	2	$78,019
2	Asphalt pavement, seal coat	sf	46,440	$0.22	5	none	$10,217
3	Concrete curb & gutter, barrier (6%)	ft	152	$35.50	6	12	$5,396
4	Concrete flatwork (6%)	sf	715	$10.85	6	5	$7,758
5	Concrete steps	ft	120	$74.50	30	10	$8,940
6	Retaining wall, CMU (repoint)	sf	90	$9.50	10	5	$855
7	Retaining wall, CMU (25%)	sf	225	$48.50	30	15	$10,913
8	Metal guardrail w/ metal post	ft	106	$25.90	40	22	$2,745
9	Fence, 3' vinyl picket	ft	64	$21.80	40	35	$1,395
10	Fence, 3' decorative aluminum	ft	82	$38.70	45	26	$3,173
11	Fence, 4' vinyl coated chain link	ft	700	$13.40	45	26	$9,380
12	Site light, standard single head	ea	41	$500.00	20	7	$20,500
13	Site light, 12' aluminum pole	ea	41	$2,450.00	30	7	$100,450
14	Domestic water main (10%)	ls	1	$20,000.00	20	15	$20,000
15	Sanitary main (10%)	ls	1	$10,000.00	20	15	$10,000
16	Storm water management (10% allowance)	ls	1	$40,000.00	20	10	$40,000
17	Irrigation, system	ls	1	$15,000.00	10	10	$15,000
18	Bench	ea	6	$850.00	15	7	$5,100

Replacement Costs - Page Subtotal $349,841

COMMENTS

EXTERIOR ITEMS - MAIN BUILDING
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
19	Roofing, flat membrane (TPO)	sf	18,900	$22.00	20	14	$415,800
20	Roofing, flat membrane (TPO), canopy	sf	1,370	$22.00	20	14	$30,140
21	Flashing and cap work	sf	150	$55.90	20	14	$8,385
22	Skylight, glass vision panel, canopy	ea	5	$1,900.00	30	14	$9,500
23	Soffit , canopy	sf	1,370	$11.00	20	14	$15,070
24	Masonry (10% repointing allowance)	ls	1	$400,000.00	10	10	$400,000
25	Store front, curtain wall, replace	sf	200	$73.60	80	39	$14,720
26	Store front, curtain wall, refurbish	sf	200	$19.60	20	9	$3,920
27	Door, aluminum & glass (3' X7')	ea	4	$1,380.00	35	22	$5,520
28	Door, steel, flush (3' X 6'8")	ea	6	$960.00	25	15	$5,760
29	Awning, stationary (replace)	sf	100	$50.30	40	15	$5,030
30	Awning, refurbish structure	sf	100	$6.80	20	15	$680
31	Awning, refabricate	sf	100	$36.00	10	5	$3,600
32	Balcony, concrete resurface (20%)	sf	3,292	$15.10	10	9	$49,709
33	Balcony, aluminum railing (20%)	ft	470	$56.00	35	9	$26,320
34	Garage door	ea	1	$37,000.00	15	9	$37,000

Replacement Costs - Page Subtotal $1,031,154

COMMENTS

INTERIOR ITEMS - MAIN BUILDING

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
35	Mailbox, interior cluster, recessed	ea	232	$75.00	40	39	$17,400
36	Hallway, redecorate	ls	1	$24,000.00	20	16	$24,000
37	Hallway, refurbish	sf	22,480	$6.00	10	6	$134,880
38	Flooring, carpet	sf	22,480	$7.85	10	6	$176,468
39	Flooring, vinyl tile	sf	3,527	$4.50	14	5	$15,872
40	Flooring, wood laminate, replace	sf	12,144	$15.50	20	2	$188,232
41	Ceiling, suspended	sf	21,903	$5.85	20	16	$128,133
42	Interior fire door & frame, flush	ea	48	$1,230.00	35	21	$59,040
43	Interior door & frame, metal - flush	ea	111	$980.00	35	21	$108,780
44	Trash chute door	ea	14	$580.00	35	21	$8,120
45	Building entry system	ea	1	$12,180.00	20	13	$12,180
46	Building directory	ea	1	$1,580.00	25	13	$1,580
47	Security camera (IP)	ea	5	$280.00	15	3	$1,400
48	Security video recorder (IP 8 channel - digital)	ea	1	$8,530.00	15	3	$8,530
49	Exit sign	ea	79	$120.00	14	13	$9,480
50	Emergency lighting	ea	129	$95.00	14	13	$12,255
51	Interior lighting, florescent	ea	22	$105.00	21	13	$2,310
52	Interior lighting, recessed	ea	44	$1,210.00	14	13	$53,240
53	Interior lighting, chandelier	ea	1	$290.00	14	13	$290
54	Interior lighting, wall sconce	ea	270	$146.00	14	13	$39,420
55	Garage lighting	ea	42	$130.00	21	18	$5,460
56	Sofa	ea	1	$830.00	14	7	$830
57	Upholstered chair, large	ea	5	$560.00	14	7	$2,800
58	Chair	ea	10	$180.00	14	7	$1,800
						Replacement Costs - Page Subtotal	$1,012,499

COMMENTS

INTERIOR ITEMS - MAIN BUILDING - (cont.)

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
59	Benches	ea	5	$250.00	20	13	$1,250
60	End table	ea	4	$275.00	14	7	$1,100
61	Table lamp	ea	4	$150.00	10	7	$600
62	Table	ea	3	$390.00	14	7	$1,170
63	Area rug, large (12' x 15')	ea	3	$950.00	10	7	$2,850
64	Buffet w/ drawers	ea	2	$695.00	14	7	$1,390
65	Office, desk wood	ea	1	$960.00	21	12	$960
66	Office, desk chair	ea	1	$340.00	14	12	$340
67	Office, side chair	ea	1	$90.00	14	12	$90
68	Office, credenza	ea	1	$1,350.00	21	12	$1,350
69	Sink, fixture & mirror	ea	4	$200.00	10	12	$800
70	Toilet & stall	ea	3	$1,000.00	20	12	$3,000
71	Urinal & partition	ea	1	$300.00	20	12	$300
72	Shower, stall	ea	2	$1,200.00	20	12	$2,400
73	Shower, fixtures	ea	2	$350.00	10	12	$700
74	Locker, half height metal	ea	4	$45.00	20	12	$180
75	Locker, full height metal	ea	11	$75.00	20	12	$825
76	Garage, floor coating	ls	1	$6,000.00	10	2	$6,000
77	Garage, roof/ceiling repair	ls	1	$2,000.00	2	2	$2,000

Replacement Costs - Page Subtotal $27,305

COMMENTS

BUILDING SYSTEMS
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
78	Elevator cab & door, passenger	ea	3	$67,000.00	25	16	$201,000
79	Elevator, traction passenger controls	ea	3	$88,800.00	25	16	$266,400
80	Elevator, traction passenger mechanical	ea	3	$64,600.00	25	16	$193,800
81	Exhaust fan	ea	9	$2,200.00	20	15	$19,800
82	Garage exhaust fan	ea	2	$1,550.00	20	19	$3,100
83	Package air-handling unit, (2,000 CFM)	ea	1	$26,900.00	20	4	$26,900
84	Cooling tower (1500 ton) replace	ea	1	$195,000.00	30	18	$195,000
85	Cooling tower, controls	ea	1	$28,000.00	30	14	$28,000
86	Hallway, ventilation	ls	1	$55,000.00	20	3	$55,000
87	Centrifugal chiller	ea	2	$250,900.00	30	14	$501,800
88	Circulation pumps, (50 hp)	ea	3	$15,350.00	20	7	$46,050
89	Boiler, gas,	ea	5	$155,600.00	40	21	$778,000
90	Boiler, gas, water heater	ea	3	$95,600.00	40	18	$286,800
91	Hot water, storage	ea	1	$2,000.00	30	18	$2,000
92	Building piping, allowance (copper)	unit	232	$3,800.00	40	24	$881,600
93	Domestic water, treatment	ls	1	$45,000.00	15	3	$45,000
94	Domestic water booster pump	ea	1	$13,300.00	15	5	$13,300
95	Fire alarm station, complete	ea	1	$325.00	30	19	$325
96	Fire alarm pull	ea	54	$45.00	30	19	$2,430
97	Fire alarm light, bell & horn	ea	102	$90.00	30	19	$9,180
98	Fire annunciator sys, high-rise	ea	1	$14,500.00	30	19	$14,500
99	Smoke alarm	ea	140	$125.00	30	19	$17,500
100	Boiler room alarm	ls	1	$20,000.00	15	5	$20,000
101	Fire pump, 50hp, 1000 GPM	ea	1	$37,200.00	20	3	$37,200
						Replacement Costs - Page Subtotal	$3,644,685

COMMENTS

BUILDING SYSTEMS - (cont.)

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
102	Fire pump, control	ea	1	$16,000.00	20	3	$16,000
103	Jockey pump, 3hp	ea	1	$4,720.00	20	3	$4,720
104	Sprinkler system, control valve	ea	1	$270.00	30	13	$270
105	Sprinkler back flow preventer, 2.5"	ea	1	$4,420.00	30	13	$4,420
106	Trash compactor, 1 cy	ea	1	$20,500.00	15	8	$20,500
107	Sump pump	ea	1	$2,000.00	25	21	$2,000
108	Oil tank	ea	1	$100,000.00	30	5	$100,000
109	Electric switchgear	ea	1	$285,000.00	40	30	$285,000
110	Electrical, distribution	ls	1	$500,000.00	40	30	$500,000
111	Electrical, secondary	ls	1	$485,000.00	15	15	$485,000

Replacement Costs - Page Subtotal $1,417,910

COMMENTS

POOL HOUSE
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
112	Roofing, flat membrane (EPDM)	sf	2,730	$22.00	20	6	$60,060
113	Soffit & trim, vinyl	sf	240	$8.10	20	6	$1,944
114	Masonry (repointing allowance)	ls	1	$3,000.00	10	10	$3,000
115	Window, operating	ea	10	$790.50	40	18	$7,905
116	Door, flush (3' X 6'8"), pool	ea	25	$1,260.00	25	8	$31,500
117	Flooring, carpet, cabana	sf	1,300	$4.85	10	9	$6,305
118	Sink, fixture & mirror, pool	ea	2	$200.00	10	9	$400
119	Toilet, pool	ea	2	$1,000.00	20	19	$2,000
120	Concrete steps (6%), pool	ft	93	$74.50	6	6	$6,929
121	Retaining wall, concrete (repair), pool	sf	360	$33.60	20	8	$12,096

Replacement Costs - Page Subtotal $132,139

COMMENTS

RECREATION ITEMS
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
122	Swimming pool structure	sf	2,125	$90.00	60	39	$191,250
123	Swimming pool, whitecoat	sf	2,955	$6.10	10	5	$18,026
124	Swimming pool waterline tile (6x6)	ft	195	$10.75	10	5	$2,096
125	Swimming pool coping, precast concrete	ft	195	$29.50	20	15	$5,753
126	Pool cover, safety mesh	sf	2,175	$6.30	12	10	$13,703
127	Pool deck, concrete (25%)	sf	1,800	$11.50	10	5	$20,700
128	Pool pump (3/4 hp)	ea	1	$830.00	5	5	$830
129	Pool filter, Sand (19")	ea	3	$780.00	15	14	$2,340
130	Chemical tank	ea	3	$280.00	15	14	$840
131	Chemical feed pump	ea	1	$375.00	5	5	$375
132	Pool, eyewash	ea	1	$600.00	30	25	$600
133	Pool ladder (4 step)	ea	2	$1,075.00	20	10	$2,150
134	Safety rail	ea	4	$450.00	20	10	$1,800
135	Pool furniture	ls	1	$5,000.00	4	2	$5,000
136	Retaining wall, CMU (repoint), pool	sf	144	$9.50	10	7	$1,368
137	Retaining wall, CMU (25%), pool	sf	360	$48.50	20	17	$17,460
138	Concrete steps , pool	ft	93	$74.50	30	15	$6,929
139	Fence, 8' chain link, pool	ft	105	$18.70	30	20	$1,964

Replacement Costs - Page Subtotal $293,182

COMMENTS

LONG-LIFE EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, & roof structure						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						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 ($)	NEL	REL	REPLACEMENT COST ($)
	Domestic water pipes serving one unit						EXCLUDED
	Sanitary sewers serving one unit						EXCLUDED
	Electrical wiring serving one unit						EXCLUDED
	Cable TV service serving one unit						EXCLUDED
	Telephone service serving one unit						EXCLUDED
	Gas service serving one unit						EXCLUDED
	Unit windows						EXCLUDED
	Unit doors						EXCLUDED
	Unit interior						EXCLUDED
	Unit HVAC system						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	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	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	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Cleaning of asphalt pavement						EXCLUDED
	Crack sealing of asphalt pavement						EXCLUDED
	Painting of curbs						EXCLUDED
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Landscaping and site grading						EXCLUDED
	Exterior painting						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

PROJECTED ANNUAL REPLACEMENTS
GENERAL INFORMATION

CALENDAR OF ANNUAL REPLACEMENTS. The 139 Projected Replacements in the Devon Condominium 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

- REVISIONS. Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision, if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only.
- TAX CODE. The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time only replacements to be excluded from Reserves. A CID cannot 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 next thirty years, begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.
- REVIEW OF THE REPLACEMENT RESERVE STUDY. For this study to be effective, it should be reviewed by the Test Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.

PROJECTED REPLACEMENTS - YEARS 1 TO 4

Item	2020 - YEAR 1	$
2	Asphalt pavement, seal coat	$10,217
	Total Scheduled Replacements	$10,217

Item	2021 - YEAR 2	$
	No Scheduled Replacements	

Item	2022 - YEAR 3	$
1	Asphalt pavement, mill & overlay	$78,019
40	Flooring, wood laminate, replace	$188,232
76	Garage, floor coating	$6,000
77	Garage, roof/ceiling repair	$2,000
135	Pool furniture	$5,000
	Total Scheduled Replacements	$279,251

Item	2023 - YEAR 4	$
47	Security camera (IP)	$1,400
48	Security video recorder (IP 8 channel - digital)	$8,530
86	Hallway, ventilation	$55,000
93	Domestic water, treatment	$45,000
101	Fire pump, 50hp, 1000 GPM	$37,200
102	Fire pump, control	$16,000
103	Jockey pump, 3hp	$4,720
	Total Scheduled Replacements	$167,850

PROJECTED REPLACEMENTS - YEARS 5 TO 8

Item	2024 - YEAR 5	$
77	Garage, roof/ceiling repair	$2,000
83	Package air-handling unit, (2,000 CFM)	$26,900
	Total Scheduled Replacements	$28,900

Item	2025 - YEAR 6	$
2	Asphalt pavement, seal coat	$10,217
4	Concrete flatwork (6%)	$7,758
6	Retaining wall, CMU (repoint)	$855
31	Awning, refabricate	$3,600
39	Flooring, vinyl tile	$15,872
94	Domestic water booster pump	$13,300
100	Boiler room alarm	$20,000
108	Oil tank	$100,000
123	Swimming pool, whitecoat	$18,026
124	Swimming pool waterline tile (6x6)	$2,096
127	Pool deck, concrete (25%)	$20,700
128	Pool pump (3/4 hp)	$830
131	Chemical feed pump	$375
	Total Scheduled Replacements	$213,628

Item	2026 - YEAR 7	$
37	Hallway, refurbish	$134,880
38	Flooring, carpet	$176,468
77	Garage, roof/ceiling repair	$2,000
112	Roofing, flat membrane (EPDM)	$60,060
113	Soffit & trim, vinyl	$1,944
120	Concrete steps (6%), pool	$6,929
135	Pool furniture	$5,000
	Total Scheduled Replacements	$387,281

Item	2027 - YEAR 8	$
12	Site light, standard single head	$20,500
13	Site light, 12' aluminum pole	$100,450
18	Bench	$5,100
56	Sofa	$830
57	Upholstered chair, large	$2,800
58	Chair	$1,800
60	End table	$1,100
61	Table lamp	$600
62	Table	$1,170
63	Area rug, large (12' x 15')	$2,850
64	Buffet w/ drawers	$1,390
88	Circulation pumps, (50 hp)	$46,050
136	Retaining wall, CMU (repoint), pool	$1,368
	Total Scheduled Replacements	$186,008

PROJECTED REPLACEMENTS - YEARS 9 TO 12

Item	2028 - YEAR 9	$
77	Garage, roof/ceiling repair	$2,000
106	Trash compactor, 1 cy	$20,500
116	Door, flush (3' X 6'8"), pool	$31,500
121	Retaining wall, concrete (repair), pool	$12,096
	Total Scheduled Replacements	$66,096

Item	2029 - YEAR 10	$
26	Store front, curtain wall, refurbish	$3,920
32	Balcony, concrete resurface (20%)	$49,709
33	Balcony, aluminum railing (20%)	$26,320
34	Garage door	$37,000
117	Flooring, carpet, cabana	$6,305
118	Sink, fixture & mirror, pool	$400
	Total Scheduled Replacements	$123,654

Item	2030 - YEAR 11	$
2	Asphalt pavement, seal coat	$10,217
5	Concrete steps	$8,940
16	Storm water management (10% allowance)	$40,000
17	Irrigation, system	$15,000
24	Masonry (10% repointing allowance)	$400,000
77	Garage, roof/ceiling repair	$2,000
114	Masonry (repointing allowance)	$3,000
126	Pool cover, safety mesh	$13,703
128	Pool pump (3/4 hp)	$830
131	Chemical feed pump	$375
133	Pool ladder (4 step)	$2,150
134	Safety rail	$1,800
135	Pool furniture	$5,000
	Total Scheduled Replacements	$503,014

Item	2031 - YEAR 12	$
4	Concrete flatwork (6%)	$7,758
	Total Scheduled Replacements	$7,758

PROJECTED REPLACEMENTS - YEARS 13 TO 16

Item	2032 - YEAR 13	$
3	Concrete curb & gutter, barrier (6%)	$5,396
65	Office, desk wood	$960
66	Office, desk chair	$340
67	Office, side chair	$90
68	Office, credenza	$1,350
69	Sink, fixture & mirror	$800
70	Toilet & stall	$3,000
71	Urinal & partition	$300
72	Shower, stall	$2,400
73	Shower, fixtures	$700
74	Locker, half height metal	$180
75	Locker, full height metal	$825
76	Garage, floor coating	$6,000
77	Garage, roof/ceiling repair	$2,000
120	Concrete steps (6%), pool	$6,929
Total Scheduled Replacements		$31,270

Item	2033 - YEAR 14	$
45	Building entry system	$12,180
46	Building directory	$1,580
49	Exit sign	$9,480
50	Emergency lighting	$12,255
51	Interior lighting, florescent	$2,310
52	Interior lighting, recessed	$53,240
53	Interior lighting, chandelier	$290
54	Interior lighting, wall sconce	$39,420
59	Benches	$1,250
104	Sprinkler system, control valve	$270
105	Sprinkler back flow preventer, 2.5"	$4,420
Total Scheduled Replacements		$136,695

Item	2034 - YEAR 15	$
19	Roofing, flat membrane (TPO)	$415,800
20	Roofing, flat membrane (TPO), canopy	$30,140
21	Flashing and cap work	$8,385
22	Skylight, glass vision panel, canopy	$9,500
23	Soffit , canopy	$15,070
77	Garage, roof/ceiling repair	$2,000
85	Cooling tower, controls	$28,000
87	Centrifugal chiller	$501,800
129	Pool filter, Sand (19")	$2,340
130	Chemical tank	$840
135	Pool furniture	$5,000
Total Scheduled Replacements		$1,018,875

Item	2035 - YEAR 16	$
2	Asphalt pavement, seal coat	$10,217
6	Retaining wall, CMU (repoint)	$855
7	Retaining wall, CMU (25%)	$10,913
14	Domestic water main (10%)	$20,000
15	Sanitary main (10%)	$10,000
28	Door, steel, flush (3' X 6'8")	$5,760
29	Awning, stationary (replace)	$5,030
30	Awning, refurbish structure	$680
31	Awning, refabricate	$3,600
81	Exhaust fan	$19,800
111	Electrical, secondary	$485,000
123	Swimming pool, whitecoat	$18,026
124	Swimming pool waterline tile (6x6)	$2,096
125	Swimming pool coping, precast concrete	$5,753
127	Pool deck, concrete (25%)	$20,700
128	Pool pump (3/4 hp)	$830
131	Chemical feed pump	$375
138	Concrete steps , pool	$6,929
Total Scheduled Replacements		$626,562

PROJECTED REPLACEMENTS - YEARS 17 TO 20

Item	2036 - YEAR 17	$
36	Hallway, redecorate	$24,000
37	Hallway, refurbish	$134,880
38	Flooring, carpet	$176,468
41	Ceiling, suspended	$128,133
77	Garage, roof/ceiling repair	$2,000
78	Elevator cab & door, passenger	$201,000
79	Elevator, traction passenger controls	$266,400
80	Elevator, traction passenger mechanical	$193,800
	Total Scheduled Replacements	$1,126,681

Item	2037 - YEAR 18	$
4	Concrete flatwork (6%)	$7,758
61	Table lamp	$600
63	Area rug, large (12' x 15')	$2,850
136	Retaining wall, CMU (repoint), pool	$1,368
137	Retaining wall, CMU (25%), pool	$17,460
	Total Scheduled Replacements	$30,036

Item	2038 - YEAR 19	$
3	Concrete curb & gutter, barrier (6%)	$5,396
47	Security camera (IP)	$1,400
48	Security video recorder (IP 8 channel - digital)	$8,530
55	Garage lighting	$5,460
77	Garage, roof/ceiling repair	$2,000
84	Cooling tower (1500 ton) replace	$195,000
90	Boiler, gas, water heater	$286,800
91	Hot water, storage	$2,000
93	Domestic water, treatment	$45,000
115	Window, operating	$7,905
120	Concrete steps (6%), pool	$6,929
135	Pool furniture	$5,000
	Total Scheduled Replacements	$571,420

Item	2039 - YEAR 20	$
32	Balcony, concrete resurface (20%)	$49,709
39	Flooring, vinyl tile	$15,872
82	Garage exhaust fan	$3,100
95	Fire alarm station, complete	$325
96	Fire alarm pull	$2,430
97	Fire alarm light, bell & horn	$9,180
98	Fire annunciator sys, high-rise	$14,500
99	Smoke alarm	$17,500
117	Flooring, carpet, cabana	$6,305
118	Sink, fixture & mirror, pool	$400
119	Toilet, pool	$2,000
	Total Scheduled Replacements	$121,321

PROJECTED REPLACEMENTS - YEARS 21 TO 24

Item	2040 - YEAR 21	$
2	Asphalt pavement, seal coat	$10,217
17	Irrigation, system	$15,000
24	Masonry (10% repointing allowance)	$400,000
77	Garage, roof/ceiling repair	$2,000
94	Domestic water booster pump	$13,300
100	Boiler room alarm	$20,000
114	Masonry (repointing allowance)	$3,000
128	Pool pump (3/4 hp)	$830
131	Chemical feed pump	$375
139	Fence, 8' chain link, pool	$1,964
	Total Scheduled Replacements	$466,685

Item	2041 - YEAR 22	$
42	Interior fire door & frame, flush	$59,040
43	Interior door & frame, metal - flush	$108,780
44	Trash chute door	$8,120
56	Sofa	$830
57	Upholstered chair, large	$2,800
58	Chair	$1,800
60	End table	$1,100
62	Table	$1,170
64	Buffet w/ drawers	$1,390
89	Boiler, gas,	$778,000
107	Sump pump	$2,000
	Total Scheduled Replacements	$965,030

Item	2042 - YEAR 23	$
1	Asphalt pavement, mill & overlay	$78,019
8	Metal guardrail w/ metal post	$2,745
18	Bench	$5,100
27	Door, aluminum & glass (3' X7')	$5,520
40	Flooring, wood laminate, replace	$188,232
69	Sink, fixture & mirror	$800
73	Shower, fixtures	$700
76	Garage, floor coating	$6,000
77	Garage, roof/ceiling repair	$2,000
126	Pool cover, safety mesh	$13,703
135	Pool furniture	$5,000
	Total Scheduled Replacements	$307,819

Item	2043 - YEAR 24	$
4	Concrete flatwork (6%)	$7,758
86	Hallway, ventilation	$55,000
101	Fire pump, 50hp, 1000 GPM	$37,200
102	Fire pump, control	$16,000
103	Jockey pump, 3hp	$4,720
106	Trash compactor, 1 cy	$20,500
	Total Scheduled Replacements	$141,178

PROJECTED REPLACEMENTS - YEARS 25 TO 28

Item	2044 - YEAR 25	$
3	Concrete curb & gutter, barrier (6%)	$5,396
34	Garage door	$37,000
77	Garage, roof/ceiling repair	$2,000
83	Package air-handling unit, (2,000 CFM)	$26,900
92	Building piping, allowance (copper)	$881,600
120	Concrete steps (6%), pool	$6,929
	Total Scheduled Replacements	$959,825

Item	2045 - YEAR 26	$
2	Asphalt pavement, seal coat	$10,217
6	Retaining wall, CMU (repoint)	$855
31	Awning, refabricate	$3,600
123	Swimming pool, whitecoat	$18,026
124	Swimming pool waterline tile (6x6)	$2,096
127	Pool deck, concrete (25%)	$20,700
128	Pool pump (3/4 hp)	$830
131	Chemical feed pump	$375
132	Pool, eyewash	$600
	Total Scheduled Replacements	$57,299

Item	2046 - YEAR 27	$
10	Fence, 3' decorative aluminum	$3,173
11	Fence, 4' vinyl coated chain link	$9,380
37	Hallway, refurbish	$134,880
38	Flooring, carpet	$176,468
66	Office, desk chair	$340
67	Office, side chair	$90
77	Garage, roof/ceiling repair	$2,000
112	Roofing, flat membrane (EPDM)	$60,060
113	Soffit & trim, vinyl	$1,944
135	Pool furniture	$5,000
	Total Scheduled Replacements	$393,335

Item	2047 - YEAR 28	$
12	Site light, standard single head	$20,500
49	Exit sign	$9,480
50	Emergency lighting	$12,255
52	Interior lighting, recessed	$53,240
53	Interior lighting, chandelier	$290
54	Interior lighting, wall sconce	$39,420
61	Table lamp	$600
63	Area rug, large (12' x 15')	$2,850
88	Circulation pumps, (50 hp)	$46,050
136	Retaining wall, CMU (repoint), pool	$1,368
	Total Scheduled Replacements	$186,053

PROJECTED REPLACEMENTS - YEARS 29 TO 32

Item	2048 - YEAR 29	$
77	Garage, roof/ceiling repair	$2,000
121	Retaining wall, concrete (repair), pool	$12,096
	Total Scheduled Replacements	$14,096

Item	2049 - YEAR 30	$
4	Concrete flatwork (6%)	$7,758
26	Store front, curtain wall, refurbish	$3,920
32	Balcony, concrete resurface (20%)	$49,709
117	Flooring, carpet, cabana	$6,305
118	Sink, fixture & mirror, pool	$400
129	Pool filter, Sand (19")	$2,340
130	Chemical tank	$840
	Total Scheduled Replacements	$71,272

Item	2050 - YEAR 31	$
2	Asphalt pavement, seal coat	$10,217
3	Concrete curb & gutter, barrier (6%)	$5,396
16	Storm water management (10% allowance)	$40,000
17	Irrigation, system	$15,000
24	Masonry (10% repointing allowance)	$400,000
77	Garage, roof/ceiling repair	$2,000
109	Electric switchgear	$285,000
110	Electrical, distribution	$500,000
111	Electrical, secondary	$485,000
114	Masonry (repointing allowance)	$3,000
120	Concrete steps (6%), pool	$6,929
128	Pool pump (3/4 hp)	$830
131	Chemical feed pump	$375
133	Pool ladder (4 step)	$2,150
134	Safety rail	$1,800
135	Pool furniture	$5,000
	Total Scheduled Replacements	$1,762,696

Item	2051 - YEAR 32	$
	No Scheduled Replacements	

PROJECTED REPLACEMENTS - YEARS 33 TO 36

Item	2052 - YEAR 33	$
69	Sink, fixture & mirror	$800
70	Toilet & stall	$3,000
71	Urinal & partition	$300
72	Shower, stall	$2,400
73	Shower, fixtures	$700
74	Locker, half height metal	$180
75	Locker, full height metal	$825
76	Garage, floor coating	$6,000
77	Garage, roof/ceiling repair	$2,000
	Total Scheduled Replacements	$16,205

Item	2053 - YEAR 34	$
39	Flooring, vinyl tile	$15,872
45	Building entry system	$12,180
47	Security camera (IP)	$1,400
48	Security video recorder (IP 8 channel - digital)	$8,530
59	Benches	$1,250
65	Office, desk wood	$960
68	Office, credenza	$1,350
93	Domestic water, treatment	$45,000
116	Door, flush (3' X 6'8"), pool	$31,500
	Total Scheduled Replacements	$118,042

Item	2054 - YEAR 35	$
19	Roofing, flat membrane (TPO)	$415,800
20	Roofing, flat membrane (TPO), canopy	$30,140
21	Flashing and cap work	$8,385
23	Soffit , canopy	$15,070
51	Interior lighting, florescent	$2,310
77	Garage, roof/ceiling repair	$2,000
126	Pool cover, safety mesh	$13,703
135	Pool furniture	$5,000
	Total Scheduled Replacements	$492,408

Item	2055 - YEAR 36	$
2	Asphalt pavement, seal coat	$10,217
4	Concrete flatwork (6%)	$7,758
6	Retaining wall, CMU (repoint)	$855
9	Fence, 3' vinyl picket	$1,395
14	Domestic water main (10%)	$20,000
15	Sanitary main (10%)	$10,000
30	Awning, refurbish structure	$680
31	Awning, refabricate	$3,600
56	Sofa	$830
57	Upholstered chair, large	$2,800
58	Chair	$1,800
60	End table	$1,100
62	Table	$1,170
64	Buffet w/ drawers	$1,390
81	Exhaust fan	$19,800
94	Domestic water booster pump	$13,300
100	Boiler room alarm	$20,000
108	Oil tank	$100,000
123	Swimming pool, whitecoat	$18,026
124	Swimming pool waterline tile (6x6)	$2,096
125	Swimming pool coping, precast concrete	$5,753
127	Pool deck, concrete (25%)	$20,700
128	Pool pump (3/4 hp)	$830
131	Chemical feed pump	$375
	Total Scheduled Replacements	$264,474

PROJECTED REPLACEMENTS - YEARS 37 TO 40

Item	2056 - YEAR 37	$
3	Concrete curb & gutter, barrier (6%)	$5,396
36	Hallway, redecorate	$24,000
37	Hallway, refurbish	$134,880
38	Flooring, carpet	$176,468
41	Ceiling, suspended	$128,133
77	Garage, roof/ceiling repair	$2,000
120	Concrete steps (6%), pool	$6,929
	Total Scheduled Replacements	$477,805

Item	2057 - YEAR 38	$
13	Site light, 12' aluminum pole	$100,450
18	Bench	$5,100
61	Table lamp	$600
63	Area rug, large (12' x 15')	$2,850
136	Retaining wall, CMU (repoint), pool	$1,368
137	Retaining wall, CMU (25%), pool	$17,460
	Total Scheduled Replacements	$127,828

Item	2058 - YEAR 39	$
46	Building directory	$1,580
77	Garage, roof/ceiling repair	$2,000
106	Trash compactor, 1 cy	$20,500
135	Pool furniture	$5,000
	Total Scheduled Replacements	$29,080

Item	2059 - YEAR 40	$
25	Store front, curtain wall, replace	$14,720
32	Balcony, concrete resurface (20%)	$49,709
34	Garage door	$37,000
35	Mailbox, interior cluster, recessed	$17,400
55	Garage lighting	$5,460
82	Garage exhaust fan	$3,100
117	Flooring, carpet, cabana	$6,305
118	Sink, fixture & mirror, pool	$400
119	Toilet, pool	$2,000
122	Swimming pool structure	$191,250
	Total Scheduled Replacements	$327,344

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CONDITION ASSESSMENT

General Comments. Miller+Dodson Associates conducted a Reserve Study at The Devon Condominium in February 2020. The Devon Condominium is in generally good condition for a condominium, residential. 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.

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

Asphalt Pavement. The Association is responsible for the parking areas within the community. In general, the Association's asphalt pavements are in fair condition.

The Defects noted include the following:

- **Open Cracks.** There are multiple locations where open cracks are allowing water to penetrate to the asphalt base and the bearing soils beneath. Over time, water will erode the base and accelerate the deterioration of the asphalt pavement. If cracks extend to the base and bearing materials, remove the damaged areas and replace defective materials. As a part of normal maintenance, clean and fill all other cracks.
- **Alligatoring.** There are multiple locations where the asphalt has developed a pattern of cracking known as alligatoring. The primary cause of alligatoring is an unstable base. Once these cracks extend through the asphalt, they will allow water to penetrate to the base, accelerating the rate of deterioration, and eventually leading to potholes. The only solution is to remove the defective asphalt, compact the base, and install new base materials and asphalt.

A more detailed summary of pavement distress can be found at http://www.asphaltinstitute.org/engineering/maintenance-and-rehabilitation/pavement-distress-summary/.

As a rule of thumb, asphalt should be overlaid when approximately 5% of the surface area is cracked or otherwise deteriorated. The normal service life of asphalt pavement is typically 18 to 20 years.

To maintain the condition of the pavement throughout the community and ensure the longest life of the asphalt, we recommend the Association adopt a systematic and comprehensive maintenance program that includes:

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

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

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

Concrete Work. The concrete work includes the community curbs, sidewalks, stairs, patios, and other flatwork. The overall condition of the concrete work is in fair condition.

The standards we use for recommending replacement are as follows:

- Trip hazard, ½ inch height difference.
- Severe cracking.
- Severe spalling and scale.
- Uneven riser heights on steps.
- Steps with risers over 8¼ inches.

Because it is highly unlikely that all of the concrete components will fail and require replacement in the period of the study, we have programmed funds for the replacement of these inventories and spread the funds over an extended timeframe to reflect the incremental nature of this work.

Guard Rail. We have included the guard rail installed along the pools' edge. The guard rail is in good condition. Footings at the guide rail posts should be inspected periodically to ensure that the surrounding soil is intact and compacted. Any damaged sections of the rail or posts should be replaced to ensure the system performs adequately.

Fencing. The Association maintains metal, vinyl and chain link fencing. Fencing systems have a large number of configurations and finishes that can usually be repaired as a maintenance activity by replacing individual components as they become damaged or weathered.

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

Vinyl fencing made of 100% virgin material can last 30 to 35 years, and periodic cleaning will keep the fence looking attractive. Vinyl components with ticker walls can provide a longer useful life.

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

Chain link fencing can have a useful life of 40 years or more. Periodic weed control may be required to protect and maintain the fence.

The Association maintains steel fence posts and fasteners that are embedded in concrete or masonry.

As part of normal maintenance, we recommend the following:

- Lift or remove ornamental base covers, if applicable
- Remove existing caulk completely

- Clean, prime, and paint all posts
- Apply an appropriate caulk around each post base
- Tool and shape caulking to shed water from post
- Reinstall base covers, and seal and paint all joints

Fence posts can have an extended useful life if these simple maintenance activities are performed. If left unattended, the pressure from expansive post rust can crack and damage the supporting material.

Site Lighting. The Association is responsible for the operation of the facility's parking lot lighting which is in fair condition.

This study assumes replacement of the light fixtures every 15 to 20 years, and pole replacement every 30 to 40 years. When the light poles are replaced, we assume that the underground wiring will also be replaced.

When a whole-scale lighting replacement project is called for, we recommend consulting with a lighting design expert. Many municipalities have design codes, guidelines, and restrictions when it comes to exterior illumination.

Additionally, new technology such as LED and LIFI, among others, should be evaluated when considering replacement.

EXTERIOR ITEMS

Building Roofing. The Main building has a thermoplastic polyolefin (TPO) single-ply roofing membrane and the Pool House has an ethylene propylene diene terpolymer (EPDM) roof both of which are in good condition.

Flat roofing systems can have a variety of configurations that will greatly affect the cost of replacement including insulation, ballast, the height of the building, and the density of installed mechanical equipment. Flat roofing systems typically have a useful life of 15 to 25 years.

Annual inspections are recommended, with cleaning, repair, and mitigation of vegetation performed as needed. Access, inspection, and repair work should be performed by contractors and personnel with the appropriate access equipment who are experienced in the types of roofing used for the facility.

Masonry. The Main Building and Pool House have a brick veneer exterior, both of which are in good condition.

Brick masonry is used as the main exterior cladding of the building. As masonry weathers, the mortar joints will become damaged by water penetration. As additional water gains access to the joints, repeated freeze-thaw cycles gradually increase the damage to the mortar joints. If allowed to progress, even the masonry units such as brick, block, and stone can have their surfaces affected and masonry units can become loose.

In general, masonry is considered a long-life item and is therefore excluded from reserve funding. However, because weather and other conditions result in the slow deterioration of the mortar in masonry joints, we have included funding in this study for repointing. Repointing is the process of raking and cutting out damaged sections of mortar and replacing them with new mortar.

Periodic repointing and local replacement of damaged masonry units will limit the damage done by moisture penetration. For this study, we assume that 10% of the masonry will require repointing every 10 years after approximately 30 years.

Concrete Balconies. The Association maintains the concrete balconies of the building. The structural concrete balcony decks are in good condition, and the railings are in good condition.

The balcony surfaces are coated. We noted no significant defects.

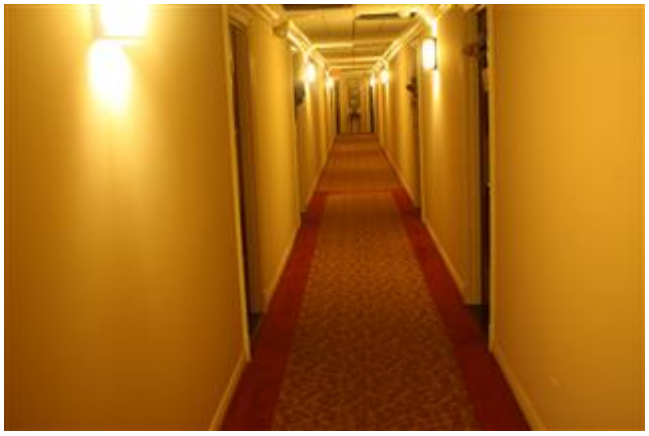
Concrete balconies are prone to deterioration due to their exposure to the elements. This deterioration begins within the concrete and slowly progresses to the surface. By the time it becomes visible, the damage has been done, and expensive remedial action is typically required.

The leading cause of concrete balcony deterioration is the corrosion of the embedded reinforcing steel. Water penetrates the concrete surface or enters the concrete through penetrations such as railing mounting holes, and when water meets the reinforcing steel, corrosion results. As the steel corrodes, it expands, putting pressure on the surrounding concrete. This pressure will eventually result in cracks, delamination, and spalling. The rate of corrosion is influenced by such factors as the thickness and density of the concrete, the rate of water infiltration, and the installation of carpet or other water-retaining materials on the balcony's surface.

We recommend for the Association implement an annual inspection and power-washing program. Installation of carpet or other water trapping coverings should be prohibited and potted plants should be placed on raised feet to allow for proper air circulation and drying.

Additionally, we recommend the application of appropriate sealants or coatings to the top surface and exposed edges of the concrete deck, as well as recaulking all railing post mounted into the deck slab. The underside of the concrete deck should be left untreated or treated with a breathable finish to allow entrapped moisture to escape.

INTERIOR ITEMS



Corridors. Listed below are the major corridor components that we have included in the Reserve Analysis:

- Carpet. The carpet in the building's corridors is in good condition. Commercial carpet of this construction in this type of application has a typical service life of 7 to 10 years.

To extend the life of the carpet, it is important that the Association implement a comprehensive maintenance program that includes regular vacuuming, spot and spill removal, interim cleaning of high traffic areas, and regular scheduled cleanings. It is also recommended that all entrances be fitted with walk-off mats to trap soil.

- Light Fixtures. Corridor illumination is provided by wall mounted light fixtures. The fixtures are in good working condition and provide adequate lighting. Fixtures of this type have a typical service life of 25 years.

We recommend that the Association install LED lamps in place of the existing bulbs. LED lamps provide the same light output while using approximately 25 percent of the energy. They also offer service lives that are 10 to 15 times longer.

- Exit Lights. The building uses illuminated exit lights with emergency lights at each of the exits. The general condition of the building's exit lights is good.

We recommend that the Association consider using exit lights with ones powered by light-emitting diodes (LED). LED-based exit lights offer 25 years or more service life without having to replace the light source while reducing the energy requirements by 90% for incandescent light sources and 50% for compact fluorescent light sources.

- Emergency Light Fixtures. The building uses battery-powered light fixtures for emergency lighting in the event of a power outage. The fixtures are in good condition. Fixtures of this type have a typical service life of 20 years.

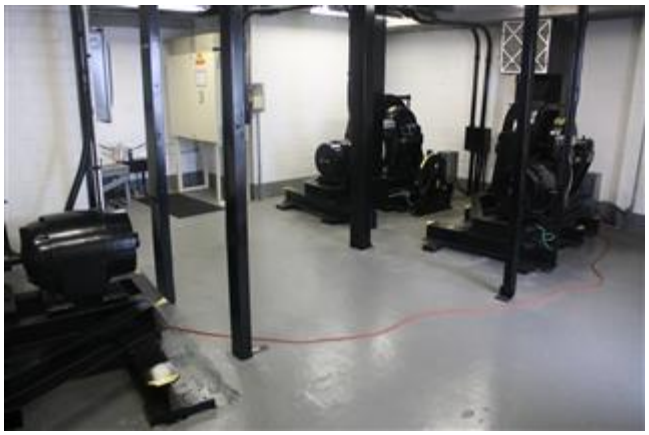
The use of emergency light fixtures is required on an irregular and infrequent basis. Frequently, fixtures fail to operate when needed due to failed components that have gone unnoticed. Therefore, we recommend that the Association have all emergency light fixtures tested regularly, typically every three to six months.

Building Access. The building is an access-controlled facility with electrically operated doors that are in good condition. The system includes a telephone entry panel.

Systems of this type typically have a service life of 15 to 20 years. Beyond that point, it becomes increasingly difficult to find replacement parts. Additionally, changes in technology help render the systems obsolete. For these reasons, we have assumed a service life of 15 years for this type of system.

BUILDING SYSTEMS

Elevators. The Association maintains three traction elevators that appear to be operating normally. There are no reported cases of entrapment or operational issues by the Association.



The estimated costs for the replacement of the major components of the facility's elevators have been developed utilizing R.S. Means Construction Cost Data, and guidelines provided by reputable elevator manufacturers and service providers. These costs are included to reflect the obsolescence that occurs with elevator systems. Even though the systems may be functioning well, parts for most mechanical control systems will become increasingly hard to find as the components age, and the reliability of these components becomes problematic. As such, parts availability, down-time, and service costs become major considerations that may force a replacement decision. When these elevator systems are replaced, they will normally have to be brought into compliance with current code requirements. This work typically entails upgrading door operating mechanisms, replacing elevator call systems, and installation of emergency phones but can involve enlargement of the cab and other very costly work.

Where prudent amounts have been included in this study in anticipation of these concerns, we recommend developing a replacement plan with estimated costs based on the specific equipment installed and current local code requirements. Many reputable elevator companies will provide this service free of charge or at minimal cost. At the time of a Reserve Study Update, this information can then be incorporated into the study.

Heating Boiler. Heat to the building is supplied by 5, hot water boilers located in lower level. The boiler is boilers are approximately 20 years old and is are in fair condition.

Our assessment of the condition of the boiler is based on the age of the boiler, the conditions seen during the site visit, the reported maintenance history of the boiler, and conversations with maintenance personnel. Boiler systems typically have a service life of 20 to 40 years.

When it becomes necessary to replace the central boiler system, we recommend that the community consider installing a bank of modular boilers. The use of multiple boilers will allow the operators to stage their use to match heating requirements in the building and increase the overall operating efficiency of the heating system. For additional information about modular boiler systems, please see the relevant link at http://mdareserves.com/resources/links/building-system.

Cooling Tower. The facility has a central cooling system that generates and distributes chilled water to the individual units and other interior areas. Heat from the system is rejected to the atmosphere through the cooling tower system. The cooling tower system is reported to be in good condition.

Cooling towers have a very large impact on the operating efficiency of a central air conditioning system. Therefore it is important to follow a comprehensive maintenance program to keep the tower operating at peak efficiency. It is also a good practice to replace the cooling tower and chiller systems at the same time. Cooling towers have a typical service life of 20 to 25 years.

Chiller. The chiller system associated with the cooling tower is reported to be in good working condition and is expected to have a service life of 20 to 25 years.

Centrifugal Chiller. Two chillers supply chilled water to the facility. Our assessment of the chiller's condition is based on the age of the unit, visual inspection during the site visit, the reported maintenance history of the chiller, and conversations with maintenance personnel.

If the chillers are more than 15 years old, add the following paragraphs:

A concern with the centrifugal chillers is their operating efficiency. Operating efficiency for centrifugal chillers is rated in terms of kW of electricity used to produce a ton of cooling (kW/ton). Centrifugal chillers of this size, type, and age typically have a full-load operating efficiency in the range of 0.80 to 1.00 kW/ton. New generation, high-efficiency chillers operate in the efficiency range of 0.49 to 0.65 kW/ton. What this means is that by installing a high-efficiency centrifugal chiller, the community can reasonably expect to reduce their cooling costs by 25 to 35 percent.

Another efficiency concern with the existing chillers is their performance under part-load conditions. Centrifugal chillers operate at their peak efficiency under full-load conditions. As the cooling load decreases, the chiller throttles back by closing inlet vanes to the compressor. The problem is that as the load on the chiller decreases, so does the efficiency of the chiller. For example, a chiller that has a full-load rated efficiency of 0.80 kW/ton, at 75 percent load might have an operating efficiency of only 1.10 kW/ton. Since chillers typically operate under part-load conditions for 90 to 95 percent of their operating hours, the overall efficiency of the chiller decreases and cooling energy costs increase.

Centrifugal chillers can be retrofitted with a variable frequency drive unit (VFD) to improve part-load operating efficiency. With a VFD installed, as the cooling load decreases, the VFD slows the chiller to reduce both capacity and energy use. With a VFD, the near full-load operating efficiency can be maintained over a wide range of actual cooling loads. Typically a VFD can be paid for through energy savings in less than two years.

Due to the age of the chillers and their current condition, we are assuming that the chillers will be replaced within 14 years. We have assumed that the chillers will be replaced with high-efficiency units with variable speed drives. This replacement will reduce the chiller energy requirements by a minimum of 25 percent.

When it becomes necessary to replace the central cooling system, we recommend that the community consider installing a bank of smaller high-efficiency modular chillers. The use of multiple chillers will allow the operators to stage their use to match cooling requirements in the building and increase the overall operating efficiency of the cooling system.

Air Handler. The facility includes air handlers as part of the heating, ventilating, and air-conditioning system. The air handlers typically include a blower, heating or cooling coils, filter racks, operating controls, and dampers. Conditioned air from the air handler is distributed through the building through a system of ductwork. We consider the ductwork to be a long-life item and have excluded it from the Reserve Analysis.

Individual components within the air handler will require periodic replacement. We have assumed these replacements are maintenance items and have excluded them from the Reserve Analysis. The air handler itself has a service life of 20 to 40 years. If fan, motor, and coil replacements are performed as needed, the casings of these systems can last significantly longer.

Circulation Pumps. There are three (3) pumps located in the central plant that circulate the building heating, chilled, and condenser water, pumps for heating and chilled water, and pumps for condenser water.

The circulation pumps are equipped with variable speed controllers to regulate the flow of water in the system. We have assumed a service life of 20 years for the controllers.

Fire Safety Systems. The building is fitted with a fire safety system that includes sprinklers and alarms, and these are reported to be operating normally. Testing and inspection of fire safety systems are not included in this study.

Sprinkler pipe systems have a wide variety of configurations and requirements depending on their age, condition, and jurisdictional location. Specific county and municipal codes can make a significant difference in what your facility's specific requirements may be.

Building fire alarm systems have a service life of 15 to 25 years. While the panels may continue to operate past this point, changes in fire safety technology and building fire safety codes tend to render them obsolete. Also, manufacturers only support their systems for a limited period, typically about 15 years. After this time, it may be increasingly difficult to obtain replacement parts and service. When it becomes necessary to upgrade the fire alarm system, differences in the technologies and new code requirements are likely to require upgrades in lighting, sensors, alarms, and other system and sub-components.

For wet and dry pipe systems, we have assumed that these are long-life components and will not require whole-scale replacement. It is imperative however for these pipes to be properly drained or for the water to be properly

conditioned. Other components such as heads, gauges, and valves are assumed normal maintenance items and are therefore excluded from the study.

We recommend having your entire fire safety system inspected and evaluated by a professional in this field who is familiar with your area of the country. Additionally, a comprehensive preventative maintenance program will ensure the maximum possible useful life from these components, and a qualified professional will be able to help in setting up and implementing such a program.

Your local CAI chapter may have a service provider list on their web site that may refer you to a local fire and life safety consultant. As an alternative, please contact our office and we will provide recommendations.

As a preliminary estimate, we have provided an allowance every 15 years for the major repair and upgrade of the fire safety systems. A detailed evaluation of the facility's fire safety system should include an estimate of reserve funding for these components and this funding estimate should be incorporated in the next reserve study update. Inspections and annual maintenance work are not accounted for or included in this study.

Building Electrical Service. The electrical systems of the building are reported to be operating normally.

Other than transformers and meters and if protected from water damage or overloading, interior electrical systems within a building, including feed lines and switchgear, are considered long-life components, and unless otherwise noted, are excluded from this study.

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

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

RECREATION ITEMS

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

The pool was winterized at the time of inspection and is reported to be in good condition.

- Pool Shell. The shell for the swimming pool is in good condition.
- Pool Deck. The pool has a concrete deck. The overall condition of the deck is fair condition with cracking.
- Whitecoat. The pool whitecoat is in good condition. We have assumed that the waterline tile will be replaced or restored when the pool is whitecoated.
- Coping. The pool is edged with masonry coping. The coping is in good condition
- Pump and Filter System. The filter system is in good operating condition.
- Pool Fence. The swimming pool is enclosed by a chain-link fence that is in good condition.

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

End of Condition Assessment

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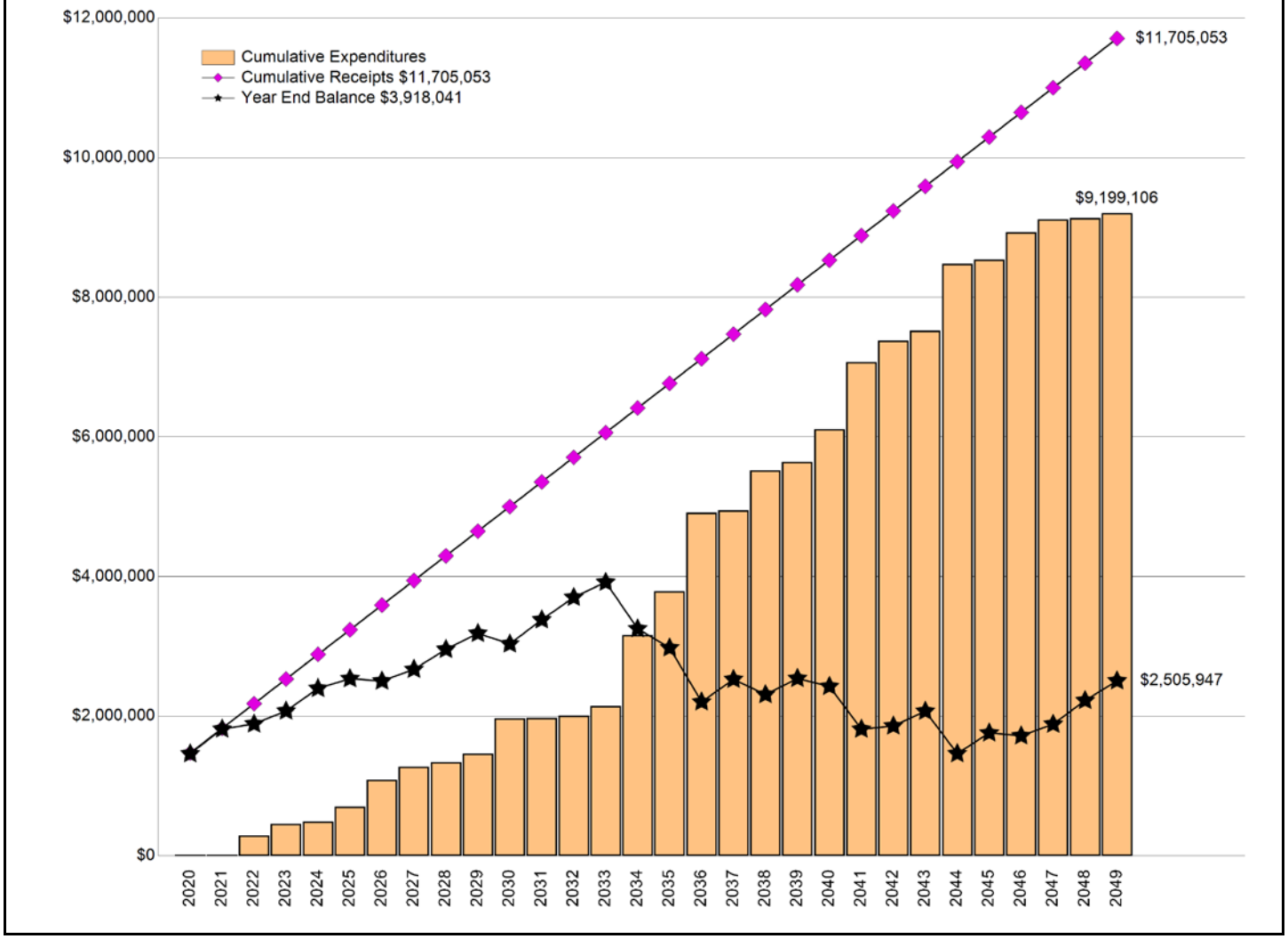
COMPONENT METHOD

$354,695 **COMPONENT METHOD RECOMMENDED ANNUAL FUNDING OF REPLACEMENT RESERVES IN THE STUDY YEAR, 2020.**
$127.40 Per unit (average), recommended monthly funding of Replacement Reserves

General. The Component Method (also referred to as the Full Funded Method) is a very conservative mathematical model developed by HUD in the early 1980s. Each of the 139 Projected Replacements listed in the Replacement Reserve Inventory is treated as a separate account. The Beginning Balance is allocated to each of the individual accounts, as is all subsequent funding of Replacement Reserves. These funds are "locked" in these individual accounts and are not available to fund other Projected Replacements. The calculation of Recommended Annual Funding of Replacement Reserves is a multi-step process outlined in more detail on Page CM.2.

Component Method - Cumulative Receipts and Expenditures Graph



COMPONENT METHOD (CONT.)

- Current Funding Objective. A Current Funding Objective is calculated for each of the Projected Replacements listed in the Replacement Reserve Inventory. Replacement Cost is divided by the Normal Economic Life to determine the nominal annual contribution. The Remaining Economic Life is then subtracted from the Normal Economic Life to calculate the number of years that the nominal annual contribution should have been made. The two values are then multiplied to determine the Current Funding Objective. This is repeated for each of the 139 Projected Replacements. The total, $3,117,306, is the Current Funding Objective.

  For an example, consider a simple Replacement Reserve Inventory with one Projected Replacement, a fence with a $1,000 Replacement Cost, a Normal Economic Life of 10 years, and a Remaining Economic Life of 2 years. A contribution to Replacement Reserves of $100 ($1,000 ÷ 10 years) should have been made in each of the previous 8 years (10 years - 2 years). The result is a Current Funding Objective of $800 (8 years x $100 per year).

- Funding Percentage. The Funding Percentage is calculated by dividing the Beginning Balance ($1,118,088) by the Current Funding Objective ($3,117,306). At The Devon Condominium the Funding Percentage is 35.9%

- Allocation of the Beginning Balance. The Beginning Balance is divided among the 18 Projected Replacements in the Replacement Reserve Inventory. The Current Funding Objective for each Projected Replacement is multiplied by the Funding Percentage and these funds are then "locked" into the account of each item.

  If we relate this calculation back to our fence example, it means that the Association has not accumulated $800 in Reserves (the Funding Objective), but rather at 35.9 percent funded, there is $287 in the account for the fence.

- Annual Funding. The Recommended Annual Funding of Replacement Reserves is then calculated for each Projected Replacement. The funds allocated to the account of the Projected Replacement are subtracted from the Replacement Cost. The result is then divided by the number of years until replacement, and the result is the annual funding for each of the Projected Replacements. The sum of these is $354,695, the Component Method Recommended Annual Funding of Replacement Reserves in the Study Year (2020).

  In our fence example, the $287 in the account is subtracted from the $1,000 Total Replacement Cost and divided by the 2 years that remain before replacement, resulting in an annual deposit of $357. Next year, the deposit remains $357, but in the third year, the fence is replaced and the annual funding adjusts to $100.

- Adjustment to the Component Method for interest and inflation. The calculations in the Replacement Reserve Analysis do not account for interest earned on Replacement Reserves, inflation, or a constant annual increase in Annual Funding of Replacement Reserves. The Component Method is a very conservative method and if the Analysis is updated regularly, adequate funding will be maintained without the need for adjustments.

Component Method Data - Years 1 through 30

Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	$1,118,088									
Recommended Annual Funding	$354,695	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837
Expenditures	$10,217		$279,251	$167,850	$28,900	$213,628	$387,281	$186,008	$66,096	$123,654
Year End Balance	$1,462,566	$1,815,403	$1,888,988	$2,073,975	$2,397,912	$2,537,121	$2,502,678	$2,669,507	$2,956,248	$3,185,430
Cumulative Expenditures	$10,217	$10,217	$289,468	$457,318	$486,218	$699,846	$1,087,126	$1,273,134	$1,339,230	$1,462,885
Cumulative Receipts	$1,472,783	$1,825,619	$2,178,456	$2,531,293	$2,884,130	$3,236,967	$3,589,804	$3,942,641	$4,295,478	$4,648,315
Year	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**
Recommended Annual Funding	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837
Expenditures	$503,014	$7,758	$31,270	$136,695	$1,018,875	$626,562	$1,126,681	$30,036	$571,420	$121,321
Year End Balance	$3,035,253	$3,380,332	$3,701,900	$3,918,041	$3,252,003	$2,978,278	$2,204,435	$2,527,236	$2,308,653	$2,540,169
Cumulative Expenditures	$1,965,899	$1,973,657	$2,004,926	$2,141,621	$3,160,496	$3,787,058	$4,913,739	$4,943,774	$5,515,194	$5,636,515
Cumulative Receipts	$5,001,152	$5,353,989	$5,706,826	$6,059,663	$6,412,499	$6,765,336	$7,118,173	$7,471,010	$7,823,847	$8,176,684
Year	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**	**2047**	**2048**	**2049**
Recommended Annual Funding	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837	$352,837
Expenditures	$466,685	$965,030	$307,819	$141,178	$959,825	$57,299	$393,335	$186,053	$14,096	$71,272
Year End Balance	$2,426,321	$1,814,128	$1,859,146	$2,070,805	$1,463,817	$1,759,356	$1,718,857	$1,885,641	$2,224,382	$2,505,947
Cumulative Expenditures	$6,103,200	$7,068,230	$7,376,049	$7,517,227	$8,477,051	$8,534,350	$8,927,685	$9,113,738	$9,127,834	$9,199,106
Cumulative Receipts	$8,529,521	$8,882,358	$9,235,195	$9,588,032	$9,940,869	$10,293,706	$10,646,543	$10,999,379	$11,352,216	$11,705,053

2020 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 139 Projected Replacements included in the Devon Condominium Replacement Reserve Inventory has been assigned to one of the 6 categories listed in TABLE CM1 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- A Beginning Balance of $1,118,088 as of the first day of the Study Year, January 1, 2020.
- Total reserve funding (including the Beginning Balance) of $1,472,783 in the Study Year.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2020 being accomplished in 2020 at a cost of $10,217.

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

2020 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM1

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2020 BEGINNING BALANCE	2020 RESERVE FUNDING	2020 PROJECTED REPLACEMENTS	2020 END OF YEAR BALANCE
	5 to 45 years	0 to 35 years	$349,841	$74,062	$20,837	$10,217	$87,330
MAIN BUILDING	10 to 80 years	5 to 39 years	$1,031,154	$61,429	$73,264		$134,693
MAIN BUILDING	2 to 40 years	2 to 39 years	$1,039,804	$134,977	$67,927		$202,904
	15 to 40 years	3 to 30 years	$5,062,595	$666,763	$173,352		$840,116
	6 to 40 years	6 to 19 years	$132,139	$25,584	$7,388		$32,972
	4 to 60 years	2 to 39 years	$293,182	$32,784	$11,926		$44,710

2021 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 139 Projected Replacements included in the Devon Condominium Replacement Reserve Inventory has been assigned to one of the 6 categories listed in TABLE CM2 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling $1,462,566 on January 1, 2021.
- Total reserve funding (including the Beginning Balance) of $1,825,619 from 2020 to 2021.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2021 being accomplished in 2021 at a cost of $0.

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

2021 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM2

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2021 BEGINNING BALANCE	2021 RESERVE FUNDING	2021 PROJECTED REPLACEMENTS	2021 END OF YEAR BALANCE
	5 to 45 years	1 to 34 years	$349,841	$87,330	$18,980		$106,310
MAIN BUILDING	10 to 80 years	4 to 38 years	$1,031,154	$134,693	$73,264		$207,957
MAIN BUILDING	2 to 40 years	1 to 38 years	$1,039,804	$202,904	$67,927		$270,831
	15 to 40 years	2 to 29 years	$5,062,595	$840,116	$173,352		$1,013,468
	6 to 40 years	5 to 18 years	$132,139	$32,972	$7,388		$40,360
	4 to 60 years	1 to 38 years	$293,182	$44,710	$11,926		$56,636

2022 - COMPONENT METHOD CATEGORY FUNDING REPORT

Each of the 139 Projected Replacements included in the Devon Condominium Replacement Reserve Inventory has been assigned to one of the 6 categories listed in TABLE CM3 below. This calculated data is a summary of data provided in the Three-Year Replacement Funding Report and Replacement Reserve Inventory. The accuracy of this data is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling $1,815,403 on January 1, 2022.
- Total reserve funding (including the Beginning Balance) of $2,178,456 from 2021 to 2022.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory in 2022 being accomplished in 2022 at a cost of $279,251.

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

2022 - COMPONENT METHOD CATEGORY FUNDING - TABLE CM3

CATEGORY	NORMAL ECONOMIC LIFE	REMAINING ECONOMIC LIFE	ESTIMATED REPLACEMENT COST	2022 BEGINNING BALANCE	2022 RESERVE FUNDING	2022 PROJECTED REPLACEMENTS	2022 END OF YEAR BALANCE
	5 to 45 years	0 to 33 years	$349,841	$106,310	$18,980	$78,019	$89,779
MAIN BUILDING	10 to 80 years	3 to 37 years	$1,031,154	$207,957	$73,264		$281,221
MAIN BUILDING	2 to 40 years	0 to 37 years	$1,039,804	$270,831	$67,927	$196,232	$247,777
	15 to 40 years	1 to 28 years	$5,062,595	$1,013,468	$173,352		$1,186,820
	6 to 40 years	4 to 17 years	$132,139	$40,360	$7,388		$47,748
	4 to 60 years	0 to 37 years	$293,182	$56,636	$11,926	$5,000	$64,363

TABLE CM4 below details the allocation of the $1,118,088 Beginning Balance, as reported by the Association and the $1,060,368 of Replacement Reserve Funding calculated by the Component Method from 2020 to 2022, to the 139 Projected Replacements listed in the Replacement Reserve Inventory. These allocations have been made by Chronological Allocation, a method developed by Miller+Dodson Associates, Inc., and outlined on Page CF.1. The accuracy of the allocations is dependent upon many factors including the following critical financial data:

- Replacement Reserves on Deposit totaling $1,118,088 on January 1, 2020.
- Replacement Reserves on Deposit totaling $1,462,566 on January 1, 2021.
- Replacement Reserves on Deposit totaling $1,815,403 on January 1, 2022.
- Total Replacement Reserve funding (including the Beginning Balance) of $2,178,456 from 2020 to 2022.
- No expenditures from Replacement Reserves other than those specifically listed in the Replacement Reserve Inventory.
- All Projected Replacements scheduled in the Replacement Reserve Inventory from 2020 to 2022 being accomplished as scheduled in the Replacement Reserve Inventory at a cost of $289,468.

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

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2020 Reserve Funding	2020 Projected Replacements	2020 End of Year Balance	2021 Reserve Funding	2021 Projected Replacements	2021 End of Year Balance	2022 Reserve Funding	2022 Projected Replacements	2022 End of Year Balance
	SITE ITEMS -											
1	Asphalt pavement, mill & overlay	78,019	23,808	3,901		27,709	3,901		31,609	3,901	(78,019)	
2	Asphalt pavement, seal coat	10,217	3,668	3,901	(10,217)		2,043		2,043	2,043		4,087
3	Concrete curb & gutter, barrier (6%)	5,396		899		899	899		1,799	899		2,698
4	Concrete flatwork (6%)	7,758		1,293		1,293	1,293		2,586	1,293		3,879
5	Concrete steps	8,940	2,033	298		2,331	298		2,629	298		2,927
6	Retaining wall, CMU (repoint)	855	123	86		208	86		294	86		379
7	Retaining wall, CMU (25%)	10,913	1,828	364		2,192	364		2,556	364		2,919
8	Metal guardrail w/ metal post	2,745	419	69		488	69		556	69		625
9	Fence, 3' vinyl picket	1,395	50	35		85	35		120	35		155
10	Fence, 3' decorative aluminum	3,173	456	71		526	71		597	71		667
11	Fence, 4' vinyl coated chain link	9,380	1,347	208		1,555	208		1,764	208		1,972
12	Site light, standard single head	20,500	4,416	1,025		5,441	1,025		6,466	1,025		7,491
13	Site light, 12' aluminum pole	100,450	26,445	3,348		29,793	3,348		33,142	3,348		36,490
14	Domestic water main (10%)	20,000	1,436	1,000		2,436	1,000		3,436	1,000		4,436
15	Sanitary main (10%)	10,000	718	500		1,218	500		1,718	500		2,218
16	Storm water management (10%	40,000	6,462	2,000		8,462	2,000		10,462	2,000		12,462
17	Irrigation, system	15,000		1,500		1,500	1,500		3,000	1,500		4,500
18	Bench	5,100	854	340		1,194	340		1,534	340		1,874
	EXTERIOR ITEMS - MAIN											
19	Roofing, flat membrane (TPO)	415,800	37,318	20,790		58,108	20,790		78,898	20,790		99,688
20	Roofing, flat membrane (TPO),	30,140	2,705	1,507		4,212	1,507		5,719	1,507		7,226
21	Flashing and cap work	8,385	753	419		1,172	419		1,591	419		2,010
22	Skylight, glass vision panel, canopy	9,500	1,705	317		2,022	317		2,339	317		2,655
23	Soffit , canopy	15,070	1,353	754		2,106	754		2,860	754		3,613
24	Masonry (10% repointing	400,000		40,000		40,000	40,000		80,000	40,000		120,000
25	Store front, curtain wall, replace	14,720	2,642	184		2,826	184		3,010	184		3,194
26	Store front, curtain wall, refurbish	3,920	704	196		900	196		1,096	196		1,292
27	Door, aluminum & glass (3' X7')	5,520	679	158		837	158		995	158		1,153
28	Door, steel, flush (3' X 6'8")	5,760	744	230		975	230		1,205	230		1,436
29	Awning, stationary (replace)	5,030	1,083	126		1,209	126		1,335	126		1,461
30	Awning, refurbish structure	680	49	34		83	34		117	34		151
31	Awning, refabricate	3,600	517	360		877	360		1,237	360		1,597
32	Balcony, concrete resurface (20%)	49,709		4,971		4,971	4,971		9,942	4,971		14,913
33	Balcony, aluminum railing (20%)	26,320	6,749	752		7,501	752		8,253	752		9,005
34	Garage door	37,000	4,428	2,467		6,894	2,467		9,361	2,467		11,828
	INTERIOR ITEMS - MAIN											
35	Mailbox, interior cluster, recessed	17,400		435		435	435		870	435		1,305
36	Hallway, redecorate	24,000	1,292	1,200		2,492	1,200		3,692	1,200		4,892
37	Hallway, refurbish	134,880	14,527	13,488		28,015	13,488		41,503	13,488		54,991
38	Flooring, carpet	176,468	19,006	17,647		36,652	17,647		54,299	17,647		71,946
39	Flooring, vinyl tile	15,872	3,256	1,134		4,390	1,134		5,523	1,134		6,657
40	Flooring, wood laminate, replace	188,232	57,439	9,412		66,851	9,412		76,262	9,412	(188,232)	

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 (cont.)

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2020 Reserve Funding	2020 Projected Replacements	2020 End of Year Balance	2021 Reserve Funding	2021 Projected Replacements	2021 End of Year Balance	2022 Reserve Funding	2022 Projected Replacements	2022 End of Year Balance
41	Ceiling, suspended	128,133	6,900	6,407		13,307	6,407		19,713	6,407		26,120
42	Interior fire door & frame, flush	59,040	7,873	1,687		9,559	1,687		11,246	1,687		12,933
43	Interior door & frame, metal -	108,780	14,505	3,108		17,613	3,108		20,721	3,108		23,829
44	Trash chute door	8,120	1,083	232		1,315	232		1,547	232		1,779
45	Building entry system	12,180	1,312	609		1,921	609		2,530	609		3,139
46	Building directory	1,580	250	63		313	63		376	63		439
47	Security camera (IP)	1,400	369	93		462	93		555	93		649
48	Security video recorder (IP 8	8,530	2,246	569		2,814	569		3,383	569		3,952
49	Exit sign	9,480		677		677	677		1,354	677		2,031
50	Emergency lighting	12,255		875		875	875		1,751	875		2,626
51	Interior lighting, florescent	2,310	276	110		386	110		496	110		606
52	Interior lighting, recessed	53,240		3,803		3,803	3,803		7,606	3,803		11,409
53	Interior lighting, chandelier	290		21		21	21		41	21		62
54	Interior lighting, wall sconce	39,420		2,816		2,816	2,816		5,631	2,816		8,447
55	Garage lighting	5,460	187	260		447	260		707	260		967
56	Sofa	830	128	59		187	59		246	59		306
57	Upholstered chair, large	2,800	431	200		631	200		831	200		1,031
58	Chair	1,800	277	129		406	129		534	129		663
59	Benches	1,250	135	63		197	63		260	63		322
60	End table	1,100	169	79		248	79		326	79		405
61	Table lamp	600	43	60		103	60		163	60		223
62	Table	1,170	180	84		264	84		347	84		431
63	Area rug, large (12' x 15')	2,850	205	285		490	285		775	285		1,060
64	Buffet w/ drawers	1,390	214	99		313	99		412	99		512
65	Office, desk wood	960	131	46		177	46		223	46		268
66	Office, desk chair	340	9	24		33	24		57	24		82
67	Office, side chair	90	2	6		9	6		15	6		22
68	Office, credenza	1,350	185	64		249	64		313	64		377
69	Sink, fixture & mirror	800		80		80	80		160	80		240
70	Toilet & stall	3,000	377	150		527	150		677	150		827
71	Urinal & partition	300	38	15		53	15		68	15		83
72	Shower, stall	2,400	302	120		422	120		542	120		662
73	Shower, fixtures	700		70		70	70		140	70		210
74	Locker, half height metal	180	23	9		32	9		41	9		50
75	Locker, full height metal	825	104	41		145	41		186	41		227
76	Garage, floor coating	6,000	1,508	600		2,108	600		2,708	600	(6,000)	
77	Garage, roof/ceiling repair	2,000		1,000		1,000	1,000		2,000	1,000	(2,000)	1,000
	BUILDING SYSTEMS -											
78	Elevator cab & door, passenger	201,000	23,091	8,040		31,131	8,040		39,171	8,040		47,211
79	Elevator, traction passenger	266,400	30,604	10,656		41,260	10,656		51,916	10,656		62,572
80	Elevator, traction passenger	193,800	22,264	7,752		30,016	7,752		37,768	7,752		45,520
81	Exhaust fan	19,800	1,422	990		2,412	990		3,402	990		4,392
82	Garage exhaust fan	3,100		155		155	155		310	155		465
83	Package air-handling unit, (2,000	26,900	7,243	1,345		8,588	1,345		9,933	1,345		11,278
84	Cooling tower (1500 ton) replace	195,000	25,669	6,500		32,169	6,500		38,669	6,500		45,169
85	Cooling tower, controls	28,000	5,026	933		5,959	933		6,893	933		7,826
86	Hallway, ventilation	55,000	15,796	2,750		18,546	2,750		21,296	2,750		24,046
87	Centrifugal chiller	501,800	90,073	16,727		106,800	16,727		123,526	16,727		140,253
88	Circulation pumps, (50 hp)	46,050	9,919	2,303		12,222	2,303		14,524	2,303		16,827
89	Boiler, gas,	778,000	125,686	19,450		145,136	19,450		164,586	19,450		184,036
90	Boiler, gas, water heater	286,800	54,055	7,170		61,225	7,170		68,395	7,170		75,565
91	Hot water, storage	2,000	263	67		330	67		397	67		463
92	Building piping, allowance (copper)	881,600	118,685	22,040		140,725	22,040		162,765	22,040		184,805
93	Domestic water, treatment	45,000	11,847	3,000		14,847	3,000		17,847	3,000		20,847
94	Domestic water booster pump	13,300	2,865	887		3,751	887		4,638	887		5,525
95	Fire alarm station, complete	325	39	11		50	11		61	11		71
96	Fire alarm pull	2,430	291	81		372	81		453	81		534
97	Fire alarm light, bell & horn	9,180	1,099	306		1,405	306		1,711	306		2,017
98	Fire annunciator sys, high-rise	14,500	1,735	483		2,218	483		2,702	483		3,185
99	Smoke alarm	17,500	2,094	583		2,677	583		3,261	583		3,844
100	Boiler room alarm	20,000	4,308	1,333		5,641	1,333		6,975	1,333		8,308
101	Fire pump, 50hp, 1000 GPM	37,200	10,684	1,860		12,544	1,860		14,404	1,860		16,264
102	Fire pump, control	16,000	4,595	800		5,395	800		6,195	800		6,995
103	Jockey pump, 3hp	4,720	1,356	236		1,592	236		1,828	236		2,064
104	Sprinkler system, control valve	270	52	9		61	9		70	9		79
105	Sprinkler back flow preventer, 2.5"	4,420	846	147		994	147		1,141	147		1,288
106	Trash compactor, 1 cy	20,500	2,944	1,367		4,310	1,367		5,677	1,367		7,044
107	Sump pump	2,000	86	80		166	80		246	80		326
108	Oil tank	100,000	28,720	3,333		32,053	3,333		35,387	3,333		38,720
109	Electric switchgear	285,000	23,021	7,125		30,146	7,125		37,271	7,125		44,396
110	Electrical, distribution	500,000	40,388	12,500		52,888	12,500		65,388	12,500		77,888

COMPONENT METHOD - THREE-YEAR REPLACEMENT FUNDING - TABLE CM4 (cont.)

Item #	Description of Projected Replacement	Estimated Replacement Costs	Allocation of Beginning Balance	2020 Reserve Funding	2020 Projected Replacements	2020 End of Year Balance	2021 Reserve Funding	2021 Projected Replacements	2021 End of Year Balance	2022 Reserve Funding	2022 Projected Replacements	2022 End of Year Balance
111	Electrical, secondary	485,000		32,333		32,333	32,333		64,667	32,333		97,000
	POOL HOUSE -											
112	Roofing, flat membrane (EPDM)	60,060	14,015	3,003		17,018	3,003		20,021	3,003		23,024
113	Soffit & trim, vinyl	1,944	454	97		551	97		648	97		745
114	Masonry (repointing allowance)	3,000		300		300	300		600	300		900
115	Window, operating	7,905	1,490	198		1,688	198		1,885	198		2,083
116	Door, flush (3' X 6'8"), pool	31,500	7,237	1,260		8,497	1,260		9,757	1,260		11,017
117	Flooring, carpet, cabana	6,305		631		631	631		1,261	631		1,892
118	Sink, fixture & mirror, pool	400		40		40	40		80	40		120
119	Toilet, pool	2,000		100		100	100		200	100		300
120	Concrete steps (6%), pool	6,929		1,155		1,155	1,155		2,310	1,155		3,464
121	Retaining wall, concrete (repair),	12,096	2,388	605		2,993	605		3,598	605		4,203
	RECREATION ITEMS -											
122	Swimming pool structure	191,250	22,886	3,188		26,074	3,188		29,261	3,188		32,449
123	Swimming pool, whitecoat	18,026	2,588	1,803		4,391	1,803		6,194	1,803		7,996
124	Swimming pool waterline tile (6x6)	2,096	301	210		511	210		720	210		930
125	Swimming pool coping, precast	5,753	413	288		701	288		988	288		1,276
126	Pool cover, safety mesh	13,703	410	1,142		1,552	1,142		2,694	1,142		3,836
127	Pool deck, concrete (25%)	20,700	2,973	2,070		5,043	2,070		7,113	2,070		9,183
128	Pool pump (3/4 hp)	830		166		166	166		332	166		498
129	Pool filter, Sand (19")	2,340		156		156	156		312	156		468
130	Chemical tank	840		56		56	56		112	56		168
131	Chemical feed pump	375		75		75	75		150	75		225
132	Pool, eyewash	600	29	20		49	20		69	20		89
133	Pool ladder (4 step)	2,150	347	108		455	108		562	108		670
134	Safety rail	1,800	291	90		381	90		471	90		561
135	Pool furniture	5,000	449	1,250		1,699	1,250		2,949	1,250	(5,000)	
136	Retaining wall, CMU (repoint), pool	1,368	98	137		235	137		372	137		509
137	Retaining wall, CMU (25%), pool	17,460	627	873		1,500	873		2,373	873		3,246
138	Concrete steps , pool	6,929	1,161	231		1,392	231		1,623	231		1,854
139	Fence, 8' chain link, pool	1,964	211	65		277	65		342	65		408

1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for community facilities and infrastructure around many of our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new town house abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e. townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a 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 500 Community Associations in the United States. According to the 1990 U.S. Census, there were 130,000 Community Associations. The Community Associations Institute (CAI), a national trade association, estimates in 2018 that there were more than 347,000 communities with over 73.5 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 problems. Although Community Associations have succeeded in solving many short-term problems, many Associations have failed to properly plan for the tremendous expenses of replacing community facilities and infrastructure components. When inadequate replacement reserve funding results in less than timely replacements of failing components, home owners are exposed to the burden of special assessments, major increases in Association fees, and a decline in property values.

2. REPLACEMENT RESERVE STUDY

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

Replacement Reserve Study Introduction. The introduction provides a description of the property, reviews the intent of the Replacement Reserve Study, and lists documents and site evaluations upon which the Replacement Reserve Study is based.

Section A Replacement Reserve Analysis. Many components owned by the Association have a limited life and require periodic replacement. Therefore, it is essential the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and value of the community. In conformance with American Institute of Certified Public Accountant guidelines, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by two generally accepted accounting methods, the Cash Flow Method and the Component Method. Miller+Dodson provides a replacement reserve recommendation based on the Cash Flow Method in Section A, and the Component Method in the Appendix of the report.

Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves.

The Replacement Reserve Inventory also provides information about components excluded from the Replacement Reserve Inventory whose replacement is not scheduled for funding from Replacement Reserves. Replacement Reserve Inventory includes estimates of the normal economic life and the remaining economic life for those components whose replacement is scheduled for funding from Replacement Reserves.

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

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

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.). The Appendix also includes the Accounting Summary for the Cash Flow Method and the Component Method.

3. METHODS OF ANALYSIS

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

Cash Flow Method. The Cash Flow Method is sometimes referred to as the "Pooling Method." It calculates the minimum constant annual contribution to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the specified minimum level in any year.

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

Component Method. This method is a time-tested mathematical model developed by HUD in the early 1980s but has been generally relegated to a few States that require it by law. For the vast majority of Miller+Dodson's clients, this method is not used.

The Component Method treats each item in the replacement schedule as an individual line item budget. Generally, the Minimum Annual Contribution to Reserves is higher when calculated by the Component Method. The mathematical model for this method works as follows:

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

4. REPLACEMENT RESERVE STUDY DATA

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

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

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

5. DEFINITIONS

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

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

Cash Flow Analysis. See Cash Flow Method, above.

Component Analysis. See Component Method, above.

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

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

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

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

Estimated 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.

Estimated Initial Replacement. For a Cyclic Replacement Item (see above), the number of years until the replacement cycle is expected to begin. Estimated Replacement Cycle. For a Cyclic Replacement Item, the number of years over which the remainder of the component's replacement occurs.

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

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

Minimum Balance. Shown on the Summary Sheet A4, this amount is used in the Cash Flow Method only. Normally derived using the average annual expenditure over the study period, this is the minimum amount held in reserves for every year in the study period.

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

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

Number of Years of the Study. The 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. This study covers a 40-year period.

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

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

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

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

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

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

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

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

What is a Reserve Study?
Who are we?

https://youtu.be/m4BcOE6q3Aw

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

https://youtu.be/40SodajTW1g

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

https://youtu.be/pYSMZO13VjQ

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

https://youtu.be/Qx8WHB9Cgnc

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

https://youtu.be/ZfBoAEhtf3E

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

https://youtu.be/1J2h7FIU3qw

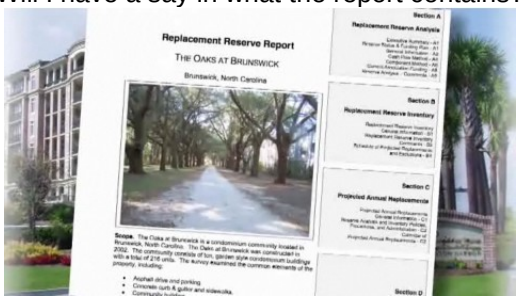
What is my role as a community Board Member?
Will a Reserve Study meet my needs?

https://youtu.be/aARD1B1Oa3o

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

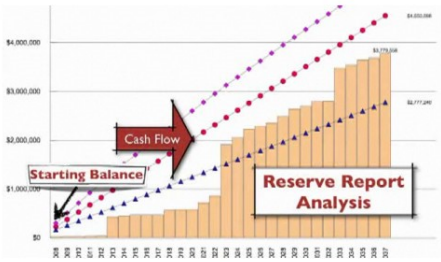
https://youtu.be/diZfM1IyJYU

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



https://youtu.be/qCeVJhFf9ag

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

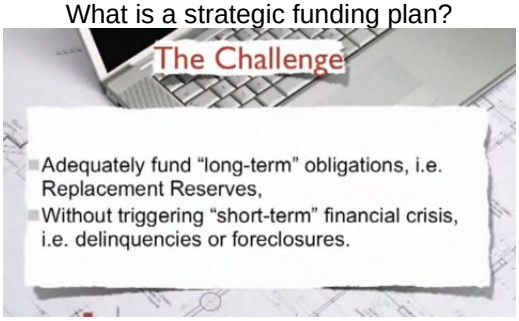


https://youtu.be/SePdwVDvHWI

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

https://youtu.be/W8CDLwRIv68

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



https://youtu.be/hIxV9X1tIcA