Reserve Analysis Report

South Shores Community Association

Las Vegas, Nevada

Version 2019-001

Tuesday, June 18, 2019

Date of Last 5 Year Study Site Visit: 01/09/14
Expiration Date of Last 5 Year Study: 03/10/14
Current 5 Year Study Expiration Date: 05/28/24

Community Solutions Inc. Reserves
P.O. Box 530639
Henderson, Nevada 89053-0639
Phone (702) 303-7196
csireserves@aol.com

CSI

Community Solutions, Inc.
Reserve Studies & More

HELPFUL HINTS FOR READING & UNDERSTANDING YOUR RESERVE REPORT

Key Report Pages to Review

1. "Report Preface" (14pgs) … Physical pages 4-17 = Numbered report pages "Preface 1 of 14" thru "Preface 14 of 14"
2. "Executive Summary" ... Physical page 18 = Numbered report page 1 *(Immediately following 14 page "Report Preface")*
3. "Additional Comments" … Physical page 19 = Numbered report page 2a. *(Reading this page is critical as it contains commentary specific to your association.)*
4. "Projections" … Physical page 37 = Numbered report page 14

The above pages provide a basic understanding of how to read the report and provide the key financial data and comments relative to budgeting your reserves.

The remaining pages of the report display the data in various formats which are helpful for further understanding or explaining the report to others.

The "Component Detail" section contains all collected data on each component. It is from this collected data that all other report pages are created.

REQUESTED CHANGES OR REVISIONS

PLEASE MAKE ALL WRITTEN COMMENTS OR CHANGES TO THE "COMPONENT DETAIL" PAGES AT THE REAR OF THE REPORT. COMMENTS ON ANY OTHER REPORT PAGES OR PRESENTED IN ANY OTHER FORMAT MAY NOT BE CONSIDERED BY ARS WHEN MAKING REVISIONS TO A REPORT.

South Shores Community Association

Table of Contents

Preface

This preface is intended to provide an introduction to the enclosed reserve analysis as well as detailed information regarding the reserve analysis report format and reserve fund calculation methods. The following sections are included in this preface:

- **Introduction to Reserve Budgeting**
- **Understanding the Reserve Analysis**
- **Reserve Budget Calculation Methods**
- **Glossary of Key Terms**

INTRODUCTION TO RESERVE BUDGETING

The Board of Directors of an association has a legal and fiduciary duty to maintain the community in a good state of repair. Individual unit property values are significantly impacted by the level of maintenance and upkeep provided by the association as well as the amount of the regular assessment charged to each owner.

A prudent plan must be implemented to address the issues of long-range maintenance, repair and replacement of the common areas. Additionally, the plan should recognize that the value of each unit is affected by the amount of the regular assessment charged to each unit.

There is a fine line between “not enough,” “just right” and “too much.” Each member of an association should contribute to the reserve fund for their proportionate amount of “depreciation” (or “use”) of the reserve components. Through time, if each owner contributes his “fair share” into the reserve fund for the depreciation of the reserve components, then the possibility of large increases in regular assessments or special assessments will be minimized.

An accurate reserve analysis and a “healthy” reserve fund are essential to protect and maintain the association's common areas and the property values of the individual unit owners. A comprehensive reserve analysis is one of the most significant elements of any association's long-range plan and provides the critical link between sound business judgment and good fiscal planning. The reserve analysis provides a “financial blueprint” for the future of an association.

UNDERSTANDING THE RESERVE ANALYSIS

In order for the reserve analysis to be useful, it must be understandable by a variety of individuals. Board members (from seasoned, experienced Board members to new Board members), property managers, accountants, attorneys and even homeowners may ultimately review the reserve analysis. The reserve analysis must be detailed enough to provide a comprehensive analysis, yet simple enough to enable less experienced individuals to understand the results.

Preface

There are four key bits of information that a comprehensive reserve analysis should provide. These items include:

- **Budget**

Amount recommended to be transferred into the reserve account each month of the fiscal year for which the reserve analysis was prepared. In some cases, the reserve analysis may present two or more funding plans based on different calculation models (i.e. Full Funding *(Component Calculation)*, Threshold Funding, Baseline Funding, etc.). The Board should have a clear understanding of the differences among these funding models prior to implementing one of them in the annual budget.

- **Percent Funded**

Measure of the reserve fund "health" (expressed as a percentage) as of the beginning of the fiscal year for which the reserve analysis was prepared. Remember, "100% funded" means the association has accumulated the proportionately correct amount of money, to date, for the reserve components it maintains (can only be achieved through use of or reference to the Full Funding *(or Component)* method.

- **Projections**

Indicate the "level of service" the association will provide the membership as well as a "road map" for the fiscal future of the association. The projections define the timetables for repairs and replacements, such as when the buildings will be painted or when the asphalt will be seal coated. The projections also show the financial plan for the association – when an under funded association will "catch up" or how a properly funded association will remain fiscally "healthy."

- **Inventory**

Complete listing of the reserve components. Key bits of information are available for each reserve component, including placed-in-service date, useful life, remaining life, replacement year, quantity, current cost of replacement, future cost of replacement and analyst's comments.

In this section, a description of most of the summary or report sections are provided along with comments regarding what to look for and how to use each section. All reserve analyses may not include all of the summaries or report formats described herein.

In some cases, the reserve analysis may be a lengthy document of one hundred pages or more. A complete and thorough review of the reserve analysis is always a good idea. However, if time is limited, it is suggested that a thorough review of the summary pages be made. If a "red flag" is raised in this review, the reader should then check the detail information, of the component in question, for all relevant information.

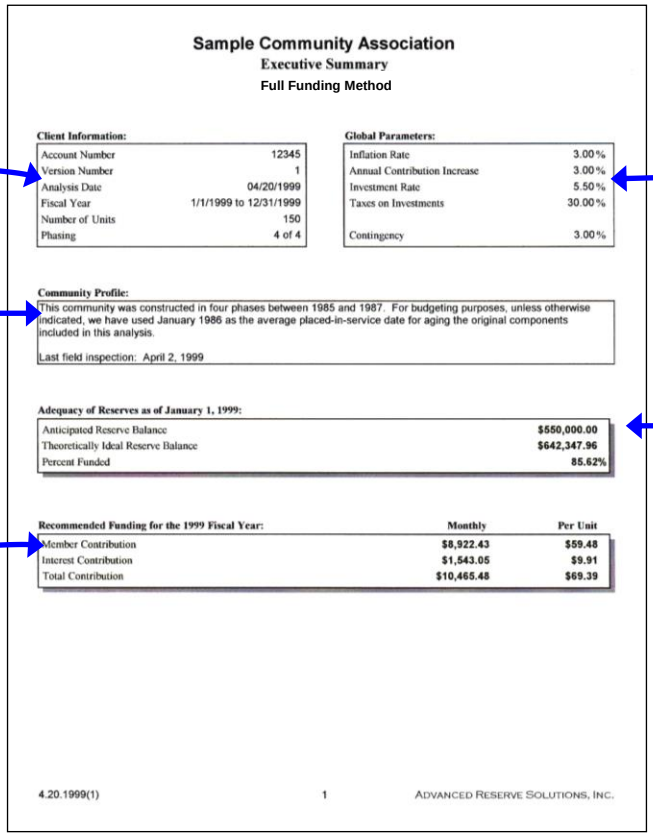
Preface

- **Executive Summary**

Provides general information about the client, global parameters used in the calculation of the reserve analysis as well as the core results of the reserve analysis.

Client Information
Provides various client information including fiscal year for which the analysis was prepared, number of units, phasing, etc.

Global Parameters
Displays the calculation parameters that were used to calculate the reserve analysis including inflation, annual contribution increase, investment rate, tax rate and contingency.



Sample Community Association
Executive Summary
Full Funding Method

Client Information:

Account Number	12345
Version Number	1
Analysis Date	04/20/1999
Fiscal Year	1/1/1999 to 12/31/1999
Number of Units	150
Phasing	4 of 4

Global Parameters:

Inflation Rate	3.00%
Annual Contribution Increase	3.00%
Investment Rate	5.50%
Taxes on Investments	30.00%
Contingency	3.00%

Community Profile:
This community was constructed in four phases between 1985 and 1987. For budgeting purposes, unless otherwise indicated, we have used January 1986 as the average placed-in-service date for aging the original components included in this analysis.
Last field inspection: April 2, 1999

Adequacy of Reserves as of January 1, 1999:

Anticipated Reserve Balance	$550,000.00
Theoretically Ideal Reserve Balance	$642,347.96
Percent Funded	85.62%

Recommended Funding for the 1999 Fiscal Year:	Monthly	Per Unit
Member Contribution	$8,922.43	$59.48
Interest Contribution	$1,543.05	$9.91
Total Contribution	$10,465.48	$69.39

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Community Profile
Provides brief description of the community, as well as other "global" type comments.

Adequacy of Reserves
Displays the results of calculations with regard to the "health" of the reserve fund as of the beginning of the fiscal year for which the reserve analysis was prepared. Provides the anticipated reserve balance, theoretically ideal reserve balance and the percent funded.

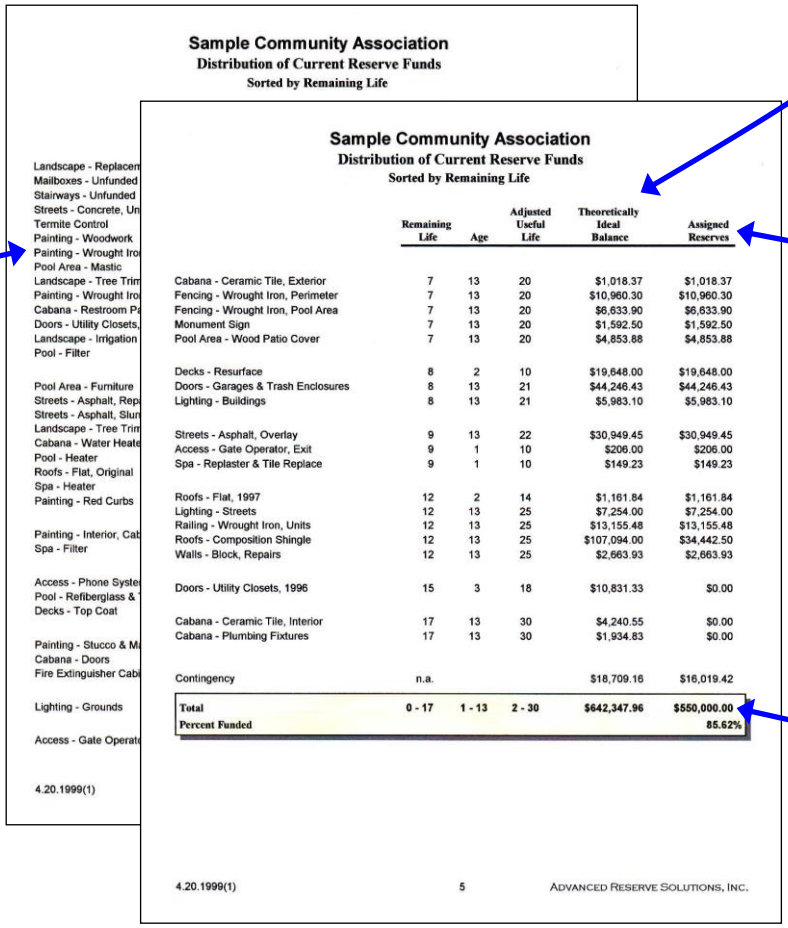
Recommended Funding
Provides the results of calculations with regard to the "bottom line." Indicates the monthly reserve funding recommendation from the membership, anticipated interest contribution and the total contribution requirement.

Preface

- **Distribution of Current Reserve Funds**

Displays all reserve components, shown here in ascending "remaining life" order. Provides the remaining life, age and useful life of each component along with its theoretically ideal reserve balance as of the beginning of the fiscal year for which the reserve analysis was prepared. The far right-hand column displays the amount of money that was actually assigned to each component during the calculation process.

Theoretically Ideal Reserves
Displays the ideal reserve balance for each component.



Sample Community Association
Distribution of Current Reserve Funds
Sorted by Remaining Life

	Remaining Life	Age	Adjusted Useful Life	Theoretically Ideal Balance	Assigned Reserves
Cabana - Ceramic Tile, Exterior	7	13	20	$1,018.37	$1,018.37
Fencing - Wrought Iron, Perimeter	7	13	20	$10,960.30	$10,960.30
Fencing - Wrought Iron, Pool Area	7	13	20	$6,633.90	$6,633.90
Monument Sign	7	13	20	$1,592.50	$1,592.50
Pool Area - Wood Patio Cover	7	13	20	$4,853.88	$4,853.88
Decks - Resurface	8	2	10	$19,648.00	$19,648.00
Doors - Garages & Trash Enclosures	8	13	21	$44,246.43	$44,246.43
Lighting - Buildings	8	13	21	$5,983.10	$5,983.10
Streets - Asphalt, Overlay	9	13	22	$30,949.45	$30,949.45
Access - Gate Operator, Exit	9	1	10	$206.00	$206.00
Spa - Replaster & Tile Replace	9	1	10	$149.23	$149.23
Roofs - Flat, 1997	12	2	14	$1,161.84	$1,161.84
Lighting - Streets	12	13	25	$7,254.00	$7,254.00
Railing - Wrought Iron, Units	12	13	25	$13,155.48	$13,155.48
Roofs - Composition Shingle	12	13	25	$107,094.00	$34,442.50
Walls - Block, Repairs	12	13	25	$2,663.93	$2,663.93
Doors - Utility Closets, 1996	15	3	18	$10,831.33	$0.00
Cabana - Ceramic Tile, Interior	17	13	30	$4,240.55	$0.00
Cabana - Plumbing Fixtures	17	13	30	$1,934.83	$0.00
Contingency	n.a.			$18,709.16	$16,019.42
Total	**0 - 17**	**1 - 13**	**2 - 30**	**$642,347.96**	**$550,000.00**
Percent Funded					**85.62%**

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Reserve Components
All components are displayed (shown here in ascending "remaining life" order).

Assigned Reserves
Displays the actual amount assigned to each component.

The total theoretically ideal reserves, assigned reserves and percent funded are provided at the bottom of this summary. Also shown is the range of reserve component remaining lives, ages and useful lives.

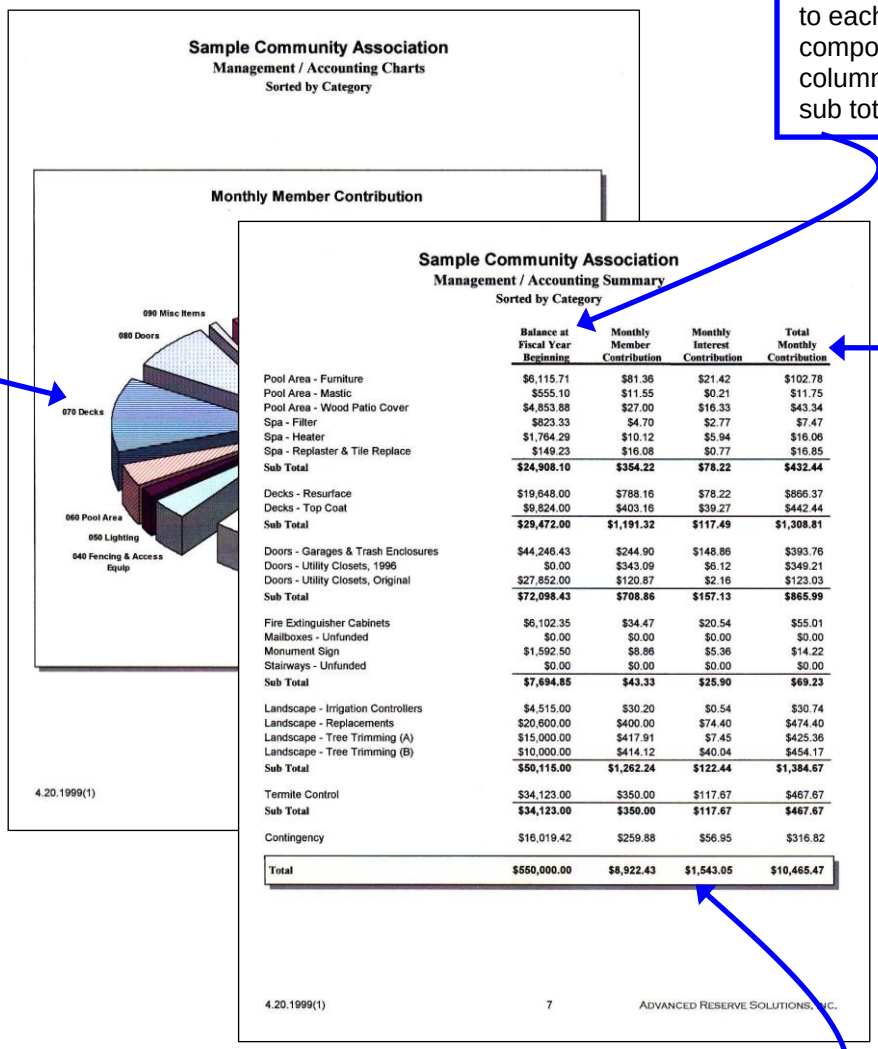
Preface

- **Management / Accounting Summary and Charts**

Summary displays all reserve components, shown here in "category" order. Provides the assigned reserve funds at the beginning of the fiscal year for which the reserve analysis was prepared along with the monthly member contribution, interest contribution and total contribution for each component and category. Two to Three pie charts show graphically how the total reserve fund is distributed amongst the reserve component categories and how each category is funded on a monthly basis.

Pie Charts
Show graphically how the reserve fund is distributed amongst the reserve components and how the components are funded.

Balance at FYB
Shows the amount of reserve funds assigned to each reserve component. And, this column is conveniently sub totaled.



Sample Community Association
Management / Accounting Charts
Sorted by Category

Monthly Member Contribution

090 Misc Items
080 Doors
070 Decks
060 Pool Area
050 Lighting
040 Fencing & Access Equip

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Sample Community Association
Management / Accounting Summary
Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Pool Area - Furniture	$6,115.71	$81.36	$21.42	$102.78
Pool Area - Mastic	$555.10	$11.55	$0.21	$11.75
Pool Area - Wood Patio Cover	$4,853.88	$27.00	$16.33	$43.34
Spa - Filter	$823.33	$4.70	$2.77	$7.47
Spa - Heater	$1,764.29	$10.12	$5.94	$16.06
Spa - Replaster & Tile Replace	$149.23	$16.08	$0.77	$16.85
Sub Total	**$24,908.10**	**$354.22**	**$78.22**	**$432.44**
Decks - Resurface	$19,648.00	$788.16	$78.22	$866.37
Decks - Top Coat	$9,824.00	$403.16	$39.27	$442.44
Sub Total	**$29,472.00**	**$1,191.32**	**$117.49**	**$1,308.81**
Doors - Garages & Trash Enclosures	$44,246.43	$244.90	$148.86	$393.76
Doors - Utility Closets, 1996	$0.00	$343.09	$6.12	$349.21
Doors - Utility Closets, Original	$27,852.00	$120.87	$2.16	$123.03
Sub Total	**$72,098.43**	**$708.86**	**$157.13**	**$865.99**
Fire Extinguisher Cabinets	$6,102.35	$34.47	$20.54	$55.01
Mailboxes - Unfunded	$0.00	$0.00	$0.00	$0.00
Monument Sign	$1,592.50	$8.86	$5.36	$14.22
Stairways - Unfunded	$0.00	$0.00	$0.00	$0.00
Sub Total	**$7,694.85**	**$43.33**	**$25.90**	**$69.23**
Landscape - Irrigation Controllers	$4,515.00	$30.20	$0.54	$30.74
Landscape - Replacements	$20,600.00	$400.00	$74.40	$474.40
Landscape - Tree Trimming (A)	$15,000.00	$417.91	$7.45	$425.36
Landscape - Tree Trimming (B)	$10,000.00	$414.12	$40.04	$454.17
Sub Total	**$50,115.00**	**$1,262.24**	**$122.44**	**$1,384.67**
Termite Control	$34,123.00	$350.00	$117.67	$467.67
Sub Total	**$34,123.00**	**$350.00**	**$117.67**	**$467.67**
Contingency	$16,019.42	$259.88	$56.95	$316.82
Total	**$550,000.00**	**$8,922.43**	**$1,543.05**	**$10,465.47**

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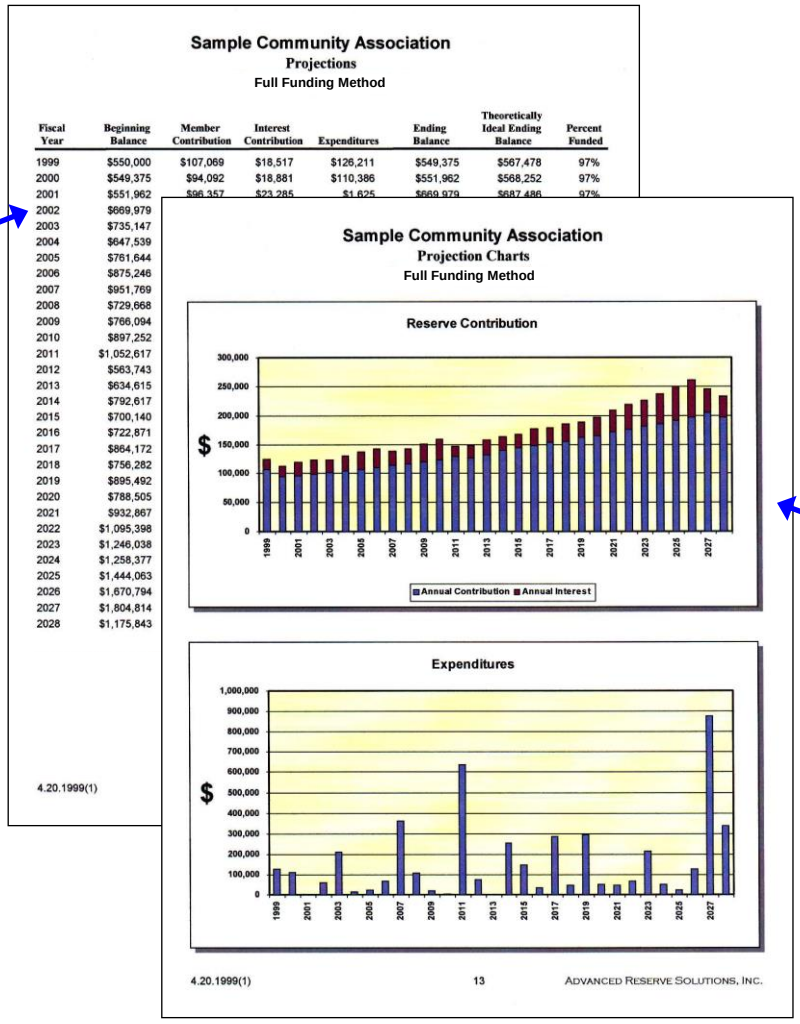
Monthly Funding
Displays the monthly funding for each component from the members and interest. Total monthly funding is also indicated. And, these columns are conveniently sub totaled.

The total assigned reserves and monthly funding are provided at the bottom of this summary.

Could your Treasurer or accountant ask for anything else?

- **Projections and Charts**

Summary displays projections of beginning reserve balance, member contribution, interest contribution, expenditures and ending reserve balance for each year of the projection period (shown here for 30 years). The two columns on the right-hand side provide the theoretically ideal ending balance and the percent funded for each year. Four charts show the same information in an easy-to-understand graphic format.



Sample Community Association
Projections
Full Funding Method

Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
1999	$550,000	$107,069	$18,517	$126,211	$549,375	$567,478	97%
2000	$549,375	$94,092	$18,881	$110,386	$551,962	$568,252	97%
2001	$551,962	$96,357	$23,285	$1,625	$669,979	$687,486	97%
2002	$669,979						
2003	$735,147						
2004	$647,539						
2005	$761,644						
2006	$875,246						
2007	$951,769						
2008	$729,668						
2009	$766,094						
2010	$897,252						
2011	$1,052,617						
2012	$563,743						
2013	$634,615						
2014	$792,617						
2015	$700,140						
2016	$722,871						
2017	$864,172						
2018	$756,282						
2019	$895,492						
2020	$788,505						
2021	$932,867						
2022	$1,095,398						
2023	$1,246,038						
2024	$1,258,377						
2025	$1,444,063						
2026	$1,670,794						
2027	$1,804,814						
2028	$1,175,843						

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Sample Community Association
Projection Charts
Full Funding Method

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Improved format makes the numbers as easy to read and understand as possible.

Charts make it easy to understand the funding plan through time.

◆ ◆ CALCULATION METHODS ◆ ◆

There are only a few *true* reserve funding calculation methods used by reserve analysis firms. Some articles in trade publications seem to indicate that there are dozens of "unique" and different reserve calculation methods (i.e. component, cash flow, pooling, front-loading, splitting, etc.). Most "unique" calculation methods are actually hybrid derivatives of either the Full Funding (Component) method or the Baseline Funding method.

The following sections describe the calculation methods utilized most often for our clients.

- **Full Funding Method (or Component Calculation Method)**

This calculation method develops a funding plan for each individual reserve component included in the reserve analysis. The sum of the funding plans for each component equal the total funding plan for the association.

This calculation method is typically the most conservative. This method structures a funding plan that enables the association to pay all reserve expenditures as they come due, enables the association to achieve the ideal (Full Funding) level of reserves in time, and then enables the association to maintain the ideal level of reserves through time.

One of the major benefits of using this calculation method is that for any single component (or group of components), the accumulated balance and reserve funding can be reported. For example, using this calculation method, the reserve analysis can indicate the amount of current reserve funds "in the bank" for the roofs and the amount of money being funded towards the roofs each month. Using other calculation methods, this information cannot be calculated and therefore, cannot be reported.

The following is a detailed description of the Full Funding (Component Calculation) Method:

Step 1: Calculation of Theoretically Ideal Balance for each component

The theoretically ideal balance is calculated for each component based on its age, useful life and current cost. The actual formula is as follows:

Theoretically Ideal Balance = (Age ÷ Useful Life) x Current Cost

Step 2: Distribution of current reserve funds

The association's current reserve funds are assigned to (or distributed amongst) the reserve components based on each component's remaining life and theoretically ideal balance as follows:

Pass 1: Components are organized in remaining life order, from least to greatest, and the current reserve funds are assigned to each component up to its theoretically ideal balance, until reserves are exhausted.

Pass 2: If all components are assigned their theoretically ideal balance and additional funds exist, they are assigned in a "second pass." Again, the components are organized in remaining life order, from least to greatest, and the remaining current reserve funds are assigned to each component up to its current cost, until reserves are exhausted.

Pass 3: If all components are assigned their current cost and additional funds exist, they are assigned in a "third pass." Components with a remaining life of zero years are assigned double their current cost.

Distributing, or assigning, the current reserve funds in this manner is the most efficient use of the funds on hand – it defers the make-up period of any under funded reserves over the lives of the components with the largest remaining lives.

Step 3: Developing a funding plan

After step 2, all components have a "starting" balance. A calculation is made to determine what funding would be required to get from the starting balance to the future cost over the number of years remaining until replacement. The funding plan incorporates the annual contribution increase parameter to develop "stair stepped" contribution.

For example, if an association needs to accumulate $100,000 in ten years, $10,000 could be contributed each year. Alternatively, the association could contribute $8,723 in the first year and increase the contribution by 3% each year thereafter until the tenth year.

In most cases, this rate should match the Inflation Parameter. Matching the Annual Contribution Increase Parameter to the Inflation Parameter indicates, in theory, that Member Contributions should increase at the same rate as the cost of living (Inflation Parameter). Due to the "time value of money," this creates the most equitable distribution of Member Contributions through time.

Using an Annual Contribution Increase Parameter that is greater than the Inflation Parameter will reduce the burden to the current membership at the expense of the future membership. Using an Annual Contribution Increase Parameter that is less than the Inflation Parameter will increase the burden to the current membership to the benefit of the future membership. The following chart shows a comparison:

	0% Increase	3% Increase	10% Increase
Year 1	$10,000.00	$8,723.05	$6,274.54
Year 2	$10,000.00	$8,984.74	$6,901.99
Year 3	$10,000.00	$9,254.28	$7,592.19
Year 4	$10,000.00	$9,531.91	$8,351.41
Year 5	$10,000.00	$9,817.87	$9,186.55
Year 6	$10,000.00	$10,112.41	$10,105.21
Year 7	$10,000.00	$10,415.78	$11,115.73
Year 8	$10,000.00	$10,728.25	$12,227.30
Year 9	$10,000.00	$11,050.10	$13,450.03
Year 10	$10,000.00	$11,381.60	$14,795.04
TOTAL	$100,000.00	$100,000.00	$100,000.00

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a Total Reserve Contribution increase or decrease from year to year than this parameter.

- **Baseline Funding Method**

This calculation method develops a funding plan based on current reserve funds and projected expenditures during a “window,” typically 30 years.

This calculation method is not as conservative as the Full Funding (or Component) Method and will typically produce a lower monthly reserve contribution. This method structures a funding plan that tries to enable the association to pay for all reserve expenditures as they come due, but is not concerned with the ideal (Full Funding) level of reserves through time. Consequently, this funding method can allow an association to become increasingly under funded, while never running completely out of money during the “window”, assuming everything in the assumptions and estimates don’t change.

This calculation method structures a funding plan that is the “bare” minimum required to pay for all reserve expenditures as they come due during the “window.” This method disregards components that do not have an expenditure associated with them during the “window.” This method tests reserve contributions to determine the minimum contribution necessary, based on the association's beginning reserve balance and anticipated expenses through time, so that the reserve balance in any one year does not drop below $0. This method allows for no margin of error. If any factor used in the calculations changes (ie; costs, timing of maintenance, etc.) the association could find itself short of funds.

- **Threshold Funding Method**

This calculation method is a hybrid of the Baseline Funding Method which enables the development of “custom” or “non-traditional” funding plans which may include deferred contributions or special assessments. It is easy to establish percent funded goals as well as funding plans which set a minimum dollar amount for the reserve fund to remain above.

This calculation method can be used to calculate a reserve contribution that enables the association to become "ideally (or fully) funded" in time.

◆ ◆ GLOSSARY OF KEY TERMS ◆ ◆

- **Annual Contribution Increase Parameter**

The rate used in the calculation of the funding plan developed by the Full Funding (Component Calculation) Method and Baseline Method. This rate is used on an annual compounding basis. This rate represents, in theory, the rate the association expects to increase contributions each year.

In most cases, this rate should match the Inflation Parameter. Matching the Annual Contribution Increase Parameter to the Inflation Parameter indicates, in theory, that Member Contributions should increase at the same rate as the cost of living (Inflation Parameter). Due to the “time value of money,” this creates the most equitable distribution of Member Contributions through time.

This parameter is used to develop a funding plan only; it does not mean that the reserve contributions must be raised each year. There are far more significant factors that will contribute to a Total Reserve Contribution increase or decrease from year to year than this parameter.

See the description of “Calculation Methods” in this preface for more detail on this parameter.

- **Anticipated Reserve Balance (or Reserve Funds)**

The amount of money, as of a certain point in time, held by the association to be used for the repair or replacement of Reserve Components.

This figure is “anticipated” because it is calculated based on the most current financial information available as of the analysis date, which is almost always prior to the Fiscal Year beginning date for which the reserve analysis is prepared.

- **Assigned Funds (and “Fixed” Assigned Funds)**

The amount of money, as of the Fiscal Year beginning date for which the reserve analysis is prepared, that a Reserve Component has been assigned based on the Full Fundiing (Component Calculation) Method.

Assigned Funds do not apply to the Baseline Calculation Method or the Threshold Calculation Method.

The Assigned Funds are considered “Fixed” when the normal calculation process is bypassed and a specific amount of money is assigned to a Reserve Component. For example, if the normal calculation process assigns $10,000 to the roofs, but the association would like to show $20,000 assigned to roofs, “fixed” funds of $20,000 can be assigned.

The Full Funding (Component Calculation) Method assigns funds to each component in the most efficient manner possible; assigning “fixed” reserves in this manner can have a detrimental impact on

the association's overall budget structure in the long run. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Baseline Calculation Method**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Contingency Parameter**

The rate used as a built-in buffer in the calculation of the funding plan developed by the Full Funding (Component) Calculation Method. This rate will assign a percentage of the Reserve Funds, as of the Fiscal Year beginning, as contingency funds and will also determine the level of funding toward the contingency each month.

- **Current Replacement Cost**

The amount of money, as of the Fiscal Year beginning date for which the reserve analysis is prepared, that a Reserve Component is expected to cost to replace.

- **Fiscal Year**

Indicates the budget year for the association for which the reserve analysis was prepared. The fiscal year beginning (FYB) is the first day of the budget year; the fiscal year end (FYE) is the last day of the budget year.

- **Full Funding (or Component Calculation) Method**

Reserve funding calculation method developed based on each individual component. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Future Replacement Cost**

The amount of money, as of the Fiscal Year during which replacement of a Reserve Component is scheduled, that a Reserve Component is expected to cost to replace. This cost is calculated using the Current Replacement Cost compounded annually by the Inflation Parameter.

- **Global Parameters**

The financial parameters used to calculate the reserve analysis (see Inflation Parameter, Annual Contribution Increase Parameter, Investment Rate Parameter and Taxes on Investments Parameter).

- **Inflation Parameter**

The rate used in the calculation of future costs for Reserve Components. This rate is used on an annual compounding basis. This rate represents the rate the association expects to the cost of goods and services relating to their Reserve Components to increase each year.

- **Interest Contribution**

The amount of money contributed to the Reserve Fund by the interest earned on the Reserve Fund and Member Contributions.

- **Investment Rate Parameter**

The gross rate used in the calculation of Interest Contribution (interest earned) from the Reserve Balance and Member Contributions. This rate (net of the Taxes on Investments Parameter) is used on a monthly compounding basis. This parameter represents the weighted average interest rate the association expects to earn on their Reserve Fund investments.

- **Membership Contribution**

The amount of money contributed to the Reserve Fund by the association's membership.

- **Monthly Contribution (and "Fixed" Monthly Contribution)**

The amount of money, for the Fiscal Year which the reserve analysis is prepared, that a Reserve Component will be funded based on the Full Funding (Component Calculation) Method.

Monthly Contribution does not apply to the Baseline Calculation Method or the Threshold Calculation Method.

The Monthly Contribution is considered "Fixed" when the normal calculation process is bypassed and a specific amount of money is funded to a Reserve Component. For example, if the normal calculation process funds $1,000 to the roofs each month, but the association would like to show $500 funded to roofs each month, a "fixed" contribution of $500 can be assigned.

The Full Funding (Component Calculation) Method funds each component in the most efficient manner possible; assigning a "fixed" contribution in this manner can have a detrimental impact on the association's overall budget structure in the long run. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Number of Units (or other assessment basis)**

Indicates the number of units for which the reserve analysis was prepared. In "phased" developments (see Phasing), this number represents the number of units, and corresponding common area components, that existed as of a certain point in time.

For some associations, assessments and reserve contributions are based on a unit of measure other than the number of units. Examples include time-interval weeks for timeshare resorts or lot acreage for industrial developments.

- **One-Time Replacement**

Used for components that will be budgeted for only once.

- **Percent Funded**

A measure (expressed as a percentage) of the association's reserve fund "health" as of a certain point in time. This number is the ratio of the Anticipated Reserve Fund Balance to the Theoretically Ideal *(Full Funding)* Reserve Balance:

Percent Funded = Anticipated Reserve Fund Balance ÷ Theoretically Ideal (Full Funding) Reserve Balance

An association that is 100% funded does not have all of the Reserve Funds necessary to replace all of its Reserve Components immediately; it has the proportionately appropriate Reserve Funds for the Reserve Components it maintains, based on each component's Current Replacement Cost, age and Useful Life.

- **Percentage of Replacement**

The percentage of the Reserve Component that is expected to be replaced.

For most Reserve Components, this percentage should be 100%. In some cases, this percentage may be more or less than 100%. For example, fencing which is shared with a neighboring community may be set at 50%.

- **Phasing**

Indicates the number of phases for which the reserve analysis was prepared and the total number of phases expected at build-out (i.e. Phase 4 of 7). In phased developments, the first number represents the number of phases, and corresponding common area components, that existed as of a certain point in time. The second number represents the number of phases that are expected to exist at build-out.

- **Placed-In-Service Date**

The date (month and year) that the Reserve Component was originally put into service or last replaced.

- **Remaining Life**

The length of time, in years, until a Reserve Component is scheduled to be replaced.

- **Remaining Life Adjustment**

The length of time, in years, that a Reserve Component is expected to last in excess (or deficiency) of its Useful Life for the current cycle of replacement.

If the current cycle of replacement for a Reserve Component is expected to be greater than or less than the "normal" life expectancy, the Reserve Component's life should be adjusted using a Remaining Life Adjustment.

For example, if wood trim is painted normally on a 4 year cycle, the Useful Life should be 4 years. However, when it comes time to paint the wood trim and it is determined that it can be deferred for an additional year, the Useful Life should remain at 4 years and a Remaining Life Adjustment of +1 year should be used.

- **Replacement Year**

The Fiscal Year that a Reserve Component is scheduled to be replaced.

- **Reserve Components**

Line items included in the reserve analysis.

- **Taxes on Investments Parameter**

The rate used to offset the Investment Rate Parameter in the calculation of the Interest Contribution. This parameter represents the marginal tax rate the association expects to pay on interest earned by the Reserve Funds and Member Contributions.

- **Theoretically Ideal *(or Full Funding)* Reserve Balance**

The amount of money that should theoretically have accumulated in the reserve fund as of a certain point in time. Ideal reserves are calculated for each Reserve Component based on the Current Replacement Cost, Age and Useful Life:

Ideal Reserves = (Age ÷ Useful Life) X Current Replacement Cost

The Theoretically Ideal Reserve Balance is the sum of the Ideal Reserves for each Reserve Component.

An association that has accumulated the Theoretically Ideal Reserve Balance does not have all of the funds necessary to replace all of its Reserve Components immediately; it has the proportionately appropriate Reserve Funds for the Reserve Components it maintains, based on each component's Current Replacement Cost, Age and Useful Life.

- **Threshold Calculation Method**

Reserve funding calculation method developed based on total annual expenditures. A more detailed description of the actual calculation process is included in the "Calculation Methods" section of the preface.

- **Total Contribution**

The sum of the Membership Contribution and Interest Contribution.

- **Useful Life**

The length of time, in years, that a Reserve Component is expected to last each time it is replaced. See also Remaining Life Adjustment.

South Shores Community Association

Executive Summary

Full Funding (Component) Calculation Method

Client Information:

Account Number	30120
Version Number	2019-001
Analysis Date	6/18/2019
Fiscal Year	1/1/2019 to 12/31/2019
Number of units	1,461
Phasing	1 of 1

Global Parameters:

Inflation Rate	2.00 %
Annual Contribution Increase	2.00 %
Investment Rate	1.50 %
Taxes on Investments	30.00 %
Contingency	5.00 %

Community Profile:

South Shores is a common interest community located in NW Las Vegas. The community is surrounded by perimeter stucco walls and spacious landscape areas. Construction of the community and the common elements began in 1989. The actual assessment basis is 1462 due to the annexation of the Isla Condo Association. There are no additional maintenance responsibilities as a result of this annexation.

For budgeting purposes, unless otherwise indicated, we have used January, 1990 as the average placed-in-service date for aging the original components included in this analysis.

The CSI 2019 site update was conducted in May of 2019.
The ARS 2014 site update survey was conducted in December of 2013.
The ARS 2009 site update survey was conducted in May of 2009.
The ARS 2005 field update inspection: 092905

For any further specific comments regarding this community, please see pages 2a-d immediately following this EXECUTIVE SUMMARY page.

Adequacy of Reserves as of January 1, 2019:

Anticipated (Actual) Reserve Balance	**$293,674.00**
Theoretically Ideal Full Funding Reserve Balanc	**$246,706.50**
Percent Funded	**119.04%**

Recommended Funding for the 2019 Fiscal Year:	**Annual**	**Monthly**	**Per unit Per Month**
Member Contribution	**$34,034**	**$2,836.19**	**$1.94**
+ Interest Contribution	**$2,315**	**$192.94**	**$0.13**
= Total Contribution	**$36,350**	**$3,029.13**	**$2.07**

Additional Community Specific Commentary on Following Page (2a)

South Shores Homeowners Association

Executive Summary (Con't)

Additional Information & Disclosures

SPECIFIC COMMENTS *(Additional comments on specific components contained in Component Detail Section at end of report)*

NOTE: PRELIMINARY REPORT – This report may be based upon visual site inventory, some take-offs from Local County GIS (where available), Bing Maps or Google Maps and data input from management and the association. IT IS IMPERATIVE for those initially reviewing this report to understand that there are areas where CSI may not have had or been given accurate, complete or current data. The purpose of the preliminary report is to identify those areas, if any, and revise the data for the final report. Additionally, it is the responsibility of the board to review the component listing and ensure that all major components have been included.

Revision – 2019-001 … This is the reserve study report for fiscal year 2019 beginning 01/01/19.

General Administrative Comments – This is an update w/site visit report. Calculations were performed using the full funding method of calculation. The method used for determining the component inventory *(actual field inventory, data provided by client, or previous reserve study with date of study)* was an on-site survey of components and an update of the previous inventory with a complete component review of all components (by CSI and the client). A full review of all components was performed by CSI with adjustments and changes made as necessary along with a complete site review.)

1. A recorded copy of the CC&Rs was (provided/previously provided) by the client or its agent.
2. Were written reports from consultants used for this report? If so, include with study ... n/a
3. Were any consultants or other persons, with expertise, used in the preparation of data for this study. If yes, their names and credentials are … n/a.
4. The source of the initial reserve balance for this report was the client or its agent.
5. Inflation indices *(CPI and Inflation)* are acquired from US Government sources.
6. Will a special reserve assessment be necessary in the current year order to achieve funding and maintenance goals? … not at this time.

Financial – Based upon the data provided by the client and observations during the CSI site survey, the report shows a 119% funding level.

Fund Adequacy - With the age and overall condition of the common elements, we feel that the association is funded to an adequate level. Even though the reserve balance at the start of the report is in excess of 100%, continuing to fund based upon recommended funding plans will help to assure that the reserve fund remains in a healthy state around 100%.

In order to best control changing assessment requirements from year to year, we recommend that the association have a professional update at least every two to three years).

General Property Comments – Most of the common elements are in good condition and at a state commensurate with their age. It should be understood that the property has reached an age where maintenance issues will become more visible and increase as time progresses. Although it might appear that reserve funds are high, they will be needed in the not so distant future particularly where trees and other landscape softscape is concerned.

Assumptions – The board will continue to maintain the property to a level expected of it owners and the area in which it is located.

Major Components Not Included in This Study But Which May at Some Point in the Association's Life Require Maintenance, Repair, Replacement or Restoration – These might be significant components which are within the common elements, but typically are not funded or not funded at this point in time for various reasons. Such components might be sewers, storm drains, condominium building interior plumbing, electrical main power panels, etc. Any such components, which might be typically considered for future funding, may be listed in the study on separate component pages or on this page. For some communities, these might be in-wall plumbing, electrical and ducting. In-ground piping, the deck concrete and the pool basin itself could all, at some point require unplanned for maintenance,

repair, replacement or restoration. As communities age, it behooves current and future boards to think about these possibilities and have frequent inspections of these areas to help future reserve planning. Currently these components are not funded and common practice is not to fund for them until experts indicate a need or the property ages to where the need to begin funding is beginning to show itself.

Private Streets (recommended for all properties with private streets) - We recommend the association, at least once in its early years, have a civil engineer inspect the streets for any subsurface issues which might adversely affect the life of the pavement. CSI assumes no responsibility for issues affecting the pavement life expectancy which are a result of lack of or deferred maintenance and the failure of the association to use experts knowledgeable in the maintenance of asphalt pavement. A licensed civil engineer, specializing in this area, is the only qualified person to give an opinion on subsurface conditions affecting your pavement and an appropriate maintenance plan for your specific community.

NAC 116.425.2 ... As used in this section, "adequately funded reserve" means the funds sufficient to maintain the common elements:
(a) At the level described in the governing documents and in a reserve study; and
(b) Without using the funds from the operating budget or without special assessments, except for occurrences that are a result of unforeseen catastrophic events.

NAC 116 425.1Q *(1)* … "The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventive maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association."
(2) … "Material issues which are not disclosed to the person conducting the study of the reserves would cause the condition of the association to be misrepresented.

NAC 116.430.9 … "Information provided to the preparer of a reserve study by an official representative of the association regarding financial, historical, physical, quantitative or reserve project issues will be deemed reliable by the preparer. A reserve study will be a reflection of information provided to the preparer of the reserve study. The total of actual or projected reserves required as presented in the reserve study is based upon information provided that was not audited. A reserve study is not intended to be used to perform an audit, an analysis of quality, a forensic study, or a background check of historical records. An on-site inspection *(survey or inventory)* conducted in conjunction with a reserve study should not be deemed to be a project audit or quality inspection."

NAC 116.430.11 …"Updated Reserve Studies … If the study is an update, quantities of major components as reported in previous reserve studies are deemed to be accurate and reliable. The reserve study relies upon the validity of previous reserve studies."

NRS 116.3115(2((b) *(Reserve Assessments)* "… the executive board may, without seeking or obtaining the approval of the unit's owners, impose any necessary and reasonable assessments against the units in the common-interest community. Any such assessments imposed by the executive board must be based upon the study of the reserves of the association conducted pursuant to NRS 116.31152.

Note on Projected Expenses –The Future Projections for expenses is based upon general industry life projections for components which can vary substantially based upon the amount and type of use and abuse, the amount of preventive maintenance, environment changes, etc., etc. Therefore, the projected life expectancies can and will likely vary from what is shown in this report. What this means is that because the projected end of life for replacement or required maintenance of a component says it is due this year, this does not mean the replacement or maintenance **MUST** be performed this year. If the board, based upon professional or other reliable advice, which should be recorded in the minutes, decides to defer the replacement or maintenance, this is a perfectly valid and allowable decision. The same is true, if the component or maintenance needs to be performed sooner than predicted in the 30 year schedule. THIS PROCEDURE DOES NOT provide a means for a board to defer spending money on needed maintenance due to its failure to fund the reserves accordingly.

South Shores Homeowners Association

Executive Summary (Con't)

(Comments below this line should be considered general and not necessarily specific to this association. Reserve Provider Disclosure Information can be found on the last two pages of this section.)

This report is intended as a tool for the association board of directors to be used in evaluating the associations' current physical and financial condition with regard to reserve components. It is intended for the use of the board of directors and should not be used by anyone outside the association for any other purpose.

The accompanying report reflects assumptions based on the most probable course of events, as of the date published, based on information supplied by the Board of Directors, management company, licensed contractors, certain published information available from trade sources, and industry standards and guidelines. The Board of Directors agrees with those assumptions based upon the information presented. The Board of Directors takes responsibility for updating the study for any changes in the assumptions. Accordingly, this study should be updated annually to consider the impact of any changes in the assumptions. Individual state statutes may also govern the frequency of updates as well as dictate actions to be taken by boards of directors with regard to reserve funds and reserve studies. Please review any statutes which may exist in your state.

By its very nature, a reserve funding program contains numerous assumptions regarding current and future costs, remaining asset life, and future events, both planned and unplanned. The analysis relies, to a great extent, on published information and guidelines which the report is inherently based; on averages and assumptions not readily subject to materialize, and anticipated events and circumstances which may occur subject to the date of the analysis. Therefore, the actual replacement cost and/or remaining life may vary from that shown in the report and the variations may be material.

The results of this study are based upon the independent opinion of the preparer and his experience and research during the course of his career in preparing reserve studies. In addition the opinions of experts on certain components have been gathered through research within their industry and with the client's actual vendors. Additionally, client staff members are often a source for significant amounts of data for original and update reports.

There is no implied warranty or guarantee in any of our work product. Our results and findings will vary from another preparer's results and findings. A Reserve Study is necessarily a work in progress and subsequent Reserve Studies will vary from prior studies.

Development Maps, Plat Maps, As-Builds – It is the responsibility of the developer or association to provide development maps, drawings, plat maps, as-builds, etc. to the reserve study provider, as requested in the contract. Without these components, the estimation of painting surfaces, roof areas, and other required measurements can become extremely difficult, if not impossible to determine with any amount of accuracy. The client understands that if these components are not provided promptly, and in a usable state, the CSI consultant will make reasonable attempts to develop usable estimates based upon their ability to obtain these estimates manually. The client also understands that the plat maps are often the only, if not the most accurate source for determining actual common areas, as filed with the governing documents against the property. The inability of the reserve study provider to inspect these documents can lead to the incorrect identification of common areas.

Responsibility for Maintenance

The Board of Directors is responsible to ensure that the association assets are inspected on a regular schedule as recommended by the Declarant, manufacturers or installers, or as dictated by conditions. Good management dictates that a regular monthly inspection be performed of the association property with an eye on changing conditions that may require maintenance or a change in the maintenance plan.

Certain components such as asphalt streets and roofing should be inspected on a regular schedule by a licensed professional. At a minimum, roofing components should have a complete inspection in the spring and fall, but no less frequently then once a year. Asphalt surfaces should be inspected with the monthly inspection of the property. An inspection of the asphalt by a licensed and qualified asphalt professional should be performed annually. Roofs should be in-

spected by a licensed and qualified roofing professional at least annually prior to the rainy season. Written reports should be kept of all maintenance inspections.

General Comments on Components

Existing Components vs. Additions – Per Nevada state legislation *(NRS 116)*, reserve funds are only to be used for the long term repair, replacement and restoration of existing common elements. Any assets that do not already exist and are to be added *(for example the addition of a second swimming pool or adding a clubhouse where none existed previously)*, must be provided for out of non-reserve funds. Once the expenditures are approved and the component is added to the common element inventory, the component can be placed in the reserve budget for long term maintenance funding *(if necessary)*.

Components of low cost - Even though their life expectancy may be longer than one year and less than thirty, some components may not be included in the reserve budget. Components typically under $750-$1000 total dollars fall into this category unless there is sufficient quantity of the component to cause a larger expenditure and the life expectancies are the same and predictable. It is expected that the cost of these components, if not included in the reserve budget, will be provided for in the operating contingency or maintenance line items. Standard size pool pumps are a prime example. Many developments include a pool and spa. Often there is more than one pool area. In these situations, there may be numerous pumps. The total cost could be in the thousands for replacement. However, we normally do not fund for these components on a one or two quantity basis, due to the fact that these components fail unpredictably and are repaired or replaced when they fail. A good pool company can repair the pump, at a much lower cost to the association, as long as it is feasible. Keeping a spare pump on hand is a good idea.

Components included in the report but not funded – Often there are components which are included in the report, yet not funded. These components are included only to account for components which will require maintenance or replacement, yet may not be of substantial cost to include in the study.

Items not included in the Reserve Study –

Reserve components must meet the following criteria to be included in the reserve study.

1. Must have a definable life of less than 30 years.
2. Must be quantifiable (measureable)
3. Must be able to establish standard cost estimates.
4. Must not be an annual cost item.

Typical components that fall in to these categories are:

1. In wall or underground plumbing, fittings and valves, electrical wiring, electrical mains,
2. Electrical meters, breaker panels,
3. Communication lines and junction boxes,
4. Mechanical systems and equipment which are inaccessible.
5. Sewers, water mains, storm sewers
6. Fire hydrants

Any of these types of components, if the property of the association (and not owned and maintained by a public entity), are items that fall in to one or more of the above criteria and are not included in the reserve analysis. **However, as communities age, funding may be required or desired for periodic repairs/replacements to one or more of these items. CSI strongly recommends that an association with possible responsibility for any of these types of components have a licensed professional engineer inspect and make any recommendations for future maintenance (including future funding) of these components. Projecting future maintenance requirements for these types of components can only be done by a licensed professional.**

Landscaping Softscape Elements - Landscape softscape *(trees, shrubs, bushes, ground cover, etc)* is a common area asset, and as such, requires maintenance repair and replacement as necessary. A separate budget allocation may or not have been provided, based upon the overall quantity, type, and level of landscaping throughout the community. Since it is difficult to determine how much money will actually be required, on a periodic basis, to "renovate" the

grounds landscaping, CSI will create an initial estimate purely based upon the amount and level of landscaping. If none has been provided, it is assumed that provisions will be made in the annual operating budget for this component. The actual expense and maintenance history, when available, will help the board refine this budget item over time. The board should work with their landscaper to develop a long term maintenance plan for the landscaping and incorporate this information into the reserve study in a future update.

Condition Statements - Where no "Condition" statement is made, it should be assumed that the condition of the component is good at the time of the CSI site survey. A condition of "Good" means that the component is either at the beginning of its life or is in a normal condition state considering its estimated remaining life and shows no obvious or apparent signs of expedited aging or deterioration. No operational checks or intrusive site surveys are performed on any components. No condition statements will be made on components that are aging "normally" according to conditions and expected life expectancies. Condition statements will only be made on common area elements that appear to be lacking in maintenance and/or appear to be aging prematurely according to normal conditions and life expectancies.

Life Expectancy of Components – Life expectancies of components are based upon those common in the industry and in the geographic area of the study. When requested to use life expectancies other than those standard for the component or in the geographic area, it will be noted in the report. CSI may or may not state that it agrees or disagrees with the request. As an example, the typical life expectancy for residential asphalt pavement, as utilized in the reserve study industry, in the southwest is 20 to 25 years. While it is unclear what type of major maintenance may be required at that end of the 20 to 25 year timeframe, it is generally assumed, based upon many years of experience and observation by industry experts, that some level of major maintenance is likely to be required. This may mean repairing damaged sections and applying a new slurry surface or it may mean repairs and an overlay or it may mean total replacement of the pavement. Which action is necessary will depend on how well the pavement was originally installed, how well it was maintained, the environmental conditions during the life of the pavement and other conditions within the development.

CSI will generally use 20 to 25 years as the life expectancy of asphalt, however, if it determines that an association has a well planned maintenance program and is funding and following that program, a life expectancy greater than 20 to 25 years may be used. Generally this will be 25 to 30 years. Anything over 25 years, if requested by the client or its agent, must be requested in writing. CSI will note in the report that the client has requested the Life Expectancy be extended.

Changes to the Initial Report
Requests for changes to the initial report must be submitted to CSI in writing. No verbal changes will be incorporated. CSI will make notation in the report for any changes it may disagree with and may feel are material to the outcome of the report.

IMPORTANT TO NOTE

As stated in earlier disclosures, it is assumed, for the purposes of this report, that all components have been installed properly, that no construction defects exist and all components are operational unless otherwise noted based upon information provided by the client.

It is assumed that all components will be maintained properly and at proper intervals, as dictated by the component manufacturer, the developer of the community, accepted industry standards, maintenance professionals or any other qualified individual.

The Board of Directors is responsible for reviewing the initial reserve report and all assumptions and parameters found on the Executive Summary Page as well as all listed Common Area Components and generic use patterns, etc. The Board is expected to provide feedback to the preparer if changes appear necessary in any of these areas based on their requirement by Nevada Law to review the study annually.

Reserve Study Updates
Your Reserve Study should be updated on an annual basis in order to ensure that condition changes in common elements, replacements and financial variations are updated. Waiting more than one to two years to update the study is not advised, particularly for larger associations.

South Shores Homeowners Association

Executive Summary (Con't)

Disclosure Information

The Consultant certifies that:

1) General: Consultant has no other involvement with association which could result in actual or perceived conflicts of interest. As there may be no way for the Consultant to know who all of the owners are in a community, the Consultant states that he is not aware of any personal relationship existing with any known unit's owner, member of the executive board or officer of the association for which the reserve study specialist will prepare the reserve study.

2) Type of Study: If this is a "Full Study," component inventories were developed by actual field inventory and representative sampling where accessibility of components is possible and reasonable. If an inventory was provided by the client, this is so noted. Component conditional assessments were developed by actual field observation *(where possible, uninhibited and practical)* and representative sampling. No invasive or destructive investigation is performed to determine condition. If this is an "Update w/Site Visit", the prior reserve study inventory is used and updated based upon information provided by the client, a site maintenance survey and relevant cost changes. If this is an "Update wo/Site Visit", no site work is performed, the prior inventory is updated with relevant cost changes and information supplied by the client.

3) Inspection vs. Site Survey: The Consultant is not obligated to perform any in-depth inspection or investigation to determine hidden defects or problems that may exist beyond the scope of this report. Should the client feel that problems of this nature exist in any component, it is the obligation and duty of the client to secure the services of an expert in that field to determine the extent of any deficiency that may exist. The "on-site Inspection", as discussed throughout this and other CSI documents, is defined as a Reserve Component Inventory and Visible Survey *(of maintenance condition)* of that inventory, as defined within this document.

4) Reliance on Client Data: Consultant does rely on the Board of Directors and other experts for gathering certain information not available or accessible to Consultant or where more readily acquired from another source.

5) Component Costing: Component costing is obtained from industry pricing publications such as the Craftsman National Construction Estimator, RSMeans, Marshall & Swift *(or similar publication)*, from manufacturer pricing catalogs, from actual contractor quotations and from experiential data. Current regional versions are maintained of any source utilized. No guarantees, implied or otherwise, are given regarding present costs, future costs or life expectancy predictions. It is important to understand that all costs change annually, if not more often. This is why it is very important to update a reserve study on a regular basis, more frequently than required by NRS 116. Associations with streets, buildings, large recreations facilities, etc. should update annually in order to minimize the impact of cost changes *(which equate to assessment increases)* realized in each update.

6) Not Reliant on Previous Studies: This report is not reliant upon the data from any previous reserve studies unless the study is an update of a previous study CSI prepared or is noted in the report.

7) Completeness: There are no material issues known to consultant at this time that would cause a distortion of the association's situation.

8) Scope: Information provided by the official representatives of the association regarding financial, physical, quantity, or historical issues will be deemed reliable by the consultant. The reserve study will be a reflection of information provided to the consultant and assembled for the association's use, not for the purpose of performing an audit, quality/forensic analysis, or background checks of historical records.

9) Reserve Balance: The actual or projected total reserve balance presented in the reserve study is based upon information provided and was not audited.

10) Reserve Projects: For reserve study updates w/site visit and reserve study updates wo/site visit levels of service, the client is considered to have deemed previously developed component quantities as accurate and reliable. Information provided by the client about reserve projects will be considered reliable. Any on-site survey should not be considered a project audit or quality inspection.

11) Insurance: The preparer has obtained current liability and/or other insurance or bonding as required by state or local statutes.

South Shores Homeowners Association

Executive Summary (Con't)

Preparer Qualifications

Community Solutions Inc. provides over 30 years of combined reserve consulting and other related experience which has well equipped CSI to provide superior analysis and quality service to our clients. This strength and experience has enabled CSI to serve hundreds of unique clients in the Nevada and other areas of the country.

CSI Reserve Studies meet and exceed Nevada Statute requirements.

CSI business is strictly Reserve Solutions. We are not involved in other unrelated fields such as the business of construction defect investigation, or consulting. We believe that providing Reserve Solutions is a demanding specialty in itself and requires focus and purpose. As a result of that belief, we are certain that you will find the CSI Reserve Study to be the leading product in the industry that provides the client with a clear, concise and easy to understand picture of the development's component and funding needs.

Mr. Barry is a CAI RS® (Reserve Specialist), is Nevada RSS (Reserve Study Specialist) Permitee No. 03. and has carried the AMS (Association Management Specialist) and PCAM (Professional Community Association Manager) credentials from 1994-2014. He has been providing reserve studies and reserve consulting for over 17 years. CSI Nevada carries the NV State required insurance.

Mr. Barry has been providing services to the community association industry for over 30 years. Mr. Barry has been a working manager and co-owner of a successful Northern California Community Association Management Company and has served associations for many years in various supporting positions *(including board and executive positions)*. Mr. Barry has a broad knowledge of association board management and maintenance responsibilities, and the maintenance needs of association common elements. Over the past 30 years, Mr. Barry has written various articles for community association industry publications and presented seminars at numerous industry events.

Mr. Barry is currently a faculty member for the Nevada Community Association Manager (CAM) Certification Course and was a regular presenter at the Nevada State Ombudsman Training Seminars for Board Members. Mr. Barry has also been a member of the national faculty for CAI *(the Community Associations Institute.)*

South Shores Community Association

Membership Disclosure Summary

Sorted by Category

Major Reserve Components	Current Cost		Remaining Life Range	Useful Life Range
010 Streets	$5,000	$5,0	0	5
020 Painting	$54,797	$54,7	0	5-10
030 Fencing	$27,702	$15,2	9	20
040 Fencing	$36,000	$10,0	18	25
040 Signage	$19,275	$10,6	9	20
050 Lighting	$3,706	$3,7	2	12
060 Walls	$33,275	$33,2	2	8
100 Grounds	$20,000		10	10
100 Landscape	$202,490	$146,9	0-6	5-10
Contingency	n.a.		n.a.	n.a.
Total	$402,244		0-18	5-25

This report page meets the requirements of NRS 116 and any other statute disclosure requirents for Nevada Reserve Providers. This page should be provided to the homeowners at budget time as an integral part of the operating and reserve budget package.
This reserve report was prepared by CSIReserves (Community Solutions Inc., Henderson, Nevada). The preparer was awarded the national CAI Reserve Specialist designation (RS) in March of 2000 and held the AMS (Association Management Specialist) and PCAM (Professional Community Association Manager) designations from 1994-2014). He is Nevada RSS (Reserve Study Specialist) permit holder No. 0003 and has over 15 years experience in the prepartion of reserve studies for common interest and commercial communities. The Preparer creates and teaches maintenance and reserve study classes for CID manager license candidates in the State of Nevada and has, in the past, lectured on maintenance and reserves for the State of Nevada Ombudsman's Office..

Type of Study is ... Update w/Site
(Full, Update with Site Visit, or Update w/o Site Visit)

The Method of Funding utilized for projecting future funding is .... Full Funding
(Component (Full Funding), Threshold, or Baseline)

This report was produced in 2019. The data in this report was only current in the year the report was produced.

South Shores Community Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Theoretically Ideal Balance
010 Streets				
Concrete - Funded	0	5	$5,000.00	$5,000.00
Sub Total	**0**	**5**	**$5,000.00**	**$5,000.00**
020 Painting				
Painting - Perimeter Stucco Walls	0	10	$50,260.00	$50,260.00
Painting - Wrought Iron	0	5	$4,537.00	$4,537.00
Sub Total	**0**	**5-10**	**$54,797.00**	**$54,797.00**
030 Fencing				
Fencing - Wrought Iron	9	20	$27,701.78	$15,235.98
Sub Total	**9**	**20**	**$27,701.78**	**$15,235.98**
040 Fencing				
Walls - Block, Stone Veneer	18	25	$36,000.00	$10,080.00
Sub Total	**18**	**25**	**$36,000.00**	**$10,080.00**
040 Signage				
Signage - Community Signage	9	20	$19,274.83	$10,601.16
Sub Total	**9**	**20**	**$19,274.83**	**$10,601.16**
050 Lighting				
Lighting - Landscape, Monument	2	12	$3,706.00	$3,088.33
Sub Total	**2**	**12**	**$3,706.00**	**$3,088.33**
060 Walls				
Perimeter Walls - Repairs	2	8	$33,274.80	$24,956.10
Sub Total	**2**	**8**	**$33,274.80**	**$24,956.10**
100 Grounds				
Grounds - Misc Above and In-Ground Utilities	10	10	$20,000.00	$0.00
Sub Total	**10**	**10**	**$20,000.00**	**$0.00**
100 Landscape				
Irrigation - Backflow Devices	6	6	$15,000.00	$0.00
Landscape - Ground Cover, Crushed Stone	1	10	$18,000.00	$16,200.00
Landscape - Irrigation Controllers	6	6	$39,490.00	$0.00
Landscape - Irrigation Renovation	4	8	$50,000.00	$25,000.00
Landscape - Periodic Tree Maint & Rplcmnt	0	5	$30,000.00	$30,000.00
Landscape - Refurbish/Renovate	1	5	$50,000.00	$40,000.00

South Shores Community Association

Calculation of Percent Funded

Sorted by Category

	Remaining Life	Useful Life	Current Cost	Theoretically Ideal Balance
Sub Total	**0-6**	**5-10**	**$202,490.00**	**$111,200.00**
Contingency	n.a.	n.a.	n.a.	$11,747.93
Total	**0-18**	**5-25**	**$402,244.41**	**$246,706.50**
Anticipated Reserve Balance				**$293,674.00**
Percent Funded				**119.04%**

South Shores Community Association

Distribution of Current Reserve Funds

Sorted by Remaining Life

	Remaining Life	Theoretically Ideal Balance	Internally Assigned Reserves
Concrete - Funded	0	$5,000.00	$5,000.00
Landscape - Periodic Tree Maint & Rplcmnt	0	$30,000.00	$30,000.00
Painting - Perimeter Stucco Walls	0	$50,260.00	$50,260.00
Painting - Wrought Iron	0	$4,537.00	$4,537.00
Landscape - Ground Cover, Crushed Stone	1	$16,200.00	$18,000.00
Landscape - Refurbish/Renovate	1	$40,000.00	$50,000.00
Lighting - Landscape, Monument	2	$3,088.33	$3,706.00
Perimeter Walls - Repairs	2	$24,956.10	$33,274.80
Landscape - Irrigation Renovation	4	$25,000.00	$48,994.59
Irrigation - Backflow Devices	6	$0.00	$0.00
Landscape - Irrigation Controllers	6	$0.00	$0.00
Fencing - Wrought Iron	9	$15,235.98	$15,235.98
Signage - Community Signage	9	$10,601.16	$10,601.16
Grounds - Misc Above and In-Ground Utilities	10	$0.00	$0.00
Walls - Block, Stone Veneer	18	$10,080.00	$10,080.00
Contingency	n.a.	$11,747.93	$13,984.48
Total	**0-18**	**$246,706.50**	**$293,674.00**
Percent Funded			**119.04%**

South Shores Community Association

Management / Accounting Summary

Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
010 Streets				
Concrete - Funded	$5,000.00	$86.17	$0.42	$86.59
Sub Total	**$5,000.00**	**$86.17**	**$0.42**	**$86.59**
020 Painting				
Painting - Perimeter Stucco Walls	$50,260.00	$548.92	$2.65	$551.57
Painting - Wrought Iron	$4,537.00	$78.19	$0.38	$78.57
Sub Total	**$54,797.00**	**$627.11**	**$3.03**	**$630.14**
030 Fencing				
Fencing - Wrought Iron	$15,235.98	$133.52	$14.04	$147.56
Sub Total	**$15,235.98**	**$133.52**	**$14.04**	**$147.56**
040 Fencing				
Walls - Block, Stone Veneer	$10,080.00	$139.59	$9.54	$149.12
Sub Total	**$10,080.00**	**$139.59**	**$9.54**	**$149.12**
040 Signage				
Signage - Community Signage	$10,601.16	$92.90	$9.77	$102.67
Sub Total	**$10,601.16**	**$92.90**	**$9.77**	**$102.67**
050 Lighting				
Lighting - Landscape, Monument	$3,706.00	$2.90	$3.27	$6.18
Sub Total	**$3,706.00**	**$2.90**	**$3.27**	**$6.18**
060 Walls				
Perimeter Walls - Repairs	$33,274.80	$26.08	$29.38	$55.46
Sub Total	**$33,274.80**	**$26.08**	**$29.38**	**$55.46**
100 Grounds				
Grounds - Misc Above and In-Ground Utilities	$0.00	$176.36	$0.85	$177.21
Sub Total	**$0.00**	**$176.36**	**$0.85**	**$177.21**
100 Landscape				
Irrigation - Backflow Devices	$0.00	$216.43	$1.04	$217.47
Landscape - Ground Cover, Crushed Stone	$18,000.00	$14.11	$15.89	$30.00
Landscape - Irrigation Controllers	$0.00	$569.79	$2.75	$572.54
Landscape - Irrigation Renovation	$48,994.59	$59.96	$43.37	$103.32
Landscape - Periodic Tree Maint & Rplcmnt	$30,000.00	$517.04	$2.50	$519.54
Landscape - Refurbish/Renovate	$50,000.00	$39.18	$44.15	$83.33

South Shores Community Association

Management / Accounting Summary

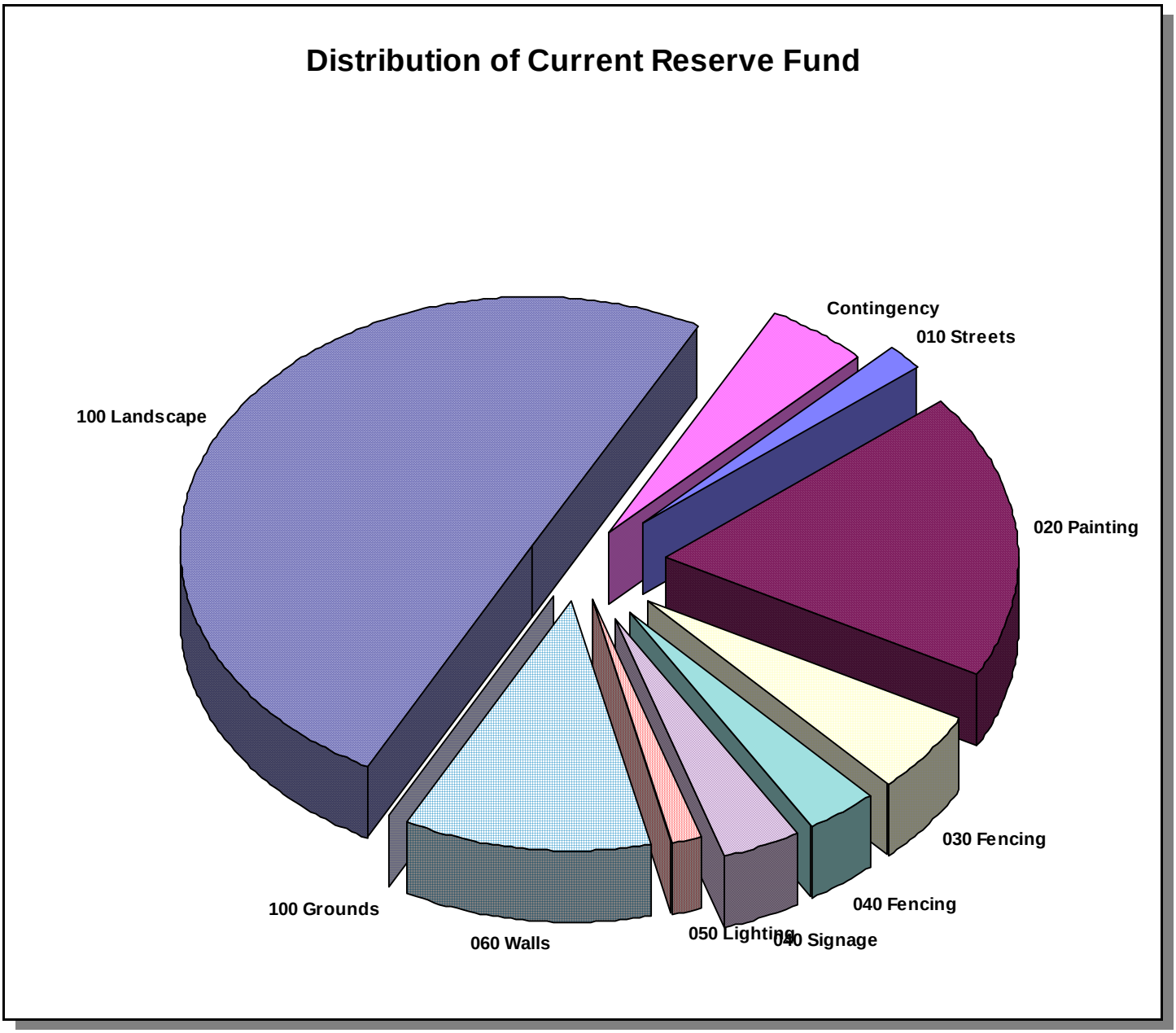
Sorted by Category

	Balance at Fiscal Year Beginning	Monthly Member Contribution	Monthly Interest Contribution	Total Monthly Contribution
Sub Total	**$146,994.59**	**$1,416.51**	**$109.70**	**$1,526.21**
Contingency	$13,984.48	$135.06	$12.95	$148.00
Total	**$293,674.00**	**$2,836.19**	**$192.94**	**$3,029.13**

South Shores Community Association

Management / Accounting Charts

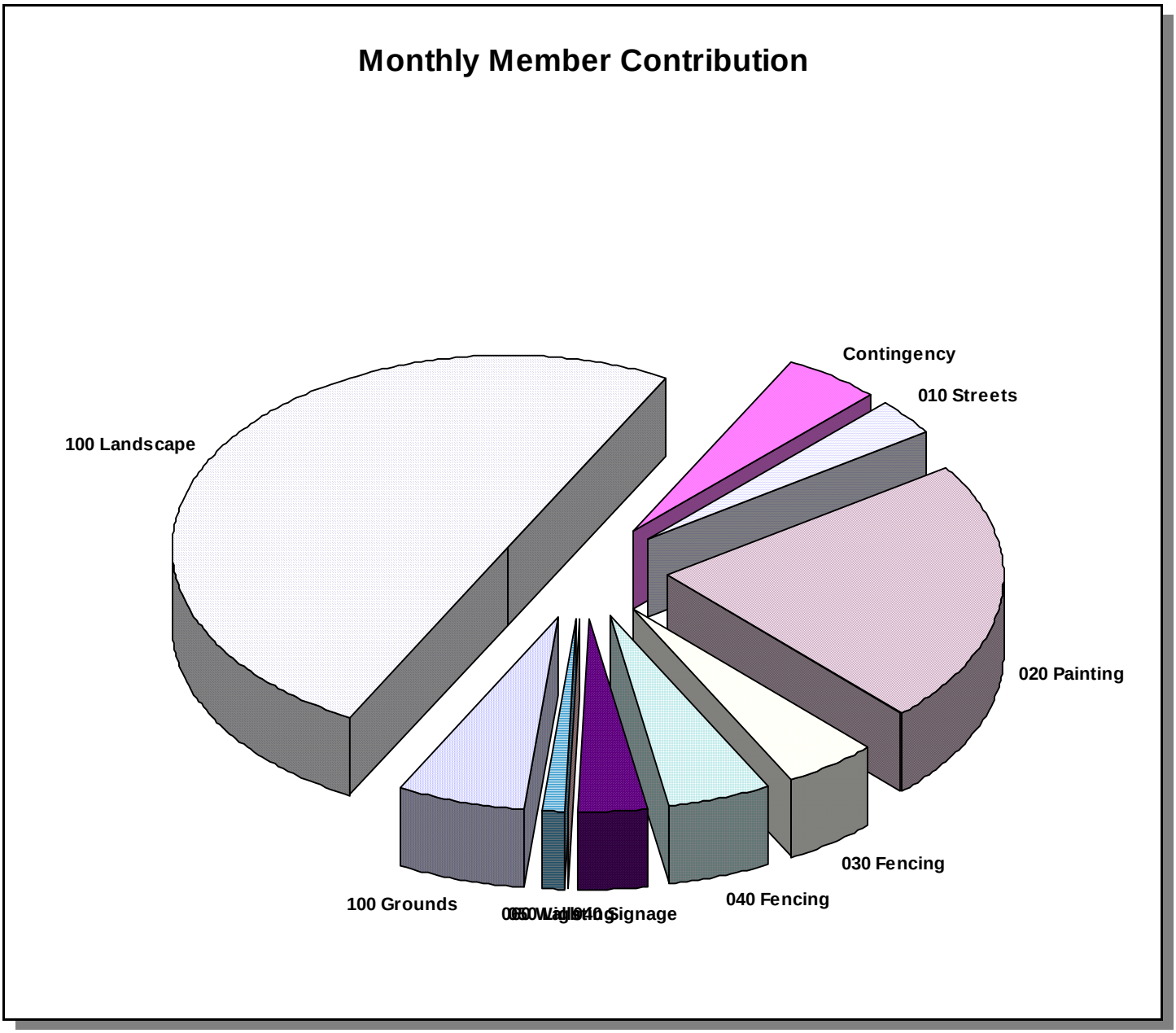
Sorted by Category



South Shores Community Association

Management / Accounting Charts

Sorted by Category



South Shores Community Association

Annual Expenditure Detail

Sorted by Description

2019 Fiscal Year	
Concrete - Funded	$5,000.00
Landscape - Periodic Tree Maint & Rplcmnt	$30,000.00
Painting - Perimeter Stucco Walls	$50,260.00
Painting - Wrought Iron	$4,537.00
Sub Total	**$89,797.00**
2020 Fiscal Year	
Landscape - Ground Cover, Crushed Stone	$18,360.00
Landscape - Refurbish/Renovate	$51,000.00
Sub Total	**$69,360.00**
2021 Fiscal Year	
Lighting - Landscape, Monument	$3,855.72
Perimeter Walls - Repairs	$34,619.10
Sub Total	**$38,474.82**
2023 Fiscal Year	
Landscape - Irrigation Renovation	$54,121.61
Sub Total	**$54,121.61**
2024 Fiscal Year	
Concrete - Funded	$5,520.40
Landscape - Periodic Tree Maint & Rplcmnt	$33,122.42
Painting - Wrought Iron	$5,009.21
Sub Total	**$43,652.04**
2025 Fiscal Year	
Irrigation - Backflow Devices	$16,892.44
Landscape - Irrigation Controllers	$44,472.15
Landscape - Refurbish/Renovate	$56,308.12
Sub Total	**$117,672.71**
2027 Fiscal Year	
Painting - Perimeter Stucco Walls	$58,887.60
Sub Total	**$58,887.60**
2028 Fiscal Year	
Fencing - Wrought Iron	$33,106.19
Signage - Community Signage	$23,035.21
Sub Total	**$56,141.40**

South Shores Community Association

Annual Expenditure Detail

Sorted by Description

2029 Fiscal Year	
Concrete - Funded	$6,094.97
Grounds - Misc Above and In-Ground Utilities	$24,379.89
Landscape - Periodic Tree Maint & Rplcmnt	$36,569.83
Painting - Wrought Iron	$5,530.58
Perimeter Walls - Repairs	$40,561.80
Sub Total	**$113,137.07**
2030 Fiscal Year	
Landscape - Ground Cover, Crushed Stone	$22,380.74
Landscape - Refurbish/Renovate	$62,168.72
Sub Total	**$84,549.45**
2031 Fiscal Year	
Irrigation - Backflow Devices	$19,023.63
Landscape - Irrigation Controllers	$50,082.87
Landscape - Irrigation Renovation	$63,412.09
Sub Total	**$132,518.59**
2033 Fiscal Year	
Lighting - Landscape, Monument	$4,889.99
Sub Total	**$4,889.99**
2034 Fiscal Year	
Concrete - Funded	$6,729.34
Landscape - Periodic Tree Maint & Rplcmnt	$40,376.05
Painting - Wrought Iron	$6,106.20
Sub Total	**$53,211.60**
2035 Fiscal Year	
Landscape - Refurbish/Renovate	$68,639.29
Painting - Perimeter Stucco Walls	$68,996.21
Sub Total	**$137,635.49**
2037 Fiscal Year	
Irrigation - Backflow Devices	$21,423.69
Landscape - Irrigation Controllers	$56,401.44
Perimeter Walls - Repairs	$47,524.61
Walls - Block, Stone Veneer	$51,416.86
Sub Total	**$176,766.61**

South Shores Community Association

Annual Expenditure Detail

Sorted by Description

2039 Fiscal Year	
Concrete - Funded	$7,429.74
Grounds - Misc Above and In-Ground Utilities	$29,718.95
Landscape - Irrigation Renovation	$74,297.37
Landscape - Periodic Tree Maint & Rplcmnt	$44,578.42
Painting - Wrought Iron	$6,741.74
Sub Total	**$162,766.22**
2040 Fiscal Year	
Landscape - Ground Cover, Crushed Stone	$27,281.99
Landscape - Refurbish/Renovate	$75,783.32
Sub Total	**$103,065.31**
2043 Fiscal Year	
Irrigation - Backflow Devices	$24,126.56
Landscape - Irrigation Controllers	$63,517.19
Painting - Perimeter Stucco Walls	$80,840.06
Sub Total	**$168,483.80**
2044 Fiscal Year	
Concrete - Funded	$8,203.03
Landscape - Periodic Tree Maint & Rplcmnt	$49,218.18
Painting - Wrought Iron	$7,443.43
Sub Total	**$64,864.64**
2045 Fiscal Year	
Landscape - Refurbish/Renovate	$83,670.91
Lighting - Landscape, Monument	$6,201.69
Perimeter Walls - Repairs	$55,682.65
Sub Total	**$145,555.25**
2047 Fiscal Year	
Landscape - Irrigation Renovation	$87,051.21
Sub Total	**$87,051.21**
2048 Fiscal Year	
Fencing - Wrought Iron	$49,194.06
Signage - Community Signage	$34,229.10
Sub Total	**$83,423.16**

South Shores Community Association

Projections

Full Funding (Component) Calculation Method

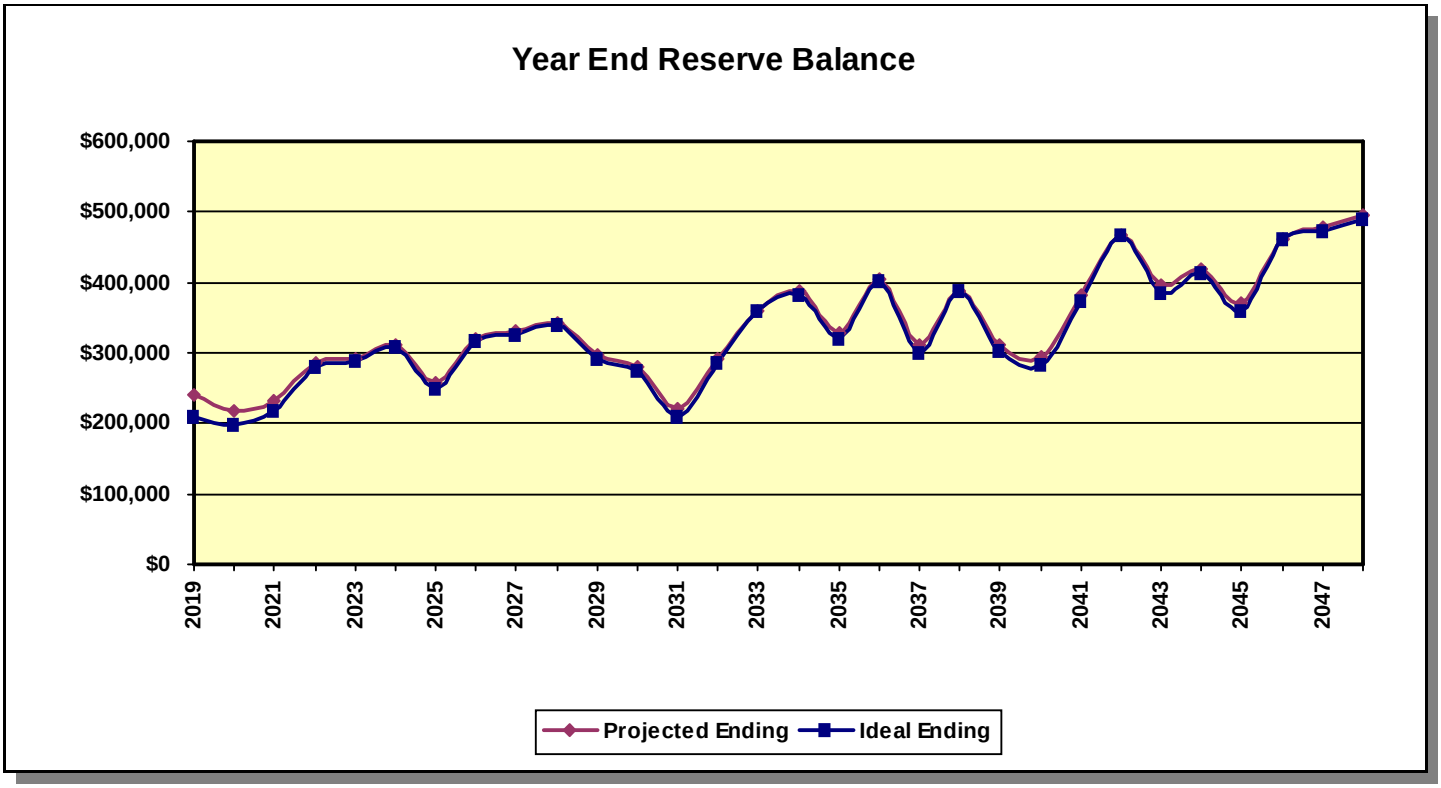
Fiscal Year	Beginning Balance	Member Contribution	Interest Contribution	Expenditures	Ending Balance	Theoretically Ideal Ending Balance	Percent Funded
2019	$293,674	$34,034	$2,315	$89,797	$240,227	$210,709	114%
2020	$240,227	$45,868	$2,024	$69,360	$218,759	$196,984	111%
2021	$218,759	$50,216	$2,144	$38,475	$232,644	$217,189	107%
2022	$232,644	$49,955	$2,696	$0	$285,295	$280,155	102%
2023	$285,295	$57,272	$2,715	$54,122	$291,161	$287,588	101%
2024	$291,161	$60,161	$2,902	$43,652	$310,572	$307,579	101%
2025	$310,572	$63,239	$2,340	$117,673	$258,479	$249,913	103%
2026	$258,479	$58,205	$3,008	$0	$319,692	$318,365	100%
2027	$319,692	$66,321	$3,072	$58,888	$330,197	$326,387	101%
2028	$330,197	$65,209	$3,206	$56,141	$342,471	$338,805	101%
2029	$342,471	$66,490	$2,741	$113,137	$298,564	$291,749	102%
2030	$298,564	$64,626	$2,570	$84,549	$281,211	$275,717	102%
2031	$281,211	$70,618	$1,910	$132,519	$221,219	$209,362	106%
2032	$221,219	$68,210	$2,663	$0	$292,093	$285,009	102%
2033	$292,093	$69,028	$3,363	$4,890	$359,593	$358,361	100%
2034	$359,593	$76,513	$3,602	$53,212	$386,497	$382,885	101%
2035	$386,497	$77,174	$2,998	$137,635	$329,033	$318,969	103%
2036	$329,033	$70,791	$3,813	$0	$403,638	$402,699	100%
2037	$403,638	$81,565	$2,787	$176,767	$311,224	$300,333	104%
2038	$311,224	$73,089	$3,636	$0	$387,949	$386,815	100%
2039	$387,949	$84,162	$2,782	$162,766	$312,126	$302,313	103%
2040	$312,126	$83,626	$2,609	$103,065	$295,296	$281,703	105%
2041	$295,296	$82,207	$3,512	$0	$381,015	$372,738	102%
2042	$381,015	$82,863	$4,420	$0	$468,298	$467,301	100%
2043	$468,298	$91,592	$3,605	$168,484	$395,011	$385,052	103%
2044	$395,011	$84,525	$3,891	$64,865	$418,563	$413,912	101%
2045	$418,563	$93,813	$3,333	$145,555	$370,154	$358,741	103%
2046	$370,154	$87,121	$4,326	$0	$461,601	$460,205	100%
2047	$461,601	$99,073	$4,430	$87,051	$478,053	$472,353	101%
2048	$478,053	$96,802	$4,631	$83,423	$496,063	$490,552	101%

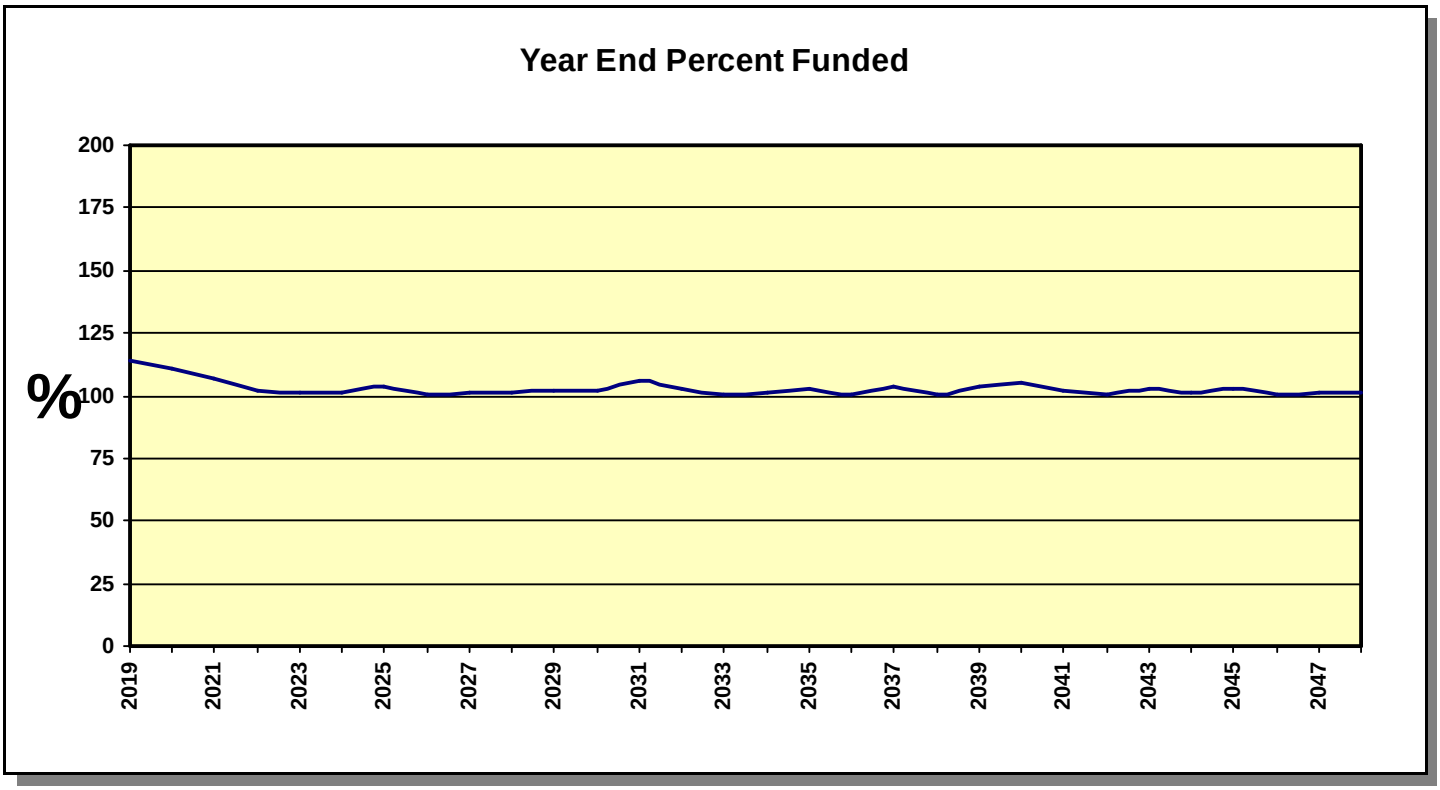
NOTE: In some cases, the projected Ending Balance may exceed the Theoretically Ideal Ending Balance in years following high Expenditures. This is a result of the provision for contingency in this analysis, which in these projections is never expended. The contingency is continually adjusted according to need and any excess is redistributed among all components included.

South Shores Community Association

Projection Charts

Full Funding (Component) Method

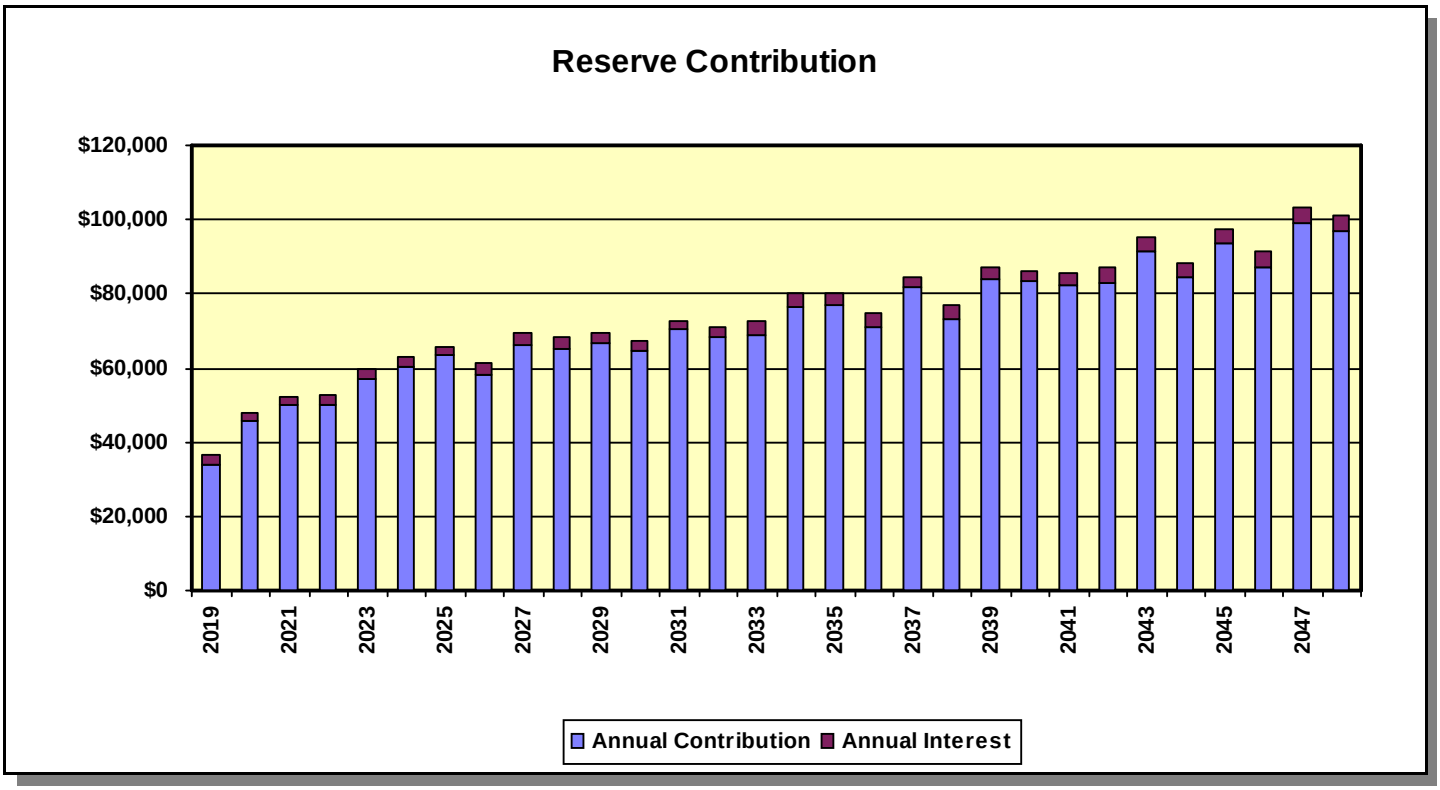


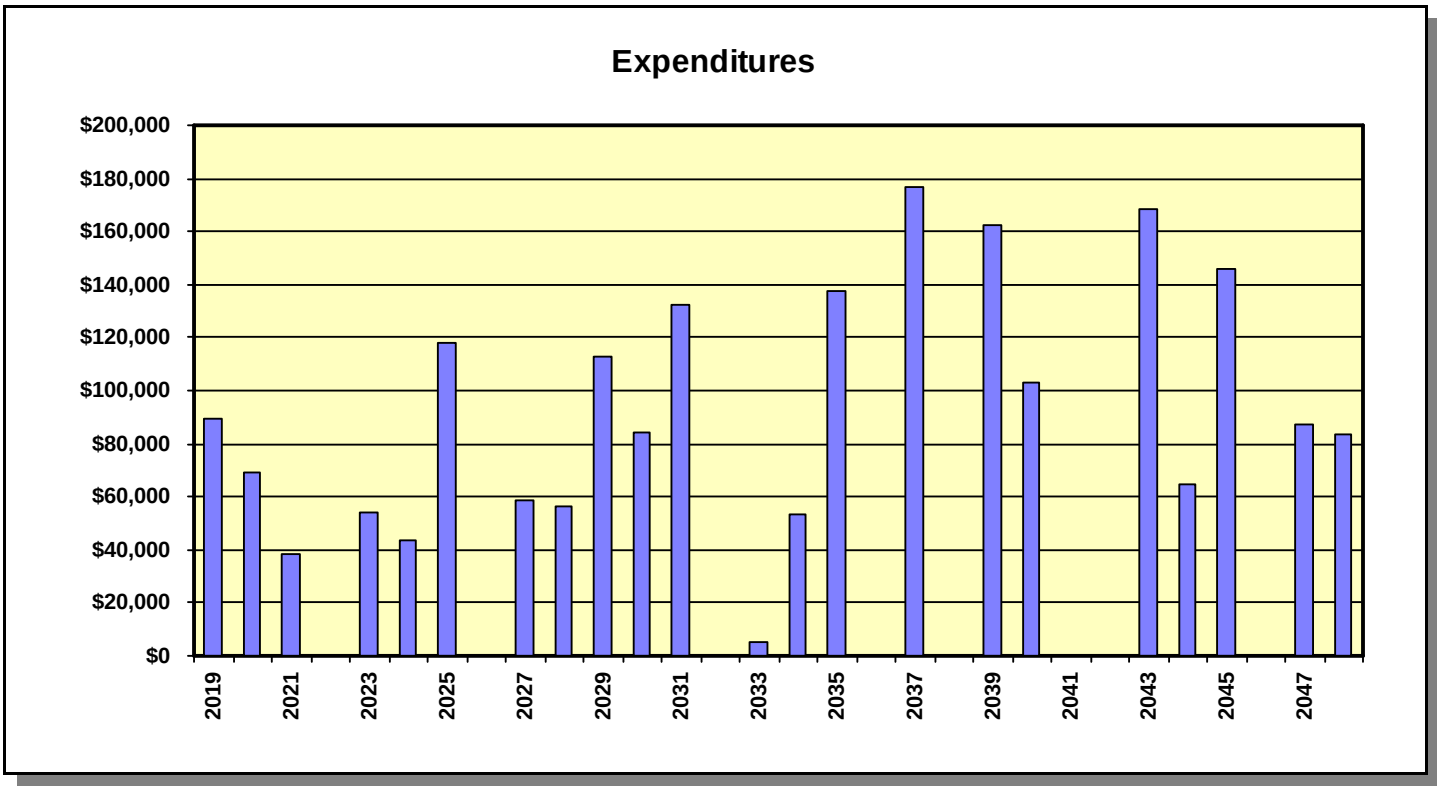


South Shores Community Association

Projection Charts

Full Funding (Component) Method





South Shores Community Association

Component Detail

Sorted by Category

Concrete - Funded

Category	010 Streets	Quantity	1 total
		Unit Cost	$5,000.000
		% of Replacement	100.00%
		Current Cost	$5,000.00
Placed In Service	01/13	Future Cost	$5,520.40
Useful Life	5		
		Assigned Reserves at FYB	$5,000.00
Remaining Life	0	Monthly Member Contribution	$86.17
Replacement Year	2019	Monthly Interest Contribution	$0.42
		Total Monthly Contribution	$86.59

Comments:

2019 - Management has stated that the association is not responsible for sidewalks. This was in question in the past. We will leave the small allocation for concrete in the event that a situation arises where the association becomes responsible for damage to a sidewalk. It also provides for repair/replacement of any other small concrete elements.

2014 - We have introduced a funding component for concrete sidewalks as it appears that the association is or may be responsible for some or all of the perimeter sidewalks along the perimeters of the property.

The board is investigating this as there is conflicting information which implies that the City/County may have responsibility. And this has been the opinion presented to ARS in the past.

This fund also provides for replacement repair of concrete edging in the landscape areas.

South Shores Community Association

Component Detail

Sorted by Category

Painting - Perimeter Stucco Walls

Category	020 Painting	Quantity	1 total
		Unit Cost	$50,260.000
		% of Replacement	100.00%
		Current Cost	$50,260.00
Placed In Service	01/08	Future Cost	$58,887.60
Useful Life	8		
Adjustment	+2	Assigned Reserves at FYB	$50,260.00
Remaining Life	0	Monthly Member Contribution	$548.92
Replacement Year	2019	Monthly Interest Contribution	$2.65
		Total Monthly Contribution	$551.57

Comments:

2019 - The perimeter walls are scheduled for painting in June 2019 by MK House Consulting for approximately $46k plus any unexpected extras. We have added 10% for change orders and other misc extras.
2014 - The 2014 numbers are revised as a result of new measurements. The sf measurements below were originally made by ARS.
2009 - This is for painting the exterior side of the perimeter stucco walls. According to the client, most of the walls were painted when the signs were replaced. Approx date 1/1/08.

Rampart - 1100lf, Softwinds - 2776lf, Mariner (west) - 2571lf, Mariner & Regatta (east) - 2640lf,
Lake Mead - 4455lf, Harbor Island (west) - 1756lf, Harbor Island (west) - 2388lf,
Total wall length approximately 17,686lf. + certain interior walls - 3600sf
Total SF approximately 17,686lf x 4.5' (avg ht) = 79,587sf. Plus 3600sf = 83,187sf. It appears that in 2008 a higher quality paint was applied to the walls. The cost estimate reflects the use of a higher quality 100% acrylic.

South Shores Community Association

Component Detail

Sorted by Category

Painting - Wrought Iron

Category	020 Painting	Quantity	1 total
		Unit Cost	$4,537.000
		% of Replacement	100.00%
		Current Cost	$4,537.00
Placed In Service	01/12	Future Cost	$5,009.21
Useful Life	5		
		Assigned Reserves at FYB	$4,537.00
Remaining Life	0	Monthly Member Contribution	$78.19
Replacement Year	2019	Monthly Interest Contribution	$0.38
		Total Monthly Contribution	$78.57

Comments:

1	misc repair and preparation (50%)	@	$907.00	=	$907.00
1,420	sf - Pueblo Vista	@	$1.50	=	$2,130.00
200	sf - Waterfall & Lady Lake	@	$1.50	=	$300.00
800	sf - Lady Lake and Fairvilla	@	$1.50	=	$1,200.00
			TOTAL	=	$4,537.00

2019 - Metal fencing is need of painting. Perimeter walls are scheduled for painting in June of 2019. Metal fencing should be painted at the same time,
2014 - Fencing is in need of rust treatment and painting. A section of fencing atop a block wall surrounding a small greenbelt area at the intersection of Lady Lake and Fairvilla was painted in 2012. It appears that this fencing, due to deferred maintenance, may need some repair and extensive rust removal when painted.

It is assumed, with future painting, that deferred maintenance will not be an issue and normal routine painting cost estimates will be sufficient.

General Wrought Iron Fencing Maintenance Note: To ensure that wrought iron achieves its full useful life, it should be properly maintained. This type of fencing, gates, railings, etc. requires attentive maintenance in order to prolong its life.

Bushes and shrubs should be kept well clear of fencing so as to allow fencing to dry and remain dry. Shrubs and bushes growing into and touching fencing will expedite deterioration. Sprinklers continually spraying on fencing will expedite rust. Fencing should also be kept above ground and ground coverings. Posts should be installed in capped concrete well above ground level so as to prevent pooling or standing water around the metal post.

South Shores Community Association

Component Detail

Sorted by Category

Fencing - Wrought Iron

Category	030 Fencing	Quantity	1 total
		Unit Cost	$27,701.779
		% of Replacement	100.00%
		Current Cost	$27,701.78
Placed In Service	01/08	Future Cost	$33,106.19
Useful Life	20		
		Assigned Reserves at FYB	$15,235.98
Remaining Life	9	Monthly Member Contribution	$133.52
Replacement Year	2028	Monthly Interest Contribution	$14.04
		Total Monthly Contribution	$147.56

Comments:

320	- lf of 2.5' (est) fencing, Lady Lake	@	$29.37	=	$9,397.09
568	- lf of 2.5' (est) fencing, Pueblo Vista	@	$29.37	=	$16,679.83
40	- lin. ft. of 5' fencing, Waterfall & LL	@	$40.62	=	$1,624.86
			TOTAL	=	$27,701.78

2014 - It is assumed that the perimeter metal fence sections will be painted along with the perimeter block walls in 2019.

2014 - Some of the fencing is in need of rust treatment and painting. The section located in the circle at Hunt Club and Millhopper was observed to need painting. This is the 5 ft. wrought iron fencing located at the drainage easement on Mariner Drive. Additional fencing has been maintained by the association on Pueblo Vista.

General Wrought Iron Fencing Maintenance Note: To ensure that wrought iron achieves its full useful life, it should be properly maintained. This type of fencing, gates, railings, etc. requires attentive maintenance in order to prolong its life. Bushes and shrubs should be kept well clear of fencing so as to allow fencing to dry and remain dry. Shrubs and bushes growing into and touching fencing will expedite deterioration. Sprinklers continually spraying on fencing will expedite rust. Fencing should also be kept above ground and ground coverings. Posts should be installed in capped concrete well above ground level so as to prevent pooling or standing water around the metal post.

South Shores Community Association

Component Detail

Sorted by Category

Walls - Block, Stone Veneer

Category	040 Fencing	Quantity	1 total
		Unit Cost	$36,000.000
		% of Replacement	100.00%
		Current Cost	$36,000.00
Placed In Service	01/12	Future Cost	$51,416.86
Useful Life	25		
		Assigned Reserves at FYB	$10,080.00
Remaining Life	18	Monthly Member Contribution	$139.59
Replacement Year	2037	Monthly Interest Contribution	$9.54
		Total Monthly Contribution	$149.13

Comments:

2019 - No change to this component.

2014 - In 2012 stone veneer was installed on the stuccf block wall columns at a total cost of $36,000.

Periodic repairs are likely to these surfaces which may simply include replacement of missing stone veneer. Minor repairs should be charged against the operating account.

South Shores Community Association

Component Detail

Sorted by Category

Signage - Community Signage

Category	040 Signage	Quantity	1 total
		Unit Cost	$19,274.830
		% of Replacement	100.00%
		Current Cost	$19,274.83
Placed In Service	01/08	Future Cost	$23,035.21
Useful Life	20		
		Assigned Reserves at FYB	$10,601.16
Remaining Life	9	Monthly Member Contribution	$92.90
Replacement Year	2028	Monthly Interest Contribution	$9.77
		Total Monthly Contribution	$102.67

Comments:

66	metal letters - South Shores	@	$84.97	=	$5,608.02
73	metal letters - community signage	@	$84.97	=	$6,202.81
2	ceramic tile signs - Isla Vista	@	$1,416.00	=	$2,832.00
12	logos installed at community signs	@	$240.00	=	$2,880.00
1	installation, tax, misc chgs 10%	@	$1,752.00	=	$1,752.00
			TOTAL	=	$19,274.83

These are the various signs mounted on the perimeter stucco walls that identify the community and the individual neighborhoods. Cost for metal letter signage is for letters only.

2019 - All community signs appear in good condition.

2014 - We observed that some of the logos to the left of the lettering appear to be failing. Costs adjusted for inflation.
2009 - Based upon information provided by the client, renovation and/or replacement of the various community identity signage was completed approximately 1.5 years ago. We will use 01.01.08 as an approximate placed in service date.

South Shores Community Association

Component Detail

Sorted by Category

Lighting - Landscape, Monument

Category	050 Lighting	Quantity	1 total
		Unit Cost	$3,706.000
		% of Replacement	100.00%
		Current Cost	$3,706.00
Placed In Service	01/09	Future Cost	$3,855.72
Useful Life	12		
		Assigned Reserves at FYB	$3,706.00
Remaining Life	2	Monthly Member Contribution	$2.90
Replacement Year	2021	Monthly Interest Contribution	$3.27
		Total Monthly Contribution	$6.17

Comments:

2019 - No change to this component other than increase for inflation.

2013 - Since the last study, new lighting has been installed at the monument sign on the corner of Lake Mead and Rampart. The total cost of the new install was quoted at $6000. However, as this cost included new construction and installation fees, we have only budgeted estimates for the lighting fixtures and misc associated costs which may exist.

6	100 watt MH well lights	@	$360.00	=	$2,160.00
2	CPEL (LED) flood lights	@	$258.00	=	$516.00
1	misc power, clock, wiring	@	$1,030.00	=	$1,030.00
			TOTAL	=	$3,706.00

South Shores Community Association

Component Detail

Sorted by Category

Perimeter Walls - Repairs

Category	060 Walls	Quantity	83,187 sq. ft.
		Unit Cost	$10.000
		% of Replacement	4.00%
		Current Cost	$33,274.80
Placed In Service	01/13	Future Cost	$34,619.10
Useful Life	8		
		Assigned Reserves at FYB	$33,274.80
Remaining Life	2	Monthly Member Contribution	$26.08
Replacement Year	2021	Monthly Interest Contribution	$29.38
		Total Monthly Contribution	$55.46

Comments:

2019 - Routine cosmetic repairs are being performed during the June 2019 paint project.

2014 - The perimeter wall exterior appears in good condition based upon a simple visual survey. The 2014 numbers are revised as a result of new measurements. $21K was spent in 2013 on wall repairs.

This component is for periodic major repairs to the perimeter stucco walls. The painting cycle will include minor crack fill and other minor cosmetic issues.

Rampart - 1100lf,
Softwinds - 2776lf,
Mariner (west) - 2571lf,
Mariner & Regatta (east) - 2640lf,
Lake Mead - 4455lf,
Harbor Island (west) - 1756lf,
Harbor Island (west) - 2388lf,
Total wall length approximately 17,686lf.
Total SF approximately 17,686lf x 4.5' (avg ht) = 79,587sf. + 3600 misc interior = 83,187sf

South Shores Community Association

Component Detail

Sorted by Category

Grounds - Misc Above and In-Ground Utilities

Category	100 Grounds	Quantity	1 total
		Unit Cost	$20,000.000
		% of Replacement	100.00%
		Current Cost	$20,000.00
Placed In Service	01/19	Future Cost	$24,379.89
Useful Life	10		
		Assigned Reserves at FYB	$0.00
Remaining Life	10	Monthly Member Contribution	$176.36
Replacement Year	2029	Monthly Interest Contribution	$0.85
		Total Monthly Contribution	$177.21

Comments:

General Notes: It is important to note that the association may be responsible for some or all above ground utility boxes, junctions, wiring, etc., where these do not belong to a public utility. In addition, the association also may be responsible for certain in-ground electrical, water, sewers and storm drains within the gated areas to the point of connection with the public utility where ever that connection may be made.

It is also important to note that these items should be maintained throughout their life. Electrical boxes and other metal components should be kept painted and protected from the elements to prolong their life and MAINTAIN SAFETY. Storm drains should be kept clear of debris. Sewers should be checked by a licensed professional periodically. All water valves and mains should be inspected and serviced on an annual basis. All components should be inspected and serviced on an annual basis. Contact the local utility and request an inspection and any service where their components may be involved.

This may include electricial systems providing power to landscape and monument lighting, power to irrigation controllers and distribution boxes.

South Shores Community Association

Component Detail

Sorted by Category

Irrigation - Backflow Devices

Category	100 Landscape	Quantity	1 total
		Unit Cost	$15,000.000
		% of Replacement	100.00%
		Current Cost	$15,000.00
Placed In Service	01/19	Future Cost	$16,892.44
Useful Life	6		
		Assigned Reserves at FYB	$0.00
Remaining Life	6	Monthly Member Contribution	$216.43
Replacement Year	2025	Monthly Interest Contribution	$1.04
		Total Monthly Contribution	$217.47

Comments:

6	Wilkins backflow devices	@	$2,500.00	=	$15,000.00
			TOTAL	=	$15,000.00

2019 - Inventory includes 6 Wilkins backflow devices stated in good condition 4-8 year life. Quoted price has risen from last inventory.

2014 - A new irrigation inventory provided by the client lists a count of 6 backflows. We have added a funding allocation for the backflows.

These devices require an annual inspection and should be repaired "as needed," thus, we have provided an allocation for the periorid replacement of these units. Routine inspections and repairs should be provided for in the annual operating landscape budget. These items should also be protected from freezing temps by wrapping or covering.

South Shores Community Association

Component Detail

Sorted by Category

Landscape - Ground Cover, Crushed Stone

Category	100 Landscape	Quantity	360 cubic yard
		Unit Cost	$50.000
		% of Replacement	100.00%
		Current Cost	$18,000.00
Placed In Service	01/10	Future Cost	$18,360.00
Useful Life	10		
		Assigned Reserves at FYB	$18,000.00
Remaining Life	1	Monthly Member Contribution	$14.11
Replacement Year	2020	Monthly Interest Contribution	$15.89
		Total Monthly Contribution	$30.00

Comments:

2019 - No change to this component.

2014 - We adjusted the life cycle for this component to align with the Landscape Renovation component. There is extensive perimeter landscaping throughout the perimeter areas of the community. Much of the original turf has been removed and replaced with desertscape. The ground covering used with this type of landscaping is typically crushed stone. We estimate 70% coverage (the remaining being plant material).

Rampart - 1100lf, 10'deep, desertscape, & plantings
Softwinds - 2776lf, 10' desertscape, & plantings
Mariner (west) - 2571lf, turf & plantings
Mariner & Regatta (east) - 2640lf, turf & plantings
Lake Mead - 4455lf, 8'-10' desertscape, 4' sidewalk, & plantings
Harbor Island (west) - 1756lf, turf & plantings
Harbor Island (west) - 2388lf, sidewalk, turf & plantings
Total landscaped area approximately 176,860 sf.

Total desertscape area approximately 83,310 sf. This cost is for typical .5" - 1.0" crushed stone used for landscape groundcover. The cost is per cubic yard. One cubic yard covers 162 sf at 2" depth.

South Shores Community Association

Component Detail

Sorted by Category

South Shores Community Association

Component Detail

Sorted by Category

Landscape - Irrigation Controllers

Category	100 Landscape	Quantity	1 total
		Unit Cost	$39,490.000
		% of Replacement	100.00%
		Current Cost	$39,490.00
Placed In Service	01/19	Future Cost	$44,472.15
Useful Life	6		
		Assigned Reserves at FYB	$0.00
Remaining Life	6	Monthly Member Contribution	$569.79
Replacement Year	2025	Monthly Interest Contribution	$2.75
		Total Monthly Contribution	$572.54

Comments:

6	Battery Clocks (6 stations)	@	$1,400.00	=	$8,400.00
4	Hunter Solar Clocks (18 stations)	@	$1,400.00	=	$5,600.00
2	Battery Clocks Node (2 stations)	@	$450.00	=	$900.00
1	Misc Battery, valve, etc (10%)	@	$3,590.00	=	$3,590.00
15	Hunter Hybrid Solar Clocks (98 stations)	@	$1,400.00	=	$21,000.00
			TOTAL	=	$39,490.00

2019 - Inventory revised with new data from client. Life span provided is from 3.5 to 4 years remaining on devices.

2014 - A new inventory has been provided by the association landscape providing us with an accurate inventory of clocks. The condition of all clocks is noted as FAIR. We observed that many of the solar controllerss have badly clouded lense covers.
2009 - These are the solar irrigation controllers located throughout the community. We inventoried 20 locations.The actual date this component was placed into service is not available. For budgeting purposes, this date has been estimated based on its condition at our 2005 site visit.

South Shores Community Association

Component Detail

Sorted by Category

We have adusted the placed in service date assuming that many of the controllers were replaced during the zeroscape conversion.

Landscape - Irrigation Renovation

Category	100 Landscape	Quantity	1 total
		Unit Cost	$50,000.000
		% of Replacement	100.00%
		Current Cost	$50,000.00
Placed In Service	01/15	Future Cost	$54,121.61
Useful Life	8		
		Assigned Reserves at FYB	$48,994.59
Remaining Life	4	Monthly Member Contribution	$59.96
Replacement Year	2023	Monthly Interest Contribution	$43.37
		Total Monthly Contribution	$103.33

Comments:

2019 - Useful life reduced.

2014 - This component has been added this year at the request of the client. Since the community is approaching 25 years, adding an irrigation system renovation component makes sense. We would suggest, however, that the association engage a landscape contractor to consult on this subject and help the association develop a plan and budget so that the reserve budget reflects an actual estimate. The cost of renovating an irrigation system for a property the size of South Shores can vary considerably depending on who creates the estimates, the type of components used and the contractor doing the retrofit.

South Shores Community Association

Component Detail

Sorted by Category

Landscape - Periodic Tree Maint & Rplcmnt

Category	100 Landscape	Quantity	1 total
		Unit Cost	$30,000.000
		% of Replacement	100.00%
		Current Cost	$30,000.00
Placed In Service	01/14	Future Cost	$33,122.42
Useful Life	5		
		Assigned Reserves at FYB	$30,000.00
Remaining Life	0	Monthly Member Contribution	$517.04
Replacement Year	2019	Monthly Interest Contribution	$2.50
		Total Monthly Contribution	$519.54

Comments:

2019 - No change to this component.

2014 - There was no data provided to indicate that there should be a change to this component.
2009 - We visually estimated 125 trees along Soft Winds. The ratio of palms to other tree varieties is roughly 50/50. This equates to approximately 650+ trees around the perimeter, assuming the same density ratio exists. At estimated costs of $250 per tree replacement and $2500 per palm the costs can be surprising. We recommend funding some money for unexpected tree replacements.

Additionally, there are a considerable number of mature trees throughout the perimeter of the community. These trees require continual maintenance (pruning, thinning, root control, etc.) In additionl, older mature trees will have to be removed to prevent wall, sidewalk, utility damage, etc. A program identifying these trees and replacing with younger, less problematic varieties will help to control future costs.

South Shores Community Association

Component Detail

Sorted by Category

Landscape - Refurbish/Renovate

Category	100 Landscape	Quantity	1 total
		Unit Cost	$50,000.000
		% of Replacement	100.00%
		Current Cost	$50,000.00
Placed In Service	01/15	Future Cost	$51,000.00
Useful Life	5		
		Assigned Reserves at FYB	$50,000.00
Remaining Life	1	Monthly Member Contribution	$39.18
Replacement Year	2020	Monthly Interest Contribution	$44.15
		Total Monthly Contribution	$83.33

Comments:

2019 - No change to this component.
2014 - There is extensive perimeter landscaping (hard and soft) throughout the perimeter elements of the community. Landscape softscape (trees, shrubs, bushes, ground cover, etc) is a common area asset, and as such, requires maintenance repair and replacement as necessary. The 2014 numbers are revised as a result of new measurements. Includes concrete border edging throughout the common elements.

Rampart - 1100lf, 10'deep, desertscape, & plantings
Softwinds - 2776lf, 10' desertscape, & plantings
Softwinds park - 19,150sf mixed use landscaping
Mariner (west) - 2571lf, turf & plantings
Mariner & Regatta (east) - 2640lf, turf & plantings
Lake Mead - 4455lf, 8'-10' desertscape, 4' sidewalk, & plantings
Harbor Island (west) - 1756lf, turf & plantings
Harbor Island (west) - 2388lf, sidewalk, turf & plantings
Total landscaped area approximately 196,010 sf.

It is estimated that a percentage of the total landscaping will require periodic repair or replacement. This also includes the short paver paths at Soft Winds parkette. This is in addition to normal replacements that may occur during the routine periodic landscape maintenance operation. The actual condition of the total landscaping and associated

expenditures should be monitored and the percentage of replacement and remaining life estimates adjusted accordingly.

South Shores Community Association

Detail Report Index

Number of components included in this reserve analysis is 15.