



Office: (888) 927-7865
Fax: (813) 200-8448
Contact@customreserves.com
5470 E Busch Blvd., Unit 171
Tampa, FL 33617

Lexington Lakes Condominium Association, Inc.

RESERVE STUDY UPDATE REPORT



For 30-Year Projection Period Beginning January 1, 2021

This report contains intellectual property developed by Custom Reserves, LLC specific to this engagement and cannot be reproduced or distributed to those who conduct reserve studies without the written consent of Custom Reserves, LLC. See the proposal for details concerning the use of this report.

CustomReserves

Table of Contents

Table of Contents	2
Update Executive Summary	3
Financial Analysis.....	4
Property Component Inventory	6
Reserve Expenses	Appendix A
Additions/Changes and Deletions.....	8
Photographs	Appendix B
Expense Chart and Comparison Graph.....	10
Cash Flow Funding Plan	Appendix C
Terms and Definitions	11
Disclosures and Limitations	13
Credentials.....	13

UPDATE EXECUTIVE SUMMARY

This Reserve Study Update Report is intended to append the original or previous Custom Reserves, LLC Reserve Study Report inspected on May 30, 2019. The most current site visit was conducted on July 24, 2021. There were 32 common area components identified that require reserve funding during the noninvasive, visual inspection of the community. Supplemental information to the physical inspection typically includes the following sources:

1. Association board members, management, and staff
2. Client's vendors
3. Declaration
4. Maintenance records of the reserve components where available
5. Project plans where available

Lexington Lakes Condominium Association, Inc. (Lexington Lakes) is a townhome style development located in Stuart, Florida and is responsible for the common elements shared by 264 property owners within 22 two-story buildings. Lexington Lakes was established in 2005. The development contains clubhouse, exterior building, pool and property site components.

The intention of the Reserve Study Update is to forecast the Association's ability to repair or replace major components as they wear out in future years. This Reserve Study complies with or exceeds the standards set by Community Associations Institute (CAI) and the Association of Professional Reserve Analysis (APRA) of a Reserve Study Update with Site Visit.

FINANCIAL ANALYSIS

This Reserve Study Update provides the 30-year cash flow analysis or pooling method to project and illustrate the reserve funding plans. The unaudited cash status of the reserve fund, as of June 30, 2021, as reported by Management and the Board is \$1,887,678.43. Lexington Lakes budgeted \$242,000 for Reserves in the fiscal year FY¹ 2021.

The cash flow recommended 2022 reserve contribution is \$375,000. The reason for the increase is mainly due to inflation and roof replacements. The Association can then budget annual inflationary increases thereafter. The following table depicts the next 30 years of cash flow recommended contributions from Appendix C:

Recommended		Recommended	
Year	Contribution	Year	Contribution
2022	\$375,000	2037	\$584,200
2023	\$386,300	2038	\$601,700
2024	\$397,900	2039	\$619,800
2025	\$409,800	2040	\$638,400
2026	\$422,100	2041	\$657,600
2027	\$434,800	2042	\$677,300
2028	\$447,800	2043	\$697,600
2029	\$461,200	2044	\$718,500
2030	\$475,000	2045	\$740,100
2031	\$489,300	2046	\$762,300
2032	\$504,000	2047	\$785,200
2033	\$519,100	2048	\$808,800
2034	\$534,700	2049	\$833,100
2035	\$550,700	2050	\$858,100
2036	\$567,200	2051	\$883,800

The funding goal of the cash flow analysis is to keep the reserve balance above a sufficient, not excessive threshold when reserves are needed the most due to one or more years of significant expenses. This threshold or risk year falls in 2028 due to roof replacements.

¹ FY 2021 starts January 1, 2021 and ends December 31, 2021.

CustomReserves

The age and long-lived components of the property are considered in the accumulated year 2051 ending reserves.

External market factors incorporated in this Reserve Study Update are an inflation rate of 3% and interest rate of 0.5%. The Consumer Price Index published by the Bureau of Labor Statistics is currently 5.4%. However, using this rate may not be realistic over the next 30 years or more importantly projecting to the risk year. The last forecast for inflation and interest was 1.6% and 2.3% respectively. Most community association bylaws provide that Association funds shall be held in a bank, with FDIC or similar insurance to cover all funds.

The actual timing of the events depicted may not occur exactly as projected. However, items that are within a high degree of accuracy are measurements, pricing and interest on reserves. Internal changes such as deferred or accelerated projects, interest and inflation rates are likely. Updates to the Reserve Study incorporate these changes. To ensure equity in the adopted funding plan, ongoing annual Board reviews and an update of this Reserve Study with an on-site visit is recommended anywhere from two- to three-years depending on the complexity of the community and changes in external market factors. It is recommended by the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

PROPERTY COMPONENT INVENTORY

The analysis began by separating the property components into specific areas of responsibility for replacement and repair. These classes of property are as follows:

1. Reserve Components are defined by the following:
 - Association responsibility
 - Limited useful life expectancies
 - Predictable remaining useful life expectancies
 - Replacement cost above a minimum threshold

2. Long-Lived Components are defined as those items without predictable remaining useful life expectancies:
 - Foundations
 - Structural frames

3. Operating Budget Components or money provided for repairs and replacements relating but not limited to:
 - General maintenance to the common elements
 - Expenses less than \$10,000
 - Bar Code Reader
 - Benches
 - Bike Rack
 - Concrete Curbs and Gutters
 - Concrete Sidewalks
 - Fence Enclosure, Wood
 - Gate Swing Arms
 - Gazebos
 - Golf cart
 - Infrequent Replacements
 - Landscape
 - Paint Finishes, Clubhouse, Interior
 - Pond Aerators
 - Pressure Washing, Sidewalks
 - Rest Rooms
 - Split System, Clubhouse
 - Storage Shed
 - Waste Stations

CustomReserves

- Water Heater, Clubhouse
- Other Repairs normally funded through the Operating Budget

A contingency is intended to provide a hedge for unforeseen events. There is no set rule for the amount of contingency to be set aside other than the use of common sense based on experience.

4. Home Owner Components:

- Doors
- Hurricane Shutters
- Heating, Ventilating and Air Conditioning (HVAC) Equipment
- Interiors
- Screen Enclosures
- Windows

5. Other Property Components:

- Fence, Perimeter, South West

The following 11X17 spreadsheets depict the reserve components, quantities, useful lives projected costs and estimated times of replacements for the next 30 years in Appendix A with a narrative condition assessment of the changes to follow.



RESERVE EXPENSES

Lexington Lakes
Condominium Association, Inc.

Projected Inflation Rate 3.0%

Line Item	Reserve Component	Total Cycle Quantity	Per Phase Quantity	Unit of Measurement	1st Year of Replacement	Useful Life Years	Remaining Life Years	2021 Unit Cost	Current Cost of Replacement per Cycle	Total 30 Year Future Costs of Replacement	Fiscal Year 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
Clubhouse Components																					
									\$90,100	\$236,368											
1	Exercise Equipment	1	1	Allowance	2026	5 to 15	5	\$17,000.00	\$17,000	\$81,787	\$0	\$0	\$0	\$0	\$0	\$19,708	\$0	\$0	\$0	\$0	
2	Interior Renovations, Complete	1,700	1,700	Square Feet	2035	25 to 30	14	\$19.00	\$32,300	\$48,857	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3	Interior Renovations, Partial	1,700	1,700	Square Feet	2022	10 to 15	1	\$11.00	\$18,700	\$60,799	\$0	\$19,261	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4	Windows and Doors	260	260	Square Feet	2045	to 40	24	\$85.00	\$22,100	\$44,925	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Exterior Building Components																					
									\$1,341,050	\$11,026,234											
5	Gutters and Downspouts, Phased	22,900	11,450	Linear Feet	2030	to 25	9	\$10.00	\$114,500	\$303,275	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$149,397	
6	Paint Finish Applications	342,000	342,000	Square Feet	2022	5 to 7	1	\$0.75	\$256,500	\$2,084,680	\$0	\$264,195	\$0	\$0	\$0	\$0	\$0	\$0	\$324,927	\$0	
7	Railings, Aluminum	970	970	Linear Feet	2040	to 35	19	\$60.00	\$58,200	\$102,054	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
8	Roofs, Cleaning	1	1	Allowance	2031	3 to 5	10	\$15,000.00	\$15,000	\$165,883	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
9	Roofs, Tile, Phased	2,800	700	Squares	2025	to 25	4	\$1,250.00	\$875,000	\$8,305,970	\$0	\$0	\$0	\$0	\$984,820	\$1,014,365	\$1,044,796	\$1,076,140	\$0	\$0	
10	Shutters	190	190	Pairs	2022	to 20	1	\$115.00	\$21,850	\$64,372	\$0	\$22,506	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Pool Components																					
									\$62,000	\$283,284											
11	Deck, Pavers	3,000	3,000	Square Feet	2032	20 to 30	11	\$7.00	\$21,000	\$29,069	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
12	Furniture	1	1	Allowance	2023	5 to 10	2	\$16,000.00	\$16,000	\$133,940	\$0	\$0	\$16,974	\$0	\$0	\$0	\$0	\$0	\$0	\$20,876	
13	Mechanical Equipment	1	1	Allowance	2026	to 10	5	\$10,000.00	\$10,000	\$48,110	\$0	\$0	\$0	\$0	\$0	\$11,593	\$0	\$0	\$0	\$0	
14	Pool Finish	1,000	1,000	Square Feet	2026	8 to 12	5	\$15.00	\$15,000	\$72,165	\$0	\$0	\$0	\$0	\$0	\$17,389	\$0	\$0	\$0	\$0	
Property Site Components																					
									\$1,147,365	\$3,023,713											
15	Asphalt Pavement, Mill and Overlay	12,575	12,575	Square Yards	2030	15 to 25	9	\$17.00	\$213,775	\$278,928	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$278,928	
16	Fences, Aluminium	1,190	1,190	Linear Feet	2032	to 25	11	\$35.00	\$41,650	\$57,653	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
17	Fences, Chain Link	2,700	2,700	Linear Feet	2037	to 30	16	\$25.00	\$67,500	\$108,318	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
18	Gate House	1	1	Allowance	2022	to 30	1	\$50,000.00	\$50,000	\$51,500	\$0	\$51,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
19	Gate, Telephone Entry System and Bar Code Reader	1	1	Allowance	2022	10 to 15	1	\$18,000.00	\$18,000	\$18,540	\$0	\$18,540	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
20	Gates, Vehicular	6	6	Each	2035	to 30	14	\$6,500.00	\$39,000	\$58,991	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
21	Irrigation System, Pumps and Controls	1	1	Allowance	2031	10 to 15	10	\$42,000.00	\$42,000	\$136,921	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
22	Light Poles	75	75	Each	2027	to 20	6	\$1,800.00	\$135,000	\$452,337	\$0	\$0	\$0	\$0	\$0	\$0	\$161,197	\$0	\$0	\$0	
23	Mailbox Stations	17	17	Each	2032	to 25	11	\$1,500.00	\$25,500	\$35,298	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
24	Pavers, Vehicular, Phased	77,000	38,500	Square Feet	2035	to 30	14	\$6.00	\$231,000	\$709,299	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
25	Pavers, Walkways	4,760	4,760	Square Feet	2040	to 30	19	\$6.50	\$30,940	\$54,253	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
26	Pipes, Subsurface, Sewer and Water, Partial	1	1	Allowance	2049	to 75	28	\$150,000.00	\$150,000	\$343,189	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
27	Playground Equipment	1	1	Allowance	2022	15 to 20	1	\$25,000.00	\$25,000	\$69,588	\$0	\$25,750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
28	Pond Fountains, Phased	3	1	Each	2028	to 10	7	\$15,000.00	\$15,000	\$236,640	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,448	\$19,002	\$19,572	
29	Security System	1	1	Allowance	2024	10 to 15	3	\$23,000.00	\$23,000	\$104,301	\$0	\$0	\$0	\$25,133	\$0	\$0	\$0	\$0	\$0	\$0	
30	Signage	1	1	Allowance	2025	15 to 20	4	\$10,000.00	\$10,000	\$31,583	\$0	\$0	\$0	\$0	\$11,255	\$0	\$0	\$0	\$0	\$0	
31	Storm Water System, Partial	1	1	Allowance	2025	to 20	4	\$15,000.00	\$15,000	\$47,375	\$0	\$0	\$0	\$0	\$16,883	\$0	\$0	\$0	\$0	\$0	
32	Trash Enclosures, Phased	9	3	Each	2022	to 10	1	\$5,000.00	\$15,000	\$229,000	\$0	\$15,450	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19,572	
	Reserve Study Update	1	1	Allowance	2023	2 to 3	2	\$2,400.00	\$2,400	\$2,400			\$2,400								
Total Expenses										\$14,572,000	\$0	\$417,202	\$19,374	\$25,133	\$1,012,958	\$1,063,054	\$1,205,993	\$1,094,588	\$343,928	\$488,344	



RESERVE EXPENSES

**Lexington Lakes
Condominium Association, Inc.**

Line Item	Reserve Component	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Clubhouse Components																						
1	Exercise Equipment	\$0	\$0	\$0	\$0	\$0	\$26,485	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,594	\$0	\$0	\$0	\$0	\$0
2	Interior Renovations, Complete	\$0	\$0	\$0	\$0	\$48,857	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Interior Renovations, Partial	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,538	\$0	\$0	\$0
4	Windows and Doors	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$44,925	\$0	\$0	\$0	\$0	\$0	\$0
Exterior Building Components																						
5	Gutters and Downspouts, Phased	\$153,878	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Paint Finish Applications	\$0	\$0	\$0	\$0	\$0	\$399,619	\$0	\$0	\$0	\$0	\$0	\$0	\$491,481	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$604,459
7	Railings, Aluminum	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$102,054	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Roofs, Cleaning	\$20,159	\$0	\$0	\$0	\$22,689	\$0	\$0	\$0	\$25,536	\$0	\$0	\$0	\$28,742	\$0	\$0	\$0	\$32,349	\$0	\$0	\$0	\$36,409
9	Roofs, Tile, Phased	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,061,995	\$2,123,855
10	Shutters	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,867	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pool Components																						
11	Deck, Pavers	\$0	\$29,069	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Furniture	\$0	\$0	\$0	\$0	\$0	\$0	\$25,675	\$0	\$0	\$0	\$0	\$0	\$0	\$31,577	\$0	\$0	\$0	\$0	\$0	\$0	\$38,836
13	Mechanical Equipment	\$0	\$0	\$0	\$0	\$0	\$15,580	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,938	\$0	\$0	\$0	\$0	\$0
14	Pool Finish	\$0	\$0	\$0	\$0	\$0	\$23,370	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$31,407	\$0	\$0	\$0	\$0	\$0
Property Site Components																						
15	Asphalt Pavement, Mill and Overlay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Fences, Aluminium	\$0	\$57,653	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Fences, Chain Link	\$0	\$0	\$0	\$0	\$0	\$0	\$108,318	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Gate House	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19	Gate, Telephone Entry System and Bar Code Reader	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20	Gates, Vehicular	\$0	\$0	\$0	\$0	\$58,991	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Irrigation System, Pumps and Controls	\$56,444	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,476	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Light Poles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$291,140	\$0	\$0	\$0	\$0
23	Mailbox Stations	\$0	\$35,298	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Pavers, Vehicular, Phased	\$0	\$0	\$0	\$0	\$349,408	\$359,890	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Pavers, Walkways	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,253	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Pipes, Subsurface, Sewer and Water, Partial	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$343,189	\$0
27	Playground Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43,838	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28	Pond Fountains, Phased	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$24,793	\$25,536	\$26,303	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33,319	\$34,319	\$35,348	\$0
29	Security System	\$0	\$0	\$0	\$33,776	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,392	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30	Signage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,328	\$0	\$0	\$0	\$0	\$0	\$0
31	Storm Water System, Partial	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,492	\$0	\$0	\$0	\$0	\$0	\$0
32	Trash Enclosures, Phased	\$20,159	\$20,764	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,303	\$27,092	\$27,904	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,348	\$36,409
Reserve Study Update																						
Total Expenses		\$250,640	\$142,784	\$0	\$33,776	\$479,945	\$824,944	\$133,993	\$24,793	\$51,073	\$252,750	\$27,092	\$27,904	\$642,565	\$76,970	\$95,745	\$87,939	\$323,489	\$74,857	\$377,508	\$2,737,151	\$2,235,509

ADDITIONS/CHANGES AND DELETIONS

There was one addition, several Line Item changes and one deletion to this Site Visit Reserve Study Update.

Addition

Gate House – The Association has been reporting ongoing issues with the gate house over the years. The gate house expenses were included as an operating expense in previous analysis. An allowance for replacement of the gate house in 2022 is now included in this Reserve Study Update at the request of the Board. The gate house has an estimated useful life of up to 30 years. The estimates of costs are noted on Line Item 18 of Appendix A.

Changes

Interior Renovation – The previous Reserve Study Update recommended a partial renovation of the clubhouse in 2020. However, the Association did not conduct renovations since the last Reserve Study Update. The Board reports that Lexington Lakes plans to replace the carpet in the near term. The Association should now budget for this partial renovation in 2022.

Roofs – The previous Reserve Study Update recommended phased replacement of the tile roofs beginning by 2030 and concluding by 2031 with cleaning every four years beginning by 2023. The Board reports that the Association has made significant roof repairs since the last Reserve Study Update and cleaned the roofs in 2020. Therefore, a timing adjustment for the roof phased replacements is included beginning by 2025 and concluding by 2028 followed by cleaning by 2031 and every four years thereafter.

Furniture (Pool) – The previous Reserve Study Update recommended replacement of the pool furniture every five years beginning in 2021. The pool furniture is in fair overall condition. Therefore, Lexington Lakes should now budget for replacement of the pool furniture by 2023 and every seven years thereafter.

Pavers, Vehicular – The previous Reserve Study Update recommended phased replacement of the vehicular pavers beginning by 2025 and concluding by 2026. However, based on the good overall condition, a timing adjustment is included in this Reserve Study Update. The projected useful life is updated to 30 years. Lexington Lakes should now budget for phased replacement of these pavers beginning by 2035 and concluding by 2036.

Playground Equipment – The previous Reserve Study Update recommended replacement of the playground in 2021. The Board reports that the Association plans to replace the playground in 2022. Lexington Lakes should budget for a subsequent replacement by 2040.

Signage – The previous Reserve Study Update recommended replacement of the signage by 2023. The Board reports that the Association replaced the street signs since the last Reserve Study Update. The signage now has an estimated useful life from 15- to 20-years. Lexington Lakes should now budget for signage replacement by 2025 and again by 2045.

Trash Enclosures – The previous Reserve Study Update recommended partial replacement of the trash enclosures every 10 years beginning in 2020. The Board reports that the Association replaced six out of nine trash enclosures since the last Reserve Study Update. Lexington Lakes should budget for phased replacements of the remaining three in 2022. The Association should budget for a subsequent cycle beginning by 2030 and concluding by 2032. Subsequent phased cycles are likely every 10 years thereafter.

Deletion

Light Fixtures – Management and the Board report that the Association replaces the light fixtures through the operating budget as needed. Therefore, the light fixtures are removed from this Reserve Study Update.

The following Appendix B pictures depict the reserve components and specific conditions noted in the condition assessment.

Figure 1 Cardio Exercise Equipment



Figure 2 Strength Training Exercise Equipment



Figure 3 Clubhouse Main Room



Figure 4 Clubhouse Rest Room



Figure 5 Clubhouse Window and Doors



Figure 6 Gutter and Downspout



Figure 7 Efflorescence



Figure 10 Railing



Figure 8 Tree Leaves Against Paint



Figure 11 Tile Roof



Figure 9 Tree Leaves Against Paint and Roof



Figure 12 Tile Roof



Figure 13 Tile Roof



Figure 14 Tile Roof



Figure 15 Shutters



Figure 16 Pool Deck



Figure 17 Pool Furniture



Figure 18 Pool Equipment



Figure 19 Pool



Figure 22 Asphalt Pavement



Figure 20 Asphalt Pavement



Figure 23 Asphalt Pavement



Figure 21 Asphalt Pavement



Figure 24 Asphalt Pavement



Figure 25 Aluminum Fence

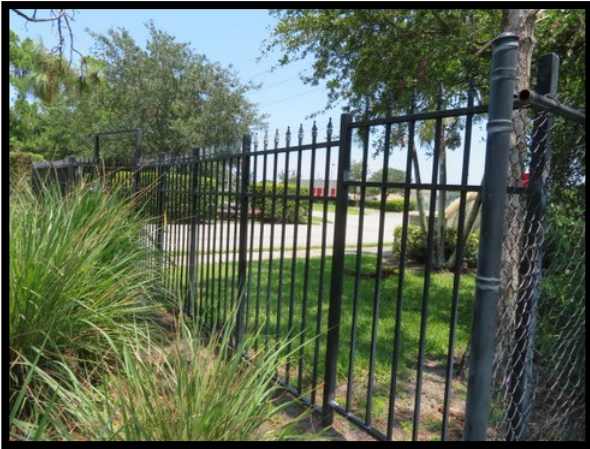


Figure 26 Chain Link Fence

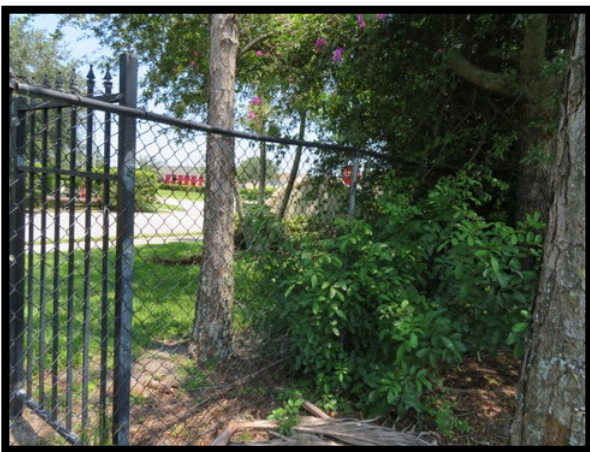


Figure 27 Telephone Entry System



Figure 28 Bar Code Reader



Figure 29 Gate System

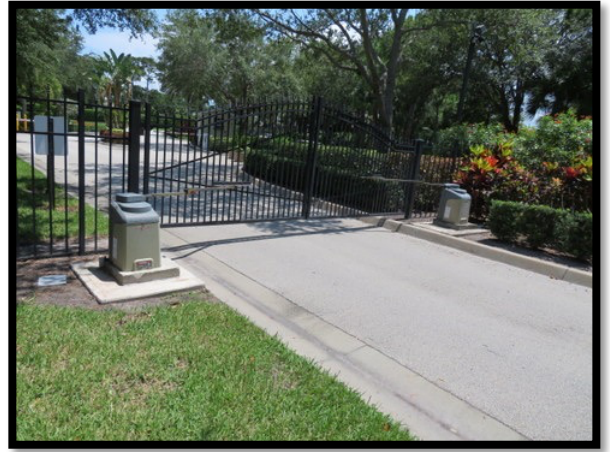


Figure 30 Irrigation Pump Station



Figure 31 Irrigation Well



Figure 32 Light Pole



Figure 33 Mailbox Stations



Figure 34 Vehicular Pavers



Figure 35 Vehicular Pavers



Figure 36 Walkway Pavers



Figure 37 Playground



Figure 40 Street Signage



Figure 38 Pond Fountain



Figure 41 Storm Water Catch Basin



Figure 39 Monument Signage

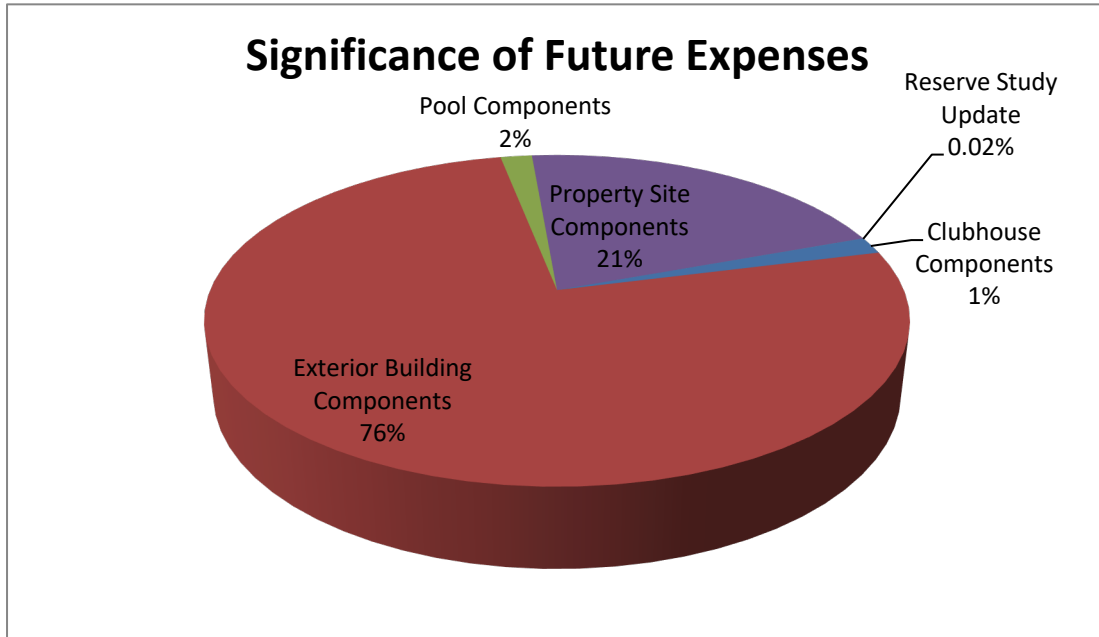


Figure 42 Trash Enclosure

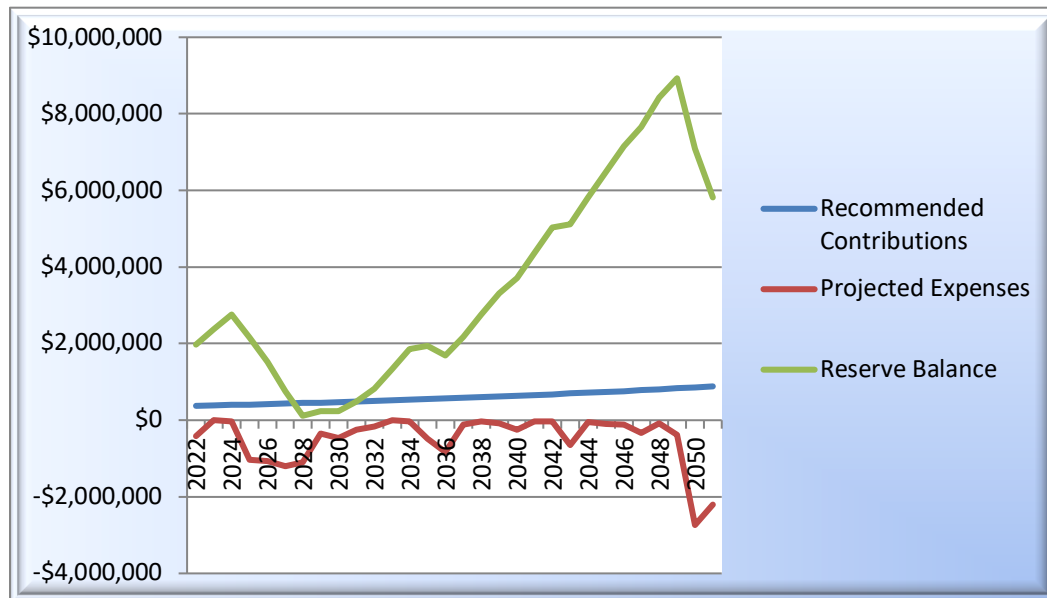


EXPENSE CHART AND COMPARISON GRAPH

The Reserve Expenses reflect current and future local costs of replacements with anticipated inflation. The following chart illustrates the relative importance of the Reserve Expenses.



The following graph depicts the next 30 years of Projected Expenses, Reserve Balances and cash flow Recommended Contributions:





Cash Flow Funding Plan or Pooling Method

Lexington Lakes
Condominium Association, Inc.

	FY	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Beginning of Year Reserves		\$1,887,678	\$2,013,397	\$1,981,263	\$2,358,095	\$2,742,652	\$2,153,207	\$1,523,019	\$759,441	\$116,450	\$234,304	\$222,132	\$461,903	\$825,429	\$1,348,656	\$1,856,323	\$1,936,360
Recommended Reserve Contributions		121,000	375,000	386,300	397,900	409,800	422,100	434,800	447,800	461,200	475,000	489,300	504,000	519,100	534,700	550,700	567,200
Anticipated Interest Earned	0.5%	4,719	10,067	9,906	11,790	13,713	10,766	7,615	3,797	582	1,172	1,111	2,310	4,127	6,743	9,282	9,682
Projected Expenses		0	417,202	19,374	25,133	1,012,958	1,063,054	1,205,993	1,094,588	343,928	488,344	250,640	142,784	0	33,776	479,945	824,944
Projected Year End Reserves		\$2,013,397	\$1,981,263	\$2,358,095	\$2,742,652	\$2,153,207	\$1,523,019	\$759,441	\$116,450	\$234,304	\$222,132	\$461,903	\$825,429	\$1,348,656	\$1,856,323	\$1,936,360	\$1,688,298
									Threshold/ Risk Year								

		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Beginning of Year Reserves		\$1,688,298	\$2,146,946	\$2,734,588	\$3,316,988	\$3,719,223	\$4,368,327	\$5,039,565	\$5,119,798	\$5,786,927	\$6,460,217	\$7,166,879	\$7,664,425	\$8,436,689	\$8,934,464	\$7,100,085
Recommended Reserve Contributions		584,200	601,700	619,800	638,400	657,600	677,300	697,600	718,500	740,100	762,300	785,200	808,800	833,100	858,100	883,800
Anticipated Interest Earned	0.5%	8,441	10,735	13,673	16,585	18,596	21,842	25,198	25,599	28,935	32,301	35,834	38,322	42,183	44,672	35,500
Projected Expenses		133,993	24,793	51,073	252,750	27,092	27,904	642,565	76,970	95,745	87,939	323,489	74,857	377,508	2,737,151	2,235,509
Projected Year End Reserves		\$2,146,946	\$2,734,588	\$3,316,988	\$3,719,223	\$4,368,327	\$5,039,565	\$5,119,798	\$5,786,927	\$6,460,217	\$7,166,879	\$7,664,425	\$8,436,689	\$8,934,464	\$7,100,085	\$5,783,877

Notes:

- 1) FY 2021 Begins January 1, 2021 and Ends December 31, 2021
- 2) FY 2021 Beginning Reserve Balance and Remaining Contributions are as of: 6/30/21
- 3) Interest Earned is compounded on the Beginning Year Reserve Balance, the first year is a partial amount earned
- 4) Taxes on the interest earned are considered negligible

TERMS AND DEFINITIONS

Cash Flow Method - A method of calculating Reserve contributions where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

Component - An individual line item in the Reserve Study developed or updated in the Physical Analysis. These elements form the building blocks of the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited Useful Life expectancies, 3) predictable Remaining Useful Life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

Component Assessment and Valuation - The task of estimating Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. This task is accomplished either with or without onsite visual observations, based on Level of Service selected by the client.

Component Inventory - The task of selecting and quantifying Reserve Components. This task is accomplished through onsite visual observations, review of association design and organizational documents, and a review of established association precedents.

Component Method - A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual components.

Effective Age - The difference between Useful Life and Remaining Useful Life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computation.

Financial Analysis - The portion of a Reserve Study where current status of the Reserves (measured as cash or Percent Funded) and a recommended Reserve contribution rate (Reserve Funding Plan) are derived. The Financial Analysis is one of the two parts of a Reserve Study.

Fully Funded - 100% Funded. When the actual (or projected) Reserve balance is equal to the Fully Funded Balance.

Fully Funded Balance (FFB) - Total Accrued Depreciation. An indicator against which Actual (or projected) Reserve balance can be compared. In essence, it is the Reserve balance that is proportional to the current Repair/replacement cost and the fraction of life “used up”. This number is calculated for each component, then summed together for an association total. Two formulae can be utilized, depending on the provider’s sensitivity to interest and inflation effects. Note: both yield identical results when interest and inflation are equivalent.

Funding Goals - Independent of methodology utilized, the following represent the basic categories of Funding Plan goals.

Baseline Funding - Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Fully Funding - Setting a Reserve funding goal of attaining and maintaining Reserves at or near 100% funded.

Statutory Funding - Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding - Establishing a Reserve funding goal of keeping the Reserve balance above a specified dollar or Percent Funded amount. Depending on the threshold this may be more or less conservative than “Fully Funded”.

Funding Plan - An Association’s plan to provide income to a Reserve fund to offset anticipated expenditures from that fund.

Minimum Balance - A minimum Reserve balance established by the client.

Physical Analysis - The portion of the Reserve Study where the Component inventory, Condition Assessment and Life Adjustment and Valuation tasks are performed. This represents one of the two parts of the Reserve Study.

Remaining Useful Life (RUL) - Also referred to as “Remaining Life (RL). The estimated time, in years, that a reserve component can be expected to continue to serve its intended function. Replacements anticipated to occur in the initial or base year have “zero” Remaining Useful Life.

Reserve Assessments - The portion of assessments contributed to the Reserve Fund.

Reserve Balance - Actual or projected funds as of a particular point in time that the association has identified for use to defray the future repair or replacement of those major components which the association is obligated to maintain. Also known as Reserves, Reserve Accounts, Cash Reserves.

Special Assessment - An assessment levied on the members of an association in addition to regular assessments. Special Assessments are often regulated by Governing Documents or local statutes.

Straight Line - A formula used to calculate the annual reserve fund contribution for a specific component. Projected replacement cost divided by the useful life equals the annual payment.

Useful Life (UL) - Total Useful Life or Depreciable Life. The estimated time, in years, that a reserve component can be expected to serve its intended function in its present application or installation.

DISCLOSURES AND LIMITATIONS

No destructive testing was performed. Latent defects in design or construction are excluded from this report. There are no material issues to our knowledge that have not been disclosed to the client that would affect the integrity of this Reserve Study report. Custom Reserves has no interests with the client other than this Reserve Study.

Component quantities and estimates of costs indicated in this Report were developed by Custom Reserves unless otherwise noted in our “Condition Assessment” comments. The sources for the costs outlined in the study include experience, historical information and R.S. Means, Incorporated. This report should be used for budget and planning purposes only.

CREDENTIALS

PAUL GRIFONI – Licensed Home Inspector

EDUCATION - University of Massachusetts - Bachelor of Science in Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute



Professional Reserves Analyst (PRA) - Association of Professional Reserve Analysts

