



3CW Reserves Study Highlights

“The funding goal of a reserve study is to maintain reserves above an adequate, not excessive, threshold during one or more years of significant expenditures.”



3CW Reserve Study Highlights

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- **The BOD is focused on determine best means of funding reserves to be inclusive of all 3CW needs.**
- **Requires performing both a reserve study and an engineering study**
- **Requires performing a year end projection of annual income and expenses to determine net income (available cash) for investing in SA Stone reserve account**



3CW Reserve Study Highlights

<u>CD Description</u>	<u>Quantity</u>	<u>Rate</u>	<u>Due</u>
First Foundation Bank	\$235,000	4.80%	4/12/2024
Santander Bank	\$235,000	4.85%	4/12/2024
Charles Schwab Bank	\$250,000	4.85%	10/7/2024
UBS Bank USA	\$170,000	4.00%	1/24/2029
Old Dominion National Bank	<u>\$169,000</u>	4.00%	1/29/2029
Total	\$1,059,000		



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The reserve study uses a cash flow method to compute the reserve funding plan. This method offsets future variable reserve expenditures with existing and future stable levels of reserve funding. This method also considers:

- Current and future local costs of replacement**
- 2.0% anticipated annual rate of return on invested reserves**
- 3.5% future inflation rate for estimating future replacement costs**



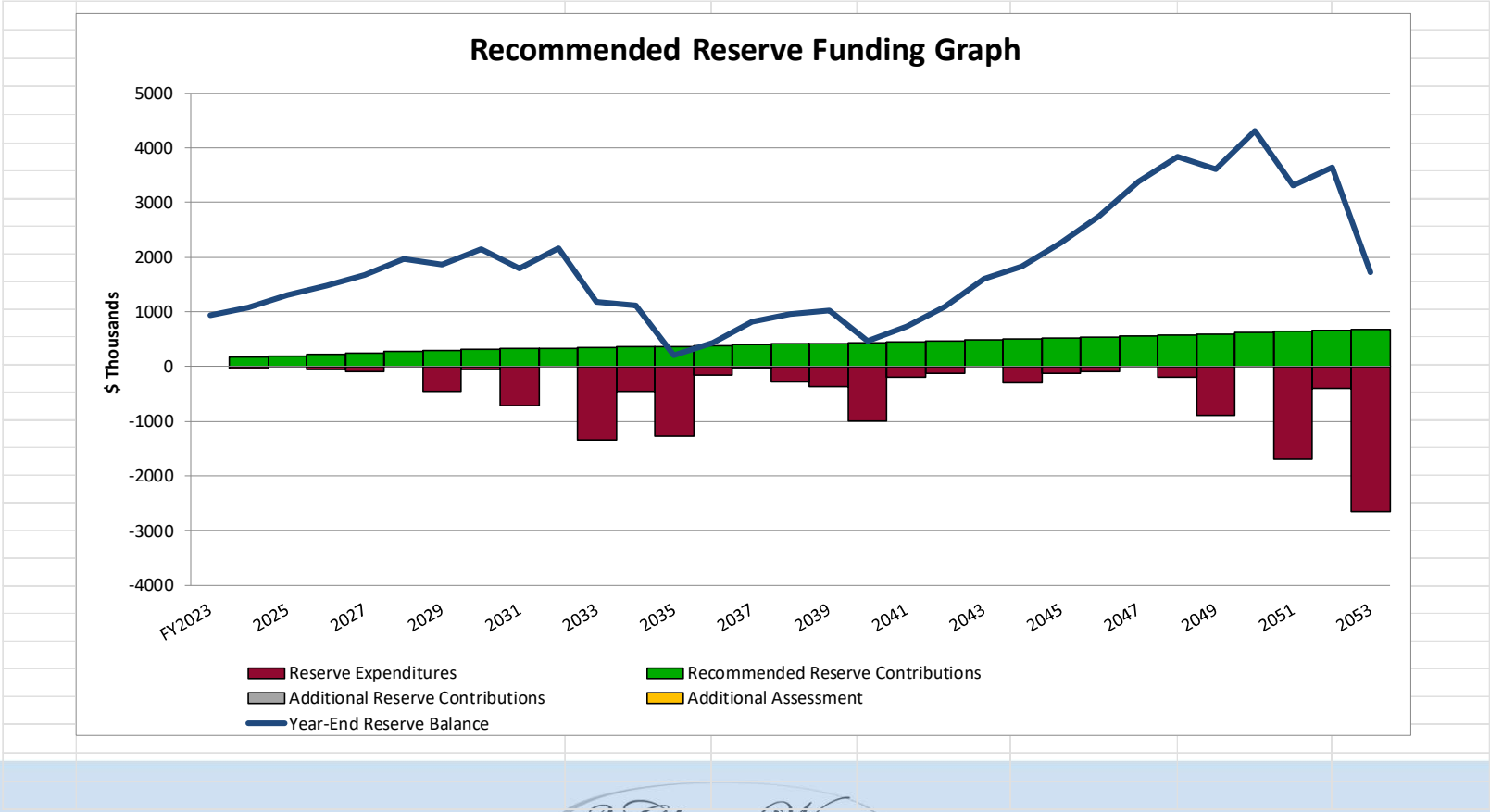
3CW Reserves Study Highlights

Unaudited Cash Status of Reserve Fund

- **\$930,000 projected by the Board as of January 2024**
- **Budgeted \$165,000 for reserves in 2024 as directed by the Board**
- **A potential deficit in reserves might occur by 2034 based upon continuation of the most recent annual reserve contribution of \$165,000 and the identified Reserve Expenditures.**



3CW Reserve Study Highlights



3CW Reserve Study Highlights

<u>Exterior Building Elements</u>	30-Year Total (Inflated)
Gutters and Downspouts, Aluminum, Phased	\$858,632
Roofs, Asphalt Shingles (Phase A 2010-2012)	\$727,693
Roofs, Asphalt Shingles (Phase B 2014-2015)	\$1,771,641
Roofs, Asphalt Shingles (Phase C 2016-2017)	\$2,751,849
Roofs, Asphalt Shingles (Phase D 2018-2019)	\$1,135,568
Roofs, Asphalt Shingles (Phase E 2020-2021)	\$807,604
Shutters, Vinyl, Phased	\$171,779
Walls, Masonry, Inspections and Repairs, Phased (Includes Sealants)	<u>\$759,274</u>
Anticipated Expenditures	\$8,984,040



3CW Reserve Study Highlights

<u>Property Site Elements</u>	30-Year Total (Inflated)
Asphalt Pavement, Crack Repair and Patch	\$159,511
Asphalt Pavement, Mill and Overlay, Access Drives, Phased	\$1,094,586
Catch Basins, Inspections and Capital Repairs, Phased	\$167,785
Concrete Gutters, Partial	\$215,762
Concrete Driveways, Partial	\$883,932
Concrete Sidewalks, Partial	\$80,705
Fence, Aluminum, East Perimeter	\$16,060
Fence, Chain Link, Boat Storage	\$32,251
Fence, Vinyl, Lift Station	\$19,347
Landscape, Partial Replacements	\$426,931
Mailboxes	\$17,947
Pond, Sediment Removal, Partial	\$96,543
Sport Court, Pickle Ball, Surface Replacement	<u>\$21,536</u>
Anticipated Expenditures	\$3,232,896



3CW Reserve Study Highlights

<u>Clubhouse Elements</u>	30-Year Total (Inflated)
Air Handling and Condensing Units, Split Systems	\$92,782
Interior Renovations, Complete	\$117,274
Kitchen and Restrooms, Renovations	\$127,327
Light Fixtures, Clubhouse And Pool	\$13,496
Roof, Asphalt Shingles	\$151,827
Windows and Doors	<u>\$76,805</u>
Anticipated Expenditures	\$579,511



3CW Reserve Study Highlights

<u>Pool Elements</u>	30-Year Total (Inflated)
Concrete Deck, Inspections, Partial Replacements and Repairs	\$56,118
Fence, Steel	\$49,521
Pool Finish, Plaster	\$94,192
Pool Finish, Plaster and Tile	<u>\$53,103</u>
Anticipated Expenditures	\$252,934



3CW Reserve Study Highlights

	30-Year Total
	(Inflated)
Exterior Building Elements	\$8,984,040
Property Site Elements	\$3,232,896
Clubhouse Elements	\$579,511
Pool Elements	<u>\$252,934</u>
Anticipated Expenditures	\$13,049,381



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In order to achieve a stable and equitable cash flow methodology funding plan, the study recommends the following:



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- **Phased increases of \$26,800 from 2025 through 2029 starting with a 2024 contribution of \$165,000.**



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- **Phased increases of \$26,800 from 2025 through 2029 starting with a 2024 contribution of \$165,000.**
- **Inflationary increases thereafter through 2053.**



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In order to achieve a stable and equitable cash flow methodology funding plan, the study recommends the following:

- Phased increases of \$26,800 from 2025 through 2029 starting with a 2024 contribution of \$165,000.**
- Inflationary increases thereafter through 2053.**
- Initial recommended adjustment in reserve contributions of \$26,800 represents an average monthly increase of \$11.17 per homeowner and about a five percent (4.8%) adjustment in the 2024 total operating budget**



