

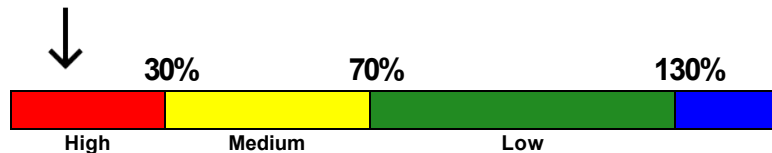
3- Minute Executive Summary

Association: HMC Management **Assoc. #: 24901-6**
Location: Lakebay, WA **# of Units: 379**
Report Period: October 1, 2019 through September 30, 2020

Findings/Recommendations as-of: October 1, 2019

Starting Reserve Balance	\$274,996
Current Fully Funded Reserve Balance	\$2,630,070
Percent Funded	10.5 %
Average Reserve Deficit or (Surplus) Per Unit	\$6,214
2019/2020 100% Annual "Full Funding" Contributions	\$397,000
2019/2020 70% Annual "Threshold Funding" Contributions	\$316,700
2019/2020 "Alternate/Baseline Funding" to keep Reserves above \$0	\$137,846
Recommended 2019/2020 Special Assessment	\$0
Most Recent Budgeted Contribution Rate	\$80,100

Reserves % Funded: 10.5%



Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves 1.00 %
Annual Inflation Rate 3.00 %

- This is a Update "With-Site-Visit" Reserve Study, meeting or exceeding all requirements of the RCW. This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS 153).
- The reader should note that project to replace dolphins for ferry system was recently completed in FY 2017/2018. Long term USDA loan to finance vast majority of that project is now in place. No future impact upon HMC maintenance reserves is factored for this significant indebtedness since collections and payments will reportedly continue to be handled in a separate account for this debt obligation (similar to separate Water System indebtedness).
- Assuming the preceding understanding, your Reserve Fund is currently 10.5 % Funded. This means the association's special assessment and/or deferred maintenance risk is currently High. The objective of your multi-year Funding Plan is to fund your Reserves to a level where you will enjoy a low risk of such Reserve cash flow problems.
- Based on this starting point and your anticipated future expenses, we continue to recommend substantially increasing Reserve Contributions to within the 70% to 100% range as noted above. Going forward, collection of reserve monies to provide for fair distribution of expense burden to offset ongoing deterioration of reserve category

projects and improve reserve fund status should be undertaken. In other words, current owners should contribute “their fair share” to maintenance reserves. The reader should note that the FY 2019/2020 “Annual Deterioration” of reserve components is \$246,574.

- No assets appropriate for Reserve designation known to be excluded. See appendix for component information and the basis of our assumptions. "Alternate Funding" in this report is synonymous with Baseline Funding, as defined within the RCW "to maintain the reserve account balance above zero throughout the thirty-year study period, without special assessments." Funding plan contribution rates are presented as an aggregate total, assuming average percentage of ownership. The actual ownership allocation may vary - refer to your governing documents.

#	Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost
Site/Grounds/Recreation				
200	Asphalt Roads - Repair/Resurface	25	23	\$30,000
204	Gravel Roads/Lots - Maintain/Repair	5	4	\$58,000
350	Play Equip,North Beach 2007-Replace	20	8	\$6,000
352	Play Equip,North Beach 2017-Replace	20	18	\$6,000
354	Play Eq,Goodpastor-Partial Replace	5	4	\$8,000
356	Basketball Court - Repair/Replace	30	24	\$20,000
370	Pavilion - Replace Roof	25	9	\$9,900
Small Boat Marina				
302	Small Boat Docks/Floats-Replace	30	12	\$135,200
306	Small Boat Dock Pilings - Replace	50	42	\$225,000
320	Small Boat Trestle/Ramp - Replace	30	12	\$94,500
336	Small Boat Gangway - Replace	30	12	\$8,500
Community Building				
410	Community Building Siding-Replace	50	36	\$28,000
430	Community Building Roof - Replace	40	23	\$21,600
460	Community Bldg Septic - Replace	50	13	\$11,000
Equipment				
540	Dust/Water Truck - Replace	12	10	\$19,000
Ferry System				
700	Ferry Terminals - Inspect/Repair	4	3	\$22,500
702	Ferry Terminals - Paint	12	8	\$195,000
704	Ferry Terminal Cables - Replace	5	0	\$42,500
706	Ferry Terminal Wood Decks - Replace	24	20	\$190,000
707	Ferry Terminal Structures - Replace	60	32	\$2,530,000
708	Ferry Ramp Dolphins - Replace	50	48	\$1,275,000
712	Ferry Ramp Generators - Replace	20	8	\$39,900
740	Ferry Vessel - Shipyard	2	1	\$130,000
744	Ferry Vessel - Overhaul Engines	5	4	\$35,000
746	Ferry Vessel - Replace Engines	50	44	\$178,000
755	Ferry Vessel-Overhaul Transmissions	7	1	\$16,000
757	Ferry Vessel-Replace Transmissions	28	22	\$36,000
760	Ferry Vessel - Replace	60	30	\$1,685,000
Professional/Special Projects				
940	Legal Contingency Fund	0	0	\$35,000

29 Total Funded Components

Note 1: Yellow highlighted line items are expected to require attention in this initial year, green highlighted items are expected to occur within the first-five years.