

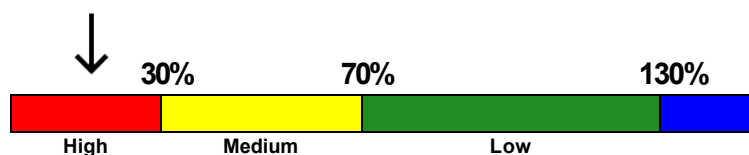
3- Minute Executive Summary

Association: HMC Management Assoc. #: 24901-7
 Location: Lakebay, WA # of Units: 377
 Report Period: October 1, 2020 through September 30, 2021

Findings/Recommendations as-of: October 1, 2020

Starting Reserve Balance	\$503,645
Current Fully Funded Reserve Balance	\$3,088,100
Percent Funded	16.3 %
Average Reserve (Deficit) or Surplus Per Unit	(\$6,855)
2020 100% Annual "Full Funding" Contributions	\$446,900
2020 70% Annual "Threshold Funding" Contributions	\$363,500
2020 "Alternate / Baseline Funding" to keep Reserves above \$0	\$239,715
Recommended 2020 Special Assessment	\$0
Planned 2020/2021 Budgeted Contribution Rate	\$192,000

Reserves % Funded: 16.3%



Economic Assumptions:

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

- This is a Update "No-Site-Visit" Reserve Study, meeting all requirements of the Revised Code of Washington (RCW). This study was prepared by, or under the supervision of a credentialed Reserve Specialist (RS 153).
- The reader should note that a significant project to replace dolphins for ferry system was completed in FY 2017/2018. Long term USDA loan to finance vast majority of that project is 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 16.3 % 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 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. The 100% "Full" and 70% contribution rates are designed to gradually achieve these funding objectives by the end of our 30-year report scope. Going forward, stable 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 2020/2021 “Annual Deterioration” of reserve components is \$284,700.

• No assets appropriate for Reserve designation are known to be excluded. See appendix for important 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	22	\$30,950
204	Gravel Roads/Lots - Maintain/Repair	5	3	\$59,750
350	Play Equip,North Beach 2007-Replace	20	7	\$6,180
352	Play Equip,North Beach 2017-Replace	20	17	\$6,180
354	Play Eq,Goodpastor-Partial Replace	5	4	\$8,240
356	Basketball Court - Repair/Replace	30	23	\$20,600
370	Pavilion - Replace Roof	25	8	\$10,180
Small Boat Marina				
302	Small Boat Docks/Floats-Replace	30	11	\$139,500
306	Small Boat Dock Pilings - Replace	50	41	\$231,500
320	Small Boat Trestle/Ramp - Replace	30	11	\$97,450
336	Small Boat Gangway - Replace	30	11	\$8,755
Community Building				
410	Community Building Siding-Replace	50	35	\$28,850
430	Community Building Roof - Replace	40	22	\$22,250
460	Community Blding Septic - Replace	50	12	\$11,335
Equipment				
540	Dust/Water Truck - Replace	12	9	\$19,550
Ferry System				
700	Ferry Terminal,Main-Inspect/Repair	2	1	\$18,000
701	Ferry Terminal,Island-Inspect/Repair	4	3	\$18,000
702	Ferry Terminals - Paint	12	7	\$201,000
704	Ferry Terminal Cables - Replace	5	4	\$34,700
705	Ferry Terminal Motors - Replace	4	3	\$10,300
706	Ferry Terminal Wood Decks - Replace	24	19	\$195,500
707	Ferry Terminal Structures - Replace	60	31	\$2,605,000
708	Ferry Ramp Dolphins - Replace	50	47	\$1,310,000
712	Ferry Ramp Generators - Replace	20	7	\$41,100
740	Ferry Vessel, Routine - Shipyard	2	0	\$175,000
742	F V-2020/2021 Additional Shipyard	0	0	\$125,000
744	Ferry Vessel - Overhaul Engines	5	3	\$45,000
746	Ferry Vessel - Replace Engines	50	43	\$183,500
755	Ferry Vessel-Overhaul Transmissions	7	0	\$16,450
757	Ferry Vessel-Replace Transmissions	28	21	\$37,050
760	Ferry Vessel - Replace	60	29	\$1,735,000
Professional/Special Projects				
940	Legal Contingency Fund	0	0	\$35,000

32 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.