

Revised
FULL RESERVE STUDY

**Sea Coast
Management No. 2, Inc.**



New Smyrna Beach, Florida
Inspected - July 23, 2021
Revised - December 13, 2021



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Sea Coast Management No. 2, Inc.
New Smyrna Beach, Florida

Dear Board of Directors of Sea Coast Management No. 2, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Sea Coast Management No. 2, Inc. in New Smyrna Beach, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, July 23, 2021.

This *Full Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Sea Coast Management No. 2, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on December 13, 2021 by

Reserve Advisors, LLC

Visual Inspection and Report by: Joseph Coffee

Review by: Alan M. Ebert, RS¹, PRA², Director of Quality Assurance



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



Long-term thinking. Everyday commitment.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Sea Coast Management No. 2, Inc. (Sea Coast No. 2)

Location: New Smyrna Beach, Florida

Reference: 201256

Property Basics: Sea Coast Management No. 2, Inc. is a condominium style development which consists of 85 units in one building. The building was built in 1971. The community contains a clubhouse and pool.

Reserve Components Identified: 45 Reserve Components.

Inspection Date: July 23, 2021.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes these threshold funding years in 2032 and 2042 due to concrete restoration, paint finishes, and waterproof coating applications.

Cash Flow Method: We use the 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. Our application of this method also considers:

- Current and future local costs of replacement
- 0.0% anticipated annual rate of return on invested reserves
- 0.0% future Inflation Rate for estimating Future Replacement Costs

We exclude interest and inflation from our analysis due to recent interpretations of the Florida Administrative code by the Division of Condominiums, Timeshares and Mobile Homes. The Division has opined that any increase in reserve contributions over the length of a cash flow analysis would be considered "balloon payments" and prohibited by the Fla. Admin. Code, Rule 61B-22.0005(3)(b). Nothing in the Code purports to define "balloon payments" in a manner inconsistent with the general understanding of the word, which contemplates a series of smaller payments followed by a significantly larger lump-sum payment. However, the Division maintains their opinion and has cited Associations for non-compliance due to this issue. In order to ensure compliance, the funding plan, contributions and expenditure projections shown in this study exclude any increases due to inflation or adjustments for interest.

Please contact us if you would like us to prepare an alternate funding plan inclusive of these variables for your consideration. However, please note that a cash flow funding plan with any future increases in contributions would not comply with Fla. Admin. Code based on the Division's recent interpretations.

Sources for Local Costs of Replacement: Our proprietary database, historical costs and published sources, i.e., R.S. Means, Incorporated.

Unaudited Cash Status of Reserve Fund:

- \$522,100 as projected by Management and the Board as of January 1, 2022
- 2021 budgeted Reserve Contributions of \$150,000
- A potential deficit in reserves might occur by 2032 based upon continuation of the most recent annual reserve contribution of \$150,000 and the identified Reserve Expenditures.



Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the **Reserve Expenditures** tables and include a **Five-Year Outlook** table following the **Reserve Funding Plan** in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Invasive analysis and necessary replacements to the utility pipes
- Repaving of the asphalt pavement parking area
- Partial replacements to the pool mechanical equipment
- Deck boards and interim repairs to the wood deck
- Replacements of the laundry equipment and hot water heaters

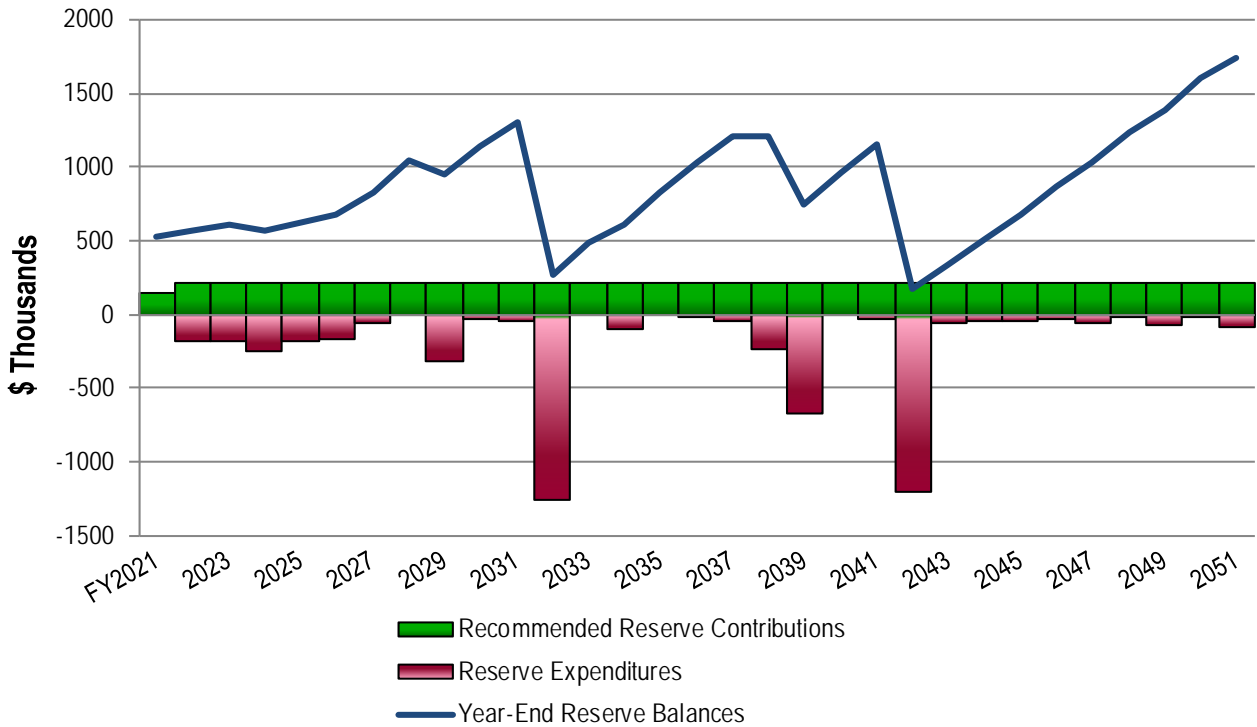
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$220,000 in 2022
- Stable contributions of \$220,000 through 2051, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$70,000 represents an average monthly increase of \$68.63 per homeowner and about a twelve percent (12.1%) adjustment in the 2021 total Operating Budget of \$579,630.



Sea Coast No. 2
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2022	220,000	561,373	2032	220,000	268,143	2042	220,000	179,696
2023	220,000	605,373	2033	220,000	488,143	2043	220,000	336,416
2024	220,000	574,723	2034	220,000	604,893	2044	220,000	507,166
2025	220,000	616,493	2035	220,000	824,893	2045	220,000	679,916
2026	220,000	672,693	2036	220,000	1,029,893	2046	220,000	869,541
2027	220,000	829,018	2037	220,000	1,211,681	2047	220,000	1,032,751
2028	220,000	1,049,018	2038	220,000	1,202,431	2048	220,000	1,237,751
2029	220,000	951,478	2039	220,000	746,756	2049	220,000	1,384,251
2030	220,000	1,135,978	2040	220,000	966,756	2050	220,000	1,601,251
2031	220,000	1,305,948	2041	220,000	1,159,501	2051	220,000	1,738,526





2. RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of

Sea Coast Management No. 2, Inc.

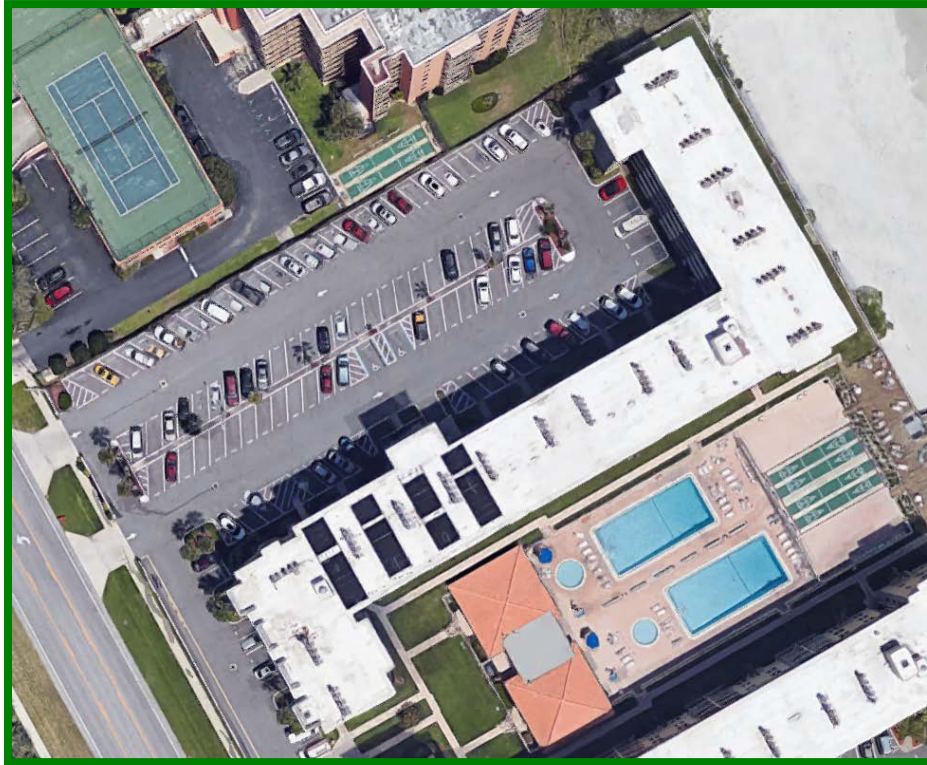
New Smyrna Beach, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, July 23, 2021.

We present our findings and recommendations in the following report sections and spreadsheets:

- **Identification of Property** - Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures** - Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan** - Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five-Year Outlook** - Identifies reserve components and anticipated reserve expenditures during the first five years
- **Reserve Component Detail** - Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology** - Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions** - Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY



Our investigation includes Reserve Components or property elements as set forth in your Declaration. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management and the Board. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Homeowners
- Property Maintained by Others

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- Sea Coast No. 2 responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time:

- Bulkhead Vinyl, Replacement
- Foundations
- Pipes, Subsurface Utilities
- Structural Frames

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than \$6,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Asphalt Pavement, Seal Coat Applications
- Catch Basins, Landscape
- Concrete Sidewalks
- Fire Extinguishers
- Irrigation System
- Lift Station, Clubhouse (Management informs us that this small lift station to service only the clubhouse is maintained through the operating budget.)
- Paint Finishes, Touch Up
- Security System (Per the Board)
- Signage
- Staff, Storage and Service Areas
- Valves, Small Diameter (We assume replacement as needed in lieu of an aggregate replacement of all small diameter valves as a single event.)
- Wood Deck, Stain Applications
- Other Repairs normally funded through the Operating Budget



Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

- Electrical Systems (Including Circuit Protection Panels)
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Pipes (Within Units)
- Windows and Doors

Certain items have been designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Bulkhead, Southeast of the Wood Staircase (Sea Coast Management No. 3, Inc.)
- Deck and Staircase, Wood (Sea Coast Management No. 3, Inc. is responsible for fifty percent (50%) of the maintenance and replacement cost of the wood deck and staircase)
- Pool and Clubhouse Elements (Sea Coast Management No. 3, Inc. is responsible for fifty percent (50%) of the maintenance and replacement costs of these elements)
- Shuffleboard Courts (Sea Coast Management No. 3, Inc. is responsible for fifty percent (50%) of the maintenance and replacement cost of the shuffleboard courts)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2021 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated costs for each reserve component

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end
- Predicted reserves based on current funding level

Five-Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of ***Reserve Expenditures*** and ***Reserve Funding Plan***.

RESERVE EXPENDITURES

Sea Coast
Management No. 2, Inc.
New Smyrna Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$				Percentage of Future Expenditures	16 2037	17 2038	18 2039	19 2040	20 2041	21 2042	22 2043	23 2044	24 2045	25 2046	26 2047	27 2048	28 2049	29 2050	30 2051
						Useful	Remaining	Unit Cost, \$	Percentage Ownership	Per Phase (2021)	Total (2021)																
Building Elements																											
1.060	6,400	6,400	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications	2032	8 to 12	11	46.00	100%	294,400	294,400	10.9%						294,400									
1.063	13,700	13,700	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications	2032	8 to 12	11	23.00	100%	315,100	315,100	11.7%						315,100									
1.105	2,200	2,200	Linear Feet	Balconies and Breezeways, Railings, Aluminum	2032	to 50	11	75.00	100%	165,000	165,000	3.1%															
1.180	40	40	Each	Doors, Storage	2032	to 30	11	2,000.00	100%	80,000	80,000	1.5%															
1.190	2	2	Each	Elevator Cab Finishes	2023	to 20	2	16,500.00	100%	33,000	33,000	1.2%						33,000									
1.260	213	213	Each	Light Fixtures	2029	to 20	8	80.00	100%	17,040	17,040	0.6%										17,040					
1.285	85	85	Each	Mailboxes	2022	to 35	1	120.00	100%	10,200	10,200	0.2%															
1.530	25,500	25,500	Square Feet	Roof, Thermoplastic	2039	15 to 20	18	23.50	100%	599,250	599,250	11.1%			599,250												
1.540	6,500	3,250	Linear Feet	Sealants, Windows and Doors, Phased	2027	10 to 15	6 to 11	3.00	100%	9,750	19,500	0.5%										9,750					
1.880	86,700	86,700	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2032	8 to 10	11	3.85	100%	333,795	333,795	12.4%						333,795									
1.980	1,160	1,160	Square Feet	Windows, Aluminum Frames, Common	2042	to 40	21	102.00	100%	118,320	118,320	2.2%						118,320									
Building Services Elements																											
3.300	1	1	Allowance	Electrical System, Inspections and Capital Repairs	2022	to 10	1	11,000.00	100%	11,000	11,000	0.6%						11,000									
3.320	2	2	Each	Elevators, Hydraulic, Pumps and Controls	2029	to 35	8	92,000.00	100%	184,000	184,000	3.4%															
3.330	2	2	Each	Elevators, Hydraulic, Cylinders	2029	to 45	8	43,000.00	100%	86,000	86,000	1.6%															
3.340	2	2	Each	Elevators Hydraulic, Rust Repair and Modernization	2049	to 30	28	23,000.00	100%	46,000	46,000	0.9%												46,000			
3.500	20	20	Each	Laundry Equipment, Washers and Dryers	2024	5 to 8	3	1,000.00	100%	20,000	20,000	2.2%			20,000			20,000						20,000			
3.503	6	6	Each	Laundry Equipment, Hot Water Heaters	2024	10 to 15	3	2,500.00	100%	15,000	15,000	0.8%						15,000									
3.560	1	1	Allowance	Life Safety System, Control Panel and Emergency Devices	2030	to 15	9	35,500.00	100%	35,500	35,500	1.3%						35,500									
3.605	255	51	Each	Pipes, Riser Sections, Domestic Water, Waste and Vent, Phased	2022	to 80+	1 to 5	2,000.00	100%	102,000	510,000	9.5%															
3.880	2	2	Each	Trash Chutes and Doors	2032	to 55	11	16,000.00	100%	32,000	32,000	0.6%															
3.920	2	2	Each	Valves, Large Diameter	2024	to 50	3	7,000.00	100%	14,000	14,000	0.3%															
Property Site Elements																											
4.040	4,650	4,650	Square Yards	Asphalt Pavement, Mill and Overlay (Includes Catch Basin Repairs)	2025	15 to 20	4	15.00	100%	69,750	69,750	1.3%															
4.045	4,650	4,650	Square Yards	Asphalt Pavement, Total Replacement (Includes Catch Basin Repairs)	2042	15 to 20	21	25.00	100%	116,250	116,250	2.2%						116,250									
4.060	285	285	Linear Feet	Bulkhead, Vinyl, Inspections and Capital Repairs (Subsequent)	2034	10 to 15	13	50.00	100%	14,250	14,250	0.5%									14,250						
4.063	162	162	Linear Feet	Bulkhead, Concrete, Replace with Vinyl	2024	to 35	3	450.00	100%	72,900	72,900	1.4%															
4.110	1,600	240	Linear Feet	Concrete Curbs, Partial	2025	to 65	4 to 30+	27.00	100%	6,480	43,200	0.2%						6,480									
4.155	2,700	2,700	Square Feet	Deck and Staircase, Wood, Deck Boards and Partial Replacements	2022	10 to 15	1	22.50	50%	30,375	30,375	1.1%									30,375						
4.165	2,700	2,700	Square Feet	Deck and Staircase, Wood, Total Replacement	2034	20 to 30	13	40.00	50%	54,000	54,000	1.0%															
4.200	280	280	Linear Feet	Fence, Aluminum (Bulkhead)	2032	to 25	11	42.00	100%	11,760	11,760	0.2%															
4.285	110	110	Linear Feet	Fence, Wood (Reinstallation)	2022	15 to 20	1	54.00	100%	5,940	5,940	0.2%						5,940									
4.500	1	1	Allowance	Landscape, Partial Replacements (2022 is Planned)	2022	to 10	1	25,000.00	100%	25,000	25,000	1.6%	25,000											25,000			
4.620	3,400	3,400	Square Feet	Pavers, Masonry (Patios and Sidewalks)	2023	15 to 20	2	7.00	100%	23,800	23,800	0.9%						23,800									
4.830	1	1	Allowance	Shuffleboard Courts, Repairs and Color Coat Applications (2022 is Color Only)	2022	4 to 6	1	10,000.00	50%	5,000	5,000	0.5%	5,000				5,000						5,000				
Clubhouse Elements																											
5.450	2	1	Each	HVAC Equipment, Phased	2026	10 to 15	5 to 8	6,000.00	50%	3,000	6,000	0.3%		3,000			3,000								3,000		
5.500	1	1	Allowance	Interior, Renovation, Complete	2039	to 25	18	50,000.00	50%	25,000	25,000	0.5%			25,000												
5.510	1	1	Each	Interior, Renovation, Partial	2029	8 to 12	8	15,000.00	50%	7,500	7,500	0.4%			7,500									7,500			
5.600	50	50	Squares	Roofs, Concrete Tiles (Includes Modified Bitumen)	2031	to 30	10	1,100.00	50%	27,500	27,500	0.5%															

RESERVE EXPENDITURES

Sea Coast
Management No. 2, Inc.
New Smyrna Beach, Florida

Explanatory Notes:

- 1) **0.0%** is the estimated Inflation Rate; see Executive Summary for details.
- 2) **FY2021 is Fiscal Year beginning January 1, 2021 and ending December 31, 2021.**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Unit		Costs, \$		Percentage of Future Expenditures	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028	8 2029	9 2030	10 2031	11 2032	12 2033	13 2034	14 2035	15 2036
						Useful	Remaining	Cost, \$	Ownership	Per Phase (2021)	Total (2021)																	
5.805	490	490	Square Feet	Windows and Doors	2041	to 40	20	99.00	50%	24,255	24,255	0.5%																
Pool Elements																												
6.200	14,700	14,700	Square Feet	Deck, Pavers (2023 is for Sealer Application)	2023	to 25	2	8.00	50%	58,800	58,800	2.4%		12,500			58,800											
6.400	490	490	Linear Feet	Fence, Aluminum	2031	to 25	10	44.00	50%	10,780	10,780	0.2%											10,780					
6.500	1	1	Allowance	Furniture	2024	to 12	3	30,000.00	50%	15,000	15,000	0.8%				15,000												15,000
6.600	2	1	Allowance	Mechanical Equipment, Phased	2024	to 15	3 to 10	23,500.00	50%	11,750	23,500	0.9%				11,750							11,750					
6.800	3,300	3,300	Square Feet	Pool Finishes, Plaster	2027	8 to 12	6	14.50	50%	23,925	23,925	1.3%						23,925										
6.801	450	450	Linear Feet	Pool Finishes, Tile	2022	15 to 25	1	36.50	50%	8,213	8,213	0.3%	8,212															
6.900	3,300	3,300	Square Feet	Structures Total Replacement	2038	to 70	17	130.00	50%	214,500	214,500	4.0%																
		1	Allowance	Reserve Study Update with Site Visit	2023	2	2	4,700.00	100%	4,700	4,700	0.1%			4,700													
Anticipated Expenditures, By Year (\$5,383,574 over 30 years)													0	180,727	176,000	250,650	178,230	163,800	63,675	0	317,540	35,500	50,030	1,257,805	0	103,250	0	15,000

RESERVE EXPENDITURES

Sea Coast
Management No. 2, Inc.
New Smyrna Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$		Percentage of Future Expenditures	Anticipated Expenditures, By Year (\$5,383,574 over 30 years)																																			
						Useful	Remaining	Unit Cost, \$	Percentage Ownership		Per Phase (2021)	Total (2021)	16 2037	17 2038	18 2039	19 2040	20 2041	21 2042	22 2043	23 2044	24 2045	25 2046	26 2047	27 2048	28 2049	29 2050	30 2051																			
5.805	490	490	Square Feet	Windows and Doors	2041	to 40	20	99.00	50%	24,255	24,255	0.5%					24,255																													
Pool Elements																																														
6.200	14,700	14,700	Square Feet	Deck, Pavers (2023 is for Sealer Application)	2023	to 25	2	8.00	50%	58,800	58,800	2.4%																							58,800											
6.400	490	490	Linear Feet	Fence, Aluminum	2031	to 25	10	44.00	50%	10,780	10,780	0.2%																																		
6.500	1	1	Allowance	Furniture	2024	to 12	3	30,000.00	50%	15,000	15,000	0.8%																								15,000										
6.600	2	1	Allowance	Mechanical Equipment, Phased	2024	to 15	3 to 10	23,500.00	50%	11,750	23,500	0.9%		11,750							11,750																									
6.800	3,300	3,300	Square Feet	Pool Finishes, Plaster	2027	8 to 12	6	14.50	50%	23,925	23,925	1.3%																								23,925										
6.801	450	450	Linear Feet	Pool Finishes, Tile	2022	15 to 25	1	36.50	50%	8,213	8,213	0.3%	8,212																																	
6.900	3,300	3,300	Square Feet	Structures Total Replacement	2038	to 70	17	130.00	50%	214,500	214,500	4.0%		214,500																																
		1	Allowance	Reserve Study Update with Site Visit	2023	2	2	4,700.00	100%	4,700	4,700	0.1%																																		
Anticipated Expenditures, By Year (\$5,383,574 over 30 years)																																														
											38,212	229,250	675,675	0	27,255	1,199,805	63,280	49,250	47,250	30,375	56,790	15,000	73,500	3,000	82,725																					

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Sea Coast

Management No. 2, Inc.

New Smyrna Beach, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserves at Beginning of Year	<i>(Note 1)</i>	N/A	522,100	561,373	605,373	574,723	616,493	672,693	829,018	1,049,018	951,478	1,135,978	1,305,948	268,143	488,143	604,893	824,893
Total Recommended Reserve Contributions	<i>(Note 2)</i>	N/A	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Estimated Interest Earned, During Year	<i>(Note 3)</i>	N/A	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anticipated Expenditures, By Year		N/A	(180,727)	(176,000)	(250,650)	(178,230)	(163,800)	(63,675)	0	(317,540)	(35,500)	(50,030)	(1,257,805)	0	(103,250)	0	(15,000)
Anticipated Reserves at Year End		<u>\$522,100</u>	<u>\$561,373</u>	<u>\$605,373</u>	<u>\$574,723</u>	<u>\$616,493</u>	<u>\$672,693</u>	<u>\$829,018</u>	<u>\$1,049,018</u>	<u>\$951,478</u>	<u>\$1,135,978</u>	<u>\$1,305,948</u>	<u>\$268,143</u>	<u>\$488,143</u>	<u>\$604,893</u>	<u>\$824,893</u>	<u>\$1,029,893</u>
Predicted Reserves based on 2021 funding level of: \$150,000		522,100	491,373	465,373	364,723	336,493	322,693	409,018	559,018	391,478	505,978	605,948	<i>(501,857)</i>	<i>(351,857)</i>			

(NOTE 5)

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Reserves at Beginning of Year		1,029,893	1,211,681	1,202,431	746,756	966,756	1,159,501	179,696	336,416	507,166	679,916	869,541	1,032,751	1,237,751	1,384,251	1,601,251
Total Recommended Reserve Contributions		220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Estimated Interest Earned, During Year		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anticipated Expenditures, By Year		(38,212)	(229,250)	(675,675)	0	(27,255)	(1,199,805)	(63,280)	(49,250)	(47,250)	(30,375)	(56,790)	(15,000)	(73,500)	(3,000)	(82,725)
Anticipated Reserves at Year End		<u>\$1,211,681</u>	<u>\$1,202,431</u>	<u>\$746,756</u>	<u>\$966,756</u>	<u>\$1,159,501</u>	<u>\$179,696</u>	<u>\$336,416</u>	<u>\$507,166</u>	<u>\$679,916</u>	<u>\$869,541</u>	<u>\$1,032,751</u>	<u>\$1,237,751</u>	<u>\$1,384,251</u>	<u>\$1,601,251</u>	<u>\$1,738,526</u>

(NOTE 5)

(NOTE 4)

Explanatory Notes:

- 1) Year 2021 starting reserves are projected by Management and the Board as of January 1, 2022; FY2021 starts January 1, 2021 and ends December 31, 2021.
- 2) Reserve Contributions for 2021 are budgeted; 2022 is the first year of recommended contributions.
- 3) 0.0% is the estimated annual rate of return on invested reserves; see Executive Summary for details
- 4) Accumulated year 2051 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

FIVE-YEAR OUTLOOK

**Sea Coast
Management No. 2, Inc.**
New Smyrna Beach, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026
<u>Building Elements</u>							
1.190	Elevator Cab Finishes			33,000			
1.285	Mailboxes		10,200				
<u>Building Services Elements</u>							
3.300	Electrical System, Inspections and Capital Repairs		11,000				
3.500	Laundry Equipment, Washers and Dryers				20,000		
3.503	Laundry Equipment, Hot Water Heaters				15,000		
3.605	Pipes, Riser Sections, Domestic Water, Waste and Vent, Phased		102,000	102,000	102,000	102,000	102,000
3.920	Valves, Large Diameter				14,000		
<u>Property Site Elements</u>							
4.040	Asphalt Pavement, Mill and Overlay (Includes Catch Basin Repairs)					69,750	
4.063	Bulkhead, Concrete, Replace with Vinyl				72,900		
4.110	Concrete Curbs, Partial					6,480	
4.155	Deck and Staircase, Wood, Deck Boards and Partial Replacements		30,375				
4.285	Fence, Wood (Reinstallation)		5,940				
4.500	Landscape, Partial Replacements (2022 is Planned)		10,000				
4.620	Pavers, Masonry (Patios and Sidewalks)			23,800			
4.830	Shuffleboard Courts, Repairs and Color Coat Applications (2022 is Color Only)		3,000				
<u>Clubhouse Elements</u>							
5.450	HVAC Equipment, Phased						3,000
<u>Pool Elements</u>							
6.200	Deck, Pavers (2023 is for Sealer Application)			12,500			58,800
6.500	Furniture				15,000		
6.600	Mechanical Equipment, Phased				11,750		
6.801	Pool Finishes, Tile		8,212				
Reserve Study Update with Site Visit				4,700			
Anticipated Expenditures, By Year (\$5,383,574 over 30 years)		0	180,727	176,000	250,650	178,230	163,800

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Full Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service.*

Building Elements



Building north side



Building east side



Building south side

Balconies and Breezeways, Concrete

Line Items: 1.060 and 1.063

Quantity: Concrete balconies comprise approximately 6,400 square feet of horizontal surface area, and concrete breezeways comprise approximately 13,700 square feet of horizontal surface area. The balconies and breezeways comprise reinforced concrete with a waterproof coating.

History: The Association is conducting repairs and waterproof coating applications as part of the 2020-2022 concrete restoration project, funded through means other than reserves. The project began in 2020 with repairs to the balconies and continues in 2021 and 2022 with repairs to the balconies and breezeways. The results of a recent engineering analysis indicate that the existing coatings will have to be fully removed and replaced during the next restoration cycle.

Condition: The balconies and breezeways are currently undergoing repairs, waterproof coating applications and paint finish applications with some areas yet to be repaired. We note significant spall at one balcony at the east side of the building and various cracks and rust stains at the balconies and breezeways that are yet to be repaired. Management informs us that the east and south-east face of the building, where the balconies are located, receive more ocean spray and require more extensive concrete repairs than the other areas of the building where the breezeways are located.



Typical balconies



Typical balconies



Balcony with significant spall and exposed reinforcing steel



Balcony with recently repaired concrete



Typical breezeways



Typical breezeways



Crack to breezeway underside to be repaired



Crack to breezeway underside to be repaired

Useful Life: Capital repairs including a close-up visual inspection, patching of delaminated concrete, routing and filling of cracked concrete, and waterproof coating applications every 8- to 12-years.

Component Detail Notes: A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. *Failure to maintain a waterproof coating on the balconies and breezeways will result in increased concrete repairs and replacements as the balconies and breezeways age.* Capital repairs may also include replacement of the caulked joint between the balcony or breezeway and the building, and repair or replacement of the metal railings and railing fastener attachments as needed.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimates of cost are based on information provided by Management and include the following activities per event:

- Partial depth replacement of the concrete topsides, edges and undersides where needed
- Crack repairs as necessary
- Repairs to the railings as necessary
- Replacement of perimeter sealants as needed
- Complete removal of the existing waterproof coating (Based on results from a recent analysis from an independent engineer)
- Application of a waterproof coating (Urethane based elastomeric)

The Association should coordinate both balcony, breezeway, and facade capital repairs and maintenance to allow for the possible use of a single contractor and combine any applicable staging or mobilization costs. Also, coordinated repairs will reduce disruption to unit owners.

Balconies and Breezeways, Railings, Aluminum

Line Item: 1.105

Quantity: 2,200 linear feet including the railings at the staircases

History: Unknown. Management informs us that the railings will need to be replaced during the next concrete restoration project due to changes in the building codes.

Condition: Good to fair overall



Typical railings at the breezeways and balconies

Useful Life: Up to 50 years (The useful life of the finish is indeterminate. Future updates of this Reserve Study will again consider the need to refinish the railings based on condition.)

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Doors, Storage

Line Item: 1.180

Quantity: 40 metal doors at the various storage closets and laundry rooms

History: The doors are of unknown age, but will undergo rust-spot removal and paint finish applications in 2022 funded through means other than reserves.

Condition: Fair overall with minor areas of rust formation at some doors.



Typical storage room door

Useful Life: Up to 30 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair any damage, base corrosion or alignment issues
 - Replace deteriorated hardware and loose weather stripping
 - Periodic touch-up paint finish applications as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Elevator Cab Finishes

Line Item: 1.190

Quantity: Two elevators; the cab finishes consist of:

- Tile floor coverings
- Laminate wall coverings
- Metal ceiling with light fixtures

History: Replaced in approximately 2018

Condition: Fair overall with delaminated wall coverings and damage to the finishes. Management informs us that the Association plans to replace the elevator finishes in the near-term.



Elevator finishes

Useful Life: Up to 20 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Light Fixtures

Line Item: 1.260

Quantity: Approximately 213 exterior wall mounted plastic light fixtures accent the balconies, stairwells, and the unit entries.

History: Approximately 10 years old

Condition: Good to fair overall



Typical light fixture

Useful Life: Up to 20 years

Priority/Criticality: Per Board discretion

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- As-needed:
 - Replace burned out bulbs at common fixtures as needed
 - Inspect and repair broken or dislodged fixtures
 - Ensure a waterproof seal between the fixture and building exists

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Mailboxes

Line Item: 1.285

Quantity: 85 unit mailboxes

History: Unknown. Management informs us of the Associations intent to replace the mailboxes in 2022.

Condition: Reported unsatisfactory



Typical mailboxes

Useful Life: Up to 35 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Roof, Thermoplastic

Line Item: 1.530

Quantity: Approximately 25,500 square feet

History: The roof was replaced, parapet walls were added, and extensive repairs to the underlayment were conducted in 2019; the Association should conduct inspections of the roof semiannually and fund these inspections through the operating budget.

Condition: Good overall with minor areas of stains and ponding water.



Thermoplastic roof overview



Thermoplastic roof overview



Stains and ponding water

Useful Life: 15- to 20-years

Component Detail Notes: Thermoplastic roofs include the following:

- Polyvinyl chloride (PVC or simply vinyl)
- PVC alloys or compounded thermoplastics
- Thermoplastic olefin (TPO)

- Chlorinated polyethylene (CPE)

The following characteristics define most thermoplastic roofs:

- Attachment to the roof deck is either fully adhered, mechanical or ballasted
- Membranes are commonly white and reinforced with polyester
- Seams are sealed with heat or chemical welding
- Sheet widths range from 6- to 12-feet wide
- Sheets are typically 40- to 100-mils thick
- Single ply (one layer)

Over time, exposure to ultraviolet light, heat and weather degrade the membrane. This degradation results in membrane damage from thermal expansion and contraction, adverse weather and pedestrian traffic. The aging process makes the membrane less pliable and more difficult to maintain. Ponding water on the roof can increase the effects of ultraviolet light on the membrane and contaminants in ponded water can cause the membrane to deteriorate prematurely. Thermoplastic roofs (especially TPO) are relatively new and their long term performance is not well defined.

Contractors can install a new thermoplastic roof in one of two ways: *tear-off* or an *overlay*. An *overlay* is the application of a new roof membrane over an existing roof. This method, although initially more economical, often covers up problems with the deck, flashing and saturated insulation. The *tear-off* method of replacement includes removal of the existing roofing, flashings and insulation, and installation of a new roofing system.

The contractor should follow the manufacturer's directions and specifications upon installation of the roof. The contractor should remove the original insulation if saturated or compacted and apply a new layer of insulation per the manufacturer's instructions. The insulation should fit loosely with gaps no greater than ¼ inch. Gaps will cause failure of the membrane later. Mechanical fastening of the insulation is the best manner of installation.

Preventative Maintenance Notes: We recommend the Association maintain a service and inspection contract with a qualified professional and record all documentation of repairs conducted. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
 - Note drainage issues with water ponding after 48 hours of rainfall event. Verify scuppers and drains are free of debris. Replace damaged or missing drain covers.
 - Inspect perimeter flashing for loose fasteners, deflections, and sealant damage
 - Verify membrane surface is free of ruptures or damage, and areas of extensive blistering or bubbling
 - Remove oil spills or contaminants from mechanical equipment
 - In areas of possible foot traffic, remove any sharp debris or trash and note areas of crushed insulation

- If frequency of leaks increase or location of water infiltration is unknown, we recommend the consideration of a thermal image inspection

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Sealants, Windows and Doors

Line Item: 1.540

Quantity: Approximately 6,500 linear feet of exterior sealants or *caulk*¹ at the windows and doors

History and Condition: Varied. The sealants are being replaced as needed with the concrete restoration project.

Useful Life: 10- to 15-years

Component Detail Notes: The rate of deterioration of the sealants is not uniform due to the different exposures to sunlight and weather. The Association should anticipate gradual dispersed deterioration as the sealants age.

Correct preparation of the joint surfaces before re-application of a sealant is important to ensure proper adhesion. The surfaces must be removed of all contaminants, including the previous sealant material, paint, rust and other corrosion, water, grease, etc. The surfaces should also be dry and free from dust and grit, which can be removed using dry compressed air or brushes. The Association should ensure the manufacturer's instructions are followed in determining if the substrate is compatible with the sealant and that the chemical cleaners and solvents used to prepare the surfaces are also compatible with the sealant.

Several types of caulk are available with significantly different weathering and elongation properties. We recommend a silicone-based or polyurethane-based caulk. The major advantage of polyurethane-based caulks is their ability to bond to most construction surfaces without special preparation, such as primer application, as is required for alternate materials like silicone caulk. With proper surface preparation, i.e., removing surface contaminants, silicone-based caulks perform better than most other caulk materials. The weathering and elongation properties of silicone-based caulk give it a much longer useful life than other caulk materials.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

¹ The terms sealant and caulk are used interchangeably throughout this text and throughout the industry.

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend Sea Coast No. 2 replace up to fifty percent (50%), or 3,250 linear feet of joint sealant in conjunction with stucco paint applications, and up to fifty percent (50%) in the interim period between stucco paint finish applications.

Walls, Stucco

Line Item: 1.880

Quantity: Approximately 86,700 square feet of the building exteriors

History: Paint finishes and repairs to the stucco are being conducted as part of the 2020-2022 concrete restoration project and are funded through means other than reserves. A recent engineering analysis indicates that approximately 25% of the walls will need to have the existing paint removed and replaced during the next paint cycle.

Condition: Repairs ongoing



Stucco overview



Stucco overview



Recent stucco repairs



Recent stucco repair



Stucco not yet repaired

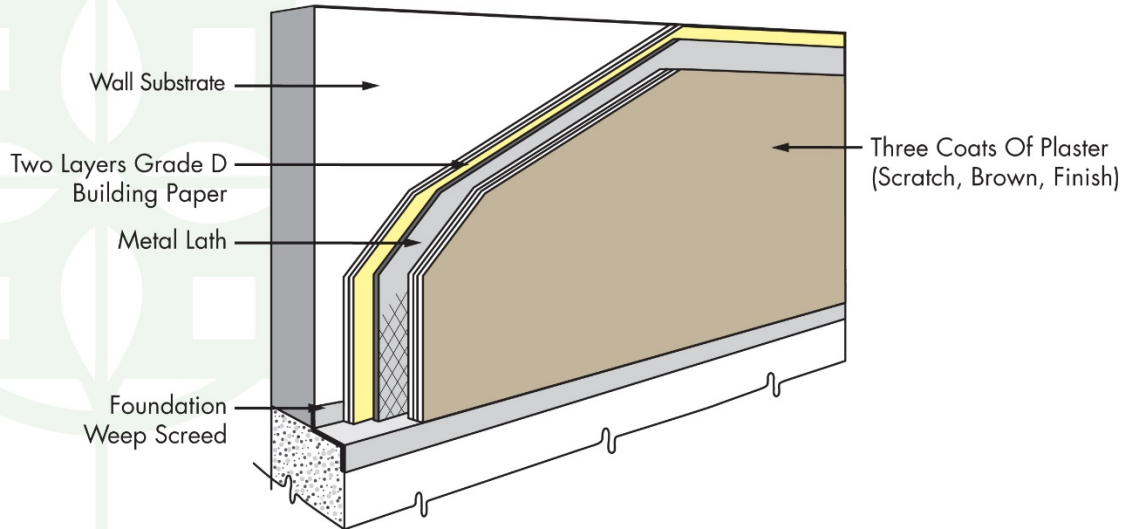


Stucco not yet repaired

Useful Life: We recommend inspections, repairs and paint finish applications every 8- to 10-years.

Component Detail Notes: The following graphic details the typical components of a stucco wall system on frame construction although it may not reflect the actual configuration at Sea Coast No. 2:

STUCCO DETAIL



© Reserve Advisors

Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new paint finish. The contractor should then power wash the surface to remove all dirt and biological growth. Water-soluble cleaners that will not attack Portland cement are acceptable for removing stains.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost is based on information provided by Management and anticipates the following in coordination with each paint finish application:

- Complete inspection of the stucco
- Complete removal of approximately twenty-five percent (25%) of the existing paint (Per engineering analysis results)
- Crack repairs as needed (Each paint product has the limited ability to cover and seal cracks but we recommend repair of all cracks which exceed the ability of the paint product to bridge.)
- Replacement of the stucco walls as needed (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)

Windows, Aluminum Frames, Common

Line Item: 1.980

Quantity: 1,160 square feet at the Breezeways and the laundry rooms

History: Approximately 10 years old

Condition: Good overall



Windows at the breezeways and the laundry rooms

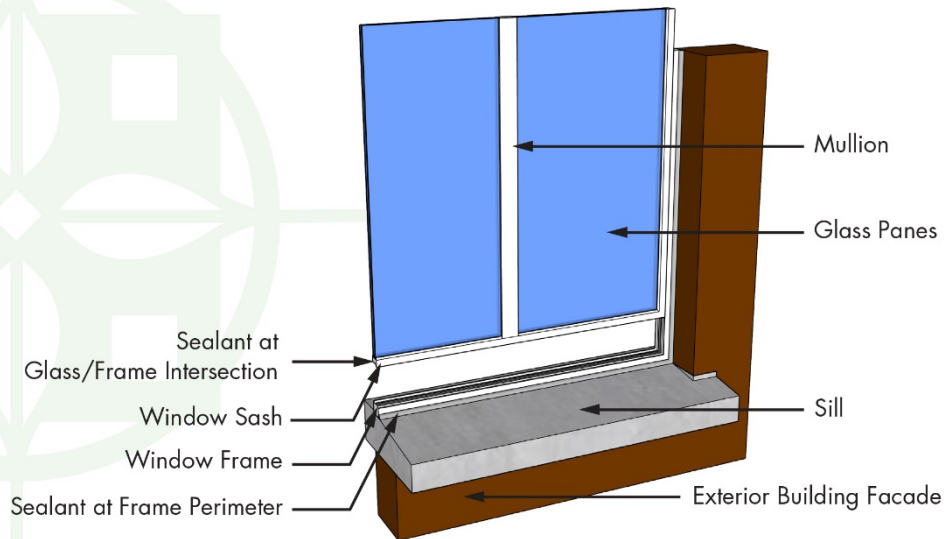
Useful Life: Up to 40 years

Component Detail Notes: Construction includes the following:

- Manufactured by
- Aluminum frames
- Dual pane glass
- Sliding windows with screens at the laundry rooms

The following schematic depicts the typical components of a window system although it may not reflect the actual configuration at Sea Coast No. 2:

WINDOW DETAIL



© Reserve Advisors

Properly designed window assemblies anticipate the penetration of some storm water beyond the gaskets. This infiltrated storm water collects in an internal drainage system and drains, or exits, the frames through weep holes. These weep holes can become clogged with dirt or if a sealant is applied, resulting in trapped storm water. However, as window frames, gaskets and sealants deteriorate, leaks into the interior can result. The windows will eventually need replacement or major capital repairs to prevent water infiltration and damage from wind driven rain.

The thermal efficiencies of the window assemblies are affected by their design and construction components. These components include glazings, thickness of air space between glazings, low-conductivity gas, tinted coatings, low-e coatings and thermal barriers. The Association should thoroughly investigate these component options at the time of replacement. Some manufacturers may include these components as part of the standard product and other manufacturers may consider these components as options for an additional cost. Sea Coast No. 2 should review the specifications provided by the manufacturers to understand the thermal design and construction components of the proposed assemblies.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair loose weather stripping and/or lock damage
 - Inspect for broken glass and damaged screens
 - Record instances of water infiltration, trapped moisture or leaks

- As-needed:
 - Verify weep holes are unobstructed and note blocked with dirt or sealant
 - Replace damaged or deteriorated sliding glass rollers

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Building Services Elements

Electrical System

Line Item: 3.300

History: The Association has recently updated much of the electrical system. Management informs us that the Association will conduct additional updates in the near future.

Condition: Reported satisfactory with the need for near-term updates



Electrical system components

Useful Life: Up to and sometimes beyond 70 years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:

- Inspect system for signs of electrical overheating, deterioration, and/or panel corrosion
- Clean and vacuum exterior and interior switchboards
- Five-Year Cycles:
 - Check power meters, lamps, indicators, and transformers for deficiencies
 - Inspect wiring, relays, power supply units, and timers
 - Verify surge protection is intact
- As-needed:
 - Test outlets and ground-fault circuit interrupters (GFCI's) for faulty components
 - Examine the insulation at switchgears for signs of deterioration or cracking
 - Ensure all conductors are clean and dry with no moisture build-up
 - Check and inspect for loose wire connections
 - Clean and clear dust and debris away from system components
 - Check for flickering or dimming light fixtures as these could indicate a short in the wiring, arcing, or an over-extension of the electrical system
 - Conduct thermal image scanning if system experiences numerous or consistent outages
 - Keep an accurate record of all repairs to the electrical system

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost is based on information provided by Management. Updates of this Reserve Study will consider possible changes in the scope and times of component replacements based on the conditions, including the need for replacement of the wires.

We recommend the Association conduct thermoscans of the distribution panels and circuit protection panels, and inspections of the transformers for any indications of arcing, burning or overheating on a regular basis, funded through the operating budget. Verification of the integrity of all connection points minimizes the potential for arcing and fires.

Elevators, Hydraulic

Line Items: 3.320, 3.330, and 3.340

Quantity: Two *Elevator Equipment Co.* hydraulic passenger elevators

History: Components are original with an inspection and modernization taking place in 2020. Management informs us that the cylinders, pumps, and controls have approximately 10 years of remaining useful life.

Condition: Reported satisfactory and service interruptions are reportedly infrequent.



Pump housing

Useful Life: Pumps and controls have a useful life of up to 35 years. Cylinders have a useful life of up to 45 years.

Component Detail Notes: Major components in a hydraulic elevator system include the pump, controls, cylinder, fluid reservoir and a valve between the cylinder and reservoir. Once activated by the elevator controls, the pump forces hydraulic fluid from the reservoir into the cylinder. The piston within the cylinder rises lifting the elevator cab. The elevator cab lowers at a controlled rate when the controls open the valve.

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Ongoing:
 - Maintain a maintenance contract with a qualified professional for the elevator(s) and follow the manufacturer's specific recommended maintenance plan adhering to local, state, and/or federal inspection guidelines
- As-needed:
 - Keep an accurate log of all repairs and inspection dates
 - Inspect and adjust misaligned door operators
 - Check for oil leaks or stains near the pump housing and confirm oil levels are adequate
 - Clear and remove any items located in the elevator machine room(s) not associated with the elevator components (These rooms should never be used for storage)
 - Lubricate the hydraulic cylinders
 - Inspect electrical components for signs of overheating or failure
 - Inspect spring buffers in elevator pit for signs of corrosion or loose attachments



- Ensure air temperature and humidity of machine/pump housing room meets the designated specified range for proper operation
- Ensure all call buttons are in working condition
- Check elevator cabs for leveling accuracy to prevent tripping hazards

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of modernization cost is based on information provided by Management and includes the following:

- Rust removal throughout the elevators, machine rooms, hoistways, pits, car tops, and car bottoms
- Various code compliance upgrades
- Repairs to the cab interiors, push buttons, and signal fixtures as needed

We anticipate the following hydraulic elevator system components will require replacement:

- Cab control panels
- Door operators
- Hallway panels/buttons
- Microprocessor based controllers
- Pumps (Power Unit) (25-HP)

These costs may vary based on the desired scope of the actual replacements, changes in technology and requirements of local codes or ordinances at the actual times of replacements. However, we judge our estimated costs sufficient to budget appropriate reserves at this time. The Association should require the contractor to verify that elevator component replacements include all of the necessary features for the latest in elevator code compliance.

Laundry Equipment

Line Items: 3.500 and 3.503

Quantity: 20 pieces of residential grade Speed Queen clothes washers and dryers and 10 hot water heaters

History: The washers and dryers were replaced in 2017 with upcoming replacements in 2024. Management informs us the 10 hot water heaters will be replaced with six larger hot water heaters in 2024.

Condition: Reported satisfactory



Speed queen washer and dryer

Useful Life: Five- to eight-years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
 - Ensure areas surrounding dryers are clear of combustible materials
 - Check hoses and belts for damage and cracks
 - Check dryer exhaust connections for proper alignment and connection.
 - Check unit for loose electrical connections
- As-needed:
 - Replace belts
 - Clear unit of lint and any debris
 - Clean or replace water inlet filters, remove drum debris and wipe down door gaskets
 - Ensure water outlet is free of dirt and soap residue

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimates of cost for the laundry equipment and water heaters are provided by Management.

Life Safety System

Line Item: 3.560

Quantity: The life safety system at Sea Coast No. 2 includes the following components:

- Audio/visual fixtures
- *Silent Knight by Honeywell* control panel
- Emergency light fixtures
- Pull stations
- Wiring

History: Upgrades to the system including a new control panel in 2016

Conditions: Reported satisfactory



Control panel



Emergency fixtures

Useful Life: Up to 15 years for the devices and control panel

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. In accordance with *NFPA 72* (National Fire Alarm and Signaling Code) we also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the age of the components, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
 - Inspect and test all components and devices, including, but not limited to, control panels, annunciators, detectors, audio/visual fixtures, signal transmitters and magnetic door holders
 - Test backup batteries
- As-needed:
 - Ensure clear line of access to components such as pull stations
 - Ensure detectors are properly positioned and clean of debris

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Changes in technology or building codes may make a replacement desirable prior to the end of the functional life. Our estimate of future cost considers only that amount necessary to duplicate the same functionality. Local codes or ordinances at the actual time of replacement may require a betterment as compared to the existing system. A betterment could result in a higher, but at this time unknown, cost of replacement.

Pipes

Line Item: 3.605

Quantity: 17 risers through the five floors comprise 85 riser sections for domestic water, waste, and vent for a total of 255 riser sections

History and Condition: Management informs us of the Associations intent to replace the domestic water, waste, and vent pipes in the near-term.

- Domestic Water – Original and reported in unsatisfactory condition with an increasing frequency of pin hole leaks
- Sanitary Waste Disposal and Vent – Original and reported in unsatisfactory condition

Component Detail Notes: The Association is responsible for maintenance and replacement of the piping systems arranged in vertical and horizontal segments. These pipes comprise the following:

- Domestic cold water
- Vent plumbing fixtures
- Sanitary waste disposal

The exact locations and conditions of the pipes were not ascertained due to the nature of their location and the non-invasive nature of our inspection. We comment on the respective quantities and conditions of the piping systems in the following sections of this narrative.

Domestic Water - Copper piping is the predominant type of pipe used in new construction for domestic water piping. With low mineral content in the water, the useful life of copper domestic water pipes is up to and sometimes beyond 80 years. However, there is recent evidence that copper piping prematurely develops pinhole leaks. Studies have shown that changes in water treatment practices, recently required in response to U.S. Environmental Protection Agency regulations, are dramatically increasing the risk of pitting corrosion in many geographic locations. Utility companies are implementing higher chloride levels to prevent outbreaks of waterborne disease. These higher chloride levels can accelerate corrosion of copper pipes and indeterminately reduce their useful life.

Due to the numerous pinhole leaks Management reports, Sea Coast No. 2 should also consider “in-place” pipe restoration technology. This process includes drying, sandblasting away interior pipe occlusions and applying an epoxy lining to the interior surfaces of the pipes. Future updates of this study will consider the possibility of the pipe restoration process in lieu of pipe replacement at Sea Coast No. 2. Restoration technology can extend the useful life of a pipe system thus avoiding a system pipe replacement.

Sanitary Waste Disposal and Vent – The pipes typically deteriorate from the inside out as a result of sewer gases, condensation and rust.

Valves - The piping systems include various valves. Identification of a typical useful life and remaining useful life for individual valves is difficult. Associations typically replace valves on an as needed basis in our experience.

Pipes, Remaining – We anticipate a useful life of up to and sometimes beyond 100 years for the fire standpipes and interior sprinkler pipes. Therefore, we do not foresee the need to budget for replacement of these pipes within the 30-year scope of this study. Future updates of this study will revisit the need to include partial replacement of these pipes.

Preventative Maintenance Notes: The required preventative maintenance may vary in frequency and scope based on the building’s age and demands of the piping systems. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Quarterly:
 - Inspect all visible piping for corrosion and leaks, including common areas or areas immediately surrounding pipes such as insulation, ceiling tiles or the floor for moisture, water accumulation, mold or mildew
- Annually:
 - Verify system pressure is sufficient
 - Check accessible valves for proper operation
 - Test backflow prevention devices
 - Inspect and obtain certification for pressure relief valves
 - Test drain line flow rates
 - Mechanically or chemically clean sewer lines as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost assumes replacement of all pipes located within each wall opening, associated branch piping, fittings and minimal interior finishes. However, the cost does not include temporary housing for affected residents, pipes within the units or significant interior finishes.

The Association budgets an amount in the annual operating budget for minor pipe repairs and replacements. We recommend the Association continue to fund interim pipe

replacements, prior to more aggregate replacements identified in the following paragraphs, from the operating budget. We also recommend the Association contract for an invasive investigation of the condition of the piping system prior to beginning more aggregate replacements, funded through the operating budget. An invasive analysis of the piping systems will provide various replacement options.

Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Sea Coast No. 2 could budget sufficient reserves for the beginning of these pipe replacements and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual pipe replacements to budget sufficient reserves.

We recommend the Association budget for replacement of the following items through the operating budget:

- Replacement of valves on an as-needed basis
- Minor pipe repairs and replacements
- invasive investigation of the condition of the piping system prior to beginning more aggregate replacements
- Rodding of waste pipes

Trash Chute and Doors

Line Item: 3.880

Quantity: Two trash chutes

History: Original, with replacement of the doors and collars in 2021. A recent inspection of the chutes indicates that they will last approximately 10 years and The Board informs us that they will likely be replaced along with the next concrete restoration project.

Condition: The chutes are in fair condition based on the visible sections with the exception of the doors, which are in fair to poor condition with rust.



Rust at door and collar to be replaced

Useful Life: Up to 55 years.

Component Detail Notes: Damaged doors or poor door operation will result in a decreased useful life. The Association should fund interim repairs and partial replacements of the doors through the operating budget.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Weekly:
 - Clean doors and latches
 - In accordance with *NFPA 82* and fire code, ensure all trash chute doors self-latch and self-close
- Monthly:
 - Check operation of discharge door
 - Inspect fusible link and replace if necessary
 - If applicable, inspect, reinforce and/or replace discharge elbow
- Quarterly:
 - If applicable, check vent cap for damage and tighten fasteners
- Semi-annually:
 - Lubricate and/or replace doors, hinges and latches
 - Clear obstructions, clean and scrape trash chute and doors. The frequency of this activity may vary based upon occupancy and usage rates. This activity may also be based upon limitation of unwanted odors, prevention of harmful bacteria, pest infiltration and debris removal to further prevent fire hazards.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for replacement of the doors and collars is provided by Management.

Valves, Large Diameter

Line Item: 3.920

Quantity: Two large diameter valves at the main water connection located in the first floor laundry room at the west side of the building.

History: Likely original

Condition: Reported satisfactory. We note evidence of rust and corrosion to the valves.



Large diameter valves

Useful Life: Up to 50 years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Monthly:
 - Inspect the valves (if valve is readily accessible)
 - Confirm tightness of connections/fasteners
 - Confirm lack of leaks
- Semi-annually:
 - Clean the valves (including the valve stem) (if valve is readily accessible)
 - Open/close the valves to ensure operation (if valve is readily accessible)
- Annually:
 - Remove, clean and repair select valves as needed (including replacement of components as needed) (frequency and feasibility of rebuilds will vary greatly) (if valve is readily accessible)

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Property Site Elements

Asphalt Pavement, Repaving (Includes Catch Basin Repairs)

Line Items: 4.040 and 4.045

Quantity: Approximately 4,650 square yards at the parking area servicing only Sea Coast No. 2

History: Management informs us that the Association will conduct a seal coat application in 2021 and will conduct repaving in three- to five-years.

Condition: Fair overall with block cracks



Asphalt pavement with block cracks



Asphalt pavement with block cracks



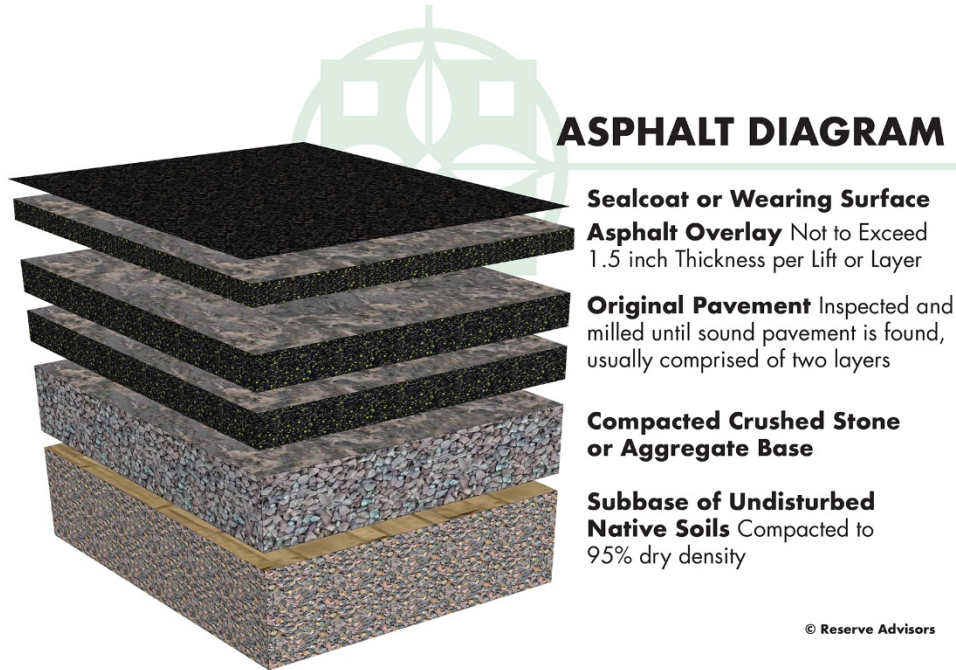
Catch basin



Catch basin

Useful Life: 15- to 20-years with the benefit of timely patching

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at Sea Coast No. 2:



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlay on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the mill and overlay method for initial repaving followed by the total replacement method for subsequent repaving at Sea Coast No. 2.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
 - Repair areas which could cause vehicular damage such as potholes

- As needed:
 - Perform crack repairs and patching

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for milling and overlayment includes area patching of up to ten percent (10%). We recommend the Association fund seal coat applications through the operating budget.

Bulkheads

Line Items: 4.060 and 4.063

Quantity: Approximately 123 linear feet of vinyl bulkhead and approximately 162 feet of concrete bulkhead

History: The original concrete bulkhead had one section of approximately 123 linear feet replaced with vinyl within the past ten years. Management informs us that the remaining section of approximately 162 linear feet of concrete bulkhead will need to be replaced in the near-term.

Conditions: The bulkheads are in good to fair condition based on our non-invasive inspection, with no significant deterioration visually evident. We note one area of wash-out at the base of the wall near a drain.



Original concrete bulkhead



Vinyl section of bulkhead



Vinyl bulkhead with wash-out near drain

Useful Life: Vinyl bulkheads have long useful lives of up to 50 years with the benefit of Inspections and capital repairs every 10- to 15-years.

Component Detail Notes: The bulkheads include concrete caps.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for inspections and capital repairs includes an allowance for an inspection and replacement of up to 30 linear feet of bulkheads, or ten percent (10%) of the total. Our estimate of cost and timing for replacement of the remaining concrete bulkhead is based on information provided by Management.

Concrete Curbs

Line Item: 4.110

Quantity: Approximately 1,600 linear feet

Condition: Good to fair overall



Typical concrete curbs



Typical concrete curbs

Useful Life: Up to 65 years although interim deterioration of areas is common

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair major cracks, spalls and trip hazards
 - Mark with orange safety paint prior to replacement or repair
 - Repair or perform concrete leveling in areas in immediate need of repair or possible safety hazard

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 480 linear feet of curbs, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Deck and Staircase, Wood

Line Items: 4.155 and 4.165

Quantity: One wood deck and staircase which comprises approximately 2,700 square feet of horizontal surface area.

History: Management informs us that the Association plans to conduct deck board replacements to the wood deck and staircase in the near-term.

Condition: Fair overall condition with weathered deck boards



Weathered deck boards



Weathered deck boards

Useful Life: Total replacement every 20- to 30-years with proper maintenance and interim replacement of the deck boards every 10- to 15-years. The rates and types of deterioration are not uniform due to the nature of wood. Replacement is normally an ongoing process which eventually leads to a complete replacement for economic or aesthetic reasons.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect to identify and correct any unsafe conditions
 - Secure loose fasteners and replace deteriorated fasteners
 - Replace deteriorated wood components
 - Check railing stability and fasteners
- Every three years:
 - Power wash with algaecide and application of sealer/stain if applicable

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for deck board replacements and interim repairs is provided by Management.

Fence, Aluminum

Line Item: 4.200

Quantity: 285 linear feet at the bulkhead

History: Unknown

Condition: Good to fair overall with isolated bent pickets



Bent picket

Useful Life: Up to 25 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair loose fasteners or sections, and damage
 - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We depict replacement of the fence in conjunction with replacements to the balcony and breezeway railings. Coordination ensures the best unit price and a uniform appearance.

Fence, Wood (Reinstallation)

Line Item: 4.285

Quantity: 110 linear feet at the north-west perimeter of the property

History: The wood fence was destroyed during a recent storm and will be replaced in 2022.

Useful Life: 15- to 20-years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair loose sections, finish deterioration and damage



- Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration. Along with these partial replacements, the Association should apply periodic paint applications as needed and fund these activities through the operating budget.

Landscape

Line Item: 4.500

Component Detail Notes: The Association contains a large quantity of trees, shrubbery and other landscape elements. Replacement of these elements is an ongoing need. Many associations budget for these replacements as normal maintenance. Other associations fund ongoing replacements from reserves. Large amounts of landscape may need replacement due to disease, drought or other forces of nature. If the cost of removal and replacement is substantial, funding from reserves is logical. The Association may also desire to periodically update the appearance of the community through major improvements to the landscape.

Useful Life: At the request of Management and the Board, we include a landscape allowance for partial replacements every 10 years beginning in 2027 with a planned minor event in 2022.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of replacement cost and timing is provided by Management.

Pavers, Masonry

Line Item: 4.620

Quantity: 3,400 square feet at the patios and sidewalks

History: Unknown. Management informs us that the Association will replace the pavers in two- to three-years.

Condition: Fair overall with color fade and areas of settlement evident



Typical paver patio

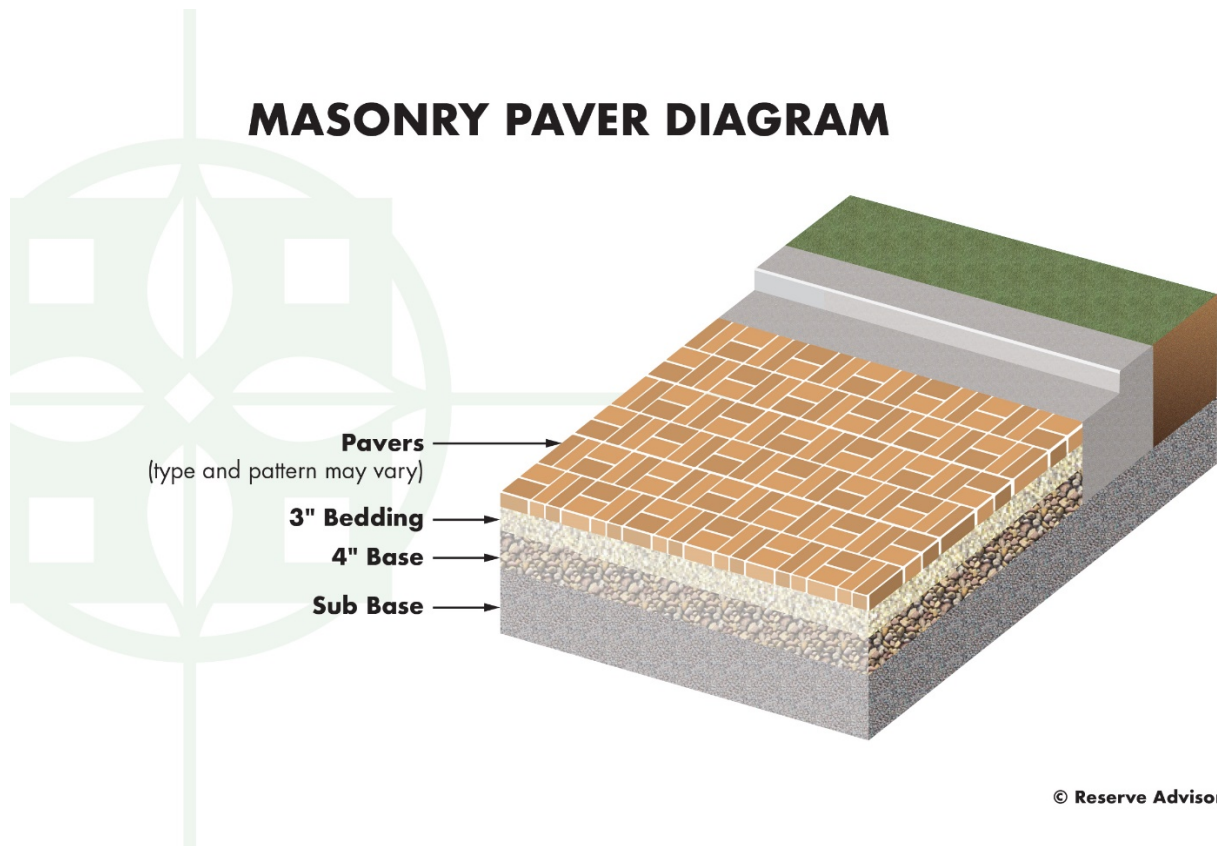


Typical paver sidewalk

Useful Life: 15- to 20-years

Component Detail Notes: The following diagram depicts the typical components of a masonry paver system although it may not reflect the actual configuration at Sea Coast No. 2:

MASONRY PAVER DIAGRAM



Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:

- Inspect and repair settlement, trip hazards and paver spalls at heavy traffic areas
- Re-set and/or reseal damaged pavers as necessary
- Periodically clean and remove overgrown vegetation as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes complete replacement of the pavers. We suggest the Association conduct interim resetting and replacement of minor areas of pavers as normal maintenance, funded from the operating budget.

Shuffleboard Court, Repairs and Color Coat

Line Item: 4.830

Quantity: Four shuffleboard courts

History: Management informs us that the Association will conduct a color coat application only to the shuffleboard courts in 2022.

Condition: Fair overall with areas of deterioration



Shuffleboard courts overview



Deterioration to shuffleboard courts

Useful Life: Repairs and color coat applications every Four- to six-years

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for the 2022 color coat application is provided by The Board.

Clubhouse Elements



Clubhouse overview

HVAC Equipment

Line Item: 5.450

Quantity: Two HVAC split-systems

History: One condenser replaced in 2014 and another in 2017

Condition: Reported satisfactory



Remote condenser

Useful Life: 10- to 15-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Interior Renovations

Line Items: 5.500 and 5.510

Quantity: The components of the clubhouse interior include:

- Tile floor coverings
- Wall coverings
- Paint finishes on the walls and ceilings
- Plumbing fixtures
- Light fixtures including exit and emergency lights
- Kitchen cabinets and countertops
- Furnishings including tables and chairs
- Appliances including a refrigerator and microwave

History: The Association last renovated the clubhouse interior in 2019.

Condition: Good overall



Clubhouse kitchen



Typical clubhouse restroom



Clubhouse common area overview



Tile Flooring replaced in 2019

Useful Life: Complete interior renovation up to every 25 years and partial renovations 8- to 12-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The complete renovation should include replacement of all the interior components listed above and the partial renovations should include the following:

- Application of paint finish to all surfaces
- Replacement of the wall panels
- Replacement of up to fifty percent (50%) of the appliances and furnishings

Roof, Concrete Tiles (Includes Modified Bitumen)

Line Item: 5.600

Quantity: 50 squares² including the small modified bitumen flat roof adjoining the two tile roofs

History: Management informs us that the small modified bitumen roof adjoining the two concrete tile roofs is newer than the concrete tile roofs.

Condition: The roofs are in good to fair overall condition based on our visual inspection from the ground. Management does not report a history of leaks



Typical concrete tile roof



Typical concrete tile roof

² We quantify the roof area in squares where one square is equal to 100 square feet of surface area.

Useful Life: up to 30 years for the tile roofs and up to 20 years for the modified bitumen roof

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Despite the difference in useful lives of the two roof types, we depict replacement of the modified bitumen roof in conjunction with the concrete tile roofs due to its lesser age.

Windows and Doors

Line Item: 5.805

Quantity: Approximately 490 square feet

History: Mostly replaced in 2011

Condition: Good overall



Clubhouse windows

Useful Life: Up to 40 years

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Pool Elements



Pool overview



Kiddie pool overview

Deck, Pavers

Line Item: 6.200

Quantity: Approximately 14,720 square feet

History: Unknown

Condition: Unsatisfactory. Management informs us that the Association intends to replace the pavers in approximately 2026 and will apply a sealer to the pavers in approximately 2023.



Pool deck pavers



Pool deck pavers

Useful Life: Up to 25 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair settlement, trip hazards and significant paver spall
 - Reset and/or reseal damaged pavers as necessary
 - Periodically clean and remove overgrown vegetation as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association fund interim inspections, partial replacements and repairs through the operating budget. Our estimate of cost for the sealer application is provided by The Board.

Fence, Aluminum

Line Item: 6.400

Quantity: Approximately 490 linear feet surrounding the pools

History: Unknown

Condition: Good to fair overall condition with areas of bent pickets



Pool fence overview



Pool fence overview

Useful Life: Up to 25 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair loose fasteners or sections, and damage
 - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the pool furniture inside the clubhouse and comprises the following:

- Chairs (107)
- Lounges (63)
- Tables (9)
- Ladders and life safety equipment

History: Unknown

Condition: Good to fair overall



Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend interim re-strapping, refinishing, cushion replacements, reupholstering and other repairs to the furniture as normal maintenance to maximize its useful life.

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinators
- Controls
- Filters
- Heaters
- Interconnected pipe, fittings and valves
- Pumps
- Electrical panels

History: Varied.

Condition: Reported satisfactory



Mechanical equipment



Mechanical equipment



Mechanical equipment

Useful Life: Up to 15 years

Preventative Maintenance Notes: We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to fifty percent (50%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: Approximately 3,300 square feet of plaster between the two pools and two kiddie pools based on the horizontal surface area and approximately 450 linear feet of tile

History: The plaster finishes were replaced in approximately 2015 and the tile is of unknown age. The Association plans to replace the tile in 2022.

Condition: Good to fair overall



Plaster and tile finishes



Plaster and tile finishes

Useful Life: 8- to 12-years for the plaster and 15- to 25-years for the tile

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
 - Inspect and patch areas of significant plaster delamination, coping damage and structure cracks

- Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
- Test handrails and safety features for proper operation

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for full tile replacement every other plaster replacement event. Removal and replacement of the finish provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structures, we recommend the Association budget for the following:

- Removal and replacement of the plaster finishes
- Partial replacements of the scuppers and coping as needed
- Replacement of tiles as needed
- Replacement of joint sealants as needed
- Concrete structure repairs as needed

Structures, Total Replacement

Line Item: 6.900

Quantity: 3,280 square feet of horizontal surface area

History: Original

Conditions: Visually appear in good condition. The concrete floors and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structures during a noninvasive visual inspection.

Useful Life: Up to 70 years

Component Detail Notes: The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long-term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Sea Coast No. 2 plan to replace the following components:

- Pool structures
- Subsurface piping

Priority/Criticality: Defer only upon opinion of independent professional or engineer



Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3.

Reserve Study Update

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. Many variables change after the study is conducted that may result in significant overfunding or underfunding the reserve account. Variables that may affect the Reserve Funding Plan include, but are not limited to:

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. The Association can expense the fee for an Update with site visit from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study report. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5.METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

Sea Coast No. 2 can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level reserve assessments to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long term future inflation for construction costs in New Smyrna Beach, Florida at an annual inflation rate³. Isolated or regional markets of

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.

³ Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Sea Coast No. 2 and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.



6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long-range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well-versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors' experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.

JOSEPH W. COFFEE
Responsible Advisor

CURRENT CLIENT SERVICES

Joseph Coffee is an Engineer for Reserve Advisors. Mr. Coffee is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Studies for condominiums, townhomes and homeowners associations.

The following is a partial list of clients served by Joseph Coffee demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.



Trails West Homeowners Association, Inc. - Located adjacent to Lake Mamie in Deland, Florida, this community consists of 353 single family homes that were constructed in 1985. In addition to the single family homes, the property contains a swimming pool, pool house, clubhouse, playground, tennis courts, ponds, guard house, and dock.

Woodland Lakes Preserve Homeowners Association, Inc. - This homeowners association is located in Orlando, Florida and features 546 single family homes, numerous ponds, a guard house, a large playground, and a swimming pool with a pool house located at the entrance of the community.

The Palms at Marsh Landing Condominium Association – This condominium association located in Jacksonville Beach, Florida was constructed from 1995-1998. The community is comprised of 419 units in 34 buildings. The buildings are comprised of painted stucco exterior walls, asphalt shingle roofs, exterior staircases, and breezeways located on the front and centers of the buildings. Additionally the property has a clubhouse, a pool house, multiple ponds with bulkheads, and two swimming pools.

Coach Homes at Errol Condominium Association, Inc. – Located in Apopka, Florida, this community is comprised of manor style condos, constructed from 1991-1999, that feature vinyl and masonry veneer siding, enclosed balconies, and attached garages. The community shares the responsibility of some of the common areas of the community with a master association.

Glenmuir Homeowners Association, Inc. - Located in Windermere, Florida, this property is comprised of 220 single family homes that were constructed in 2005. In addition to the single family homes, the property contains a playground with basketball court, ponds, and an extensive masonry perimeter wall.

The Towns at Oak Terrace Preserve Homeowners Association, Inc. – Located in North Charleston, South Carolina, this property is comprised of 70 townhome style units in 26 buildings that were constructed in 2010. The buildings are comprised of asphalt shingle roofs, fiber cement siding, and contain balconies and porches.

The Anchor Property Owners Association, Inc. - Located in Vero Beach, Florida, this property is comprised of 149 single family homes that were constructed in 1980. In addition to the single family homes, this water front property contains a tennis court, guard house, and a system of seawalls.

EDUCATION

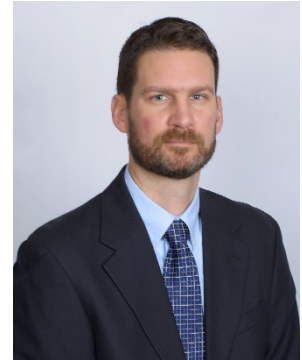
Embry-Riddle Aeronautical University - B.S. Civil Engineering

ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.



Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

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



RESOURCES

Reserve Advisors utilizes numerous resources of national and local data to conduct its Professional Services. A concise list of several of these resources follows:

Association of Construction Inspectors, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org.

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., (ASHRAE) the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., devoted to the arts and sciences of heating, ventilation, air conditioning and refrigeration; recognized as the foremost, authoritative, timely and responsive source of technical and educational information, standards and guidelines, found on the web at www.ashrae.org. Reserve Advisors actively participates in its local chapter and holds individual memberships.

Community Associations Institute, (CAI) America's leading advocate for responsible communities noted as the only national organization dedicated to fostering vibrant, responsive, competent community associations. Their mission is to assist community associations in promoting harmony, community, and responsible leadership.

Marshall & Swift / Boeckh, (MS/B) the worldwide provider of building cost data, co-sourcing solutions, and estimating technology for the property and casualty insurance industry found on the web at www.marshallswift.com.

R.S. Means CostWorks, North America's leading supplier of construction cost information. As a member of the Construction Market Data Group, Means provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects found on the web at www.rsmeans.com.

Reserve Advisors' library of numerous periodicals relating to reserve studies, condition analyses, chapter community associations, and historical costs from thousands of capital repair and replacement projects, and product literature from manufacturers of building products and building systems.

7. DEFINITIONS

Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.

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 Method - A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials, labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Fully Funded Balance - The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.

Funding Goal (Threshold) - The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of Sea Coast No. 2 responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Sea Coast No. 2 responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in *Reserve Expenditures* that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.



8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part **is not and cannot be used as a design specification for design engineering purposes or as an appraisal.** You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and **shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA.**

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.