

Groton Condominium Association, Town Shores of Gulfport # 204, Inc.

October 17, 2023 • Gulfport, FL

**STRUCTURAL INTEGRITY
RESERVE STUDY**



Groton Condominium Association, Town Shores of Gulfport # 204, Inc.
Gulfport, Florida

Dear Board of Directors of Groton Condominium Association, Town Shores of Gulfport # 204, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Structural Integrity Reserve Study* of Groton Condominium Association, Town Shores of Gulfport # 204, Inc. in Gulfport, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, October 17, 2023.

This *Structural Integrity Reserve Study* meets or exceeds all requirements set forth in Florida Statute 718.112 and 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 Groton Condominium Association, Town Shores of Gulfport # 204, 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 October 31, 2023 by

Reserve Advisors, LLC

Visual Inspection and Report by: Tamara S. Samhour, RS¹

Review by: Nancy S. Daniel, P.E., RS

Alan M. Ebert, RS, 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>.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Groton Condominium Association, Town Shores of Gulfport # 204, Inc. (Groton Condominium Association)

Location: Gulfport, Florida

Reference: 231882

Property Basics: Groton Condominium Association, Town Shores of Gulfport # 204, Inc. is a condominium style development which consists of 39 units in one building. The building was built in 1972.

Reserve Components Identified:

- 14 *Structural Integrity* Reserve Components
- Seven *General* Reserve Components

Inspection Date: October 17, 2023.

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.

- *Structural Integrity:* Our recommended Funding Plan recognizes these threshold funding years in 2028 due to the replacement of the roof assembly and in 2029 due to the replacement of the exterior finishes, waterproof coating applications and breezeway railings. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately \$1,497,500. We judge this amount of accumulated reserves in 2053 necessary to fund the likely replacement of the roof assembly after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.
- *General:* Our recommended Funding Plan recognizes these threshold funding years in 2030 due to the repaving of the asphalt pavement and in 2043 due to the modernization of the hydraulic elevator. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately \$162,300. We judge this amount of accumulated reserves in 2053 necessary to fund the likely modernization of the hydraulic elevator after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

Methodology:

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
- 2.0% anticipated annual rate of return on invested reserves
- 3.5% future Inflation Rate for estimating Future Replacement Costs



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:

- Structural Integrity - Replacement of the roofs as deferral may result in increased water infiltration and cost
- Structural Integrity - Paint finish applications and partial replacement to limit water infiltration into the units, and to maintain a uniformly clean and consistent appearance of the buildings
- Structural Integrity - Waterproof coating applications and partial replacement to limit water infiltration, and to maintain a uniformly clean and consistent appearance of the buildings
- Structural Integrity - Partial replacement of the common area doors
- General - Repaving as deferral will result in dangerous road conditions and vehicle damage
- General - Partial replacement of the subsurface pipes

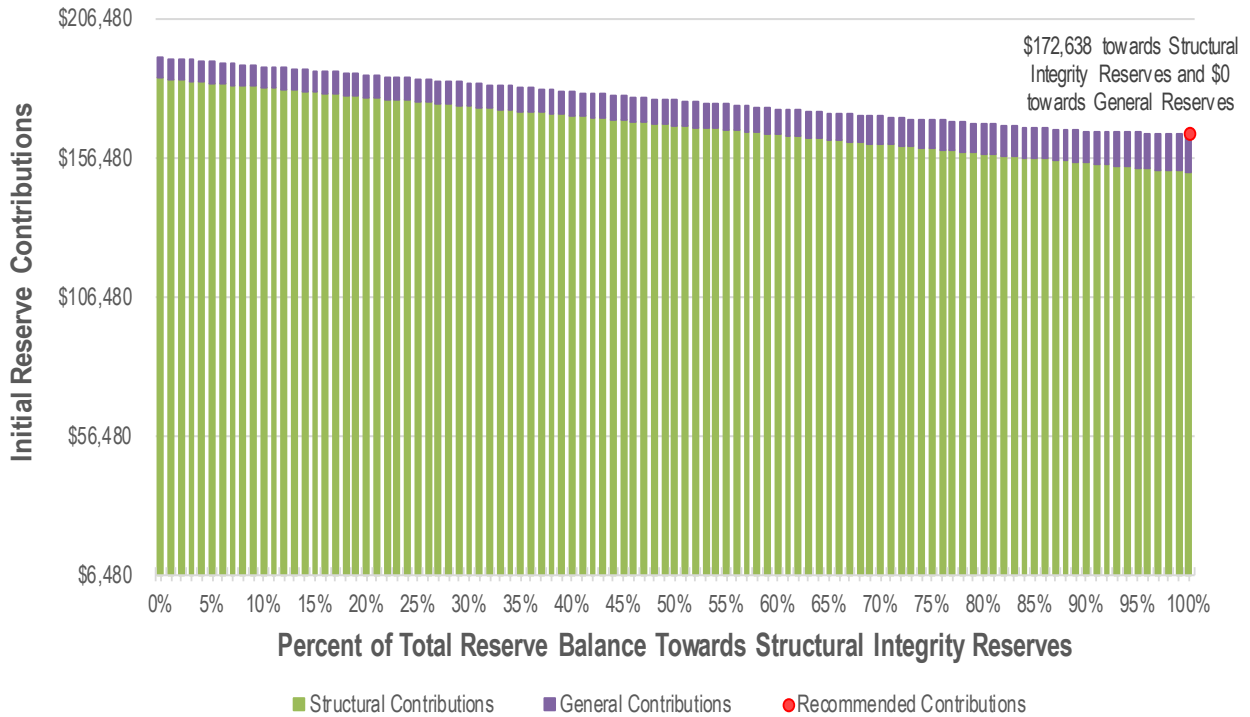
Unaudited Cash Status of Reserve Fund:

- \$131,435 as of July 31, 2023
- \$57,410 in budgeted 2023 reserve contributions, and \$57,410 in budgeted 2024 reserve contributions (\$81,331 remaining)
- \$43,928 in estimated remaining 2023 and 2024 reserve expenses
- We project a 2024 Reserve End Balance of \$172,638.

As part of our Cash Flow method we analyzed future expenditures and identified the reserve balance split to produce the lowest overall required contributions. Starting in 2025, we recommend the Association contribute \$172,638 or 100% of this balance to the Structural Integrity Reserve Plan to minimize the required reserve contributions. The following chart depicts the analysis of future expenditures and the reserve balance split to produce the lowest overall required contributions.



Starting Cash Flow - Optimized Reserve Balance Split



Cash Flow - Existing Reserve Balance and Contribution Split					
Groton Condominium Association, Town Shores of Gulfport #204, Inc. Gulfport, Florida				Plan Types	
		FY2023	2024	Structural 2025	General 2025
Reserves at Beginning of Year	(Note 1)	131,435	112,428	172,638	0
Recommended Reserve Contributions		23,921	57,410	151,300	13,900
Percent to Structural Integrity Reserves				100%	
Percent to General Reserves				0%	
Total Recommended Reserve Contributions	(Note 2)	23,921	57,410	151,300	13,900
Anticipated Interest Rate		2.00%	2.00%		
Estimated Interest Earned, During Year	(Note 3)	1,000	2,800		
Anticipated Structural Expenditures, By Year		0	0		
Anticipated General Expenditures, By Year		(43,928)	0		
Anticipated Reserves at Year End		\$112,428	\$172,638		



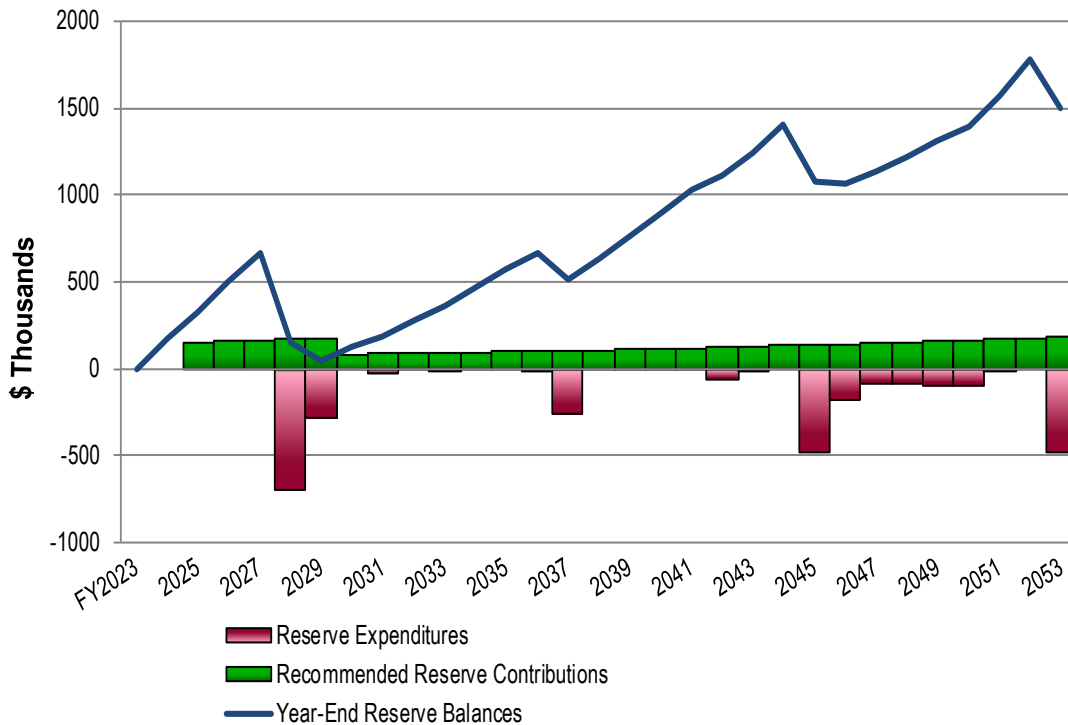
Structural Integrity

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

- Increase to \$151,300 in 2025
- Inflationary increases from 2026 through 2029
- Decrease to \$81,000 by 2030 due to fully funding for replacement of the roof assembly, exterior finishes, waterproof coating applications and breezeway railings
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- 2025 Reserve Contribution of \$151,300 is equivalent to an average monthly contribution of \$323.29 per unit owner.
- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items for any budget adopted after December 31, 2024.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	N/A (Budgeted)	172,638	2034	92,800	458,843	2044	130,900	1,397,864
2025	151,300	328,904	2035	96,000	564,980	2045	135,500	1,078,312
2026	156,600	493,648	2036	99,400	664,036	2046	140,200	1,057,879
2027	162,100	667,242	2037	102,900	511,507	2047	145,100	1,135,647
2028	167,800	149,820	2038	106,500	629,302	2048	150,200	1,216,973
2029	173,700	42,709	2039	110,200	753,190	2049	155,500	1,302,022
2030	81,000	125,373	2040	114,100	883,495	2050	160,900	1,390,853
2031	83,800	181,397	2041	118,100	1,020,446	2051	166,500	1,565,664
2032	86,700	272,592	2042	122,200	1,106,025	2052	172,300	1,771,000
2033	89,700	357,956	2043	126,500	1,240,838	2053	178,300	1,497,518





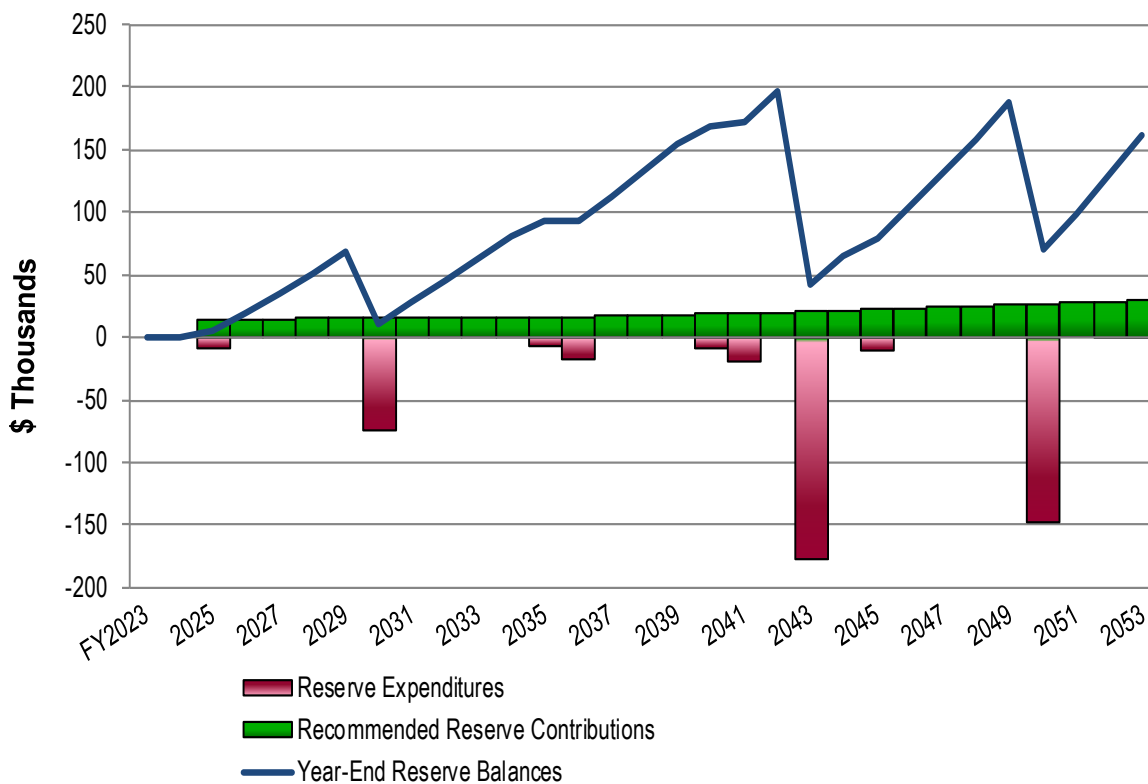
General

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

- Increase to \$13,900 in 2025
- Inflationary increases from 2026 through 2030
- Stable contributions of \$16,500 from 2031 through 2036
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- 2025 Reserve Contribution of \$13,900 is equivalent to an average monthly contribution of \$29.70 per unit owner.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	N/A (Budgeted)	0	2034	16,500	81,301	2044	21,700	65,507
2025	13,900	5,217	2035	16,500	92,633	2045	22,500	79,725
2026	14,400	19,865	2036	16,500	93,775	2046	23,300	104,853
2027	14,900	35,311	2037	17,100	112,922	2047	24,100	131,291
2028	15,400	51,571	2038	17,700	133,057	2048	24,900	159,066
2029	15,900	68,661	2039	18,300	154,201	2049	25,800	188,305
2030	16,500	11,654	2040	18,900	168,108	2050	26,700	69,717
2031	16,500	28,552	2041	19,600	172,505	2051	27,600	98,987
2032	16,500	45,788	2042	20,300	196,458	2052	28,600	129,853
2033	16,500	63,369	2043	21,000	42,735	2053	29,600	162,346





2. RESERVE STUDY REPORT

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

Groton Condominium Association, Town Shores of Gulfport # 204, Inc.

Gulfport, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, October 17, 2023.

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 Unit Owners 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 the Board. These classes of property include:

- Reserve Components (Structural and General)
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Unit Owners
- 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:

- Groton Condominium Association responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold



Structural Integrity Reserve Expenditures - At the direction of the Board that recognizes their fiduciary responsibility and as required by Florida Statute 718.103 (25), we have conducted a *Structural Integrity Reserve Study* of Groton Condominium Association. A *Structural Integrity Reserve Study* states the estimated remaining useful life, the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected and provides a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area. Specifically, as per Florida Statute 718.112(2)(g), we have investigated the structural integrity and safety of common elements within the following:

- Roof
- Load Bearing Walls or Other Primary Structural Members
- Exterior Doors
- Fireproofing and Fire Protection Elements
- Plumbing
- Electrical Systems
- Structure
- Waterproofing and Exterior Painting
- Windows
- Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the items listed above

Items Excluded from Structural Integrity Reserve Expenditures - We exclude expenditures for the elements below for one or more of the following categories of reasons:

- Remaining useful lives or their replacement may occur beyond the 30-year scope of the study
- Current condition does not warrant predictable maintenance expenditures
- Issue applies to a unit owner maintained element

We discuss specific exclusions for the following elements:

- Structure and Primary Structural Members - We anticipate a useful life of up to and beyond 100 years and consider full replacement unlikely and cost prohibitive. The Board reports no history of water infiltration or repairs to the foundations. Based on the current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Windows and Doors – Maintained and replaced by the unit owners

Long-Lived Property Elements – These 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:

- Elevator, Hydraulic, Cylinder (Replacing in 2023)
- Foundations
- Structural Frames
- Window, Laundry Room (Replaced in 2021 with Impact Grade)



Window at the laundry room

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 \$5,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Carports (Assessed to the Respective Unit Owners) (Per Board)
- Concrete, Curbs and Gutters
- Concrete, Sidewalks
- Downspouts and Scuppers
- Fire Extinguishers
- Landscape
- Laundry Room, Renovations
- Light Fixtures, Unit Entrances and Stairwells
- Motors
- Paint Finishes, Touch Up
- Roof, Annual Inspections and Capital Repairs

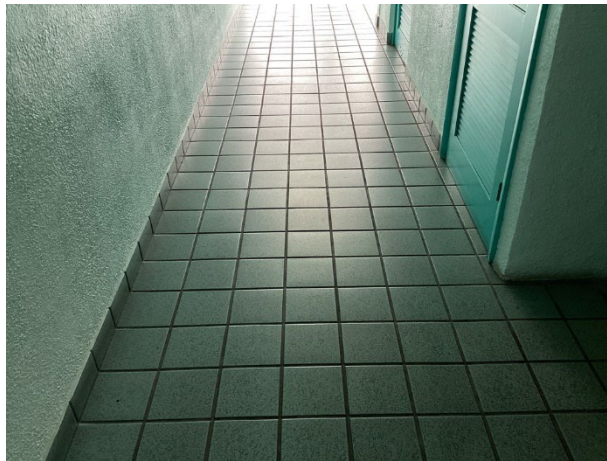
- Signage
- Storage Rooms, Renovations
- Tile Floor Coverings, First Floor
- Valves, Small Diameter (We assume replacement as needed in lieu of an aggregate replacement of all small diameter valves as a single event.)
- Other Repairs normally funded through the Operating Budget



Storage room



Carports



Tile floor coverings at the first floor

Unit Owner Responsibility - Items designated as the responsibility of the unit owners to repair or replace at their cost. Property Maintained by Unit Owners, including items billed back to Unit Owners, relates to unit:

- Awnings
- Electrical Systems (Including Circuit Protection Panels)
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Hurricane Shutters
- Interiors
- Light Fixtures, Carports
- Patios (Incl. Floor Coverings and Additions)
- Pipes (Within Units)
- Windows and Doors

Others' Responsibility - Items designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Amenities (Master Association)
- Fence, Southeast Perimeter (Master Association)
- Irrigation System (Master Association)
- Laundry Equipment (Bay Area Laundry)
- Mailboxes (United States Postal Service)
- Pool (Master Association)



Laundry equipment maintained by Bay Area Laundry



Mailboxes maintained by the United States Postal Service

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
- 2023 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 future costs for each reserve component including inflation

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

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***.

Structural Integrity
RESERVE EXPENDITURES

**Groton Condominium Association,
Town Shores of Gulfport # 204, Inc.**
Gulfport, Florida

Explanatory Notes:

- 1) **3.5%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038	
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)																		
Exterior Building Elements																												
1.060	6,200	6,200	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications (Incl. Staircases)	2029	8 to 12	6	10.00	62,000	62,000	16.6%							76,214								100,359		
1.105	650	650	Linear Feet	Breezeways, Railings, Metal	2029	to 50	6	100.00	65,000	65,000	2.7%							79,902										
1.180	11	4	Each	Doors, Replacement, Common, Phased	2029	to 30	6 to 22	2,000.00	7,340	22,000	2.0%							9,023								11,881		
1.300	18,450	18,450	Square Feet	Roof, Built-up (Incl. Parapet Walls)	2028	to 25	5	25.00	461,250	461,250	18.8%						547,820											
1.460	35	35	Squares	Roof, Metal, Mansard	2028	to 25	5	3,500.00	122,500	122,500	5.0%						145,492											
1.600	3	3	Each	Staircases, Replacement	2045	to 50	22	20,000.00	60,000	60,000	4.4%																	
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2033	to 10	10	7,500.00	7,500	7,500	1.6%											10,579						
1.820	1,750	1,750	Square Feet	Walls, Masonry, Inspections and Repairs	2029	6 to 8	6	7.00	12,250	12,250	3.3%							15,058								19,829		
1.880	27,800	27,800	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Stairwells)	2029	6 to 8	6	3.00	83,400	83,400	22.3%							102,520								134,999		
Building Services Elements																												
3.300	1	1	Allowance	Electrical System, Main Panels	2042	to 70+	19	30,000.00	30,000	30,000	2.0%																	
3.555	1	1	Allowance	Life Safety System, Control Panels	2036	to 15	13	8,000.00	8,000	8,000	1.1%															12,512		
3.560	1	1	Allowance	Life Safety System, Emergency Devices	2046	to 25	23	20,000.00	20,000	20,000	1.5%																	
3.605	39	8	Units	Pipes, Domestic Water, Waste and Vent, Phased	2046	to 80+	23 to 27	5,000.00	39,000	195,000	15.8%																	
Marina Elements																												
8.100	360	360	Linear Feet	Bulkhead, Concrete, Inspections and Capital Repairs	2031	10 to 15	8	65.00	23,400	23,400	2.8%											30,813						
Anticipated Expenditures, By Year (\$2,911,396 over 30 years)												0	0	0	0	0	693,312	282,717	0	30,813	0	10,579	0	0	0	12,512	267,068	0

Structural Integrity
RESERVE EXPENDITURES

**Groton Condominium Association,
Town Shores of Gulfport # 204, Inc.**
Gulfport, 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 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053											
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)																											
Exterior Building Elements																																					
1.060	6,200	6,200	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications (Incl. Staircases)	2029	8 to 12	6	10.00	62,000	62,000	16.6%							132,154								174,021											
1.105	650	650	Linear Feet	Breezeways, Railings, Metal	2029	to 50	6	100.00	65,000	65,000	2.7%																										
1.180	11	4	Each	Doors, Replacement, Common, Phased	2029	to 30	6 to 22	2,000.00	7,340	22,000	2.0%							15,645								20,602											
1.300	18,450	18,450	Square Feet	Roof, Built-up (Incl. Parapet Walls)	2028	to 25	5	25.00	461,250	461,250	18.8%																										
1.460	35	35	Squares	Roof, Metal, Mansard	2028	to 25	5	3,500.00	122,500	122,500	5.0%																										
1.600	3	3	Each	Staircases, Replacement	2045	to 50	22	20,000.00	60,000	60,000	4.4%							127,891																			
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2033	to 10	10	7,500.00	7,500	7,500	1.6%				14,923												21,051										
1.820	1,750	1,750	Square Feet	Walls, Masonry, Inspections and Repairs	2029	6 to 8	6	7.00	12,250	12,250	3.3%							26,111								34,383											
1.880	27,800	27,800	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Stairwells)	2029	6 to 8	6	3.00	83,400	83,400	22.3%							177,768								234,087											
Building Services Elements																																					
3.300	1	1	Allowance	Electrical System, Main Panels	2042	to 70+	19	30,000.00	30,000	30,000	2.0%				57,675																						
3.555	1	1	Allowance	Life Safety System, Control Panels	2036	to 15	13	8,000.00	8,000	8,000	1.1%													20,961													
3.560	1	1	Allowance	Life Safety System, Emergency Devices	2046	to 25	23	20,000.00	20,000	20,000	1.5%							44,122																			
3.605	39	8	Units	Pipes, Domestic Water, Waste and Vent, Phased	2046	to 80+	23 to 27	5,000.00	39,000	195,000	15.8%							86,038	89,050	92,167	95,392	98,731															
Marina Elements																																					
8.100	360	360	Linear Feet	Bulkhead, Concrete, Inspections and Capital Repairs	2031	10 to 15	8	65.00	23,400	23,400	2.8%							51,623																			
Anticipated Expenditures, By Year (\$2,911,396 over 30 years)																																					
												0	0	0	57,675	14,923	0	479,569	181,783	89,050	92,167	95,392	98,731	20,961	0	484,144											

RESERVE FUNDING PLAN

Structural Integrity

CASH FLOW ANALYSIS

Groton Condominium Association,
Town Shores of Gulfport # 204, Inc.

Gulfport, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	(Note 1)	N/A	N/A	172,638	328,904	493,648	667,242	149,820	42,709	125,373	181,397	272,592	357,956	458,843	564,980	664,036	511,507
Total Recommended Reserve Contributions	(Note 2)	N/A	N/A	151,300	156,600	162,100	167,800	173,700	81,000	83,800	86,700	89,700	92,800	96,000	99,400	102,900	106,500
Estimated Interest Earned, During Year	(Note 3)	N/A	N/A	4,966	8,144	11,494	8,090	1,906	1,664	3,037	4,495	6,243	8,087	10,137	12,168	11,639	11,295
Anticipated Expenditures, By Year		N/A	N/A	0	0	0	(693,312)	(282,717)	0	(30,813)	0	(10,579)	0	0	(12,512)	(267,068)	0
Anticipated Reserves at Year End		N/A	\$172,638	\$328,904	\$493,648	\$667,242	\$149,820	\$42,709	\$125,373	\$181,397	\$272,592	\$357,956	\$458,843	\$564,980	\$664,036	\$511,507	\$629,302

(NOTE 5)

(continued)

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

		2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year		629,302	753,190	883,495	1,020,446	1,106,025	1,240,838	1,397,864	1,078,312	1,057,879	1,135,647	1,216,973	1,302,022	1,390,853	1,565,664	1,771,000
Total Recommended Reserve Contributions		110,200	114,100	118,100	122,200	126,500	130,900	135,500	140,200	145,100	150,200	155,500	160,900	166,500	172,300	178,300
Estimated Interest Earned, During Year		13,688	16,205	18,851	21,054	23,236	26,126	24,517	21,150	21,718	23,293	24,941	26,662	29,272	33,036	32,362
Anticipated Expenditures, By Year		0	0	0	(57,675)	(14,923)	0	(479,569)	(181,783)	(89,050)	(92,167)	(95,392)	(98,731)	(20,961)	0	(484,144)
Anticipated Reserves at Year End		\$753,190	\$883,495	\$1,020,446	\$1,106,025	\$1,240,838	\$1,397,864	\$1,078,312	\$1,057,879	\$1,135,647	\$1,216,973	\$1,302,022	\$1,390,853	\$1,565,664	\$1,771,000	\$1,497,518

(NOTE 4)

Explanatory Notes:

- 1) Year 2024 Ending Reserves are projected as of December 31, 2024, and exclude funds in the General Reserve Funding Plan. FY2023 starts January 1, 2023 and ends December 31, 2023.
- 2) Reserve Contributions are budgeted through 2024. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2025 is the first year of recommended contributions.
- 3) 2.0% is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.
- 4) Accumulated year 2053 ending reserves consider the need to fund for replacement of the roof assembly shortly after 2053, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

Structural Integrity
RESERVE EXPENDITURES

**Groton Condominium Association,
Town Shores of Gulfport # 204, Inc.**
Gulfport, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
<u>Exterior Building Elements</u>							
1.300	Roof, Built-up (Incl. Parapet Walls)						547,820
1.460	Roof, Metal, Mansard						145,492
Anticipated Expenditures, By Year (\$2,911,396 over 30 years)		0	0	0	0	0	693,312

General
RESERVE EXPENDITURES

**Groton Condominium Association,
Town Shores of Gulfport # 204, Inc.**
Gulfport, Florida

Explanatory Notes:

- 1) **3.5%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038									
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)																										
Interior Building Elements																																				
2.100	1	1 Each		Elevator Cab Finishes	2043	to 20	20	19,000.00	19,000	19,000	7.4%																									
Building Services Elements																																				
3.160	2	2 Each		Boilers, Domestic Hot Water, 199-MBH	2041	15 to 20	18	5,000.00	10,000	10,000	3.6%																									
3.320	1	1 Each		Elevator, Hydraulic, Pump and Controls (2023 is Budgeted)	2023	to 20	0	70,000.00	70,000	70,000	35.8%	43,928																								
3.880	1	1 Each		Trash Chute and Doors	2036	to 65	13	11,000.00	11,000	11,000	3.4%														17,204											
Property Site Elements																																				
4.020	2,400	2,400 Square Yards		Asphalt Pavement, Patch, Seal Coat, and Striping	2025	3 to 5	2	1.90	4,560	4,560	5.8%		4,885											6,890												
4.040	2,400	2,400 Square Yards		Asphalt Pavement, Mill and Overlay	2030	15 to 20	7	16.00	38,400	38,400	28.5%							48,856																		
4.650	1	1 Allowance		Pipes, Subsurface Utilities, Partial Replacements	2030	to 85+	7	20,000.00	20,000	20,000	14.8%							25,446																		
		1 Allowance		Structural Integrity Reserve Study Update with Site Visit	2025	to 2	2	3,850.00	3,850	3,850	0.8%		3,850																							
Anticipated Expenditures, By Year (\$512,472 over 30 years)												43,928	0	8,735	0	0	0	0	0	0	74,302	0	0	0	0	0	0	0	0	0	6,890	17,204	0	0		

General
RESERVE EXPENDITURES

**Groton Condominium Association,
Town Shores of Gulfport # 204, Inc.**
Gulfport, 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 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053			
						Useful	Remaining	Unit (2023)	Per Phase (2023)	Total (2023)																			
Interior Building Elements																													
2.100	1	1 Each		Elevator Cab Finishes	2043	to 20	20	19,000.00	19,000	19,000	7.4%																		
Building Services Elements																													
3.160	2	2 Each		Boilers, Domestic Hot Water, 199-MBH	2041	15 to 20	18	5,000.00	10,000	10,000	3.6%			18,575															
3.320	1	1 Each		Elevator, Hydraulic, Pump and Controls (2023 is Budgeted)	2023	to 20	0	70,000.00	70,000	70,000	35.8%					139,285													
3.880	1	1 Each		Trash Chute and Doors	2036	to 65	13	11,000.00	11,000	11,000	3.4%																		
Property Site Elements																													
4.020	2,400	2,400 Square Yards		Asphalt Pavement, Patch, Seal Coat, and Striping	2025	3 to 5	2	1.90	4,560	4,560	5.8%		8,184				9,720												
4.040	2,400	2,400 Square Yards		Asphalt Pavement, Mill and Overlay	2030	15 to 20	7	16.00	38,400	38,400	28.5%														97,212				
4.650	1	1 Allowance		Pipes, Subsurface Utilities, Partial Replacements	2030	to 85+	7	20,000.00	20,000	20,000	14.8%														50,631				
		1 Allowance		Structural Integrity Reserve Study Update with Site Visit	2025	to 2	2	3,850.00	3,850	3,850	0.8%																		
Anticipated Expenditures, By Year (\$512,472 over 30 years)													0	8,184	18,575	0	177,091	0	9,720	0	0	0	0	0	0	147,843	0	0	0

RESERVE FUNDING PLAN

General

CASH FLOW ANALYSIS

Groton Condominium Association,
Town Shores of Gulfport # 204, Inc.

Gulfport, Florida	Individual Reserve Budgets & Cash Flows for the Next 30 Years																
	FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	
Reserves at Beginning of Year	(Note 1)	N/A	N/A	0	5,217	19,865	35,311	51,571	68,661	11,654	28,552	45,788	63,369	81,301	92,633	93,775	112,922
Total Recommended Reserve Contributions	(Note 2)	N/A	N/A	13,900	14,400	14,900	15,400	15,900	16,500	16,500	16,500	16,500	16,500	16,500	17,100	17,700	
Estimated Interest Earned, During Year	(Note 3)	N/A	N/A	52	248	546	860	1,190	795	398	736	1,081	1,432	1,722	1,846	2,047	2,435
Anticipated Expenditures, By Year		N/A	N/A	(8,735)	0	0	0	0	(74,302)	0	0	0	0	(6,890)	(17,204)	0	0
Anticipated Reserves at Year End		<u>N/A</u>	<u>\$0</u>	<u>\$5,217</u>	<u>\$19,865</u>	<u>\$35,311</u>	<u>\$51,571</u>	<u>\$68,661</u>	<u>\$11,654</u>	<u>\$28,552</u>	<u>\$45,788</u>	<u>\$63,369</u>	<u>\$81,301</u>	<u>\$92,633</u>	<u>\$93,775</u>	<u>\$112,922</u>	<u>\$133,057</u>

(NOTE 5)

(continued)

	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	133,057	154,201	168,108	172,505	196,458	42,735	65,507	79,725	104,853	131,291	159,066	188,305	69,717	98,987	129,853
Total Recommended Reserve Contributions	18,300	18,900	19,600	20,300	21,000	21,700	22,500	23,300	24,100	24,900	25,800	26,700	27,600	28,600	29,600
Estimated Interest Earned, During Year	2,844	3,191	3,372	3,653	2,368	1,072	1,438	1,828	2,338	2,875	3,439	2,555	1,670	2,266	2,893
Anticipated Expenditures, By Year	0	(8,184)	(18,575)	0	(177,091)	0	(9,720)	0	0	0	0	(147,843)	0	0	0
Anticipated Reserves at Year End	<u>\$154,201</u>	<u>\$168,108</u>	<u>\$172,505</u>	<u>\$196,458</u>	<u>\$42,735</u>	<u>\$65,507</u>	<u>\$79,725</u>	<u>\$104,853</u>	<u>\$131,291</u>	<u>\$159,066</u>	<u>\$188,305</u>	<u>\$69,717</u>	<u>\$98,987</u>	<u>\$129,853</u>	<u>\$162,346</u>

(NOTE 5)

(NOTE 4)

Explanatory Notes:

- 1) Year 2024 Ending Reserves are projected as of December 31, 2024, and exclude funds in the Structural Integrity Reserve Funding Plan. FY2023 starts January 1, 2023 and ends December 31, 2023.
- 2) Reserve Contributions are budgeted through 2024. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2025 is the first year of recommended contributions.
- 3) 2.0% is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.
- 4) Accumulated year 2053 ending reserves consider the need to fund for modernization of the hydraulic elevator shortly after 2053, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

General
RESERVE EXPENDITURES

**Groton Condominium Association,
Town Shores of Gulfport # 204, Inc.**
Gulfport, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
<u>Building Services Elements</u>							
3.320	Elevator, Hydraulic, Pump and Controls (2023 is Budgeted)	43,928					
<u>Property Site Elements</u>							
4.020	Asphalt Pavement, Patch, Seal Coat, and Striping			4,885			
Structural Integrity Reserve Study Update with Site Visit				3,850			
Anticipated Expenditures, By Year (\$512,472 over 30 years)		43,928	0	8,735	0	0	0

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Structural Integrity 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.*

STRUCTURAL INTEGRITY Exterior Building Elements



Front elevation of building



Side elevation of building



Side elevation of building



Rear elevation of building

Breezeways, Concrete

Line Item: 1.060

Quantity: Concrete breezeways comprising approximately 6,200 square feet of horizontal surface area. The breezeways comprise reinforced concrete with a waterproof coating. This quantity includes the staircases seen at the breezeways.

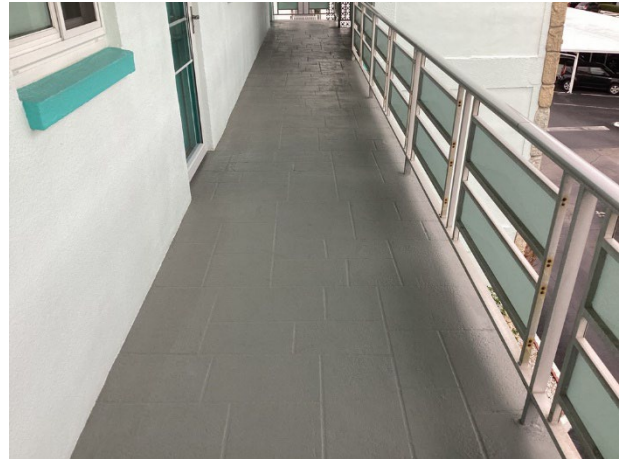
History: Repaired and coated in 2021.

Condition: Good to fair overall with isolated cracks, deterioration and spalls evident. We note the following:

- Sealants are in good condition
- The coatings are in good to fair condition
- Minor concrete coating deterioration is evident
- Isolated concrete cracks are evident
- Isolated concrete spalls are evident
- Exposed reinforcements were not observed at the time of our inspection



Concrete cracks at breezeway railing attachment



Breezeway overview



Coating deterioration at the breezeway



Breezeways overview



Edge spalls



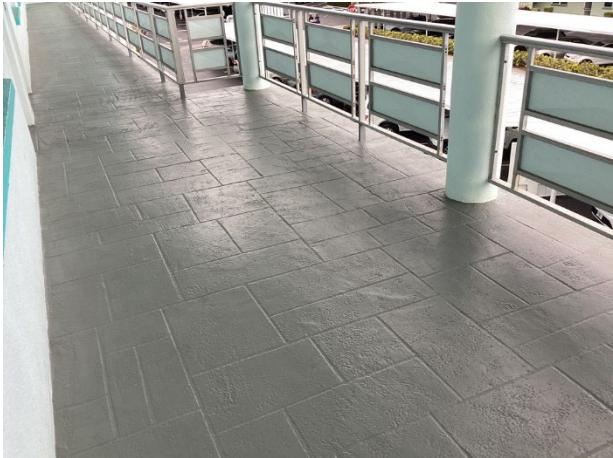
Coating deterioration at the staircase landing



Concrete and coating deterioration at the breezeway



Concrete cracks at the breezeway



Breezeway overview



Concrete cracks at the breezeway



Concrete cracks and coating deterioration at the breezeway



Breezeway underside overview



Breezeway sealant



Coating deterioration at the breezeway

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 breezeways will result in increased concrete repairs and replacements as the breezeways age.* Capital repairs may also include replacement of the caulked joint between the 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 cost includes the following activities per event:

- Partial depth replacement of up to one percent (1%) of the concrete topsides, edges and undersides
- Crack repairs as necessary
- Repairs to the railings as necessary
- Replacement of perimeter sealants as needed
- Application of a waterproof coating (Urethane based elastomeric) at the elevated breezeways
- Application of a vapor permeable coating at the on-grade breezeways

The Association should coordinate both 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.

Breezeways, Railings, Metal

Line Item: 1.105

Quantity: Approximately 650 linear feet of metal railings at the breezeways which are embedded in the concrete. This construction may result in accelerated corrosion and concrete damage.

History: Original

Condition: Fair overall with rust, faded finish and loose connections evident.



Metal breezeway railings



Rusted fasteners at the breezeway railings



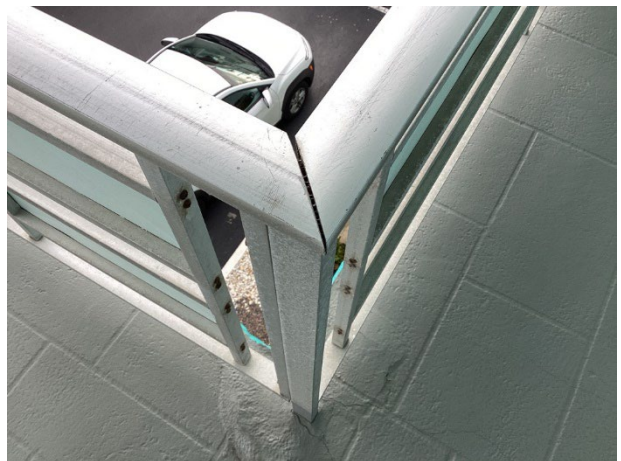
Rusted fasteners and finish fade at the breezeway railings



Rusted fasteners and finish fade at the breezeway railings



Loose connection at the breezeway railing



Loose connection at the breezeway railing



Loose connection at the breezeway railing



Metal breezeway railings

Useful Life: Up to 50 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. We recommend interim repairs and paint finish applications be conducted as normal maintenance, funded through the operating budget.

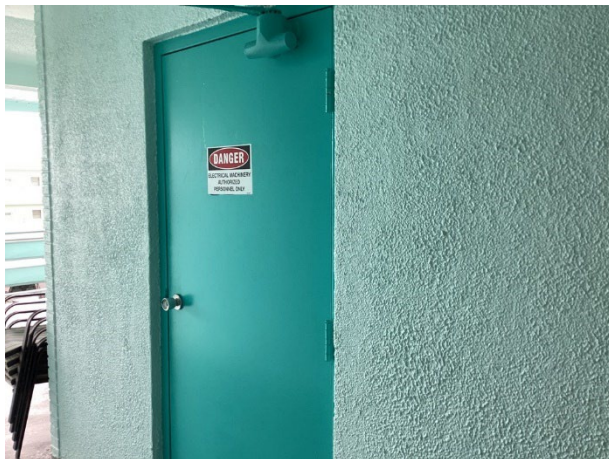
Doors

Line Item: 1.180

Quantity: 11 doors located at the common areas

History: Varied ages.

Condition: Good to fair overall with rust and peeling finishes evident.



Common area door



Common area doors



Common area doors



Rust and peeled finishes at the common area door



Rust and peeled finishes at the common area 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.

Roof, Built-up

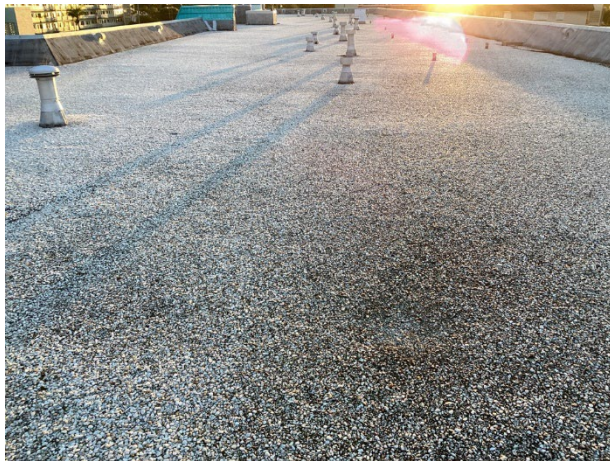
Line Item: 1.300

Quantity: Approximately 18,450 square feet. This quantity includes the parapet walls.

History: Replaced in 1996. The Association conducts inspections of the roof annually. We concur with this preventive maintenance practice and recommend the Association continue to fund these inspections through the operating budget.

Condition: Good to fair overall with frequent patches and granule loss evident. The Board reports a limited history of leaks, none of which are active. We note the following:

- Minor previous membrane repairs are evident
- Sealant failure was not reported at the time of our inspection
- Ponding water was not observed at the time of our inspection



Built-up roof overview



Parapet walls overview



Bare spots in gravel coverage



Granular loss at the parapet walls



Patch repairs at the parapet walls



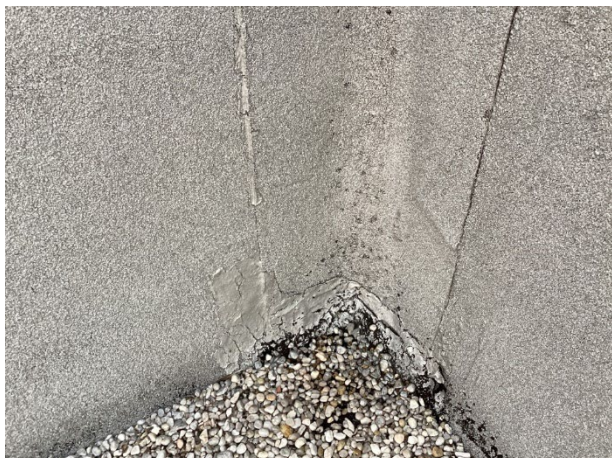
Built-up roof overview



Parapet walls overview



Built-up roof overview



Patch repairs at the parapet walls



Built-up roof overview



Granular loss at the parapet walls



Built-up roof overview



Built-up roof overview

Useful Life: Up to 25 years

Component Detail Notes: Built-up roofing provides a durable system due to its multi-layer protection. Built-up roofs are composed of asphalt coated roofing sheets installed in layers to add strength to the roofing system. Built-up roofs are an economical option for flat and low-sloped roofs.

Contractors can install a new built-up 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 $\frac{1}{4}$ inch. Gaps will cause failure of the membrane later. Mechanical fastening of the insulation is the best manner of installation. The contractor applies the base sheet of roofing over the insulation board.

This sheet is normally 30-pound material. The contractor should start the installation of a roof membrane from the lowest points of the roof. Mechanical fastening and embedding the base sheet in a flood coat of hot asphalt is the best manner of installation. Felt or glass fiber plies saturated with asphalt are usually used for level or low-pitch roofs because of their greater resistance to standing water. A membrane of three- or four-ply is common, the more plies used, the more durable a roof.

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
 - Ensure ballast is not displaced near roofing corners, edges and near mechanical equipment
 - 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.

Roof, Metal, Mansard

Line Item: 1.460

Quantity: Approximately 35 squares¹

History: The age was unavailable at the time of our inspection. We are informed that the mansard roof was painted and repaired in 2021. The Association conducts inspections of the roof annually. We concur with this preventive maintenance practice

¹ We quantify the roof area in squares where one square is equal to 100 square feet of surface area.

and recommend the Association continue to fund these inspections through the operating budget.

Condition: Good to fair overall with isolated damage evident from our visual inspection from the ground.



Metal mansard roof



Metal mansard roof



Metal mansard roof



Damage at the metal mansard roof



Metal mansard roof



Metal mansard roof

Useful Life: Up to 25 years

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:

- Annually:
 - Record any areas of water infiltration, flashing deterioration, damage or loose fasteners
 - Implement repairs as needed if issues are reoccurring
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation
 - Clear valleys of debris
 - Periodic cleaning at areas with organic growth

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.

Staircases

Line Item: 1.600

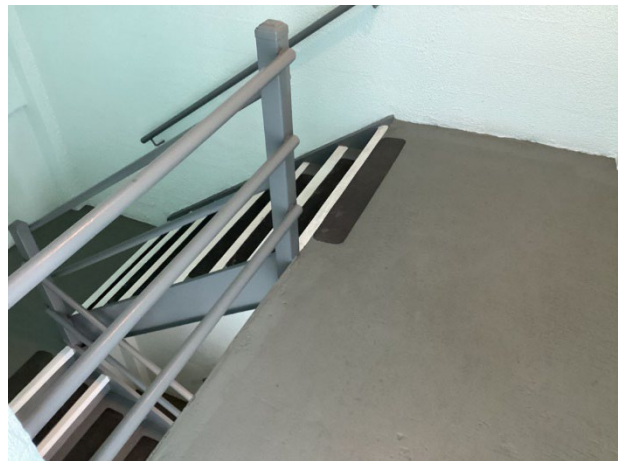
Quantity: Three sets of steel frame with metal pan and concrete staircases located at the breezeways.

History: The staircases are original, and were coated and repaired in 2021. The staircases are coated and repaired in coordination with each exterior façade project, and we have scheduled these events in Line Item 1.060.

Condition: Good to fair overall with isolated damage evident.



Staircase overview



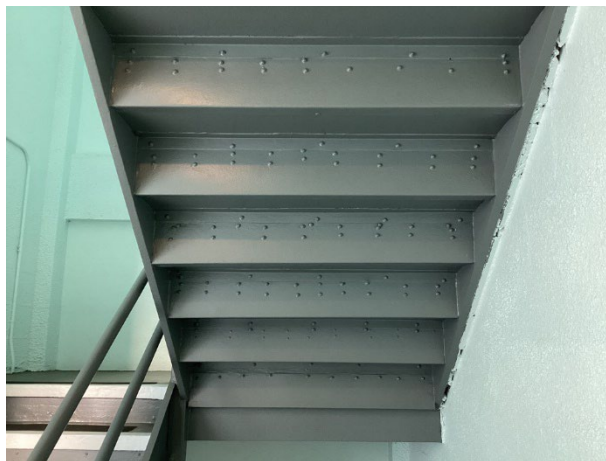
Staircase overview



Staircase railings overview



Staircase underside with damage at the wall connection



Staircase underside with damage at the wall connection

Useful Life: Up to 50 years

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

- Semi-annually:
 - Check railing stability and fasteners.
 - Apply finish applications at areas with excessive finish deterioration, if applicable
 - Replace damage or broken stair treads and ensure proper attachment to the building
- Every three years:
 - Perform touch up paint finish applications

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. Based on the Association’s historic preventative maintenance practice, we have deferred replacement. Future updates of this Reserve Study will consider possible changes in the scope and time of component replacements.

Structural Members, Inspections

Line Item: 1.605

Quantity: The primary structural members of the building comprise:

- Foundation
- Floors
- Load-bearing walls
- Structural frame

Condition: Groton Condominium Association does not report a history of water infiltration, settlement or structural concerns with the primary structural members. Our visual, non-invasive inspection is limited to visually apparent components of the structural members.

Useful Life: Up to and likely beyond 100 years; however, we consider full replacement unlikely and cost prohibitive. Per Florida Bill SB 4-D, condominium and cooperative buildings three stories or more in height require milestone inspections 30 years after initial occupancy. Subsequent milestone inspections are required every 10 years thereafter.

Component Details: Per the Bill (553.899(2-7)), a milestone inspection consists of two phases. The initial milestone inspection (Phase 1), conducted by a licensed engineer or architect, includes a visual examination “including the major structural components of a building, and provide a qualitative assessment of the structural conditions of the building”. Phase 2 is only required if “substantial structural deterioration is identified”.

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. At this time we do not anticipate capital repairs related to the structural members. Rather we include an expenditure for required inspections discussed above. Updates of this Reserve Study would incorporate significant repair costs deemed necessary following necessary inspections. We are informed that the Association completed their Milestone Inspection in 2023, and no major repair or replacement projects were recommended in the near term.

Walls, Masonry

Line Item: 1.820

Quantity: Approximately 1,750 square feet of masonry comprises the exterior walls

History: Inspected and repaired in 2021.

Condition: Good to fair overall with the following evident:

- No reported history of recent water infiltration
- Repairs and partial replacements have been conducted during previous projects
- Efflorescence is not visible
- Masonry exhibits minor cracks
- No spalled masonry is evident
- No mortar deterioration is evident



Masonry wall overview



Mortar cracks



Mortar cracks



Masonry wall overview



Masonry wall overview



Mortar cracks



Mortar cracks

Useful Life: We advise a complete inspection of the masonry and related masonry repairs every six- to eight-years to forestall deterioration.

Component Detail Notes: Common types of masonry deterioration include efflorescence, spalling, joint deterioration and cracking. The primary cause of efflorescence, cracks and face spall is water infiltration; therefore, prevention of water infiltration is the principal concern for the maintenance of masonry applications.

Repointing is a process of raking and cutting out defective mortar to a depth of not less than $\frac{1}{2}$ inch nor more than $\frac{3}{4}$ inch and replacing it with new mortar. Face grouting is the process of placing mortar over top of the existing mortar. We advise against face grouting because the existing, often deteriorated mortar does not provide a solid base for the new mortar. New mortar spalls at face grouted areas will likely occur. One purpose of a mortar joint is to protect the masonry by relieving stresses within the wall caused by expansion, contraction, moisture migration and settlement. Repointed mortar joints are more effective if the mortar is softer and more permeable than the masonry units, and no harder or less permeable than the existing mortar. The masonry contractor should address these issues within the proposed scope of work.

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 the following activities:

- Complete inspection of the masonry
- Repointing of up to ninety-eight percent (98%) of the masonry
- Replacement of up to two percent (2.0%) (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)

Walls, Stucco

Line Item: 1.880

Quantity: Approximately 27,800 square feet of the building exteriors. This quantity includes the stairwells.

History: Applied paint finishes and repaired in 2021.

Condition: Good to fair overall with isolated spalls and evidence of water intrusion evident. We note the following:

- Isolated damage is evident
- Sealants are in good condition



Stucco wall finishes at the breezeways



Stucco wall finishes at the breezeways



Stucco wall finishes



Stucco wall finishes at the breezeways



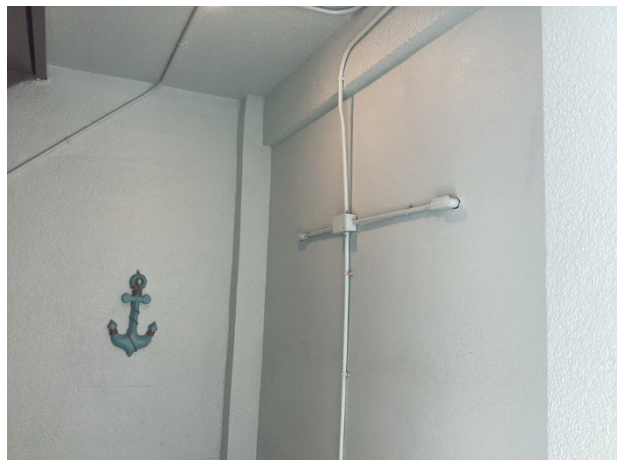
Stucco wall finishes



Stucco wall finishes



Stucco wall finishes



Stucco wall finishes at the stairwells



Stucco wall finishes at the stairwells



Stucco wall finishes with evidence of minor water intrusion

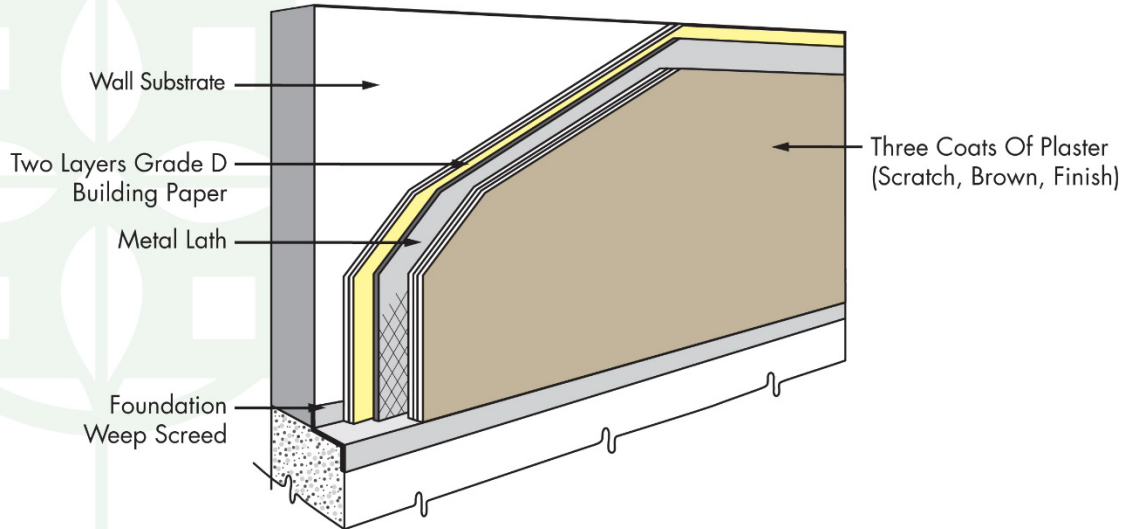


Spalls

Useful Life: We recommend inspections, repairs and paint finish applications every six- to eight-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 Groton Condominium Association:

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 anticipates the following in coordination with each paint finish application:

- Complete inspection of the stucco
- 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 up to one percent (1%), of the stucco walls (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of up to thirty-three percent (33%) of the sealants in coordination with each paint finish application.
- Concrete restoration as needed (The exact amount of area in need of replacement will be discretionary based on the actual future conditions)

Building Services Elements

Electrical System

Line Item: 3.300

History: Primarily original to construction

Condition: Reported satisfactory without operational deficiencies. We note the following:

- No obvious combustible material storage was observed in electrical rooms. However, our inspection is not exhaustive and the Association should conduct periodic inspections of the electrical rooms to ensure compliance with 10.18.5 of NFPA 1.
- The electrical rooms we observed were properly labeled.
- No obvious exposed wires were observed during our site inspection. However, our inspection is not exhaustive and the Association should conduct periodic inspections of the electrical rooms to ensure no unsafe conditions develop.
- Rust at electrical panels was present. This indicates a presence of moisture or water which can result in unsafe conditions. The Association should further explore the cause of the rust and repair or replace the rusted panels.
- No apparent water was observed in or near the electrical rooms.



Electrical system components



Rust at the electrical panel



Electrical system components

Useful Life: Up to and sometimes beyond 70 years

Component Detail Notes: We give a brief overview of electrical system components in the following sections of this narrative:

Primary Switchgear - The primary switchgear is located where the electric supply comes into the building. Switchgear can include associated controls, regulating, metering and protective devices, and is used for the transmission, distribution and conversion of electric power for use within the building. Switchgear components have a useful life of up to and sometimes beyond 70 years. Replacement is often determined by a desired upgrade of the entire electrical system.

Transformer - A transformer is an electric device with two or more coupled windings used to convert a power supply from one voltage to another voltage. Transformers within a building lower the supplied electrical voltage to a level that can be utilized by the building's equipment and unit owners. Transformers do not utilize mechanical components and therefore have a long useful life. However, the Association should anticipate periodic replacement of a limited quantity of transformers.

Distribution Panel - The distribution panel is an electric switchboard or panel used to control, energize or turn off electricity in total or for individual circuits. The panel also distributes electricity to individual and controllable circuits. One or more distribution panels may exist and further distribute electricity to individual panel boards for each unit. The distribution panel is enclosed in a box and contains circuit breakers, fuses and switches. Distribution panels have a useful life of up to and sometimes beyond 70 years.

Circuit Protection - Once electricity is distributed throughout the building and is at a usable voltage level, the electricity is divided into circuits. Each circuit requires circuit protection. Circuit protection is necessary to prevent injury and fires, and minimize damage to electrical components and disturbances to the electrical system. Abnormalities in the circuit can include overloads, short circuits and surges. Circuit protection devices are commonly referred to as circuit breakers

and fuses. For the protection of the circuits in the units and common areas, we recommend the use of only circuit breakers as they are safer than fuses. However, the use of fuses is common for equipment like emergency systems and individual items of equipment. Fuses with a low capacity rating can easily be replaced with fuses of a higher rating resulting in an unprotected, overloaded and unsafe circuit. The circuit protection panels have a useful life of up to and sometimes beyond 70 years.

Conductors - Conductors are the electrical wires that convey electricity to the units, light fixtures, receptacles and appliances.

Conductor Insulation and Conduit - Conductor insulation provides protection against the transfer of electricity. Conductor insulation can eventually become brittle and damaged from rodents or heat from many years of service. Conductor conduit is a pipe or tube used to enclose insulated electric wires to protect them from damage. Steel conductor conduit, although galvanized, will eventually rust if used in damp conditions. The useful life of conductor insulation and conduit is indeterminate.

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. We recommend the Association budget to replace the main switchgear, distribution and circuit protection panels. 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.

Life Safety System

Line Items: 3.555 and 3.560

Quantity: The life safety system at Groton Condominium Association includes the following components:

- Audio/visual fixtures
- Notifier control panels
- Detectors
- Annunciators
- Exit light fixtures
- Pull stations
- Wiring

History: The control panel and emergency devices were replaced in 2021.

Conditions: Reported satisfactory without operational deficiencies.



Control panel



Annunciator



Emergency devices inside units



Emergency devices at the breezeways

Useful Life: Up to 25 years for the devices and up to 15 years for the control panels

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 display panel read 'System All Normal' at the time of our inspection. 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: Based on the layout and configuration of the units, we have estimated the quantity of the interior building plumbing. Future updates of this Reserve Study will incorporate additional information if it becomes available.

History:

- Domestic Water – Mostly original.
 - Isolated history of water pipe replacement is reported
- Sanitary Waste Disposal and Vent – Mostly original.
 - Isolated history of waste pipe replacement is reported
 - Isolated history of vent pipe replacement is reported

Condition:

- Domestic Water – Reported satisfactory without operational deficiencies
 - Isolated history of domestic hot water leaks is reported
 - Isolated history of domestic cold water leaks is reported
 - The Association does not report a history of low water pressure.
- Sanitary Waste Disposal and Vent – Reported satisfactory without operational deficiencies
 - Isolated history of waste or vent pipe leaks is reported



Galvanized steel pipe seen inside the units

Component Detail Notes:

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. In the event that numerous pinhole leaks develop or occur throughout the system of pipes, the Association 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 the Association. Restoration technology can extend the useful life of a pipe system thus avoiding a system pipe replacement.

Sanitary Waste Disposal and Vent - The cast iron and galvanized steel 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.

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 (pressurized piping systems)
 - 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 waste 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 for a single riser section 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. Our estimate provides funds to replace approximately one hundred percent (100%) of the riser sections during the next 30 years.

An invasive analysis of the piping systems will provide various replacement options. Replacement of the systems as an aggregate event will likely require the use of special assessments or loans to fund the replacements.

Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Groton Condominium Association 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 pipe systems

Marina Elements

Bulkhead, Concrete

Line Item: 8.100

Quantity: Approximately 360 linear feet at the rear elevation of the building

History: Replaced in 2015.

Conditions: Good to fair overall with concrete cracks evident.



Concrete bulkhead



Concrete bulkhead



Wall cap with cracks



Concrete bulkhead



Wall cap with cracks

Useful Life: Inspections and capital repairs every 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. Our cost includes allowances for a complete inspection and partial replacement of up to twenty percent (20%) of the bulkheads.

GENERAL

Interior Building Elements

Elevator Cab Finishes

Line Item: 2.100

Quantity: One elevator; the cab finishes consist of:

- Metal floor coverings
- Wood wall coverings
- Metal ceiling finishes with lighting to be installed in 2023

History: We are informed that the elevator cab finishes are budgeted to be replaced in 2023. This near-term expenditure is reflected in Line Item 3.320.

Condition: Fair to poor overall with damage evident.



Elevator cab finishes



Ceiling damage



Ceiling damage

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.

Building Services Elements

Boilers, Domestic Hot Water

Line Item: 3.160

Quantity: Two A.O. Smith gas-fired boilers

History: Installed in 2021.

Condition: Reported satisfactory without operational deficiencies



Domestic water boilers

Useful Life: 15- to 20-years

Component Detail Notes: The boilers have an efficiency of eighty percent (80%). The boilers have an input capacity of 199-MBH (thousand British Thermal Units per hour) each to generate domestic hot water.

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:

- Weekly:
 - Inspect for leaking water around boilers
 - Check temperature readings
 - Verify vent is unobstructed
 - Conduct boiler blowdown to minimize corrosion and remove suspended solids in system
 - Clean pilot and burner assemblies
- Monthly:
 - Check water and pressure levels

- Check controls and switches for proper operating
- Check and inspect condensate drain
- Check all gaskets for tight sealing
- Annually:
 - Conduct full inspection of burners and flues
 - Clean and inspect tubes to reduce scaling
 - Inspect any pressure relief valves
 - Inspect electrical terminals and controls

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 includes an allowance for replacement of controls.

Elevator, Hydraulic

Line Item: 3.320

Quantity: One hydraulic passenger elevator

History: We are informed that the hydraulic elevator is budgeted to be completely modernized in 2023. Modernization includes replacement of the cab finishes, pump, controls and cylinder. We have shown the remaining budgeted payments to made from Reserves in 2023.

Condition: Reported unsatisfactory and service interruptions are reportedly frequent



Hydraulic elevator equipment



Hydraulic elevator call buttons

Useful Life: Pumps and controls have a useful life of up to 20 years. Cylinders have a useful life of up to 35 years. Based on the budgeted 2023 modernization event, and the expected useful life of a hydraulic elevator cylinder, we do not anticipate the need for a subsequent cylinder replacement event in the scope of our 30-year analysis. Future

updates of this Reserve Study will consider possible changes in the scope and time of component replacements.

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. The Association has a current preventative maintenance contract in place. 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 cost is based on information provided by the Association. We anticipate the following hydraulic elevator system components will require replacement:

- Cab control panel
- Door operator

- Hallway panels/buttons
- Microprocessor based controller
- Pump (Power Unit)

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.

Trash Chute and Doors

Line Item: 3.880

Quantity: One trash chute

History: Original

Condition: Reported satisfactory without operational deficiencies. We note rust evident.



Trash chute door



Rust evident



Trash chute

Useful Life: Up to 65 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.

Property Site Elements

Asphalt Pavement, Repaving

Line Items: 4.020 and 4.040

Quantity: Approximately 2,400 square yards

History:

- Repaving: The age was unavailable at the time of our inspection.
- Repairs: Repaired and seal coated in 2018.

Condition: Fair overall with frequent cracks, potholes, patch repairs, raveling, and deterioration evident.



Pavement cracks



Pavement cracks and deterioration



Pavement cracks



Patch repair



Pavement overview



Pavement cracks



Pavement cracks and raveling



Pavement cracks



Pavement overview



Patch repair



Pavement cracks and pothole formation

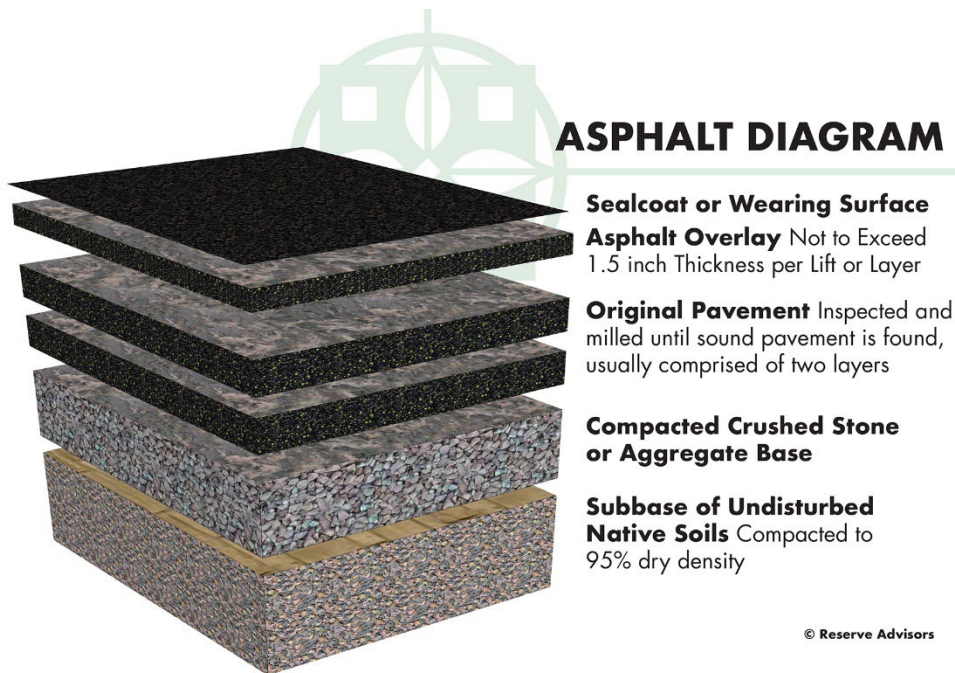


Pavement cracks and pothole formation

Useful Life: 15- to 20-years with the benefit of patch, seal coat, and striping events every three- to five-years

Component Detail Notes: Patch repairs are conducted at areas exhibiting settlement, potholes, or excessive cracking. These conditions typically occur near high traffic areas, catch basins, and pavement edges. The contractor should only apply seal coat applications after repairs are completed. These activities minimize the damaging effects of vehicle fluids, maintain a uniform and positive appearance, and maximize the useful life of the pavement.

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 Groton Condominium Association:



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 overlayment 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 of repaving at Groton Condominium Association.

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 includes an allowance for patching of up to two percent (2%) of the pavement. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Pipes, Subsurface Utilities

Line Item: 4.650

Condition: Reported satisfactory

Useful Life: Up to and likely beyond 85 years

Component Detail Notes: The Association maintains the subsurface utility pipes throughout the property. The exact amounts and locations of the subsurface utility pipes were not ascertained due to the nature of the underground construction and the non-invasive nature of the inspection.

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

- As-needed:
 - Video inspect waste pipes for breaks and damaged piping
 - Monitor for water and gas leaks through pressure losses and present odors
 - Partially replace damaged section of pipes

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. At this time we do not anticipate replacement of continuous lengths of subsurface utility pipes. Rather we recommend the Association budget for repairs to isolated occurrences of breached utilities. Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Groton Condominium Association could budget sufficient reserves for these



utility repairs 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 repairs to budget sufficient reserves.

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.

Groton Condominium Association 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 monthly reserve assessments annually adjusted upward for inflation to increase reserves 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 Unit Owners 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 Florida Statute 718.112 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 Gulfport, Florida at an annual inflation rate³. Isolated or regional markets of greater

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.

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

- The past and current maintenance practices of Groton Condominium Association 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.



TAMARA S. SAMHOURI, E.I., RS
Responsible Advisor



CURRENT CLIENT SERVICES

Tamara Samhuri, a Civil Engineer, is an Advisor for **Reserve Advisors**. Mrs. Samhuri is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations.

The following is a partial list of clients served by Tamara Samhuri demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

North Lake at Tarpon Springs Homeowners Association Located in Tarpon Springs, Florida, this single family development consists of 122 homes built in 1999. The Association maintains the asphalt pavement street systems, ponds, gates, signage, & a boardwalk and dock assembly.

Talon Bay Property Owners Association This Homeowners Association located in North Port, Florida is comprised of 233 single unit homes. The clubhouse in this community includes a fitness center, kitchen, rest rooms, and a patio leading to a pool deck. The clubhouse and gate house were constructed with stucco façade and a metal roof assembly. The Association maintains asphalt pavement street systems, tennis and shuffleboard courts, and gates.

Lake Highlander Resident Owned Association This Cooperative style development located in Dunedin, Florida is comprised of 293 homes built in the 1960s. The community maintains amenities, such as a laundry room, pool hall, library, office, and clubhouse. The Cooperative maintains the subsurface pipes, electric meter panels, and bridges throughout the community.

Royal Pointe at Majestic Palms Recreation Association and Condominium Associations The Recreation Association is responsible for the elements shared by five condominium buildings. The Recreation Association maintains the pool amenities & asphalt pavement street systems. The Condominium Associations are responsible for their building exteriors comprised of concrete tile roofs, balconies, breezeways, & staircases. The Condominium Associations maintain the building service elements, including life safety systems, & domestic water pumps.

Hudson Crossing Condominium Association This condominium style development, located in Sarasota, Florida consists of 12 units. This building was constructed with fiber cement siding, asphalt shingle & flat roofs, & terraces. The Association also maintains the irrigation system, lift stations, windows & doors, hydraulic elevators, life safety system, backflow preventers, on-grade concrete garage, exhaust system, docks & seawall located on the property.

PRIOR RELEVANT EXPERIENCE

Before joining **Reserve Advisors**, Mrs. Samhuri successfully completed the bachelors program in Civil Engineering from The University of South Florida. She has experience as a Transportation Planning Intern at AECOM, the world's premier infrastructure consulting firm, where she gained knowledge on the safety and design of specialized roadway networks. Mrs. Samhuri has an expertise in transportation and geotechnical engineering infrastructure.

EDUCATION

University of South Florida - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Engineering Intern (E.I.) – Florida, 2021-present

American Society of Civil Engineers (A.S.C.E.) – Florida, 2015-present

Institute of Transportation Engineers (I.T.E.) – Florida, 2015-present

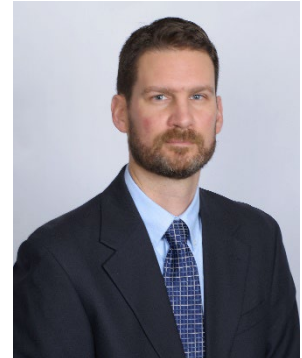
Reserve Specialist (RS) - Community Association Institute (CAI)

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



NANCY S. DANIEL, P.E., RS
Responsible Advisor

CURRENT CLIENT SERVICES

Nancy S. Daniel, a Mechanical Engineer, is an Advisor for *Reserve Advisors*. Ms. Daniel is responsible for the inspection and analysis of the condition of clients' properties, and for recommending engineering solutions to prolong the lives of the components. She forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is also responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for apartments, condominiums, townhomes and homeowner associations.



The following is a partial list of clients served by Nancy Daniel demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

Queen's Harbour Yacht and Country Club Owners Association, Inc. – An exclusive Master planned community for the common elements shared by 1,000 single family homes. Located in Jacksonville, Florida, the Queen's Harbour Yacht and Country Club Owners Association contains a marina, a lock and dam, sea walls, as well as community center, fitness center and maintenance facility.

Riviera Dunes Marina – A premier marina with 219 wet slips with slip sizes up to 100 feet located near Bradenton, Florida. The community contains floating docks, utility and pump out services, marina fuel station, floating pools, a dock master office, and restaurant.

PGA Village Property Owners' Association – A 3,000-acre Master planned community located in Port St. Lucie, Florida. The exclusive community consists of 2,500 single-family homes, townhomes and condominiums. The PGA Village contains a clubhouse and pool area, approximately 33 miles of paved streets, irrigation distribution systems, and 46 lakes.

YC Coconut Grove Hotel and Condominium - A 24-story high-rise condominium community with 211 units, located in Miami, Florida. This all-inclusive condominium includes a commercial hotel, restaurants, fitness center, pool, parking garage, and building services equipment.

Jade Signature Condominium – A 57-story high-rise condominium community with 193 units, located in Sunny Isles Beach, Florida. This exclusive condominium contains a spa and wellness center, restaurants, pools and spas, parking garage, and building services equipment.

Vero Beach Museum of Art – A nonprofit art museum for the appreciation and teaching of the arts and humanities, located in Vero Beach, Florida. The museum contains art galleries, sculpture gardens, performance halls, art studios, children's art zone, and building services equipment.

PRIOR RELEVANT EXPERIENCE

Before joining *Reserve Advisors*, Ms. Daniel was a licensed Community Association Manager for Condominium Associates in Tampa, Florida. Ms. Daniel also was employed as a Process Engineer for Anheuser Busch and Lockwood Greene Engineering. She was responsible for process engineering design, construction and process start-up for beverage manufacturing facilities across the United States. She has also served as a Board Member and Treasurer for her condominium association.

EDUCATION

University of Illinois – B.S. Mechanical Engineering
North Carolina State University – M.A. Humanities and Social Sciences

PROFESSIONAL AFFILIATIONS

Professional Engineer (P.E.) – State of Texas
Reserve Specialist (RS) - Community Associations Institute
Licensed Community Association Manager (LCAM) – State of Florida



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 Groton Condominium Association 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) Groton Condominium Association 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.

Structural Integrity Reserve Study - A budget planning tool that separates items depicted in Florida Statute 718.112(2)(g), identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures



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 structural integrity reserve study ("SIRS") 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 subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals.

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. Our energy benchmarking services with respect to the subject property is limited to collecting energy and utility data and summarizing such data in the form of an Energy Star Portfolio Manager Report or any other similar report, and hereby expressly excludes any recommendations with respect to the results of such energy benchmarking services or the accuracy of the energy information obtained from utility companies and other third-party sources with respect to the subject property. SIRS and any energy benchmarking report (i.e., any Energy Star Portfolio Manager Report) (including any subsequent revisions thereto pursuant to the terms hereof, collectively, the "Report") are based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. Other than the visual inspection conducted in connection with the SIRS (which visual inspection shall be conducted by a licensed architect or engineer (in RA's sole discretion)) (the "SIRS Visual Inspection"), the study will be performed by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA during the SIRS Visual Inspection, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the Report. RA does not provide invasive testing on any mechanical systems that provide energy to the property, nor can RA opine on any system components that are not easily accessible during the inspection. 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 vapor, water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions, and RA assumes no responsibility for any such conditions. The Report contains opinions of estimated replacement costs or deferred maintenance expenses and remaining useful lives, which are neither a guarantee of the actual costs or expenses of replacement or deferred maintenance nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. Except to the extent resulting from RA's willful misconduct in connection with the performance of its obligations under this agreement, you agree to indemnify, defend, and hold RA and its affiliates, officers, managers, employees, agents, successors and assigns (each, an "RA Party") harmless from and against (and promptly reimburse each RA Party for) any and all losses, claims, actions, demands, judgments, orders, damages, expenses or liabilities, including, without limitation, reasonable attorneys' fees, asserted against or to which any RA Party may become subject in connection with this engagement, including, without limitation, as a result of any false, misleading or incomplete information which RA relied upon that was 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 or to whom you provided the Report. NOTWITHSTANDING ANY OTHER PROVISION HEREIN TO THE CONTRARY, THE AGGREGATE LIABILITY (IF ANY) OF RA WITH RESPECT TO THIS AGREEMENT AND RA'S OBLIGATIONS HEREUNDER IS LIMITED TO THE AMOUNT OF THE FEES ACTUALLY RECEIVED BY RA FROM YOU FOR THE SERVICES AND REPORT PERFORMED BY RA UNDER THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. YOUR REMEDIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE YOUR SOLE REMEDIES FOR ANY FAILURE OF RA TO COMPLY WITH ITS OBLIGATIONS HEREUNDER OR OTHERWISE. RA SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ANY LOST PROFITS AND LOST SAVINGS, LOSS OF USE OR INTERRUPTION OF BUSINESS, HOWEVER CAUSED, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF RA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL RA BE LIABLE FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES. RA DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED OR OF ANY NATURE, WITH REGARD TO THE SERVICES AND THE REPORT, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. 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. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

Your Obligations - You agree to provide us access to the subject property for an 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. Additionally, you agree to provide historical replacement schedules, utility bills and historical energy usage files that RA requests and deems necessary to complete the energy benchmarking services, and you agree to provide any utility release(s) reasonably requested by RA permitting RA to obtain any such data and/or information from any utility representative or other third party. 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 the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. 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 the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law including, but not limited to, any government entity or agency, or any utility companies. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report **to any party that conducts reserve studies without the written consent of RA**.

RA will include (and you hereby agree that RA may include) your name in our client lists. RA reserves the right to use (and you hereby agree that RA may 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 - If reserve study and energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and prior to the inspection by RA, and any balance is due net 30 days from the Report shipment date. If only energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and any balance is due net 30 days from the Report shipment date. In any case, any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law.

Miscellaneous – Neither party shall be liable for any failures or delays in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority, riot, embargo, fuel or energy shortage, pandemic, wrecks or delays in transportation, or due to any other cause beyond such party's reasonable control; provided, however, that you shall not be relieved from your obligations to make any payment(s) to RA as and when due hereunder. In the event of a delay in performance due to any such cause, the time for completion or date of delivery will be extended by a period of time reasonably necessary to overcome the effect of such delay. You may not assign or otherwise transfer this agreement, in whole or in part, without the prior written consent of RA. RA may freely assign or otherwise transfer this agreement, in whole or in part, without your prior consent. This agreement shall be governed by the laws of the State of Wisconsin without regard to any principles of conflicts of law that would apply the laws of another jurisdiction. Any dispute with respect to this agreement shall be exclusively venued in Milwaukee County Circuit Court or in the United States District Court for the Eastern District of Wisconsin. Each party hereto agrees and hereby waives the right to a trial by jury in any action, proceeding or claim brought by or on behalf of the parties hereto with respect to any matter related to this agreement.