

Surfside South Condominium Association, Inc.

March 2, 2023 • Madeira Beach, FL

FULL RESERVE STUDY



Long-term thinking. Everyday commitment.

Surfside South Condominium Association, Inc.
Madeira Beach, Florida

Dear Board of Directors of Surfside South Condominium Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Surfside South Condominium Association, Inc. in Madeira Beach, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 2, 2023.

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

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Surfside South Condominium Association, 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 May 30, 2023 by

Reserve Advisors, LLC

Visual Inspection and Report by: Tyler C. Gidden, RS¹ and Colin A. Niemeyer, RS
Review by: 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>.



Table of Contents

1. RESERVE STUDY EXECUTIVE SUMMARY	1.1
2. RESERVE STUDY REPORT	2.1
3. RESERVE EXPENDITURES and FUNDING PLAN.....	3.1
4. RESERVE COMPONENT DETAIL.....	4.1
STRUCTURAL INTEGRITY.....	4.1
Exterior Building Elements.....	4.1
Balconies, Concrete	4.2
Balconies, Screen Enclosures and Railings, Aluminum	4.6
Breezeways, Concrete	4.7
Breezeways, Railings, Aluminum	4.11
Doors, Fire.....	4.13
Roofs, Modified Bitumen	4.14
Sealants, Windows and Doors.....	4.20
Structural Members, Inspections	4.22
Walls, Stucco.....	4.23
Windows and Doors, Common (Excl. Lobby and Fire Doors)	4.30
Building Services Elements	4.32
Electrical System	4.32
Generator, Emergency	4.37
Life Safety System.....	4.38
Pipes	4.40
Pump, Fire Suppression	4.42
Garage Elements	4.44
Fire Suppression System	4.44
Marina Elements	4.45
Bulkhead, Concrete	4.45
GENERAL.....	4.46
Interior Building Elements	4.46
Elevator Cab Finishes	4.46
Paint Finishes, Stairwells.....	4.47
Building Services Elements	4.47
Elevators, Hydraulic.....	4.47



Trash Chutes and Doors	4.49
Property Site Elements	4.50
Asphalt Pavement, Repaving	4.50
Pool Elements.....	4.53
Deck, Pavers	4.53
Fence, Aluminum.....	4.54
Mechanical Equipment	4.55
Pool Finishes, Plaster and Tile	4.56
Structures	4.57
Reserve Study Update.....	4.58
5. METHODOLOGY	5.1
6. CREDENTIALS	6.1
7. DEFINITIONS	7.1
8. PROFESSIONAL SERVICE CONDITIONS	8.1



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Surfside South Condominium Association, Inc. (Surfside South)

Location: Madeira Beach, Florida

Reference: 223525

Property Basics: Surfside South Condominium Association, Inc. is a condominium style development which consists of 62 units in one building. The building was built in 1982.

Reserve Components Identified:

- 20 *Structural Integrity* Reserve Components
- 11 *General* Reserve Components

Inspection Dates:

- Engineer: March 2, 2023
- Professional Engineer: March 16, 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 2039 due to the replacement of the waterproof coatings at the breezeways and in 2053 due to the replacement of the modified bitumen roofs.
- *General:* Our recommended Funding Plan recognizes this threshold funding year in 2030 due to the modernization of the hydraulic elevators. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately \$580,200. We judge this amount of accumulated reserves in 2053 necessary to fund the likely modernization of the hydraulic elevators 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

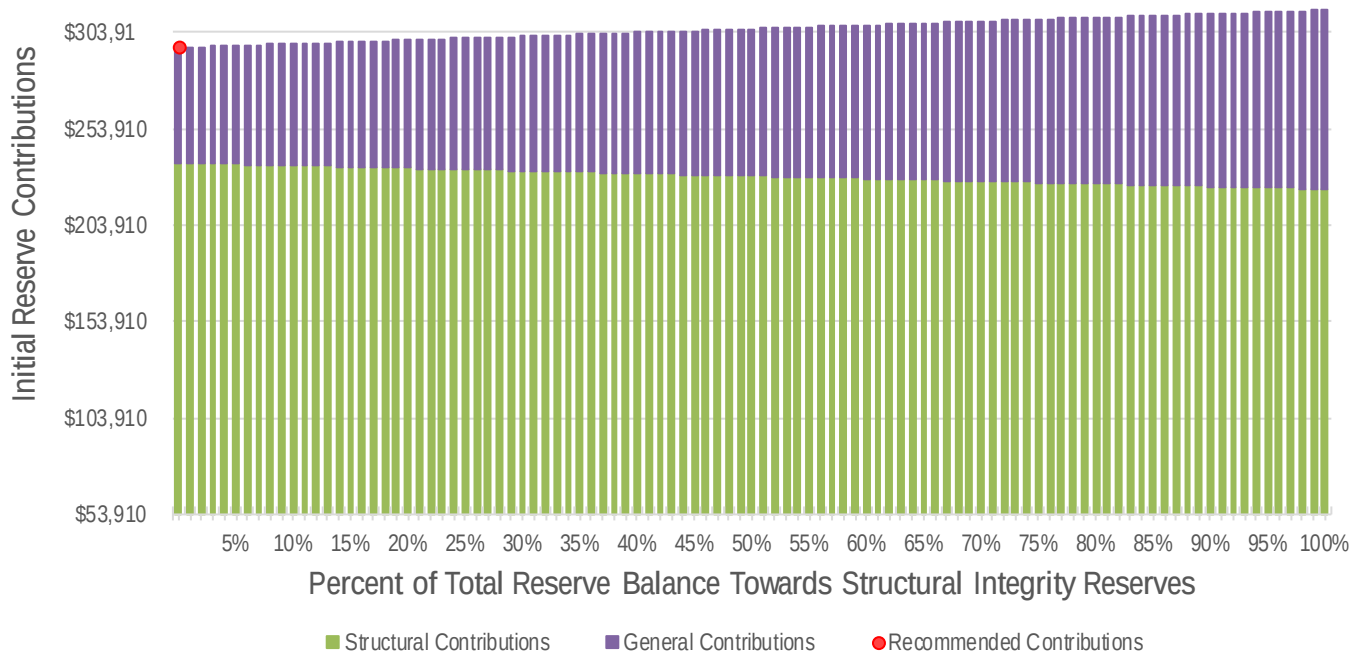
Unaudited Cash Status of Reserve Fund:

- \$145,999 as of February 2, 2023
- \$106,511 in budgeted 2023 reserve contributions (\$88,759 remaining)
- \$0 in estimated remaining 2023 reserve expenses

As part of our Cash Flow method we analyzed future expenditures and identified the reserve balance split to produce the lowest overall required contributions. We project a 2023 Reserve End Balance of \$237,958. Starting in 2024, we recommend the Association contribute \$237,958 or 100% of this balance to the General 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

\$236,300 towards Structural Integrity
Reserves and \$59,900 towards General
Reserves



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 - Walls, Stucco, Paint Finishes and Capital Repairs
- Structural Integrity - Pipes, Domestic Water
- Structural Integrity - Fire Suppression System, Garages and Stairwells
- Structural Integrity - Windows and Doors, Common (Excl. Lobby and Fire Doors)
- General - Asphalt Pavement, Total Replacement
- General - Deck, Pavers

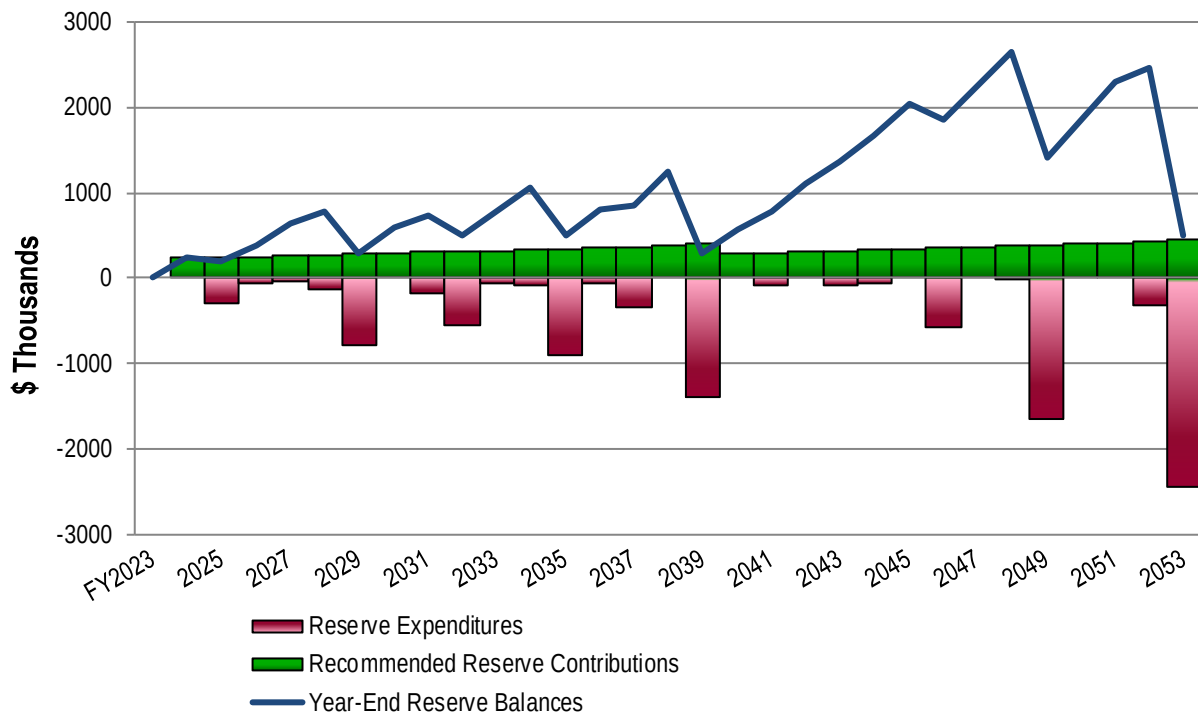
Structural Integrity

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

- Increase to \$236,200 in 2024
- Inflationary increases from 2025 through 2039
- Decrease to \$282,700 by 2040 due to fully funding for replacement of the waterproof coatings at the breezeways
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$236,200 represents an average monthly increase of \$317.47 per unit owner and about a thirty-seven percent (37.2%) adjustment in the 2023 total Operating Budget of \$634,400.
- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	236,200	238,562	2034	333,400	1,047,018	2044	324,400	1,657,738
2025	244,500	185,497	2035	345,100	507,364	2045	335,800	2,030,051
2026	253,100	392,767	2036	357,200	804,832	2046	347,600	1,847,972
2027	262,000	627,227	2037	369,700	849,039	2047	359,800	2,248,329
2028	271,200	784,131	2038	382,600	1,252,446	2048	372,400	2,651,518
2029	280,700	283,019	2039	396,000	278,671	2049	385,400	1,419,847
2030	290,500	582,084	2040	282,700	569,771	2050	398,900	1,851,133
2031	300,700	722,540	2041	292,600	789,456	2051	412,900	2,305,185
2032	311,200	500,003	2042	302,800	1,111,073	2052	427,400	2,454,283
2033	322,100	779,049	2043	313,400	1,353,363	2053	442,400	488,966



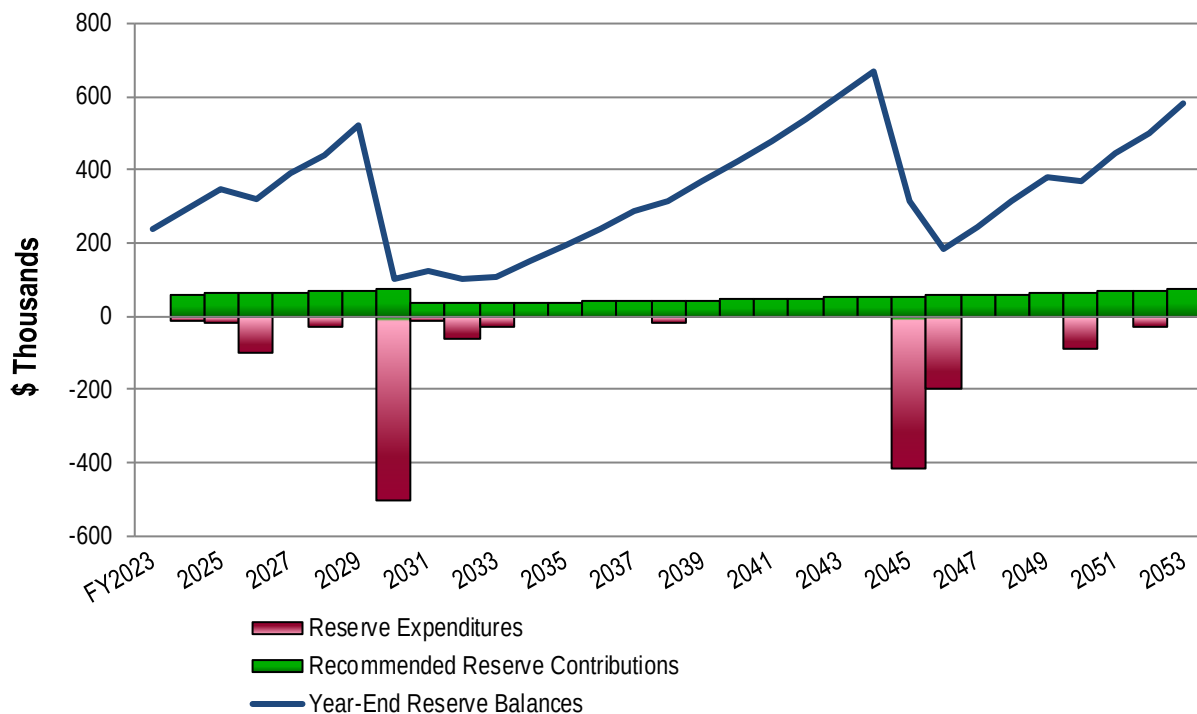
General

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

- We recommend the Association adopt a General reserve budget of \$59,900 in 2024
- Inflationary increases from 2025 through 2030
- Decrease to \$34,000 by 2031 due to fully funding for modernization of the hydraulic elevators
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$59,900 represents an average monthly increase of \$80.51 per unit owner and about a nine percent (9.4%) adjustment in the 2023 total Operating Budget of \$634,400.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	59,900	292,763	2034	37,700	150,347	2044	53,200	667,886
2025	62,000	345,758	2035	39,000	192,744	2045	55,100	316,125
2026	64,200	318,105	2036	40,400	237,403	2046	57,000	182,211
2027	66,400	391,531	2037	41,800	284,369	2047	59,000	245,445
2028	68,700	441,711	2038	43,300	316,869	2048	61,100	312,065
2029	71,100	522,356	2039	44,800	368,454	2049	63,200	382,138
2030	73,600	100,848	2040	46,400	422,687	2050	65,400	368,901
2031	34,000	123,905	2041	48,000	479,621	2051	67,700	444,656
2032	35,200	101,368	2042	49,700	539,410	2052	70,100	496,960
2033	36,400	110,069	2043	51,400	602,112	2053	72,600	580,225





2. RESERVE STUDY REPORT

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

Surfside South Condominium Association, Inc.

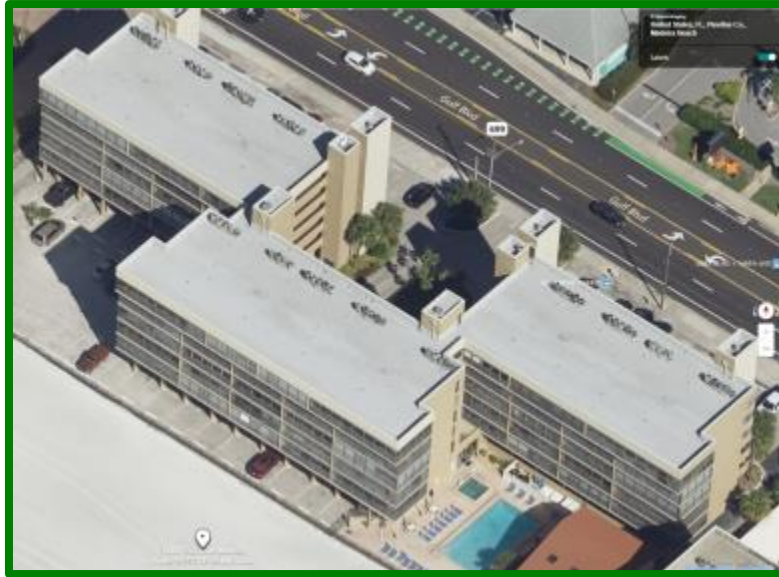
Madeira Beach, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 2, 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 Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with the Board. These classes of property include:

- Reserve Components
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Unit Owners

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:

- Surfside South 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 Surfside South. 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 Primary Structural Members
- Floor
- Foundation
- Fireproofing and Fire Protection Elements
- Plumbing
- Electrical Systems
- 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:

- Foundations, Floors, Load-Bearing Walls or Primary Structural Members - We anticipate a useful life of up to and beyond 100 years and consider full replacement unlikely and cost prohibitive. Management and the Board report 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.
- Fire Protection and Plumbing Pipes - We anticipate a useful life of up to and beyond 80 years. Our inspection is visual, non-invasive and excludes camera inspections. 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.

- Electrical Systems - We anticipate a useful life of up to and beyond 80 years. Our inspection is visual, non-invasive and excludes thermoscans. 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.
- 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:

- Bulkhead, Concrete, Underground, Complete Replacement
- Pipes, Interior Building, Fire Standpipes and Waste, Common
- Valves, Large Diameter
- Windows and Doors, Lobbies (2020)



Fire standpipe



Common windows and door at lobby

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 \$7,500 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Air Handling and Condensing Units, Split Systems, Common
- Asphalt Pavement, Patch and Striping
- Concrete, On-grade, Repairs and Partial Replacements

- Duct Cleaning
- Exhaust Fans, Less than 5,000-CFM (cubic feet per minute)
- Fans, Stairwell Pressurization
- Fence, Chain Link, Northwest Perimeter
- Fence, Vinyl, Pool
- Interior Renovations, Common Unit and Lobbies (Per Board)
- Irrigation System
- Landscape
- Light Fixtures, Breezeways
- Light Fixtures, Garage
- Light Fixtures, Stairwells
- Motors
- Paint Finishes, Touch Up
- Pipes, Subsurface Utilities
- Pool Furniture
- Pumps Less Than Five-HP (horsepower)
- Signage
- 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



On-grade concrete garage floor with cracks



Chain link fence at northwest perimeter

Homeowner 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:

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

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

Years 2023 to 2038

Surfside South
Condominium Association, Inc.
Madeira Beach, 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	13,200	13,200	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications	2029	15 to 20	6	48.00	633,600	633,600	23.0%							778,856									
1.061	13,200	13,200	Square Feet	Balconies, Concrete, Sealer	2025	to 5	2	1.00	13,200	13,200	0.8%		14,140									19,272					
1.105	1,760	1,760	Linear Feet	Balconies, Screen Enclosures with Railings, Aluminum	2037	to 35	14	120.00	211,200	211,200	3.4%														341,868		
1.111	11,000	11,000	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications	2039	15 to 20	16	48.00	528,000	528,000	9.1%																
1.112	11,000	11,000	Square Feet	Breezeways, Concrete, Sealer	2025	to 5	2	1.00	11,000	11,000	0.9%		11,783				13,522						16,060				
1.113	1,100	1,100	Linear Feet	Breezeways, Railings, Aluminum	2032	to 35	9	100.00	110,000	110,000	1.5%									149,919							
1.180	50	50	Each	Doors, Fire	2052	to 30	29	1,400.00	70,000	70,000	1.9%																
1.500	25,900	25,900	Square Feet	Roofs, Modified Bitumen (Incl. Lobby)	2035	15 to 20	12	23.00	595,700	595,700	25.4%												900,144				
1.540	5,400	1,800	Linear Feet	Sealants, Windows and Doors, Phased	2025	to 20	2 to 16	4.50	8,100	24,300	0.7%		8,677							11,039							
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2033	to 10	10	15,000.00	15,000	15,000	0.9%											21,159					
1.880	86,000	86,000	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2025	5 to 7	2	2.90	249,400	249,400	22.7%		267,164								339,907						
1.980	1,080	1,080	Square Feet	Windows and Doors, Common (Excl. Lobby and Fire Doors)	2028	45 to 55	5	100.00	108,000	108,000	1.3%						128,270										
Building Services Elements																											
3.300	3	1	Allowance	Electrical System, Main Panels, Partial	2032	to 70	9 to 30+	33,000.00	33,000	99,000	1.1%									44,976							
3.440	1	1	Each	Generator, Emergency, 135-kW (Incl. Transfer Switch)	2052	to 30	29	50,000.00	50,000	50,000	1.3%																
3.555	1	1	Allowance	Life Safety System, Control Panel	2033	to 15	10	7,500.00	7,500	7,500	0.3%											10,579					
3.560	1	1	Allowance	Life Safety System, Emergency Devices	2033	to 25	10	17,000.00	17,000	17,000	0.2%											23,980					
3.605	62	16	Units	Pipes, Domestic Water, Phased	2026	to 80+	3 to 18	3,000.00	46,500	186,000	2.7%			51,555					61,232					72,724			
3.770	1	1	Each	Pump, Fire Suppression, 50-HP (Incl. Controller)	2031	to 50	8	85,000.00	85,000	85,000	1.1%								111,929								
Garage Elements																											
7.500	16,400	16,400	Square Feet	Fire Suppression System (Incl. Stairwells)	2027	35 to 45	4	2.00	32,800	32,800	0.4%					37,639											
Marina Elements																											
8.100	300	300	Linear Feet	Bulkhead, Concrete, Underground, Inspections and Capital Repairs	2034	10 to 15	11	110.00	33,000	33,000	1.3%											48,179					
Anticipated Expenditures, By Year (\$10,106,693 over 30 years)												0	0	301,764	51,555	37,639	128,270	792,378	0	173,161	545,841	55,718	83,511	900,144	72,724	341,868	0

Structural Integrity

RESERVE EXPENDITURES

Years 2039 to 2053

				Surfside South Condominium Association, Inc. Madeira Beach, Florida		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
Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory			Unit (2023)	Per Phase (2023)	Total (2023)																		
					Useful		Remaining																				
Exterior Building Elements																											
1.060	13,200	13,200	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications	2029	15 to 20	6	48.00	633,600	633,600	23.0%															1,549,759	
1.061	13,200	13,200	Square Feet	Balconies, Concrete, Sealer	2025	to 5	2	1.00	13,200	13,200	0.8%	22,889						27,184									
1.105	1,760	1,760	Linear Feet	Balconies, Screen Enclosures with Railings, Aluminum	2037	to 35	14	120.00	211,200	211,200	3.4%																
1.111	11,000	11,000	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications	2039	15 to 20	16	48.00	528,000	528,000	9.1%	915,545															
1.112	11,000	11,000	Square Feet	Breezeways, Concrete, Sealer	2025	to 5	2	1.00	11,000	11,000	0.9%							22,654						26,906			
1.113	1,100	1,100	Linear Feet	Breezeways, Railings, Aluminum	2032	to 35	9	100.00	110,000	110,000	1.5%																
1.180	50	50	Each	Doors, Fire	2052	to 30	29	1,400.00	70,000	70,000	1.9%															189,831	
1.500	25,900	25,900	Square Feet	Roofs, Modified Bitumen (Incl. Lobby)	2035	15 to 20	12	23.00	595,700	595,700	25.4%															1,672,007	
1.540	5,400	1,800	Linear Feet	Sealants, Windows and Doors, Phased	2025	to 20	2 to 16	4.50	8,100	24,300	0.7%	14,045								17,870						22,735	
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2033	to 10	10	15,000.00	15,000	15,000	0.9%						29,847									42,102	
1.880	86,000	86,000	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2025	5 to 7	2	2.90	249,400	249,400	22.7%	432,456								550,205						700,014	
1.980	1,080	1,080	Square Feet	Windows and Doors, Common (Excl. Lobby and Fire Doors)	2028	45 to 55	5	100.00	108,000	108,000	1.3%																
Building Services Elements																											
3.300	3	1	Allowance	Electrical System, Main Panels, Partial	2032	to 70	9 to 30+	33,000.00	33,000	99,000	1.1%						65,663										
3.440	1	1	Each	Generator, Emergency, 135-kW (Incl. Transfer Switch)	2052	to 30	29	50,000.00	50,000	50,000	1.3%															135,594	
3.555	1	1	Allowance	Life Safety System, Control Panel	2033	to 15	10	7,500.00	7,500	7,500	0.3%											17,724					
3.560	1	1	Allowance	Life Safety System, Emergency Devices	2033	to 25	10	17,000.00	17,000	17,000	0.2%																
3.605	62	16	Units	Pipes, Domestic Water, Phased	2026	to 80+	3 to 18	3,000.00	46,500	186,000	2.7%				86,373												
3.770	1	1	Each	Pump, Fire Suppression, 50-HP (Incl. Controller)	2031	to 50	8	85,000.00	85,000	85,000	1.1%																
Garage Elements																											
7.500	16,400	16,400	Square Feet	Fire Suppression System (Incl. Stairwells)	2027	35 to 45	4	2.00	32,800	32,800	0.4%																
Marina Elements																											
8.100	300	300	Linear Feet	Bulkhead, Concrete, Underground, Inspections and Capital Repairs	2034	10 to 15	11	110.00	33,000	33,000	1.3%												80,717				
Anticipated Expenditures, By Year (\$10,106,693 over 30 years)												1,384,935	0	86,373	0	95,510	49,838	0	568,075	0	17,724	1,657,382	0	0	325,425	2,436,858	

RESERVE FUNDING PLAN

Structural Integrity
CASH FLOW ANALYSIS
Surfside South
Condominium Association, Inc.
Madeira Beach, 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	0	238,562	185,497	392,767	627,227	784,131	283,019	582,084	722,540	500,003	779,049	1,047,018	507,364	804,832	849,039
Total Recommended Reserve Contributions	(Note 2)	N/A	236,200	244,500	253,100	262,000	271,200	280,700	290,500	300,700	311,200	322,100	333,400	345,100	357,200	369,700	382,600
Estimated Interest Earned, During Year	(Note 3)	N/A	2,362	4,199	5,725	10,099	13,974	10,566	8,565	12,917	12,104	12,664	18,080	15,390	12,992	16,375	20,807
Anticipated Expenditures, By Year		N/A	0	(301,764)	(51,555)	(37,639)	(128,270)	(792,378)	0	(173,161)	(545,841)	(55,718)	(83,511)	(900,144)	(72,724)	(341,868)	0
Anticipated Reserves at Year End		\$0	\$238,562	\$185,497	\$392,767	\$627,227	\$784,131	\$283,019	\$582,084	\$722,540	\$500,003	\$779,049	\$1,047,018	\$507,364	\$804,832	\$849,039	\$1,252,446

(continued)

(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	1,252,446	278,671	569,771	789,456	1,111,073	1,353,363	1,657,738	2,030,051	1,847,972	2,248,329	2,651,518	1,419,847	1,851,133	2,305,185	2,454,283	
Total Recommended Reserve Contributions	396,000	282,700	292,600	302,800	313,400	324,400	335,800	347,600	359,800	372,400	385,400	398,900	412,900	427,400	442,400	
Estimated Interest Earned, During Year	15,160	8,400	13,458	18,817	24,400	29,813	36,513	38,396	40,557	48,513	40,311	32,386	41,152	47,123	29,141	
Anticipated Expenditures, By Year	(1,384,935)	0	(86,373)	0	(95,510)	(49,838)	0	(568,075)	0	(17,724)	(1,657,382)	0	0	(325,425)	(2,436,858)	
Anticipated Reserves at Year End	<u>\$278,671</u>	<u>\$569,771</u>	<u>\$789,456</u>	<u>\$1,111,073</u>	<u>\$1,353,363</u>	<u>\$1,657,738</u>	<u>\$2,030,051</u>	<u>\$1,847,972</u>	<u>\$2,248,329</u>	<u>\$2,651,518</u>	<u>\$1,419,847</u>	<u>\$1,851,133</u>	<u>\$2,305,185</u>	<u>\$2,454,283</u>	<u>\$488,966</u>	
	(NOTE 5)														(NOTES 4&5)	

Explanatory Notes:

- 1) Year 2023 ending reserves are projected as of February 2, 2023 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 2023. Anticipated Reserves at Year End include these budgeted contributions and anticipated Reserve Expenditures. 2024 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 age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

Structural Integrity
RESERVE EXPENDITURES

**Surfside South
Condominium Association, Inc.**
Madeira Beach, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
<u>Exterior Building Elements</u>							
1.061	Balconies, Concrete, Sealer			14,140			
1.112	Breezeways, Concrete, Sealer			11,783			
1.540	Sealants, Windows and Doors, Phased			8,677			
1.880	Walls, Stucco, Paint Finishes and Capital Repairs			267,164			
1.980	Windows and Doors, Common (Excl. Lobby and Fire Doors)						128,270
<u>Building Services Elements</u>							
3.605	Pipes, Domestic Water, Phased				51,555		
<u>Garage Elements</u>							
7.500	Fire Suppression System (Incl. Stairwells)						37,639
Anticipated Expenditures, By Year (\$10,106,693 over 30 years)		0	0	301,764	51,555	37,639	128,270

RESERVE EXPENDITURES

Surfside South
Condominium Association, Inc.
Madeira Beach, 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	2	2	Each	Elevator Cab Finishes	2030	to 20	7	17,000.00	34,000	34,000	8.6%							43,257									
2.820	4	4	Each	Paint Finishes, Stairwells	2025	to 20	2	2,200.00	8,800	8,800	1.9%		9,427														
Building Services Elements																											
3.320	2	2	Each	Elevators, Hydraulic, Pumps and Controls	2030	to 25	7	125,000.00	250,000	250,000	21.2%							318,070									
3.330	2	2	Each	Elevators, Hydraulic, Cylinders	2030	to 40	7	55,000.00	110,000	110,000	9.3%							139,951									
3.880	2	2	Each	Trash Chutes and Doors	2032	to 50	9	22,000.00	44,000	44,000	4.0%									59,967							
Property Site Elements																											
4.045	2,650	2,650	Square Yards	Asphalt Pavement, Total Replacement	2026	15 to 20	3	33.50	88,775	88,775	19.7%				98,426												
Pool Elements																											
6.200	3,220	3,220	Square Feet	Deck, Pavers	2028	to 25	5	7.00	22,540	22,540	5.0%						26,770										
6.400	330	330	Linear Feet	Fence, Aluminum (Incl. Southwest Perimeter)	2045	to 25	22	67.00	22,110	22,110	3.1%																
6.600	2	1	Allowance	Mechanical Equipment, Phased	2024	to 15	1 to 8	10,000.00	10,000	20,000	5.9%	10,350							13,168							16,753	
6.800	880	880	Square Feet	Pool Finishes, Plaster and Tile	2033	8 to 12	10	24.00	21,120	21,120	2.0%										29,792						
6.900	880	880	Square Feet	Structures, Total Replacement	2045	to 60	22	150.00	132,000	132,000	18.8%																
		1	Allowance	Reserve Study Update with Site Visit	2025	2	2	5,900.00	5,900	5,900	0.4%			5,900													
Anticipated Expenditures, By Year (\$1,497,475 over 30 years)												0	10,350	15,327	98,426	0	26,770	0	501,278	13,168	59,967	29,792	0	0	0	0	16,753

RESERVE EXPENDITURES

Surfside South
Condominium Association, Inc.
Madeira Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 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	2	2	Each	Elevator Cab Finishes	2030	to 20	7	17,000.00	34,000	34,000	8.6%												86,073				
2.820	4	4	Each	Paint Finishes, Stairwells	2025	to 20	2	2,200.00	8,800	8,800	1.9%							18,757									
Building Services Elements																											
3.320	2	2	Each	Elevators, Hydraulic, Pumps and Controls	2030	to 25	7	125,000.00	250,000	250,000	21.2%																
3.330	2	2	Each	Elevators, Hydraulic, Cylinders	2030	to 40	7	55,000.00	110,000	110,000	9.3%																
3.880	2	2	Each	Trash Chutes and Doors	2032	to 50	9	22,000.00	44,000	44,000	4.0%																
Property Site Elements																											
4.045	2,650	2,650	Square Yards	Asphalt Pavement, Total Replacement	2026	15 to 20	3	33.50	88,775	88,775	19.7%							195,848									
Pool Elements																											
6.200	3,220	3,220	Square Feet	Deck, Pavers	2028	to 25	5	7.00	22,540	22,540	5.0%							48,044									
6.400	330	330	Linear Feet	Fence, Aluminum (Incl. Southwest Perimeter)	2045	to 25	22	67.00	22,110	22,110	3.1%							47,128									
6.600	2	1	Allowance	Mechanical Equipment, Phased	2024	to 15	1 to 8	10,000.00	10,000	20,000	5.9%							21,315						27,119			
6.800	880	880	Square Feet	Pool Finishes, Plaster and Tile	2033	8 to 12	10	24.00	21,120	21,120	2.0%																
6.900	880	880	Square Feet	Structures, Total Replacement	2045	to 60	22	150.00	132,000	132,000	18.8%							281,360									
		1	Allowance	Reserve Study Update with Site Visit	2025	2	2	5,900.00	5,900	5,900	0.4%																
Anticipated Expenditures, By Year (\$1,497,475 over 30 years)												0	0	0	0	0	0	416,604	195,848	0	0	0	86,073	0	27,119	0	

RESERVE FUNDING PLAN

General

CASH FLOW ANALYSIS

Surfside South

Condominium Association, Inc.

Madeira Beach, 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	237,958	292,763	345,758	318,105	391,531	441,711	522,356	100,848	123,905	101,368	110,069	150,347	192,744	237,403	284,369
Total Recommended Reserve Contributions	(Note 2)	N/A	59,900	62,000	64,200	66,400	68,700	71,100	73,600	34,000	35,200	36,400	37,700	39,000	40,400	41,800	43,300
Estimated Interest Earned, During Year	(Note 3)	N/A	5,255	6,322	6,573	7,026	8,250	9,545	6,170	2,225	2,230	2,093	2,578	3,397	4,259	5,166	5,953
Anticipated Expenditures, By Year		N/A	(10,350)	(15,327)	(98,426)	0	(26,770)	0	(501,278)	(13,168)	(59,967)	(29,792)	0	0	0	0	(16,753)
Anticipated Reserves at Year End		<u>\$237,958</u>	<u>\$292,763</u>	<u>\$345,758</u>	<u>\$318,105</u>	<u>\$391,531</u>	<u>\$441,711</u>	<u>\$522,356</u>	<u>\$100,848</u>	<u>\$123,905</u>	<u>\$101,368</u>	<u>\$110,069</u>	<u>\$150,347</u>	<u>\$192,744</u>	<u>\$237,403</u>	<u>\$284,369</u>	<u>\$316,869</u>
		(NOTE 5)															

(continued)

(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	316,869	368,454	422,687	479,621	539,410	602,112	667,886	316,125	182,211	245,445	312,065	382,138	368,901	444,656	496,960	
Total Recommended Reserve Contributions	44,800	46,400	48,000	49,700	51,400	53,200	55,100	57,000	59,000	61,100	63,200	65,400	67,700	70,100	72,600	
Estimated Interest Earned, During Year	6,785	7,833	8,934	10,089	11,302	12,574	9,743	4,934	4,234	5,520	6,873	7,436	8,055	9,323	10,665	
Anticipated Expenditures, By Year	0	0	0	0	0	0	(416,604)	(195,848)	0	0	0	(86,073)	0	(27,119)	0	
Anticipated Reserves at Year End	<u>\$368,454</u>	<u>\$422,687</u>	<u>\$479,621</u>	<u>\$539,410</u>	<u>\$602,112</u>	<u>\$667,886</u>	<u>\$316,125</u>	<u>\$182,211</u>	<u>\$245,445</u>	<u>\$312,065</u>	<u>\$382,138</u>	<u>\$368,901</u>	<u>\$444,656</u>	<u>\$496,960</u>	<u>\$580,225</u>	
	(NOTE 4)															

Explanatory Notes:

- 1) Year 2023 ending reserves are projected as of February 2, 2023 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 2023. Anticipated Reserves at Year End include these budgeted contributions and anticipated Reserve Expenditures. 2024 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 elevators shortly after 2053, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

General
RESERVE EXPENDITURES

**Surfside South
Condominium Association, Inc.**
Madeira Beach, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
<u>Interior Building Elements</u>							
2.820	Paint Finishes, Stairwells			9,427			
<u>Property Site Elements</u>							
4.045	Asphalt Pavement, Total Replacement				98,426		
<u>Pool Elements</u>							
6.200	Deck, Pavers						26,770
6.600	Mechanical Equipment, Phased		10,350				
Reserve Study Update with Site Visit				5,900			
Anticipated Expenditures, By Year (\$1,497,475 over 30 years)		0	10,350	15,327	98,426	0	26,770

4. RESERVE COMPONENT DETAIL

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

STRUCTURAL INTEGRITY

Exterior Building Elements



Front elevation



Rear elevation



Side elevation

Balconies, Concrete

Line Items: 1.060 and 1.061

Quantity: Concrete balconies comprising approximately 13,200 square feet of horizontal surface area. The balconies comprise reinforced concrete with a *Gemstone* waterproof coating.

History: The *Gemstone* coating was installed in 2002 to 2004.

Condition: At the time of our inspection, we accessed the balconies at Units 201 and 204. The balconies are in good to fair overall condition. We note the following:

- No significant sealant deterioration
- Isolated concrete coating deterioration is evident
- Isolated concrete cracks are evident
- No surface spalls evident
- No edge spalls evident
- No underside spalls evident
- Isolated damage at the ceiling of the common balcony
- The most recent milestone inspection noted hairline cracks throughout the building at the balcony edges.



Balcony overview with cracks



Balcony overview



Ceiling damage at common balcony



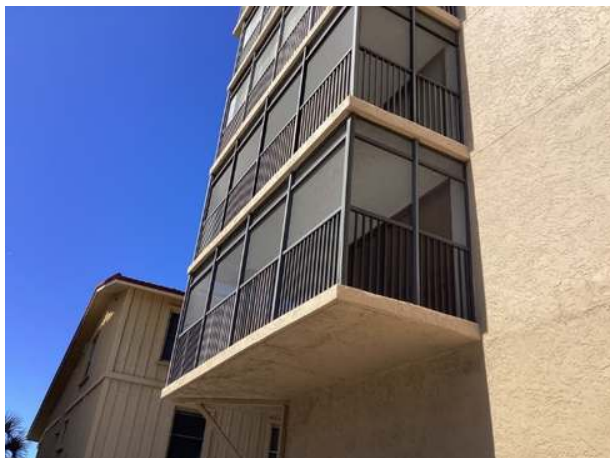
Center tower balconies



Coating delamination at unit 204



Common unit balcony ceiling



Concrete balconies at the south tower



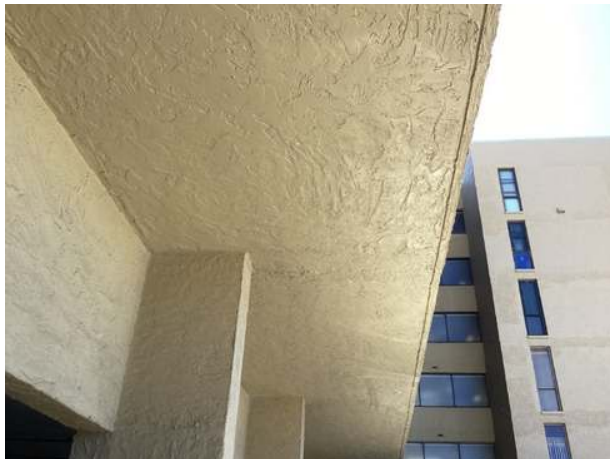
Concrete balcony at unit 204



Concrete balcony at unit 204



Sealant at balcony perimeter



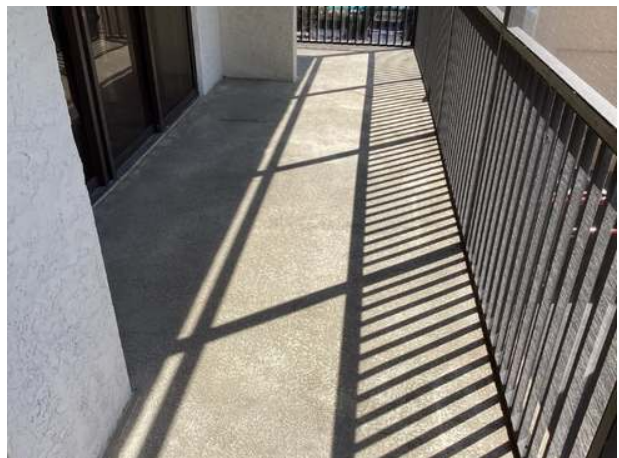
Underside of first floor north tower balconies



Undersides of south tower first floor balconies



Unit 304 balcony underside



Balcony overview



Unit 201 Balcony overview

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 15- to 20-years. To achieve this useful life, a sealer application is recommended up to every 5 years.

Component Detail Notes: A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. *Failure to maintain a waterproof coating on the balconies will result in increased concrete repairs and replacements as the balconies age.* Capital repairs may also include replacement of the caulked joint between the balcony 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. The Association historically funds sealing of the balconies through the operating budget. We include sealer as a reserve item due to its need for protection of the structural integrity of the balconies. Our cost estimate 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)

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

Balconies, Screen Enclosures and Railings, Aluminum

Line Item: 1.105

Quantity: 1,760 linear feet of aluminum railings and screen enclosures at the balconies which are embedded in the concrete. This construction may result in accelerated corrosion and concrete damage.

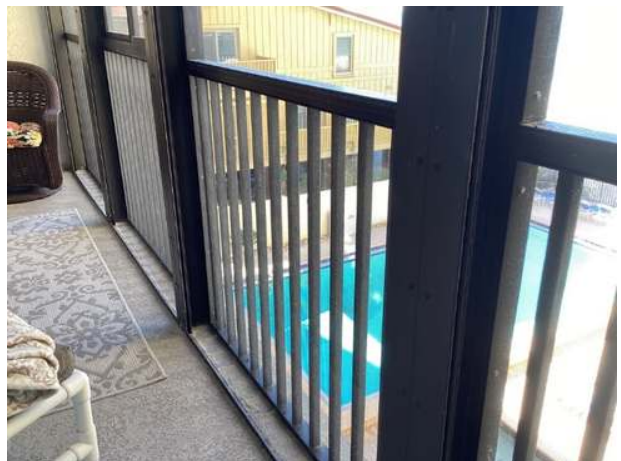
History: Replaced in 2002.

Condition: Good to fair overall with no significant deterioration evident. We note the following:

- Isolated rust is evident
- Isolated loose railings are evident



Aluminum railings and screens at north tower first floor balconies



Aluminum railings and screens at unit 204



Aluminum railings and screens



Aluminum railings and screens



Aluminum railings and screens

Useful Life: Up to 35 years (The useful life of the finish is indeterminate. Future updates of this Reserve Study will again consider the need to refinish the railings based on condition.)

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

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

Breezeways, Concrete

Line Items: 1.111 and 1.112

Quantity: Concrete breezeways comprising approximately 11,000 square feet of horizontal surface area. The breezeways comprise reinforced concrete with a *Gemstone* waterproof coating.

History: The *Gemstone* coating was installed in 2019.

Condition: Good to fair overall. We note the following:

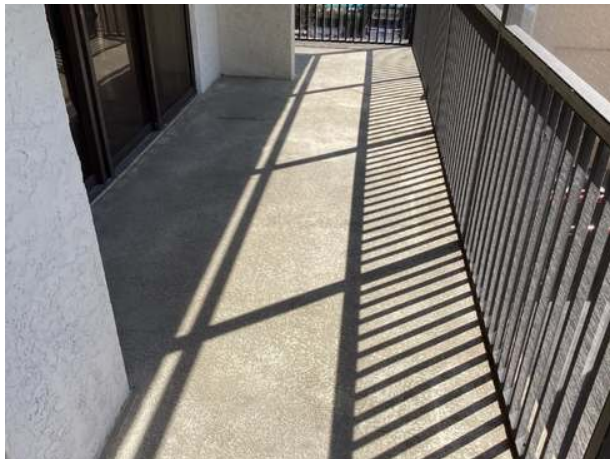
- Sealants appear in good condition
- Isolated concrete coating deterioration is evident
- Isolated concrete cracks are evident
- No surface spalls evident
- No edge spalls evident
- No underside spalls evident



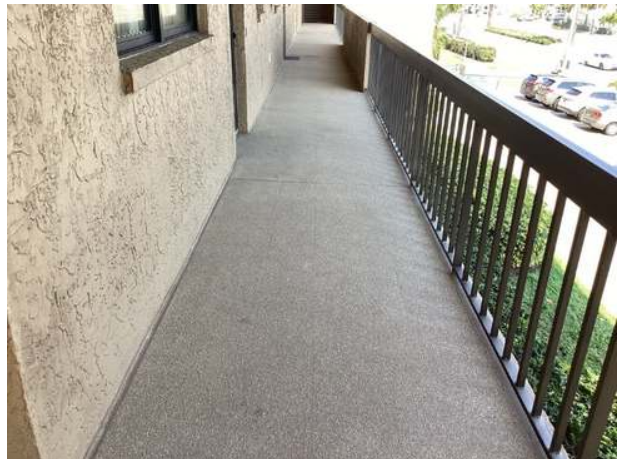
Unit 304 balcony underside



5th floor north tower breezeway



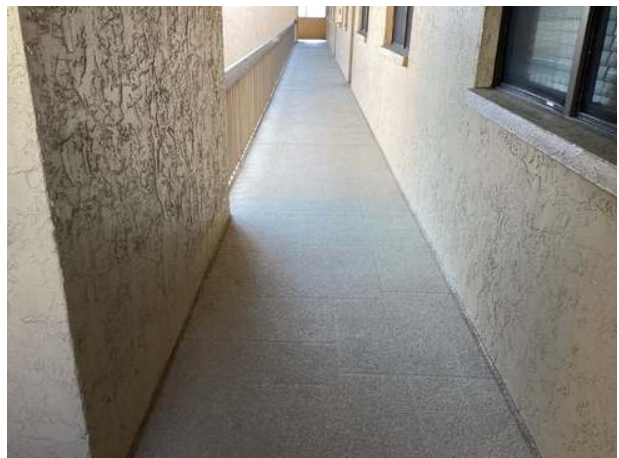
Balcony overview



Breezeway overview



Underside of third floor south tower breezeway



Breezeway overview



Coating crack and damage at first floor



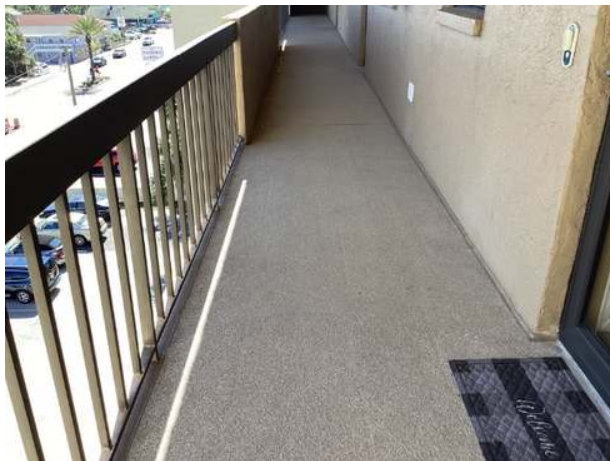
Finish deterioration at underside of third floor breezeway at unit 212 front window



Fourth floor breezeway underside at center tower



Fourth floor center tower breezeway



Fourth floor south tower breezeway



Isolated cracks and coating deterioration at unit 102 entrance



North tower breezeway overview



Second floor north tower breezeway



Third floor breezeway at center tower

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 15- to 20-years. To achieve this useful life, a sealer application is recommended up to every 5 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 breezeway will result in increased concrete repairs and replacements as the breezeway 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. The Association historically funds sealing of the breezeways through the operating budget. We include sealer as a reserve item due to its need for protection of the structural integrity of the breezeways. Our cost estimate 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)

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.

Breezeways, Railings, Aluminum

Line Item: 1.113

Quantity: 1,100 linear feet of aluminum railings at the breezeways which are embedded in the concrete. This construction may result in accelerated corrosion and concrete damage.

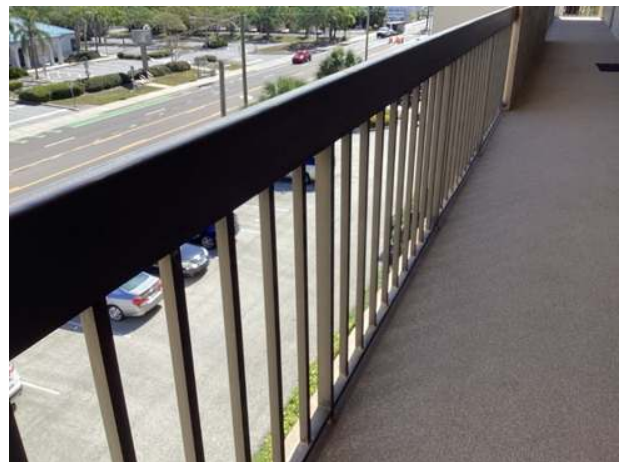
History: Reportedly original

Condition: Good to fair overall with no significant deterioration evident. We note the following:

- Isolated rust is evident
- Isolated loose railings are evident



Aluminum railings at north tower 5th floor breezeway



Aluminum railings at north tower third floor breezeway



Aluminum railings



Aluminum railings



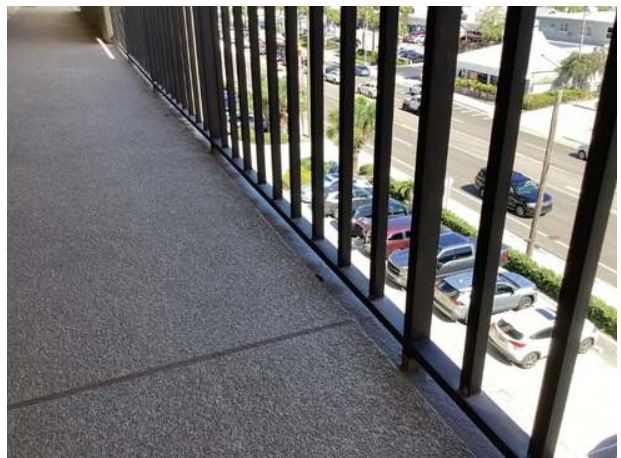
Finish deterioration at fifth floor breezeway



Loose connection outside unit 410



Railing finish fade at second floor north tower breezeway



Railing post embedded in concrete



Railing finish deterioration at fifth floor

Useful Life: Up to 35 years (The useful life of the finish is indeterminate. Future updates of this Reserve Study will again consider the need to refinish the railings based on condition.)

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

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

Doors, Fire

Line Item: 1.180

Quantity: 50 fire doors

History: Replaced in 2022.

Condition: Good overall

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:
 - o Inspect and repair any damage, base corrosion or alignment issues
 - o Replace deteriorated hardware and loose weather stripping
 - o 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. Our cost is based on information provided by the Association.

Roofs, Modified Bitumen

Line Item: 1.500

Quantity: Approximately 25,900 square feet

History: Replaced from 2017 through 2018. The Association plans to replace the lobby roof with a modified bitumen roof this year for \$19,308 and fund it through a special assessment. We recommend the Association should conduct inspections of the roofs semiannually and fund these inspections through the operating budget.

Condition: Good to fair overall. The Board reports active leaks. We note the following:

- No active leaks reported
- Adequate bleed out at seems
- Isolated membrane tears are evident
- Isolated membrane displacement is evident
- Isolated previous membrane repairs are evident
- Isolated sealant failure is evident
- A limited history of ponding water is reported.



Center tower modified bitumen roof overview



Cracks in sealant throughout



Granular loss



Granular loss



Granular loss



**Membrane tear at south tower west elevation
parapet**



Membrane tear at south tower west parapet wall



Modified bitumen roof overview at first floor



Modified bitumen roof overview



Modified bitumen roof overview



Modified bitumen roof overview



**Recent repairs evident at the west elevation
parapet of the north tower**



South tower modified bitumen roof overview



South tower modified bitumen roof overview



South tower roof drain



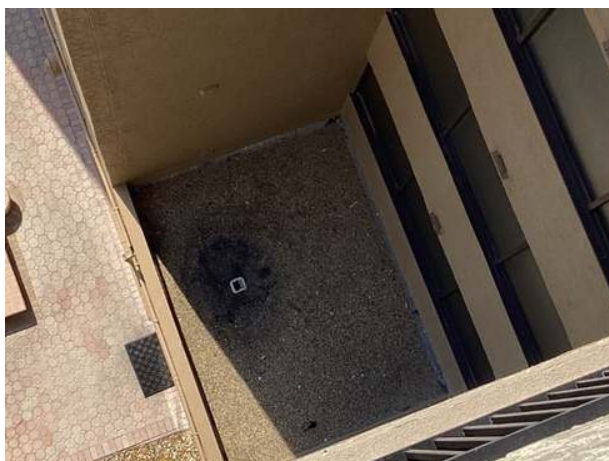
Standing water



Wrinkles evident at the south elevation of the south tower



Wrinkles evident at the south west corner of the south tower roof



Flat roof at lobby



Modified bitumen roof at the lobby

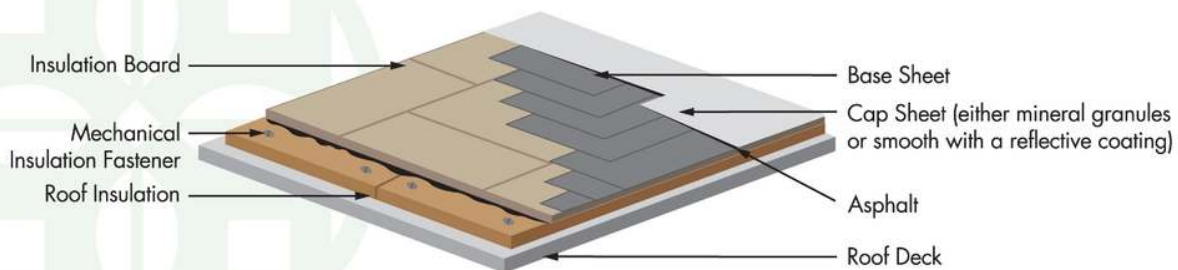


Standing water at the lobby roof

Useful Life: 15- to 20-years

Component Detail Notes: Modified bitumen roofing systems are composed of factory-manufactured sheets of polymer-modified bitumen with polyester and/or fiberglass reinforcements. The bitumen adds a waterproof characteristic to the system and the reinforcements add strength and puncture resistance. These factory assembled roofing systems offer the advantages of a built-up roofing system through a less labor-intensive installation. The following detail depicts a typical modified bitumen roof although it may not reflect the actual configuration at Surfside South:

MODIFIED BITUMEN ROOF DETAIL



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

The contractor should follow the manufacturer's directions and specifications upon installation of the roof. The contractor should remove the original insulation if saturated or compacted and apply a new layer of insulation per the manufacturer's instructions. The insulation should fit loosely with gaps no greater than ¼ inch. Gaps will cause failure of the membrane later. Mechanical fastening of the insulation is the best manner of installation. 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. The membrane and plies are either torch applied (thermoset) or hot asphalt applied. We recommend the contractor use the torch method to install a modified bitumen membrane roof system.

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:
 - o 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.
 - o Inspect perimeter flashing for loose fasteners, deflections, and sealant damage
 - o Verify membrane surface is free of ruptures or damage, and areas of extensive blistering or bubbling
 - o Remove oil spills or contaminants from mechanical equipment
 - o In areas of possible foot traffic, remove any sharp debris or trash and note areas of crushed insulation
 - o 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. Our cost is based on information provided by the Association.

Sealants, Windows and Doors

Line Item: 1.540

Quantity: Approximately 5,400 linear feet of exterior sealants or *caulk*¹

History: Varied ages.

Condition: Fair overall. We note the following:

- Minor cohesion failure is evident
- Isolated adhesion failure is evident
- Minor cracks are evident
- Minor brittle sealants are evident



Sealant deterioration at unit 303 front window



Sealant deterioration at unit 404 front window



Sealant deterioration at unit 406 front window



Sealant deterioration at unit 505 front window

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



Sealant in good condition at unit 412 front window Sealant in good condition at unit 509 front window

Useful Life: Up to 20 years

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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend Surfside South replace up to thirty-three percent (33.3%), or 1,800 linear feet of joint sealant per event.

Structural Members, Inspections

Line Item: 1.605

Quantity: The primary structural members of the building comprise:

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

Condition: Surfside South 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.



Columns at north tower garage



Concrete columns at center tower garage



Isolated cracks at underside of the north tower first floor at the south elevation



Underside of center tower first floor

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, or 25 years if within three miles of the coast. 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.

Walls, Stucco

Line Item: 1.880

Quantity: Approximately 86,000 square feet of the building exteriors

History: Applied paint finishes and repaired in 2018. The Association performed a large repair in 2022 to a cracked wall.

Condition: Good to fair overall with isolated cracks and previous repairs evident. We note the following:

- Minor cracks are evident
- Isolated damage is evident
- Stucco finishes do not terminate 4” above the ground
- Stucco finishes terminate 2” above the roof



Center tower east elevation



Stucco wall finishes



Inconsistent finishes Evident at the north elevation of the center tower



North tower north elevation



Previous stucco repairs



South elevation of the center tower



South tower east elevation



Stucco crack at fire alarm room



Stucco crack at garage



Stucco cracks and damage at 5th floor breezeway across from north tower trash room



Stucco cracks at fourth floor outside the north tower trash room



Stucco cracks at second floor breezeway



Stucco cracks at unit 213 front window



Stucco cracks at unit 305



Stucco cracks at unit 507 entrance



Stucco cracks at unit 508 front entrance



Stucco cracks in between units 502 and 503



Stucco cracks in between units 506 and 507



Stucco cracks near generator room entrance



Stucco damage at unit 408 entrance



Stucco deterioration outside fourth floor north tower trash room



Stucco terminates at grade



Stucco wall finishes at breezeway



Stucco wall finishes at first floor north tower



Stucco wall finishes at garage



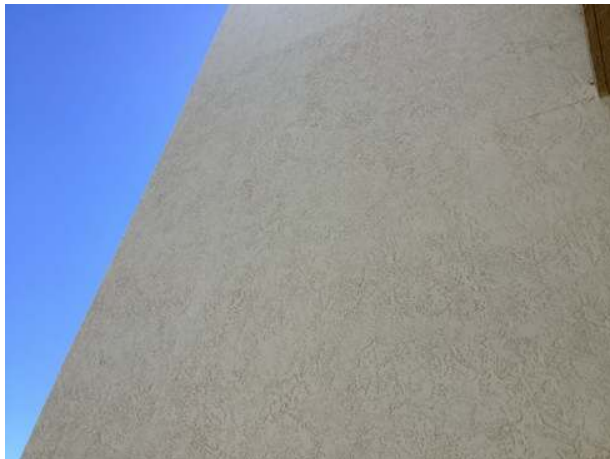
Stucco wall finishes at north tower trash chute



Stucco wall finishes at second floor south tower



Stucco wall finishes at south tower elevator



Stucco wall finishes at south tower south stairwell



Stucco wall finishes at third floor center tower



Stucco wall finishes



Stucco wall finishes

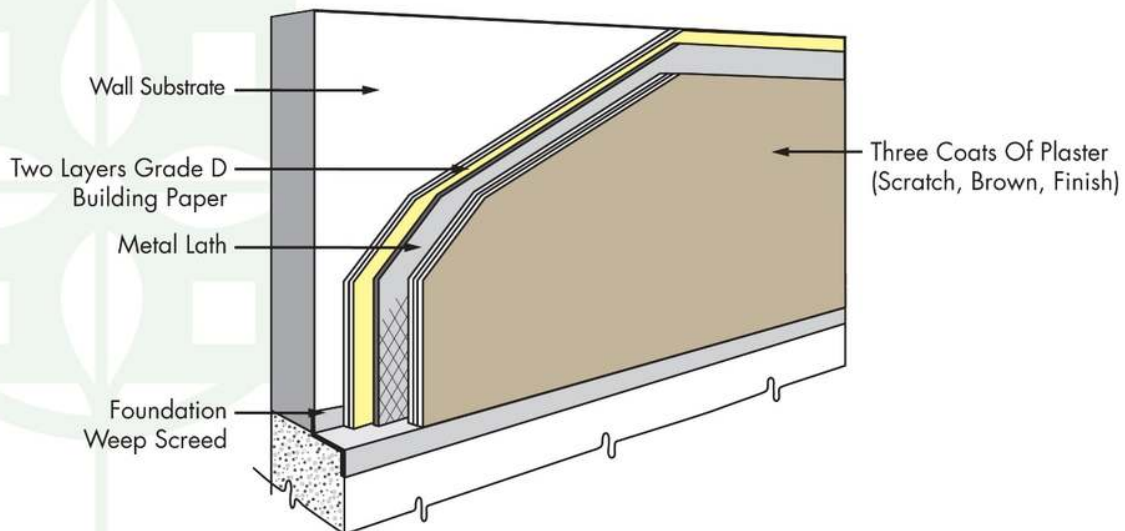


Stucco wall finishes

Useful Life: We recommend inspections, repairs and paint finish applications every five-to seven-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 Surfside South:

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 cost is based on information provided by the Association and 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.)

Windows and Doors, Common (Excl. Lobby and Fire Doors)

Line Item: 1.980

Quantity: Approximately 1,080 square feet of common windows and doors at the common unit and breezeways. This quantity excludes the fire doors at the breezeways.

History: Original

Condition: Good to fair overall with no significant deterioration evident. We note the following:

- No reported history of operational issues.
- No reported history of water infiltration.



Sliding glass doors at the common unit



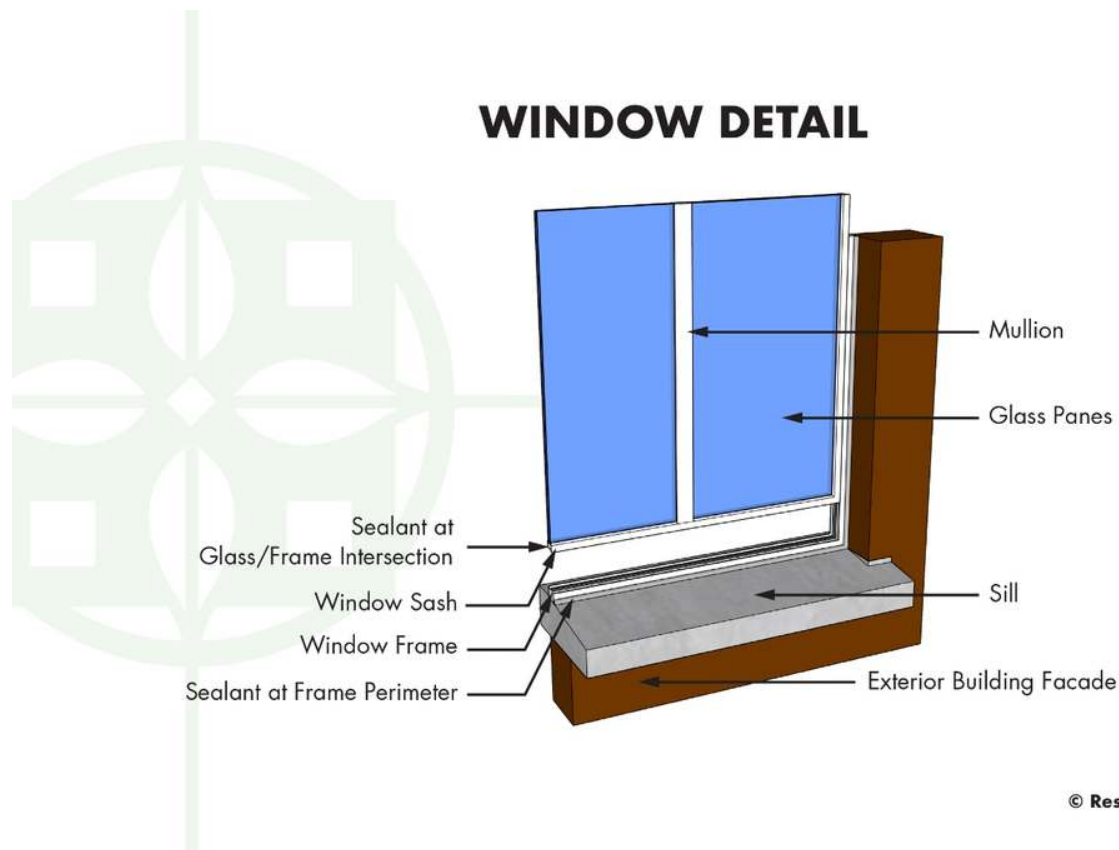
Common windows at breezeway

Useful Life: 45- to 55-years

Component Detail Notes: Construction includes the following:

- Aluminum frames
- Single pane glass
- Fixed windows
- Hinged and Sliding doors

The following schematic depicts the typical components of a window system although it may not reflect the actual configuration at Surfside South:



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

The thermal efficiencies of the window and door assemblies are affected by their design and construction components. These components include glazings, thickness of air space between glazings, low-conductivity gas, tinted coatings, low-e coatings and thermal barriers. The Association should thoroughly investigate these component options at the time of replacement. Some manufacturers may include these components as part of the

standard product and other manufacturers may consider these components as options for an additional cost. Surfside South should review the specifications provided by the manufacturers to understand the thermal design and construction components of the proposed assemblies.

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

- Annually:
 - o Inspect and repair loose weather stripping and/or lock damage
 - o Inspect for broken glass and damaged screens
 - o Record instances of water infiltration, trapped moisture or leaks
- As-needed:
 - o Verify weep holes are unobstructed and not blocked with dirt or sealant, if applicable
 - o Replace damaged or deteriorated sliding glass rollers, if applicable

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association.

Building Services Elements

Electrical System

Line Item: 3.300

History: Primarily varies to construction. The meters in the mechanical room at the center of the building are exposed to coastal air. They were replaced in 2020 for \$30,500. The other meters and main panels are in satisfactory operational condition.

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

- The date of the last thermoscan was unavailable to us.
- No excessive buzzing/humming was present at that transformers we observed.
- We observe potentially combustible material stored in electrical rooms. Per 10.18.5 of NFPA 1, "Combustible material shall not be stored in boiler rooms, mechanical rooms, or electrical equipment rooms.". The Association should further investigate and remove materials, if necessary.
- 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 meters for building b center building recent replacements



Electrical meters for north tier rust evident



Electrical room label



Electrical system main panel



Minor rust evident at common area switchgear



South tower meters rust evident



Switchgear for common areas

Useful Life: Up to and sometimes beyond 70 years

Component Detail Notes: The system includes:

- Breaker type circuit protection panels for low ampacity circuits
- Aluminum wires
- 200-Amps on average to the units
- Main service to the building
- Homeowners are responsible for the electrical system within their unit

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. Conductors in buildings constructed between the early 1960's and mid 1970's used aluminum conductors. Aluminum conductors in high capacity service have an indeterminate useful life. Aluminum conductors in low capacity service have a useful life of up to 50 years. Aluminum conductors are problematic due to two factors: 1) Aluminum oxide can form at the connections of aluminum wiring and can act as an insulator resulting in overheating of the connection and circuit, and 2) Aluminum is relatively soft and expands during temperature increases, resulting in loose connection points. These conditions can result in overheating and fires. Buildings with aluminum conductors may find it more difficult to obtain property insurance.

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.

Generator, Emergency

Line Item: 3.440

Quantity: One 135-kW (kilowatt) diesel generator

History: Installed in 2017.

Condition: Reported satisfactory without operational deficiencies



Emergency generator



Emergency generator

Useful Life: Up to 30 years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The Association conducts weekly load tests. We also recommend the Association maintain a maintenance contract with a qualified professional. As a reference, the Association may consult the following document: *NFPA 110, Standard for Emergency and Standby Power Systems*. 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:
 - Check fuel and oil levels
 - Inspect cooling and exhaust systems
 - Check battery, electrical components and transfer switches
 - Run generator without load and look for unusual conditions such as leaks
- Monthly:
 - Exercise generator under load test for minimum of 30 minutes
 - Check oil levels before running and after 10 minutes of run time
- Annually:
 - Complete full inspection and necessary repairs
 - Change fuel and air filters
 - Change oil and replace oil filter

- o Change spark plugs
- o Flush cooling system

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association and includes replacement of the transfer switch. We recognize that the transfer switch may require replacement prior to the replacement of the generator. For purposes of this Reserve Study, we assume coordination of replacement with the generator.

Life Safety System

Line Items: 3.555 and 3.560

Quantity: The life safety system at Surfside South includes the following components:

- Audio/visual fixtures
- Fire-Lite control panel
- Exit light fixtures
- Pull stations
- Wiring

History: Varied ages.

Conditions: Reported satisfactory without operational deficiencies. The life safety system was last inspected on February 18, 2022. The life safety system was yellow tagged during the most recent inspection, as deficiencies were noted that must be remedied.



Control panel



Emergency device



Emergency device



Control panel reports trouble in the system

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

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. In accordance with *NFPA 72* (National Fire Alarm and Signaling Code) we also recommend the Association maintain a maintenance contract with a qualified professional. The display panel read 'Trouble in System' 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: Original

Condition: Reported good to fair with operational deficiencies with a history of pin hole leaks.

- The Association reports pin hole leaks at the copper pipes.
- Isolated history of branch pipe leaks is reported
- The Association does not report a history of low water pressure.

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 and Vent - The pvc pipes typically have a useful life of beyond 80 years.

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

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

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

- Quarterly:

- o 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:
 - o Verify system pressure is sufficient (pressurized piping systems)
 - o Check accessible valves for proper operation
 - o Test backflow prevention devices
 - o Inspect and obtain certification for pressure relief valves
 - o Test drain line flow rates
 - o 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, Surfside South 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

Pump, Fire Suppression

Line Item: 3.770

Quantity: One 50-HP electric fire suppression pump

History: Original

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

- The fire suppression pump was last inspected on May 9, 2021.
- The inspection tag color is acceptable
- Minor history of leaks is reported



Fire suppression pump and controls



Fire suppression pump motor



Fire suppression pump



Fire suppression pump



Rust at base



Rusted valve

Useful Life: Up to 50 years

Component Detail Notes: Prior to replacement, the Association should schedule periodic inspections to maintain its correct operation in the event of an emergency. Surfside South should also anticipate, as normal maintenance, interim repairs and component replacements to maximize its remaining useful life.

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The Association conducts monthly churn tests. In accordance with *NFPA 25* (National Fire Protection Systems Code), we also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. Valuable motor information to note in a preventative maintenance plan or schedule includes age of unit and last time of repair, horsepower and rpm (revolutions per minute), bearing type and conditions surrounding motor/pump. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Weekly:
 - Check/adjust controls
 - Check/adjust pressure levels
 - Check for leaks
 - Conduct churn tests
- Quarterly:
 - Inspect/clean motors
 - Inspect mountings and connections for proper alignment, torque and condition
 - Inspect/replace pump packing as needed, consider replacement with mechanical seals
 - Check for appropriate oil levels
- Semi-annually:
 - Lubricate pumps, motors and motor bearings
- Annually:
 - Inspect belts for wear and/or replace belts

- o Clean filters if present
- o Assess proper internal component performance and replace damaged or malfunction components as necessary, and tighten fittings
- o Access temperature and vibration performance of motors in accordance with the intended design

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 replacement of the pump, motor, and motor controller.

Garage Elements

Fire Suppression System

Line Item: 7.500

Quantity: Approximately 16,400 square feet of garage area

History: Original

Condition: Fair overall with pipe rust evident.



Rust at pipes



Fire suppression system

Useful Life: 35- to 45-years for open air parking garages

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. In accordance with *NFPA 25* and local guidelines, we also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the age of the components, operational condition, or

changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - o Complete full inspection of valves, hangars, pipes, fittings and heads
 - o Ensure sprinkler heads and pipes are free of ornamentations and coverings
 - o Check for pipe corrosion
 - o Test system operation
 - o Conduct paint finish applications to the pipes as needed as these protective finishes may extend the overall useful life in highly corrosive environments

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.

Marina Elements

Bulkhead, Concrete

Line Item: 8.100

Quantity: Approximately 300 linear feet of underground bulkhead

History: Original

Conditions: Good to fair overall



Concrete bulkhead overview

Useful Life: The underground concrete bulkhead has an indeterminate useful life with 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 ten percent (10%) of the bulkheads.

GENERAL

Interior Building Elements

Elevator Cab Finishes

Line Item: 2.100

Quantity: Two elevators; the cab finishes consist of:

- Tile floor coverings
- Laminate wall coverings
- Metal ceiling finishes

History: Replaced in 2010.

Condition: Good to fair overall with isolated tile damage



Cracked elevator cab tile



Elevator cab finishes

Useful Life: Up to 20 years

Priority/Criticality: Per Board discretion

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

Paint Finishes, Stairwells

Line Item: 2.820

Quantity: Four each

History: Applied paint finishes in 2018. The Association historically paints the stairwells with the building exterior.

Conditions: Good to fair overall



Stairwell paint finishes

Useful Life: Up to 20 years

Priority/Criticality: Per Board discretion

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

Building Services Elements

Elevators, Hydraulic

Line Items: 3.320 and 3.330

Quantity: Two hydraulic passenger elevators

History: The age of all of the elevator pumps and controls was unavailable at the time of our inspection. The control panel for the south elevator was replaced in about 2016. The cylinders are original.

Condition: Reported satisfactory and service interruptions are reportedly infrequent



Hydraulic elevator equipment



Hydraulic elevator controls

Useful Life: Pumps and controls have a useful life of up to 25 years. Cylinders have a useful life of up to 40 years.

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

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. 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

- o Ensure air temperature and humidity of machine/pump housing room meets the designated specified range for proper operation
- o Ensure all call buttons are in working condition
- o 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. We defer replacement of the elevator cylinders based on the current condition. We anticipate the following hydraulic elevator system components will require replacement:

- Cab control panels
- Door operators
- Hallway panels/buttons
- Microprocessor based controllers
- Pumps (Power Unit) (50-HP)

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

Trash Chutes and Doors

Line Item: 3.880

Quantity: Two trash chutes

History: Original

Condition: Reported satisfactory without operational deficiencies



Trash chute door



Trash chute

Useful Life: Up to 50 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 Item: 4.045

Quantity: Approximately 2,650 square yards at the parking areas

History: Repaved in 2002.

Condition: Fair overall with periodic cracks, settlement and patches evident.



Asphalt pavement entrance overview with patch



Asphalt pavement parking lot overview



Pavement cracks, patches and settlement



Pavement edge deterioration



Asphalt pavement parking lot overview

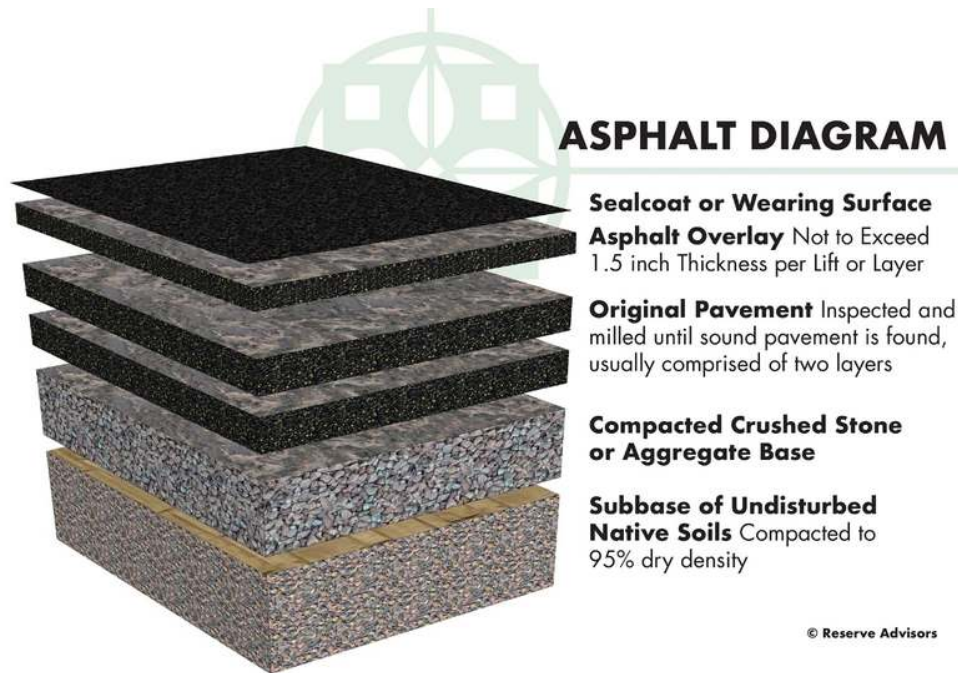


Pavement deterioration

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

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course.

The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at Surfside South:



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 total replacement method of repaving at Surfside South.

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

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

Pool Elements



Pool area

Deck, Pavers

Line Item: 6.200

Quantity: 3,220 square feet

History: Replaced in 2000.

Condition: Good to fair overall with isolated settlement evident.



Paver pool deck overview



Minor paver settlement

Useful Life: Up to 25 years

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association fund interim inspections, partial replacements and repairs through the operating budget. We defer replacement based on the current condition.

Fence, Aluminum

Line Item: 6.400

Quantity: 330 linear feet including at the southwest perimeter

History: Replaced in 2021.

Condition: Good to fair overall



Aluminum pool fence



Aluminum fence at southwest perimeter

Useful Life: Up to 25 years

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

- Annually:
 - o Inspect and repair loose fasteners or sections, and damage

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

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.

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinator and controls
- Interconnected pipe, fittings and valves
- Pumps, filters, and heaters

History: Varied ages. The pool heaters were replaced in 2019.

Condition: Reported satisfactory without operational deficiencies



Pool and spa heaters



Pool mechanical equipment

Useful Life: Up to 15 years

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

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

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

equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Item: 6.800

Quantity: 880 square feet of plaster based on the horizontal surface area and approximately 160 linear feet of tile

History: Replaced in 2021.

Condition: Good to fair overall with discoloration evident at the spa.



Pool plaster finish with tile perimeter



Spa overview with stained plaster

Useful Life: 8- to 12-years

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

- Semi-annually:
 - o Inspect and patch areas of significant plaster delamination, coping damage and structure cracks
 - o Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
 - o Test handrails and safety features for proper operation

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association. Removal and replacement of the finish provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as

needed. To maintain the integrity of the pool structures, we recommend the Association budget for the following:

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

Structures

Line Item: 6.900

Quantity: 880 square feet of horizontal surface area

History: Original; the Board reports an isolated history of minor leaks at the spa.

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

Useful Life: Up to 60 years

Component Detail Notes: The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long-term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Surfside South plan to replace the following components:

- Pool structures
- Subsurface piping

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

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

Reserve Study Update

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

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

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

5.METHODOLOGY

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

Surfside South 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 Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

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

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

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

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

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

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

- The past and current maintenance practices of Surfside South 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.

TYLER C. GIDDEN, E.I., RS
Responsible Advisor

CURRENT CLIENT SERVICES

Tyler C. Gidden, an Engineering Intern (E.I.) in environmental engineering, is an Advisor for Reserve Advisors. Mr. Gidden is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for apartments, condominiums, townhomes, and homeowners associations.



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

The Estates at Traditions Neighborhood Association - A 147 home community in Port St. Lucie, FL. This property was constructed in 2006 as part of a master association in Tradition. It includes single-family homes, gated entrances, and a pool with pool house.

Gateway at Riverwalk Condominium Association - Located in Sanford, Florida is this six-story, 72-unit building. This waterfront mixed-used mid-rise contains a parking garage, commercial space, and luxury club room.

Three Palms Pointe Condominium Association - A community built in 1970 with two 13-story buildings. Located in Clearwater, Florida, these high-rise buildings have a seawall, docks, pool, and community building.

Woodside Village Condo Association - Built in 1973, these 288 units compose 35 buildings in a wide variety of designs. This large community in Clearwater, Florida includes phased road projects and 3 different pools with community buildings.

Ancient Oaks RV Condominium Association - In the rural area of Okeechobee, Florida is this community built in 1983. It includes aspects like a seawall, docks, a water plant, and a wastewater plant.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Gidden was a Regional Consulting Manager for an environmental firm. He was responsible for the supervision of a team of environmental analysts who provided field inspections and consulting services for storm water controls in residential and commercial construction projects.

EDUCATION

University of Central Florida - B.S. Civil and Environmental Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Engineering Intern (E.I.) – Florida

Reserve Specialist (RS) – Community Associations Institute

COLIN A. NIEMEYER
Responsible Advisor

CURRENT CLIENT SERVICES

Colin Niemeyer, a Chemical Engineer, is an Engineer for Reserve Advisors. Mr. Niemeyer is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost 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 Colin Niemeyer demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Heron Lake Villas at Homeowners Association, Inc. - This apartment community located in Myrtle Beach, South Carolina was constructed in 1995 and comprises three buildings constructed with fiber cement siding, asphalt shingle roofs, and wood decks. The property is situated in the middle of a golf course allowing for wonderful views.

Brookhaven Citizens Assembly, Inc. - This single family home community contains over 550 residential homes and is located in Matthews, North Carolina. The Master Association maintains the shared common elements including a luxurious clubhouse, a pool featuring a massive waterslide, as well as multiple recreational courts.

Rozzelles Landing Homeowners Association, Inc. - This townhome and single family home community in Huntersville, North Carolina comprises 157 townhome units in 27 buildings in addition to 129 single family homes. Expenditures of this property include large quantities parking areas and streets, large retaining walls, a pool with an adjoining pool house, and retention pond. The townhomes comprise a combination of brick and vinyl siding construction, featuring multiple different styles. Several of the townhomes feature attached garages.

Del Webb Carolina Orchards Community Association - A lavish single family home community located just outside of Rock Hill, South Carolina. Features of this property include an extravagant amenities center, including multiple conference rooms, a spa, yoga and fitness rooms. This property includes both an indoor and outdoor pool with pool house.

The Cape Townhomes Owners Association, Inc. - This townhome community built in the early 2000's is located in Hickory, NC that is adjacent to a public park. The property contains 12 units comprising 8 buildings, featuring multiple different style units, ranging from single family homes to triplexes.

Atlantic Towers Condominium - Located next to the sandy beaches of Carolina Beach, North Carolina, this apartment building contains 137 residential units. The townhomes are comprised of brick, fiber cement siding, asphalt shingle roofs and wood balconies at the unit rears. The community includes a pool, pool house, ponds, and a large quantity of stone retaining walls.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Niemeyer successfully completed the bachelors program in Chemical Engineering at West Virginia University. In the past, he has worked for multiple engineering companies covering a wide variety of roles but with a concentration in improving efficiency and optimization with a focus on Lean and Six Sigma strategies. He has also spent time working in design engineering for one of the Nation's leading construction companies.

EDUCATION

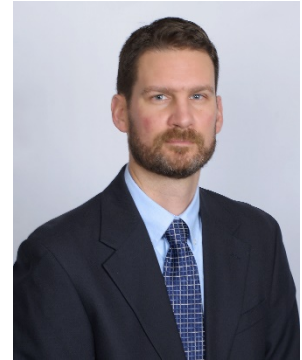
West Virginia University - B.S. in Chemical Engineering

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

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

Reserve Specialist (RS) - Community Associations Institute

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



RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

Cash Flow Method - A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

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

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

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

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

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

Long-Lived Property Component - Property component of Surfside South 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) Surfside South responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

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

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

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

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

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

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

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

8. PROFESSIONAL SERVICE CONDITIONS

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

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, 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, and/or occupancy.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the Report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services, nor does RA investigate 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. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

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. 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 completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA 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.

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

Use of Our Report and Your Name - Use of 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. 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 - The retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. 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.