

RESERVE STUDY

Baycrest Homeowners Association, Inc.



**Bonita Springs, Florida
December 1, 2020**



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Baycrest Homeowners Association, Inc.
Bonita Springs, Florida

Dear Board of Directors of Baycrest Homeowners Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Baycrest Homeowners Association, Inc. in Bonita Springs, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, December 1, 2020.

This *Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II 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. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Baycrest Homeowners 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 December 15, 2020 by

Reserve Advisors, LLC

Visual Inspection and Report by: Alexander G.J. Gould
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
Exterior Building Elements.....	4.1
Walls, Stucco.....	4.1
Property Site Elements	4.4
Asphalt Pavement, Patch	4.4
Asphalt Pavement, Repaving	4.4
Concrete Curbs and Gutters.....	4.7
Irrigation System, Controller	4.9
Irrigation System.....	4.9
Pavers, Masonry.....	4.10
Clubhouse Elements.....	4.12
Building Services Equipment, Split Systems	4.12
Exercise Equipment.....	4.13
Fitness and Rest Rooms, Interior Renovations	4.14
Roof, Concrete Tiles.....	4.15
Windows and Doors	4.16
Pool Elements.....	4.17
Deck, Pavers	4.17
Fence, Aluminum.....	4.19
Furniture	4.20
Mechanical Equipment	4.20
Pool Finishes, Plaster and Tile	4.21
Reserve Study Update.....	4.23
5. METHODOLOGY	5.1
6. CREDENTIALS	6.1
7. DEFINITIONS	7.1
8. PROFESSIONAL SERVICE CONDITIONS	8.1



1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Baycrest Homeowners Association, Inc. (Baycrest)

Location: Bonita Springs, Florida

Reference: 142198

Property Basics: Baycrest Homeowners Association, Inc. is a homeowners association which is responsible for the common elements shared by 90 single family homes. The community was built from 1994 to 1999. The buildings comprise stucco coated walls with paint finish applications. The community contains asphalt pavement streets, a clubhouse, and a pool.

Reserve Components Identified: 20 Reserve Components.

Inspection Date: December 1, 2020. We conducted previous inspections in 2015 and 2017.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes multiple threshold funding years due to repaving of the asphalt pavement street system as well as application of paint finishes and stucco coating repairs to the exterior walls.

Cash Flow Method: We use the Cash Flow Method to compute the Reserve Funding Plan. This method offsets future variable Reserve Expenditures with existing and future stable levels of reserve funding. Our application of this method also considers:

- Current and future local costs of replacement
- 0.9% anticipated annual rate of return on invested reserves
- 2.0% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- \$141,404 as of January 1, 2021
- 2020 budgeted Reserve Contributions of \$42,200

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

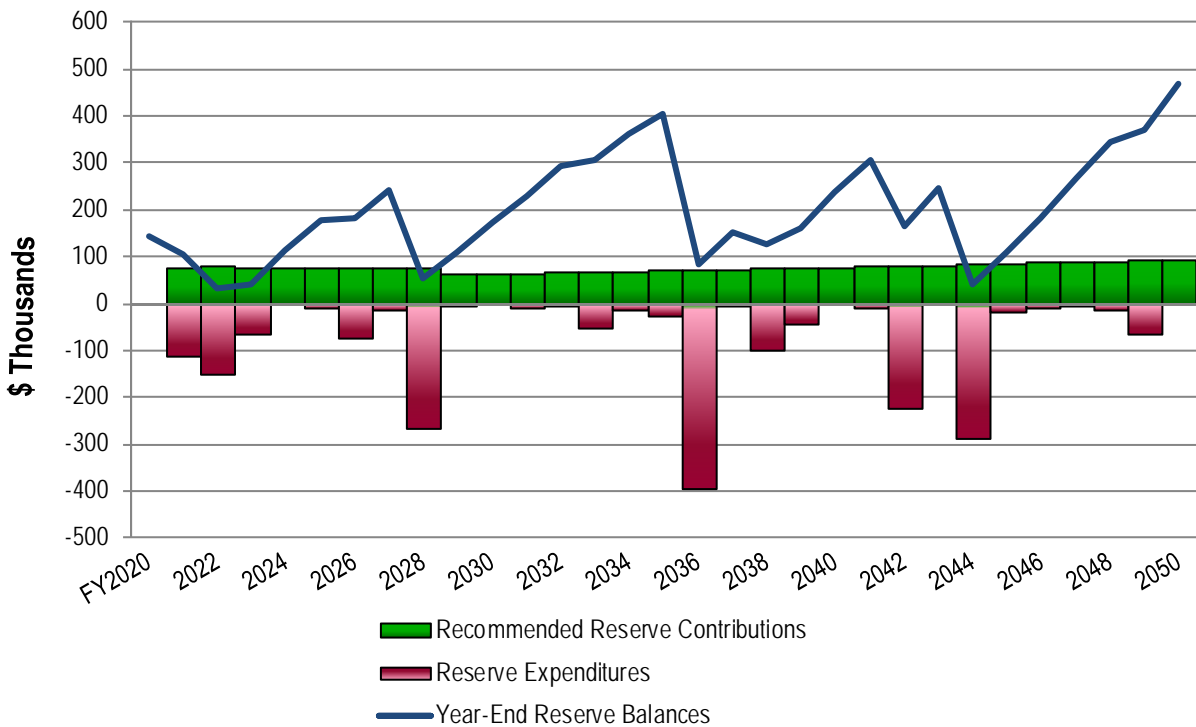
- Increase to \$76,500 in 2021
- Decrease to \$74,900 in 2023 due to completion of the repaving of the asphalt pavement street system
- Stable contributions of \$74,900 from 2023 through 2028
- Decrease to \$61,400 by 2029 due to fully funding for replacement of the paint finish applications and inspections and capital repairs of the stucco coatings on the exterior walls
- Inflationary increases through 2050, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$34,300 represents an average quarterly increase of \$95.28 per homeowner and about a thirteen percent (13.2%) adjustment in the 2020 total Operating Budget of \$259,200.



In addition, the Reserve Funding Plan recommends 2050 year end accumulated reserves of approximately \$467,100. We judge this amount of accumulated reserves in 2050 necessary to fund the likely replacement of the total replacement of the pool and spa structures after 2050. Future replacement costs beyond the next 30 years for the replacement of the total replacement of the pool and spa structures are likely to more than double the current cost of replacement. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2050 year end reserves.

Baycrest
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2021	76,500	104,255	2031	63,900	229,343	2041	77,900	305,649
2022	78,000	30,291	2032	65,200	292,219	2042	79,500	164,262
2023	74,900	39,710	2033	66,500	307,073	2043	81,100	247,205
2024	74,900	115,304	2034	67,800	362,037	2044	82,700	42,004
2025	74,900	179,196	2035	69,200	406,474	2045	84,400	108,762
2026	74,900	180,220	2036	70,600	84,874	2046	86,100	183,621
2027	74,900	241,877	2037	72,000	152,793	2047	87,800	267,167
2028	74,900	52,951	2038	73,400	125,320	2048	89,600	342,960
2029	61,400	109,102	2039	74,900	158,516	2049	91,400	370,251
2030	62,600	172,966	2040	76,400	236,686	2050	93,200	467,203





2.RESERVE STUDY REPORT

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

Baycrest Homeowners Association, Inc.

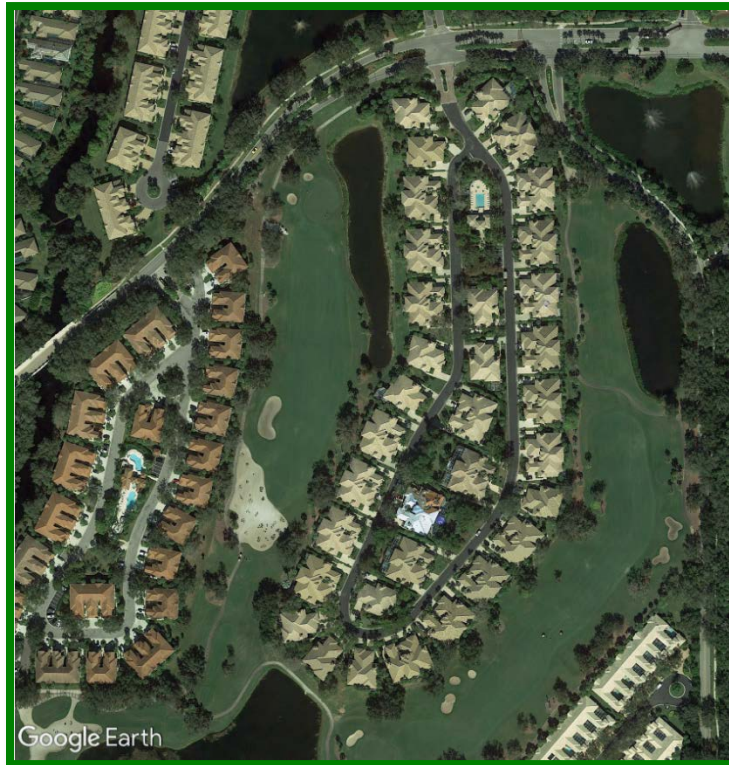
Bonita Springs, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, December 1, 2020. We conducted previous inspections in 2015 and 2017.

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

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

IDENTIFICATION OF PROPERTY



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

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

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

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

- Baycrest responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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

- Electrical Systems, Clubhouse
- Foundations
- Pipes, Interior Building, Domestic Water and Sanitary Waste, Clubhouse
- Pool and Spa Structure, Replacement
- Structural Frames
- Windows and Doors, Clubhouse, Replaced in 2019

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

- General Maintenance to the Common Elements
- Expenditures less than \$3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Awning, Canvas and Frame, Replacement, Clubhouse



Canvas awning and metal frame

- Catch Basins, Landscape

- Concrete Deck, Repairs and Coating Applications, Clubhouse
- Entrance Monuments, Renovations and Repairs
- Gate, Aluminum, Clubhouse
- Irrigation System, Maintenance
- Irrigation System, Filtration System, Maintenance
- Landscape
- Light Fixtures, Exterior, Clubhouse
- Paint Finishes, Touch Up
- Pavers, Masonry, Interim Resetting and Replacements
- Pool Fence, Aluminum, Paint Finishes and Repairs
- Screen Enclosures, Clubhouse
- Signage
- Other Repairs normally funded through the Operating Budget

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

- Driveways, Masonry, Pavers
- Electrical Systems (Including Circuit Protection Panels)
- Gutters and Downspouts, Aluminum
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Light Fixtures, Exterior
- Mailboxes
- Patios, Concrete
- Roofs, Concrete Tile
- Screen Enclosures, Patios
- Pipes (Within Units)
- Windows and Doors

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

- Catch Basins (Community Development District)
- Light Poles and Fixtures (Florida Power and Light)
- Pipes, Subsurface Utilities (Community Development District)
- Pond Maintenance (Community Development District)

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
- 2020 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***.

RESERVE EXPENDITURES

Baycrest
Homeowners Association, Inc.
Bonita Springs, Florida

Explanatory Notes:

- 1) 2.0% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2020 is Fiscal Year beginning January 1, 2020 and ending December 31, 2020.

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 FY2020	1 2021	2 2022	3 2023	4 2024	5 2025	6 2026	7 2027	8 2028	9 2029	10 2030	11 2031	12 2032	13 2033	14 2034	15 2035	
						Useful	Remaining	Unit (2020)	Per Phase (2020)																		Total (2020)
Exterior Building Elements																											
1.880	174,800	174,800	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2028	to 8	8	1.00	174,800	174,800	36.1%								204,806								
Property Site Elements																											
4.020	7,350	7,350	Square Yards	Asphalt Pavement, Patch	2027	3 to 5	7	0.50	3,675	3,675	1.0%							4,221					4,661				
4.040	7,350	7,350	Square Yards	Asphalt Pavement, Mill and Overlay	2022	15 to 20	2	14.00	102,900	102,900	13.2%		107,057														
4.110	6,000	600	Linear Feet	Concrete Curbs and Gutters, Partial	2022	to 65	2 to 30+	32.50	19,500	195,000	2.5%		20,288														
4.400	1	1	Allowance	Irrigation System, Controller, Replacement (2021 is Planned)	2021	to 15	1	105,000.00	105,000	105,000	12.5%	107,100															
4.410	1	1	Allowance	Irrigation System, Filtration System	2028	to 10	8	9,500.00	9,500	9,500	2.1%								11,131								
4.420	4	1	Allowance	Irrigation System, Phased	2023	to 40+	3 to 6	42,000.00	42,000	168,000	10.4%			44,571				49,210					54,331				
4.620	3,120	3,120	Square Feet	Pavers, Masonry	2022	15 to 20	2	7.00	21,840	21,840	2.8%		22,722														
Clubhouse Elements																											
5.450	2	1	Each	Building Services Equipment, Split Systems, Phased	2026	12 to 18	6 to 15	5,000.00	5,000	10,000	1.0%							5,631							6,729		
5.480	2	1	Allowance	Exercise Equipment, Phased	2021	5 to 10	1	7,500.00	7,500	15,000	3.0%	7,650					8,446				9,325						
5.500	1	1	Allowance	Fitness and Rest Rooms, Interior Renovation, Complete	2039	to 20	19	20,000.00	20,000	20,000	1.5%																
5.510	1	1	Allowance	Fitness and Rest Rooms, Interior Renovation, Partial	2029	to 10	9	5,000.00	5,000	5,000	0.7%								5,975								
5.600	1	1	Allowance	Roof, Concrete Tile (Inlcudes Gutters and Downspouts)	2049	to 30	29	32,900.00	32,900	32,900	2.9%																
5.800	150	150	Square Feet	Windows and Doors	2034	to 40	14	80.00	12,000	12,000	0.8%													15,834			
Pool Elements																											
6.200	4,920	4,920	Square Feet	Deck, Masonry Pavers (Includes Entry Sidewalk)	2026	25 to 30	6	9.00	44,280	44,280	2.5%							49,866									
6.400	250	250	Linear Feet	Fence, Aluminum	2026	to 30	6	41.00	10,250	10,250	0.6%							11,543									
6.500	1	1	Allowance	Furniture	2027	to 12	7	9,500.00	9,500	9,500	1.2%								10,913								
6.600	1	1	Allowance	Mechanical Equipment	2023	to 15	3	20,000.00	20,000	20,000	2.5%			21,224													
6.800	770	770	Square Feet	Pool and Spa Finishes, Plaster	2025	8 to 12	5	14.50	11,165	11,165	2.3%						12,327								15,027		
6.801	135	135	Linear Feet	Pool and Spa Finishes, Tile	2035	15 to 25	15	35.50	4,793	4,793	0.3%															6,450	
		1	Allowance	Reserve Study Update with Site Visit	2022	2	2	2,500.00	2,500	2,500	0.1%		2,500														
Anticipated Expenditures, By Year (\$2,008,721 over 30 years)												0	114,750	152,567	65,795	0	12,327	75,486	15,134	265,147	5,975	0	9,325	4,661	54,331	15,834	28,206

RESERVE EXPENDITURES

Baycrest Homeowners Association, Inc. Bonita Springs, Florida				Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2036	17 2037	18 2038	19 2039	20 2040	21 2041	22 2042	23 2043	24 2044	25 2045	26 2046	27 2047	28 2048	29 2049	30 2050				
Line Item	Total Quantity	Per Phase Quantity	Units		Useful	Remaining	Unit (2020)	Per Phase (2020)	Total (2020)																				
Reserve Component Inventory																													
Exterior Building Elements																													
1.880	174,800	174,800	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2028	to 8	8	1.00	174,800	174,800	36.1%	239,963																281,155	
Property Site Elements																													
4.020	7,350	7,350	Square Yards	Asphalt Pavement, Patch	2027	3 to 5	7	0.50	3,675	3,675	1.0%	5,146																6,273	
4.040	7,350	7,350	Square Yards	Asphalt Pavement, Mill and Overlay	2022	15 to 20	2	14.00	102,900	102,900	13.2%																159,081		
4.110	6,000	600	Linear Feet	Concrete Curbs and Gutters, Partial	2022	to 65	2 to 30+	32.50	19,500	195,000	2.5%																30,147		
4.400	1	1	Allowance	Irrigation System, Controller, Replacement (2021 is Planned)	2021	to 15	1	105,000.00	105,000	105,000	12.5%	144,142																	
4.410	1	1	Allowance	Irrigation System, Filtration System	2028	to 10	8	9,500.00	9,500	9,500	2.1%																13,568	16,540	
4.420	4	1	Allowance	Irrigation System, Phased	2023	to 40+	3 to 6	42,000.00	42,000	168,000	10.4%																59,986		
4.620	3,120	3,120	Square Feet	Pavers, Masonry	2022	15 to 20	2	7.00	21,840	21,840	2.8%																33,764		
Clubhouse Elements																													
5.450	2	1	Each	Building Services Equipment, Split Systems, Phased	2026	12 to 18	6 to 15	5,000.00	5,000	10,000	1.0%																8,042		
5.480	2	1	Allowance	Exercise Equipment, Phased	2021	5 to 10	1	7,500.00	7,500	15,000	3.0%	10,296																11,367	12,551
5.500	1	1	Allowance	Fitness and Rest Rooms, Interior Renovation, Complete	2039	to 20	19	20,000.00	20,000	20,000	1.5%																29,136		
5.510	1	1	Allowance	Fitness and Rest Rooms, Interior Renovation, Partial	2029	to 10	9	5,000.00	5,000	5,000	0.7%																8,879		
5.600	1	1	Allowance	Roof, Concrete Tile (Includes Gutters and Downspouts)	2049	to 30	29	32,900.00	32,900	32,900	2.9%																58,425		
5.800	150	150	Square Feet	Windows and Doors	2034	to 40	14	80.00	12,000	12,000	0.8%																		
Pool Elements																													
6.200	4,920	4,920	Square Feet	Deck, Masonry Pavers (Includes Entry Sidewalk)	2026	25 to 30	6	9.00	44,280	44,280	2.5%																		
6.400	250	250	Linear Feet	Fence, Aluminum	2026	to 30	6	41.00	10,250	10,250	0.6%																		
6.500	1	1	Allowance	Furniture	2027	to 12	7	9,500.00	9,500	9,500	1.2%																13,840		
6.600	1	1	Allowance	Mechanical Equipment	2023	to 15	3	20,000.00	20,000	20,000	2.5%																28,565		
6.800	770	770	Square Feet	Pool and Spa Finishes, Plaster	2025	8 to 12	5	14.50	11,165	11,165	2.3%																18,317		
6.801	135	135	Linear Feet	Pool and Spa Finishes, Tile	2035	15 to 25	15	35.50	4,793	4,793	0.3%																		
		1	Allowance	Reserve Study Update with Site Visit	2022	2	2	2,500.00	2,500	2,500	0.1%																		
Anticipated Expenditures, By Year (\$2,008,721 over 30 years)											394,401	5,146	102,119	42,976	0	11,367	222,992	0	289,197	18,317	12,551	6,273	16,540	67,304	0				

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Baycrest																	
Homeowners Association, Inc.																	
Bonita Springs, Florida		FY2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Reserves at Beginning of Year	(Note 1)	N/A	141,404	104,255	30,291	39,710	115,304	179,196	180,220	241,877	52,951	109,102	172,966	229,343	292,219	307,073	362,037
Total Recommended Reserve Contributions	(Note 2)	N/A	76,500	78,000	74,900	74,900	74,900	74,900	74,900	74,900	61,400	62,600	63,900	65,200	66,500	67,800	69,200
Estimated Interest Earned, During Year	(Note 3)	N/A	1,101	603	314	694	1,319	1,610	1,891	1,321	726	1,264	1,802	2,337	2,685	2,998	3,443
Anticipated Expenditures, By Year		N/A	(114,750)	(152,567)	(65,795)	0	(12,327)	(75,486)	(15,134)	(265,147)	(5,975)	0	(9,325)	(4,661)	(54,331)	(15,834)	(28,206)
Anticipated Reserves at Year End		<u>\$141,404</u>	<u>\$104,255</u>	<u>\$30,291</u>	<u>\$39,710</u>	<u>\$115,304</u>	<u>\$179,196</u>	<u>\$180,220</u>	<u>\$241,877</u>	<u>\$52,951</u>	<u>\$109,102</u>	<u>\$172,966</u>	<u>\$229,343</u>	<u>\$292,219</u>	<u>\$307,073</u>	<u>\$362,037</u>	<u>\$406,474</u>
				(NOTE 5)						(NOTE 5)							
Predicted Reserves based on 2020 funding level of:	\$42,200	141,404	69,800	(40,435)	(64,500)												

(continued)	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050
Reserves at Beginning of Year	406,474	84,874	152,793	125,320	158,516	236,686	305,649	164,262	247,205	42,004	108,762	183,621	267,167	342,960	370,251
Total Recommended Reserve Contributions	70,600	72,000	73,400	74,900	76,400	77,900	79,500	81,100	82,700	84,400	86,100	87,800	89,600	91,400	93,200
Estimated Interest Earned, During Year	2,201	1,065	1,246	1,272	1,770	2,430	2,105	1,843	1,296	675	1,310	2,019	2,733	3,195	3,752
Anticipated Expenditures, By Year	(394,401)	(5,146)	(102,119)	(42,976)	0	(11,367)	(222,992)	0	(289,197)	(18,317)	(12,551)	(6,273)	(16,540)	(67,304)	0
Anticipated Reserves at Year End	<u>\$84,874</u>	<u>\$152,793</u>	<u>\$125,320</u>	<u>\$158,516</u>	<u>\$236,686</u>	<u>\$305,649</u>	<u>\$164,262</u>	<u>\$247,205</u>	<u>\$42,004</u>	<u>\$108,762</u>	<u>\$183,621</u>	<u>\$267,167</u>	<u>\$342,960</u>	<u>\$370,251</u>	<u>\$467,203</u>
									(NOTE 5)						(NOTE 4)

Explanatory Notes:

- 1) Year 2020 ending reserves are projected by Management and the Board as of January 1, 2021; FY2020 starts January 1, 2020 and ends December 31, 2020.
- 2) 2021 is the first year of recommended contributions.
- 3) 0.9% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2050 ending reserves consider the need to fund for replacement of the total replacement of the pool and spa structures shortly after 2050, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

FIVE-YEAR OUTLOOK

Baycrest
Homeowners Association, Inc.
 Bonita Springs, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2020	1 2021	2 2022	3 2023	4 2024	5 2025
<u>Property Site Elements</u>							
4.040	Asphalt Pavement, Mill and Overlay			107,057			
4.110	Concrete Curbs and Gutters, Partial			20,288			
4.400	Irrigation System, Controller, Replacement (2021 is Planned)		107,100				
4.420	Irrigation System, Phased				44,571		
4.620	Pavers, Masonry			22,722			
<u>Clubhouse Elements</u>							
5.480	Exercise Equipment, Phased		7,650				
<u>Pool Elements</u>							
6.600	Mechanical Equipment				21,224		
6.800	Pool and Spa Finishes, Plaster						12,327
Reserve Study Update with Site Visit				2,500			
Anticipated Expenditures, By Year (\$2,008,721 over 30 years)		0	114,750	152,567	65,795	0	12,327

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *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.*

Exterior Building Elements



Exterior elevation - overview



Exterior elevation - overview

Walls, Stucco

Line Item: 1.880

Quantity: Approximately 174,800 square feet of the building exteriors. This quantity includes the clubhouse

History: The Association conducted paint finish applications and inspections and capital repairs to the stucco coatings in 2020

Condition: Good overall with isolated locations of damages to the paint finish applications evident



Stucco coated walls - overview



Stucco coated walls - overview



Stucco coated walls - overview



Stucco coated walls - overview



Stucco coated walls – damage to the paint finishes evident

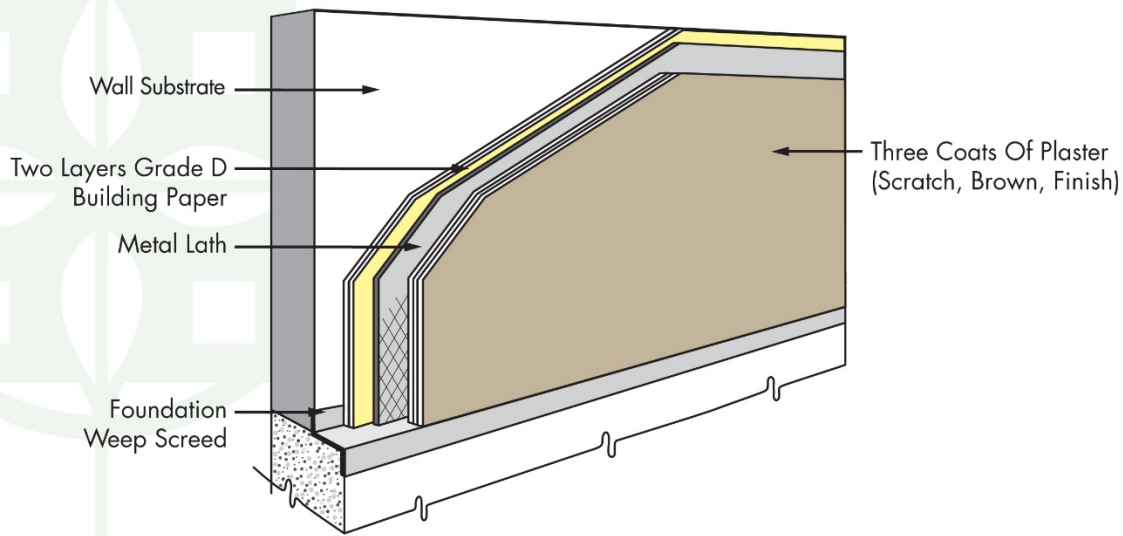


Stucco coated walls – overview - clubhouse

Useful Life: We are informed that the Association is has a history of using a paint product with an eight year useful life

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 Baycrest:

STUCCO DETAIL



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.

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

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

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

- Complete inspection of the stucco
- Crack repairs as needed (Each paint product has the limited ability to cover and seal cracks but we recommend repair of all cracks which exceed the ability of the paint product to bridge.)

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

Property Site Elements

Asphalt Pavement, Patch

Line Item: 4.020

Quantity: Approximately 7,350 square yards

History: We are informed that the Association conducted patching and seal coat applications in 2015

Condition: Good to fair overall with deterioration of the seal coat application as well as cracks evident throughout the community

Useful Life: Three- to five-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes an allowance for patching of up to two percent (2%) of the pavement.

Asphalt Pavement, Repaving

Line Item: 4.040

Quantity: Approximately 7,350 square yards

History: We are informed that the Association conducted patching and seal coat applications in 2015

Condition: Good to fair overall with deterioration of the seal coat application as well as cracks evident throughout the community



Asphalt pavement streets – cracks evident



Asphalt pavement streets – cracks evident



Asphalt pavement streets – deterioration of the seal coat application and cracks evident



Asphalt pavement streets – deterioration of the seal coat application and cracks evident



Asphalt pavement streets – deterioration of the seal coat application and cracks evident



Asphalt pavement streets – deterioration of the seal coat application and cracks evident



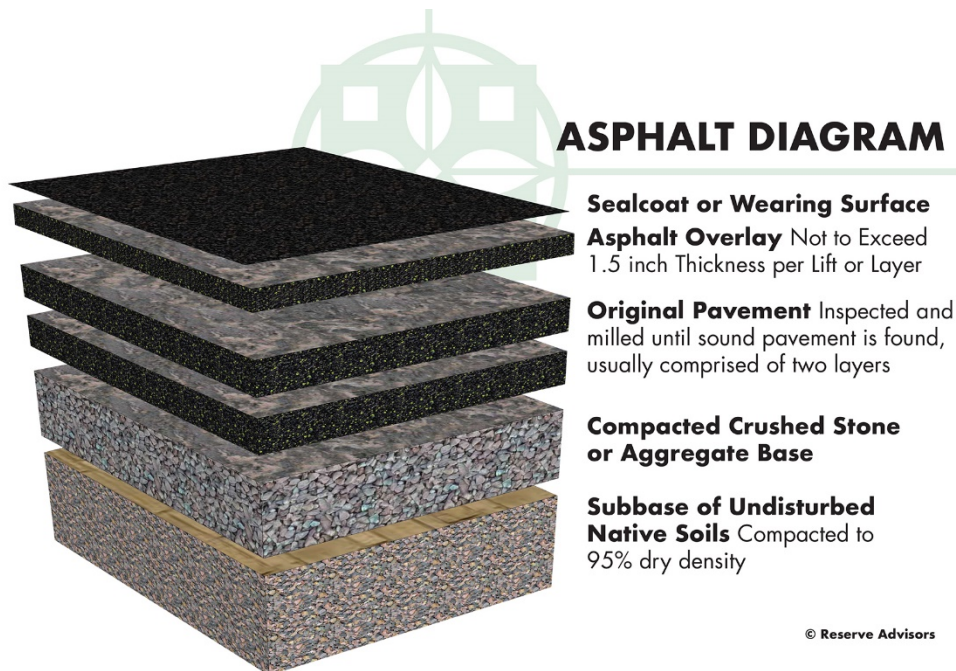
Asphalt pavement streets – deterioration of the seal coat application and cracks evident



Asphalt pavement streets – damage to the pavement evident

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

Component Detail Notes: The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts the typical components although it may not reflect the actual configuration at Baycrest:



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes

the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the mill and overlay method of repaving at Baycrest.

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 6,000 linear feet

Condition: Good to fair overall with damage to the concrete as well as minor uplift evident



Concrete curbs and gutters - overview



Concrete curbs and gutters - uplift evident



Concrete curbs and gutters – damage to the concrete evident

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We estimate that up to 1,200 linear feet of curbs and gutters, or twenty percent (20%) of the total, will require replacement during the next 30 years.

Irrigation System, Controller

Line Item: 4.400

Quantity: One central controller that is connected via wireless network

Condition: Management and the Board informs us that the controller is planned to be replaced in 2021

Useful Life: Up 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 estimate of cost for the replacement of the controller was provided by the Association.

Irrigation System

Line Items: 4.410 and 4.420

Quantity: Approximately 147 zones irrigate the common areas within the community. Additionally, the Association maintains a *Hoover* automatic filtration system

History: The irrigation system is original and the filtration system was installed in 2016

Condition: Good overall



Automatic filtration system

Useful Life: Up to 40 years for the replacement of the irrigation system and up to 10 years for the replacement of the filtration system

Component Detail Notes: Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors
- Network of supply pipes
- Pop-up heads
- Valves

Baycrest should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.

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

- Semi-annually:
 - Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs

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 depict replacement in a phased manner with replacement of up to twenty five percent (25%) of the total quantity per event.

Pavers, Masonry

Line Item: 4.620

Quantity: 3,120 square feet at the community entrance

History: Original

Condition: Good overall with isolated locations of uplift evident



Masonry pavers - overview



Masonry pavers - overview

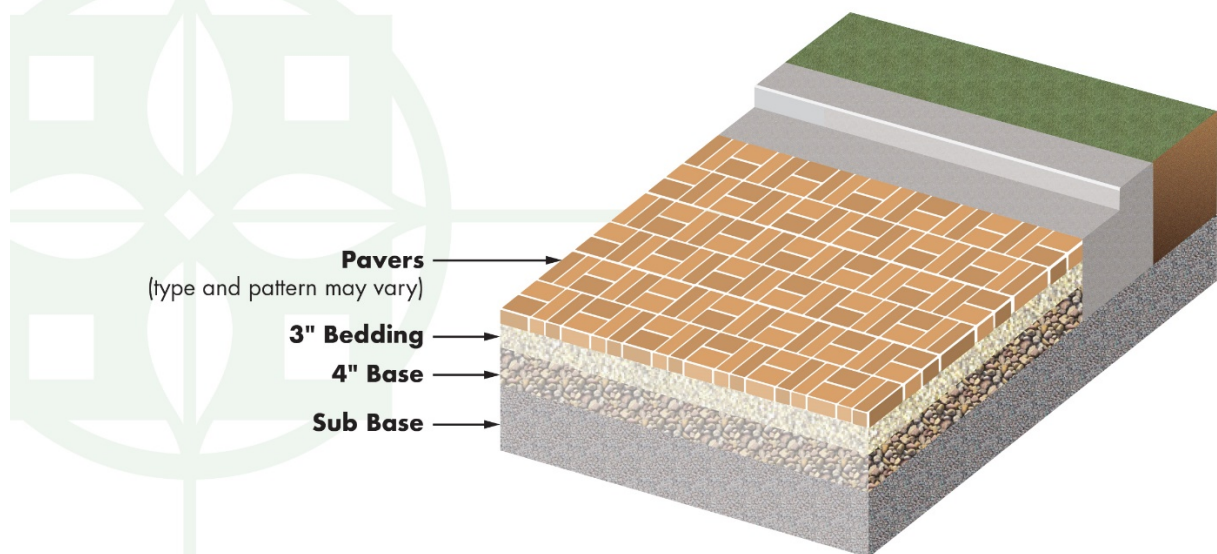


Masonry pavers – uplift evident

Useful Life: 15- to 20-years to be done in conjunction with the repaving of the asphalt pavement street system

Component Detail Notes: The following diagram depicts the typical components of a masonry paver system although it may not reflect the actual configuration at Baycrest:

MASONRY PAVER DIAGRAM



© Reserve Advisors

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

- Annually:

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

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

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

Clubhouse Elements

Building Services Equipment, Split Systems

Line Item: 5.450

Quantity: The equipment includes:

- Two remote condensing units with cooling capacities that range from two- to three-tons each

History: We are informed that one of the condensing units was installed in 2008 and the other was installed in 2020

Condition: Reported satisfactory



Condensing units - overview

Useful Life: 12- to 18-years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We depict replacement in a phased manner with replacement of up to fifty percent (50%) of the total quantity per event.

Exercise Equipment

Line Items: 5.480

Quantity: The exercise room contains the following types of cardiovascular aerobic training equipment:

- Stationary cycle
- Television
- Treadmills

The exercise room contains the following types of strength training equipment:

- Weight training

History: Varied ages

Conditions: Good overall



Stationary cycle

Useful Life: The useful life of cardiovascular equipment is up to five years. The useful life of strength training equipment is up to 10 years.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend Baycrest anticipate replacement of all cardiovascular equipment and up to fifty percent (50%) of the strength training equipment per event.

Fitness and Rest Rooms, Interior Renovations

Line Items: 5.500 and 5.510

Quantity: The components of the clubhouse interior include:

- Ceramic tile and carpet floor coverings
- Paint finishes on the walls and ceilings
- Plumbing fixtures
- Light fixtures including exit and emergency lights

History: The Association renovated the clubhouse in 2019

Condition: Good overall



Interior renovations – rest rooms



Interior renovations – fitness room



Interior renovations – sun room

Useful Life: Complete interior renovation every 20 years and partial interior renovations every 10 years

Priority/Criticality: Per Board discretion

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

- Application of paint finish to all surfaces
- Replacement of the carpet

Roof, Concrete Tiles

Line Item: 5.600

Quantity: Approximately 21 squares¹

History: Replaced in 2019

Condition: Good overall



Concrete tile roofs - overview



Concrete tile roofs - overview

Useful Life: Up to 30 years

Component Detail Notes: A tile roof rarely fails at all points of application simultaneously. Rather, occurrences of roof leaks will increase as more concrete tiles crack, break and dislodge. This deterioration will result in increased maintenance costs such that replacement becomes the least costly long-term alternative as compared to ongoing repairs.

A concrete tile roof system comprises sheathing, underlayments, battens and the tiles themselves. Replacement standards should conform to the local building code and manufacturer's specifications at the time of actual replacement. The manner of construction is such that the underlayment is the primary line of defense from water infiltration. The tiles act to shade the underlayment from harmful sunlight and to protect

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

the roof from heavy winds. Most storm water is shed from the roof tiles into the gutters or over the edge of the roof. However, this tile style is meant to allow water to pass between the tiles onto the underlayment. The underlayment thus sheds any remaining water into the gutters. In fact, horizontal driving rains will force their way up and under the tile only to be shed at some other point.

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

- Annually:
 - Record any areas of water infiltration, flashing deterioration, damage or loose tiles
 - Implement repairs as needed if issues are reoccurring
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation
 - Trim tree branches that are near or in contact with roof
 - Periodic cleaning at areas with organic growth (We do not recommend pressure washing as it may cause further damage to tiles.)

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 for the replacement of the concrete tile roof was provided by the Association.

Windows and Doors

Line Item: 5.800

Quantity: Approximately 151 square feet of windows and doors remain for replacement. A portion of the windows and doors were replaced during the 2019 renovation.

History: Original

Condition: Good overall



Windows and doors

Useful Life: Up to 40 years

Component Detail Notes: Construction includes the following:

- Vinyl frames
- Single pane glass
- Fixed windows
- Hinged and sliding doors
- Decorative muntins

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

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

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

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

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

Pool Elements

Deck, Pavers

Line Item: 6.200

Quantity: 4,920 square feet including the clubhouse entrance sidewalks

History: Original

Condition: Good condition



Masonry pavers - overview



Masonry pavers - overview



Masonry pavers - overview

Useful Life: 25- to 30-years

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

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

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

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

Fence, Aluminum

Line Item: 6.400

Quantity: 250 linear feet

History: Original

Condition: Good overall with paint finish deterioration evident



Aluminum fence - overview



Aluminum fence – deterioration of the paint finishes evident

Useful Life: Up to 30 years

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

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

Priority/Criticality: Not recommended to defer

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

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the following:

- Chairs (20)
- Lounges (22)
- Tables (6)
- Ladders and life safety equipment

History: Varied ages. We are informed that the Association conducted powder coat applications in 2018

Condition: Good overall



Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

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

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinator
- Controls
- Filter

- Heaters
- Interconnected pipe, fittings and valves
- Pumps
- Electrical panel
- Exhaust fan
- Saltwater Generator

History: Original

Condition: Reported satisfactory



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

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: 770 square feet of plaster based on the horizontal surface area and approximately 135 linear feet of tile

History: We are informed that the Association refinished the pool in 2013

Condition: Good with deterioration of the plaster finishes evident



Pool finishes – deterioration of the plaster evident



Pool finishes – deterioration of the plaster evident



Pool finishes – deterioration of the plaster evident

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

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for full tile replacement every other plaster replacement event. Removal and replacement of the

finish provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structures, we recommend the Association budget for the following:

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

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.

Baycrest 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 quarterly 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 II Reserve Study Update." 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 Bonita

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.

Springs, Florida at an annual inflation rate³. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Baycrest 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.

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



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 the 2,600,000-square foot 98-story Trump International Hotel and Tower in Chicago. 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.

ALEXANDER G. J. GOULD
Responsible Advisor

CURRENT CLIENT SERVICES

Alexander Gould is an Associate Engineer for Reserve Advisors, LLC. Mr. Gould 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 for condominiums, townhomes and homeowners associations.

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



Verona at Renaissance Homeowners' Association, Inc. - Located in Sun City Center, Florida, this community consists of 244 residential units. The units are a mixture of single family homes and duplex units that are comprised of painted stucco exterior walls and asphalt shingle roofs.

Westbrook Estates Homeowners Association, Inc. - This homeowners' association is located in Wesley Chapel, Florida features single family homes, multiple ponds, and a swimming pool with a pool house located at the center of the community.

Remington Reserve Condominium Association – This condominium association located in Naples, Florida was constructed in 2007. The community is comprised of 48 units in 12 buildings. The buildings are comprised of painted stucco exterior walls, concrete tile roofs, and balconies located on the front and sides of the buildings. Additionally the property has a clubhouse and a swimming pool.

Nottingham Villas at Kings Point Homeowners' Association, Inc. – Located in Sun City Center, Florida, this community is comprised of duplex style homes that were constructed in 2013. The community shares the responsibility of the common areas of the community with a master association.

Arbor Ridge Homeowners' Association of Apopka, Inc. - Located in Apopka, Florida, this property is comprised of 437 single family homes that were constructed in 2005. In addition to the single family homes, the property contains a swimming pool, ponds, and an extensive system of large masonry retaining walls.

PRIOR RELEVANT EXPERIENCE

Before joining *Reserve Advisors, LLC*, Mr. Gould was an Assistant Superintendent for a commercial construction firm that specialized in airport construction. He was responsible for the successful completion of large scale renovation projects of airport infrastructure while ensuring that the airport remained at a non-reduced operating capacity.

EDUCATION

University of South Florida - B.S. Civil Engineering

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

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

Reserve Specialist (RS) - Community Associations Institute

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

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



8. PROFESSIONAL SERVICE CONDITIONS

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

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

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

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

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

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

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

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

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