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150 Azalea Drive  
Suite A  
Destin, FL 32541  
850-650-2311

## Spanish Key Condominium

Perdido Key, Florida



## Reserve Study

2018

Building Engineering - Consultants, Inc.

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July 27, 2018

Spanish Key Condominium  
Cathi Oursler, CAM  
17287 Perdido Key Drive  
Perdido Key, Florida 32507

Attention: **Cathi Oursler, CAM**

Project: **Spanish Key Condominium  
Perdido Key, Florida**

Regarding: **2018 Reserve Study**

Dear Ms. Oursler:

Thank you for the opportunity to provide the Spanish Key Owners Association with the following Reserve Study. As you are aware, condominium associations are required to set aside a separate portion of the operating budget for capital expenditures and deferred maintenance items, more commonly referred to as reserves. These reserves account for expenses that occur less frequently than annually and will provide funds for long-term needs of the condominium association.

The Condominium Act and Cooperative Act requires that reserves be included in the proposed budget and sent to all unit owners. The budget must include reserves for roofing, painting, and paving, regardless of the replacement or deferred maintenance cost associated with these items. Any other items for which replacement or deferred maintenance costs exceeds \$10,000 must also be included. The Cooperative Act also permits waiving or reducing reserve funding based on a majority approval of the membership annually.

BE-CI strongly recommends annual inspections of your property be conducted by a licensed and certified professional, as opposed to inspections performed by persons employed by the association or contractors soliciting work from the association. Maintenance plans that include an updated assessment of individual components are critical in obtaining the projected service life of the components, and identifying potential problems.

As Reserve Studies identify deferred maintenance and future replacement costs of major components within your condominium project, it is important to understand that the service life of each component will vary with time and exposure to environmental conditions. A Reserve Study is a "Living Instrument" which must be continually monitored and adjusted accordingly as the environmental exposure and actual use dictate.

We appreciate the opportunity to provide our services and trust that this reserve study will not only be informative, but also assist you in your efforts to reserve for the future.

Should you find any of the information to be misrepresented, please contact us and we will be pleased to make any corrections or adjustments.

Respectfully Submitted,  
**BUILDING ENGINEERING-CONSULTANTS, INC.**

A handwritten signature in black ink, reading "Charles Marshall". The signature is written in a cursive style with a large, stylized "C" and "M".

Charles Marshall  
Project Manager

Attachments: Spreadsheets & Photo Exhibits

## **I. PURPOSE AND SCOPE**

### **1.1 PURPOSE OF STUDY**

The purpose of this Study/Evaluation is to provide an appraisal regarding the overall current condition of the items included in our survey, determine accurate values for the estimated service life of each component, provide the projected replacement costs and make scheduling recommendations as to when these components should be replaced or retrofitted.

### **1.2 SCOPE OF STUDY**

Building Engineering-Consultants, Inc. has considered the current conditions of the following exterior components associated with the Spanish Key Condominium; The exterior building cladding and sealants, roofing systems and components, asphalt and paving components, safety railings, swimming pool and spa components along with selected mechanical, electrical and plumbing components. A full level reserve study was conducted starting April 5, 2018, when on-site evaluations and visual inspections were conducted. No field testing or destructive evaluations were performed. Field measurements were used to quantify the components of the building for cost estimating of each component.

### **1.3 IMPORTANCE OF FUTURE STUDIES**

It is important to point out the need to continually monitor the property components as they age by means of annual inspections. These inspections can provide recommendations for minor repairs or replacements which can avoid extensive repairs of major components in the future. It has been our experience that without a well-planned preventive maintenance and restoration plan, including limited replacement of some components, the property could become progressively difficult to maintain. The extreme exposure to both ultraviolet radiation and chlorides from the salty atmosphere in your area, along with tropical storms and hurricanes, will act to accelerate the degradation of even the best construction. We recommend that our estimate for effective remaining life and replacement cost be reviewed and updated on an annual basis to reflect changes of condition due to exposure to the environment that may have added or subtracted from our initial expected useful life estimate.

### **1.4 LIMITATIONS OF STUDY**

Please note that this report documents results from our study of selected common components located in within the Condominium Association's common areas only. It does not include inaccessible areas of common responsibility. This reserve study is not intended to report every occurrence of the conditions we have reported, however; this report does represent our perception of the general conditions of the property. Estimates for the following maintenance and/or replacement costs can vary greatly depending on factors beyond reasonable expectations. Management and operational personnel should carefully review the schedule and estimates on the following pages.

## 1.5 ESTIMATE OF COST

All estimates of cost within this report represent our opinion of the expected cost, which is associated with the various items listed. Estimates are based on historical data from BE-CI's files, The National Renovation & Insurance Repair Estimator compiled by the Rutledge Institute, and/or price requests from local & regional contractors. All estimates and projections are based on 2018 costs.

To keep our estimates of both cost and useful service life as accurate as possible, we have utilized a 20-year moving projection, so that each year will always be projecting activities 20-years ahead.

These projections may vary substantially based on availability of materials, the level of construction activity in the area, and other contributing factors at the time they are needed. It is for this reason we recommend annual updates based on current observations of a third party inspector. We do not guarantee that the actual cost will be within the amounts budgeted or estimated; therefore we recommend developing detailed specifications and obtaining competitive bids. We have also given no consideration to any cost related to insurance expenses, permits, taxes, and other local fees that may occur. In final budgeting, allowances should be added to address all contingencies listed along with inflation.

## END OF SECTION I

## II. EXECUTIVE SUMMARY

- 2.1. Our general assessment of the conditions for each component within our report is rated on the basis of good, fair, or poor. An evaluation of “good” would indicate almost new condition with no immediate attention required. A “fair” evaluation normally refers to an acceptable rate of use with few or no immediate needs. The “poor” evaluation indicates that the component is near, or has exceeded, the threshold of its remaining useful life. It is important to note that all evaluations are based on conditions that are present at the completion of the current restoration project.
- 2.1.1. The Spanish Key Condominium complex consists of the main condominium building that has a total of seventy-five (75) units, swimming pool and spa, beach access, sound access and dock, along with asphalt and brick paver parking areas. The condominium is in Perdido Key, Florida and the building was substantially complete in 2000. The Association has engaged BE-CI as a consultant to evaluate the common components and limited common areas, and then make recommendations to extend the service life performance of each component where possible.
- 2.1.2. The Descriptions and Observations section within this report detail the Estimated Service Life Remaining for each component and provides suggestions on how to maintain and extend the expected service life performance of each.
- 2.2. As a part of this Reserve Plan we report the condition of the association’s current reserve balance that, by industry standard, is rated as excellent, good, fair, or poor. Excellent reserve funding corresponds to the current reserve balance being over 90% of the total cost to repair, restore or replace all line items included in the reserve study. Good, fair, and poor reserve funding corresponds to the 89% to 80% for good, 79% to 60% for fair, and 59% to 0% for poor. Reserve funding classified as Excellent are considered to be adequate funding based on the condition of the building and its components. Good, Fair and Poor reserve funding represents inadequate funding that will need to be modified to sufficiently fund the components included in the reserves. Section V provides a detailed explanation on the different types of funding methods used within this study. The association is currently using a “Pooled” funding method and the reserve funding rating is based on this method. The current annual reserve funding is \$94,900, which is forty-two (42%) percent of the required funding. Based on the pooled funding method, BE-CI would rate the reserve funding as “Poor”.
- 2.2.1. Based upon the projected reserve balances as of January 1, 2019, and assuming a “component” funding method, reserve funding at one-hundred percent (100%) of the total replacement cost of the reserve items included in this reserve study, would require an annual contribution of \$532,177. A complete breakdown of the items included within each analysis can be found on the sheet titled “Replacement Cost”.
- 2.2.2. Based upon the projected reserve balances as of January 1, 2019, and assuming a “pooled” funding method, reserve funding at one-hundred percent (100%) of the total replacement cost of the reserve items included in this reserve study, would require an annual contribution of \$224,652. A complete breakdown of the items included within each analysis can be found on the sheets titled “20-Year Summary (Recommended)” and “Cash Flow (Recommended)”.

## END OF SECTION II

### III. DESCRIPTIONS AND OBSERVATIONS

In an effort to help you understand the components and maintenance needs of your building we offer the following description and location of each line item component that has been included within the reserve accounts.

This section summarizes our field observations during our recent limited visual on-site survey. The descriptions and observations listed below provide the general construction makeup for each of the line items within the reserve study as well as identify the current condition of these components. Specific recommendations for maintenance and maximizing the full service life performance will be detailed in Section Four.

#### 3.1. BUILDING EXTERIOR

- 3.1.1. The Building Exterior portion of the reserve study consists of exterior stucco cladding, sealants and coating system of the main condominium building and the parking garages. The building sealants category includes sealants at window openings, door openings, expansion joints, floor to wall joints and wall penetrations. Reserve funding in this category is for the preparation and re-coating of the exterior stucco cladding, the partial repair of the stucco cladding system, and the removal and replacement of the building sealants.
- 3.1.2. The exterior stucco cladding of the main condominium building was observed to be in “Fair” condition with isolated areas of “Poor” condition. Select windows on the seventh and eight floors (Unit Nos. 803 and 705), of the rear elevation, were removed and replaced during a partial restoration project in 2018. Additionally, the stucco cladding and underlying waterproofing membrane was replaced on the 5<sup>th</sup> through 8<sup>th</sup> floors of the 05 and 06 Stacks on the south elevation. The sealants were observed to be in overall “Fair” condition.
- 3.1.3. The exterior stucco cladding of the parking garages was observed to be in “Fair” condition and the sealants were observed to be in “Fair” condition as well.

#### 3.2. ROOFING SYSTEM

- 3.2.1. The Roofing System portion of the reserve study consists of the single-ply roofing system, that is installed on most of the condominium building, along with the standing seam metal roofing system that is installed in limited areas of the condominium building. Funding for this category is for the eventual removal and replacement of both the existing single-ply and the standing seam metal systems as well as the periodic partial repairs of the both roofing systems.
- 3.2.2. The single-ply roofing system was observed to be in “Fair” condition. We were informed, by the association, that the single-ply roofing system was replaced in 2005.
- 3.2.3. The standing seam metal roofing system was observed to be in “Fair” condition.

#### 3.3. PAVING SYSTEMS

- 3.3.1. The Paving Systems portion of the reserve study consists of the asphalt parking area and entrance roadway, concrete brick pavers in the main parking areas, concrete sidewalks and the concrete pervious pavers that comprise the north parking area. Reserve funding in this

category includes the partial repair of the asphalt, asphalt overlay, and sealing and restriping of the parking areas, partial repair of the concrete sidewalks, partial repair of the concrete pavers and the partial repair of the concrete pervious pavers.

- 3.3.2. The asphalt parking area and roadway entry was observed to be in “Fair” condition. Isolated areas of cracked asphalt were observed throughout the roadways and parking areas.
- 3.3.3. The concrete paver parking areas were observed to be in “Fair” to “Good” condition with very minimal isolated anomalies.
- 3.3.4. The pervious concrete pavers located at the north parking areas were observed to be in “Fair” to “Good” condition.
- 3.3.5. The concrete sidewalks were observed to be in “Fair” to “Good” condition and showed normal signs of wear such as minor cracking.

### 3.4. ELEVATOR SYSTEMS

- 3.4.1. The elevator equipment and systems portion of the reserve study includes each of the two elevators along with the elevator controls and motors. Funding within this category is for the refurbishment of the elevator cabins and the eventual modernization of the elevator motors and controls.
- 3.4.2. The elevator system and controls were observed to be in “Fair” condition and are currently being maintained as part of a maintenance contract.
- 3.4.3. The elevator cabins were observed to be in “Fair” condition and are currently being maintained as part of a maintenance contract.

### 3.5. WALKWAYS AND BALCONIES

- 3.5.1. The Walkways and Balconies portion of the reserve study includes the waterproof coating system on the common area walkways along with the safety railings of the unit balconies. Funding within this category is for the re-application of the top coat of the coating system and the eventual replacement of the safety railings.
- 3.5.2. The common area walkways were observed to be in "Fair" condition and we were informed by the association that they were re-coated in 2010.
- 3.5.3. The unit balcony safety railings were observed to be in “Fair” condition with areas of “Poor” condition. Cracked and delaminated powder coating finish was observed in isolated areas.

### 3.1. HVAC (COMMON AREAS)

- 3.1.1. The HVAC (Common Areas) portion of the reserve study consists of the two common area air conditioners and controls. Funding within this category is for the replacement of the air conditioners and controls.
- 3.1.2. The common area air conditioners were observed to be in “Fair” condition.

### 3.2. EMERGENCY GENERATOR

- 3.2.1. The Emergency Generator portion of the reserve study consists of the emergency generator and enclosure. Funding within this category is for the replacement of the emergency generator, controls and the generator enclosure.
- 3.2.2. The emergency generator was observed to be in “Fair” condition.
- 3.2.3. The emergency generator enclosure was observed to be in “Fair” condition; however, the generator frame showed signs of wear such as corrosion.

### 3.3. FIRE CONTROL SYSTEM

- 3.3.1. The fire control system components consist of an alarm system, fire suppression booster pump and control panel along with plumbing and piping. Funding within this category is for the replacement of the alarm system, fire suppression booster pump along with the control panel and the partial replacement of the plumbing and piping system.
- 3.3.2. The alarm system was observed to be in “Good” condition and we were informed by the association that it was replaced in 2016.
- 3.3.3. The fire control system was observed to be in “Fair” condition and in some areas exhibited corrosion in the metal. The fire control system is currently tested as part of a maintenance contract.
- 3.3.4. The plumbing and piping were observed to be in “Good” condition and we were informed by the association that the exposed dry-line piping was replaced in 2018.

### 3.4. ELECTRICAL SYSTEM

- 3.4.1. The Electrical System portion of the reserve study consists of the electrical busways and distribution system. Funding within this category is for the partial replacement and refurbishment of these systems.
- 3.4.2. The functionality of the Electrical Systems was not tested and has only been included within this study for budgetary purposes.

### 3.5. POTABLE WATER AND SANITARY SEWER SYSTEM

- 3.5.1. The Potable Water and Sanitary Sewer System portion of the reserve study consists of potable water distribution system booster pumps and controls, sewer lift station pumps and controls along with the piping system. Funding within this category is for the replacement of the potable water booster pumps and controls, replacement of the sewer lift station pumps and controls along with partial replacement of the associated plumbing and piping.
- 3.5.2. The potable water booster pumps and controls were observed to be in “Fair” condition.

3.5.3. The sewer lift station grinder pumps were observed to be in “Good” condition and we were informed by the Association that they were replaced in 2016.

3.5.4. The exposed plumbing and piping was observed to be in “Fair” condition.

### 3.6. EXTERIOR LIGHTING

3.6.1. The Exterior Lighting components consists of common area walkway lighting, parking area lighting, parking garage lighting and the pool lights. Funding within this category is for the replacement and partial repair of the above-mentioned lighting systems.

3.6.2. The common area walkway lights were observed to be in “Fair” condition; however, they are nearing the end of their useful life.

3.6.3. The parking lot lights were observed to be in “Good” condition and we were informed by the Association that they were replaced in 2013.

3.6.4. The parking garage lights were observed to be in “Good” condition.

### 3.7. SWIMMING POOL, SPA AND DECK

3.7.1. The Swimming Pool, Spa and Deck portion of the reserve study includes the Marcite coatings of the indoor and outdoor pools, Marcite coating of the spa, pool and spa equipment, pool deck concrete pavers and pool deck furniture. Funding within this category is for the re-application of the Marcite coating systems of the indoor and outdoor pools and spa, partial repair of the concrete paver pool deck, pool deck furniture replacement and partial replacement of the pool equipment.

3.7.2. The Marcite coatings of the outdoor swimming pool was observed to be in “Good” condition and we were informed, by the Association, that the pool was re-coated in 2015.

3.7.3. The Marcite coatings of the indoor swimming pool was observed to be in “Fair” condition.

3.7.4. The Marcite coating of the Spa was observed to be in “Fair” condition and we were informed, by the Association, that it was re-coated in 2015.

3.7.5. The pool and spa equipment, such as the pumps, heaters, plumbing and filters were observed to be in “Fair” condition.

3.7.6. The concrete pavers that comprise the pool deck were observed to be in “Fair” condition.

3.7.7. The pool deck furniture was observed to be in “Fair” condition.

### 3.8. IRRIGATION SYSTEM

3.8.1. The Irrigation System portion of the reserve study consists of the common area landscaping irrigation system, piping and irrigation pump. Reserve funding in this category is for partial repair and partial replacement of the irrigation system.

- 3.8.2. The condition of the irrigation system was not assessed but has been included in the study for budgetary purposes.

### 3.9. TRASH CHUTES

- 3.9.1. The Trach Chutes portion of the reserve study consists of the two building trash chutes and the associated access doors. Reserve funding in this category is for replacement of the trach chutes and the access doors.
- 3.9.2. The trach chutes were observed to be in "Fair" condition with minor corrosion being observed within both chutes.
- 3.9.3. The trash chute doors were observed to be in "Fair" to "Poor" condition.

### 3.10. BUILDING COMMON AREAS

- 3.10.1. The Building Common Areas portion of the reserve study consists of the fitness room equipment, sauna and the common area finishes. Reserve funding in this category is for replacement of the fitness equipment, refurbishment of the sauna and the re-coating of the common areas such as the pool area, lobby and fitness room.
- 3.10.2. The fitness equipment was observed to be in "Fair" condition.
- 3.10.3. The sauna was observed to be in "Fair" condition.
- 3.10.4. The common area coating finishes were observed to be in "Fair" condition.

### 3.11. SECURITY SYSTEM

- 3.11.1. The Security System portion of the reserve study consists of entrance gate and motors, parking garage roll-up doors, common area security doors and the security cameras. Reserve funding in this category is for replacement of the entrance gate and motors, replacement of the parking garage doors, replacement of the common area security doors and the replacement of the security cameras and controls.
- 3.11.2. The entrance gate was observed to be in "Fair" condition and showed normal signs of wear.
- 3.11.3. The parking garage roll-up doors were observed to be in "Fair" condition and showed normal signs of wear.
- 3.11.4. The common area security doors were observed to be in "Fair" condition.
- 3.11.5. The functionality of the security cameras and controls were tested and have been included in this study for budgetary purposes.

### 3.12. BEACH ACCESS AND DOCK

- 3.12.1. The Beach Access and Dock portion of the reserve study consists of the wooden beach access, wooden sound side access and dock, along with the wooden east access walkway. Reserve funding in this category is for partial repair and partial replacement of the wooden access structure and decking.
- 3.12.2. The Beach Access was observed to be in “Fair” condition with areas of “Poor” condition.
- 3.12.3. The Sound Side access and dock was observed to be in “Fair” condition.
- 3.12.4. The East access walkway was observed to be in “Fair” condition with areas of “Poor” condition.

**END OF SECTION III**

## IV. RECOMMENDATIONS AND CONCLUSIONS

This section offers an in-depth explanation regarding our opinions concerning added maintenance necessary to obtain the full service life values that we have predicted. It is our opinion that service life projections lose accuracy directly proportionate with the length of time set for the projections. Projections greater than twenty years or more are, in our opinion, unreliable due to the unstable conditions of our coastal environment. In our opinion many of the critical components or systems are as likely to be damaged by the harsh environment or destroyed by storm events as they are to wear out.

The overall general condition of this property is fair to good. However, it is important to point out the need to continually monitor the reserve components as they age by means of **annual inspections** to avoid extensive repairs of the in the future. It is our experience that unless a well-planned preventive maintenance and restoration plan, including limited replacement of some components is undertaken, the property will become progressively difficult to maintain. The extreme exposure to both ultraviolet radiation and chloride from the salt atmosphere in your region, along with tropical storms and hurricanes, will act to accelerate the degradation of even the best construction.

### 4.1 BUILDING EXTERIOR (Coatings and Sealants)

BE-CI recommends painting the exterior walls every seven (7) to ten (10) years to ensure a protective water-resistant barrier on the exterior of the stucco cladding. The next coating cycle has been scheduled for 2020 and recoats are scheduled every ten years thereafter. BE-CI recommends annual inspections to closely monitor and evaluate the long-term performance of the exterior cladding system. Any cracked or disbonded cladding should be repaired at this time in accordance with standard repair procedures or limited replacement of sealants where they have failed.

During each painting cycle, or at least every other, failed sealants should be replaced to ensure a water tight envelope. The removal and replacement of the building sealants have been included in the reserve estimate for the next coating project.

### 4.2 ROOFING SYSTEM

BE-CI recommends annual inspections by a certified Registered Roof Observer experienced with "Single-Ply" and "Standing Seam Metal" roofing systems with the objective to identify problems before they cause major damage to the roof decking and underlying framing, exterior walls or interior finishes as well as to help enforce any warranty claims that may arise. An Adequate maintenance program is the best way to extend the service life and reduce the cost of the next replacement. The next roofing system replacement, for the "Single-Ply" roof, has been scheduled for year seven (2025) of this study, while the "Standing Seam Metal" roof has been scheduled for replacement in year eight (2026) of this study. The roofing system may require periodic repairs in order for the roof to remain at a maintainable level.

Most condominium associations mistakenly rely on warranties as a substitute for roof maintenance and fail to maintain them which will simply shorten the service life performance and most often dictates total roof assembly replacement following complete failure. As the result of constant exposure to ultraviolet radiation from the sun, roofing material loses flexibility and will begin to fail. One of the most significant savings annual inspections can offer is the close inspections of roof surfaces to predict the proper time for replacement which could save the expensive replacement of the underlayment. The reserves should be adjusted based on the findings from these inspections.

#### 4.3 PAVING SYSTEMS

We recommend periodic visual inspections throughout the remaining life of the asphalt paving. Typically, the asphalt paving should be re-sealed every five (5) to ten 10 years and re-surfaced every fifteen (15) to twenty (20) years. In other words, you would re-seal at the first five-year mark, re-seal again at the second five-year mark and re-surface at the third or fourth five-year mark.

Any light duty concrete walkway or paving on grade will move with the ground below causing displacement and cracking. When the cracking and displacement approach the level they become unsafe, they should be replaced.

#### 4.4 ELEVATOR SYSTEMS

The elevators at Spanish Key are in “Fair” condition. Given the level of use, the elevators will last approximately twenty (20) to twenty-five (25) years with only minor refurbishing of the appearance of the cabins after about eight (8) to ten (10) years. The elevators should be monitored and maintained as part of a maintenance contract with a design professional and adjustments should be made to the reserves based on their recommendations.

#### 4.5 WALKWAYS AND BALCONIES

The common area walkways should be coated with a water-proof coating to prevent water intrusion into the underlying concrete deck. These water-proof coatings typically last five (5) to seven (7) years and should be periodically inspected for cracking and delaminated coatings. The Safety Railings were not load tested or fully inspected as part of a balcony and railings inspection but have been included within this study for budgetary purposes. It should be noted that the existing safety railings located on the unit balconies are from original construction.

#### 4.6 COMMON AREA HVAC, BUILDING ELECTRICAL SYSTEM, EMERGENCY GENERATOR, FIRE CONTROL SYSTEM, EXTERIOR LIGHTING, IRRIGATION SYSTEM AND SECURITY SYSTEMS

The Common Area HVAC, Building Electrical, Emergency Generator, Fire Control System, Exterior Lighting, Irrigation System and Security Systems associated with the building will need to be maintained and have been included in the reserve accounts scheduled for replacement or repair. These components should be inspected by design professionals who specialize in these components and adjustments should be made to the reserves based on their findings.

#### 4.7 POTABLE WATER AND SANITARY SEWER SYSTEM

These systems typically remain serviceable for about twelve (12) to eighteen (18) years before a complete replacement is necessary. In order to ensure that the potable water and sanitary sewer system at Spanish Key has the maximum service life, the condition of all exposed equipment should be inspected annually to locate issues before they are too severe to repair. All areas of metal pipe where corrosion is present should be sanded, primed, and coated in order to minimize future deterioration in the equipment.

#### 4.8 SWIMMING POOL, SPA AND DECK

The Marcite coating of the outdoor swimming pool is in “Good” condition and should last approximately seven (7) more years before a recoating is required, while the Marcite coating of the indoor pool is in “Fair” condition and should last approximately two (2) to three (3) more years. The pool equipment will normally last five (5) to ten (10) years, if properly maintained. It is important to inspect and repair any minor cracks or damage to the surface to prevent water from getting behind the plaster surface and delaminating a large area of the finish. It is equally important to ensure the water chemicals are maintained at all suggested levels. If well maintained along with keeping all chemicals at the recommended levels, good Marcite finishes will last ten (10) to twelve (12) years.

Any light duty concrete pavers on grade such as that on the pool deck will move with the ground below causing displacement and cracking. When the cracking and displacement approach the level they become unsafe, they should be replaced.

#### 4.9 BEACH ACCESS AND DOCK

The Beach Access and Sound Side Access and Dock were not load tested or fully inspected as part of a structural inspection but have been included within this study for budgetary purposes. These components should be inspected by design professionals who specialize in these components and adjustments should be made to the reserves based on their findings.

#### 4.10 GENERAL RECOMMENDATIONS

The specific issues regarding the Spanish Key Condominium are as follows:

- 4.10.1 BE-CI recommends that the Condominium Association board of directors consider a formal acceptance of this reserve study as written or as modified by the board.
- 4.10.2 BE-CI did not load test or fully inspect the Safety Railings as part of a balcony and railings inspection, but they have been included within this study for budgetary purposes. We recommend that a Balcony and Safety Railing survey be conducted every three (3) years in accordance with the Florida Statutes, section 509.2112.
- 4.10.3 It should be noted that the driving factor for the difference between the existing annual contribution and the proposed annual contribution is the cost of the exterior restoration that occurs in year two (2020) of this study. Should additional funds be collected, for this project, the annual reserve contribution should be adjusted to reflect actual conditions.

4.10.4 The association should approve **annual third-party inspections** with special attention given to the components listed in this section of the report.

## V. EXPLANATION OF TABLES

This section reviews the tables which portray the different methods used to calculate the projected annual contribution necessary to maintain a sufficient amount of funding within the reserve balance account. If the proper amount of funding is reserved annually, the association will be capable of replacing or retrofitting the components outlined in this report. Two separate methods should be considered when determining the association's annual contribution to the reserve balance account.

### 5.1 COMPONENT METHOD

The component method is straight-line accounting based on the estimated cost to replace or retrofit and the estimated remaining service life for each individual component. This method is detailed in the Replacement Cost spreadsheet. A projected annual contribution for each component is calculated by subtracting a component's current reserve balance from its estimated cost to repair/replace. This sum is then divided by the component's estimated remaining useful service life.

The sum of each component's projected annual contribution is the Association's total projected annual contribution necessary to replace or retrofit all the items included in this reserve study. The Replacement Cost spreadsheet identifies the projected annual contribution for the **Spanish Key condominium** building as **\$532,177**. The replacement costs outlined in this method have not been adjusted to account for inflation or interest earned from a positive reserve balance.

The component method shown here is usually the most conservative approach to reserve accounts. However, there are many disadvantages in the component method since it does not adjust for cyclical repairs that may reoccur at greater intervals than the initial effective remaining life. Several items will be required to be repaired more than once during the twenty year projection of this reserve study. Also, items which may not need to be replaced for several years are reserved annually and held exclusively for the replacement of that component. The funds contributed to this component cannot be transferred to another component if funding for other components are costlier or occur sooner than anticipated.

### 5.2 POOLING METHOD

The Twenty-Year Summary and Cash Flow spreadsheets detail the pooling method. The pooling method combines the components of the reserve account into a single fund. By looking at the projected expenditures incurred for each year of the twenty year look ahead, the minimum annual contribution to maintain a positive reserve balance can be determined. When a positive reserve balance is carried over to the next year, interest earned, at an assumed rate is included in the cash flow summary. The Cash Flow provides a synopsis of the expenditures, contributions, and the balance of the reserve account.

The Florida Statutes define the pooled reserve method is defined as follows: *"The amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any*

*type of balloon payments*". The required annual contribution into the reserve accounts for the "pooled" method can be found in the 20-Year Summary (Recommended) and the Cash Flow (Recommended).

The Cash Flow (Recommended) was derived by starting year one (2019) with the projected annual contribution of **\$224,652**. This annual contribution was then increased by **2.25%** annually. Baseline Funding in the pooling method allows the association to reserve the minimum amount of money to ensure every replacement or retrofit for each cycle of all the components within the current twenty-year outlook is properly reserved. Viewing the expenditures on a year to year basis enables us to establish an annual contribution inflation rate and adequately reserve for all the projected expenditures during the twenty-year span of the reserve study while maintaining a positive ending reserve balance. This system, if utilized with annual inspection adjustments based on actual performance, is the best way to assure funds are available when needed.

**END OF SECTION V**

## **VI. CONCLUSIONS**

It is important to understand that a well-developed reserve plan can only be effective if it assumes that all critical components and systems are at a maintainable level. Once the property is at this maintainable level, the management and maintenance staff must have an effective plan in place for monitoring building and other common area components to insure the components remain serviceable. The very best tool for obtaining and managing your plan is the annual inspection by a third-party professional such as BE-CI.

As time passes and the components begin to show their age, it is then that renovations and modernization become necessary. When that time arrives, BE-CI recommends a set of competitive bid documents be developed that provides separate pricing for each condition. This effort is relatively inexpensive but will allow the board to explore funding possibilities as well as set priorities once reliable cost estimates are provided.

We appreciate the opportunity to provide our services and trust that this reserve study will not only be informative, but also assist you in your efforts to reserve for the future. Should you find any of the information to be misrepresented, please contact us and we will be pleased to make any corrections or adjustments.

It should be noted that the driving factor for the difference between the existing annual contribution and the proposed annual contribution is the cost of the exterior restoration that occurs in year two (2020) of this study. Should additional funds be collected, for this project, the annual reserve contribution should be adjusted to reflect actual conditions.

## **END OF SECTION VI**

## Summary Sheet

### Property Statistics

**Building Owners Name:** Spanish Key

**Building Location:** Perdido Key, FL

**Year One:** January 1, 2019 to December 31, 2019

**Current Annual Funding:** \$94,900

### Component Funding (Non-Pooled)

<b>Estimated Reserve Balance and Date:</b>	\$474,463	3/31/2018
<b>Projected Beginning Reserve Balance for Year one:</b>	\$537,729	1/1/2019
<b>Recommended Annual Contribution:</b>	\$532,177	
<b>Current Percent Funded:</b>	33%	

### Cash Flow Funding (Pooled)

<b>Estimated Reserve Balance and Date:</b>	\$474,463	3/31/2018
<b>Projected Beginning Reserve Balance for Year one:</b>	\$537,729	1/1/2019
<b>Recommended Annual Contribution:</b>	\$224,652	

**Note:** Percent Funded is the ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the accrued fund balance (AFB), expressed as a Percentage (%).

## Projected Balance Sheet

Funding Categories	Balance as of 3/31/18	-	Remaining 2018 Expenses	+	Remaining Annual Contributions	=	Projected Balance as of 01/01/19
Reserve Account Balance	\$474,463		\$0.00		\$63,267		\$537,729
Total	<u>\$474,463</u>		<u>\$0</u>		<u>\$63,267</u>		<u>\$537,729</u>
Current Funding	\$94,900						
* Capital Reserve Balance were obtained from the Association Management.							

	(EUL)	(RUL)	(EA)				(AFB)	(%)		
ITEM DESCRIPTION	EXPECTED USEFUL LIFE (Years)	REMAINING USEFUL LIFE (Years)	EFFECTIVE AGE EUL - RUL (Years)	WORK SCOPE	ESTIMATED COST TO REPLACE OR RETROFIT	ALLOCATED RESERVE BALANCE as of (01/01/19)	REQUIRED ACCRUED FUND BALANCE	PERCENT FUNDED BASED ON AFB	ADDITIONAL FUNDS TO RESERVE	PROJECTED ANNUAL CONTRIBUTION
<b>1.0 Building Exterior (Coatings &amp; Sealants)</b>										
<b>1.1 Building Exterior Stucco Cladding</b>										
1.1.1 Stucco Repair	10	2	8.0	Partial Repair	\$130,800	\$35,052	\$104,640	33.50%	\$95,748	\$47,874
1.1.2 Coatings	10	2	8.0	Re-Coat	\$334,848	\$89,733	\$267,878	33.50%	\$245,115	\$122,557
1.1.3 Building Sealants	10	2	8.0	Remove & Replace	\$137,340	\$36,805	\$109,872	33.50%	\$100,535	\$50,268
<b>1.2 Parking Garage</b>										
1.2.1 Stucco Repair	10	2	8.0	Partial Repair	\$8,100	\$2,171	\$6,480	33.50%	\$5,929	\$2,965
1.2.2 Coatings	10	2	8.0	Re-Coat	\$20,736	\$5,557	\$16,589	33.50%	\$15,179	\$7,590
1.2.3 Building Sealants	10	2	8.0	Remove & Replace	\$8,505	\$2,279	\$6,804	33.50%	\$6,226	\$3,113
<b>Subtotal</b>					<b>\$640,329</b>	<b>\$171,597</b>	<b>\$512,263</b>	<b>33.50%</b>	<b>\$468,732</b>	<b>\$234,366</b>
<b>2.0 Roofing Systems</b>										
<b>2.1 Single-Ply</b>										
2.1.1 Roofing System - Repair	5	2	3.0	Partial Repair	\$14,325	\$2,879	\$8,595	33.50%	\$11,446	\$5,723
2.1.2 Roofing System - Replacement	20	7	13.0	Replacement	\$286,500	\$62,381	\$186,225	33.50%	\$224,119	\$32,017
<b>2.2 Standing Seam Metal</b>										
2.2.1 Roofing System - Repair	5	3	2.0	Partial Repair	\$10,431	\$1,398	\$4,173	33.50%	\$9,034	\$3,011
2.2.2 Roofing System - Replacement	20	8	12.0	Replacement	\$208,625	\$41,931	\$125,175	33.50%	\$166,694	\$20,837
<b>Subtotal</b>					<b>\$519,881</b>	<b>\$108,589</b>	<b>\$324,168</b>	<b>33.50%</b>	<b>\$411,292</b>	<b>\$61,588</b>
<b>3.0 Paving Systems</b>										
<b>3.1 Asphalt Paving</b>										
3.1.1 Seal & Stripe	5	3	2.0	Seal & Stripe	\$6,150	\$824	\$2,460	33.50%	\$5,326	\$1,775
3.1.2 Asphalt Overlay	20	8	12.0	Overlay	\$43,050	\$8,652	\$25,830	33.50%	\$34,398	\$4,300
<b>3.2 Concrete Pavers</b>										
3.2.1 Parking Area Brick Pavers	5	3	2.0	Partial Repair	\$7,285	\$976	\$2,914	33.50%	\$6,308	\$2,103
3.2.2 Parking Area Pervious Brick Pavers	5	3	2.0	Partial Repair	\$4,830	\$647	\$1,932	33.50%	\$4,183	\$1,394
3.2.3 Concrete Sidewalks	5	3	2.0	Partial Repair	\$5,000	\$670	\$2,000	33.50%	\$4,330	\$1,443
<b>Subtotal</b>					<b>\$66,315</b>	<b>\$11,770</b>	<b>\$35,136</b>	<b>33.50%</b>	<b>\$54,545</b>	<b>\$11,015</b>
<b>4.0 Elevator Systems</b>										
4.1 Elevator System	25	7	18.0	Modernization	\$264,000	\$63,673	\$190,080	33.50%	\$200,327	\$28,618
4.2 Elevator Cabins	8	3	5.0	Refurbish	\$17,000	\$3,559	\$10,625	33.50%	\$13,441	\$4,480
<b>Subtotal</b>					<b>\$281,000</b>	<b>\$67,232</b>	<b>\$200,705</b>	<b>33.50%</b>	<b>\$213,768</b>	<b>\$33,098</b>
<b>5.0 Walkways and Balconies</b>										
<b>5.1 Common Area Walkways</b>										
5.1.1 Waterproof Coatings	5	1	4.0	Re-Coat	\$75,000	\$20,099	\$60,000	33.50%	\$54,901	\$54,901
<b>5.2 Unit Balconies</b>										
5.2.1 Safety Railings	25	6	19.0	Replace	\$179,200	\$45,621	\$136,192	33.50%	\$133,579	\$22,263
<b>Subtotal</b>					<b>\$254,200</b>	<b>\$65,720</b>	<b>\$196,192</b>	<b>33.50%</b>	<b>\$188,480</b>	<b>\$77,164</b>
<b>6.0 HVAC (Common Areas)</b>										
<b>6.1 Common Area Air Conditioners</b>										
6.1 Common Area Air Conditioners	15	3	12.0	Replace	\$15,000	\$4,020	\$12,000	33.50%	\$10,980	\$3,660
<b>Subtotal</b>					<b>\$15,000</b>	<b>\$4,020</b>	<b>\$12,000</b>	<b>33.50%</b>	<b>\$10,980</b>	<b>\$3,660</b>
<b>7.0 Emergency Generator</b>										
7.1 Generator Enclosure	10	5	5.0	Replace	\$12,000	\$2,010	\$6,000	33.50%	\$9,990	\$1,998
7.2 Generator	25	10	15.0	Replace / Rebuild	\$72,000	\$14,471	\$43,200	33.50%	\$57,529	\$5,753
<b>Subtotal</b>					<b>\$84,000</b>	<b>\$16,481</b>	<b>\$49,200</b>	<b>33.50%</b>	<b>\$67,519</b>	<b>\$7,751</b>
<b>8.0 Fire Control System</b>										
8.1 Alarm System	20	18	2.0	Modernize	\$25,000	\$837	\$2,500	33.50%	\$24,163	\$1,342
8.2 Booster Pump & Controls	20	5	15.0	Replace	\$12,000	\$3,015	\$9,000	33.50%	\$8,985	\$1,797
8.3 Plumbing & Piping	10	9	1.0	Partial Repair	\$10,000	\$335	\$1,000	33.50%	\$9,665	\$1,074
<b>Subtotal</b>					<b>\$47,000</b>	<b>\$4,187</b>	<b>\$12,500</b>	<b>33.50%</b>	<b>\$42,813</b>	<b>\$4,213</b>

ITEM DESCRIPTION	(EUL)	(RUL)	(EA)	WORK SCOPE	ESTIMATED COST TO REPLACE OR RETROFIT	ALLOCATED RESERVE BALANCE as of (01/01/19)	(AFB)	(%)	ADDITIONAL FUNDS TO RESERVE	PROJECTED ANNUAL CONTRIBUTION
	EXPECTED USEFUL LIFE (Years)	REMAINING USEFUL LIFE (Years)	EFFECTIVE AGE EUL - RUL (Years)				REQUIRED ACCRUED FUND BALANCE	PERCENT FUNDED BASED ON AFB		
<b>9.0 Electrical System</b>										
9.1 Electrical Distribution System	30	11	19.0	Partial Repair	\$25,000	\$5,304	\$15,833	33.50%	\$19,696	\$1,791
<b>Subtotal</b>					<b>\$25,000</b>	<b>\$5,304</b>	<b>\$15,833</b>	<b>33.50%</b>	<b>\$19,696</b>	<b>\$1,791</b>
<b>10.0 Potable Water and Sanitary Sewer System</b>										
10.1 Potable Water Booster Pumps & Controls	20	4	16.0	Replace	\$23,000	\$6,164	\$18,400	33.50%	\$16,836	\$4,209
10.2 Lift Station & Controls	17	15	2.0	Partial Repair / Replace	\$17,000	\$670	\$2,000	33.50%	\$16,330	\$1,089
10.3 Plumbing & Piping	5	4	1.0	Partial Repair	\$10,000	\$670	\$2,000	33.50%	\$9,330	\$2,333
<b>Subtotal</b>					<b>\$50,000</b>	<b>\$7,504</b>	<b>\$22,400</b>	<b>33.50%</b>	<b>\$42,496</b>	<b>\$7,630</b>
<b>11.0 Exterior Lighting</b>										
11.1 Common Area Walkway Lighting	15	2	13.0	Replacement	\$25,000	\$7,258	\$21,667	33.50%	\$17,742	\$8,871
11.2 Parking Lot Lights	15	10	5.0	Replacement	\$12,000	\$1,340	\$4,000	33.50%	\$10,660	\$1,066
11.3 Parking Garage Lights	15	14	1.0	Replacement	\$5,000	\$112	\$333	33.50%	\$4,888	\$349
11.4 Pool Lights	5	1	4.0	Replacement	\$3,600	\$965	\$2,880	33.50%	\$2,635	\$2,635
<b>Subtotal</b>					<b>\$45,600</b>	<b>\$9,674</b>	<b>\$28,880</b>	<b>33.50%</b>	<b>\$35,926</b>	<b>\$12,922</b>
<b>12.0 Swimming Pool, Spa &amp; Deck</b>										
12.1 Swimming Pool - Marcite Coatings (Outdoor)	12	7	5.0	Re-Coach	\$37,026	\$5,168	\$15,428	33.50%	\$31,858	\$4,551
12.2 Swimming Pool - Marcite Coatings (Indoor)	12	2	10.0	Re-Coach	\$7,236	\$2,020	\$6,030	33.50%	\$5,216	\$2,608
12.3 Spa - Marcite Coatings	12	7	5.0	Re-Coach	\$6,375	\$890	\$2,656	33.50%	\$5,485	\$784
12.4 Pool & Spa Equipment	8	4	4.0	Replace	\$12,000	\$2,010	\$6,000	33.50%	\$9,990	\$2,498
12.5 Pool Deck - Concrete Pavers	5	3	2.0	Partial Repair	\$3,446	\$462	\$1,379	33.50%	\$2,985	\$995
12.6 Pool Deck - Furniture	10	3	7.0	Replace	\$16,000	\$3,752	\$11,200	33.50%	\$12,248	\$4,083
<b>Subtotal</b>					<b>\$82,083</b>	<b>\$14,301</b>	<b>\$42,692</b>	<b>33.50%</b>	<b>\$67,782</b>	<b>\$15,518</b>
<b>13.0 Irrigation System</b>										
13.1 Irrigation System	5	2	3.0	Partial Repair / Replace	\$10,000	\$2,010	\$6,000	33.50%	\$7,990	\$3,995
<b>Subtotal</b>					<b>\$10,000</b>	<b>\$2,010</b>	<b>\$6,000</b>	<b>33.50%</b>	<b>\$7,990</b>	<b>\$3,995</b>
<b>14.0 Trash Chutes</b>										
14.1 Trash Chutes	20	5	15.0	Replace	\$17,600	\$4,422	\$13,200	33.50%	\$13,178	\$2,636
14.2 Trash Chute Doors	5	1	4.0	Replace	\$8,000	\$2,144	\$6,400	33.50%	\$5,856	\$5,856
<b>Subtotal</b>					<b>\$25,600</b>	<b>\$6,566</b>	<b>\$19,600</b>	<b>33.50%</b>	<b>\$19,034</b>	<b>\$8,492</b>
<b>15.0 Building Common Areas</b>										
15.1 Fitness Room - Equipment	10	4	6.0	Replace	\$12,000	\$2,412	\$7,200	33.50%	\$9,588	\$2,397
15.2 Sauna	10	4	6.0	Refurbish	\$10,000	\$2,010	\$6,000	33.50%	\$7,990	\$1,998
15.3 Common Area Finishes	10	1	9.0	Re-Coach	\$10,046	\$3,029	\$9,042	33.50%	\$7,018	\$7,018
<b>Subtotal</b>					<b>\$32,046</b>	<b>\$7,450</b>	<b>\$22,242</b>	<b>33.50%</b>	<b>\$24,596</b>	<b>\$11,412</b>
<b>16.0 Security Systems</b>										
16.1 Entrance Gate	15	5	10.0	Replace	\$23,000	\$5,136	\$15,333	33.50%	\$17,864	\$3,573
16.2 Parking Garage Doors	20	5	15.0	Replace	\$7,000	\$1,759	\$5,250	33.50%	\$5,241	\$1,048
16.3 Security Doors	20	5	15.0	Replace	\$36,000	\$9,044	\$27,000	33.50%	\$26,956	\$5,391
16.4 Security Cameras	20	5	15.0	Replace	\$9,000	\$2,261	\$6,750	33.50%	\$6,739	\$1,348
<b>Subtotal</b>					<b>\$75,000</b>	<b>\$18,200</b>	<b>\$54,333</b>	<b>33.50%</b>	<b>\$56,800</b>	<b>\$11,360</b>
<b>17.0 Beach Access &amp; Dock</b>										
17.1 Boardwalk - Beach Access	20	1	19.0	Replace	\$26,000	\$8,274	\$24,700	33.50%	\$17,726	\$17,726
17.2 Boardwalk - Sound Side	20	5	15.0	Partial Repair / Replace	\$27,000	\$6,783	\$20,250	33.50%	\$20,217	\$4,043
17.3 Boardwalk - North East (Beach Side)	20	1	19.0	Partial Repair / Replace	\$6,500	\$2,068	\$6,175	33.50%	\$4,432	\$4,432
<b>Subtotal</b>					<b>\$59,500</b>	<b>\$17,126</b>	<b>\$51,125</b>	<b>33.50%</b>	<b>\$42,374</b>	<b>\$26,201</b>
<b>TOTAL ITEMS 1.0 Through 17.0 =</b>					<b>\$2,312,554</b>	<b>\$537,729</b>	<b>\$1,605,269</b>	<b>33.50%</b>	<b>\$1,774,825</b>	<b>\$532,177</b>

GENERAL NOTES: Percent Funded is the ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the accrued fund balance (AFB), expressed as a Percentage (%).

# 20 Yr Summary (Current)

ITEM DESCRIPTION	ESTIMATED COST TO REPLACE OR RETROFIT	Modified Cost		EXPECTED USEFUL LIFE (YEARS)	REMAINING USEFUL LIFE (YEARS)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
		%	New Estimated Cost			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>1.0 Building Exterior (Coatings &amp; Sealants)</b>		0%													
<b>1.1 Building Exterior Stucco Cladding</b>															
1.1.1 Stucco Repair	\$130,800	0%	\$130,800	10	2		\$130,800								
1.1.2 Coatings	\$334,848	0%	\$334,848	10	2		\$334,848								
1.1.3 Building Sealants	\$137,340	0%	\$137,340	10	2		\$137,340								
<b>1.2 Parking Garage</b>															
1.2.1 Stucco Repair	\$8,100	0%	\$8,100	10	2		\$8,100								
1.2.2 Coatings	\$20,736	0%	\$20,736	10	2		\$20,736								
1.2.3 Building Sealants	\$8,505	0%	\$8,505	10	2		\$8,505								
<b>2.0 Roofing Systems</b>															
<b>2.1 Single-Ply</b>															
2.1.1 Roofing System - Repair	\$14,325	0%	\$14,325	5	2		\$14,325					\$14,325			
2.1.2 Roofing System - Replacement	\$286,500	0%	\$286,500	20	7							\$286,500			
<b>2.2 Standing Seam Metal</b>															
2.2.1 Roofing System - Repair	\$10,431	0%	\$10,431	5	3			\$10,431					\$10,431		
2.2.2 Roofing System - Replacement	\$208,625	0%	\$208,625	20	8								\$208,625		
<b>3.0 Paving Systems</b>															
<b>3.1</b>															
3.1.1 Seal & Stripe	\$6,150	0%	\$6,150	5	3			\$6,150					\$6,150		
3.1.2 Asphalt Overlay	\$43,050	0%	\$43,050	20	8								\$43,050		
<b>3.2 Concrete Pavers</b>															
3.2.1 Parking Area Brick Pavers	\$7,285	0%	\$7,285	5	3			\$7,285					\$7,285		
3.2.2 Parking Area Pervious Brick Pavers	\$4,830	0%	\$4,830	5	3			\$4,830					\$4,830		
3.2.3 Concrete Sidewalks	\$5,000	0%	\$5,000	5	3			\$5,000					\$5,000		
<b>4.0 Elevator Systems</b>															
4.1 Elevator System	\$264,000	0%	\$264,000	25	7							\$264,000			
4.2 Elevator Cabins	\$17,000	0%	\$17,000	8	3			\$17,000							
<b>5.0 Walkways and Balconies</b>															
<b>5.1 Common Area Walkways</b>															
5.1.1 Waterproof Coatings	\$75,000	0%	\$75,000	5	1	\$75,000					\$75,000				
<b>5.2 Unit Balconies</b>															
5.2.1 Safety Railings	\$179,200	0%	\$179,200	25	6						\$179,200				
<b>6.0 HVAC (Common Areas)</b>															
6.1 Common Area Air Conditioners	\$15,000	0%	\$15,000	15	3			\$15,000							
<b>7.0 Emergency Generator</b>															
7.1 Generator Enclosure	\$12,000	0%	\$12,000	10	5					\$12,000					
7.2 Generator	\$72,000	0%	\$72,000	25	10										\$72,000
<b>8.0 Fire Control System</b>															
8.1 Alarm System	\$25,000	0%	\$25,000	20	18										
8.2 Booster Pump & Controls	\$12,000	0%	\$12,000	20	5					\$12,000					
8.3 Plumbing & Piping	\$10,000	0%	\$10,000	10	9									\$10,000	
<b>9.0 Electrical System</b>															
9.1 Electrical Distribution System	\$25,000	0%	\$25,000	30	11										
<b>10.0 Potable Water and Sanitary Sewer System</b>															
10.1 Potable Water Booster Pumps & Controls	\$23,000	0%	\$23,000	20	4				\$23,000						
10.2 Lift Station & Controls	\$17,000	0%	\$17,000	17	15										
10.3 Plumbing & Piping	\$10,000	0%	\$10,000	5	4				\$10,000					\$10,000	

## 20 Yr Summary (Current)

ITEM DESCRIPTION				ESTIMATED COST TO REPLACE OR RETROFIT	Modified Cost		EXPECTED USEFUL LIFE (YEARS)	REMAINING USEFUL LIFE (YEARS)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
					%	New Estimated Cost			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
11.0 Exterior Lighting																		
11.1 Common Area Walkway Lighting				\$25,000	0%	\$25,000	15	2		\$25,000								
11.2 Parking Lot Lights				\$12,000	0%	\$12,000	15	10										\$12,000
11.3 Parking Garage Lights				\$5,000	0%	\$5,000	15	14										
11.4 Pool Lights				\$3,600	0%	\$3,600	5	1	\$3,600					\$3,600				
12.0 Swimming Pool, Spa & Deck																		
12.1 Swimming Pool - Marcite Coatings (Outdoor)				\$37,026	0%	\$37,026	12	7							\$37,026			
12.2 Swimming Pool - Marcite Coatings (Indoor)				\$7,236	0%	\$7,236	12	2		\$7,236								
12.3 Spa - Marcite Coatings				\$6,375	0%	\$6,375	12	7							\$6,375			
12.4 Pool & Spa Equipment				\$12,000	0%	\$12,000	8	4				\$12,000						
12.5 Pool Deck - Concrete Pavers				\$3,446	0%	\$3,446	5	3			\$3,446					\$3,446		
12.6 Pool Deck - Furniture				\$16,000	0%	\$16,000	10	3			\$16,000							
13.0 Irrigation System																		
13.1 Irrigation System				\$10,000	0%	\$10,000	5	2		\$10,000						\$10,000		
14.0 Trash Chutes																		
14.1 Trash Chutes				\$17,600	0%	\$17,600	20	5					\$17,600					
14.2 Trash Chute Doors				\$8,000	0%	\$8,000	5	1	\$8,000					\$8,000				
15.0 Building Common Areas																		
15.1 Fitness Room - Equipment				\$12,000	0%	\$12,000	10	4					\$12,000					
15.2 Sauna				\$10,000	0%	\$10,000	10	4					\$10,000					
15.3 Common Area Finishes				\$10,046	0%	\$10,046	10	1	\$10,046									
16.0 Security Systems																		
16.1 Entrance Gate				\$23,000	0%	\$23,000	15	5					\$23,000					
16.2 Parking Garage Doors				\$7,000	0%	\$7,000	20	5					\$7,000					
16.3 Security Doors				\$36,000	0%	\$36,000	20	5					\$36,000					
16.4 Security Cameras				\$9,000	0%	\$9,000	20	5					\$9,000					
17.0 Beach Access & Dock																		
17.1 Boardwalk - Beach Access				\$26,000	0%	\$26,000	20	1	\$26,000									
17.2 Boardwalk - Sound Side				\$27,000	0%	\$27,000	20	5					\$27,000					
17.3 Boardwalk - North East (Beach Side)				\$6,500	0%	\$6,500	20	1	\$6,500									
						TOTAL EXPENDITURES (UNINFLATED)			129,146	696,890	85,142	67,000	143,600	265,800	618,226	288,817	20,000	84,000
				2.25%		INFLATION FACTOR			100.00%	102.25%	104.55%	106.90%	109.31%	111.77%	114.28%	116.85%	119.48%	122.17%
						TOTAL EXPENDITURES (INFLATED)			129,146	712,570	89,017	71,625	156,967	297,079	706,524	337,494	23,897	102,624
				2.25%		PROJECTED CONTRIBUTIONS			94,900	97,035	99,219	101,451	103,734	106,068	108,454	110,894	113,389	115,941
				1.50%		PREVIOUS BALANCE PLUS INTEREST			545,795	519,222	(96,312)	(86,110)	(56,284)	(109,518)	(300,529)	(898,599)	(1,125,199)	(1,035,706)
						BALANCE OF RESERVES			511,549	(96,312)	(86,110)	(56,284)	(109,518)	(300,529)	(898,599)	(1,125,199)	(1,035,706)	(1,022,389)
						Maximum =			511,549	511,549								
						Minimum =			(1,820,118)									

# 20 Yr Summary (Current)

ITEM DESCRIPTION	ESTIMATED COST TO REPLACE OR RETROFIT	Modified Cost		EXPECTED USEFUL LIFE (YEARS)	REMAINING USEFUL LIFE (YEARS)	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
		%	New Estimated Cost			2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
<b>1.0 Building Exterior (Coatings &amp; Sealants)</b>		0%													
<b>1.1 Building Exterior Stucco Cladding</b>															
1.1.1 Stucco Repair	\$130,800	0%	\$130,800	10	2		\$130,800								
1.1.2 Coatings	\$334,848	0%	\$334,848	10	2		\$334,848								
1.1.3 Building Sealants	\$137,340	0%	\$137,340	10	2		\$137,340								
<b>1.2 Parking Garage</b>															
1.2.1 Stucco Repair	\$8,100	0%	\$8,100	10	2		\$8,100								
1.2.2 Coatings	\$20,736	0%	\$20,736	10	2		\$20,736								
1.2.3 Building Sealants	\$8,505	0%	\$8,505	10	2		\$8,505								
<b>2.0 Roofing Systems</b>															
<b>2.1 Single-Ply</b>															
2.1.1 Roofing System - Repair	\$14,325	0%	\$14,325	5	2		\$14,325					\$14,325			
2.1.2 Roofing System - Replacement	\$286,500	0%	\$286,500	20	7										
<b>2.2 Standing Seam Metal</b>															
2.2.1 Roofing System - Repair	\$10,431	0%	\$10,431	5	3			\$10,431					\$10,431		
2.2.2 Roofing System - Replacement	\$208,625	0%	\$208,625	20	8										
<b>3.0 Paving Systems</b>															
<b>3.1</b>															
3.1.1 Seal & Stripe	\$6,150	0%	\$6,150	5	3			\$6,150					\$6,150		
3.1.2 Asphalt Overlay	\$43,050	0%	\$43,050	20	8										
<b>3.2 Concrete Pavers</b>															
3.2.1 Parking Area Brick Pavers	\$7,285	0%	\$7,285	5	3			\$7,285					\$7,285		
3.2.2 Parking Area Pervious Brick Pavers	\$4,830	0%	\$4,830	5	3			\$4,830					\$4,830		
3.2.3 Concrete Sidewalks	\$5,000	0%	\$5,000	5	3			\$5,000					\$5,000		
<b>4.0 Elevator Systems</b>															
4.1 Elevator System	\$264,000	0%	\$264,000	25	7										
4.2 Elevator Cabins	\$17,000	0%	\$17,000	8	3	\$17,000								\$17,000	
<b>5.0 Walkways and Balconies</b>															
<b>5.1 Common Area Walkways</b>															
5.1.1 Waterproof Coatings	\$75,000	0%	\$75,000	5	1	\$75,000					\$75,000				
<b>5.2 Unit Balconies</b>															
5.2.1 Safety Railings	\$179,200	0%	\$179,200	25	6										
<b>6.0 HVAC (Common Areas)</b>															
6.1 Common Area Air Conditioners	\$15,000	0%	\$15,000	15	3								\$15,000		
<b>7.0 Emergency Generator</b>															
7.1 Generator Enclosure	\$12,000	0%	\$12,000	10	5					\$12,000					
7.2 Generator	\$72,000	0%	\$72,000	25	10										
<b>8.0 Fire Control System</b>															
8.1 Alarm System	\$25,000	0%	\$25,000	20	18								\$25,000		
8.2 Booster Pump & Controls	\$12,000	0%	\$12,000	20	5										
8.3 Plumbing & Piping	\$10,000	0%	\$10,000	10	9									\$10,000	
<b>9.0 Electrical System</b>															
9.1 Electrical Distribution System	\$25,000	0%	\$25,000	30	11	\$25,000									
<b>10.0 Potable Water and Sanitary Sewer System</b>															
10.1 Potable Water Booster Pumps & Controls	\$23,000	0%	\$23,000	20	4										
10.2 Lift Station & Controls	\$17,000	0%	\$17,000	17	15					\$17,000					
10.3 Plumbing & Piping	\$10,000	0%	\$10,000	5	4				\$10,000					\$10,000	

## 20 Yr Summary (Current)

ITEM DESCRIPTION				ESTIMATED COST TO REPLACE OR RETROFIT	Modified Cost		EXPECTED USEFUL LIFE (YEARS)	REMAINING USEFUL LIFE (YEARS)	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
					%	New Estimated Cost			2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
11.0 Exterior Lighting																		
11.1 Common Area Walkway Lighting				\$25,000	0%	\$25,000	15	2							\$25,000			
11.2 Parking Lot Lights				\$12,000	0%	\$12,000	15	10										
11.3 Parking Garage Lights				\$5,000	0%	\$5,000	15	14				\$5,000						
11.4 Pool Lights				\$3,600	0%	\$3,600	5	1	\$3,600					\$3,600				
12.0 Swimming Pool, Spa & Deck																		
12.1 Swimming Pool - Marcite Coatings (Outdoor)				\$37,026	0%	\$37,026	12	7									\$37,026	
12.2 Swimming Pool - Marcite Coatings (Indoor)				\$7,236	0%	\$7,236	12	2				\$7,236						
12.3 Spa - Marcite Coatings				\$6,375	0%	\$6,375	12	7									\$6,375	
12.4 Pool & Spa Equipment				\$12,000	0%	\$12,000	8	4		\$12,000								\$12,000
12.5 Pool Deck - Concrete Pavers				\$3,446	0%	\$3,446	5	3			\$3,446					\$3,446		
12.6 Pool Deck - Furniture				\$16,000	0%	\$16,000	10	3			\$16,000							
13.0 Irrigation System																		
13.1 Irrigation System				\$10,000	0%	\$10,000	5	2		\$10,000					\$10,000			
14.0 Trash Chutes																		
14.1 Trash Chutes				\$17,600	0%	\$17,600	20	5										
14.2 Trash Chute Doors				\$8,000	0%	\$8,000	5	1	\$8,000					\$8,000				
15.0 Building Common Areas																		
15.1 Fitness Room - Equipment				\$12,000	0%	\$12,000	10	4				\$12,000						
15.2 Sauna				\$10,000	0%	\$10,000	10	4				\$10,000						
15.3 Common Area Finishes				\$10,046	0%	\$10,046	10	1	\$10,046									
16.0 Security Systems																		
16.1 Entrance Gate				\$23,000	0%	\$23,000	15	5										\$23,000
16.2 Parking Garage Doors				\$7,000	0%	\$7,000	20	5										
16.3 Security Doors				\$36,000	0%	\$36,000	20	5										
16.4 Security Cameras				\$9,000	0%	\$9,000	20	5										
17.0 Beach Access & Dock																		
17.1 Boardwalk - Beach Access				\$26,000	0%	\$26,000	20	1										
17.2 Boardwalk - Sound Side				\$27,000	0%	\$27,000	20	5										
17.3 Boardwalk - North East (Beach Side)				\$6,500	0%	\$6,500	20	1										
							TOTAL EXPENDITURES (UNINFLATED)		138,646	676,654	53,142	44,236	29,000	86,600	49,325	77,142	80,401	35,000
					2.25%		INFLATION FACTOR		124.92%	127.73%	130.60%	133.54%	136.55%	139.62%	142.76%	145.97%	149.26%	152.62%
							TOTAL EXPENDITURES (INFLATED)		173,198	864,297	69,406	59,074	39,599	120,912	70,417	112,608	120,005	53,416
					2.25%		PROJECTED CONTRIBUTIONS		118,549	121,217	123,944	126,733	129,584	132,500	135,481	138,530	141,647	144,834
					1.50%		PREVIOUS BALANCE PLUS INTEREST		(1,022,389)	(1,077,037)	(1,820,118)	(1,765,580)	(1,697,921)	(1,607,935)	(1,596,347)	(1,531,283)	(1,505,361)	(1,483,720)
							BALANCE OF RESERVES		(1,077,037)	(1,820,118)	(1,765,580)	(1,697,921)	(1,607,935)	(1,596,347)	(1,531,283)	(1,505,361)	(1,483,720)	(1,392,302)
							Maximum =		511,549									
							Minimum =		(1,820,118)		(1,820,118)							

Cash Flow (Current)

YEAR		RESERVE BALANCE	+	PROJECTED ANNUAL CONTRIBUTIONS 2.25%	+	PROJECTED INTEREST EARNED 1.50%	-	EXPENDITURES WITH INFLATION 2.25%	=	ENDING BALANCE	PROJECTED ANNUAL CONTRIBUTIONS (Per Owner Per Month)
1	2019	\$537,729		\$94,900		\$8,066		\$129,146		\$511,549	\$105.44
2	2020	\$511,549		\$97,035		\$7,673		\$712,570		(\$96,312)	\$107.82
3	2021	(\$96,312)		\$99,219		\$0		\$89,017		(\$86,110)	\$110.24
4	2022	(\$86,110)		\$101,451		\$0		\$71,625		(\$56,284)	\$112.72
5	2023	(\$56,284)		\$103,734		\$0		\$156,967		(\$109,518)	\$115.26
6	2024	(\$109,518)		\$106,068		\$0		\$297,079		(\$300,529)	\$117.85
7	2025	(\$300,529)		\$108,454		\$0		\$706,524		(\$898,599)	\$120.50
8	2026	(\$898,599)		\$110,894		\$0		\$337,494		(\$1,125,199)	\$123.22
9	2027	(\$1,125,199)		\$113,389		\$0		\$23,897		(\$1,035,706)	\$125.99
10	2028	(\$1,035,706)		\$115,941		\$0		\$102,624		(\$1,022,389)	\$128.82
11	2029	(\$1,022,389)		\$118,549		\$0		\$173,198		(\$1,077,037)	\$131.72
12	2030	(\$1,077,037)		\$121,217		\$0		\$864,297		(\$1,820,118)	\$134.69
13	2031	(\$1,820,118)		\$123,944		\$0		\$69,406		(\$1,765,580)	\$137.72
14	2032	(\$1,765,580)		\$126,733		\$0		\$59,074		(\$1,697,921)	\$140.81
15	2033	(\$1,697,921)		\$129,584		\$0		\$39,599		(\$1,607,935)	\$143.98
16	2034	(\$1,607,935)		\$132,500		\$0		\$120,912		(\$1,596,347)	\$147.22
17	2035	(\$1,596,347)		\$135,481		\$0		\$70,417		(\$1,531,283)	\$150.53
18	2036	(\$1,531,283)		\$138,530		\$0		\$112,608		(\$1,505,361)	\$153.92
19	2037	(\$1,505,361)		\$141,647		\$0		\$120,005		(\$1,483,720)	\$157.39
20	2038	(\$1,483,720)		\$144,834		\$0		\$53,416		(\$1,392,302)	\$160.93

GENERAL NOTES:

- (1) The goal of this funding method is to keep the reserve balance above zero at any given year (Positive Cash Flow). An Association using this funding method must understand that even a MINOR reduction in a component's remaining useful life (RUL) or estimated replacement cost can result in a deficit in the reserve cash balance.
- (2) This Cash Flow is based on utilizing the Association's Projected Reserve Balance of \$537,729. as of 1/1/2019. This funding plan reflects the Associations Annual Contribution of \$94,900 in year one (2019) and then an increase of 2.25%. These calculations are based on a return on invested funds of 1.50% and an inflation factor on expenditures of 2.25%.

\*\*\* Since a POSITIVE Cash Flow is NOT maintained, a vote of the Membership to accept is recommended. \*\*\*

# 20 Yr Summary (Recommended)

ITEM DESCRIPTION	ESTIMATED COST TO REPLACE OR RETROFIT	Modified Cost		EXPECTED USEFUL LIFE (YEARS)	REMAINING USEFUL LIFE (YEARS)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
		%	New Estimated Cost			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>1.0 Building Exterior (Coatings &amp; Sealants)</b>		0%													
<b>1.1 Building Exterior Stucco Cladding</b>															
1.1.1 Stucco Repair	\$130,800	0%	\$130,800	10	2		\$130,800								
1.1.2 Coatings	\$334,848	0%	\$334,848	10	2		\$334,848								
1.1.3 Building Sealants	\$137,340	0%	\$137,340	10	2		\$137,340								
<b>1.2 Parking Garage</b>															
1.2.1 Stucco Repair	\$8,100	0%	\$8,100	10	2		\$8,100								
1.2.2 Coatings	\$20,736	0%	\$20,736	10	2		\$20,736								
1.2.3 Building Sealants	\$8,505	0%	\$8,505	10	2		\$8,505								
<b>2.0 Roofing Systems</b>															
<b>2.1 Single-Ply</b>															
2.1.1 Roofing System - Repair	\$14,325	0%	\$14,325	5	2		\$14,325					\$14,325			
2.1.2 Roofing System - Replacement	\$286,500	0%	\$286,500	20	7							\$286,500			
<b>2.2 Standing Seam Metal</b>															
2.2.1 Roofing System - Repair	\$10,431	0%	\$10,431	5	3			\$10,431					\$10,431		
2.2.2 Roofing System - Replacement	\$208,625	0%	\$208,625	20	8								\$208,625		
<b>3.0 Paving Systems</b>															
<b>3.1</b>															
3.1.1 Seal & Stripe	\$6,150	0%	\$6,150	5	3			\$6,150					\$6,150		
3.1.2 Asphalt Overlay	\$43,050	0%	\$43,050	20	8								\$43,050		
<b>3.2 Concrete Pavers</b>															
3.2.1 Parking Area Brick Pavers	\$7,285	0%	\$7,285	5	3			\$7,285					\$7,285		
3.2.2 Parking Area Pervious Brick Pavers	\$4,830	0%	\$4,830	5	3			\$4,830					\$4,830		
3.2.3 Concrete Sidewalks	\$5,000	0%	\$5,000	5	3			\$5,000					\$5,000		
<b>4.0 Elevator Systems</b>															
4.1 Elevator System	\$264,000	0%	\$264,000	25	7							\$264,000			
4.2 Elevator Cabins	\$17,000	0%	\$17,000	8	3			\$17,000							
<b>5.0 Walkways and Balconies</b>															
<b>5.1 Common Area Walkways</b>															
5.1.1 Waterproof Coatings	\$75,000	0%	\$75,000	5	1	\$75,000					\$75,000				
<b>5.2 Unit Balconies</b>															
5.2.1 Safety Railings	\$179,200	0%	\$179,200	25	6						\$179,200				
<b>6.0 HVAC (Common Areas)</b>															
6.1 Common Area Air Conditioners	\$15,000	0%	\$15,000	15	3			\$15,000							
<b>7.0 Emergency Generator</b>															
7.1 Generator Enclosure	\$12,000	0%	\$12,000	10	5					\$12,000					
7.2 Generator	\$72,000	0%	\$72,000	25	10										\$72,000
<b>8.0 Fire Control System</b>															
8.1 Alarm System	\$25,000	0%	\$25,000	20	18										
8.2 Booster Pump & Controls	\$12,000	0%	\$12,000	20	5					\$12,000					
8.3 Plumbing & Piping	\$10,000	0%	\$10,000	10	9									\$10,000	
<b>9.0 Electrical System</b>															
9.1 Electrical Distribution System	\$25,000	0%	\$25,000	30	11										
<b>10.0 Potable Water and Sanitary Sewer System</b>															
10.1 Potable Water Booster Pumps & Controls	\$23,000	0%	\$23,000	20	4				\$23,000						
10.2 Lift Station & Controls	\$17,000	0%	\$17,000	17	15										
10.3 Plumbing & Piping	\$10,000	0%	\$10,000	5	4				\$10,000					\$10,000	

## 20 Yr Summary (Recommended)

ITEM DESCRIPTION				ESTIMATED COST TO REPLACE OR RETROFIT	Modified Cost		EXPECTED USEFUL LIFE (YEARS)	REMAINING USEFUL LIFE (YEARS)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
					%	New Estimated Cost			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
11.0 Exterior Lighting																		
11.1 Common Area Walkway Lighting				\$25,000	0%	\$25,000	15	2		\$25,000								
11.2 Parking Lot Lights				\$12,000	0%	\$12,000	15	10										\$12,000
11.3 Parking Garage Lights				\$5,000	0%	\$5,000	15	14										
11.4 Pool Lights				\$3,600	0%	\$3,600	5	1	\$3,600					\$3,600				
12.0 Swimming Pool, Spa & Deck																		
12.1 Swimming Pool - Marcite Coatings (Outdoor)				\$37,026	0%	\$37,026	12	7							\$37,026			
12.2 Swimming Pool - Marcite Coatings (Indoor)				\$7,236	0%	\$7,236	12	2		\$7,236								
12.3 Spa - Marcite Coatings				\$6,375	0%	\$6,375	12	7							\$6,375			
12.4 Pool & Spa Equipment				\$12,000	0%	\$12,000	8	4			\$12,000							
12.5 Pool Deck - Concrete Pavers				\$3,446	0%	\$3,446	5	3		\$3,446						\$3,446		
12.6 Pool Deck - Furniture				\$16,000	0%	\$16,000	10	3		\$16,000								
13.0 Irrigation System																		
13.1 Irrigation System				\$10,000	0%	\$10,000	5	2		\$10,000						\$10,000		
14.0 Trash Chutes																		
14.1 Trash Chutes				\$17,600	0%	\$17,600	20	5					\$17,600					
14.2 Trash Chute Doors				\$8,000	0%	\$8,000	5	1	\$8,000					\$8,000				
15.0 Building Common Areas																		
15.1 Fitness Room - Equipment				\$12,000	0%	\$12,000	10	4				\$12,000						
15.2 Sauna				\$10,000	0%	\$10,000	10	4				\$10,000						
15.3 Common Area Finishes				\$10,046	0%	\$10,046	10	1	\$10,046									
16.0 Security Systems																		
16.1 Entrance Gate				\$23,000	0%	\$23,000	15	5					\$23,000					
16.2 Parking Garage Doors				\$7,000	0%	\$7,000	20	5					\$7,000					
16.3 Security Doors				\$36,000	0%	\$36,000	20	5					\$36,000					
16.4 Security Cameras				\$9,000	0%	\$9,000	20	5					\$9,000					
17.0 Beach Access & Dock																		
17.1 Boardwalk - Beach Access				\$26,000	0%	\$26,000	20	1	\$26,000									
17.2 Boardwalk - Sound Side				\$27,000	0%	\$27,000	20	5					\$27,000					
17.3 Boardwalk - North East (Beach Side)				\$6,500	0%	\$6,500	20	1	\$6,500									
						TOTAL EXPENDITURES (UNINFLATED)			129,146	696,890	85,142	67,000	143,600	265,800	618,226	288,817	20,000	84,000
					2.25%	INFLATION FACTOR			100.00%	102.25%	104.55%	106.90%	109.31%	111.77%	114.28%	116.85%	119.48%	122.17%
						TOTAL EXPENDITURES (INFLATED)			129,146	712,570	89,017	71,625	156,967	297,079	706,524	337,494	23,897	102,624
					2.25%	PROJECTED CONTRIBUTIONS			224,652	229,706	234,875	240,159	245,563	251,088	256,738	262,514	268,421	274,460
					1.50%	PREVIOUS BALANCE PLUS INTEREST			545,795	650,920	170,578	321,182	497,063	594,444	556,680	108,497	34,020	282,722
						BALANCE OF RESERVES			641,301	168,057	316,436	489,717	585,659	548,453	106,893	33,517	278,544	454,559
						Maximum =			1,995,981									
						Minimum =			0									

# 20 Yr Summary (Recommended)

ITEM DESCRIPTION	ESTIMATED COST TO REPLACE OR RETROFIT	Modified Cost		EXPECTED USEFUL LIFE (YEARS)	REMAINING USEFUL LIFE (YEARS)	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
		%	New Estimated Cost			2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
<b>1.0 Building Exterior (Coatings &amp; Sealants)</b>		0%													
<b>1.1 Building Exterior Stucco Cladding</b>															
1.1.1 Stucco Repair	\$130,800	0%	\$130,800	10	2		\$130,800								
1.1.2 Coatings	\$334,848	0%	\$334,848	10	2		\$334,848								
1.1.3 Building Sealants	\$137,340	0%	\$137,340	10	2		\$137,340								
<b>1.2 Parking Garage</b>															
1.2.1 Stucco Repair	\$8,100	0%	\$8,100	10	2		\$8,100								
1.2.2 Coatings	\$20,736	0%	\$20,736	10	2		\$20,736								
1.2.3 Building Sealants	\$8,505	0%	\$8,505	10	2		\$8,505								
<b>2.0 Roofing Systems</b>															
<b>2.1 Single-Ply</b>															
2.1.1 Roofing System - Repair	\$14,325	0%	\$14,325	5	2		\$14,325					\$14,325			
2.1.2 Roofing System - Replacement	\$286,500	0%	\$286,500	20	7										
<b>2.2 Standing Seam Metal</b>															
2.2.1 Roofing System - Repair	\$10,431	0%	\$10,431	5	3			\$10,431					\$10,431		
2.2.2 Roofing System - Replacement	\$208,625	0%	\$208,625	20	8										
<b>3.0 Paving Systems</b>															
<b>3.1</b>															
3.1.1 Seal & Stripe	\$6,150	0%	\$6,150	5	3			\$6,150					\$6,150		
3.1.2 Asphalt Overlay	\$43,050	0%	\$43,050	20	8										
<b>3.2 Concrete Pavers</b>															
3.2.1 Parking Area Brick Pavers	\$7,285	0%	\$7,285	5	3			\$7,285					\$7,285		
3.2.2 Parking Area Pervious Brick Pavers	\$4,830	0%	\$4,830	5	3			\$4,830					\$4,830		
3.2.3 Concrete Sidewalks	\$5,000	0%	\$5,000	5	3			\$5,000					\$5,000		
<b>4.0 Elevator Systems</b>															
4.1 Elevator System	\$264,000	0%	\$264,000	25	7										
4.2 Elevator Cabins	\$17,000	0%	\$17,000	8	3	\$17,000								\$17,000	
<b>5.0 Walkways and Balconies</b>															
<b>5.1 Common Area Walkways</b>															
5.1.1 Waterproof Coatings	\$75,000	0%	\$75,000	5	1	\$75,000					\$75,000				
<b>5.2 Unit Balconies</b>															
5.2.1 Safety Railings	\$179,200	0%	\$179,200	25	6										
<b>6.0 HVAC (Common Areas)</b>															
6.1 Common Area Air Conditioners	\$15,000	0%	\$15,000	15	3								\$15,000		
<b>7.0 Emergency Generator</b>															
7.1 Generator Enclosure	\$12,000	0%	\$12,000	10	5					\$12,000					
7.2 Generator	\$72,000	0%	\$72,000	25	10										
<b>8.0 Fire Control System</b>															
8.1 Alarm System	\$25,000	0%	\$25,000	20	18								\$25,000		
8.2 Booster Pump & Controls	\$12,000	0%	\$12,000	20	5										
8.3 Plumbing & Piping	\$10,000	0%	\$10,000	10	9									\$10,000	
<b>9.0 Electrical System</b>															
9.1 Electrical Distribution System	\$25,000	0%	\$25,000	30	11	\$25,000									
<b>10.0 Potable Water and Sanitary Sewer System</b>															
10.1 Potable Water Booster Pumps & Controls	\$23,000	0%	\$23,000	20	4										
10.2 Lift Station & Controls	\$17,000	0%	\$17,000	17	15					\$17,000					
10.3 Plumbing & Piping	\$10,000	0%	\$10,000	5	4				\$10,000					\$10,000	

## 20 Yr Summary (Recommended)

ITEM DESCRIPTION	ESTIMATED COST TO REPLACE OR RETROFIT	Modified Cost		EXPECTED USEFUL LIFE (YEARS)	REMAINING USEFUL LIFE (YEARS)	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20
		%	New Estimated Cost			2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
11.0 Exterior Lighting															
11.1 Common Area Walkway Lighting	\$25,000	0%	\$25,000	15	2							\$25,000			
11.2 Parking Lot Lights	\$12,000	0%	\$12,000	15	10										
11.3 Parking Garage Lights	\$5,000	0%	\$5,000	15	14				\$5,000						
11.4 Pool Lights	\$3,600	0%	\$3,600	5	1	\$3,600					\$3,600				
12.0 Swimming Pool, Spa & Deck															
12.1 Swimming Pool - Marcite Coatings (Outdoor)	\$37,026	0%	\$37,026	12	7									\$37,026	
12.2 Swimming Pool - Marcite Coatings (Indoor)	\$7,236	0%	\$7,236	12	2				\$7,236						
12.3 Spa - Marcite Coatings	\$6,375	0%	\$6,375	12	7									\$6,375	
12.4 Pool & Spa Equipment	\$12,000	0%	\$12,000	8	4		\$12,000								\$12,000
12.5 Pool Deck - Concrete Pavers	\$3,446	0%	\$3,446	5	3			\$3,446					\$3,446		
12.6 Pool Deck - Furniture	\$16,000	0%	\$16,000	10	3			\$16,000							
13.0 Irrigation System															
13.1 Irrigation System	\$10,000	0%	\$10,000	5	2		\$10,000					\$10,000			
14.0 Trash Chutes															
14.1 Trash Chutes	\$17,600	0%	\$17,600	20	5										
14.2 Trash Chute Doors	\$8,000	0%	\$8,000	5	1	\$8,000					\$8,000				
15.0 Building Common Areas															
15.1 Fitness Room - Equipment	\$12,000	0%	\$12,000	10	4				\$12,000						
15.2 Sauna	\$10,000	0%	\$10,000	10	4				\$10,000						
15.3 Common Area Finishes	\$10,046	0%	\$10,046	10	1	\$10,046									
16.0 Security Systems															
16.1 Entrance Gate	\$23,000	0%	\$23,000	15	5										\$23,000
16.2 Parking Garage Doors	\$7,000	0%	\$7,000	20	5										
16.3 Security Doors	\$36,000	0%	\$36,000	20	5										
16.4 Security Cameras	\$9,000	0%	\$9,000	20	5										
17.0 Beach Access & Dock															
17.1 Boardwalk - Beach Access	\$26,000	0%	\$26,000	20	1										
17.2 Boardwalk - Sound Side	\$27,000	0%	\$27,000	20	5										
17.3 Boardwalk - North East (Beach Side)	\$6,500	0%	\$6,500	20	1										

Cash Flow (Recommended)

YEAR		RESERVE BALANCE	+	PROJECTED ANNUAL CONTRIBUTIONS	+	PROJECTED INTEREST EARNED	-	EXPENDITURES WITH INFLATION	=	ENDING BALANCE	PROJECTED ANNUAL CONTRIBUTIONS (Per Owner Per Month)
				2.25%		1.50%		2.25%			
1	2019	\$537,729		\$224,652		\$8,066		\$129,146		\$641,301	\$249.61
2	2020	\$641,301		\$229,706		\$9,620		\$712,570		\$168,057	\$255.23
3	2021	\$168,057		\$234,875		\$2,521		\$89,017		\$316,436	\$260.97
4	2022	\$316,436		\$240,159		\$4,747		\$71,625		\$489,717	\$266.84
5	2023	\$489,717		\$245,563		\$7,346		\$156,967		\$585,659	\$272.85
6	2024	\$585,659		\$251,088		\$8,785		\$297,079		\$548,453	\$278.99
7	2025	\$548,453		\$256,738		\$8,227		\$706,524		\$106,893	\$285.26
8	2026	\$106,893		\$262,514		\$1,603		\$337,494		\$33,517	\$291.68
9	2027	\$33,517		\$268,421		\$503		\$23,897		\$278,544	\$298.25
10	2028	\$278,544		\$274,460		\$4,178		\$102,624		\$454,559	\$304.96
11	2029	\$454,559		\$280,636		\$6,818		\$173,198		\$568,815	\$311.82
12	2030	\$568,815		\$286,950		\$8,532		\$864,297		\$0	\$318.83
13	2031	\$0		\$293,406		\$0		\$69,406		\$224,000	\$326.01
14	2032	\$224,000		\$300,008		\$3,360		\$59,074		\$468,294	\$333.34
15	2033	\$468,294		\$306,758		\$7,024		\$39,599		\$742,478	\$340.84
16	2034	\$742,478		\$313,660		\$11,137		\$120,912		\$946,364	\$348.51
17	2035	\$946,364		\$320,718		\$14,195		\$70,417		\$1,210,860	\$356.35
18	2036	\$1,210,860		\$327,934		\$18,163		\$112,608		\$1,444,349	\$364.37
19	2037	\$1,444,349		\$335,312		\$21,665		\$120,005		\$1,681,321	\$372.57
20	2038	\$1,681,321		\$342,857		\$25,220		\$53,416		\$1,995,981	\$380.95

GENERAL NOTES:

- (1) The goal of this funding method is to keep the reserve balance above zero at any given year (Positive Cash Flow). An Association using this funding method must understand that even a MINOR reduction in a component's remaining useful life (RUL) or estimated replacement cost can result in a deficit in the reserve cash balance.
- (2) This Cash Flow is based on utilizing the Association's Projected Reserve Balance of \$537,729. as of 1/1/2019. This funding plan reflects the Associations Annual Contribution of \$224,652 in year one (2019) and then an increase of 2.25%. These calculations are based on a return on invested funds of 1.50% and an inflation factor on expenditures of 2.25%.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.1**

This picture depicts a portion of the partial window replacement project that is taking place on the seventh and eighth floors on the rear elevation. Partial repairs are also being made to the stucco cladding in these areas.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.2**

This picture depicts a portion of the stucco cladding that comprises the building exterior cladding. The condition of the exterior stucco cladding and coatings was observed to be in “Fair” condition with isolated areas of “Poor” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.3**

This picture depicts an isolated area of the coating system that has delaminated from the stucco cladding and is considered to be in "Poor" condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.4**

This picture depicts a portion of the sealant joints of the door and window openings, wall penetrations, floor to wall interface and ceiling to wall interface. The sealant joints were observed to be in "Poor" condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.5**

This picture depicts a portion of the stucco cladding that comprises the exterior of the parking garages. The stucco cladding and sealants joints of the parking were observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.6**

This picture depicts a portion of the single-ply roofing system. The single-ply roofing system was replaced in 2005 and was observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.7**

This picture depicts a portion of the standing seam metal roofing system. The standing seam metal roofing system was observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.8**

This picture depicts the typical condition of the asphalt paving of the main building parking areas. The asphalt paving was observed to be in “fair” condition and showed normal signs of wear such as cracking.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.9**

This picture depicts a portion of the pervious pavers that comprise the north parking area. The pervious pavers were observed to be in “fair” to “good” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.10**

This picture depicts the typical condition of the concrete brick pavers of the main building parking areas. The concrete brick pavers were observed to be in “fair” to “Good” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.11**

This picture depicts a portion of the elevator equipment. The elevator equipment was observed to be in “fair” condition.

## **PHOTO EXHIBIT**

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**EXHIBIT NUMBER: 1.12**

This picture depicts the interior cabin of one of the elevators. The elevator cabins were observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.13**

This picture depicts the typical condition of the common area walkway coatings. The common area walkway coatings were observed to be in “fair” condition and were re-coated in 2010.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.14**

This picture depicts the safety railings system of the unit balconies. The unit balcony safety railings were observed to be in “fair” condition; however, the safety railing coatings were observed to have areas of “poor” condition and flaking and chipping was observed.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.15**

This picture depicts the common area air conditioners. The common area air conditioners were observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.16**

This picture depicts the emergency generator enclosure. The generator enclosure was observed to be in “fair” condition and showed minimal signs of wear such as corrosion.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.17**

This picture depicts the emergency generator, which was observed to be in "fair" condition; however, the generator frame showed signs of corrosion.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.18**

This picture depicts the fire control system booster pump and associated plumbing. The booster pump and associated plumbing were observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.19**

This picture depicts a portion of the building electrical system.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.20**

These pictures depict the sanitary sewer lift station and associated controls. The lift station was observed to be in “good” condition as the pumps were replaced in 2017.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.21**

This picture depicts a portion of the potable water distribution system booster pumps and controls. The booster pumps and controls were observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.22**

These pictures depict a portion of the exterior lighting associated with the building. The exterior lighting was observed to be in “fair” to “good” condition, with the parking lot light having been replaced in 2017.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.23**

This picture depicts a portion of the pool deck, which was observed to be “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.24**

This picture depicts a portion of the outdoor pool and associated pool deck. The outdoor pool was observed to be in “good” condition. The tarp in the pool is temporary as a portion of the rear elevation is currently being renovated.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.25**

This picture depicts the pool deck furniture, which was observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.26**

This picture depicts the spa, which was observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.27**

This picture depicts a portion of the pool and spa equipment, which was observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.28**

This picture depicts typical condition of the trash chute doors. The trash chute doors were observed to be in “fair” condition and showed signs of corrosion.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.29**

This picture depicts a portion of the exercise equipment, which was observed to be in “fair” condition.



**EXHIBIT NUMBER: 1.30**

This picture depicts a portion of the lobby interior, which was observed to be in “good” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.31**

This picture depicts the entrance security gate and motor. The security gate and motor were observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.32**

These pictures depict the garage entry roll up doors, which were observed to be in “fair” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.33**

These pictures depict sound side boardwalk and dock, which were observed to be in “fair” condition.

## PHOTO EXHIBIT

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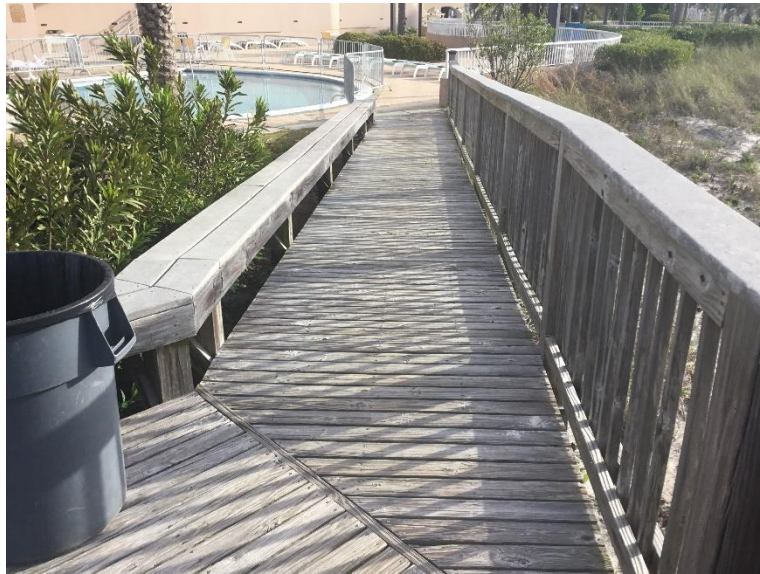
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**EXHIBIT NUMBER: 1.34**

This picture depicts the north east boardwalk which was observed to be in “poor” condition.

## PHOTO EXHIBIT

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**EXHIBIT NUMBER: 1.35**

This picture depicts the beach access boardwalk, which was observed to be in “poor” condition.