

Revised
RESERVE STUDY
Rosedale Master
Homeowners' Association, Inc.



Bradenton, Florida
Inspected - August 14, 2019
Revised - October 22, 2019



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Rosedale Master Homeowners' Association, Inc.
Bradenton, Florida

Dear Board of Directors of Rosedale Master Homeowners' Association, Inc. :

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Rosedale Master Homeowners' Association, Inc. in Bradenton, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, August 14, 2019.

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 Rosedale Master 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 October 22, 2019 by

Reserve Advisors, Inc.

Visual Inspection and Report by: Nancy S. Daniel, RS¹

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>.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Rosedale Master Homeowners' Association, Inc. (Rosedale Master)

Location: Bradenton, Florida

Reference: 161614

Property Basics: Rosedale Master Homeowners' Association, Inc. is a homeowners association which is responsible for the common elements shared by 1107 single family homes. The community was built from 1995 to 2013.

Reserve Components Identified: 27 Reserve Components.

Inspection Date: August 14, 2019. We conducted the original inspection on August 1, 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 this threshold funding year in 2038 due to asphalt pavement repaving.

The Reserve Funding Plan recommends 2049 year end accumulated reserves of approximately \$3,452,860. We judge this amount of accumulated reserves in 2049 necessary to fund the likely phased replacement of the total replacement of asphalt pavement in the Legacy neighborhood after 2049. Future replacement costs beyond the next 30 years for the total replacement of asphalt pavement in the Legacy neighborhood are likely to more than double the current cost of phased replacement, now estimated at approximately \$1,905,900 (88,650 square yards times \$21.50 per square yard). These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2049 year end reserves.

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
- 3.50% average current annual rate of return on invested reserves
- 2.0% future Inflation Rate for estimating Future Replacement Costs, as requested by Management and the Board of Directors

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

Cash Status of Reserve Fund:

- \$1,446,401 as of June 30, 2019
- 2019 budgeted Reserve Contributions of \$205,000

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

- Retaining Walls, Timber, Phased
- Ponds, Erosion Control, Partial (2019 through 2022 is Budgeted)
- Catch Basins, Inspections and Capital Repairs, Phased (2020 is Budgeted)



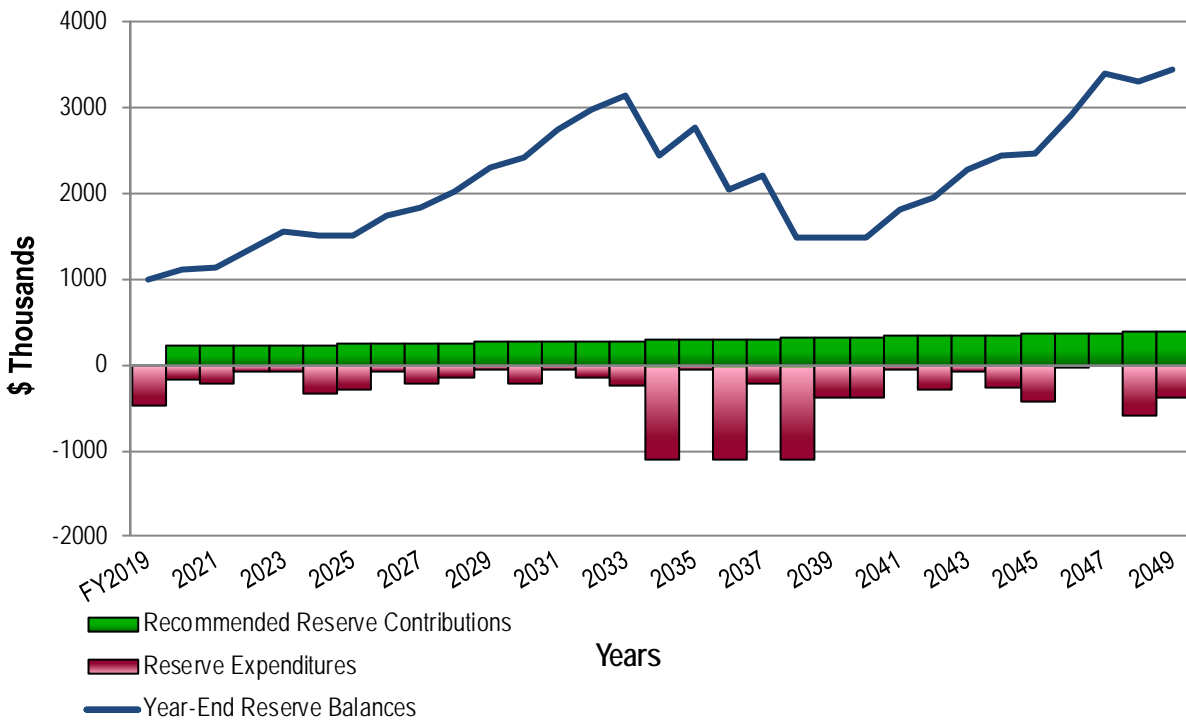
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$220,000 in 2020
- Inflationary increases through 2049, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$15,000 represents an average annual increase of \$13.55 per homeowner and about a one percent (1.0%) adjustment in the 2019 total Operating Budget of \$1,571,286.

Our revised findings reflect both external market and internal property changes. The result is an overall increase in the recommended Reserve Funding Plan since our last Reserve Study on August 1, 2017. The overall increase relates primarily to an increase in inflation and the revised timing of the asphalt pavement repaving events.

Rosedale Master
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2020	220,000	1,101,526	2030	268,500	2,426,883	2040	327,300	1,479,763
2021	224,400	1,144,292	2031	273,900	2,744,320	2041	333,800	1,820,073
2022	228,900	1,344,536	2032	279,400	2,985,469	2042	340,500	1,942,067
2023	233,500	1,549,882	2033	285,000	3,138,822	2043	347,300	2,286,825
2024	238,200	1,498,196	2034	290,700	2,433,292	2044	354,200	2,451,926
2025	243,000	1,514,798	2035	296,500	2,761,480	2045	361,300	2,476,966
2026	247,900	1,745,252	2036	302,400	2,038,179	2046	368,500	2,919,852
2027	252,900	1,840,608	2037	308,400	2,198,118	2047	375,900	3,404,525
2028	258,000	2,023,995	2038	314,600	1,480,878	2048	383,400	3,316,875
2029	263,200	2,300,389	2039	320,900	1,483,520	2049	391,100	3,452,806





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

Rosedale Master Homeowners' Association, Inc.

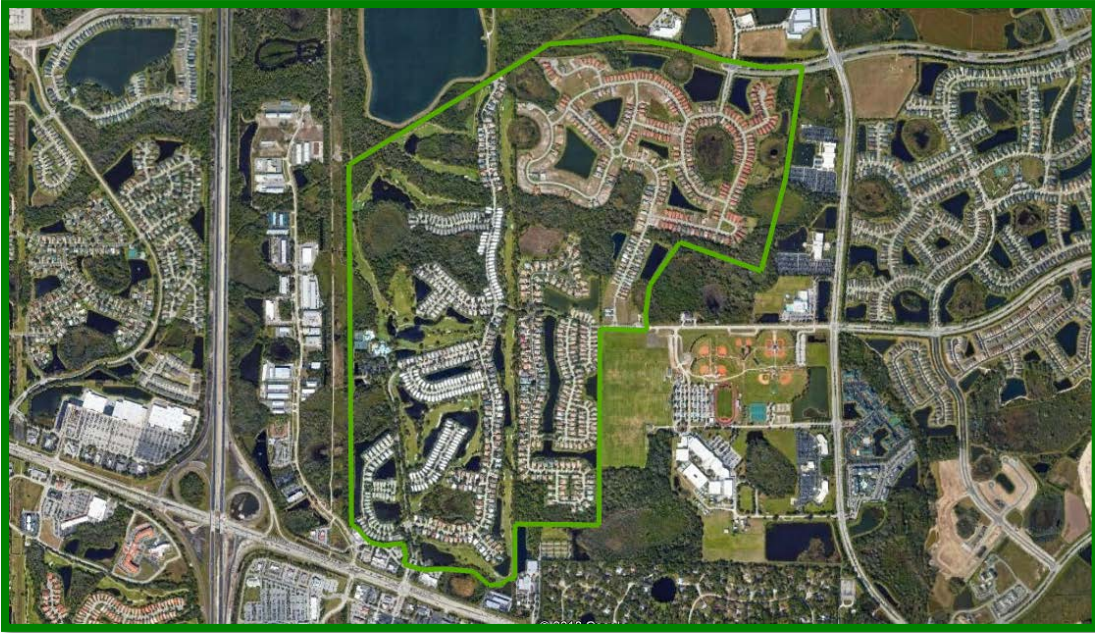
Bradenton, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, August 14, 2019. We conducted the original inspection on August 1, 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:

- Rosedale Master 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 reserve funding at this time.

- Bridges, Concrete Culvert
- Electrical Systems, Common
- Foundations, Common
- Inlet/Outlet Structures, Concrete, Storm Water Management System
- Perimeter Walls, Precast Concrete, Total Replacement
- Pipes, Interior Building, Domestic Water, Sanitary Waste, and Vents, Guard Houses
- Pipes, Subsurface Utilities, Storm Drainage
- Structural Frames, Guard Houses

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 \$7,500 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Catch Basins, Landscape
- Fence, Chain Link, Miscellaneous
- Fence, Vinyl
- Gate Entry System, Guest Access Software (Per Board of Directors)
- Gate Entry System, Telephone System, North Gate
- Irrigation System, Controls, Balanced Tank, and Maintenance
- Landscape
- Landscape Lighting
- Light Fixtures, Gate Houses

- Paint Finishes, Touch Up
- Pavers, Interim Resetting and Partial Replacement
- Perimeter Walls, Cleaning
- Ponds, General Maintenance
- Pumps Less Than Five-HP (horsepower), Irrigation System
- Security System, Surveillance Cameras
- Signage, Miscellaneous Repairs
- Site Furniture
- 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
- Homes and Lots
- Fences, Lots
- Irrigation System, Lots
- Pipes, Subsurface Utilities, Domestic Water and Sewer, Laterals

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

- Lift Stations (Municipality)
- New Home Sales and Resales Lot and Building (Rosedale Realty)
- Perimeter Walls, Golf Course Maintenance Lot (Golf Course)
- Pipes, Subsurface Utilities, Domestic Water and Sewer (Manatee County)

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
- 2019 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Total future costs of replacement 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

Rosedale Master
Homeowners' Association, Inc.
Bradenton, Florida

Explanatory Notes:

- 1) 2.0% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2019 is Fiscal Year beginning January 1, 2019 and ending December 31, 2019.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			RUL = 0 FY2019	1 2020	2 2021	3 2022	4 2023	5 2024	6 2025	7 2026	8 2027	9 2028	10 2029	11 2030	12 2031	13 2032	14 2033	15 2034	
						Useful	Remaining	Unit (2019)	Per Phase (2019)	Total (2019)																	30-Year Total (Inflated)
Property Site Elements																											
4.020	142,500	142,500	Square Yards	Asphalt Pavement, Patch	2024	3 to 5	5	0.50	71,250	71,250	607,398					78,666			85,150				92,169				
4.043	142,500	47,500	Square Yards	Asphalt Pavement, Mill and Overlay, Phased	2034	15 to 20	15 to 19	10.00	475,000	1,425,000	1,996,387															639,287	
4.100	160	53	Each	Catch Basins, Inspections and Capital Repairs, Phased (2020 is Budgeted)	2020	15 to 20	1 to 5	700.00	37,331	112,000	176,899		20,000													50,243	
4.110	106,600	3,555	Linear Feet	Concrete Curbs and Gutters, Partial	2034	to 65	15 to 30+	28.00	99,540	2,984,800	418,359															133,968	
4.140	233,900	5,200	Square Feet	Concrete Sidewalks, Partial	2024	to 65	5 to 30+	10.50	54,600	2,455,950	696,203					60,283		63,973			67,888			72,044			
4.200	530	530	Linear Feet	Fences, Aluminum, Legacy Neighborhood	2025	to 25	6	53.00	28,090	28,090	31,634					31,634											
4.201	620	620	Linear Feet	Fences, Aluminum, 44th Avenue West	2038	to 25	19	53.00	32,860	32,860	47,871																
4.220	1,100	1,100	Linear Feet	Fences, Chain Link, Dog Park	2039	to 25	20	17.00	18,700	18,700	27,787																
4.310	1	1	Allowance	Gate Entry Systems	2026	10 to 15	7	29,500.00	29,500	29,500	76,862							33,886									
4.320	9	3	Each	Gate Operators, Phased	2022	to 10	3 to 9	3,600.00	10,800	32,400	151,925				11,461		12,163		12,907			13,697			14,535		
4.330	2	2	Each	Gates, Emergency Entrance	2038	to 20	19	5,000.00	10,000	10,000	14,568																
4.410	1	1	Each	Irrigation System, Pump, 10-HP	2038	to 20	19	9,300.00	9,300	9,300	13,548																
4.420	300	25	Zones	Irrigation System, Replacement, Partial	2021	to 40+	2 to 30+	5,000.00	125,000	1,500,000	1,723,917			130,050		138,010		146,457			155,422			164,935			
4.600	1	1	Allowance	Mailbox Stations, Replacement	2040	to 25	21	170,000.00	170,000	170,000	257,663																
4.619	1	1	Allowance	Mailbox Stations and Signage, Paint Finishes	2021	5 to 10	2	25,000.00	25,000	25,000	96,365			26,010							31,706						
4.620	13,580	13,580	Square Feet	Pavers, Masonry	2034	15 to 20	15	7.00	95,060	95,060	127,938															127,938	
4.640	8,480	8,480	Linear Feet	Perimeter Walls, Paint Finishes and Capital Repairs	2025	10 to 15	6	17.00	144,160	144,160	629,370						162,348										
4.710	39,910	1,195	Linear Feet	Ponds, Erosion Control, Partial (2019 through 2022 is Budgeted)	2019	to 15	0	42.00	50,190	1,676,220	671,978	60,000	60,000	60,000	60,000		55,414			61,181					67,549		
4.760	960	480	Square Feet	Retaining Walls, Timber, Phased	2020	15 to 25	1 to 4	150.00	72,000	144,000	399,722		73,440			77,935											
4.800	3	1	Allowance	Signage, Entrance Monuments, Phased	2026	15 to 20	7 to 19	34,500.00	34,500	103,500	191,120							39,630					44,629				
4.810	80	80	Each	Signage, Street and Traffic, Metal	2025	20 to 25	6	800.00	64,000	64,000	72,074						72,074										
4.811	60	60	Each	Signage, Street and Traffic, Vinyl	2028	15 to 20	9	600.00	36,000	36,000	100,927								43,023								
Gate House Elements																											
5.450	1	1	Allowance	HVAC Equipment	2024	10 to 15	5	9,000.00	9,000	9,000	36,815					9,937										12,113	
5.500	1	1	Allowance	Interior Renovations	2034	to 20	15	27,000.00	27,000	27,000	36,338															36,338	
5.600	23	23	Squares	Roofs, Concrete Tiles	2038	Up to 30	19	1,030.00	23,690	23,690	34,512																
5.700	1	1	Allowance	Walls, Stucco, Paint Finishes and Capital Repairs	2020	5 to 7	1	7,500.00	7,500	7,500	51,445		7,650					8,787								10,094	
5.800	1	1	Allowance	Windows and Doors	2035	to 40	16	42,000.00	42,000	42,000	57,657																
		1	Allowance	2019 Reserve Expenditures	2019	N/A	0	401,315	401,315	401,315	401,315	401,315															
		1	Allowance	Reserve Study Update with Site Visit	2021	2	2	4,200.00	4,200	4,200	4,200			4,200													
Anticipated Expenditures, By Year											\$9,152,797	461,315	161,090	220,260	71,461	77,935	342,310	278,219	73,516	219,217	141,080	61,181	223,310	45,403	136,798	236,979	1,092,065

RESERVE EXPENDITURES

Rosedale Master Homeowners' Association, Inc. Bradenton, Florida																										
Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$				16 2035	17 2036	18 2037	19 2038	20 2039	21 2040	22 2041	23 2042	24 2043	25 2044	26 2045	27 2046	28 2047	29 2048	30 2049
						Useful	Remaining	Unit (2019)	Per Phase (2019)	Total (2019)	30-Year Total (Inflated)															
Property Site Elements																										
4.020	142,500	142,500	Square Yards	Asphalt Pavement, Patch	2024	3 to 5	5	0.50	71,250	71,250	607,398				107,991					116,893					126,529	
4.043	142,500	47,500	Square Yards	Asphalt Pavement, Mill and Overlay, Phased	2034	15 to 20	15 to 19	10.00	475,000	1,425,000	1,996,387	665,115		691,985												
4.100	160	53	Each	Catch Basins, Inspections and Capital Repairs, Phased (2020 is Budgeted)	2020	15 to 20	1 to 5	700.00	37,331	112,000	176,899	52,272		54,384												
4.110	106,600	3,555	Linear Feet	Concrete Curbs and Gutters, Partial	2034	to 65	15 to 30+	28.00	99,540	2,984,800	418,359	139,380		145,011												
4.140	233,900	5,200	Square Feet	Concrete Sidewalks, Partial	2024	to 65	5 to 30+	10.50	54,600	2,455,950	696,203	76,453			81,133		86,099			91,369				96,961		
4.200	530	530	Linear Feet	Fences, Aluminum, Legacy Neighborhood	2025	to 25	6	53.00	28,090	28,090	31,634															
4.201	620	620	Linear Feet	Fences, Aluminum, 44th Avenue West	2038	to 25	19	53.00	32,860	32,860	47,871			47,871												
4.220	1,100	1,100	Linear Feet	Fences, Chain Link, Dog Park	2039	to 25	20	17.00	18,700	18,700	27,787				27,787											
4.310	1	1	Allowance	Gate Entry Systems	2026	10 to 15	7	29,500.00	29,500	29,500	76,862			42,976												
4.320	9	3	Each	Gate Operators, Phased	2022	to 10	3 to 9	3,600.00	10,800	32,400	151,925		15,425			16,369		17,371			18,434			19,563		
4.330	2	2	Each	Gates, Emergency Entrance	2038	to 20	19	5,000.00	10,000	10,000	14,568			14,568												
4.410	1	1	Each	Irrigation System, Pump, 10-HP	2038	to 20	19	9,300.00	9,300	9,300	13,548			13,548												
4.420	300	25	Zones	Irrigation System, Replacement, Partial	2021	to 40+	2 to 30+	5,000.00	125,000	1,500,000	1,723,917	175,030			185,743		197,112			209,177				221,981		
4.600	1	1	Allowance	Mailbox Stations, Replacement	2040	to 25	21	170,000.00	170,000	170,000	257,663					257,663										
4.619	1	1	Allowance	Mailbox Stations and Signage, Paint Finishes	2021	5 to 10	2	25,000.00	25,000	25,000	96,365						38,649									
4.620	13,580	13,580	Square Feet	Pavers, Masonry	2034	15 to 20	15	7.00	95,060	95,060	127,938															
4.640	8,480	8,480	Linear Feet	Perimeter Walls, Paint Finishes and Capital Repairs	2025	10 to 15	6	17.00	144,160	144,160	629,370		205,896												261,126	
4.710	39,910	1,195	Linear Feet	Ponds, Erosion Control, Partial (2019 through 2022 is Budgeted)	2019	to 15	0	42.00	50,190	1,676,220	671,978				74,580				82,342					90,912		
4.760	960	480	Square Feet	Retaining Walls, Timber, Phased	2020	15 to 25	1 to 4	150.00	72,000	144,000	399,722									120,486				127,861		
4.800	3	1	Allowance	Signage, Entrance Monuments, Phased	2026	15 to 20	7 to 19	34,500.00	34,500	103,500	191,120				50,260					56,601						
4.810	80	80	Each	Signage, Street and Traffic, Metal	2025	20 to 25	6	800.00	64,000	64,000	72,074															
4.811	60	60	Each	Signage, Street and Traffic, Vinyl	2028	15 to 20	9	600.00	36,000	36,000	100,927							57,904								
Gate House Elements																										
5.450	1	1	Allowance	HVAC Equipment	2024	10 to 15	5	9,000.00	9,000	9,000	36,815									14,765						
5.500	1	1	Allowance	Interior Renovations	2034	to 20	15	27,000.00	27,000	27,000	36,338															
5.600	23	23	Squares	Roofs, Concrete Tiles	2038	Up to 30	19	1,030.00	23,690	23,690	34,512				34,512											
5.700	1	1	Allowance	Walls, Stucco, Paint Finishes and Capital Repairs	2020	5 to 7	1	7,500.00	7,500	7,500	51,445						11,595							13,319		
5.800	1	1	Allowance	Windows and Doors	2035	to 40	16	42,000.00	42,000	42,000	57,657	57,657														
		1	Allowance	2019 Reserve Expenditures	2019	N/A	0	401,315	401,315	401,315	401,315															
		1	Allowance	Reserve Study Update with Site Visit	2021	2	2	4,200.00	4,200	4,200	4,200															
Anticipated Expenditures, By Year											\$9,152,797	57,657	1,108,250	221,321	1,095,115	369,243	382,023	50,244	283,211	75,275	270,601	421,032	18,434	0	586,651	371,601

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS																	
Rosedale Master																	
Homeowners' Association, Inc.																	
Bradenton, Florida		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
		FY2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Reserves at Beginning of Year (Note 1)	1,446,401	1,006,362	1,101,526	1,144,292	1,344,536	1,549,882	1,498,196	1,514,798	1,745,252	1,840,608	2,023,995	2,300,389	2,426,883	2,744,320	2,985,469	3,138,822
	Total Recommended Reserve Contributions (Note 2)	0	220,000	224,400	228,900	233,500	238,200	243,000	247,900	252,900	258,000	263,200	268,500	273,900	279,400	285,000	290,700
Plus	Estimated Interest Earned, During Year (Note 3)	21,276	36,254	38,626	42,805	49,781	52,424	51,821	56,070	61,673	66,467	74,375	81,304	88,940	98,547	105,332	95,835
Less	Anticipated Expenditures, By Year	(461,315)	(161,090)	(220,260)	(71,461)	(77,935)	(342,310)	(278,219)	(73,516)	(219,217)	(141,080)	(61,181)	(223,310)	(45,403)	(136,798)	(236,979)	(1,092,065)
	Anticipated Reserves at Year End	<u>\$1,006,362</u>	<u>\$1,101,526</u>	<u>\$1,144,292</u>	<u>\$1,344,536</u>	<u>\$1,549,882</u>	<u>\$1,498,196</u>	<u>\$1,514,798</u>	<u>\$1,745,252</u>	<u>\$1,840,608</u>	<u>\$2,023,995</u>	<u>\$2,300,389</u>	<u>\$2,426,883</u>	<u>\$2,744,320</u>	<u>\$2,985,469</u>	<u>\$3,138,822</u>	<u>\$2,433,292</u>

(continued)		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Reserves at Beginning of Year		2,433,292	2,761,480	2,038,179	2,198,118	1,480,878	1,483,520	1,479,763	1,820,073	1,942,067	2,286,825	2,451,926	2,476,966	2,919,852	3,404,525	3,316,875
Total Recommended Reserve Contributions		296,500	302,400	308,400	314,600	320,900	327,300	333,800	340,500	347,300	354,200	361,300	368,500	375,900	383,400	391,100
Plus	Estimated Interest Earned, During Year	89,345	82,549	72,860	63,275	50,985	50,966	56,754	64,705	72,733	81,502	84,772	92,820	108,773	115,601	116,432
Less	Anticipated Expenditures, By Year	(57,657)	(1,108,250)	(221,321)	(1,095,115)	(369,243)	(382,023)	(50,244)	(283,211)	(75,275)	(270,601)	(421,032)	(18,434)	0	(586,651)	(371,601)
Anticipated Reserves at Year End		<u>\$2,761,480</u>	<u>\$2,038,179</u>	<u>\$2,198,118</u>	<u>\$1,480,878</u>	<u>\$1,483,520</u>	<u>\$1,479,763</u>	<u>\$1,820,073</u>	<u>\$1,942,067</u>	<u>\$2,286,825</u>	<u>\$2,451,926</u>	<u>\$2,476,966</u>	<u>\$2,919,852</u>	<u>\$3,404,525</u>	<u>\$3,316,875</u>	<u>\$3,452,806</u>
		(NOTE 5)														
		(NOTE 4)														

Explanatory Notes:

- 1) Year 2019 ending reserves are as of June 30, 2019; FY2019 starts January 1, 2019 and ends December 31, 2019.
- 2) 2019 Reserve Contributions are already contributed; 2020 is the first year of recommended contributions.
- 3) 3.50% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2049 ending reserves consider the need to fund for the asphalt pavement repaving shortly after 2049, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK**Rosedale Master
Homeowners' Association, Inc.**
Bradenton, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2019	1 2020	2 2021	3 2022	4 2023	5 2024
<u>Property Site Elements</u>							
4.020	Asphalt Pavement, Patch						78,666
4.100	Catch Basins, Inspections and Capital Repairs, Phased (2020 is Budgeted)		20,000				
4.140	Concrete Sidewalks, Partial						60,283
4.320	Gate Operators, Phased				11,461		
4.420	Irrigation System, Replacement, Partial			130,050			138,010
4.619	Mailbox Stations and Signage, Paint Finishes			26,010			
4.710	Ponds, Erosion Control, Partial (2019 through 2022 is Budgeted)	60,000	60,000	60,000	60,000		55,414
4.760	Retaining Walls, Timber, Phased		73,440			77,935	
<u>Gate House Elements</u>							
5.450	HVAC Equipment						9,937
5.700	Walls, Stucco, Paint Finishes and Capital Repairs		7,650				
2019 Reserve Expenditures		401,315					
Reserve Study Update with Site Visit				4,200			
Anticipated Expenditures, By Year		461,315	161,090	220,260	71,461	77,935	342,310

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.*

Property Site Elements

Asphalt Pavement, Patch

Line Item: 4.020

Quantity: Approximately 142,500 square yards

History: Asphalt pavement at the Legacy neighborhoods is undergoing a three-phase repaving event which is projected to be complete in 2019. The developer installed the wear course of the asphalt pavement in the Links neighborhood in 2019.

Condition: Good overall

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 142,500 square yards comprised of approximately 88,650 square yards at the Legacy neighborhood and 53,850 square yards at the Links neighborhood.

History: The asphalt pavement at the Legacy neighborhoods is undergoing a three-phase repaving event which is projected to be complete in 2019. The developer installed the wear course of the asphalt pavement in the Links neighborhood in 2019.

Condition: Good overall with no significant deterioration evident in the areas that have undergone repaving. Good to poor overall with isolated significant deterioration in the areas where repaving has not been completed.



Asphalt pavement overview at Doon Valley Drive – Links neighborhood



Asphalt pavement overview at Carnoustie Place – Links neighborhood



Asphalt pavement at Baltry Court – deterioration evident – Links Neighborhood



Asphalt pavement at Baltry Court – deterioration evident – Links Neighborhood



Asphalt pavement at North Entry Gate – Links neighborhood



Asphalt pavement at 51st Terrace – Legacy neighborhood



Asphalt pavement at 97th Street East – large patches – Legacy neighborhood



Asphalt pavement at 97th Street East – numerous cracks – Legacy neighborhood



Asphalt pavement overview at 88th Street East – Legacy neighborhood



Asphalt pavement at 88th Street East – depression and standing water – Legacy neighborhood



Asphalt pavement at 88th Street East – subsurface water pumping evident - Legacy neighborhood



Asphalt pavement at 52nd Avenue East – cracks evident – Legacy neighborhood



Asphalt pavement at 54th Avenue Circle East – large patches and cracks evident – Legacy neighborhood



Asphalt pavement at 54th Avenue Circle East – cracks evident – Legacy neighborhood



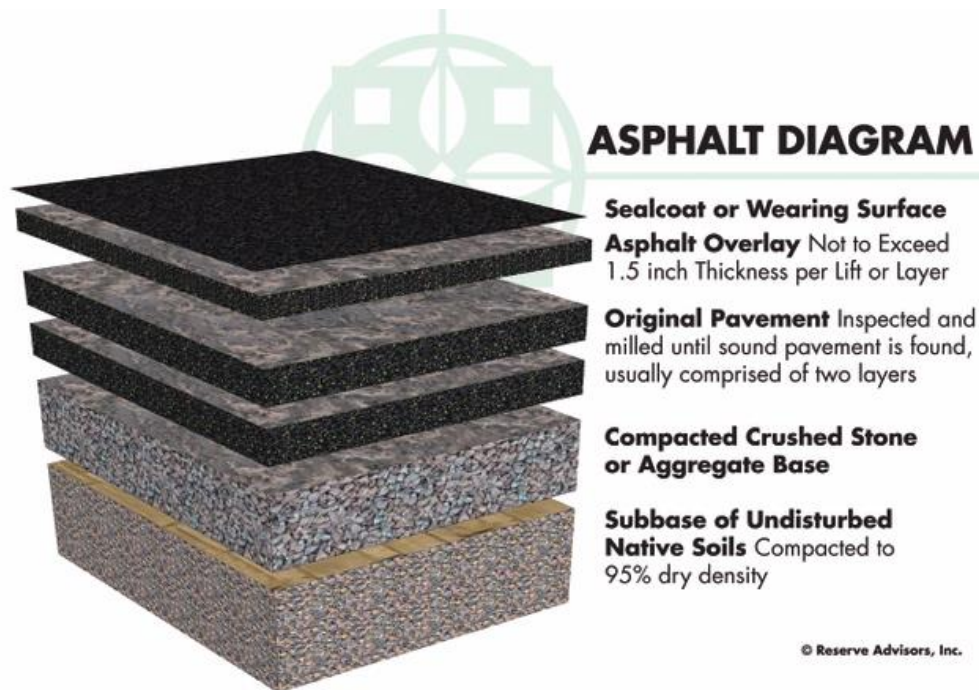
**Asphalt pavement overview – 54th Avenue East
– Legacy neighborhood**



**Asphalt pavement at 54th Avenue East – cracks
evident – Legacy neighborhood**

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 Rosedale Master:



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 Rosedale Master.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for milling and overlayment includes area patching of up to ten percent (10%). We anticipate replacement of up to thirty-three percent (33%) of total asphalt pavement quantity with each event.

Catch Basins

Line Item: 4.100

Quantity: A total of 160 total catch basins throughout the community, comprised of approximately 100 catch basins at the Legacy neighborhood streets and 60 catch basins at the Links neighborhood streets

History: Original to construction. Management and the Board inform us the Association has budgeted a \$20,000 allowance in 2020 to retrofit the catch basins located in The Westbury Lakes neighborhood.

Condition: Good overall without settlement visually apparent



Catch basin – Links neighborhood



Catch basin – Legacy neighborhood



Catch Basin at 54th Avenue Circle East – Legacy neighborhood

Useful Life: The useful life of catch basins is up to 65 years. However, achieving this useful life usually requires interim capital repairs or partial replacements every 15- to 20-years.

Component Detail Notes: Erosion causes settlement around the collar of catch basins. Left unrepaired, the entire catch basin will shift and need replacement.

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 plan for inspections and capital repairs to the catch basins in conjunction with repaving. At the request of Management and the Board, we include a \$20,000 allowance by 2020. We anticipate inspections and capital repairs of up to thirty-three percent (33%) of the total catch basin with each event.

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: A total of 106,600 linear feet throughout the community, comprised of approximately 61,600 linear feet along the streets at the Legacy neighborhood and approximately 45,000 linear feet along the streets at the Links neighborhood

Condition: Good to fair with isolated cracks and repairs evident



Miami Curb



Drop Curb

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

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 10,665 linear feet of curbs and gutters, or ten percent (10%) of the total, will require replacement during the next 30 years.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 233,900 square feet

Condition: Good overall with repairs evident



Concrete Sidewalk



Concrete sidewalk

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

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 46,800 square feet of concrete sidewalks, or twenty percent (20%) of the total, will require replacement during the next 30 years.

Fences, Aluminum

Line Item: 4.200 and 4.201

Quantity and History: 530 linear feet are original to development located at the south gate entrance, the entrance to the Highlands, and the entrance to North Bridge. 620 linear feet date to 2013 at the north gate entrance along 44th Avenue West and atop the culvert along Tobemory Way.

Condition: Good overall



Aluminum fence along the south entrance



Aluminum fence along the north entrance along
44th Avenue West



Aluminum fence at entrance to North Bridge

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Fences, Chain Link, Dog Park

Line Items: 4.220

Quantity: 1,100 linear feet

History: Installed in approximately 2014

Condition: Good overall with isolated loose sections evident



Chain link fence



Chain link fence – loose section

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Gate Entry Systems

Line Item: 4.310

Quantity and History: The gate entry systems located at the north and south gate entrance is comprised of two barcode scanners that were installed in 2016 and two QR code readers that were installed in 2017.

Condition: Good overall. The Board informs us that the QR code readers are experiencing isolated operational difficulties.



Barcode reader



QR code reader

Useful Life: 10- to 15-years

Priority/Criticality: Per Board discretion

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

Gates and Operators

Line Items: 4.320 and 4.330

Quantity: The Association is responsible for the following:

- Two emergency gates and two gate operators located at Malachite Drive
- Seven lift arm operators assemblies at the north and south gate entrances

History: Vary in age. Management and the Board inform us the emergency gates and associated gate operators were replaced in 2018.

Condition: Good overall



Emergency gate operator



Emergency Gate



Lift arm operator

Useful Life: Up to 10 years for the operators and up to 20 years for the gates

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We anticipate replacement of up to thirty-three percent (33%) of total quantity of gate operators with each event.

Irrigation System, Pump

Line Item: 4.410

Quantity: One 10-HP lake pump

History: Replaced in 2018

Condition: Reported satisfactory



Useful Life: Up to 20 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. Pumps less than Five-HP were excluded from this study.

Irrigation System, Replacement

Line Item: 4.420

Quantity: Approximately 300 zones

History: Primarily original with repairs ongoing

Condition: Fair overall. Management and the Board report ongoing repairs and issues

Useful Life: Up to 40 years

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

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

Rosedale Master 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.

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. Due to the size and varied deterioration of the irrigation system components we depict replacements of up to eight percent (8%) of the total irrigation system with each event.

Mailbox Stations, Replacement

Line Item: 4.600

Quantity: Approximately 30 cluster stations and approximately 600 individual mailboxes

History: We are informed the Association replaced all the mailboxes in the Legacy neighborhood, excluding the Highlands neighborhood, in 2015. The mailbox stations in the Links neighborhood are original to installation in 2015.

Condition: Good overall



Cluster station – Links neighborhood



Individual mailbox – Legacy neighborhood

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Mailbox Stations and Signage, Paint Finishes

Line Item: 4.619

Quantity: Approximately 30 cluster stations and approximately 600 individual mailboxes

History: Mailbox finishes are either original factory finishes, dating to 2015 or were applied in 2015. Management and the Board inform us the Association plans for the application of paint finishes by 2021.

Condition: Good overall

Useful Life: 5- 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.

Pavers, Masonry

Line Item: 4.620

Quantity: 13,580 square feet located at the south entrance gate, entrance to the Highlands neighborhood, and the Links neighborhood common areas

History: Vary in age

Condition: Good overall



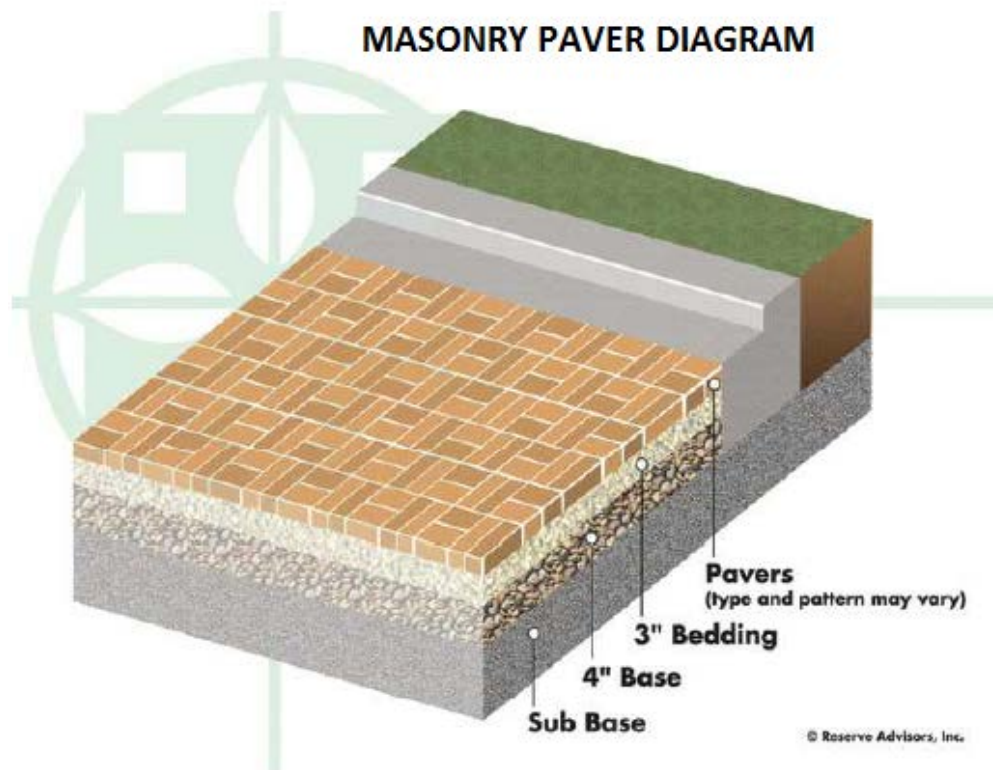
Masonry pavers – Links neighborhood



Masonry pavers – south entrance gate

Useful Life: 15- to 20-years

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



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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Based on the near term replacement of the older sections of pavers, and the young age of the newer pavers, we defer replacement. We suggest the Association conduct interim resetting and replacement of minor areas of pavers as normal maintenance, funded from the operating budget.

Perimeter Walls

Line Item: 4.640

Quantity: 8,480 linear feet of concrete block walls with stucco and precast walls which comprises approximately 132,000 square feet of painted surface area. This quantity includes both sides of the walls.

History: The walls are original to construction. Management and the Board inform us the Association applied paint finishes in 2018.

Condition: The walls are in fair condition overall and paint finish is in fair condition overall with isolated cracks, stains, and vegetative growth evident.



Perimeter wall overview – Links neighborhood



Perimeter Wall – Legacy neighborhood



Paint deterioration and cracks – Links neighborhood



Vegetative growth

Useful Life: Indefinitely long with periodic finish applications and proper maintenance every 10- to 15-years

Component Detail Notes: Stucco is Portland cement plaster that is applied directly to a solid base such as masonry or concrete. Periodic paint finish applications and repairs to stucco help prevent water infiltration and spalling from weather exposure, maintain a good appearance and maximize the useful life of the system.

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our estimate of cost anticipates repair or replacement of up to five percent (5%), of the stucco in coordination with each paint finish application. The exact amount of area in need of repair will be discretionary based on the actual future conditions and the desired appearance. 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. Our estimate of cost also includes for

removal of vegetative growth concurrent with application of paint finishes and capital repairs.

Ponds, Erosion Control

Line Item: 4.710

Quantity: 39,910 linear feet of natural vegetation. We include the following map of the ponds within the community which details the shared pond erosion control responsibility with the golf course. Red lines indicate a shoreline that is maintained by the Association on a shared pond, white lines indicate a shoreline that is maintained by the Association on a non-shared pond, and green lines indicate a timber retaining wall. The remaining ponds not depicted in this map are entirely maintained by the Association.



Condition: Fair overall with reported isolated erosion evident



Pond overview in Links neighborhood



Minor shoreline erosion evident



Pond overview in Legacy neighborhood



Shoreline erosion evident



Pond overview in Legacy neighborhood



Shoreline erosion evident

Useful Life: Shorelines are subject to fluctuations in water levels, increased plant growth and migrating storm and ground water resulting in the need for erosion control measures up to every five years.

Component Detail Notes: The steep shoreline embankments are likely to exacerbate soil movement and erosion. The use and maintenance of landscape, natural vegetation and/or stone rip rap along the pond shorelines will help maintain an attractive appearance and prevent soil erosion.

Shoreline plantings are referred to as buffer zones. Buffer zones provide the following advantages:

- Control insects naturally
- Create an aesthetically pleasing shoreline
- Enhance water infiltration and storage
- Filter nutrients and pollutants
- Increase fish and wildlife habitat
- Reduce lawn maintenance
- Stabilize shoreline and reduce erosion
- Trap sediments

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 plan to install a combination of plantings and rip rap around the ponds along 1,195 linear feet, or approximately three percent (3%), of the shorelines per event. At the request of the Board we include four events in the near term of approximately \$60,000 per event.

Retaining Walls, Timber

Line Item: 4.760

Quantity: Approximately 960 square feet

History: Primarily original with reports of repairs in recent years. Management and the Board inform us the Association plans for a phased replacement beginning by 2020 and concluding by 2023.

Condition: Fair to poor overall with wood rot and leaning sections evident



Retaining wall overview



Retaining wall overview



Leaning section



Deterioration of top rail

Useful Life: 15- to 25-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. After the near term replacement we anticipate the subsequent replacement will be up to fifty percent (50%) of the total quantity with each event.

Signage, Entrance Monuments

Line Item: 4.800

Quantity: Two main entrance monuments and seven neighborhood monuments

History: Original to construction

Condition: Good overall



North entrance monument



South entrance monument



Neighborhood entrance monument

Useful Life: 15- to 20-years

Component Detail Notes: Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are discretionary. The signage includes the following elements:

- Light fixtures
- Letters
- Stone and painted surfaces

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost for renovation includes repointing and repairs to the stone and replacement of the remaining components listed above. We

anticipate replacement of up to thirty-three percent (33%) of total entrance monument signage quantity with each event.

Signage, Street and Traffic

Line Items: 4.810 and 4.8111

Quantity: The Association is responsible for 80 metal and 60 vinyl signs throughout the community

History: The metal signs in the Legacy neighborhood are original to construction and the vinyl signs in the Links neighborhood date to 2013. The Association reports isolated signage replacement.

Condition: Fair overall



Vinyl signage – Links neighborhood



Vinyl signage – Links neighborhood



Metal signage – Legacy neighborhood

Useful Life: 20- to 25-years for the metal signage and 15- to 20-years for the vinyl signage

Component Detail Notes: The community signs contribute to the overall aesthetic appearance of the property to owners and potential buyers. Replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific time for replacement of the signs is discretionary.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Paint finish applications to the metal signs is included with the "Mailbox Stations and Signage, Paint Finishes" line item discussed above.

Gate House Elements



North gate house overview



South gate house overview

HVAC Equipment

Line Item: 5.450

Quantity: One split system air conditioner at the south gate house and one split system heat pump at the north gate house

History: The system at the north gate house was replaced in 2018 and the system at the south gate house was replaced in 2014

Condition: Reported satisfactory



Split system heat pump – north gate house



Condensing unit – south gate house

Useful Life: 10- to 15-years

Component Detail Notes:

- One remote split system unit and one split system heat pump with cooling capacities of two-tons each

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

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

Interior Renovations

Line Item: 5.500

History: Original to construction

Condition: Good to fair overall



North gate house interior



South gate house interior

Useful Life: Complete interior renovation every 20 years.

Component Detail Notes: The gatehouse interior comprises approximately 1,300 square feet of finished area which includes:

- Tile floor coverings
- Paint finishes on the walls and ceilings
- Plumbing fixtures
- Light fixtures
- Furnishings
- Various appliances including a refrigerator and microwave

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.

Roofs, Concrete Tiles

Line Item: 5.600

Quantity: 23 squares¹

History: Date to approximately 2013

Condition: Good overall with isolated damage evident. Management and the Board do not report a history of leaks.

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



North gate house roof



Damage due to vehicular collision



South gate house roof

Useful Life: Up to 30 years

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the near term repair to the roof be funded through operating budget.

Walls, Stucco

Line Item: 5.700

History: Paint finishes are an unknown age

Condition: Fair overall with isolated cracks evident



Cracks evident – north gate house

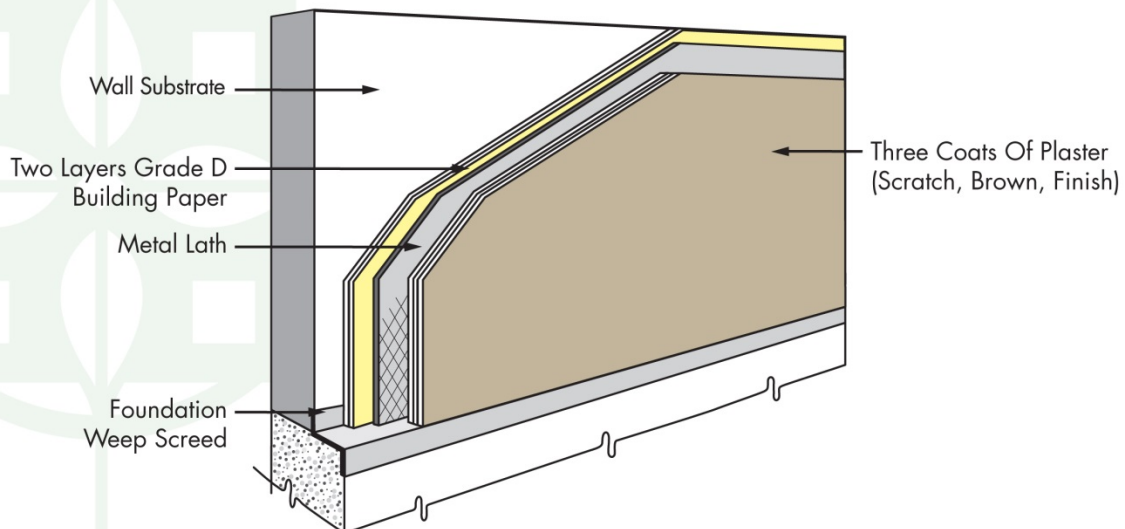


South gate house

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

Component Detail Notes: The following graphic details the typical components of a stucco wall system on frame construction although it may not reflect the actual configuration at Rosedale Master:

STUCCO DETAIL



© Reserve Advisors, Inc.

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:

- 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.

Windows and Doors

Line Item: 5.800

Quantity: Approximately 330 square feet

History: Original to building construction

Condition: Good overall



Window – south gate house

Useful Life: Up to 40 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. The price is based off of impact rated windows.

2019 Reserve Expenditures



Line Item: Second to last

Component Detail Notes: Rosedale Master will expend \$401,315 in reserve expenditures in 2019. These expenditures relate to the following:

- \$401,315: Payment for the remaining balance on the road repaving project

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

Reserve Study Update

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

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

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

5.METHODOLOGY

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

Rosedale Master 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 annual 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 Bradenton,

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.

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 Rosedale Master 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, Inc. 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 principals are founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our principals 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.

QUALIFICATIONS

THEODORE J. SALGADO

Principal Owner

CURRENT CLIENT SERVICES

Theodore J. Salgado is a co-founder of Reserve Advisors, Inc., which is dedicated to serving community associations, city and country clubs, religious organizations, educational facilities, and public and private entities throughout the United States. He is responsible for the production, management, review, and quality assurance of all reserve studies, property inspection services and consulting services for a nationwide portfolio of more than 6,000 clients. Under his direction, the firm conducts reserve study services for community associations, apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings.



PRIOR RELEVANT EXPERIENCE

Before founding Reserve Advisors with John P. Poehlmann in 1991, Mr. Salgado, a professional engineer registered in the State of Wisconsin, served clients for over 15 years through American Appraisal Associates, the world's largest full service valuation firm. Mr. Salgado conducted facilities analyses of hospitals, steel mills and various other large manufacturing and petrochemical facilities and casinos.

He has served clients throughout the United States and in foreign countries, and frequently acted as project manager on complex valuation, and federal and state tax planning assignments. His valuation studies led to negotiated settlements on property tax disputes between municipalities and property owners.

Mr. Salgado has authored articles on the topic of reserve studies and facilities maintenance. He also co-authored Reserves, an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and maintaining appropriate reserves. Mr. Salgado has also written in-house computer applications manuals and taught techniques relating to valuation studies.

EXPERT WITNESS

Mr. Salgado has testified successfully before the Butler County Board of Tax Revisions in Ohio. His depositions in pretrial discovery proceedings relating to reserve studies of Crestview Estates Condominium Association in Wauconda, Illinois, Rivers Point Row Property Owners Association, Inc. in Charleston, South Carolina and the North Shore Club Associations in South Bend, Indiana have successfully assisted the parties in arriving at out of court settlements.

EDUCATION - Milwaukee School of Engineering - B.S. Architectural Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

American Association of Cost Engineers - Past President, Wisconsin Section

Association of Construction Inspectors - Certified Construction Inspector

Association of Professional Reserve Analysts - Past President & Professional Reserve Analyst (PRA)

Community Associations Institute - Member and Volunteer Leader of multiple chapters

Concordia Seminary, St. Louis - Member, National Steering Committee

Milwaukee School of Engineering - Member, Corporation Board

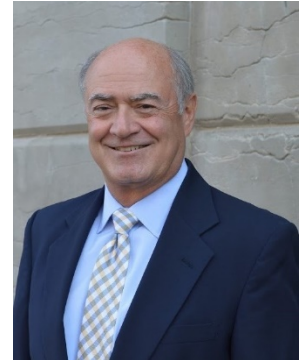
Professional Engineer, Wisconsin (1982) and North Carolina (2014)

Ted continually maintains his professional skills through American Society of Civil Engineers, ASHRAE, Association of Construction Inspectors, and continuing education to maintain his professional engineer licenses.

JOHN P. POEHLMANN, RS
Principal

John P. Poehlmann is a co-founder of Reserve Advisors, Inc. He is responsible for the finance, accounting, marketing, and overall administration of Reserve Advisors, Inc. He also regularly participates in internal Quality Control Team Reviews of Reserve Study reports.

Mr. Poehlmann directs corporate marketing, including business development, advertising, press releases, conference and trade show exhibiting, and electronic marketing campaigns. He frequently speaks throughout the country at seminars and workshops on the benefits of future planning and budgeting for capital repairs and replacements of building components and other assets.



PRIOR RELEVANT EXPERIENCE

Mr. Poehlmann served on the national Board of Trustees of Community Associations Institute. An international organization, Community Associations Institute (CAI) is a nonprofit 501(c)(3) trade association created in 1973 to provide education and resources to America's 335,000 residential condominium, cooperative and homeowner associations and related professionals and service providers.

He is a founding member of the Institute's Reserve Committee. The Reserve Committee developed national standards and the Reserve Specialist (RS) Designation Program for Reserve Study providers. Mr. Poehlmann has authored numerous articles on the topic of Reserve Studies, including Reserve Studies for the First Time Buyer, Minimizing Board Liability, Sound Association Planning Parallels Business Concepts, and Why Have a Professional Reserve Study. He is also a contributing author in Condo/HOA Primer, a book published for the purpose of sharing a wide background of industry knowledge to help boards in making informed decisions about their communities.

INDUSTRY SERVICE AWARDS

CAI Wisconsin Chapter Award
CAI National Rising Star Award
CAI Michigan Chapter Award

EDUCATION

University of Wisconsin-Milwaukee - Master of Science Management
University of Wisconsin - Bachelor of Business Administration

PROFESSIONAL AFFILIATIONS

Community Associations Institute (CAI) - Founding member of Reserve Committee; former member of National Board of Trustees; Reserve Specialist (RS) designation; Member of multiple chapters

Association of Condominium, Townhouse, & Homeowners Associations (ACTHA) – member

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

CURRENT CLIENT SERVICES

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



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

The Chimneys of Marvin Homeowners' Association - A homeowner association located in Waxhaw, North Carolina, responsible for the common elements shared by 283 single family homes. The community contains a large clubhouse and pool complex with two pools, a two story water slide and multi-feature aqua playground..

Dominion Homeowners Association, Inc. - Located in San Antonio, Texas, this exclusive Master planned community consists of 1,456 single family homes covering over 1,500 acres. The Dominion Homeowners Association is responsible for approximately 30 miles of asphalt roadways, masonry perimeter walls and fences.

Goodale Park Condominium - A historic brick building located in Columbus, Ohio, originally built in 1910 and converted to condominiums in 2006. The building contains nine units and is comprised of a built up flat roof, asphalt shingle mansard roof, brick and stone masonry exterior, chimneys, wrought iron fire escape and entrance porches.

Queen's Harbour Yacht and Country Club Owners Association, Inc. - Located in Jacksonville, Florida, this exclusive Master planned community comprises 1,000 single family homes. The Queen's Harbour Yacht and Country Club Owners Association contains a marina, a lock and dam, sea walls, as well as community center, fitness center and maintenance facility.

VillageWalk of Sarasota Homeowners Association, Inc. - A homeowner association located in Sarasota, Florida, responsible for the common elements shared by 1,177 single family homes and townhomes. The community contains a Town Center with commercial business spaces, a gas station, commercial kitchen, bar and restaurant. The community also includes a Riverwalk pathway comprised of 11 bridges and approximately 22 miles of sidewalks.

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS

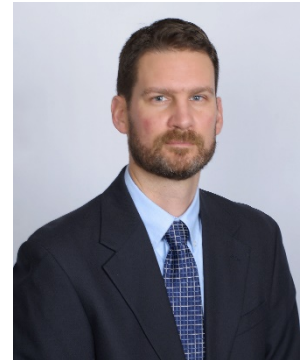
Professional Engineer (P.E.) – State of Texas
Reserve Specialist (RS) - Community Associations Institute
Licensed Community Association Manager (LCAM) – State of Florida

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, Inc. 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. Several advisors and a Principal of Reserve Advisors, Inc. hold Senior Memberships with ACI.

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, Inc. 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, Inc., 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 Rosedale Master 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) Rosedale Master 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, Inc. (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.