Villa San Marco Condominium Association, Inc.

Inspected: December 4, 2024 • Revised on: February 27, 2025
St. Augustine, FL

STRUCTURAL INTEGRITY RESERVE STUDY

RESERVE™ ADVISORS
Long-term thinking. Everyday commitment.

RESERVE ADVISORS
Long-term thinking. Everyday commitment.

Corporate Office
Reserve Advisors, LLC
735 N. Water Street, Suite 175
Milwaukee, WI 53202

Villa San Marco Condominium Association, Inc.
St. Augustine, Florida

Dear Board of Directors of Villa San Marco Condominium Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Structural Integrity Reserve Study* of Villa San Marco Condominium Association, Inc. in St. Augustine, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, December 4, 2024.

This *Structural Integrity Reserve Study meets or exceeds all requirements set forth in Florida Statute 718.112 and* the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Villa San Marco Condominium Association, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on February 27, 2025 by

Reserve Advisors, LLC

Visual Inspection and Report by: J.J. Barron
Review by: Nancy S. Daniel, RS[1], Regional Engineering Manager
Alan M. Ebert, RS, PRA[2], 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.

RESERVE™ ADVISORS

Long-term thinking. Everyday commitment.

NEW TO RESERVE STUDIES?

ACCESS OUR QUICK START GUIDE

Table of Contents

1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Villa San Marco Condominium Association, Inc. (Villa San Marco)
Location: St. Augustine, Florida
Reference: 243121

Property Basics: Villa San Marco Condominium Association, Inc. is a midrise style development which consists of 178 units in eight three-story buildings. The buildings were built in 2004.

Reserve Components Identified:

- 14 Structural Integrity Reserve Components.
- 29 Non-Structural Reserve Components.

Inspection Date: December 4, 2024.

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

- Current and future local costs of replacement
- 2.7% anticipated annual rate of return on invested reserves
- 3.3% future Inflation Rate for estimating Future Replacement Costs

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

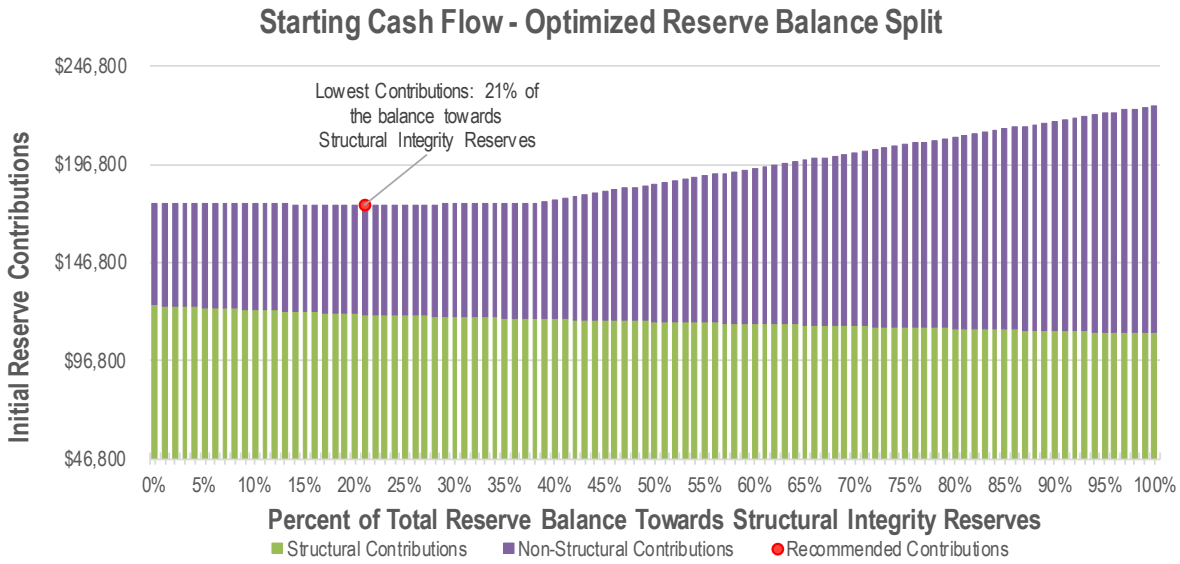
Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the ***Reserve Expenditures*** tables and include a ***Five-Year Outlook*** table following the ***Reserve Funding Plan*** in Section 3. We recommend the Association prioritize the following projects in the next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

- Structural Integrity - Systematic coordinated repairs to the balconies and breezeways
- Non-Structural - Repaving due to noted deterioration
- Non-Structural - Replacement of the HVAC units as the lack of replacement parts, increased efficiencies of new units and corrosion of components will eventually justify complete replacement
- Non-Structural - Pool deck repaving due to noted trip hazards

Unaudited Cash Status of Reserve Fund:

- $475,014 as of October 31, 2024
- $84,000 in budgeted 2024 reserve contributions, and $72,000 in budgeted 2025 reserve contributions ($86,000 remaining)
- $116,522 in estimated remaining 2024 and 2025 reserve expenses
- We project a 2025 Reserve End Balance of $458,381.

As part of our Cash Flow method, we analyzed future expenditures and identified the reserve balance split to produce the lowest overall required contributions. Due to the statutory restrictions on structural integrity reserve funds, we recommend the Association maintain separate funds for Structural Integrity reserves and Non-Structural reserves. However, the existing reserve funds are not split. We, therefore, analyzed future expenditures and identified the starting reserve balance split that produces the lowest overall reserve contributions. We recommend the Association allocate $96,260, or 21% of the 2025 Projected Reserve End Balance to the Structural Integrity Reserve Fund and $362,121, or 79% to the Non-Structural Fund to minimize the total combined contributions to the statutory Structural Integrity Fund and the recommended Non-Structural Fund. A vote of the membership may be required to allocate funds in this manner. The following chart depicts the analysis of future expenditures and the reserve balance split to produce the lowest overall required contributions.



Cash Flow - Existing Reserve Balance and Contribution Split	FY2024	2025		Structural Integrity 2026	Non-Structural 2026
Beginning Reserve Balance as of October 31, 2024	475,014	491,214		96,260	362,121
Budgeted Reserve Contributions:	**14,000**	**72,000**		**120,600**	**55,600**
Estimated Interest Earned:	2,200	11,690	21%		
Anticipated Structural Expenditures:	0	0	79%		
Anticipated Non-Structural Expenditures:	0	(116,522)			
Anticipated Reserves at Year End:	$491,214	$458,381			

Structural Integrity

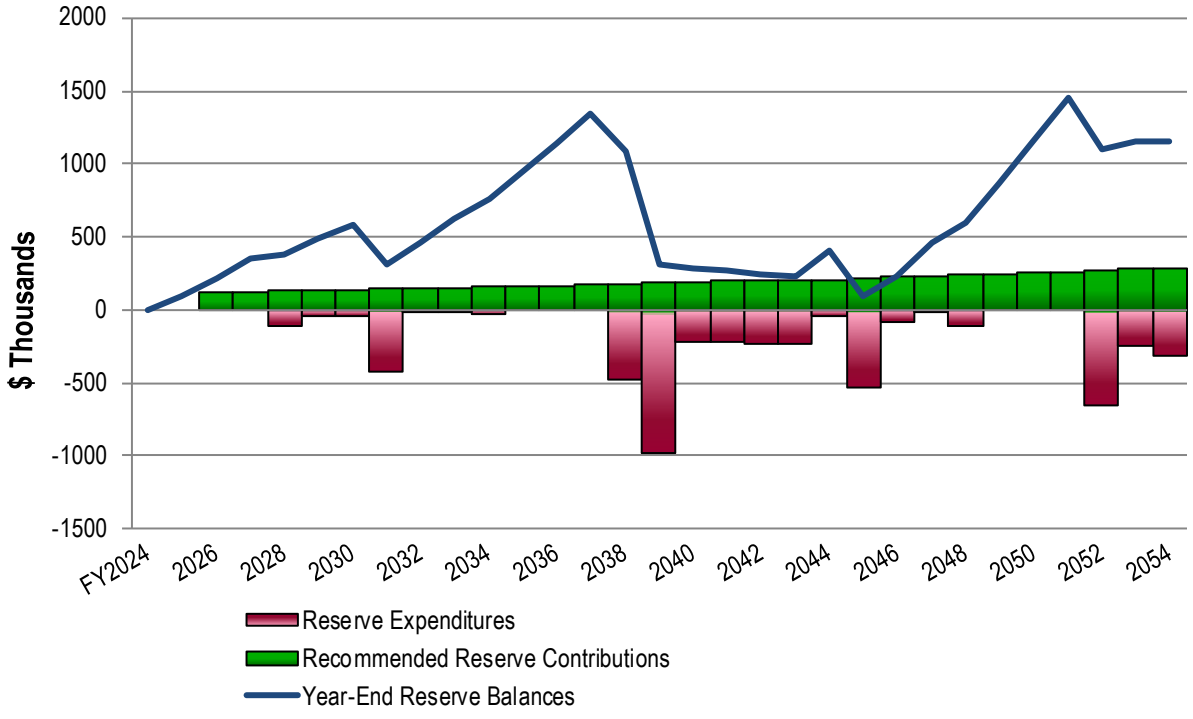
Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2045 due to the inspections and repairs of the stucco walls. In addition, the Reserve Funding Plan recommends 2054 year end accumulated reserves of approximately $1,159,300. We judge this amount of accumulated reserves in 2054 necessary to fund the likely replacement of the roof assemblies after 2054. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2054 year end reserves.

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

- Allocate $96,260 of the Anticipated 2025 Year End Reserve balance to the Structural Integrity Reserve Fund.
- Increase Reserve Contributions to $120,600 in 2026
- Inflationary increases from 2027 through 2043
- Stable contributions of $209,500 in 2044
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of $120,600 is equivalent to an average monthly contribution of $56.46 per owner.
- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items for budgets adopted after December 31, 2024.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2025	N/A (Budgeted)	96,260	2035	161,500	951,175	2045	216,400	92,190
2026	120,600	221,087	2036	166,800	1,145,909	2046	223,500	234,762
2027	124,600	353,338	2037	172,300	1,351,475	2047	230,900	462,286
2028	128,700	380,507	2038	178,000	1,088,873	2048	238,500	603,820
2029	132,900	485,241	2039	183,900	305,443	2049	246,400	869,850
2030	137,300	588,544	2040	190,000	288,164	2050	254,500	1,151,272
2031	141,800	315,567	2041	196,300	269,606	2051	262,900	1,448,805
2032	146,500	464,681	2042	202,800	249,700	2052	271,600	1,097,701
2033	151,300	622,424	2043	209,500	228,367	2053	280,600	1,156,743
2034	156,300	766,791	2044	209,500	404,179	2054	289,900	1,159,336



Non-Structural

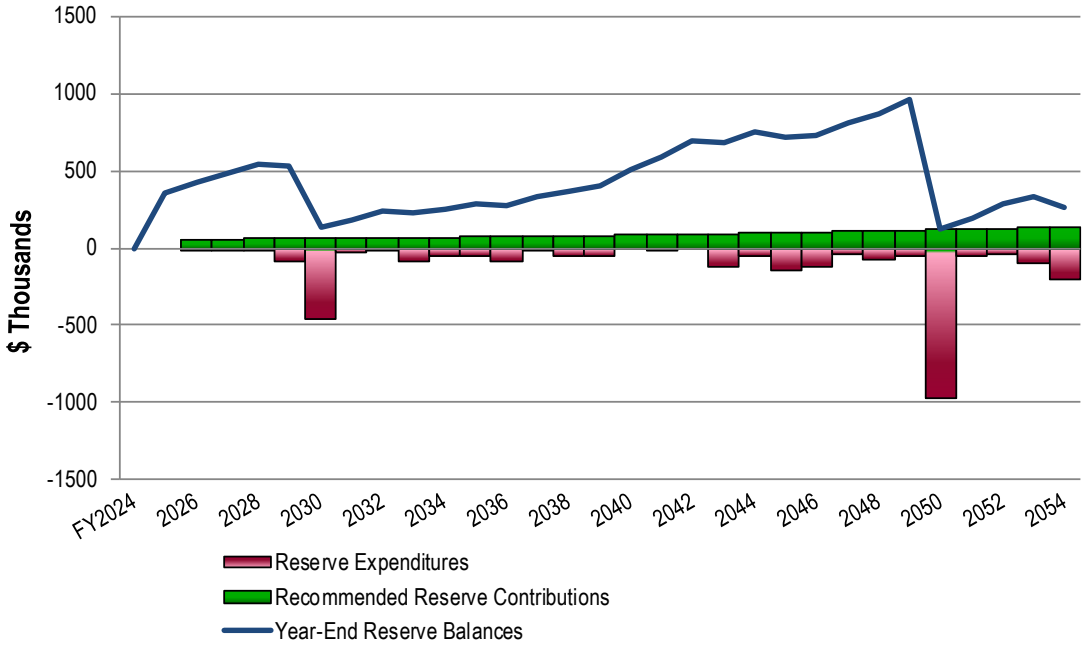
Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2050 due to the repaving of the asphalt pavement.

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

- Allocate $362,121 of the Anticipated 2025 Year End Reserve balance to the Non-Structural Reserve Fund.
- We recommend the Association adopt a Non-Structural reserve budget of $55,600 in 2026
- Inflationary increases from 2027 through 2030
- Stable contributions of $63,300 in 2031
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of $55,600 is equivalent to an average monthly contribution of $26.03 per owner.
- Florida Statute 718.112 provides for a majority of the voting interest to waive or reduce reserve for Non-Structural items. Consult legal counsel or your property management company for further guidance.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2025	N/A (Budgeted)	362,121	2035	72,100	281,443	2045	99,800	721,743
2026	55,600	422,877	2036	74,500	270,728	2046	103,100	725,231
2027	57,400	486,884	2037	77,000	334,437	2047	106,500	807,839
2028	59,300	537,257	2038	79,500	369,241	2048	110,000	869,073
2029	61,300	526,626	2039	82,100	408,071	2049	113,600	959,747
2030	63,300	139,378	2040	84,800	505,034	2050	117,300	121,275
2031	63,300	179,310	2041	87,600	586,331	2051	121,200	191,376
2032	65,400	243,864	2042	90,500	693,884	2052	125,200	285,701
2033	67,600	230,292	2043	93,500	686,579	2053	129,300	330,080
2034	69,800	256,771	2044	96,600	750,249	2054	133,600	266,630



2. RESERVE STUDY REPORT

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

Villa San Marco Condominium Association, Inc.

St. Augustine, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, December 4, 2024.

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 or which were identified as part of your request for proposed services. 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 Owners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management. These classes of property include:

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

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. Reserve Components are defined by CAI as property elements with:

- Villa San Marco responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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

have investigated the structural integrity and safety of common elements within the following:

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

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

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

We discuss specific exclusions for the following elements:

- Structure and Primary Structural Members - We anticipate a useful life of up to and beyond 100 years and consider full replacement unlikely and cost prohibitive. Management reports no history of water infiltration or repairs to the foundations. Based on the current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Fire Protection and Plumbing Pipes - We anticipate a useful life of up to and beyond 80 years. Our inspection is visual, non-invasive and excludes camera inspections. Based on the current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Electrical Systems - We anticipate a useful life of up to and beyond 80 years. Our inspection is visual, non-invasive and excludes thermoscans. Based on the current condition, we do not anticipate the need for

replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study.

- Windows and Doors – Maintained and replaced by the homeowners

The following tables depict the items excluded from the Reserve Expenditure plan:

Excluded Components

for
Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than $7,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)

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.

- Asphalt Pavement, Patch Repairs[1]
- Carpet, Clubhouse
- Catch Basins, Inspections and Capital Repairs[1]
- Concrete Patios, Partial[2]
- Concrete Sidewalk, Coating
- Doors, Interior, Common Buildings
- Exercise Room, Renovations[1]
- Fences, Aluminum, Bridge[1]
- Furnishings[1]
- Golf Cart
- HVAC Unit, Pool Building
- Irrigation System, Controls and Maintenance
- Irrigation System, Pumps[1]
- Landscape
- Light Fixtures, (Incl. Breezeway, Breezeway Entrance Lights, and Building Lights)
- Paint Finishes, Lobbies and Hallways (Inc. Pool Building)[1]
- Paint Finishes, Touch Up
- Park Equipment
- Ponds, Aerator[1]
- Ponds, Erosion Control[1]
- Putting Green, Carpet
- Signage, Entrance Renovation, (Incl. Bridge Monuments and Light Fixtures)[1]
- Signage, Street
- Storage Doors
- Trash Enclosure Gates
- Vinyl Tile, Clubhouse

[1] At the request of Management
[2] Includes first floor concrete in breezeways

Excluded Components

for
Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Long-Lived Components		
These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this 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.	**Useful Life**	**Estimated Cost**
• Electrical System, Common Buildings	to 70+	N/A
• Foundation, Common Buildings	Indeterminate	N/A
• Pipes, Interior Building, Domestic Water, Building Heating and Cooling, Sanitary Waste, Common Buildings	to 80+	N/A
• Pipes, Subsurface Utilities	to 85+	N/A
• Pool Structure and Deck, Total Replacement	to 60	N/A
• Structural Frame, Common Buildings	Indeterminate	N/A

Owners Responsibility Components
Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.
• Balconies Screen and Frame Assemblies, Condominiums
• Electrical Systems (Including Circuit Protection Panels), Condominiums
• Entrance Door and Windows, Replacement, Condominiums
• Garage Door and Operator, Replacement, Condominiums
• Heating, Ventilating and Air Conditioning (HVAC) Units, Condominiums
• Interiors, Condominiums
• Pipes (Within Condominiums)
• Windows and Doors, Units

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
- 2024 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end
- Predicted reserves based on current funding level

Five-Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of ***Reserve Expenditures*** and ***Reserve Funding Plan***.

Structural Integrity

RESERVE EXPENDITURES

Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Years 2024 to 2039

Explanatory Notes:
1) 3.3% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2024 is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2024)	Per Phase (2024)	Total (2024)	Percentage of Future Expenditures	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039
				Exterior Building Elements																							
1.099	9,000	2,250	Square Feet	Balconies, Concrete, Inspections, Capital Repairs and Waterproof Coatings, Phased	2028	20 to 25	4 to 7	5.00	11,250	45,000	**2.2%**					12,810	13,233	13,670	14,121								
1.100	1,750	1,750	Linear Feet	Balconies, Railings, Aluminum, Paint Finishes and Capital Repairs	2031	6 to 8	7	13.00	22,750	22,750	**2.2%**								28,555						35,841	
1.105	1,750	438	Linear Feet	Balconies, Railings, Aluminum, Replacement (Incl. Patios), Phased	2053	to 50	29 to 30+	90.00	39,375	157,500	**4.1%**															
1.149	18,000	4,500	Square Feet	Breezeways, Concrete, Inspections, Capital Repairs and Waterproof Coatings, Phased	2028	20 to 25	4 to 7	5.00	22,500	90,000	**4.5%**					25,620	26,466	27,339	28,241								
1.150	1,000	1,000	Linear Feet	Breezeways, Railings, Paint Finishes and Capital Repairs	2031	6 to 8	7	13.00	13,000	13,000	**1.3%**								16,317						20,481	
1.151	1,000	250	Linear Feet	Breezeways, Railings, Replacement, Phased	2053	to 35	29 to 30+	100.00	25,000	100,000	**2.6%**															
1.240	11,100	11,100	Linear Feet	Gutters and Downspouts, Aluminum	2039	12 to 18	15	8.00	88,800	88,800	**2.9%**															144,517
1.280	1,100	1,100	Squares	Roofs, Asphalt Shingles	2039	12 to 18	15	470.00	517,000	517,000	**16.7%**															841,386
1.600	32	32	Each	Staircases, Steel Frame with Concrete, Inspections and Capital Repairs	2028	8 to 10	4	2,000.00	64,000	64,000	**1.4%**					72,875											
1.601	32	8	Each	Staircases, Steel Frame with Concrete, Replacement, Phased	2040	to 35	16 to 19	16,000.00	128,000	512,000	**17.9%**																
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2034	to 10	10	22,000.00	22,000	22,000	**2.6%**											30,439					
1.880	143,000	143,000	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, (Incl. Front Entrance Doors)	2031	5 to 7	7	1.85	264,550	264,550	**38.2%**								332,055						416,785	
				Building Services Elements																							
3.555	8	2	Each	Life Safety System, Control Panels, Phased	2030	to 15	6 to 9	3,000.00	6,000	24,000	**1.6%**							7,290	7,531	7,780	8,036						
3.565	1	1	Allowance	Life Safety System, Emergency Devices	2048	to 25	24	45,000.00	45,000	45,000	**1.9%**																
				Anticipated Expenditures, By Year ($5,048,283 over 30 years)								0	0	0	0	111,306	39,699	48,299	426,820	7,780	8,036	30,439	0	0	0	473,108	985,903

Structural Integrity

RESERVE EXPENDITURES

Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Years 2040 to 2054

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2024)	Per Phase (2024)	Total (2024)	Percentage of Future Expenditures	16 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054
				Exterior Building Elements																						
1.099	9,000	2,250	Square Feet	Balconies, Concrete, Inspections, Capital Repairs and Waterproof Coatings, Phased	2028	20 to 25	4 to 7	5.00	11,250	45,000	**2.2%**														28,844	29,796
1.100	1,750	1,750	Linear Feet	Balconies, Railings, Aluminum, Paint Finishes and Capital Repairs	2031	6 to 8	7	13.00	22,750	22,750	**2.2%**							46,472								
1.105	1,750	438	Linear Feet	Balconies, Railings, Aluminum, Replacement (Incl. Patios), Phased	2053	to 50	29 to 30+	90.00	39,375	157,500	**4.1%**														100,955	104,287
1.149	18,000	4,500	Square Feet	Breezeways, Concrete, Inspections, Capital Repairs and Waterproof Coatings, Phased	2028	20 to 25	4 to 7	5.00	22,500	90,000	**4.5%**														57,689	59,593
1.150	1,000	1,000	Linear Feet	Breezeways, Railings, Paint Finishes and Capital Repairs	2031	6 to 8	7	13.00	13,000	13,000	**1.3%**							26,555								
1.151	1,000	250	Linear Feet	Breezeways, Railings, Replacement, Phased	2053	to 35	29 to 30+	100.00	25,000	100,000	**2.6%**														64,099	66,214
1.240	11,100	11,100	Linear Feet	Gutters and Downspouts, Aluminum	2039	12 to 18	15	8.00	88,800	88,800	**2.9%**															
1.280	1,100	1,100	Squares	Roofs, Asphalt Shingles	2039	12 to 18	15	470.00	517,000	517,000	**16.7%**															
1.600	32	32	Each	Staircases, Steel Frame with Concrete, Inspections and Capital Repairs	2028	8 to 10	4	2,000.00	64,000	64,000	**1.4%**															
1.601	32	8	Each	Staircases, Steel Frame with Concrete, Replacement, Phased	2040	to 35	16 to 19	16,000.00	128,000	512,000	**17.9%**	215,187	222,288	229,623	237,201											
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2034	to 10	10	22,000.00	22,000	22,000	**2.6%**					42,114										58,268
1.880	143,000	143,000	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, (Incl. Front Entrance Doors)	2031	5 to 7	7	1.85	264,550	264,550	**38.2%**						523,136							656,624		
				Building Services Elements																						
3.555	8	2	Each	Life Safety System, Control Panels, Phased	2030	to 15	6 to 9	3,000.00	6,000	24,000	**1.6%**						11,865	12,256	12,661	13,079						
3.565	1	1	Allowance	Life Safety System, Emergency Devices	2048	to 25	24	45,000.00	45,000	45,000	**1.9%**									98,089						
				Anticipated Expenditures, By Year ($5,048,283 over 30 years)								215,187	222,288	229,623	237,201	42,114	535,001	85,283	12,661	111,168	0	0	0	656,624	251,587	318,158

RESERVE FUNDING PLAN

Structural Integrity

CASH FLOW ANALYSIS

Villa San Marco

Condominium Association, Inc.

St. Augustine, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	*(Note 1)*	N/A	N/A	96,260	221,087	353,338	380,507	485,241	588,544	315,567	464,681	622,424	766,791	951,175	1,145,909	1,351,475	1,088,873
Total Recommended Reserve Contributions	*(Note 2)*	**N/A**	**N/A**	**120,600**	**124,600**	**128,700**	**132,900**	**137,300**	**141,800**	**146,500**	**151,300**	**156,300**	**161,500**	**166,800**	**172,300**	**178,000**	**183,900**
Estimated Interest Earned, During Year	*(Note 3)*	N/A	N/A	4,227	7,651	9,775	11,532	14,303	12,043	10,393	14,480	18,505	22,884	27,934	33,266	32,506	18,573
Anticipated Expenditures, By Year		N/A	N/A	0	0	(111,306)	(39,699)	(48,299)	(426,820)	(7,780)	(8,036)	(30,439)	0	0	0	(473,108)	(985,903)
Anticipated Reserves at Year End		N/A	$96,260	$221,087	$353,338	$380,507	$485,241	$588,544	$315,567	$464,681	$622,424	$766,791	$951,175	$1,145,909	$1,351,475	$1,088,873	$305,443

(continued)

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

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Reserves at Beginning of Year	305,443	288,164	269,606	249,700	228,367	404,179	92,190	234,762	462,286	603,820	869,850	1,151,272	1,448,805	1,097,701	1,156,743
Total Recommended Reserve Contributions	**190,000**	**196,300**	**202,800**	**209,500**	**209,500**	**216,400**	**223,500**	**230,900**	**238,500**	**246,400**	**254,500**	**262,900**	**271,600**	**280,600**	**289,900**
Estimated Interest Earned, During Year	7,907	7,430	6,917	6,368	8,426	6,612	4,355	9,285	14,201	19,630	26,922	34,633	33,920	30,030	30,851
Anticipated Expenditures, By Year	(215,187)	(222,288)	(229,623)	(237,201)	(42,114)	(535,001)	(85,283)	(12,661)	(111,168)	0	0	0	(656,624)	(251,587)	(318,158)
Anticipated Reserves at Year End	$288,164	$269,606	$249,700	$228,367	$404,179	$92,190 *(NOTE 5)*	$234,762	$462,286	$603,820	$869,850	$1,151,272	$1,448,805	$1,097,701	$1,156,743	$1,159,336 *(NOTE 4)*

Explanatory Notes:

1) Year 2025 Ending Reserves are projected as of December 31, 2025, and exclude funds in the Non-Structural Reserve Funding Plan. FY2024 starts January 1, 2024 and ends December 31, 2024.

2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.

3) **2.7%** is the estimated annual rate of return on invested reserves; 2024 is a partial year of interest earned.

4) Accumulated year 2054 ending reserves consider the need to fund for replacement of the roof assemblies shortly after 2054, and the age, size, overall condition and complexity of the property.

5) Threshold Funding Year (reserve balance at critical point).

*Refer to the Reserve Expenditures pages for the full list of reserve elements

Structural Integrity

FIVE-YEAR OUTLOOK

Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029
	Exterior Building Elements						
1.099	Balconies, Concrete, Inspections, Capital Repairs and Waterproof Coatings, Phased					12,810	13,233
1.149	Breezeways, Concrete, Inspections, Capital Repairs and Waterproof Coatings, Phased					25,620	26,466
1.600	Staircases, Steel Frame with Concrete, Inspections and Capital Repairs					72,875	
	Anticipated Expenditures, By Year ($5,048,283 over 30 years)	0	0	0	0	111,306	39,699

Non-Structural

RESERVE EXPENDITURES

Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Years 2024 to 2039

Explanatory Notes:
1) **3.3%** is the estimated Inflation Rate for estimating Future Replacement Costs.
2) **FY2024** is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis Years Useful	Life Analysis Years Remaining	Costs, $ Unit (2024)	Costs, $ Per Phase (2024)	Costs, $ Total (2024)	Percentage of Future Expenditures	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039
				Property Site Elements																							
4.040	17,100	17,100	Square Yards	Asphalt Pavement, Mill and Overlay, Access Drives	2030	15 to 20	6	16.00	273,600	273,600	**31.0%**							332,444								
4.080	800	800	Square Feet	Boardwalk, Composite Deck, Deck Boards and Interim Repairs	2043	15 to 20	19	55.00	44,000	44,000	**2.6%**															
4.110	4,000	600	Linear Feet	Concrete Curbs and Gutters, Partial	2025	to 65	1 to 30+	46.00	27,600	184,000	**2.7%**		28,511													
4.140	22,200	1,110	Square Feet	Concrete Sidewalks, Partial	2028	to 65	4 to 30+	12.00	13,320	266,400	**4.5%**					15,167					17,841				20,985	
4.420	24	8	Zones	Irrigation System, Replacement, Phased	2044	to 40+	20 to 26	2,000.00	16,000	48,000	**3.3%**															
4.540	2	2	Each	Lift Station, Pumps	2044	to 10	20	5,600.00	11,200	11,200	**1.6%**															
4.550	1	1	Each	Lift Station, Rebuild	2034	to 30	10	36,000.00	36,000	36,000	**1.6%**											49,809				
4.560	20	20	Each	Light Poles and Fixtures (Incl. Pool Light Pole and Fixtures)	2033	to 25	9	2,000.00	40,000	40,000	**1.7%**										53,575						
4.600	11	11	Each	Mailbox Stations	2029	to 25	5	2,000.00	22,000	22,000	**2.7%**						25,878										
4.620	14,000	14,000	Square Feet	Pavers, Masonry (Incl. Bridge, Entrance and Sidewalks)	2030	15 to 20	6	7.00	98,000	98,000	**11.1%**							119,077								
4.630	1	1	Each	Pergola, Wood	2029	to 25	5	10,000.00	10,000	10,000	**1.2%**						11,763										
				Clubhouse Elements																							
5.070	2	1	Each	Air Handling and Condensing Units, Split Systems, Phased	2028	15 to 20	4 to 6	6,500.00	6,500	13,000	**1.4%**					7,401		7,898								
5.160	3	1	Allowance	Exercise Equipment, Phased	2029	5 to 15	5 to 9	7,000.00	7,000	21,000	**3.6%**						8,234		8,786		9,376					11,392
5.224	150	150	Square Yards	Floor Coverings, Tile (Incl. Pool Building)	2036	to 30	12	78.00	11,700	11,700	**0.6%**													17,274			
5.510	550	550	Linear Feet	Gutters and Downspouts, Aluminum	2039	12 to 18	15	9.00	4,950	4,950	**0.3%**																8,056
5.520	1	1	Allowance	Kitchen, Renovations (Incl. Pool Building)	2036	15 to 20	12	21,000.00	21,000	21,000	**1.0%**													31,004			
5.555	1	1	Allowance	Life Safety System, Control Panel and Emergency Devices	2038	to 25	14	6,000.00	6,000	6,000	**0.8%**															9,453	
5.571	1	1	Allowance	Maintenance Building, Exterior Renovations	2039	15 to 18	15	16,000.00	16,000	16,000	**0.8%**																26,039
5.580	3	3	Each	Rest Rooms, Renovation (Incl. Pool Building)	2036	to 25	12	10,000.00	30,000	30,000	**1.4%**													44,292			
5.600	45	45	Squares	Roofs, Concrete Tiles, Clubhouse (Incl. Pool Building)	2029	to 25	5	760.00	34,200	34,200	**4.2%**						40,228										
5.720	2	1	Allowance	Security System, Clubhouse, Phased	2032	10 to 15	8 to 15	5,000.00	5,000	10,000	**1.2%**									6,483							8,137
5.750	5,000	5,000	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Clubhouse (Incl. Pool Building and Trash Enclosure)	2031	5 to 7	7	3.00	15,000	15,000	**3.5%**								18,828						23,632	
5.800	760	760	Square Feet	Windows and Doors, Clubhouse (Incl. Pool Building)	2046	to 40	22	70.00	53,200	53,200	**3.5%**																
				Pool Elements																							
6.200	3,900	3,900	Square Feet	Deck, Pavers (2025 is Planned)	2025	to 25	1	10.00	39,000	39,000	**4.2%**		40,287														
6.400	320	320	Linear Feet	Fence, Aluminum	2048	to 25	24	40.00	12,800	12,800	**0.9%**																
6.500	1	1	Allowance	Furniture (2025 is Planned)	2025	to 12	1	14,000.00	14,000	14,000	**2.2%**		14,462												21,352		
6.600	3	1	Allowance	Mechanical Equipment, Phased	2027	to 15	3 to 15	5,000.00	5,000	15,000	**1.4%**				5,512						6,697						
6.800	1,400	1,400	Square Feet	Pool Finish, Plaster	2025	8 to 12	1	23.00	32,200	32,200	**4.6%**		33,263										46,021				
6.801	150	150	Linear Feet	Pool Finish, Tile	2035	15 to 25	11	40.00	6,000	6,000	**0.3%**												8,575				
		1	Allowance	**Structural Integrity Reserve Study Update with Site Visit**	2026	to 2	2	5,300.00	5,300	5,300	**0.2%**			5,300													
				Anticipated Expenditures, By Year ($3,125,418 over 30 years)								0	116,522	5,300	5,512	22,569	86,102	459,419	27,614	6,483	87,488	49,809	54,597	92,570	21,352	54,069	53,624

Non-Structural

RESERVE EXPENDITURES

Years 2040 to 2054

Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis Years Useful	Remaining	Costs, $ Unit (2024)	Per Phase (2024)	Total (2024)	Percentage of Future Expenditures	16 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054
				Property Site Elements																						
4.040	17,100	17,100	Square Yards	Asphalt Pavement, Mill and Overlay, Access Drives	2030	15 to 20	6	16.00	273,600	273,600	**31.0%**											636,392				
4.080	800	800	Square Feet	Boardwalk, Composite Deck, Deck Boards and Interim Repairs	2043	15 to 20	19	55.00	44,000	44,000	**2.6%**				81,538											
4.110	4,000	600	Linear Feet	Concrete Curbs and Gutters, Partial	2025	to 65	1 to 30+	46.00	27,600	184,000	**2.7%**						54,578									
4.140	22,200	1,110	Square Feet	Concrete Sidewalks, Partial	2028	to 65	4 to 30+	12.00	13,320	266,400	**4.5%**				24,684					29,034				34,152		
4.420	24	8	Zones	Irrigation System, Replacement, Phased	2044	to 40+	20 to 26	2,000.00	16,000	48,000	**3.3%**					30,629			33,762				38,444			
4.540	2	2	Each	Lift Station, Pumps	2044	to 10	20	5,600.00	11,200	11,200	**1.6%**					21,440										29,664
4.550	1	1	Each	Lift Station, Rebuild	2034	to 30	10	36,000.00	36,000	36,000	**1.6%**															
4.560	20	20	Each	Light Poles and Fixtures (Incl. Pool Light Pole and Fixtures)	2033	to 25	9	2,000.00	40,000	40,000	**1.7%**															
4.600	11	11	Each	Mailbox Stations	2029	to 25	5	2,000.00	22,000	22,000	**2.7%**															58,268
4.620	14,000	14,000	Square Feet	Pavers, Masonry (Incl. Bridge, Entrance and Sidewalks)	2030	15 to 20	6	7.00	98,000	98,000	**11.1%**											227,947				
4.630	1	1	Each	Pergola, Wood	2029	to 25	5	10,000.00	10,000	10,000	**1.2%**															26,486
				Clubhouse Elements																						
5.070	2	1	Each	Air Handling and Condensing Units, Split Systems, Phased	2028	15 to 20	4 to 6	6,500.00	6,500	13,000	**1.4%**									14,168		15,119				
5.160	3	1	Allowance	Exercise Equipment, Phased	2029	5 to 15	5 to 9	7,000.00	7,000	21,000	**3.6%**		12,156		12,972						15,762		16,819		17,948	
5.224	150	150	Square Yards	Floor Coverings, Tile (Incl. Pool Building)	2036	to 30	12	78.00	11,700	11,700	**0.6%**															
5.510	550	550	Linear Feet	Gutters and Downspouts, Aluminum	2039	12 to 18	15	9.00	4,950	4,950	**0.3%**															
5.520	1	1	Allowance	Kitchen, Renovations (Incl. Pool Building)	2036	15 to 20	12	21,000.00	21,000	21,000	**1.0%**															
5.555	1	1	Allowance	Life Safety System, Control Panel and Emergency Devices	2038	to 25	14	6,000.00	6,000	6,000	**0.8%**														15,384	
5.571	1	1	Allowance	Maintenance Building, Exterior Renovations	2039	15 to 18	15	16,000.00	16,000	16,000	**0.8%**															
5.580	3	3	Each	Rest Rooms, Renovation (Incl. Pool Building)	2036	to 25	12	10,000.00	30,000	30,000	**1.4%**															
5.600	45	45	Squares	Roofs, Concrete Tiles, Clubhouse (Incl. Pool Building)	2029	to 25	5	760.00	34,200	34,200	**4.2%**															90,581
5.720	2	1	Allowance	Security System, Clubhouse, Phased	2032	10 to 15	8 to 15	5,000.00	5,000	10,000	**1.2%**							10,214							12,820	
5.750	5,000	5,000	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Clubhouse (Incl. Pool Building and Trash Enclosure)	2031	5 to 7	7	3.00	15,000	15,000	**3.5%**						29,662						37,231			
5.800	760	760	Square Feet	Windows and Doors, Clubhouse (Incl. Pool Building)	2046	to 40	22	70.00	53,200	53,200	**3.5%**							108,672								
				Pool Elements																						
6.200	3,900	3,900	Square Feet	Deck, Pavers (2025 is Planned)	2025	to 25	1	10.00	39,000	39,000	**4.2%**											90,714				
6.400	320	320	Linear Feet	Fence, Aluminum	2048	to 25	24	40.00	12,800	12,800	**0.9%**									27,901						
6.500	1	1	Allowance	Furniture (2025 is Planned)	2025	to 12	1	14,000.00	14,000	14,000	**2.2%**										31,524					
6.600	3	1	Allowance	Mechanical Equipment, Phased	2027	to 15	3 to 15	5,000.00	5,000	15,000	**1.4%**		8,683						10,551						12,820	
6.800	1,400	1,400	Square Feet	Pool Finish, Plaster	2025	8 to 12	1	23.00	32,200	32,200	**4.6%**						63,674									
6.801	150	150	Linear Feet	Pool Finish, Tile	2035	15 to 25	11	40.00	6,000	6,000	**0.3%**															
		1	Allowance	**Structural Integrity Reserve Study Update with Site Visit**	2026	to 2	2	5,300.00	5,300	5,300	**0.2%**															
				Anticipated Expenditures, By Year ($3,125,418 over 30 years)								0	20,839	0	119,193	52,069	147,914	118,886	44,313	71,104	47,285	970,172	55,263	37,231	93,123	204,998

RESERVE FUNDING PLAN

Non-Structural

CASH FLOW ANALYSIS
Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	*(Note 1)*	N/A	N/A	362,121	422,877	486,884	537,257	526,626	139,378	179,310	243,864	230,292	256,771	281,443	270,728	334,437	369,241
Total Recommended Reserve Contributions	*(Note 2)*	**N/A**	**N/A**	**55,600**	**57,400**	**59,300**	**61,300**	**63,300**	**63,300**	**65,400**	**67,600**	**69,800**	**72,100**	**74,500**	**77,000**	**79,500**	**82,100**
Estimated Interest Earned, During Year	*(Note 3)*	N/A	N/A	10,456	12,118	13,642	14,171	8,871	4,245	5,637	6,316	6,488	7,169	7,355	8,061	9,373	10,354
Anticipated Expenditures, By Year		N/A	N/A	(5,300)	(5,512)	(22,569)	(86,102)	(459,419)	(27,614)	(6,483)	(87,488)	(49,809)	(54,597)	(92,570)	(21,352)	(54,069)	(53,624)
Anticipated Reserves at Year End		N/A	$362,121	$422,877	$486,884	$537,257	$526,626	$139,378	$179,310	$243,864	$230,292	$256,771	$281,443	$270,728	$334,437	$369,241	$408,071

(continued)

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

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Reserves at Beginning of Year	408,071	505,034	586,331	693,884	686,579	750,249	721,743	725,231	807,839	869,073	959,747	121,275	191,376	285,701	330,080
Total Recommended Reserve Contributions	**84,800**	**87,600**	**90,500**	**93,500**	**96,600**	**99,800**	**103,100**	**106,500**	**110,000**	**113,600**	**117,300**	**121,200**	**125,200**	**129,300**	**133,600**
Estimated Interest Earned, During Year	12,163	14,537	17,053	18,388	19,139	19,607	19,274	20,421	22,337	24,360	14,399	4,165	6,355	8,202	7,948
Anticipated Expenditures, By Year	0	(20,839)	0	(119,193)	(52,069)	(147,914)	(118,886)	(44,313)	(71,104)	(47,285)	(970,172)	(55,263)	(37,231)	(93,123)	(204,998)
Anticipated Reserves at Year End	$505,034	$586,331	$693,884	$686,579	$750,249	$721,743	$725,231	$807,839	$869,073	$959,747	$121,275	$191,376	$285,701	$330,080	$266,630
											(NOTE 5)				*(NOTE 4)*

Explanatory Notes:

1) Year 2025 Ending Reserves are projected as of December 31, 2025, and exclude funds in the Structural Integrity Reserve Funding Plan. FY2024 starts January 1, 2024 and ends December 31, 2024.

2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.

3) **2.7%** is the estimated annual rate of return on invested reserves; 2024 is a partial year of interest earned.

4) Accumulated year 2054 ending reserves consider the age, size, overall condition and complexity of the property.

5) Threshold Funding Year (reserve balance at critical point).

*Refer to the Reserve Expenditures pages for the full list of reserve elements

Non-Structural

FIVE-YEAR OUTLOOK

Villa San Marco
Condominium Association, Inc.
St. Augustine, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029
	Property Site Elements						
4.110	Concrete Curbs and Gutters, Partial		28,511				
4.140	Concrete Sidewalks, Partial					15,167	
4.600	Mailbox Stations						25,878
4.630	Pergola, Wood						11,763
	Clubhouse Elements						
5.070	Air Handling and Condensing Units, Split Systems, Phased					7,401	
5.160	Exercise Equipment, Phased						8,234
5.600	Roofs, Concrete Tiles, Clubhouse (Incl. Pool Building)						40,228
	Pool Elements						
6.200	Deck, Pavers (2025 is Planned)		40,287				
6.500	Furniture (2025 is Planned)		14,462				
6.600	Mechanical Equipment, Phased				5,512		
6.800	Pool Finish, Plaster		33,263				
	Structural Integrity Reserve Study Update with Site Visit			5,300			
	Anticipated Expenditures, By Year ($3,125,418 over 30 years)	0	116,522	5,300	5,512	22,569	86,102

4. RESERVE COMPONENT DETAIL

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

STRUCTURAL INTEGRITY - Exterior Building Elements

Front exterior overview

Rear exterior overview

Side exterior overview

Side exterior overview

Balconies and Breezeways, Metal Pan with Concrete

Line Items: 1.099 and 1.149

Quantity: Approximately 178 balconies comprising approximately 9,000 square feet of horizontal surface area at the building's exterior and approximately 18,000 square feet of horizontal surface area at the buildings breezeways.

History: Original with the last repair event at an unknown time

Condition: The breezeways are in good overall condition and the balconies are in good to fair overall condition. We note the following for the balconies:

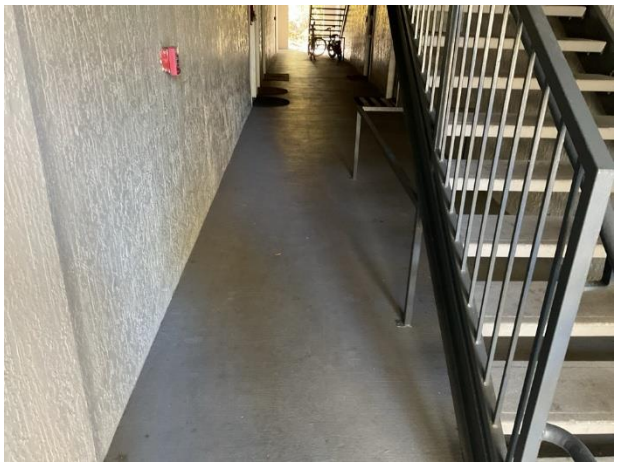
- The coating is in good to fair condition. There is isolated exposed rust evident
- Isolated evidence of water infiltration is evident

Balconies with concrete surfaces

Balconies with concrete surfaces

Underside of concrete balcony

Evidence of water infiltration



Breezeway overview

Breezeway overview

Breezeway overview

Useful Life: Capital repairs including a close-up visual inspection, patching of delaminated concrete, routing and filling of cracked concrete, and waterproof coating applications every 20- to 25-years.

Component Detail Notes: A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. Failure to maintain a waterproof coating on the balconies and breezeways will result in increased concrete repairs and replacements as the balconies and breezeways age. Capital repairs may also include replacement of the caulked joint between the balcony and breezeway and the building, and repair or replacement of the metal railings and railing fastener attachments as needed.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost includes the following activities per event:

- Partial replacement of up to five percent (5%) of the concrete
- Crack repairs as necessary
- Repairs of adjacent wall surfaces

- Repairs to the railings as necessary
- Replacement of perimeter sealants as needed
- Replacement of wood balcony support posts as needed
- Application of a waterproof coating (Urethane based elastomeric)

Balconies, Railings

Line Items: 1.100 and 1.105

Quantity: Approximately 1,750 linear feet of aluminum railings at the balconies and patios

History:

- Railings: original
- Paint finishes: Painted in 2024

Conditions: The railings finishes are in good overall condition

Balcony aluminum railings

Patio aluminum railings

Useful Life: Railings of this type have a useful life of up to 50 years with the benefit of periodic maintenance. Periodic maintenance should include applications of a protective paint finish and partial replacement of deteriorated aluminum every six- to eight-years.

Component Detail Notes: Preparation of the aluminum before application of the paint finish is critical to maximize the useful life of the finish. The painting contractor should remove all soil, dirt, oil, grease and other foreign materials before application of the paint finish to maximize its useful life. The contractor should also remove paint blisters and rust prior to the paint finish application. We recommend the use of a power wire brush, scraper and/or sander as effective means of removal. The Association should require the application of a primer on bare material. The primer for material surfaces should include a rust inhibitor for added protection

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

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

Breezeways, Railings, Metal

Line Items: 1.150 and 1.151

Quantity: Approximately 1,000 linear feet of breezeway railings

History:

- Railings: original
- Paint finishes: Painted in 2024

Conditions: The railings are in good overall condition and the railing finishes are in good condition with no visible deterioration

Breezeway railing

Useful Life: Railings of this type have a useful life of up to 35 years with periodic maintenance including applications of a protective paint finish and partial replacement of deteriorated metal every six- to eight- 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.

Gutters and Downspouts

Line Item: 1.240

Quantity: Approximately 11,100 linear feet of aluminum gutters and downspouts at the buildings

History: Installed in 2021

Condition: Good overall with no visible deterioration

Aluminum gutters and downspouts

Useful Life: 12- to 18-years

Component Detail Notes: The size of the gutter is determined by the roof's watershed area, a roof pitch factor and the rainfall intensity number of the Association's region. We recommend sloping gutters 1/16 inch per linear foot and providing fasteners a maximum of every three feet.

Downspouts can drain 100 square feet of roof area per one square inch of downspout cross sectional area. We recommend the use of downspout extensions and splash blocks at the downspout discharge to direct storm water away from the foundations. The useful life of gutters and downspouts coincides with that of the sloped roofs. Coordinated replacement will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

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

- Semi-annually:
  - Clean out debris and leaves that collect in the gutters
  - Repair and refasten any loose gutter fasteners
  - Repair and seal any leaking seams or end caps
  - Verify downspouts discharge away from foundations

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.

Roofs, Asphalt Shingles

Line Item: 1.280

Quantity: Approximately 1,100 *squares*[1] across eight buildings rooftops

History: Replaced in 2021.

Condition: Good overall with no significant deterioration evident from our visual inspection from the ground. Management does not report a history of leaks.

Roof overview

Roof overview

Roof overview

Useful Life: 12- to 18-years

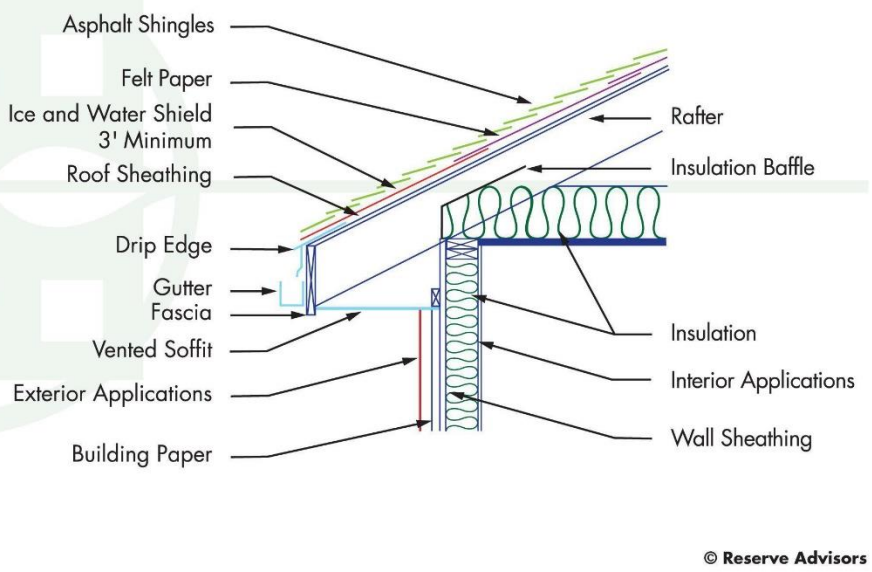
Component Detail Notes: The existing roof assembly comprises the following:

- Laminate architectural shingles
- Boston style ridge caps
- Rubber seal with metal base boot flashing at waste pipes
- Soffit and ridge vents

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

- Metal drip edge
- Enclosed full weaved valleys

The following cross-sectional schematic illustrates a typical asphalt shingle roof system although it may not reflect the actual configuration at Villa San Marco:



Contractors use one of two methods for replacement of sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

The Association should plan to coordinate the replacement of gutters and downspouts with the adjacent roofs. This will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.

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

- Annually:

- Record any areas of water infiltration, flashing deterioration, damage or loose shingles
- Implement repairs as needed if issues are reoccurring
- Trim tree branches that are near or in contact with roof

- As-needed:
  - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

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

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

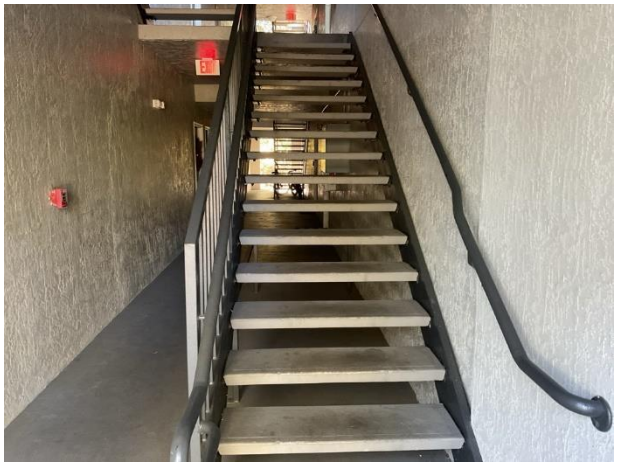
Staircases

Line Items: 1.600 and 1.601

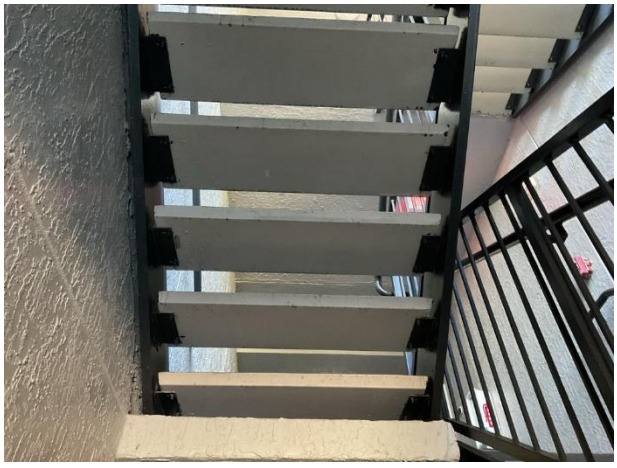
Quantity: Approximately 32 sets of steel frame with concrete treads staircases located at the buildings breezeways

History: Original

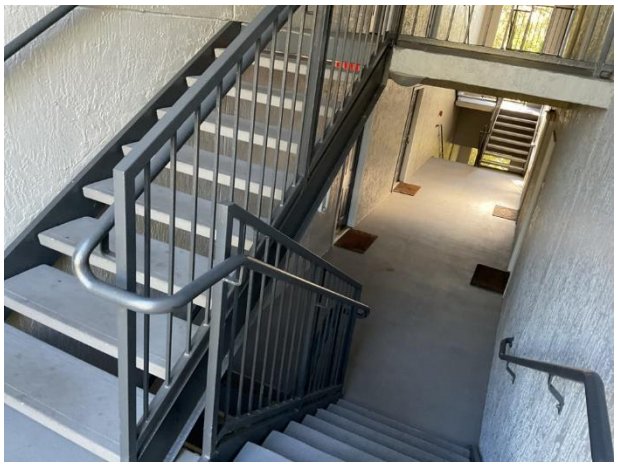
Condition: Good overall with no significant deterioration evident.



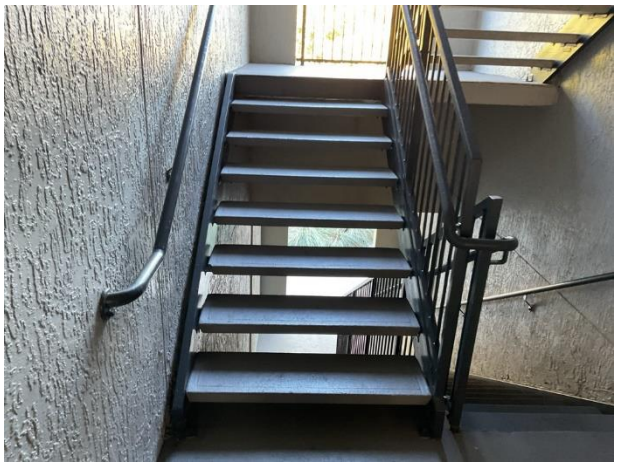
Staircase overview



Metal staircase with concrete treads



Staircase overview



Staircase overview

Useful Life: Up to 35 years with inspections and capital repairs every 8- to 10- years

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

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

- Every three years:
  - Perform touch up paint finish applications

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

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

Structural Members, Inspections

Line Item: 1.605

Quantity: The primary structural members of the building comprise:

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

History and Condition: Villa San Marco has not completed the communities initial milestone inspection. The association does not report a history of water infiltration,

settlement or structural concerns with the primary structural members. Our visual, non-invasive inspection is limited to visually apparent components of the structural members.

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

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. At this time we do not anticipate capital repairs related to the structural members. Rather we include an expenditure for required inspections discussed above. Updates of this Reserve Study would incorporate significant repair costs deemed necessary following necessary inspections.

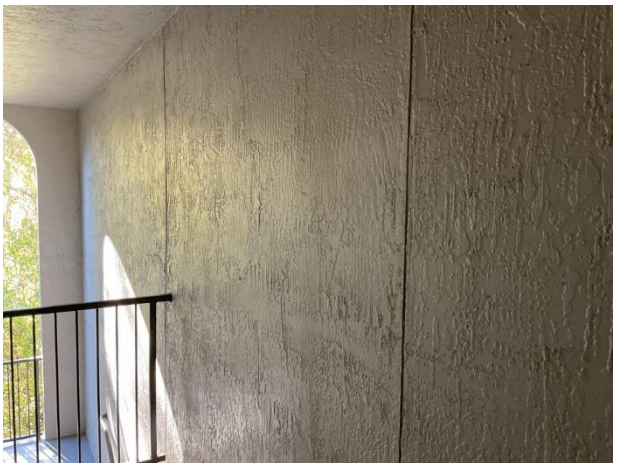
Walls, Stucco

Line Item: 1.880

Quantity: Approximately 143,000 square feet compromises the buildings exteriors

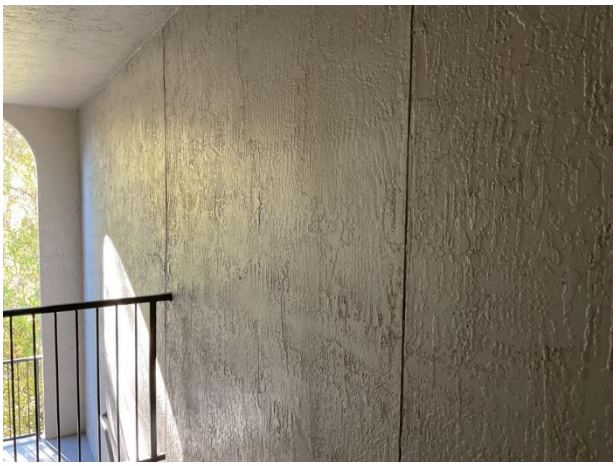
History: Applied paint finishes and repaired in 2024.

- ***Condition:*** Good overall with no significant deterioration evident.



Stucco wall finishes

Stucco wall finishes



Stucco wall finishes

Stucco wall finishes

Stucco wall finishes

Stucco wall finishes in breezeway

Stucco wall finishes

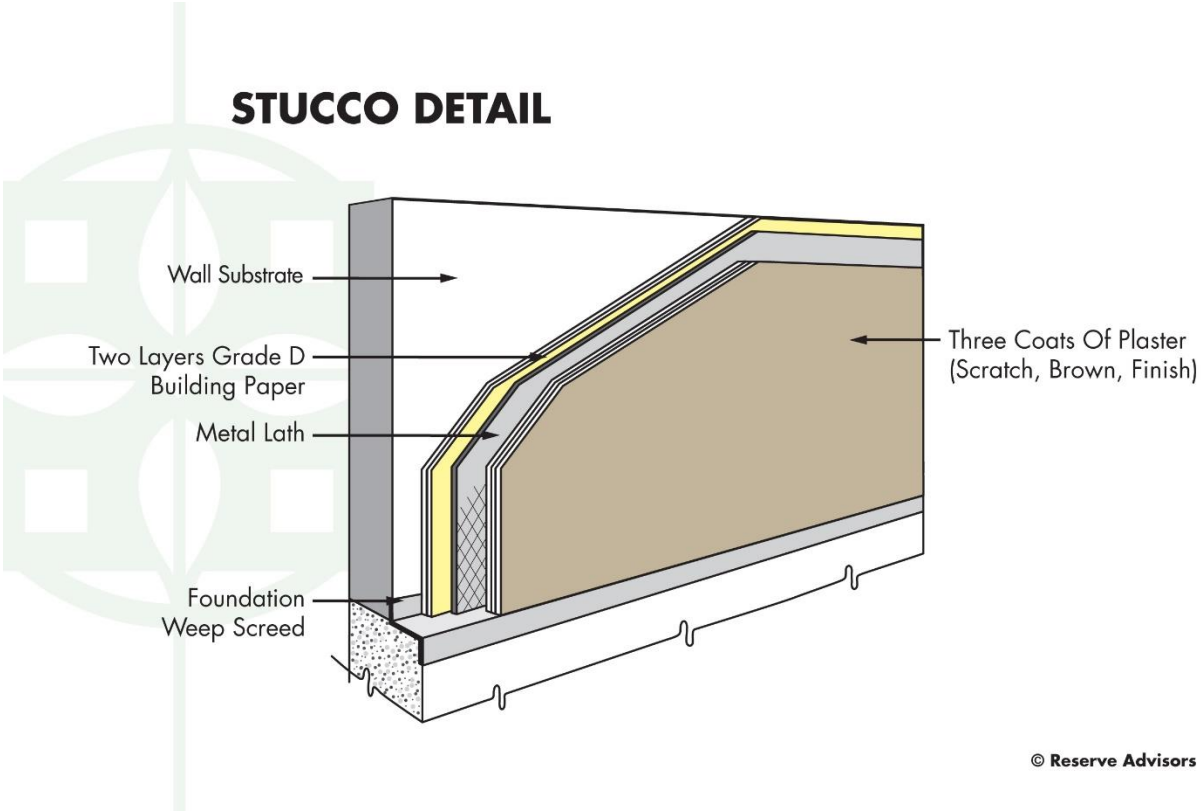
Stucco wall finishes

Stucco wall finishes

Garage door paint finishes

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

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



Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new paint finish. The contractor should then power wash the surface to remove all dirt and biological growth.

Water-soluble cleaners that will not attack Portland cement are acceptable for removing stains.

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

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

- Complete inspection of the stucco
- Crack repairs as needed (Each paint product has the limited ability to cover and seal cracks but we recommend repair of all cracks which exceed the ability of the paint product to bridge.)
- Replacement of up to one percent (1%), of the stucco walls (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of up to thirty-three percent (33%) of the sealants in coordination with each paint finish application.

STRUCTURAL INTEGRITY - Building Services Elements

Life Safety System

Line Items: 3.555 and 3.565

Quantity: The life safety system at Villa San Marco buildings includes the following components:

- Audio/visual fixtures
- Control panels
- Detectors
- Exit light fixtures
- Pull stations
- Wiring

History: The panels are of an unknown age. The devices were updated in 2023

Conditions: Reported satisfactory

Emergency light fixture

Exit signage

Pull station

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

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. In accordance with *NFPA 72* (National Fire Alarm and Signaling Code) we also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the age of the components, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
  - Inspect and test all components and devices, including, but not limited to, control panels, annunciators, detectors, audio/visual fixtures, signal transmitters and magnetic door holders
  - Test backup batteries
- As-needed:
  - Ensure clear line of access to components such as pull stations
  - Ensure detectors are properly positioned and clean of debris

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Changes in technology or building codes may make a replacement desirable prior to the end of the functional life. Our estimate of future cost considers only that amount necessary to duplicate the same functionality. Local codes or ordinances at the actual time of replacement may require a betterment as compared to the existing system. A betterment could result in a higher, but at this time unknown, cost of replacement.

NON-STRUCTURAL - Property Site Elements

Asphalt Pavement, Repaving

Line Item: 4.040

Quantity: Approximately 17,100 square yards at the access drives

History: Original.

Condition: Fair overall with isolated cracks and previous repairs evident.

Pavement overview

Pavement overview

Pavement overview

Pavement overview

Pavement overview

Pavement cracks

Pavement deterioration

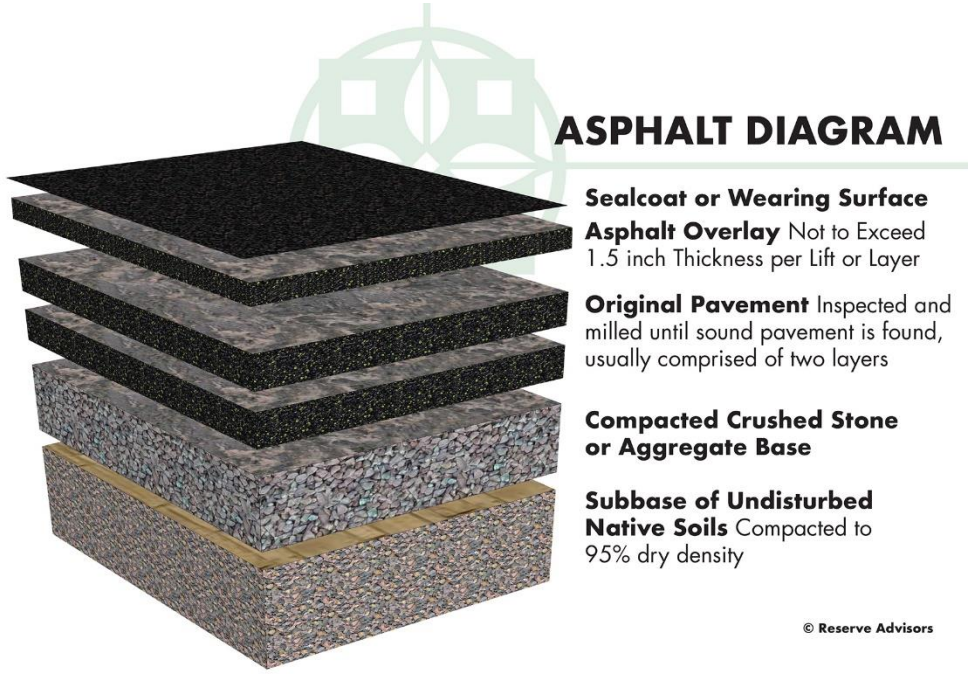
Pavement cracks

Pavement cracks

Pavement cracks

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

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



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 Villa San Marco.

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

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

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

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

Boardwalk, Composite

Line Item: 4.080

Quantity: One boardwalk located by the pool area compromises approximately 800 square feet of horizontal surface area

History: Installed in 2005 with repairs complete in 2023

Condition: Good overall with no visible deterioration

Useful Life: 15- to 20- years

Component Detail Notes: The composition of composite materials used in the construction of the boardwalks typically includes a combination of wood waste material, plastic and recycled materials. These composite materials are low maintenance and do not split, cup or splinter. Composite materials do not require periodic stain or sealer applications.

Composite boardwalk materials are not structural components and therefore require traditional framing members, such as wood or metal. In addition, some manufacturers require closer spacing of framing components to minimize sagging. In addition to the added cost of framing, composite boardwalk deck materials can cost up to twice as much as natural wood

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

- Annually:
    - Inspect to identify and correct any unsafe conditions
    - Secure loose fasteners and replaced deteriorated fasteners
    - Check railing stability and fasteners
    - Clean as necessary

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.

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 4,000 linear feet

Condition: Fair to poor overall with cracks evident.

Concrete curb and gutter

Concrete curb

Concrete curb

Concrete curb

Concrete cracks

Concrete cracks

Concrete cracks

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

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

- Annually:

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

Priority/Criticality: Per Board discretion

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

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 22,200 square feet.

Condition: Fair overall with isolated cracks evident.

Concrete sidewalk

Concrete sidewalk

Concrete sidewalk with coating

Concrete sidewalk with coating

Sidewalk cracks

Sidewalk cracks

Sidewalk cracks

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

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

- Annually:

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 6,660 square feet of concrete sidewalks, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Irrigation System, Replacement

Line Item: 4.420

Quantity: Approximately 24 zones located at the common areas.

History: Original.

Condition: Unsatisfactory operational condition. Management reports that the irrigation system is currently undergoing repairs and will have satisfactory conditions once the repair event is completed

Useful Life: Up to and sometimes beyond 40 years

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

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

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

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

- Semi-annually:
  - Conduct seasonal repairs which includes valve repairs, controller repairs, partial head replacements and pipe repairs
  - Blow out irrigation water lines and drain building exterior faucets each fall if applicable

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

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

Lift Station, Pumps

Line Item: 4.540

Quantity: Two pumps

History: Unknown at this time

Condition: Reported satisfactory

Useful Life: Up to 10 years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
    - Inspect and repair bearings, lubricant and shaft seals, and grease motor bearings as needed
    - Test and adjust pump if excessive vibration is evident. Inspect impeller for wear, corrosion or damage.
    - Check amperage draw on motors for functionality
    - Check all float switches for functionality

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.

Lift Station, Rebuild

Line Item: 4.550

Quantity: One each

History: Original

Condition: Reported satisfactory

Lift station

Useful Life: Up to 30 years

Preventative Maintenance Notes: The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
  - Inspect lifting chain/cable and guide rails
  - Inspect check valves for wear and damage
  - Check all controls and electrical components
  - Clean and remove grease and other debris as needed

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Rebuilding of the station includes replacement of pumps, motors, guide rails and electrical components including controls. The Association should fund interim repairs and replacements through the operating budget.

Light Poles and Fixtures

Line Item: 4.560

Quantity: 14 poles with LED light bulbs at the communities common areas and six light poles and fixtures at the pool area

History: The poles are original and the light fixtures at the common areas were converted to LED bulbs from 2022-2024

Condition: Good overall

Light pole and fixture

Light pole and fixture

Useful Life: Up to 25 years

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

- As-needed:
  - Inspect and repair broken or dislodged fixtures, and leaning or damaged poles
  - Replaced burned out bulbs as needed

Priority/Criticality: Per Board discretion

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

Mailbox Stations

Line Item: 4.600

Quantity: Approximately 11 mailbox stations located at the clubhouse and at the maintenance building

History: Original

Condition: Good overall

Mailbox stations

Mailbox stations

Useful Life: Up to 25 years

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

- As-needed:
  - Inspect and repair damage, vandalism, and finish deterioration
  - Verify posts are anchored properly

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: Approximately 14,000 square feet on the entrance bridge to the property, in front of the clubhouse and at various clubhouse sidewalks

History: Original

Condition: Good to fair overall with isolated spalled masonry evident.

Pavers overview

Pavers overview

Pavers overview

Pavers overview

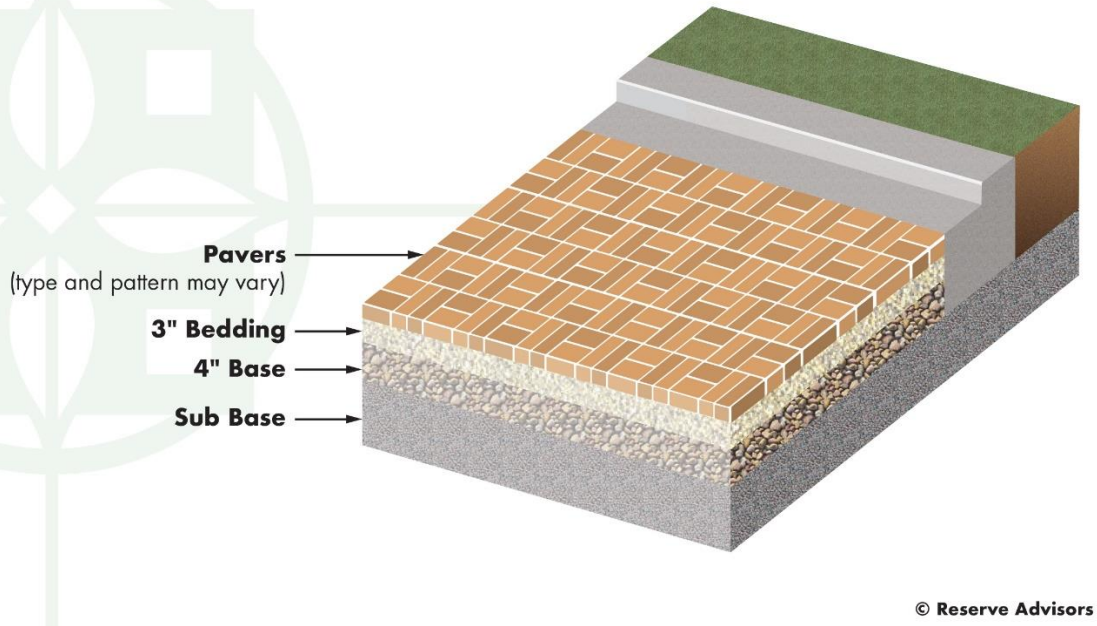
Pavers overview

Pavers overview

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 Villa San Marco:

MASONRY PAVER DIAGRAM



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

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

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

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

Pergola, Wood

Line Item: 4.630

Quantity: One wooden pergola

History: Unknown at this time

Condition: Fair overall with isolated wood deterioration evident

Pergola

Pergola

Pergola wood deterioration

Pergola wood deterioration

Useful Life: Up to 25 years with periodic maintenance

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

- Annually:
  - Inspect for wood deterioration, and loose or missing fasteners
- Every three years:
  - Power wash with algaecide and application of sealer/stain

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association for repairs through the operating budget.

NON-STRUCTURAL - Clubhouse Elements

Clubhouse exterior overview

Pool house exterior overview

Air Handling and Condensing Units, Split Systems

Line Item: 5.070

Quantity: Two 3- ton split systems

History: Unknown at this time

Condition: Reported satisfactory without operational deficiencies

Split system condensing units

Useful Life: 15- to 20-years

Component Detail Notes: A split system air conditioner consists of an outside condensing unit, an interior evaporator coil, refrigerant lines and an interior air handling unit. The condensing unit has a cooling capacity of three-tons.

Preventative Maintenance Notes: The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in

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

- Semi-annually:
  - Lubricate motors and bearings
  - Change or clean air filters as needed
  - Inspect condenser base and piping insulation
  - Inspect base pan, coil, cabinet and clear obstructions as necessary
- Annually:
  - Clean coils and drain pans, clean fan assembly, check refrigerant charge, inspect fan drive system and controls
  - Inspect and clean accessible ductwork as needed
  - Clean debris from inside cabinet, inspect condenser compressor and associated tubing for damage

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The condensing unit may require replacement prior to replacement of the related interior forced air unit. For purposes of this Reserve Study, we assume coordination of replacement of the interior forced air unit, evaporator coil, refrigerant lines and exterior condensing unit.

Exercise Equipment

Line Item: 5.160

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

- Bench
- Dumbbells
- Treadmills
- Weight training machines

History: Original

Conditions: Fair overall with isolated rust evident.

Strength training exercise equipment

Strength training exercise equipment

Strength training exercise equipment

Cardiovascular exercise equipment

Strength training exercise equipment rust

Strength training exercise equipment rust

Strength training exercise equipment rust

Useful Life: The useful life of equipment is 5- 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.

Floor Coverings, Tile, Lobby and Hallways

Line Item: 5.224

Quantity: Approximately 150 square yards at the clubhouse and pool building lobby and hallways

History: Original

Condition: Good overall with no significant deterioration evident.

Clubhouse tile floor covering

Clubhouse tile flooring

Useful Life: Up to 30 years although replacement of tile is often based on discretionary redecorating prior to the tile reaching the end of its useful life.

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The Association should fund regrouting of the tiles through the operating budget if necessary.

Gutters and Downspouts

Line Item: 5.510

Quantity: Approximately 550 linear feet of aluminum gutters and downspouts at the clubhouse and pool building.

History: Original

Condition: Good overall with no visible deterioration

Aluminum gutters and downspouts

Aluminum gutters and downspouts

Useful Life: every 12- to 18- years

Component Detail Notes: The size of the gutter is determined by the roof's watershed area, a roof pitch factor and the rainfall intensity number of the Association's region. We recommend sloping gutters 1/16 inch per linear foot and providing fasteners a maximum of every three feet.

Downspouts can drain 100 square feet of roof area per one square inch of downspout cross sectional area. We recommend the use of downspout extensions and splash blocks at the downspout discharge to direct storm water away from the foundations.

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

- Semi-annually:
  - Clean out debris and leaves that collect in the gutters
  - Repair and refasten any loose gutter fasteners
  - Repair and seal any leaking seams or end caps
  - Verify downspouts discharge away from foundations

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.

Kitchen

Line Item: 5.520

Quantity: Components of the kitchen include:

- Appliances
- Cabinets and countertops
- Light fixtures

History: Unknown

Condition: Good overall with no significant deterioration evident.

Kitchen overview

Kitchen overview

Useful Life: Renovation 15- to 20- years

Priority/Criticality: Per Board discretion

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

Life Safety System

Line Item: 5.555

Quantity: The life safety system at Villa San Marco clubhouse includes the following components:

- Audio/visual fixtures
- Control panel
- Detectors
- Exit light fixtures
- Magnetic door holders
- Pull stations
- Wiring

History: Control panel and emergency devices were all replaced in 2023

Conditions: Reported satisfactory

Control panel

Control panel

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

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. In accordance with *NFPA 72* (National Fire Alarm and Signaling Code) we also recommend the Association maintain a maintenance contract with a qualified professional. The display panel read 'Trouble in System' at the time of our inspection. The required preventative maintenance may vary in frequency and scope based on the age of the components, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
  - Inspect and test all components and devices, including, but not limited to, control panels, annunciators, detectors, audio/visual fixtures, signal transmitters and magnetic door holders
  - Test backup batteries
- As-needed:
  - Ensure clear line of access to components such as pull stations

- Ensure detectors are properly positioned and clean of debris

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Changes in technology or building codes may make a replacement desirable prior to the end of the functional life. Our estimate of future cost considers only that amount necessary to duplicate the same functionality. Local codes or ordinances at the actual time of replacement may require a betterment as compared to the existing system. A betterment could result in a higher, but at this time unknown, cost of replacement.

Maintenance Building, Exterior Renovations

Line Item: 5.571

Quantity: The maintenance building exterior is comprised of approximately:

- 5 squares of asphalt shingle roofs
- 140 linear feet of gutters and downspouts
- 1 single car garage door and door operator
- 1 entry door
- 1 window HVAC unit

History: Original

Condition: Good

Maintenance building roof overview

Roof overview

Maintenance building roof overview

Stucco wall finishes at maintenance building

Stucco wall finishes at maintenance building

Garage door

Useful Life: 15- to 18-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Complete renovations should include the following:

- Replacement of the entry and garage doors as needed
- Replacement and or capital repairs of the asphalt shingle roof assembly including the gutters and downspouts

Rest Rooms

Line Item: 5.580

Quantity: The two pool rest rooms and one clubhouse restroom components include:

- Tile floor coverings
- Paint finishes at the walls
- Paint finishes at the ceilings

- Light fixtures
- Plumbing fixtures

History: Original

Condition: Fair overall with no isolated wall damage and floor previous repairs evident.

Pool rest room overview

Pool rest room overview

Clubhouse rest room

Rest room wall damage

Pool rest room floor previous repair

Useful Life: Renovation up to every 25 years

Priority/Criticality: Per Board discretion

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

Roofs, Concrete Tiles

Line Item: 5.600

Quantity: Approximately 45 *squares*[2] at the clubhouse and pool building

History: Original

Condition: Good to fair overall with isolated weathered tiles evident from our visual inspection from the ground. Management does not report a history of leaks.

Concrete tile roofs overview

Concrete tile roofs overview

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

Concrete tile roofs overview

Concrete tile roofs overview

Useful Life: Up to 25 years

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

A concrete tile roof system comprises sheathing, underlayments, battens and the tiles themselves. Replacement standards should conform to the local building code and manufacturer's specifications at the time of actual replacement. The manner of construction is such that the underlayment is the primary line of defense from water infiltration. The tiles act to shade the underlayment from harmful sunlight and to protect the roof from heavy winds. Most storm water is shed from the roof tiles into the gutters or over the edge of the roof. However, this tile style is meant to allow water to pass between the tiles onto the underlayment. The underlayment thus sheds any remaining water into the gutters. In fact, horizontal driving rains will force their way up and under the tile only to be shed at some other point.

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

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

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

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

Security System

Line Item: 5.720

Quantity: Villa San Marco utilizes the following security system components at the clubhouse and pool building:

- Access point
- Cameras

History: Unknown at this time

Condition: Reported satisfactory

Security system camera

Useful Life: Every 10- to 15- years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Monthly:
  - Check cameras for proper focus, fields of view are unobstructed and camera and lenses are clean and dust-free
  - Check recording equipment for proper operation
  - Verify monitors are free from distortion with correct brightness and contrast
- Annually:

- Check exposed wiring and cables for wear, proper connections and signal transmission
- Check power connections, and if applicable, functionality of battery power supply systems

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The Association should anticipate replacement of up to fifty percent (50%) of the security system components per event.

Walls, Stucco

Line Item: 5.750

Quantity: Approximately 4,000 square feet of the clubhouse, pool building exteriors and the trash enclosure and approximately 1,000 square feet of stucco located at the maintenance building

History: Painted in 2024

Condition: Good overall with no visible deterioration evident.

Stucco wall finishes

Stucco wall finishes

Stucco wall finishes

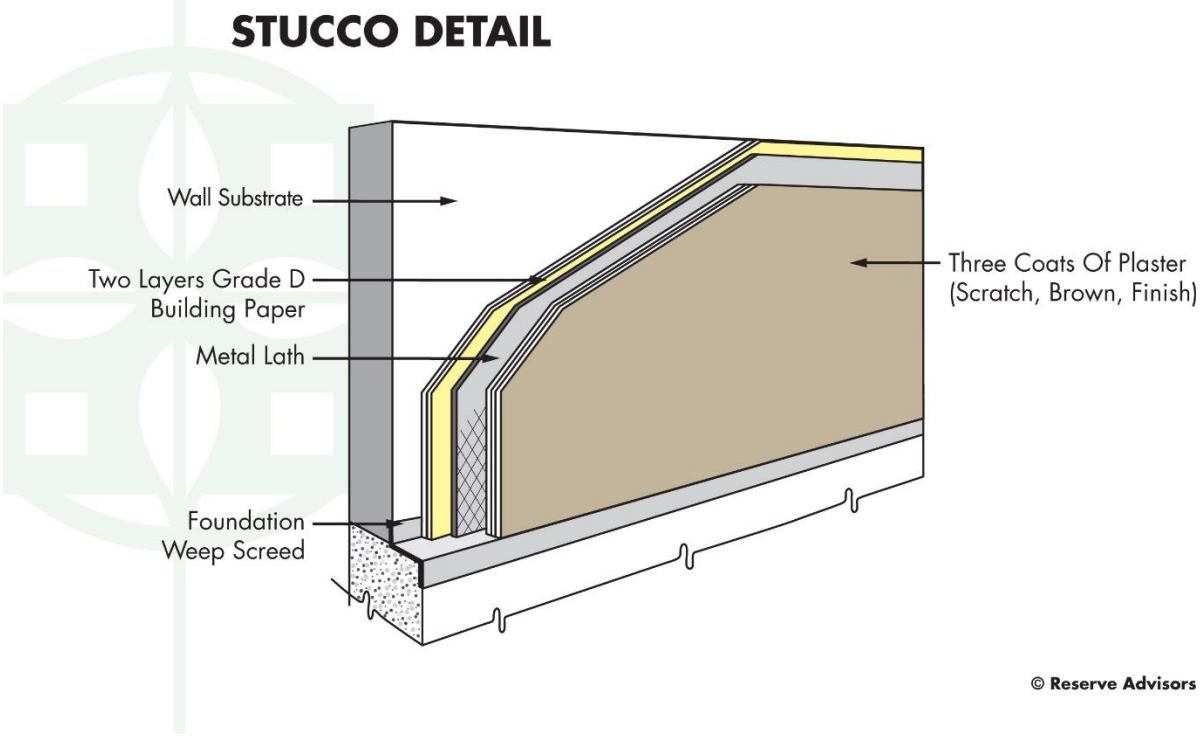
Stucco wall finishes

Stucco wall finishes

Trash enclosure stucco wall finishes

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

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



Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new paint finish. The contractor should then power wash the surface to remove all dirt and biological growth. Water-soluble cleaners that will not attack Portland cement are acceptable for removing stains.

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

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

- Complete inspection of the stucco
- Crack repairs as needed (Each paint product has the limited ability to cover and seal cracks but we recommend repair of all cracks which exceed the ability of the paint product to bridge.)
- Replacement of up to one percent (1%), of the stucco walls (The exact amount of area in need of replacement will be discretionary based on the actual future conditions and the desired appearance.)
- Replacement of up to thirty-three percent (33%) of the sealants in coordination with each paint finish application.

Windows and Doors

Line Item: 5.800

Quantity: Approximately 760 square feet of windows and doors located at the clubhouse and pool house exterior.

History: Unknown

Condition: Good overall with no visible deterioration

Entrance doors

Entrance doors

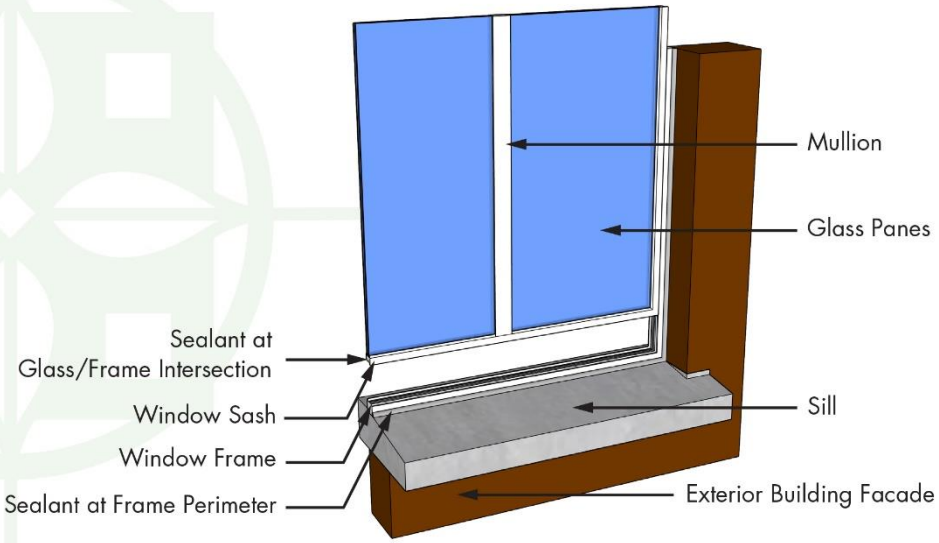
Useful Life: Up to 40 years

Component Detail Notes: Construction includes the following:

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

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

WINDOW DETAIL



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

The thermal efficiencies of the window assemblies are affected by their design and construction components. These components include glazings, thickness of air space between glazings, low-conductivity gas, tinted coatings, low-e coatings and thermal barriers. The Association should thoroughly investigate these component options at the time of replacement. Some manufacturers may include these components as part of the standard product and other manufacturers may consider these components as options for an additional cost. Villa San Marco should review the specifications provided by the manufacturers to understand the thermal design and construction components of the proposed assemblies.

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

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

- As-needed:
    - Verify weep holes are unobstructed and not blocked with dirt or sealant, if applicable
    - Replace damaged or deteriorated sliding glass rollers, if applicable

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

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

NON-STRUCTURAL - Pool Elements

Pool overview

Deck, Pavers

Line Item: 6.200

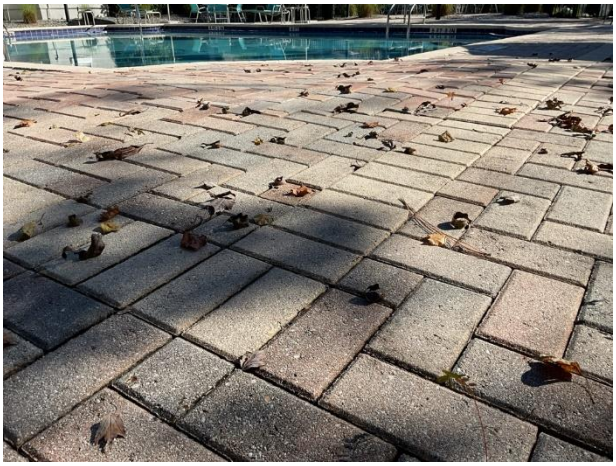
Quantity: Approximately 3,900 square feet of pool deck pavers

History: Original. Management informs us that the community is going to replace the pool deck in 2025

Condition: Poor overall with isolated trip hazards evident.

Paver pool deck overview

Paver pool deck overview



Trip hazard

Paver pool deck previous repairs

Useful Life: Up to 25 years

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

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

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

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

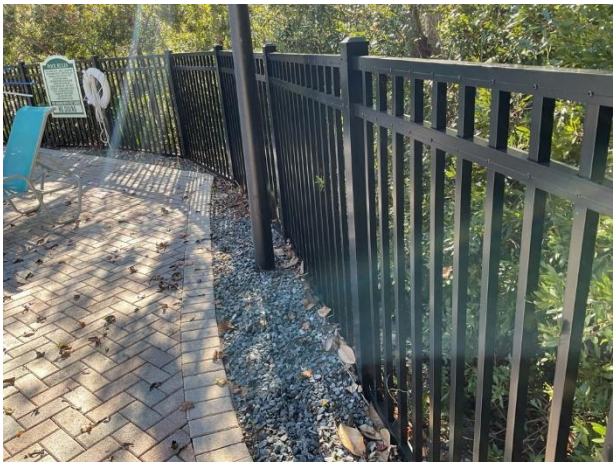
Fence, Aluminum

Line Item: 6.400

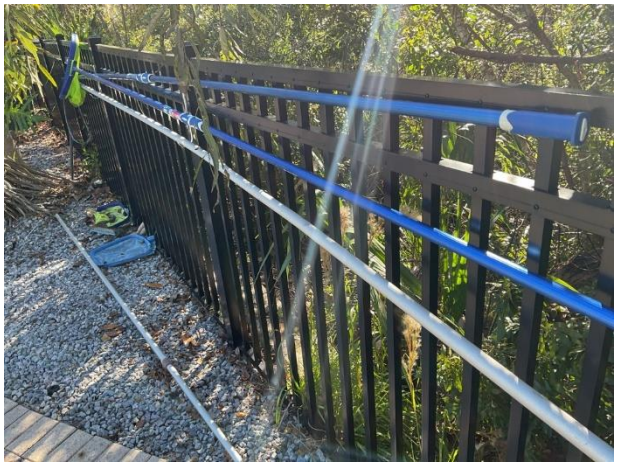
Quantity: Approximately 320 linear feet of aluminum fencing surrounding the pool area

History: Replaced in 2023

Condition: Good overall with no visible deterioration



Aluminum pool fence



Aluminum pool fence

Aluminum pool fence

Aluminum pool fence

Useful Life: Up to 25 years

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

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

Priority/Criticality: Not recommended to defer

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

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the following:

- Chairs
- Lounges
- Tables
- Ladders and life safety equipment

History: Unknown. Management informs us that all pool furniture will be replaced along with the pool deck replacement event in 2025

Condition: Good overall with no significant deterioration evident

Pool furniture

Pool furniture

Pool furniture

Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

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

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

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

History: Varies. Replaced on an as needed basis

Condition: Reported satisfactory overall

Pool mechanical equipment

Pool pumps

Pool mechanical equipment

Useful Life: Up to 15 years

Preventative Maintenance Notes: Management informs us that preventative maintenance is conducted on a regular basis. We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to thirty-three percent (33%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

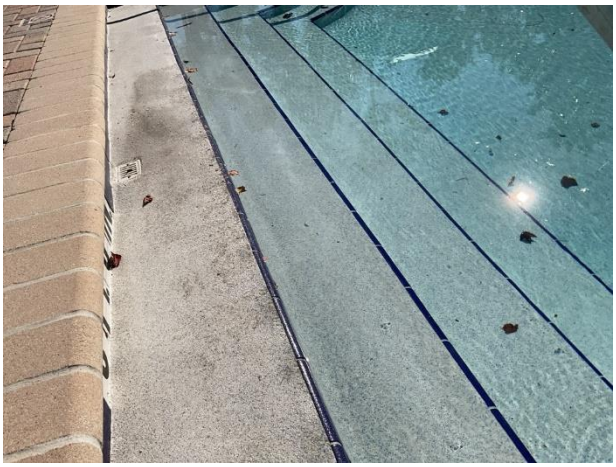
Line Items: 6.800 and 6.801

Quantity: Approximately 1,400 square feet of plaster based on the horizontal surface area and approximately 150 linear feet of tile

History:

- Plaster finish: Unknown
- Tile: Unknown

Condition: Fair overall with isolated plaster discoloration evident



Pool plaster finish with tile perimeter

Pool plaster finish with tile perimeter

Plaster discoloration

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

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

- Semi-annually:

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

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for full tile replacement every other plaster replacement event. Removal and replacement of the finish provides the opportunity to inspect the pool structure and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structure, we recommend the Association budget for the following:

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

Reserve Study Update

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

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

Periodic updates incorporate these variable changes since the last Reserve Study or Update. 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.

Villa San Marco 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 Owners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with Florida Statute 718.112 and exceeds the National standards[1] set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local[2] 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 St. Augustine, Florida at an annual inflation rate[3]. Isolated or regional

[1] Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".
[2] See Credentials for additional information on our use of published sources of cost data.
[3] Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

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 Villa San Marco and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

Founded in 1991, Reserve Advisors is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long-range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelor's degrees in engineering dedicated to Reserve Study services. Our founders are also founders of Community Associations Institute's (CAI) Reserve Committee that developed national standards for reserve study providers. One of our founders is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and historical analyses are keys to determining accurate remaining useful life estimates of building components.

No Conflict of Interest - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

We're familiar with all types of building exteriors as well. Our well-versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

OLD TO NEW

Reserve Advisors' experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.

J.J. Barron
Responsible Advisor

CURRENT CLIENT SERVICES

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

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

Sunset Lakes Condominium Association - Located in Lakeland, Florida, this condominium association contains 288 units in 12 three-story buildings. The Association maintains a pool and club house, building exteriors including roofs and painting, and asphalt pavement.

Jacksonville Golf & Country Property Owners Association - This homeowners association is located in Jacksonville, Florida. This community consist of 919 single family homes. Jacksonville Golf & Country maintains a dock area that consist of asphalt pavement, concrete sidewalks, and storm drains. The Association is also responsible for landscaping, irrigation, and gate entry systems.

Eagle Dunes Homeowners Association, Inc. - Located in Sorrento, Florida, this homeowners association contains 679 single family homes and 104 townhome units. Eagle Dunes maintains several ponds throughout the community. The association maintains playground equipment, tennis courts, gates and gate entry systems. The community also maintains various fencing and landscaping.

Tidewater Island Condominium Association, Inc. - This development comprises of 38 single family homes across 5 three- story buildings. This Community Association is located in Vero Beach, Florida. Asphalt shingle roofs, elevators, HVAC split systems, and parking garages. This community also maintains breezeways, balconies, and fire suppression systems.

The Seasons at Orchid Homeowners Association, Inc. - Located in Vero Beach, Florida, this Association is responsible for the common elements shared by 100 single family homes. In addition to roads and parking areas, the Association maintains a clubhouse and gatehouse with concrete tile roofs, a swimming pool, exercise equipment and perimeter walls.

Runaway Beach Club Condominium Association, Inc. - This homeowners association is located in Kissimmee, Florida, and is responsible for the common elements shared by 192 single family homes. The Association maintains a clubhouse with a basketball court, weight room, an office, golf carts, a pool and pool deck pavers.

PRIOR RELEVANT EXPERIENCE

Mr. Barron earned his Bachelor of Science degree in Mechanical Engineering from the University of Texas at Tyler. His relevant coursework includes thermodynamics, fluid mechanics, heat transfer, mechanical design, control systems, computer-aided engineering, building systems engineering, materials science, project management, energy management, structural analysis, and life cycle cost analysis.

EDUCATION

University of Texas at Tyler – B.S. Mechanical Engineering

NANCY S. DANIEL, P.E., RS
Regional Engineering Manager and Quality Assurance Engineer

CURRENT CLIENT SERVICES

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

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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS

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

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

CURRENT CLIENT SERVICES

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

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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado
Reserve Specialist (RS) **-** Community Associations Institute
Professional Reserve Analyst (PRA) **-** Association of Professional Reserve Analysts

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC ("RA") performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our structural integrity reserve study ("SIRS") is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan, to create reserves for anticipated future replacement expenditures of the subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals.

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

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

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

Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold

a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

Your Obligations - You agree to provide us access to the subject property for an inspection. You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. Additionally, you agree to provide historical replacement schedules, utility bills and historical energy usage files that RA requests and deems necessary to complete the energy benchmarking services, and you agree to provide any utility release(s) reasonably requested by RA permitting RA to obtain any such data and/or information from any utility representative or other third party. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. The Report in whole or in part ***is not and cannot be*** *used as a design specification for design engineering purposes or as an appraisal*. You may show the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law including, but not limited, to any government entity or agency, or any utility companies. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report ***to any party that conducts reserve studies without the written consent of RA***.

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

Payment Terms, Due Dates and Interest Charges - If reserve study and energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and prior to the inspection by RA, and any balance is due net 30 days from the Report shipment date. If only energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and any balance is due net 30 days from the Report shipment date. In any case, any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law. We reserve the right to limit or decline refunds in our sole discretion. Refunds vary based on the applicable facts and circumstances.

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