

**Revised**  
**FULL RESERVE STUDY**  
**Town Shores of Gulfport,**  
**No. 203, Inc. (Dover House)**



**Gulfport, Florida**

**Inspected - January 26, 2021**

**Revised - March 10, 2021**



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Town Shores of Gulfport, No. 203, Inc. (Dover House)  
Gulfport, Florida

Dear Board of Directors of Town Shores of Gulfport, No. 203, Inc. (Dover House):

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Town Shores of Gulfport, No. 203, Inc. (Dover House) in Gulfport, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 26, 2021.

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

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Town Shores of Gulfport, No. 203, Inc. (Dover House) 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 March 10, 2021 by

*Reserve Advisors, LLC*

Visual Inspection and Report by: Tyler C. Gidden

Review by: Alan M. Ebert, RS<sup>1</sup>, PRA<sup>2</sup>, Director of Quality Assurance



<sup>1</sup> 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.

<sup>2</sup> 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>.



Long-term thinking. Everyday commitment.



## Table of Contents

<b>1. RESERVE STUDY EXECUTIVE SUMMARY .....</b>	<b>1.1</b>
<b>2. RESERVE STUDY REPORT .....</b>	<b>2.1</b>
<b>3. RESERVE EXPENDITURES and FUNDING PLAN.....</b>	<b>3.1</b>
<b>4. RESERVE COMPONENT DETAIL.....</b>	<b>4.1</b>
Exterior Building Elements .....	4.1
Breezeways, Concrete .....	4.1
Breezeways, Railings, Aluminum .....	4.3
Floor Coverings, Tile, Breezeways .....	4.4
Light Fixtures .....	4.4
Roofs, Foam .....	4.5
Roof, Metal, Mansard .....	4.7
Sealants, Windows, Doors and Control Joints.....	4.8
Soffit and Fascia, Vinyl .....	4.10
Staircases.....	4.10
Walls, Stucco.....	4.11
Building Services Elements .....	4.14
Electrical System .....	4.14
Elevator Cab Finishes .....	4.16
Elevator, Hydraulic .....	4.17
Laundry Equipment, Dryers.....	4.19
Life Safety System.....	4.21
Pipes, Domestic Water, Hot and Cold .....	4.22
Water Heaters, Tankless .....	4.24
Property Site Elements .....	4.26
Asphalt Pavement, Patch and Seal Coat.....	4.26
Asphalt Pavement, Repaving .....	4.26
Mailbox Stations .....	4.29
Pavers, Masonry.....	4.30
Pipes, Subsurface Utilities .....	4.31
Site Furniture .....	4.31
Reserve Study Update.....	4.32



<b>5. METHODOLOGY .....</b>	<b>5.1</b>
<b>6. CREDENTIALS .....</b>	<b>6.1</b>
<b>7. DEFINITIONS .....</b>	<b>7.1</b>
<b>8. PROFESSIONAL SERVICE CONDITIONS .....</b>	<b>8.1</b>



# 1. RESERVE STUDY EXECUTIVE SUMMARY

**Client:** Town Shores of Gulfport, No. 203, Inc. (Dover House) (Dover House)

**Location:** Gulfport, Florida

**Reference:** 201892

**Property Basics:** Town Shores of Gulfport, No. 203, Inc. (Dover House) is a condominium style development consisting of 52 units in one building. The building was built in 1972. The building comprises stucco walls, a flat roof and a metal mansard roof. The community contains an asphalt pavement parking lot and a patio area.

**Reserve Components Identified:** 30 Reserve Components.

**Inspection Date:** January 26, 2021.

**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 these threshold funding years in 2032 and 2051 due to replacement of the flat roof.

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

- Current and future local costs of replacement
- 0.0% anticipated annual rate of return on invested reserves
- 0.0% future Inflation Rate for estimating Future Replacement Costs

We exclude interest and inflation from our analysis due to recent interpretations of the Florida Administrative code by the Division of Condominiums, Timeshares and Mobile Homes. The Division has opined that any increase in reserve contributions over the length of a cash flow analysis would be considered "balloon payments" and prohibited by the Fla. Admin. Code, Rule 61B-22.0005(3)(b). Nothing in the Code purports to define "balloon payments" in a manner inconsistent with the general understanding of the word, which contemplates a series of smaller payments followed by a significantly larger lump-sum payment. However, the Division maintains their opinion and has cited Associations for non-compliance due to this issue. In order to ensure compliance, the funding plan, contributions and expenditure projections shown in this study exclude any increases due to inflation or adjustments for interest.

At the request of the Board we have prepared an alternate funding plan inclusive of these variables for your consideration. However, please note that a cash flow funding plan with any future increases in contributions would not be considered "full" funding based on the Divisions' recent interpretations. Any amount less than the full funding amount shown in our recommended funding plan may require a vote of the owners to waive statutory full funding.

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



**Unaudited Cash Status of Reserve Fund:**

- \$312,455 as of January 1, 2021
- 2021 budgeted Reserve Contributions of \$39,687
- A potential deficit in reserves might occur by 2032 based upon continuation of the most recent annual reserve contribution of \$39,687 and the identified Reserve Expenditures.

**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:

- Breezeways, Concrete, Repairs and Waterproof Coating Applications
- Walls, Stucco, Paint Finishes and Capital Repairs
- Staircases, Paint Finishes and Capital Repairs
- Asphalt Pavement, Patch and Seal Coat
- Roof, Foam, Inspection, Repairs, and Coating

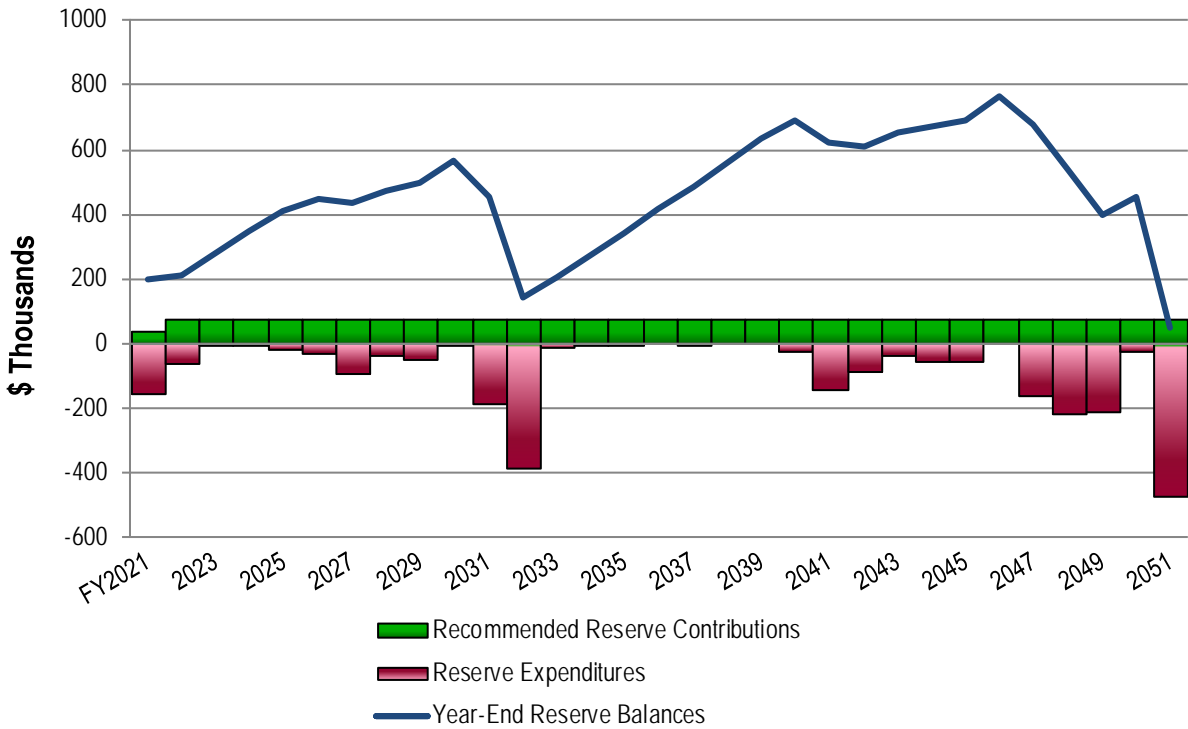
**Recommended Reserve Funding:** We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to \$75,000 in 2022
- Stable contributions of \$75,000 from 2023 through 2051, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$35,313 represents an average monthly increase of \$56.59 per unit owner and about a thirteen percent (13.0%) adjustment in the 2021 total Operating Budget of \$272,190.



**Dover House**  
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2022	75,000	209,472	2032	75,000	141,282	2042	75,000	612,572
2023	75,000	277,522	2033	75,000	206,802	2043	75,000	652,572
2024	75,000	350,522	2034	75,000	276,222	2044	75,000	672,572
2025	75,000	408,842	2035	75,000	342,222	2045	75,000	690,892
2026	75,000	450,842	2036	75,000	417,222	2046	75,000	765,892
2027	75,000	432,342	2037	75,000	484,742	2047	75,000	679,723
2028	75,000	472,342	2038	75,000	559,742	2048	75,000	536,554
2029	75,000	498,042	2039	75,000	634,742	2049	75,000	399,085
2030	75,000	568,042	2040	75,000	687,742	2050	75,000	452,085
2031	75,000	453,832	2041	75,000	622,572	2051	75,000	52,495







## 2. RESERVE STUDY REPORT

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

**Town Shores of Gulfport, No. 203, Inc. (Dover House)**

**Gulfport, Florida**

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 26, 2021.

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

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

## IDENTIFICATION OF PROPERTY



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

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Unit 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 the Board. These classes of property include:

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

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

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

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating

budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time.

- Foundation
- Pipes, Interior Building, Sanitary Waste, Common (Relined in 2019)
- Structural Frame
- Valves, Large Diameter

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



**Pedestrian gate**

- General Maintenance to the Common Elements
- Expenditures less than \$3,500 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Carports, Maintenance and Capital Repairs
- Catch Basins, Inspections and Capital Repairs
- Concrete Curbs and Gutters
- Concrete Sidewalks
- Doors, Common
- Downspouts, Aluminum
- Flagpole
- Fire Extinguishers
- Gate, Pedestrian
- Irrigation System
- Landscape
- Life Safety System, Control Panels, Interim Replacements

- Light Fixtures, Exterior (Excluding unit entrances)
- Motors
- Paint Finishes, Touch Up
- Pipes, Common, Interim Repairs and Waste Rodding
- Pumps Less Than Five-HP (horsepower)
- Trash Chute and Doors (abandoned)
- Security System
- Signage
- Staff, Storage and Service Areas
- Storage Tank, Domestic Hot Water
- Valves, Small Diameter (We assume replacement as needed in lieu of an aggregate replacement of all small diameter valves as a single event.)
- Other Repairs normally funded through the Operating Budget

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

- Carports, Replacement
- Electrical Systems (Including Circuit Protection Panels)
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Patios
- Pipes (Within Units)
- Windows and Doors

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

- Laundry Equipment, Washers (Leased)
- Light Poles and Fixtures (Master Association)
- Perimeter Wall (Master Association)

### **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
- 2021 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 costs for each reserve component

#### **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***.

## RESERVE EXPENDITURES

**Town Shores of Gulfport,  
No. 203, Inc. (Dover House)**  
Gulfport, Florida

**Explanatory Notes:**

- 1) **0.0%** is the estimated Inflation Rate; see Executive Summary for details.
- 2) **FY2021** is Fiscal Year beginning January 1, 2021 and ending December 31, 2021.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2021															
						Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)			1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028	8 2029	9 2030	10 2031	11 2032	12 2033	13 2034	14 2035	15 2036
<b>Exterior Building Elements</b>																											
1.060	6,100	6,100	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications	2021	8 to 12	0	8.50	51,850	51,850	8.1%	51,850										51,850					
1.100	960	960	Linear Feet	Breezeways, Railings, Aluminum, Paint Finishes and Capital Repairs (2021 Planned)	2021	10 to 12	0	23.00	22,080	22,080	2.6%	22,080															
1.105	960	960	Linear Feet	Breezeways, Railings, Aluminum, Replacement	2031	to 40	10	50.00	48,000	48,000	1.9%											48,000					
1.250	150	150	Square Yards	Floor Coverings, Tile, Breezeways	2031	to 30	10	78.00	11,700	11,700	0.5%											11,700					
1.260	52	52	Each	Light Fixtures	2031	to 20	10	75.00	3,900	3,900	0.3%											3,900					
1.420	190	190	Squares	Roof, Foam, Inspection, Repairs, and Coating	2022	to 5	1	250.00	47,500	47,500	3.7%		47,500									47,500					
1.421	190	190	Squares	Roof, Foam, Replacement (Replace with Flat Roof)	2032	15 to 20	11	1,700.00	323,000	323,000	25.3%											323,000					
1.460	27	27	Squares	Roof, Metal, Mansard	2032	to 30	11	1,900.00	51,300	51,300	2.0%											51,300					
1.540	5,800	2,900	Linear Feet	Sealants, Windows, Doors and Control Joints, Phased	2021	to 20	0 to 10	2.00	5,800	11,600	0.9%	5,800										5,800					
1.590	2,500	2,500	Square Feet	Soffit and Fascia, Vinyl	2032	to 40	11	4.50	11,250	11,250	0.4%											11,250					
1.600	3	3	Each	Staircases, Paint Finishes and Capital Repairs (2021 Planned)	2021	10 to 15	0	5,000.00	15,000	15,000	1.8%	15,000										15,000					
1.601	3	1	Each	Staircases, Replacement, Phased	2042	to 75	21 to 27	40,000.00	40,000	120,000	4.7%																
1.880	36,400	36,400	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs (2021 Planned)	2021	10 to 12	0	1.40	50,960	50,960	8.0%	50,960										50,960					
<b>Building Services Elements</b>																											
3.300	1	1	Allowance	Electrical System, Main Panels	2042	to 70+	21	43,000.00	43,000	43,000	1.7%																
3.310	1	1	Each	Elevator Cab Finishes	2040	to 20	19	15,000.00	15,000	15,000	0.6%																
3.320	1	1	Allowance	Elevator, Hydraulic, Cab Controls and Call Buttons	2027	to 30	6	16,000.00	16,000	16,000	0.6%											16,000					
3.321	1	1	Each	Elevator, Hydraulic, Controller	2027	to 30	6	30,000.00	30,000	30,000	1.2%											30,000					
3.330	1	1	Each	Elevator, Hydraulic, Cylinder	2026	to 35	5	33,000.00	33,000	33,000	1.3%											33,000					
3.331	1	1	Each	Elevator, Hydraulic, Door Operator	2022	to 30	1	15,000.00	15,000	15,000	1.2%	15,000															
3.332	1	1	Each	Elevator, Hydraulic, Pump	2048	to 30	27	17,000.00	17,000	17,000	0.7%																
3.500	6	2	Each	Laundry Equipment, Dryers, Phased	2022	to 10	1 to 3	1,000.00	2,000	6,000	0.9%		2,000	2,000	2,000							2,000 2,000 2,000					
3.560	1	1	Allowance	Life Safety System, Control Panels and Emergency Devices	2044	to 25	23	55,000.00	55,000	55,000	2.2%																
3.605	52	17	Units	Pipes, Domestic Water, Hot and Cold, Replacement, Phased	2047	to 80+	26 to 28	9,300.00	161,169	483,600	19.0%																
3.940	5	5	Each	Water Heaters, Tankless	2028	12 to 15	7	7,000.00	35,000	35,000	2.7%											35,000					
<b>Property Site Elements</b>																											
4.020	3,400	3,400	Square Yards	Asphalt Pavement, Patch and Seal Coat (2021 Planned)	2021	3 to 5	0	2.20	7,480	7,480	1.8%	7,480										7,480					
4.040	3,400	3,400	Square Yards	Asphalt Pavement, Mill and Overlay	2029	15 to 20	8	14.50	49,300	49,300	3.9%											49,300					
4.600	2	2	Each	Mailbox Stations	2035	to 25	14	2,000.00	4,000	4,000	0.2%											4,000					
4.620	620	620	Square Feet	Pavers, Masonry, Common Patio	2034	to 25	13	9.00	5,580	5,580	0.2%											5,580					
4.650	1	1	Allowance	Pipes, Subsurface Utilities, Partial	2025	to 85+	4	5,000.00	5,000	5,000	1.2%											5,000					
4.820	1	1	Allowance	Site Furniture	2025	15 to 25	4	4,200.00	4,200	4,200	0.3%											4,200					
		1	Allowance	<b>Reserve Study Update with Site Visit</b>	2023	2	2	4,950.00	4,950	4,950	0.2%											4,950					
<b>Anticipated Expenditures, By Year (\$2,549,647 over 30 years)</b>												153,170	64,500	6,950	2,000	16,680	33,000	93,500	35,000	49,300	5,000	189,210	387,550	9,480	5,580	9,000	0

## RESERVE EXPENDITURES

**Town Shores of Gulfport,  
No. 203, Inc. (Dover House)**  
Gulfport, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2037	17 2038	18 2039	19 2040	20 2041	21 2042	22 2043	23 2044	24 2045	25 2046	26 2047	27 2048	28 2049	29 2050	30 2051	
						Useful	Remaining	Unit (2021)	Per Phase (2021)	Total (2021)																	
<b>Exterior Building Elements</b>																											
1.060	6,100	6,100	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications	2021	8 to 12	0	8.50	51,850	51,850	8.1%					51,850										51,850	
1.100	960	960	Linear Feet	Breezeways, Railings, Aluminum, Paint Finishes and Capital Repairs (2021 Planned)	2021	10 to 12	0	23.00	22,080	22,080	2.6%					22,080											22,080
1.105	960	960	Linear Feet	Breezeways, Railings, Aluminum, Replacement	2031	to 40	10	50.00	48,000	48,000	1.9%																
1.250	150	150	Square Yards	Floor Coverings, Tile, Breezeways	2031	to 30	10	78.00	11,700	11,700	0.5%																
1.260	52	52	Each	Light Fixtures	2031	to 20	10	75.00	3,900	3,900	0.3%																3,900
1.420	190	190	Squares	Roof, Foam, Inspection, Repairs, and Coating	2022	to 5	1	250.00	47,500	47,500	3.7%																
1.421	190	190	Squares	Roof, Foam, Replacement (Replace with Flat Roof)	2032	15 to 20	11	1,700.00	323,000	323,000	25.3%																323,000
1.460	27	27	Squares	Roof, Metal, Mansard	2032	to 30	11	1,900.00	51,300	51,300	2.0%																
1.540	5,800	2,900	Linear Feet	Sealants, Windows, Doors and Control Joints, Phased	2021	to 20	0 to 10	2.00	5,800	11,600	0.9%					5,800											5,800
1.590	2,500	2,500	Square Feet	Soffit and Fascia, Vinyl	2032	to 40	11	4.50	11,250	11,250	0.4%																
1.600	3	3	Each	Staircases, Paint Finishes and Capital Repairs (2021 Planned)	2021	10 to 15	0	5,000.00	15,000	15,000	1.8%																15,000
1.601	3	1	Each	Staircases, Replacement, Phased	2042	to 75	21 to 27	40,000.00	40,000	120,000	4.7%						40,000			40,000			40,000				
1.880	36,400	36,400	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs (2021 Planned)	2021	10 to 12	0	1.40	50,960	50,960	8.0%					50,960											50,960
<b>Building Services Elements</b>																											
3.300	1	1	Allowance	Electrical System, Main Panels	2042	to 70+	21	43,000.00	43,000	43,000	1.7%						43,000										
3.310	1	1	Each	Elevator Cab Finishes	2040	to 20	19	15,000.00	15,000	15,000	0.6%				15,000												
3.320	1	1	Allowance	Elevator, Hydraulic, Cab Controls and Call Buttons	2027	to 30	6	16,000.00	16,000	16,000	0.6%																
3.321	1	1	Each	Elevator, Hydraulic, Controller	2027	to 30	6	30,000.00	30,000	30,000	1.2%																
3.330	1	1	Each	Elevator, Hydraulic, Cylinder	2026	to 35	5	33,000.00	33,000	33,000	1.3%																
3.331	1	1	Each	Elevator, Hydraulic, Door Operator	2022	to 30	1	15,000.00	15,000	15,000	1.2%															15,000	
3.332	1	1	Each	Elevator, Hydraulic, Pump	2048	to 30	27	17,000.00	17,000	17,000	0.7%														17,000		
3.500	6	2	Each	Laundry Equipment, Dryers, Phased	2022	to 10	1 to 3	1,000.00	2,000	6,000	0.9%				2,000	2,000	2,000							2,000	2,000	2,000	
3.560	1	1	Allowance	Life Safety System, Control Panels and Emergency Devices	2044	to 25	23	55,000.00	55,000	55,000	2.2%								55,000								
3.605	52	17	Units	Pipes, Domestic Water, Hot and Cold, Replacement, Phased	2047	to 80+	26 to 28	9,300.00	161,169	483,600	19.0%											161,169	161,169	161,169			
3.940	5	5	Each	Water Heaters, Tankless	2028	12 to 15	7	7,000.00	35,000	35,000	2.7%						35,000										
<b>Property Site Elements</b>																											
4.020	3,400	3,400	Square Yards	Asphalt Pavement, Patch and Seal Coat (2021 Planned)	2021	3 to 5	0	2.20	7,480	7,480	1.8%	7,480				7,480				7,480							
4.040	3,400	3,400	Square Yards	Asphalt Pavement, Mill and Overlay	2029	15 to 20	8	14.50	49,300	49,300	3.9%														49,300		
4.600	2	2	Each	Mailbox Stations	2035	to 25	14	2,000.00	4,000	4,000	0.2%																
4.620	620	620	Square Feet	Pavers, Masonry, Common Patio	2034	to 25	13	9.00	5,580	5,580	0.2%																
4.650	1	1	Allowance	Pipes, Subsurface Utilities, Partial	2025	to 85+	4	5,000.00	5,000	5,000	1.2%				5,000					5,000						5,000	
4.820	1	1	Allowance	Site Furniture	2025	15 to 25	4	4,200.00	4,200	4,200	0.3%									4,200							
		1	Allowance	Reserve Study Update with Site Visit	2023	2	2	4,950.00	4,950	4,950	0.2%																
<b>Anticipated Expenditures, By Year (\$2,549,647 over 30 years)</b>												7,480	0	0	22,000	140,170	85,000	35,000	55,000	56,680	0	161,169	218,169	212,469	22,000	474,590	

## RESERVE FUNDING PLAN

**CASH FLOW ANALYSIS**  
**Town Shores of Gulfport,**  
**No. 203, Inc. (Dover House)**

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Gulfport, Florida		FY2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserves at Beginning of Year	(Note 1)	312,455	198,972	209,472	277,522	350,522	408,842	450,842	432,342	472,342	498,042	568,042	453,832	141,282	206,802	276,222	342,222
Total Recommended Reserve Contributions	(Note 2)	39,687	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Estimated Interest Earned, During Year	(Note 3)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anticipated Expenditures, By Year	(Note 3)	(153,170)	(64,500)	(6,950)	(2,000)	(16,680)	(33,000)	(93,500)	(35,000)	(49,300)	(5,000)	(189,210)	(387,550)	(9,480)	(5,580)	(9,000)	0
Anticipated Reserves at Year End		<u>\$198,972</u>	<u>\$209,472</u>	<u>\$277,522</u>	<u>\$350,522</u>	<u>\$408,842</u>	<u>\$450,842</u>	<u>\$432,342</u>	<u>\$472,342</u>	<u>\$498,042</u>	<u>\$568,042</u>	<u>\$453,832</u>	<u>\$141,282</u>	<u>\$206,802</u>	<u>\$276,222</u>	<u>\$342,222</u>	<u>\$417,222</u>
Predicted Reserves based on 2021 funding level of:		\$39,687	198,972	174,159	206,896	244,583	267,590	274,277	220,464	225,151	215,538	250,225	100,702	(247,161)	(216,954)		

(continued)

		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Reserves at Beginning of Year		417,222	484,742	559,742	634,742	687,742	622,572	612,572	652,572	672,572	690,892	765,892	679,723	536,554	399,085	452,085
Total Recommended Reserve Contributions		75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Estimated Interest Earned, During Year		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Anticipated Expenditures, By Year		(7,480)	0	0	(22,000)	(140,170)	(85,000)	(35,000)	(55,000)	(56,680)	0	(161,169)	(218,169)	(212,469)	(22,000)	(474,590)
Anticipated Reserves at Year End		<u>\$484,742</u>	<u>\$559,742</u>	<u>\$634,742</u>	<u>\$687,742</u>	<u>\$622,572</u>	<u>\$612,572</u>	<u>\$652,572</u>	<u>\$672,572</u>	<u>\$690,892</u>	<u>\$765,892</u>	<u>\$679,723</u>	<u>\$536,554</u>	<u>\$399,085</u>	<u>\$452,085</u>	<u>\$52,495</u>

NOTES 4&5)

**Explanatory Notes:**

- 1) Year 2021 starting reserves are as of January 1, 2021; FY2021 starts January 1, 2021 and ends December 31, 2021.
- 2) Reserve Contributions for 2021 are budgeted; 2022 is the first year of recommended contributions.
- 3) 0.0% is the estimated annual rate of return on invested reserves; see Executive Summary for details
- 4) Accumulated year 2051 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).



## RESERVE FUNDING PLAN

### Alternate

#### CASH FLOW ANALYSIS Town Shores of Gulfport, No. 203, Inc. (Dover House) Gulfport, Florida

We include this alternate funding plan based on our discussion and your specific funding goals. Please note that any amount of reserve funding less than the full funding amount shown in our recommended funding plan may require a vote of the owners to waive statutory full funding.

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
		FY2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserves at Beginning of Year	(Note 1)	312,455	204,598	190,608	243,399	310,403	370,658	421,542	411,813	469,397	512,315	610,355	485,229	105,284	193,916	291,277	388,094
Total Recommended Reserve Contributions	(Note 2)	39,687	47,500	55,300	63,100	70,900	78,700	86,500	88,200	90,000	91,800	93,600	95,500	97,400	99,300	101,300	103,300
Estimated Interest Earned, During Year	(Note 3)	5,626	4,300	4,722	6,026	7,410	8,619	9,067	9,588	10,681	12,215	11,920	6,425	3,255	5,279	7,392	9,674
Anticipated Expenditures, By Year		(153,170)	(65,790)	(7,231)	(2,122)	(18,055)	(36,435)	(105,296)	(40,204)	(57,763)	(5,975)	(230,646)	(481,870)	(12,023)	(7,218)	(11,875)	0
Anticipated Reserves at Year End		<u>\$204,598</u>	<u>\$190,608</u>	<u>\$243,399</u>	<u>\$310,403</u>	<u>\$370,658</u>	<u>\$421,542</u>	<u>\$411,813</u>	<u>\$469,397</u>	<u>\$512,315</u>	<u>\$610,355</u>	<u>\$485,229</u>	<u>\$105,284</u>	<u>\$193,916</u>	<u>\$291,277</u>	<u>\$388,094</u>	<u>\$501,068</u>
Predicted Reserves based on 2021 funding level of:		\$39,687	204,598	182,709	219,542	262,350	289,992	299,660	239,922	244,678	231,786	270,968	83,870	(361,332)	(341,313)		

(continued)

		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Reserves at Beginning of Year		501,068	608,269	730,333	857,307	956,896	882,727	889,578	974,450	1,030,637	1,086,000	1,237,278	1,121,742	902,477	683,519	796,958
Total Recommended Reserve Contributions		105,400	107,500	109,700	111,900	114,100	116,400	118,700	121,100	123,500	126,000	128,500	131,100	133,700	136,400	139,100
Estimated Interest Earned, During Year		12,070	14,564	17,274	19,739	20,016	19,283	20,281	21,816	23,030	25,278	25,667	22,024	17,256	16,108	9,607
Anticipated Expenditures, By Year		(10,268)	0	0	(32,050)	(208,285)	(128,832)	(54,109)	(86,729)	(91,166)	0	(269,703)	(372,390)	(369,914)	(39,069)	(859,654)
Anticipated Reserves at Year End		<u>\$608,269</u>	<u>\$730,333</u>	<u>\$857,307</u>	<u>\$956,896</u>	<u>\$882,727</u>	<u>\$889,578</u>	<u>\$974,450</u>	<u>\$1,030,637</u>	<u>\$1,086,000</u>	<u>\$1,237,278</u>	<u>\$1,121,742</u>	<u>\$902,477</u>	<u>\$683,519</u>	<u>\$796,958</u>	<u>\$86,011</u>

NOTES 4&5)

#### Explanatory Notes:

- 1) Year 2021 starting reserves are as of January 1, 2021; FY2021 starts January 1, 2021 and ends December 31, 2021.
- 2) Reserve Contributions for 2021 are budgeted; 2022 is the first year of recommended contributions.
- 3) 2.2% is the estimated annual rate of return on invested reserves; see Executive Summary for details.
- 4) Accumulated year 2051 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

**FIVE-YEAR OUTLOOK****Town Shores of Gulfport,  
No. 203, Inc. (Dover House)**  
Gulfport, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026
<b><u>Exterior Building Elements</u></b>							
1.060	Breezeways, Concrete, Repairs and Waterproof Coating Applications	51,850					
1.100	Breezeways, Railings, Aluminum, Paint Finishes and Capital Repairs (2021 Planned)	22,080					
1.420	Roof, Foam, Inspection, Repairs, and Coating		47,500				
1.540	Sealants, Windows, Doors and Control Joints, Phased	5,800					
1.600	Staircases, Paint Finishes and Capital Repairs (2021 Planned)	15,000					
1.880	Walls, Stucco, Paint Finishes and Capital Repairs (2021 Planned)	50,960					
<b><u>Building Services Elements</u></b>							
3.330	Elevator, Hydraulic, Cylinder						33,000
3.331	Elevator, Hydraulic, Door Operator		15,000				
3.500	Laundry Equipment, Dryers, Phased		2,000	2,000	2,000		
<b><u>Property Site Elements</u></b>							
4.020	Asphalt Pavement, Patch and Seal Coat (2021 Planned)	7,480				7,480	
4.650	Pipes, Subsurface Utilities, Partial					5,000	
4.820	Site Furniture					4,200	
<b>Reserve Study Update with Site Visit</b>				4,950			
<b>Anticipated Expenditures, By Year (\$2,549,647 over 30 years)</b>		153,170	64,500	6,950	2,000	16,680	33,000

## 4. RESERVE COMPONENT DETAIL

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

### Exterior Building Elements



Building front elevation



Building rear and side elevations

### Breezeways, Concrete

---

**Line Item:** 1.060

**Quantity:** Three concrete breezeways comprising approximately 6,100 square feet of horizontal surface area. The balconies comprise reinforced concrete with a waterproof coating.

**History:** The coating applications are of unknown age.

**Condition:** Good to fair overall with isolated cracks evident



**Typical Breezeway**



**Concrete crack at expansion joint**

**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 8- to 12-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 breezeways will result in increased concrete repairs and replacements as the breezeways age.* Capital repairs may also include replacement of the caulked joint between the breezeway and the building, and repair or replacement of the metal railings and railing fastener attachments as needed.

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

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

- Partial depth replacement of up to half a percent (0.50%) of the concrete topsides, edges and undersides
- Crack repairs as necessary
- Repairs to the railings as necessary
- Replacement of perimeter sealants as needed
- Application of a waterproof coating (Urethane based elastomeric)
- Paint applications to the undersides and edges

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

## **Breezeways, Railings, Aluminum**

---

**Line Items:** 1.100 and 1.105

**Quantity:** 960 linear feet at the breezeways

**History:** Original

**Condition:** The railings are in good to fair overall condition and the railing finishes are in fair condition. The railings exhibit isolated stains and removed finish.



**Typical breezeway railings**



**Removed finish and stains**

**Useful Life:** Up to 40 years with the benefit of periodic maintenance. Periodic maintenance should include applications of a protective paint finish and partial replacement of deteriorated aluminum every 10- to 12-years based on information provided by the Board that paint applications will be completely covered under a 10 year warranty..

**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 Association should require the application of a primer on bare material.

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We defer replacement based on the current conditions.

## Floor Coverings, Tile, Breezeways

---

**Line Item:** 1.250

**Quantity:** 150 square yards at the breezeways and stairs

**History:** Original

**Condition:** Good to fair overall



**Isolated cracked tiles at first floor**

**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.

## Light Fixtures

---

**Line Item:** 1.260

**Quantity:** Approximately 52 exterior wall mounted light fixtures accent the front entries.

**History:** Unknown age

**Condition:** Good to fair overall with no significant deterioration evident



**Typical light fixture at unit entrance**

**Useful Life:** Up to 20 years

**Priority/Criticality:** Per Board discretion

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

- As-needed:
  - Replace burned out bulbs at common fixtures as needed
  - Inspect and repair broken or dislodged fixtures
  - Ensure a waterproof seal between the fixture and building exists

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

## **Roofs, Foam**

---

**Line Items:** 1.420 and 1.421

**Quantity:** 190 square feet of spray polyurethane foam (SPF) roofing

**History:** Installed in 2014; the Association should conduct inspections of the roofs semiannually and fund these inspections through the operating budget.

**Condition:** Satisfactory overall. The Board does not report history of leaks.

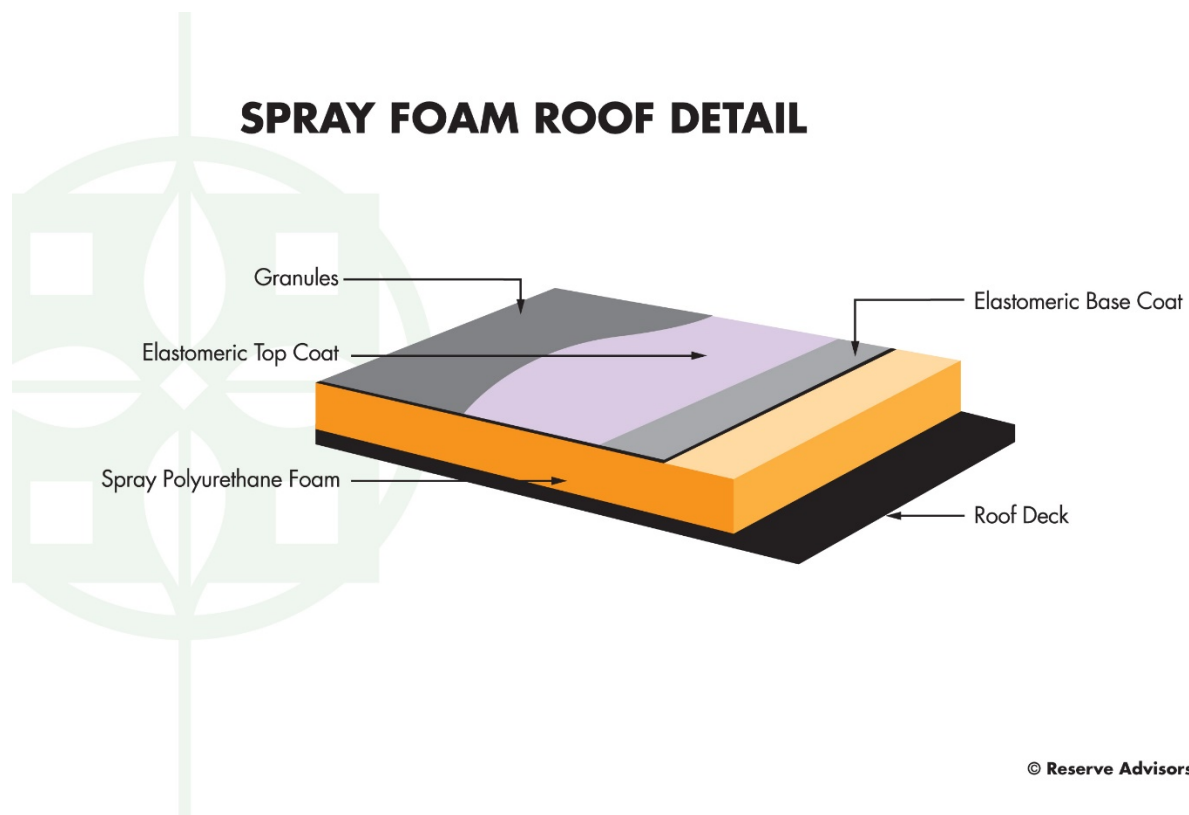
**Useful Life:** 15- to 20-years for replacement with interim coatings up to every five years

**Component Detail Notes:** SPF roofs are seamless spray-applied insulating foam plastics that are installed as a liquid and then expand into a solid many times the original volume. An SPF roof is a two-part system that includes sprayed foam and a protective coating. The spray polyurethane foam is water resistant by itself. However, ultraviolet rays from the sun can deteriorate the surface of SPF roofs. A protective

coating, such as an elastomeric coating, provides a water resistant and protective membrane.

SPF roofs are lightweight and can be installed in varying thickness to provide slope for drainage. However, the foam should be installed in uniform passes from ½ to one inch thick. Loss of adhesion will result if installed at less than ½ inch. Excessive temperature build-up will result if installed in passes greater than one inch. The contractor should follow the manufacturer's directions and specifications upon installation of the roofs

The following image details the components of a typical SPF roof:



Successful recovering of the existing SPF roofs requires the lack of active or previous water infiltration, semiannual inspections and repairs as normal maintenance, and a lack of significant deterioration to the decks, flashings or foam that might otherwise impair the useful life of the roofs. For purposes of this Reserve Study, we presume that these conditions and the necessary maintenance will occur to allow for a recovering of the existing SPF roofs.

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

- Semi-annually:



- Note drainage issues with water ponding after 48 hours of rainfall event. Verify scuppers and drains are free of debris. Replace damaged or missing drain covers.
- Inspect perimeter flashing for loose fasteners, deflections, and sealant damage
- Verify foam surface is free of ruptures or damage, and areas of extensive blistering. Damaged or saturated foam should be cut out and replaced.
- Remove oil spills or contaminants from mechanical equipment
- Touch-up coating applications as needed
- If frequency of leaks increase or location of water infiltration is unknown, we recommend the consideration of a thermal image inspection

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association. We recommend the Association not install a foam roof when completely replacing the flat roof.

## **Roof, Metal, Mansard**

---

**Line Item:** 1.460

**Quantity:** 27 squares<sup>1</sup>

**History:** Original

**Condition:** Good to fair overall with loose shingles evident. The Board does not report a history of leaks.

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



**Typical metal mansard roof**



**Loose metal sheet**

**Useful Life:** Up to 30 years

**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 fasteners
  - Implement repairs as needed if issues are reoccurring
  - Periodic cleaning at areas with organic growth

**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.

## **Sealants, Windows, Doors and Control Joints**

---

**Line Item:** 1.540

**Quantity:** Approximately 5,800 linear feet of exterior sealants or *caulk*<sup>2</sup> at the windows, doors and control joints<sup>3</sup>

**History:** Original

**Condition:** Fair overall

<sup>2</sup> The terms sealant and caulk are used interchangeably throughout this text and throughout the industry.

<sup>3</sup> A control joint is a formed or sawed groove in a wall system that allows for thermal expansion and contraction of the building materials without damage.



**Crack at expansion joint**



**Crack at expansion joint**

**Useful Life:** Up to 20 years

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

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

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

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend Dover House replace up to fifty percent (50%), or 2,900 linear feet of joint sealant in conjunction with stucco paint applications.

## Soffit and Fascia, Vinyl

---

**Line Item:** 1.590

**Quantity:** Approximately 2,500 square feet

**History:** Original

**Condition:** Fair overall



**Soffit at breezeway**



**Soffit and fascia**

**Useful Life:** Up to 40 years

**Component Detail Notes:** Consideration of appearance largely governs the decision to replace the aluminum soffits and fascia, in whole or partially, prior to the end of their useful life. Maintenance and partial replacements of the soffits and fascia may extend the useful life. Normal deterioration mainly relates to fading of the exterior finish from exposure to sunlight, weathering and air pollutants. The lack of replacement pieces matching the color and profile of the existing soffits and fascia may result in the need for a premature replacement.

**Priority/Criticality:** Per Board discretion

**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:** Three sets of staircases located at the breezeways.

**History:** Original

**Condition:** Good to fair overall with isolated rust



**Typical staircase**



**Minor rust at staircase**

**Useful Life:** Up to 75 years for replacement with paint finishes and capital repairs every 10- to 15-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
  - Ensure proper attachment to the building
- Every three years:
  - Power wash with algaecide and application of sealer/stain

**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.

## **Walls, Stucco**

---

**Line Item:** 1.880

**Quantity:** Approximately 36,400 square feet of the building exteriors including brick walls

**History:** Vary in age

**Condition:** Good overall with isolated cracks evident



**Typical stucco wall at breezeways**



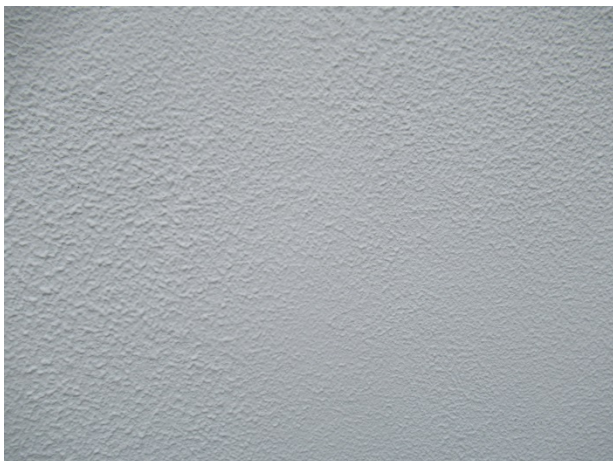
**Previous stucco wall repair**



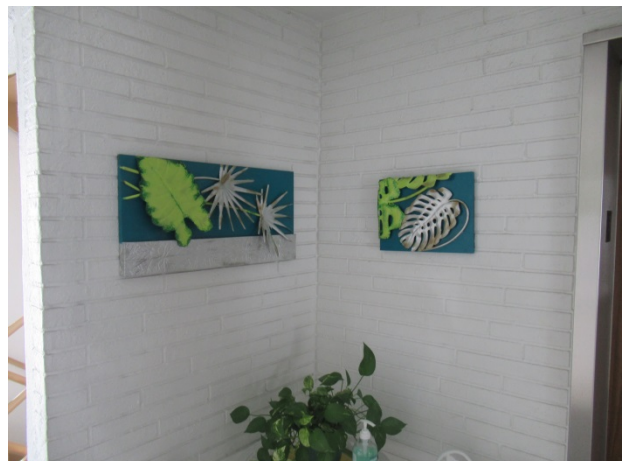
**Crack in stucco wall**



**Crack in column**



**Typical stucco coating**

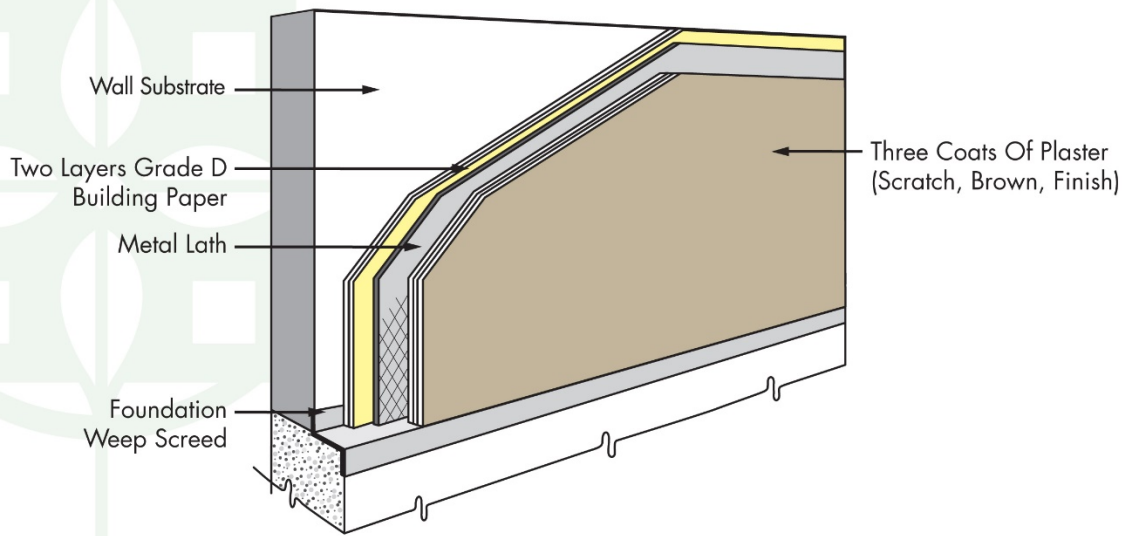


**Typical brick wall**

**Useful Life:** We recommend inspections, repairs and paint finish applications every 10- to 12-years based on information provided by the Board that paint applications will be completely covered under a 10 year warranty.

**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 Dover House:

## STUCCO DETAIL



© Reserve Advisors

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

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

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

## Building Services Elements

### Electrical System

---

**Line Item:** 3.300

**History:** Primarily original to construction

**Condition:** Reported satisfactory



**Main panel**

**Useful Life:** Up to and sometimes beyond 70 years

**Component Detail Notes:** The system includes:

- Breaker type circuit protection panels for low ampacity circuits
- The Association is responsible for electrical system from the main switchgear to the unit circuit protection panels

We give a brief overview of electrical system components in the following sections of this narrative.

*Primary Switchgear* - The primary switchgear is located where the electric supply comes into the building. Switchgear can include associated controls, regulating, metering and protective devices, and is used for the transmission, distribution and conversion of electric power for use within the building. Switchgear components have a useful life of up to and sometimes beyond 70 years. Replacement is often determined by a desired upgrade of the entire electrical system.

*Transformer* - A transformer is an electric device with two or more coupled windings used to convert a power supply from one voltage to another voltage. Transformers within a building lower the supplied electrical voltage to a level that can be utilized by the building's equipment and unit owners. Transformers do not utilize mechanical components and therefore have a long useful life. However,



the Association should anticipate periodic replacement of a limited quantity of transformers.

*Distribution Panel* - The distribution panel is an electric switchboard or panel used to control, energize or turn off electricity in total or for individual circuits. The panel also distributes electricity to individual and controllable circuits. One or more distribution panels may exist and further distribute electricity to individual panel boards for each unit. The distribution panel is enclosed in a box and contains circuit breakers, fuses and switches. Distribution panels have a useful life of up to and sometimes beyond 70 years.

*Circuit Protection* - Once electricity is distributed throughout the building and is at a usable voltage level, the electricity is divided into circuits. Each circuit requires circuit protection. Circuit protection is necessary to prevent injury and fires, and minimize damage to electrical components and disturbances to the electrical system. Abnormalities in the circuit can include overloads, short circuits and surges. Circuit protection devices are commonly referred to as circuit breakers and fuses. For the protection of the circuits in the units and common areas, we recommend the use of only circuit breakers as they are safer than fuses. However, the use of fuses is common for equipment like emergency systems and individual items of equipment. Fuses with a low capacity rating can easily be replaced with fuses of a higher rating resulting in an unprotected, overloaded and unsafe circuit. The circuit protection panels have a useful life of up to and sometimes beyond 70 years.

*Conductors* - Conductors are the electrical wires that convey electricity to the units, light fixtures, receptacles and appliances. Conductors in typical high and low capacity circuits are copper or aluminum. Copper conductors have an indefinite useful life. Conductors in buildings constructed between the early 1960's and mid 1970's used aluminum conductors.

*Conductor Insulation and Conduit* - Conductor insulation provides protection against the transfer of electricity. Conductor insulation can eventually become brittle and damaged from rodents or heat from many years of service. Conductor conduit is a pipe or tube used to enclose insulated electric wires to protect them from damage. Steel conductor conduit, although galvanized, will eventually rust if used in damp conditions. The useful life of conductor insulation and conduit is indeterminate.

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

- Annually:
  - Inspect system for signs of electrical overheating, deterioration, and/or panel corrosion

- Clean and vacuum exterior and interior switchboards
- Five-Year Cycles:
  - Check power meters, lamps, indicators, and transformers for deficiencies
  - Inspect wiring, relays, power supply units, and timers
  - Verify surge protection is intact
- As-needed:
  - Test outlets and ground-fault circuit interrupters( GFCI's) for faulty components
  - Examine the insulation at switchgears for signs of deterioration or cracking
  - Ensure all conductors are clean and dry with no moisture build-up
  - Check and inspect for loose wire connections
  - Clean and clear dust and debris away from system components
  - Check for flickering or dimming light fixtures as these could indicate a short in the wiring, arcing, or an over-extension of the electrical system
  - Conduct thermal image scanning if system experiences numerous or consistent outages
  - Keep an accurate record of all repairs to the electrical system

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget to replace the main switchgear, distribution and circuit protection panels. Updates of this Reserve Study will consider possible changes in the scope and times of component replacements based on the conditions, including the need for replacement of the wires.

We recommend the Association conduct thermoscans of the distribution panels and circuit protection panels, and inspections of the transformers for any indications of arcing, burning or overheating on a regular basis, funded through the operating budget. Verification of the integrity of all connection points minimizes the potential for arcing and fires.

## **Elevator Cab Finishes**

---

**Line Item:** 3.310

**Quantity:** One elevator; the cab finishes consist of:

- Tile floor coverings
- Laminate wall coverings
- Metal ceiling with light fixtures

**History:** Stainless steel components installed in 2020.

**Condition:** Good overall



**Elevator cab finishes**

**Useful Life:** Up to 20 years

**Priority/Criticality:** Per Board discretion

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

## **Elevator, Hydraulic**

---

**Line Items:** 3.320 to 3.332

**Quantity:** One *ThyssenKrupp* hydraulic passenger elevator

**History:**

- Cab controls and call buttons were replaced in 2005.
- Controller was replaced in 1999.
- Cylinder and door operator are of unknown age.
- Pump was replaced in 2020.

**Condition:** Reported satisfactory and service interruptions are reportedly infrequent.



**Pump housing and controller**

**Useful Life:** Pump and controls have a useful life of up to 30 years. Cylinder has a useful life of up to 35 years.

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

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

- Ongoing:
  - Maintain a maintenance contract with a qualified professional for the elevator(s) and follow the manufacturer's specific recommended maintenance plan adhering to local, state, and/or federal inspection guidelines
- As-needed:
  - Keep an accurate log of all repairs and inspection dates
  - Inspect and adjust misaligned door operators
  - Check for oil leaks or stains near the pump housing and confirm oil levels are adequate
  - Clear and remove any items located in the elevator machine room(s) not associated with the elevator components (These rooms should never be used for storage)
  - Lubricate the hydraulic cylinders
  - Inspect electrical components for signs of overheating or failure
  - Inspect spring buffers in elevator pit for signs of corrosion or loose attachments



- Ensure air temperature and humidity of machine/pump housing room meets the designated specified range for proper operation
- Ensure all call buttons are in working condition
- Check elevator cabs for leveling accuracy to prevent tripping hazards

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association. We anticipate the following hydraulic elevator system components will require replacement:

- Cab control panel
- Door operator
- Hallway panels/buttons
- Microprocessor based controller
- Pump (Power Unit)

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

## **Laundry Equipment, Dryers**

---

**Line Item:** 3.500

**Quantity:** Six pieces of commercial and residential grade coin operated clothes dryers

**History:** Four residential grade dryers were installed in 2015

**Condition:** Reported satisfactory



**Typical laundry equipment**

**Useful Life:** Up to 10 years

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

- Semi-annually:
  - Ensure areas surrounding dryers are clear of combustible materials
  - Check hoses and belts for damage and cracks
  - Check dryer exhaust connections for proper alignment and connection.
  - Check unit for loose electrical connections
- As-needed:
  - Replace belts
  - Clear unit of lint and any debris
  - Clean or replace water inlet filters, remove drum debris and wipe down door gaskets
  - Ensure water outlet is free of dirt and soap residue

**Priority/Criticality:** Per Board discretion

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association. The Board plans to spend around \$1,000 to replace each dryer.

## Life Safety System

---

**Line Item:** 3.560

**Quantity:** The life safety system at Dover House includes the following components:

- Audio/visual fixtures
- *Silent Knight by Honeywell* control panels
- Detectors
- Pull stations
- Wiring

**History:** Installed in 2019

**Conditions:** Reported satisfactory



Control panel



Typical emergency devices

**Useful Life:** Up to 25 years

**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. Our cost is based on information provided by the Association. Changes in technology or building codes may make a replacement desirable prior to the end of the functional life. Our estimate of future cost considers only that amount necessary to duplicate the same functionality. Local codes or ordinances at the actual time of replacement may require a betterment as compared to the existing system. A betterment could result in a higher, but at this time unknown, cost of replacement.

## **Pipes, Domestic Water, Hot and Cold**

---

**Line Item:** 3.605

**Quantity:** We estimate that each unit has three sets of pipes.

**History and Condition:**

- Domestic Water, Supply and Return – Original and reported in satisfactory condition

**Component Detail Notes:** The Association is responsible for maintenance and replacement of the piping systems arranged in vertical and horizontal segments. These pipes comprise the following:

- Domestic cold water
- Domestic hot water supply and return

The exact locations and conditions of the pipes were not ascertained due to the nature of their location and the non-invasive nature of our inspection. We comment on the respective quantities and conditions of the piping systems in the following sections of this narrative.

**Domestic Water** - The useful life of galvanized domestic supply and return pipes is up to and sometimes beyond 70 years. The first piping system usually to experience problems is domestic hot water. The rate of build-up varies based on flow rates, minerals in the water and temperature. Occlusions from deposits eventually develop, reduce water pressure and clog pipes. Galvanized pipe is zinc coated steel which slows oxidation or rusting. The galvanized pipe provides a surface texture for minerals such as calcium and magnesium (water hardness minerals) to adhere. These minerals build-up at a faster rate on galvanized piping when compared to copper piping. Also, corrosion of these pipes will eventually result in pitting of the interior surface and pinhole leaks. We recommend the Association budget funds to replace the galvanized water piping with copper piping. Copper piping is the predominant type of pipe used in new construction for domestic water piping.



Copper piping is the predominant type of pipe used in new construction for domestic water piping. With low mineral content in the water, the useful life of copper domestic water pipes is up to and sometimes beyond 80 years. However, there is recent evidence that copper piping prematurely develops pinhole leaks. Studies have shown that changes in water treatment practices, recently required in response to U.S. Environmental Protection Agency regulations, are dramatically increasing the risk of pitting corrosion in many geographic locations. Utility companies are implementing higher chloride levels to prevent outbreaks of waterborne disease. These higher chloride levels can accelerate corrosion of copper pipes and indeterminately reduce their useful life.

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

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

- Quarterly:
  - Inspect all visible piping for corrosion and leaks, including common areas or areas immediately surrounding pipes such as insulation, ceiling tiles or the floor for moisture, water accumulation, mold or mildew
- Annually:
  - Verify system pressure is sufficient
  - Check accessible valves for proper operation
  - Test backflow prevention devices
  - Inspect and obtain certification for pressure relief valves
  - Test drain line flow rates
  - Mechanically or chemically clean sewer lines as needed

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost assumes replacement of all pipes located within each wall opening, associated branch piping, fittings and minimal interior finishes. However, the cost does not include temporary housing for affected residents, pipes within the units or significant interior finishes.

The Association budgets an amount in the annual operating budget for minor pipe repairs and replacements. We recommend the Association continue to fund interim pipe replacements, prior to more aggregate replacements identified in the following paragraphs, from the operating budget. We also recommend the Association contract for an invasive investigation of the condition of the piping system prior to beginning more aggregate replacements, funded through the operating budget.

We recommend the Association budget the following expenditures:

- Domestic water - We include expenditures to replace the pipes at 17 units beginning by 2047.

An invasive analysis of the piping systems will provide various replacement options. Replacement of the systems as an aggregate event will likely require the use of special assessments or loans to fund the replacements.

Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Dover House could budget sufficient reserves for the beginning of these pipe replacements and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual pipe replacements to budget sufficient reserves.

We recommend the Association budget for replacement of the following items through the operating budget:

- Replacement of valves on an as-needed basis
- Minor pipe repairs and replacements
- Invasive investigation of the condition of the piping system prior to beginning more aggregate replacements

## **Water Heaters, Tankless**

---

**Line Item:** 3.940

**Quantity:** Five *Rinnai* commercial grade gas-fired water heaters to produce domestic hot water

**History:** Four were installed in 2013.

**Condition:** Reported satisfactory without operational deficiencies



**Typical water heaters**

**Useful Life:** 12- to 15-years

**Component Detail Notes:** The useful life is dependent on use, demand per unit and the quality of water.

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

- Weekly:
  - Inspect for leaking water
  - Verify area around water heater is free from obstruction, including flammable liquids and combustible materials
  - Listen for any unusual vibrations or noises
- Monthly:
  - Verify relief valve is working properly and discharged water is directed to an open drain
  - Check controls and switches for proper operations
  - Conduct blowdown to minimize corrosion and remove suspended solids within the system

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

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



## Property Site Elements

### Asphalt Pavement, Patch and Seal Coat

---

**Line Item:** 4.020

**Quantity:** Approximately 3,400 square yards

**History:** Unknown age

**Condition:** Fair overall

**Useful Life:** Three- to five-years

**Component Detail Notes:** Proposals for seal coat applications should include patching. The contractor should only apply seal coat applications after repairs are completed. A seal coat does not bridge or close cracks, therefore, unrepaired cracks render the seal coat applications useless.

**Priority/Criticality:** Per Board discretion

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

### Asphalt Pavement, Repaving

---

**Line Item:** 4.040

**Quantity:** Approximately 3,400 square yards

**History:** 2009

**Condition:** Fair overall with cracks and standing water evident



**Pavement cracks and standing water**



**Overview of pavement with cracks**



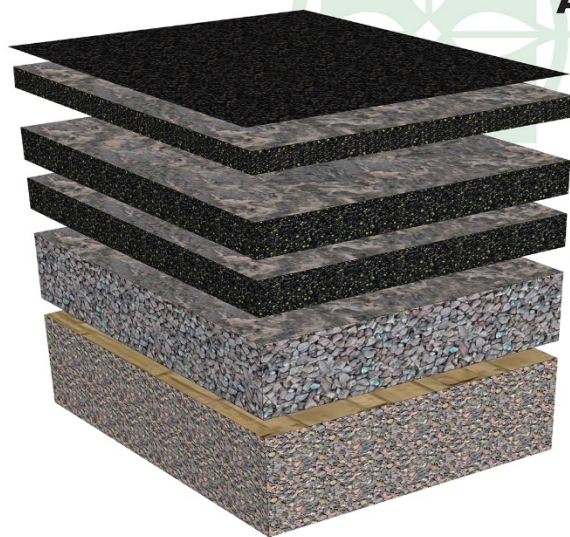
**Isolated slippage cracking**



**Isolated block 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 Dover House:



## ASPHALT DIAGRAM

**Sealcoat or Wearing Surface**

**Asphalt Overlay** Not to Exceed  
1.5 inch Thickness per Lift or Layer

**Original Pavement** Inspected and  
milled until sound pavement is found,  
usually comprised of two layers

**Compacted Crushed Stone  
or Aggregate Base**

**Subbase of Undisturbed  
Native Soils** Compacted to  
95% dry density

© Reserve Advisors

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 overlay 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 Dover House.

Due to the carports limiting the access of repaving machinery to the covered parking areas, we recommend coordinating replacement of the carports at the same time as repaving the pavement.

**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 is based on information provided by the Association and includes area patching of up to ten percent (10%).

## Mailbox Stations

---

**Line Item:** 4.600

**Quantity:** Two stations

**History:** Unknown age

**Condition:** Good overall



**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:** 620 square feet at the common patio

**History:** Installed in 2014

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



**Pavers at common patio area**

**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 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.



## Pipes, Subsurface Utilities

---

**Line Item:** 4.650

**Condition:** Reported satisfactory

**Useful Life:** Up to and likely beyond 85 years

**Component Detail Notes:** The Association maintains the subsurface utility pipes throughout the property. The exact amounts and locations of the subsurface utility pipes were not ascertained due to the nature of the underground construction and the non-invasive nature of the inspection.

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

- As-needed:
  - Video inspect waste pipes for breaks and damaged piping
  - Monitor for water and gas leaks through pressure losses and present odors
  - Partially replace damaged section of pipes

**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 replacement of continuous lengths of subsurface utility pipes. Rather we recommend the Association budget for repairs to isolated occurrences of breached utilities. Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Dover House could budget sufficient reserves for these utility repairs and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. We assume the Association is responsible for the water, sewer and storm water subsurface pipes. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual repairs to budget sufficient reserves.

## Site Furniture

---

**Line Item:** 4.820

**Quantity:**

- Chairs (11)
- Grill (1)
- Picnic tables (3)

**History:** Unknown ages

**Condition:** Fair overall



**Typical chairs and picnic table**



**Rust on chairs**

**Useful Life:** 15- to 25-years

**Priority/Criticality:** Per Board discretion

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

## **Reserve Study Update**

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

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

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

## 5.METHODOLOGY

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

Dover House 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 reserve assessments 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 Unit 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 and exceeds the National standards<sup>1</sup> 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<sup>2</sup> 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 Gulfport,

<sup>1</sup> Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

<sup>2</sup> See Credentials for additional information on our use of published sources of cost data.

Florida at an annual inflation rate<sup>3</sup>. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Dover House 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.

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



## 6. CREDENTIALS

### HISTORY AND DEPTH OF SERVICE

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

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

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

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

### TOTAL STAFF INVOLVEMENT

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

### OUR GOAL

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

### VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

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

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

### OLD TO NEW

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

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

**CURRENT CLIENT SERVICES**

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



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

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

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

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

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

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

**PRIOR RELEVANT EXPERIENCE**

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

**EDUCATION**

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

**PROFESSIONAL AFFILIATIONS / DESIGNATIONS**

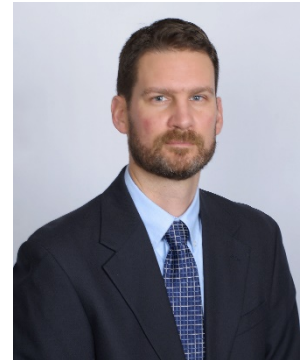
*Engineering Intern (E.I.)* – Florida 2013

**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](http://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](http://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](http://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](http://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 Dover House 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) Dover House responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

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

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

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

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

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

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

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



## 8. PROFESSIONAL SERVICE CONDITIONS

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

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

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

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

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

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

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

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

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