

The Sands of Marco Condominium Association, Inc.

Inspected: June 26, 2024 • Revised on: February 14, 2025
Marco Island, FL

STRUCTURAL INTEGRITY
RESERVE STUDY



The Sands of Marco Condominium Association, Inc.
Marco Island, Florida

Dear Board of Directors of The Sands of Marco Condominium Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Structural Integrity Reserve Study* of The Sands of Marco Condominium Association, Inc. in Marco Island, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 26, 2024.

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

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

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

Respectfully submitted on February 14, 2025 by

Reserve Advisors, LLC

Visual Inspection and Report by: Tyler Thompson, RS¹
Review by: Nancy S. Daniel, RS, Regional Engineering Manager
Alan M. Ebert, RS, PRA², Director of Quality Assurance



¹ RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: The Sands of Marco Condominium Association, Inc. (The Sands of Marco)

Location: Marco Island, Florida

Reference: 121090

Property Basics: The Sands of Marco Condominium Association, Inc. is a midrise style development which consists of 128 units in seven six-story buildings. The buildings were built in 1989.

Reserve Components Identified:

- 16 Structural Integrity Reserve Components.
- 23 Non-Structural Reserve Components.

Inspection Date: June 26, 2024.

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

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

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

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

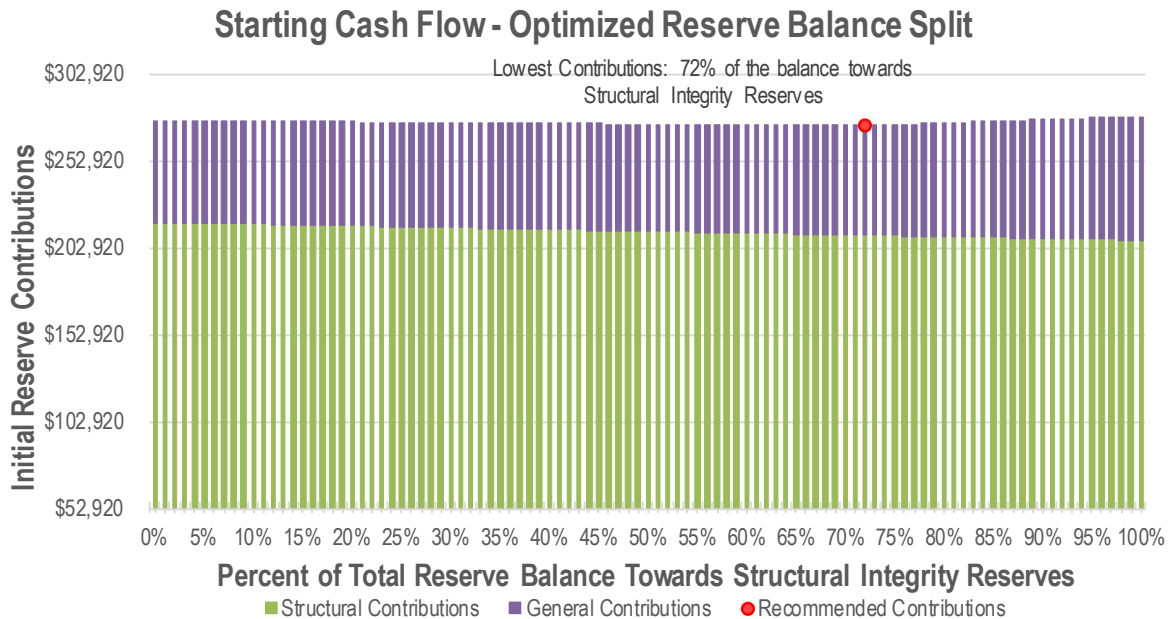
- Structural Integrity - Paint finishes and capital repairs of the stucco walls
- Non-Structural – Patch and seal coat application at the pavement
- Non-Structural - Replacement of the elevator cylinders



Unaudited Cash Status of Reserve Fund:

- \$90,828 as of December 31, 2024
- \$125,000 in budgeted 2024 reserve contributions, and \$205,000 in budgeted 2025 reserve contributions (\$205,000 remaining)
- \$93,323 in estimated remaining 2024 and 2025 reserve expenses
- We project a 2025 Reserve End Balance of \$203,697.

As part of our Cash Flow method, we analyzed future expenditures and identified the reserve balance split to produce the lowest overall required contributions. Due to the statutory restrictions on structural integrity reserve funds, we recommend the Association maintain separate funds for Structural Integrity reserves and Non-Structural reserves. However, the existing reserve funds are not split. We, therefore, analyzed future expenditures and identified the starting reserve balance split that produces the lowest overall reserve contributions. We recommend the Association allocate \$146,662, or 72% of the 2025 Projected Reserve End Balance to the Structural Integrity Reserve Fund and \$57,035, or 28% to the Non-Structural Fund to minimize the total combined contributions to the statutory Structural Integrity Fund and the recommended Non-Structural Fund. A vote of the membership may be required to allocate funds in this manner. The following chart depicts the analysis of future expenditures and the reserve balance split to produce the lowest overall required contributions.



Cash Flow - Existing Reserve Balance and Contribution Split			Structural Integrity	Non-Structural
	FY2024	2025	2026	2026
Beginning Reserve Balance as of December 31, 2024	90,828	90,828	146,662	57,035
Budgeted Reserve Contributions:	0	205,000	210,200	63,200
Estimated Interest Earned:	0	1,192	72%	
Anticipated Structural Expenditures:	0	(53,759)	28%	
Anticipated Non-Structural Expenditures:	0	(39,564)		
Anticipated Reserves at Year End:	<u>\$90,828</u>	<u>\$203,697</u>		

Structural Integrity

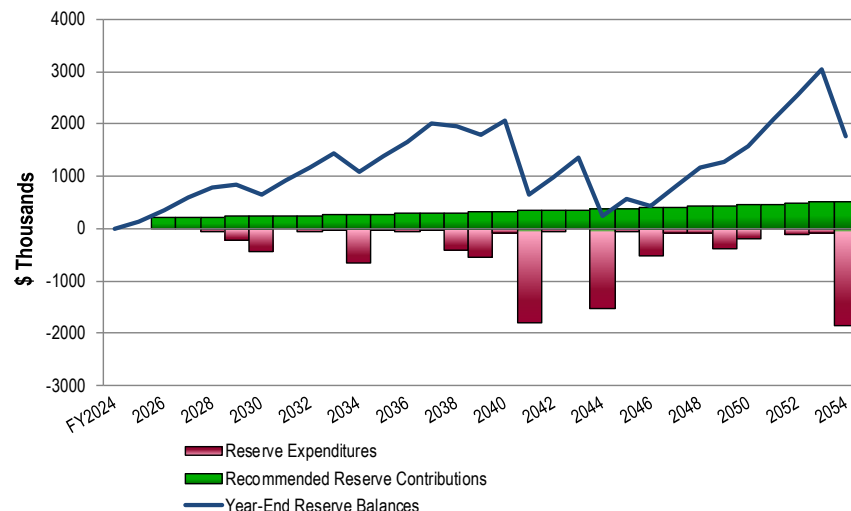
Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2044 due to the replacement of the balcony and breezeway railings. In addition, the Reserve Funding Plan recommends 2054 year end accumulated reserves of approximately \$1,772,200. We judge this amount of accumulated reserves in 2054 necessary to fund the likely replacement of the thermoplastic roof after 2054. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2054 year end reserves.

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

- Allocate \$146,662 of the Anticipated 2025 Year End Reserve balance to the Structural Integrity Reserve Fund.
- Increase Reserve Contributions to \$210,200 in 2026
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$210,200 is equivalent to an average monthly contribution of \$136.85 per owner.
- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items for budgets adopted after December 31, 2024.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2025	N/A (Budgeted)	146,662	2035	281,500	1,391,366	2045	389,400	560,491
2026	210,200	363,660	2036	290,800	1,663,805	2046	402,300	446,382
2027	217,100	593,510	2037	300,400	2,000,817	2047	415,600	804,794
2028	224,300	790,701	2038	310,300	1,955,186	2048	429,300	1,173,252
2029	231,700	836,019	2039	320,500	1,782,930	2049	443,500	1,269,030
2030	239,300	656,718	2040	331,100	2,072,928	2050	458,100	1,578,987
2031	247,200	924,987	2041	342,000	645,045	2051	473,200	2,101,208
2032	255,400	1,156,246	2042	353,300	965,986	2052	488,800	2,552,717
2033	263,800	1,443,966	2043	365,000	1,361,995	2053	504,900	3,042,407
2034	272,500	1,098,143	2044	377,000	229,775	2054	521,600	1,772,171



Non-Structural

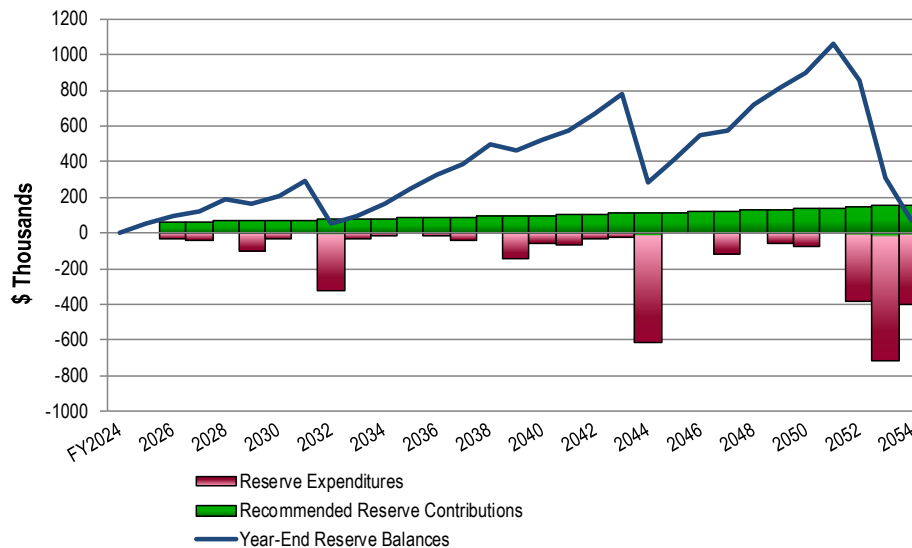
Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes these threshold funding years in 2032 due to the replacement of the elevator equipment and in 2054 due to the replacement of the elevator equipment.

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

- Allocate \$57,035 of the Anticipated 2025 Year End Reserve balance to the Non-Structural Reserve Fund.
- Increase Reserve Contributions to \$63,200 in 2026
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$63,200 is equivalent to an average monthly contribution of \$41.15 per owner.
- Florida Statute 718.112 provides for a majority of the voting interest to waive or reduce reserve for Non-Structural items. Consult legal counsel or your property management company for further guidance.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2025	N/A (Budgeted)	57,035	2035	84,700	252,858	2045	117,200	415,082
2026	63,200	92,450	2036	87,500	330,410	2046	121,100	549,024
2027	65,300	117,557	2037	90,400	390,300	2047	125,100	572,371
2028	67,500	189,142	2038	93,400	495,499	2048	129,200	718,769
2029	69,700	164,476	2039	96,500	464,287	2049	133,500	811,952
2030	72,000	208,639	2040	99,700	523,345	2050	137,900	898,201
2031	74,400	289,677	2041	103,000	577,095	2051	142,500	1,066,876
2032	76,900	49,115	2042	106,400	670,877	2052	147,200	860,933
2033	79,400	94,262	2043	109,900	777,837	2053	152,100	313,332
2034	82,000	162,624	2044	113,500	288,510	2054	157,100	72,111





2.RESERVE STUDY REPORT

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

The Sands of Marco Condominium Association, Inc.

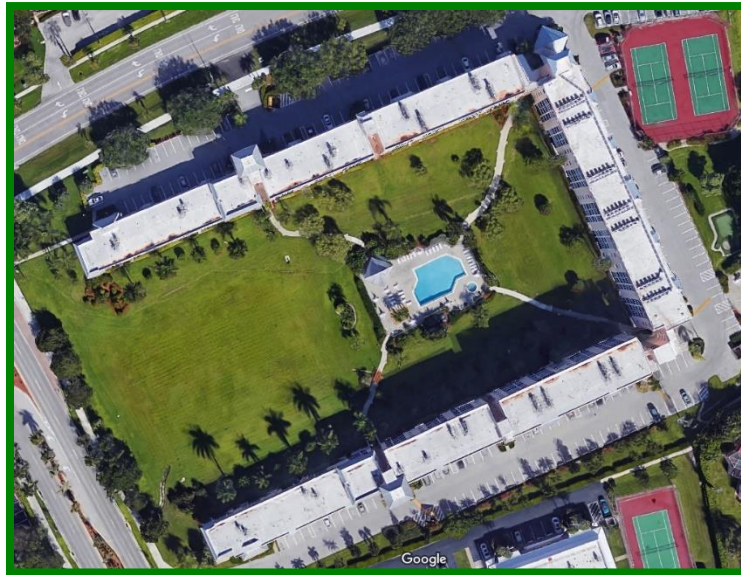
Marco Island, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 26, 2024.

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

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

IDENTIFICATION OF PROPERTY



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

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

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

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

- The Sands of Marco responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Structural Integrity Reserve Expenditures - At the direction of the Board that recognizes their fiduciary responsibility and as required by Florida Statute 718.103 (25),



we have conducted a *Structural Integrity Reserve Study* of The Sands of Marco Condominium Association, Inc.. A *Structural Integrity Reserve Study* states the estimated remaining useful life, the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected and provides a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area. Specifically, as per Florida Statute 718.112(2)(g), we have investigated the structural integrity and safety of common elements within the following:

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

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

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

We discuss specific exclusions for the following elements:

- Structure and Primary Structural Members - We anticipate a useful life of up to and beyond 100 years and consider full replacement unlikely and cost prohibitive. Management and the Board report no history of water infiltration or repairs to the foundations. Based on the current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Windows and Doors – Maintained and replaced by the owners

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

Excluded Components

for

**The Sands of Marco
Condominium Association, Inc.**

Marco Island, Florida

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than \$10,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds.

- Concrete Curbs and Gutters
- Concrete Sidewalks
- Duct Cleaning
- Expansion Tanks
- Fence, Vinyl
- Fire Extinguishers
- HVAC Equipment, Mini Split Systems
- Interior Renovation, Office and Maintenance Building
- Irrigation System, Controls and Maintenance
- Landscape
- Motors
- Paint Finishes, Touch Up
- Pedestrian Bridges, Composite, Decking and Structure Repairs
- Pipes, Common, Interim Repairs and Waste Rodding
- Pumps Less Than Five-HP (horsepower)
- Signage, Entrance Monument
- Signage, Miscellaneous
- Staff, Storage and Service Areas
- Unit Heaters, Stairwells and Entrances
- Valves, Small Diameter ¹
- Windows, Common, Office and Maintenance Building

¹ We assume replacement as needed in lieu of an aggregate replacement of all small diameter valves as a single event.

Excluded Components

for
The Sands of Marco
Condominium Association, Inc.
Marco Island, Florida

Long-Lived Components		
These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.	Useful Life	Estimated Cost
• Foundation	Indeterminate	N/A
• Structural Frame	Indeterminate	N/A
• Tennis Court, Surface Repalcement	to 35	\$61,650

Owners Responsibility Components
Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.
• Balcony, Screens
• Balcony, Tile Floor Coverings
• Electrical Systems (Including Circuit Protection Panels)
• Heating, Ventilating and Air Conditioning (HVAC) Units
• Interiors
• Pipes (Within Units)
• Windows and Doors

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
 - useful life
 - remaining useful life
- 2024 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end

Five-Year Outlook

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

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

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

Structural Integrity

RESERVE EXPENDITURES

Years 2024 to 2039

The Sands of Marco

Condominium Association, Inc.

Marco Island, Florida

Explanatory Notes:

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

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039	
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																		
Exterior Building Elements																												
1.060	13,500	3,375 Square Feet	Balconies, Concrete, Inspections and Capital Repairs, Phased		2029	15 to 25	5 to 20	5.00	16,875	67,500	2.0%						19,849				23,348					27,463		
1.062	32,000	32,000 Square Feet	Breezeways, Concrete, Topcoat Sealer Applications		2029	to 5	5	4.75	152,000	152,000	17.9%						178,791				210,304					247,371		
1.101	2,560	2,560 Linear Feet	Balconies, Railings and Frames, Aluminum		2044	to 50	20	100.00	256,000	256,000	5.2%																	
1.105	3,620	3,620 Linear Feet	Breezeways, Railings, Aluminum		2044	to 50	20	80.00	289,600	289,600	5.9%																	
1.180	16	4 Each	Doors, Common, Replacement, Phased		2025	to 30	1 to 13	2,000.00	8,000	32,000	0.4%		8,264				9,410			10,715				12,201				
1.460	70	35 Squares	Roofs, Metal		2030	to 25	6 to 15	1,900.00	66,500	133,000	2.0%							80,802								108,225		
1.500	10,500	10,500 Square Feet	Roof, Thermoplastic, Building C		2034	15 to 20	10	25.00	262,500	262,500	11.3%										363,189							
1.530	32,500	32,500 Square Feet	Roofs, Thermoplastic, Remaining Buildings		2041	15 to 20	17	32.00	1,040,000	1,040,000	19.3%																	
1.605	1	1 Allowance	Structural Members, Inspections, Milestone		2034	to 10	10	10,000.00	10,000	10,000	0.6%										13,836							
1.880	125,300	125,300 Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs		2030	5 to 10	6	2.07	259,371	259,371	20.7%							315,154							408,626			
1.881	1	1 Allowance	Walls, Stucco, Interim Repairs (2025 is Budgeted)		2025	to 5	1	30,000.00	30,000	30,000	2.1%		30,000								41,507							
Building Services Elements																												
3.300	5	1 Allowance	Electrical System, Main Panels, Partial		2044	to 70+	20 to 30+	35,000.00	35,000	175,000	3.3%																	
3.555	4	4 Each	Life Safety System, Control Panel		2030	to 15	6	5,000.00	20,000	20,000	0.7%							24,301										
3.560	5	1 Allowance	Life Safety System, Emergency Devices, Phased		2025	to 25	1 to 21	15,000.00	15,000	75,000	1.5%		15,495					18,226				21,439						
3.605	128	8 Units	Pipes, Riser Sections, Domestic Water, Waste, and Vent, Partial		2028	to 80+	4 to 30+	5,000.00	40,000	640,000	5.2%					45,547			51,864				59,056					
3.770	1	1 Each	Pump, Fire Suppression, 75-HP (Incl. Controller)		2039	to 50	15	98,000.00	98,000	98,000	1.7%															159,489		
Anticipated Expenditures, By Year (\$9,358,658 over 30 years)												0	53,759	0	0	45,547	208,050	438,484	0	51,864	10,715	652,183	21,439	59,056	12,201	408,626	542,548	

Structural Integrity

RESERVE EXPENDITURES

Years 2040 to 2054

				The Sands of Marco Condominium Association, Inc. Marco Island, 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 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054		
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																		
				Exterior Building Elements																								
1.060	13,500	3,375	Square Feet	Balconies, Concrete, Inspections and Capital Repairs, Phased	2029	15 to 25	5 to 20	5.00	16,875	67,500	2.0%					32,304						37,997					44,694	
1.062	32,000	32,000	Square Feet	Breezeways, Concrete, Topcoat Sealer Applications	2029	to 5	5	4.75	152,000	152,000	17.9%					290,971						342,256					402,581	
1.101	2,560	2,560	Linear Feet	Balconies, Railings and Frames, Aluminum	2044	to 50	20	100.00	256,000	256,000	5.2%					490,057												
1.105	3,620	3,620	Linear Feet	Breezeways, Railings, Aluminum	2044	to 50	20	80.00	289,600	289,600	5.9%					554,377												
1.180	16	4	Each	Doors, Common, Replacement, Phased	2025	to 30	1 to 13	2,000.00	8,000	32,000	0.4%																	
1.460	70	35	Squares	Roofs, Metal	2030	to 25	6 to 15	1,900.00	66,500	133,000	2.0%																	
1.500	10,500	10,500	Square Feet	Roof, Thermoplastic, Building C	2034	15 to 20	10	25.00	262,500	262,500	11.3%																695,247	
1.530	32,500	32,500	Square Feet	Roofs, Thermoplastic, Remaining Buildings	2041	15 to 20	17	32.00	1,040,000	1,040,000	19.3%		1,806,088															
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2034	to 10	10	10,000.00	10,000	10,000	0.6%					19,143											26,486	
1.880	125,300	125,300	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2030	5 to 10	6	2.07	259,371	259,371	20.7%							529,820									686,959	
1.881	1	1	Allowance	Walls, Stucco, Interim Repairs (2025 is Budgeted)	2025	to 5	1	30,000.00	30,000	30,000	2.1%			53,818								69,780						
				Building Services Elements																								
3.300	5	1	Allowance	Electrical System, Main Panels, Partial	2044	to 70+	20 to 30+	35,000.00	35,000	175,000	3.3%					67,000			73,854			81,410			89,738			
3.555	4	4	Each	Life Safety System, Control Panel	2030	to 15	6	5,000.00	20,000	20,000	0.7%						39,549											
3.560	5	1	Allowance	Life Safety System, Emergency Devices, Phased	2025	to 25	1 to 21	15,000.00	15,000	75,000	1.5%	25,217					29,662					34,890						
3.605	128	8	Units	Pipes, Riser Sections, Domestic Water, Waste, and Vent, Partial	2028	to 80+	4 to 30+	5,000.00	40,000	640,000	5.2%	67,246				76,571			87,190					99,282				
3.770	1	1	Each	Pump, Fire Suppression, 75-HP (Incl. Controller)	2039	to 50	15	98,000.00	98,000	98,000	1.7%																	
Anticipated Expenditures, By Year (\$9,358,658 over 30 years)												92,463	1,806,088	53,818	0	1,530,422	69,211	529,820	73,854	87,190	380,254	186,079	0	99,282	89,738	1,855,967		

RESERVE FUNDING PLAN

Structural Integrity

CASH FLOW ANALYSIS

The Sands of Marco

Condominium Association, Inc.

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Marco Island, Florida		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	(Note 1)	N/A	N/A	146,662	363,660	593,510	790,701	836,019	656,718	924,987	1,156,246	1,443,966	1,098,143	1,391,366	1,663,805	2,000,817	1,955,186
Total Recommended Reserve Contributions	(Note 2)	N/A	N/A	210,200	217,100	224,300	231,700	239,300	247,200	255,400	263,800	272,500	281,500	290,800	300,400	310,300	320,500
Estimated Interest Earned, During Year	(Note 3)	N/A	N/A	6,798	12,750	18,438	21,668	19,884	21,069	27,722	34,635	33,861	33,161	40,695	48,813	52,695	49,792
Anticipated Expenditures, By Year		N/A	N/A	0	0	(45,547)	(208,050)	(438,484)	0	(51,864)	(10,715)	(652,183)	(21,439)	(59,056)	(12,201)	(408,626)	(542,548)
Anticipated Reserves at Year End		N/A	\$146,662	\$363,660	\$593,510	\$790,701	\$836,019	\$656,718	\$924,987	\$1,156,246	\$1,443,966	\$1,098,143	\$1,391,366	\$1,663,805	\$2,000,817	\$1,955,186	\$1,782,930

(continued)

(continued)	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	
Reserves at Beginning of Year	1,782,930	2,072,928	645,045	965,986	1,361,995	229,775	560,491	446,382	804,794	1,173,252	1,269,030	1,578,987	2,101,208	2,552,717	3,042,407	
Total Recommended Reserve Contributions	331,100	342,000	353,300	365,000	377,000	389,400	402,300	415,600	429,300	443,500	458,100	473,200	488,800	504,900	521,600	
Estimated Interest Earned, During Year	51,361	36,204	21,459	31,009	21,203	10,526	13,412	16,666	26,348	32,532	37,936	49,021	61,991	74,528	64,131	
Anticipated Expenditures, By Year	(92,463)	(1,806,088)	(53,818)	0	(1,530,422)	(69,211)	(529,820)	(73,854)	(87,190)	(380,254)	(186,079)	0	(99,282)	(89,738)	(1,855,967)	
Anticipated Reserves at Year End	<u>\$2,072,928</u>	<u>\$645,045</u>	<u>\$965,986</u>	<u>\$1,361,995</u>	<u>\$229,775</u>	<u>\$560,491</u>	<u>\$446,382</u>	<u>\$804,794</u>	<u>\$1,173,252</u>	<u>\$1,269,030</u>	<u>\$1,578,987</u>	<u>\$2,101,208</u>	<u>\$2,552,717</u>	<u>\$3,042,407</u>	<u>\$1,772,171</u>	
	(NOTE 5)														(NOTE 4)	

Explanatory Notes:

- 1) Year 2025 Ending Reserves are projected as of December 31, 2025, and exclude funds in the Non-Structural Reserve Funding Plan. FY2024 starts January 1, 2024 and ends December 31, 2024.
- 2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2054 ending reserves consider the need to fund for replacement of the thermoplastic roof shortly after 2054, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

Non-Structural

RESERVE EXPENDITURES

Years 2024 to 2039

The Sands of Marco
Condominium Association, Inc.
Marco Island, Florida

Explanatory Notes:

- 1) 3.3% is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2024 is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.
- 3) 2055+ indicates a component which is considered long-lived

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 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039	
						Useful	Remaining	Unit (2024)	Per Phase (2024)																		Total (2024)
Exterior Building Elements																											
1.260	260	260	Each	Light Fixtures	2027	to 20	3	150.00	39,000	39,000	3.7%			42,990													
Interior Building Elements																											
2.100	4	2	Each	Elevator Cab Finishes, Phased (2025 and 2026 are Budgeted)	2025	to 20	1 to 6	22,000.00	44,000	88,000	6.0%	22,726	23,476													71,607	
2.900	2	2	Each	Rest Rooms, Renovation	2040	to 25	16	6,000.00	12,000	12,000	0.6%																
Building Services Elements																											
3.320	2	2	Each	Elevator, Hydraulic, Pump and Controls, Building BC and CD	2044	to 25	20	92,000.00	184,000	184,000	10.5%																
3.321	1	1	Each	Elevator, Hydraulic, Pump and Controls, Building AB	2032	to 25	8	82,000.00	82,000	82,000	3.2%							106,320									
3.322	1	1	Each	Elevator, Hydraulic, Pump and Controls, Building DE	2044	to 25	20	82,000.00	82,000	82,000	4.7%																
3.330	2	2	Each	Elevator, Hydraulic, Cylinders, Building BC and CD	2054	to 35	30	50,000.00	100,000	100,000	7.9%																
3.331	1	1	Each	Elevators, Hydraulic, Cylinders, Building AB	2054	to 35	30	40,000.00	40,000	40,000	3.2%																
3.332	1	1	Each	Elevators, Hydraulic, Cylinders, Building DE	2032	to 35	8	40,000.00	40,000	40,000	1.5%							51,864									
Property Site Elements																											
4.020	8,150	8,150	Square Yards	Asphalt Pavement, Patch Repairs and Seal Coat	2025	3 to 5	1	2.00	16,300	16,300	4.9%	16,838				19,173								24,859			
4.040	8,150	8,150	Square Yards	Asphalt Pavement, Mill and Overlay	2032	15 to 20	8	15.50	126,325	126,325	14.2%							163,792									
4.401	2	2	Each	Bridges, Pedestrian, Composite, Replacement	2037	to 15	13	5,000.00	10,000	10,000	1.2%													15,251			
4.405	3	3	Each	Fire Hydrants	2039	to 50+	15	10,000.00	30,000	30,000	1.5%															48,823	
4.560	18	18	Each	Light Poles and Fixtures	2033	to 25	9	1,500.00	27,000	27,000	1.1%								36,163								
4.600	1	1	Allowance	Mailbox Stations	2049	to 25	25	11,000.00	11,000	11,000	0.7%																
4.650	1	1	Allowance	Pipes, Subsurface Utilities	2030	to 85+	6	20,000.00	20,000	20,000	3.1%						24,301										
4.830	1,370	1,370	Square Yards	Sport Court, Tennis, Color Coat	2029	4 to 6	5	9.00	12,330	12,330	3.2%					14,503					17,060					20,066	
4.840	420	420	Linear Feet	Sport Court, Tennis, Fence	2049	to 25	25	38.00	15,960	15,960	1.1%																
4.860	1,370	1,370	Square Yards	Sport Court, Tennis, Surface Replacement, Partial	2059	to 35	35	45.00	61,650	61,650	0.0%																
Pool Elements																											
6.400	350	350	Linear Feet	Fence, Aluminum	2030	to 25	6	20.00	7,000	7,000	0.8%						8,506										
6.600	2	1	Allowance	Mechanical Equipment, Phased	2029	to 15	5 to 12	12,000.00	12,000	24,000	2.4%					14,115					17,717						
6.800	1,600	1,600	Square Feet	Pool Finish, Plaster	2029	8 to 12	5	23.00	36,800	36,800	3.2%					43,286											
6.801	170	170	Linear Feet	Pool Finish, Tile	2029	15 to 25	5	40.00	6,800	6,800	0.2%					7,999											
6.900	1,600	1,600	Square Feet	Structure, Total Replacement	2053	to 60	29	170.00	272,000	272,000	20.8%																
		1	Allowance	Structural Integrity Reserve Study Update with Site Visit	2026	to 2	2	6,300.00	6,300	6,300	0.2%			6,300													
Anticipated Expenditures, By Year (\$3,353,395 over 30 years)												0	39,564	29,776	42,990	0	99,076	32,807	0	321,976	36,163	17,060	0	17,717	40,111	0	140,497

Non-Structural

RESERVE EXPENDITURES

Years 2040 to 2054

				The Sands of Marco Condominium Association, Inc. Marco Island, 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 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054			
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																			
				Exterior Building Elements																									
1.260	260	260	Each	Light Fixtures	2027	to 20	3	150.00	39,000	39,000	3.7%								82,295										
				Interior Building Elements																									
2.100	4	2	Each	Elevator Cab Finishes, Phased (2025 and 2026 are Budgeted)	2025	to 20	1 to 6	22,000.00	44,000	88,000	6.0%					84,229													
2.900	2	2	Each	Rest Rooms, Renovation	2040	to 25	16	6,000.00	12,000	12,000	0.6%	20,174																	
				Building Services Elements																									
3.320	2	2	Each	Elevator, Hydraulic, Pump and Controls, Building BC and CD	2044	to 25	20	92,000.00	184,000	184,000	10.5%					352,228													
3.321	1	1	Each	Elevator, Hydraulic, Pump and Controls, Building AB	2032	to 25	8	82,000.00	82,000	82,000	3.2%																		
3.322	1	1	Each	Elevator, Hydraulic, Pump and Controls, Building DE	2044	to 25	20	82,000.00	82,000	82,000	4.7%					156,971													
3.330	2	2	Each	Elevator, Hydraulic, Cylinders, Building BC and CD	2054	to 35	30	50,000.00	100,000	100,000	7.9%															264,856			
3.331	1	1	Each	Elevators, Hydraulic, Cylinders, Building AB	2054	to 35	30	40,000.00	40,000	40,000	3.2%															105,942			
3.332	1	1	Each	Elevators, Hydraulic, Cylinders, Building DE	2032	to 35	8	40,000.00	40,000	40,000	1.5%																		
				Property Site Elements																									
4.020	8,150	8,150	Square Yards	Asphalt Pavement, Patch Repairs and Seal Coat	2025	3 to 5	1	2.00	16,300	16,300	4.9%			29,241					34,395						40,457				
4.040	8,150	8,150	Square Yards	Asphalt Pavement, Mill and Overlay	2032	15 to 20	8	15.50	126,325	126,325	14.2%														313,544				
4.401	2	2	Each	Bridges, Pedestrian, Composite, Replacement	2037	to 15	13	5,000.00	10,000	10,000	1.2%														24,820				
4.405	3	3	Each	Fire Hydrants	2039	to 50+	15	10,000.00	30,000	30,000	1.5%																		
4.560	18	18	Each	Light Poles and Fixtures	2033	to 25	9	1,500.00	27,000	27,000	1.1%																		
4.600	1	1	Allowance	Mailbox Stations	2049	to 25	25	11,000.00	11,000	11,000	0.7%										24,769								
4.650	1	1	Allowance	Pipes, Subsurface Utilities	2030	to 85+	6	20,000.00	20,000	20,000	3.1%	33,623										46,520							
4.830	1,370	1,370	Square Yards	Sport Court, Tennis, Color Coat	2029	4 to 6	5	9.00	12,330	12,330	3.2%					23,603										32,657			
4.840	420	420	Linear Feet	Sport Court, Tennis, Fence	2049	to 25	25	38.00	15,960	15,960	1.1%										35,937								
4.860	1,370	1,370	Square Yards	Sport Court, Tennis, Surface Replacement, Partial	2059	to 35	35	45.00	61,650	61,650	0.0%																		
				Pool Elements																									
6.400	350	350	Linear Feet	Fence, Aluminum	2030	to 25	6	20.00	7,000	7,000	0.8%															17,948			
6.600	2	1	Allowance	Mechanical Equipment, Phased	2029	to 15	5 to 12	12,000.00	12,000	24,000	2.4%				22,238							27,912							
6.800	1,600	1,600	Square Feet	Pool Finish, Plaster	2029	8 to 12	5	23.00	36,800	36,800	3.2%		63,908																
6.801	170	170	Linear Feet	Pool Finish, Tile	2029	15 to 25	5	40.00	6,800	6,800	0.2%																		
6.900	1,600	1,600	Square Feet	Structure, Total Replacement	2053	to 60	29	170.00	272,000	272,000	20.8%															697,394			
		1	Allowance	Structural Integrity Reserve Study Update with Site Visit		2026	to 2	2	6,300.00	6,300	6,300	0.2%																	
Anticipated Expenditures, By Year (\$3,353,395 over 30 years)												53,797	63,908	29,241	22,238	617,031	0	0	116,690	0	60,705	74,432	0	378,822	715,342	403,455			

RESERVE FUNDING PLAN

Non-Structural
CASH FLOW ANALYSIS

The Sands of Marco
Condominium Association, Inc.
Marco Island, Florida

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	(Note 1)	N/A	N/A	57,035	92,450	117,557	189,142	164,476	208,639	289,677	49,115	94,262	162,624	252,858	330,410	390,300	495,499
Total Recommended Reserve Contributions	(Note 2)	N/A	N/A	63,200	65,300	67,500	69,700	72,000	74,400	76,900	79,400	82,000	84,700	87,500	90,400	93,400	96,500
Estimated Interest Earned, During Year	(Note 3)	N/A	N/A	1,991	2,797	4,085	4,710	4,970	6,638	4,513	1,910	3,422	5,534	7,769	9,600	11,799	12,785
Anticipated Expenditures, By Year		N/A	N/A	(29,776)	(42,990)	0	(99,076)	(32,807)	0	(321,976)	(36,163)	(17,060)	0	(17,717)	(40,111)	0	(140,497)
Anticipated Reserves at Year End		N/A	\$57,035	\$92,450	\$117,557	\$189,142	\$164,476	\$208,639	\$289,677	\$49,115	\$94,262	\$162,624	\$252,858	\$330,410	\$390,300	\$495,499	\$464,287
		(NOTE 5)															

(continued)	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	
Reserves at Beginning of Year	464,287	523,345	577,095	670,877	777,837	288,510	415,082	549,024	572,371	718,769	811,952	898,201	1,066,876	860,933	313,332	
Total Recommended Reserve Contributions	99,700	103,000	106,400	109,900	113,500	117,200	121,100	125,100	129,200	133,500	137,900	142,500	147,200	152,100	157,100	
Estimated Interest Earned, During Year	13,155	14,658	16,623	19,297	14,204	9,372	12,842	14,937	17,198	20,389	22,780	26,175	25,679	15,641	5,134	
Anticipated Expenditures, By Year	(53,797)	(63,908)	(29,241)	(22,238)	(617,031)	0	0	(116,690)	0	(60,705)	(74,432)	0	(378,822)	(715,342)	(403,455)	
Anticipated Reserves at Year End	<u>\$523,345</u>	<u>\$577,095</u>	<u>\$670,877</u>	<u>\$777,837</u>	<u>\$288,510</u>	<u>\$415,082</u>	<u>\$549,024</u>	<u>\$572,371</u>	<u>\$718,769</u>	<u>\$811,952</u>	<u>\$898,201</u>	<u>\$1,066,876</u>	<u>\$860,933</u>	<u>\$313,332</u>	<u>\$72,111</u>	
	NOTES 4&5)															

Explanatory Notes:

- 1) Year 2025 Ending Reserves are projected as of December 31, 2025, and exclude funds in the Structural Integrity Reserve Funding Plan. FY2024 starts January 1, 2024 and ends December 31, 2024.
- 2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves
- 4) Accumulated year 2054 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

Non-Structural
FIVE-YEAR OUTLOOK

**The Sands of Marco
Condominium Association, Inc.**
Marco Island, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029
Structural Integrity Reserve Study Update with Site Visit				6,300			
Anticipated Expenditures, By Year (\$3,353,395 over 30 years)		0	39,564	29,776	42,990	0	99,076

4. RESERVE COMPONENT DETAIL

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

STRUCTURAL INTEGRITY - Exterior Building Elements



Building overview



Rear building elevation

Balconies and Breezeways, Concrete

Line Items: 1.060 and 1.061

Quantity: 97 concrete balconies comprising approximately 13,500 square feet of horizontal surface area and approximately 32,000 square feet of concrete breezeways. The balconies and breezeways comprise reinforced concrete with a waterproof coating application. Tile floor coverings and waterproof coatings at the balconies are the responsibility of the unit owners.

History: Repaired and coated in 2024.

Condition: Good overall with no visible deterioration



Balcony overview



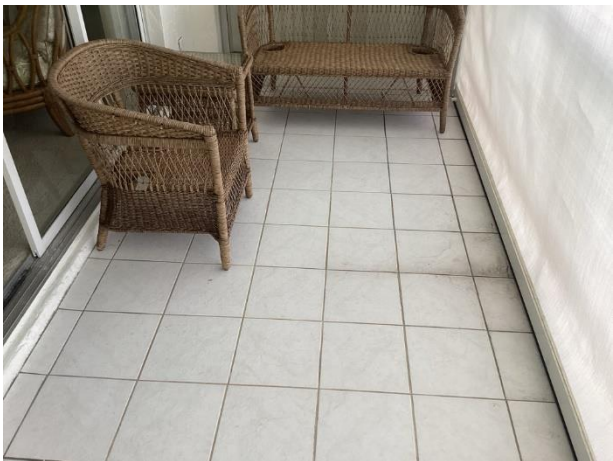
Balcony edge overview



Balcony overview



Balcony overview



Balcony overview



Breezeway overview



Breezeway overview



Breezeway overview



Breezeway overview

Useful Life: Capital repairs including a close-up visual inspection, patching of delaminated concrete, routing and filling of cracked concrete every 15- to 25-years for the balconies and every 5 years for the breezeways. The useful life for replacement of the breezeway waterproof coating is indeterminate as stated by the manufacturer.

Component Detail Notes: A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. *Failure to maintain a waterproof coating on the balconies and breezeways will result in increased concrete repairs and replacements as the balconies and breezeways age.* Capital repairs may also include replacement of the caulked joint between the balcony and breezeways 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 one percent (1%) 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)
- Removal of the tile floor coverings

The Association should coordinate both balcony 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 homeowners.

Balconies and Breezeways, Railings, Aluminum

Line Items: 1.101 and 1.105

Quantity: Approximately 2,560 linear feet of balcony railings and frames and approximately 3,620 linear feet of aluminum railings at the breezeways

History: Original

Condition: Good to fair overall with isolated picket damage evident



Aluminum railings



Aluminum railings



Aluminum railings



Picket damage

Useful Life: Up to 50 years (The useful life of the finish is indeterminate. Future updates of this Reserve Study will again consider the need to refinish the railings based on condition.)

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The balcony screens are the responsibility of the unit owner.

Doors, Common

Line Item: 1.180

Quantity: 16 common metal doors

History: Original

Condition: Good to fair overall with no visible deterioration



Common metal door



Common metal door

Useful Life: Up to 30 years

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

- Annually:
 - Inspect and repair any damage, base corrosion or alignment issues
 - Replace deteriorated hardware and loose weather stripping
 - Periodic touch-up paint finish applications 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.

Roofs, Metal

Line Item: 1.460

Quantity: Approximately 70 squares¹

History: A portion of the metal roofs were replaced in 2014. The remaining roofs are of an unknown age. The Association plans to replace the metal roof in 2030.

Condition: Fair overall with periodic rust evident.

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



Metal roof overview



Metal roof overview



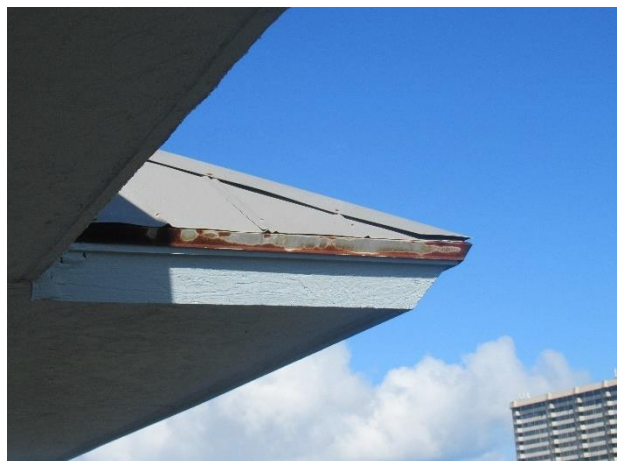
Metal roof overview



Rust at roof



Rust at roof



Rust at drip edge

Useful Life: Up to 25 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
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation
 - Clear valleys of debris
 - 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.

Roofs, Thermoplastic

Line Items: 1.500 and 1.530

Quantity: Approximately 32,500 square feet of thermoplastic roofing at Buildings A, B, D, and E and approximately 10,500 square feet of modified bitumen roof at Building C.

History: Building C was replaced in 2014. The remaining roofs have a warranty through 2041. The thermoplastic roofs were coated in 2021 and 2024 at the roof penetrations.

Condition: Fair overall with isolated cracks and evidence of standing water.



Thermoplastic roof overview



Thermoplastic roof overview



Cracks in membrane



Cracks in membrane



Membrane coating overview



Evidence of standing water



Modified bitumen roof overview – Building C



Roof deterioration – Building C



Deterioration at drain cap – Building C

Useful Life: 15- to 20-years for replacement. At the request of Management, we include the coating application every 3- to 5-years.

Component Detail Notes: Thermoplastic roofs include the following:

- Polyvinyl chloride (PVC or simply vinyl)
- PVC alloys or compounded thermoplastics
- Thermoplastic olefin (TPO)
- Chlorinated polyethylene (CPE)

The following characteristics define most thermoplastic roofs:

- Attachment to the roof deck is either fully adhered, mechanical or ballasted
- Membranes are commonly white and reinforced with polyester
- Seams are sealed with heat or chemical welding
- Sheet widths range from 6- to 12-feet wide
- Sheets are typically 40- to 100-mils thick
- Single ply (one layer)

Over time, exposure to ultraviolet light, heat and weather degrade the membrane. This degradation results in membrane damage from thermal expansion and contraction, adverse weather and pedestrian traffic. The aging process makes the membrane less pliable and more difficult to maintain. Ponding water on the roof can increase the effects of ultraviolet light on the membrane and contaminants in ponded water can cause the membrane to deteriorate prematurely. Thermoplastic roofs (especially TPO) are relatively new and their long-term performance is not well defined.

Contractors can install a new thermoplastic roof in one of two ways: *tear-off* or an *overlay*. An *overlay* is the application of a new roof membrane over an existing roof. This method, although initially more economical, often covers up problems with the deck, flashing and saturated insulation. The *tear-off* method of replacement includes removal of the existing roofing, flashings and insulation, and installation of a new roofing system.

The contractor should follow the manufacturer's directions and specifications upon installation of the roof. The contractor should remove the original insulation if saturated or compacted and apply a new layer of insulation per the manufacturer's instructions. The insulation should fit loosely with gaps no greater than ¼ inch. Gaps will cause failure of the membrane later. Mechanical fastening of the insulation is the best manner of installation.

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 membrane surface is free of ruptures or damage, and areas of extensive blistering or bubbling
 - Remove oil spills or contaminants from mechanical equipment
 - In areas of possible foot traffic, remove any sharp debris or trash and note areas of crushed insulation
 - 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 estimate of cost is based on information provided by the Association.

Structural Members, Inspections

Line Item: 1.605

Quantity: The primary structural members of the building comprise:

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

Condition: The Sands of Marco does not report a history of water infiltration, settlement or structural concerns with the primary structural members. Our visual, non-invasive inspection is limited to visually apparent components of the structural members.

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

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

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

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

Walls, Stucco

Line Items: 1.880 and 1.881

Quantity: Approximately 125,300 square feet of the building exteriors

History: Painted in 2021. The Association plans to repair the stucco in 2025.

Condition: Good to fair overall with previous repairs evident at the south elevation of Building B.



Stucco wall finishes



Stucco wall finishes



Stucco wall finishes



Stucco wall finishes



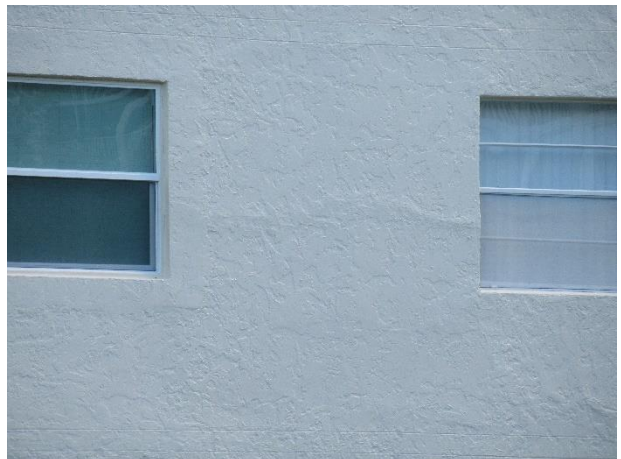
Previous repairs



Previous repairs



Previous repairs

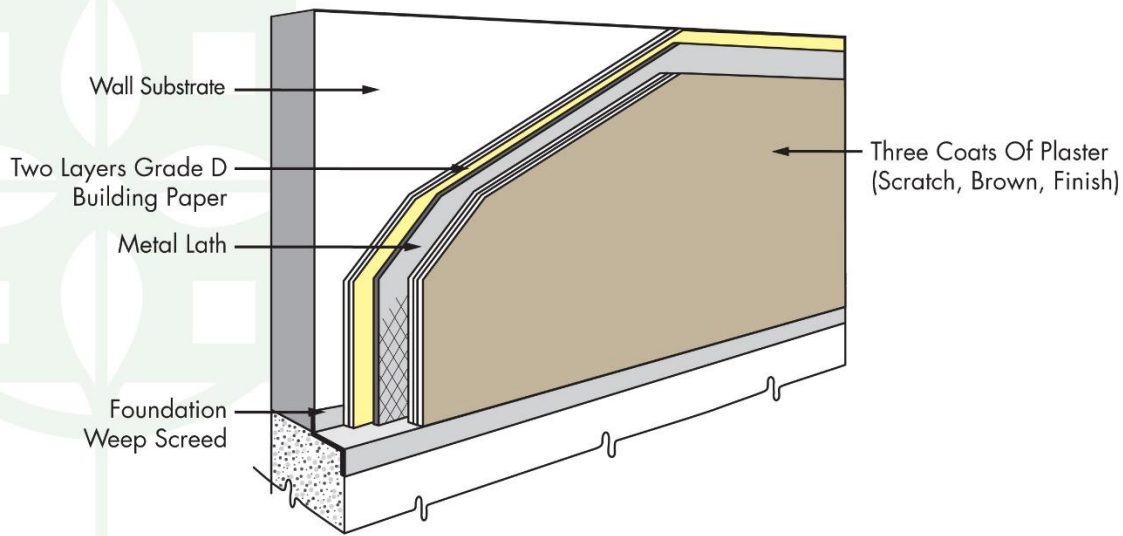


Previous repairs

Useful Life: We recommend inspections, repairs and paint finish applications every 5- to 10-years and up to 5 years for interim stucco repairs.

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 The Sands of Marco:

STUCCO DETAIL



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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 cost is based on information provided by the Association and anticipates the following in coordination with each paint finish application:

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

STRUCTURAL INTEGRITY - Building Services Elements

Electrical System

Line Item: 3.300

History: Primarily original to construction.

Condition: Reported satisfactory without operational deficiencies.



Main panel overview



Main panel overview



Main panel overview



Main panel overview

Useful Life: Up to and sometimes beyond 70 years

Component Detail Notes: 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.

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.

Life Safety System

Line Items: 3.555 and 3.560

Quantity: The life safety system at The Sands of Marco includes the following components:

- Audio/visual fixtures

- Control panels
- Emergency light fixtures
- Exit light fixtures
- Pull stations
- Wiring

History: The control panels have been replaced recently but are of an unknown age. The emergency devices vary in age and have recently been repaired.

Conditions: Reported satisfactory overall



Emergency devices



Control panel



Emergency devices



Control panel

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

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

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

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

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

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

Pipes

Line Item: 3.605

Quantity: Based on the layout and configuration of the units, we have estimated the quantity of the interior building plumbing. Future updates of this Reserve Study will incorporate additional information if it becomes available.

History:

- Domestic Water – Original
- Sanitary Waste Disposal and Vent – Original with isolated repairs conducted.

Condition:

- Domestic Water – Reported satisfactory without operational deficiencies
- Sanitary Waste Disposal and Vent – Reported satisfactory without operational deficiencies

Component Detail Notes:

Domestic Water - The useful life of domestic supply and return pipes is up to and sometimes beyond 70 years.

Sanitary Waste Disposal and Vent - The pipes typically deteriorate from the inside out as a result of sewer gases, condensation and rust.

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.

Pipes, Remaining - We anticipate a useful life of up to and sometimes beyond 100 years for the remaining pipes, which may include fire standpipes, gas supply lines, interior sprinkler pipes, among others. Therefore, we do not foresee the need to budget for replacement of these pipes within the 30-year scope of this study. Future updates of this study will revisit the need to include partial replacement of these pipes.

Preventative Maintenance Notes: WeThe 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 (pressurized piping systems)
 - 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 waste 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 for a single riser section 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. Our estimate provides funds to replace approximately forty-three percent (43.7%) of the riser sections during the next 30 years.

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, The Sands of Marco 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
- Rodding of waste pipe systems

Pump, Fire Suppression

Line Item: 3.770

Quantity: 75-HP fire suppression pump

History: Original

Condition: Reported satisfactory without operational deficiencies



Fire suppression pump

Useful Life: Up to 50 years

Component Detail Notes: Prior to replacement, the Association should schedule periodic inspections to maintain its correct operation in the event of an emergency. The Sands of Marco should also anticipate, as normal maintenance, interim repairs and component replacements to maximize its remaining useful life.

Preventative Maintenance Notes: The Association conducts monthly churn tests. The status of preventative maintenance was unavailable to us during our inspection. 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. Valuable motor information to note in a preventative maintenance plan or schedule includes age of unit and last time of repair, horsepower and rpm (revolutions per minute), bearing type and conditions surrounding motor/pump. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Weekly:
 - Check/adjust controls
 - Check/adjust pressure levels
 - Check for leaks
 - Conduct churn tests
- Quarterly:
 - Inspect/clean motors
 - Inspect mountings and connections for proper alignment, torque and condition
 - Inspect/replace pump packing as needed, consider replacement with mechanical seals
 - Check for appropriate oil levels
- Semi-annually:
 - Lubricate pumps, motors and motor bearings
- Annually:
 - Clean filters if present
 - Assess proper internal component performance and replace damaged or malfunction components as necessary, and tighten fittings
 - Access temperature and vibration performance of motors in accordance with the intended design

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 includes replacement of the pump, motor, and motor controller.

NON-STRUCTURAL - Exterior Building Elements

Light Fixtures

Line Item: 1.260

Quantity: Approximately 260 exterior light fixtures at the breezeways

History: Unknown age, the Association plans to replace the light fixtures in 2027.

Condition: Fair overall



Ceiling mounted light fixture

Exterior light fixture

Useful Life: Up to 20 years

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

Priority/Criticality: Per Board discretion

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

NON-STRUCTURAL - Interior Building Elements

Elevator Cab Finishes

Line Item: 2.100

Quantity: Four elevators; the cab finishes consist of:

- Tile floor coverings
- Laminate wall coverings
- Metal ceiling finishes

History: Two elevators renovated recently and the remaining two are planned for 2025 and 2026.

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



Elevator cab finishes



Elevator cab finishes



Elevator cab finishes



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. Our estimate of cost is based on information provided by the Association. We recommend the Association funds interim replacement of the carpet floor coverings through the operating budget.

Rest Rooms

Line Item: 2.900

Quantity: The rest rooms components include:

- Vinyl floor coverings
- Paint finishes at the walls
- Paint finishes at the ceilings
- Light fixtures

- Plumbing fixtures

History: Original

Condition: Good overall with no significant deterioration evident.



Rest room overview



Rest room overview

Useful Life: Renovation up to every 25 years

Priority/Criticality: Per Board discretion

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

NON-STRUCTURAL - Building Services Elements

Elevator, Hydraulic

Line Items: 3.320 through 3.332

Quantity: Four hydraulic passenger elevator

History: Elevators controls and equipment at building BC, BD and DE were replaced in 2019 and building AB was replaced in 2007. The cylinders at buildings BC, CD and AB were replaced in 2019. Building DE is still original.

Condition: Reported satisfactory and service interruptions are reportedly infrequent



Hydraulic elevator equipment



Hydraulic elevator controls



Hydraulic elevator equipment



Hydraulic elevator controls

Useful Life: Pumps and controls have a useful life of up to 25 years. Cylinders have 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: The status of preventative maintenance was unavailable to us during our inspection. 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. 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) (HP)

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.

NON-STRUCTURAL - Property Site Elements

Asphalt Pavement, Repaving

Line Items: 4.020 and 4.040

Quantity: Approximately 8,150 square yards

History:

- Repaving: Unknown age.
- Repairs: Unknown age. The Association plans to repair and seal coat the pavement in 2025.

Condition: Fair overall with frequent cracks evident



Pavement overview



Pavement overview



Pavement cracks



Pavement cracks

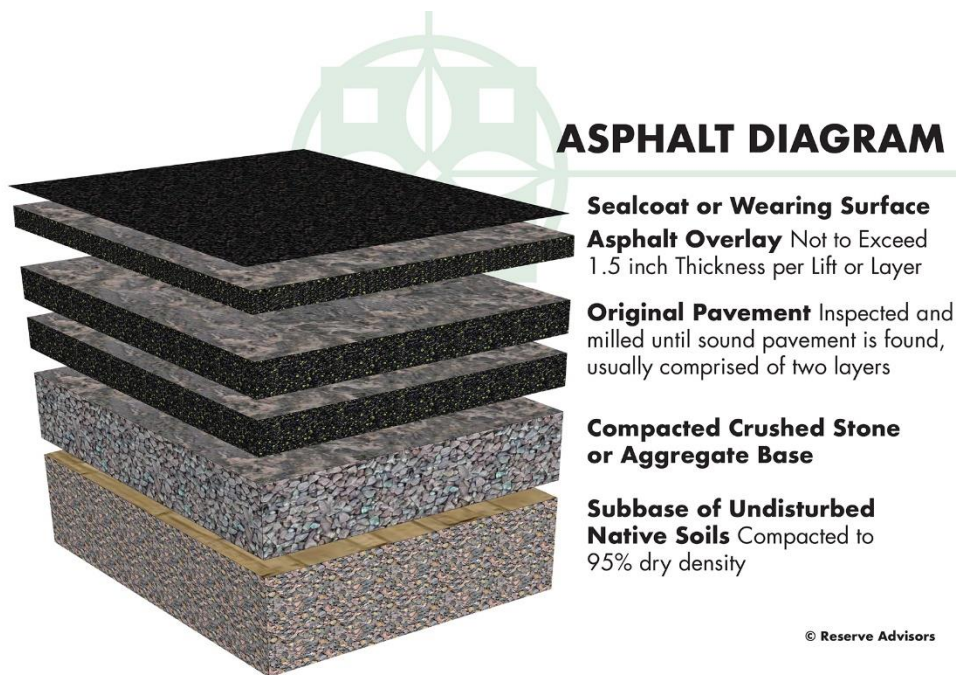


Pavement overview

Useful Life: 15- to 20-years with the benefit of crack repair and patch events every three- to five-years

Component Detail Notes: Proposals for seal coat applications should include crack repairs and 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.

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 The Sands of Marco:



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the mill and overlayment at The Sands of Marco.

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

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

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

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

Bridges, Pedestrian

Line Item: 4.401

Quantity: Two each

History: Replaced in 2022

Condition: Good overall



Composite bridge overview



Composite decking



Vinyl railings

Useful Life: Replacement up to every 15 years

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

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

Fire Hydrants

Line Item: 4.405

Quantity: Three each

History: Original

Condition: Good to fair overall



Fire hydrant overview



Fire hydrant overview

Useful Life: Up to and sometimes beyond 50 years

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

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

Light Poles and Fixtures

Line Item: 4.560

Quantity: Approximately 18 poles with light fixtures

History: Unknown age

Condition: Good to fair overall



Light pole and fixtures



Light pole and fixtures

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Mailbox Stations

Line Item: 4.600

History: Replaced in 2024

Condition: Good overall



Mailbox stations



Mailbox stations

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Pipes, Subsurface Utilities

Line Item: 4.650

History: Original

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, The Sands of Marco 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. 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.

Sport Court, Tennis, Fence

Line Item: 4.840

Quantity: Approximately 420 linear feet

History: Replaced in 2024

Condition: Good overall



Chain link fence



Chain link fence

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Sport Court, Tennis

Line Items: 4.830 and 4.860

Quantity: Approximately 1,370 square yards of asphalt comprising two tennis courts

History: The court was replaced in 2024.

Condition: Good overall with no significant deterioration



Tennis court overview



Tennis court overview



Tennis court overview

Useful Life: Up to 25 years for replacement of the surface with the benefit of color coat applications and repairs every four- to six-years

Preventative Maintenance Notes: Prior to the application of the color coat, the Association should require the contractor to rout and fill all cracks with hot emulsion. This deters water infiltration and further deterioration of the asphalt playing surface. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Inspect and repair large cracks, trip hazards and possibly safety hazards
 - Verify gate and fencing is secure
 - Verify lighting is working properly if applicable
 - Inspect and repair standards and windscreens 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.

NON-STRUCTURAL - Pool Elements



Pool overview

Fence, Chain Link

Line Item: 6.400

Quantity: Approximately 350 linear feet

History: Unknown age

Condition: Good to fair overall with isolated rust evident



Fence post rust



Chain link pool fence



Chain link pool fence

Useful Life: Up to 25 years

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

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

Priority/Criticality: Not recommended to defer

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

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

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

History: All replaced in 2022 and 2023.

Condition: Reported satisfactory overall



Pool mechanical equipment

Useful Life: Up to 15 years

Preventative Maintenance Notes: We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the *Reserve Expenditures* table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to fifty percent (50%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: Approximately 1,600 square feet of plaster based on the horizontal surface area and approximately 170 linear feet of tile

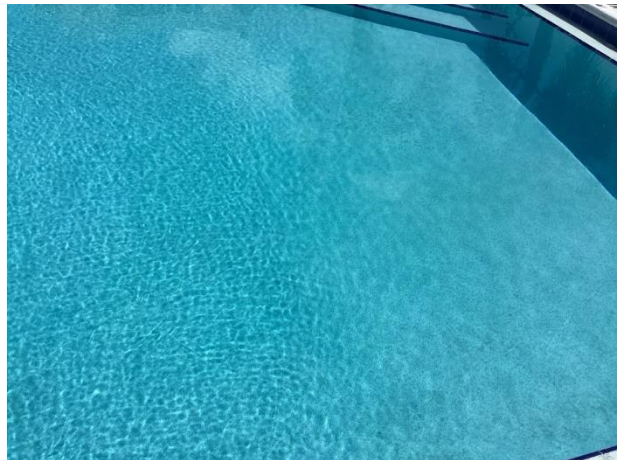
History:

- Plaster finish: Unknown age
- Tile: Unknown age

Condition: Good to fair overall with isolated deterioration at the spot



Pool plaster finish with tile perimeter



Pool plaster overview



Pool plaster overview



Pool plaster overview



Plaster deterioration at spa

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

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

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

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

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

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

Structure

Line Item: 6.900

Quantity: 1,600 square feet of horizontal surface area

History: Original



Conditions: Visually appear in good condition. The concrete floor and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structure during a noninvasive visual inspection.

Useful Life: Up to 60 years

Component Detail Notes: The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend The Sands of Marco plan to replace the following components:

- Pool structure
- Subsurface piping

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.

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 every 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.

The Sands of Marco can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level monthly reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Owners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with Florida Statute 718.112 and exceeds the National standards¹ 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
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Marco Island, Florida at an annual inflation rate³. Isolated or regional markets of

¹ Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

² See Credentials for additional information on our use of published sources of cost data.

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

greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

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

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



6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

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

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

OLD TO NEW

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

TYLER D. THOMPSON, RS
Responsible Advisor

CURRENT CLIENT SERVICES

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

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



Windsor at Bay Colony Condominium Association – This high-rise located in Naples, Florida is a 21-story building made up of 31 units. This condominium association is responsible for complex mechanical systems including two cooling towers, and boiler systems. The condominium also has a luxurious plaza deck and pool area that sits atop a two-story garage.

Mandalay Beach Club Owner's Association, Inc. – Located on Clearwater Beach, this high-rise built in 2002 is a 15-story and 156-unit condominium. The condominium consists of an elevated pool and clubhouse area between the two-towers overlooking the Gulf of Mexico. The building sits atop a two-story garage, and the condominium is responsible for mechanical systems such as a generator, domestic water and fire pumps, and traction elevators.

Landings South Condominium Association, Inc. – Located on the inter-coastal of North Palm Beach, Florida, this five-story and 35-unit midrise contains concrete exteriors and a built-up flat roof. The Association, built in 1969, also maintains a pool and dock.

The Gates at Quail Hollow Homeowners' Association, Ltd. – Located in Charlotte, North Carolina, this townhome community has 38 buildings comprised of 174 units. The community has a clubhouse and pool with full amenities. The exteriors of the townhomes are built with wood siding and asphalt shingle roofs.

Spinnaker Bay at the Waterways Condominium Association, Inc. – This midrise, built in 1986, is a two-building, four-story condo with 48-units located in Fort Lauderdale, Florida. The buildings contain unique open breezeways surrounding a spacious atrium in the center. The property also includes a full clubhouse and amenity area.

Schooner Cove Condominium Owners Association, Inc. – A 249-unit, 83-building townhome association in Tampa, Florida that includes multiple funding plans. The community has a clubhouse with full amenities including a pool, spa, and exercise room.

Windsor Oaks Condominiums, Inc. – A 156-unit, 39-building townhome association located in Charlotte, North Carolina. The townhomes in this community consist of a masonry façade with asphalt shingle roofs. The community is also equipped with a clubhouse and pool. Due to the complexity of the terrain, the community is responsible for many retaining walls providing support for many of the buildings.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Mr. Thompson was a Product Engineer for a specialty valve manufacturer. He was responsible for processing sales orders through the engineering department by creating bill of materials. This would include designing and drafting various parts and assemblies for the shop and creating processes to streamline production.

EDUCATION

University of Illinois at Chicago (UIC) - B.S. Mechanical Engineering

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

CURRENT CLIENT SERVICES

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



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

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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS

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

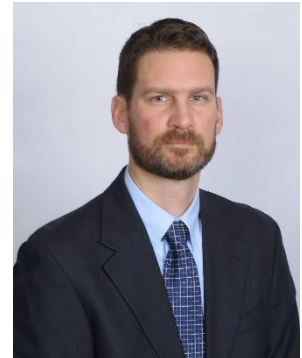


ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

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

Reserve Specialist (RS) - Community Associations Institute

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



RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

Long-Lived Property Component - Property component of The Sands of Marco responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) The Sands of Marco responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

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

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

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

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

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

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

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

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

8. PROFESSIONAL SERVICE CONDITIONS

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

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

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

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

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



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

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

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

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

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

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