Harbour Club Condominium No. Three, Inc.

October 31, 2023 • Belleair Bluffs, FL

STRUCTURAL INTEGRITY RESERVE STUDY

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Corporate Office
Reserve Advisors, LLC
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Harbour Club Condominium No. Three, Inc.
Belleair Bluffs, Florida

Dear Board of Directors of Harbour Club Condominium No. Three, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Structural Integrity Reserve Study* of Harbour Club Condominium No. Three, Inc. in Belleair Bluffs, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, October 31, 2023.

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 Harbour Club Condominium No. Three, 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 November 7, 2023 by

Reserve Advisors, LLC

Visual Inspection and Report by: Tamara S. Samhouri, RS[1]
Review by: Nancy S. Daniel, P.E., RS
Alan M. Ebert, RS, PRA[2], Director of Quality Assurance

[1] RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.
[2] PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Harbour Club Condominium No. Three, Inc. (Harbour Club No. Three)
Location: Belleair Bluffs, Florida
Reference: 232508

Property Basics: Harbour Club Condominium No. Three, Inc. is a condominium style development which consists of 90 units in one building. The building was built in 1973.

Reserve Components Identified:

- 13 *Structural Integrity* Reserve Components
- Nine *General* Reserve Components

Inspection Date: October 31, 2023.

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

- Current and future local costs of replacement
- 2.0% anticipated annual rate of return on invested reserves
- 3.5% future Inflation Rate for estimating Future Replacement Costs

Component Method - Also known as the straight line method, this methodology calculates the reserve funding requirements necessary to fund the portion of the unfunded balance of a component relative to its remaining useful life. The overall funding recommendations is the sum of the required funding item for each individual component.

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 - Replacement of the roofs as deferral may result in increased water infiltration and cost
- Structural Integrity - Systematic replacement of the piping systems to minimize the potential for leaks
- Structural Integrity - Replacement of the life safety system
- Structural Integrity - Replacement of the fire suppression system
- Structural Integrity - Partial replacements of the on-grade garage concrete
- General - Modernization of the traction elevators
- General - Partial replacement of the split systems at the common areas

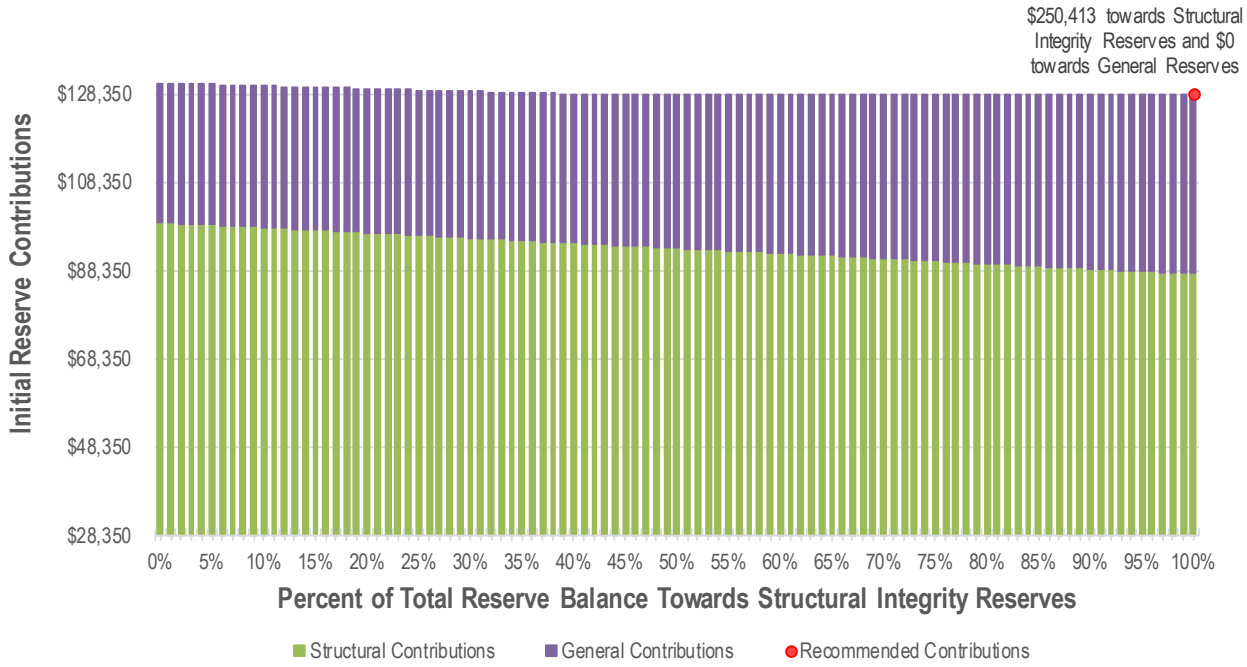
Unaudited Cash Status of Reserve Fund:

- $599,438 as of September 30, 2023
- $101,544 in budgeted 2023 reserve contributions, and $108,516 in budgeted 2024 reserve contributions ($133,902 remaining)
- $482,927 in estimated remaining 2023 and 2024 reserve expenses
- We project a 2024 Reserve End Balance of $250,413.

Cash Flow Method Funding

Due to the statutory restrictions on Structural Integrity reserve funds, we recommend the Association maintain separate funds for Structural Integrity reserves and General (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. Starting in 2025, we recommend the Association allocate $250,413, or 100% of the 2024 projected year-end Reserve balance to the Structural Integrity Reserve Plan and $0, or 0% of the 2024 projected year-end Reserve balance to the General (non-structural) Reserve Plan to minimize the total combined reserve contributions to the statutory Structural Integrity Fund and the recommended General (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.

Starting Cash Flow - Optimized Reserve Balance Split



Cash Flow - Existing Reserve Balance and Contribution Split

Harbour Club Condominium No. Three, Inc. Belleair Bluffs, Florida		FY2023	2024		Plan Types Structural 2025	 General 2025
Reserves at Beginning of Year	*(Note 1)*	599,438	269,951		250,413	0
Recommended Reserve Contributions		25,386	108,516		87,700	40,600
Percent to Structural Integrity Reserves				100%		
Percent to General Reserves				0%		
Total Recommended Reserve Contributions	*(Note 2)*	**25,386**	**108,516**		**87,700**	**40,600**
Anticipated Interest Rate		0.00%	0.00%			
Estimated Interest Earned, During Year	*(Note 3)*	0	0			
Anticipated Structural Expenditures, By Year		(340,873)	(128,054)			
Anticipated General Expenditures, By Year		(14,000)	0			
Anticipated Reserves at Year End		$269,951	$250,413			

Cash Flow Method - 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. The component method does not allow for a threshold funding goal which is one of the reasons most communities use the cash flow methodology. Our recommended Funding Plan recognizes these threshold funding years in 2043 due to the replacement of the upper flat roof assembly and in 2044 due to the replacement of the stucco finishes. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately $1,203,400. We judge this amount of accumulated reserves in 2053 necessary to fund the likely replacement of the stucco finishes, waterproof coating applications and roof assemblies after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

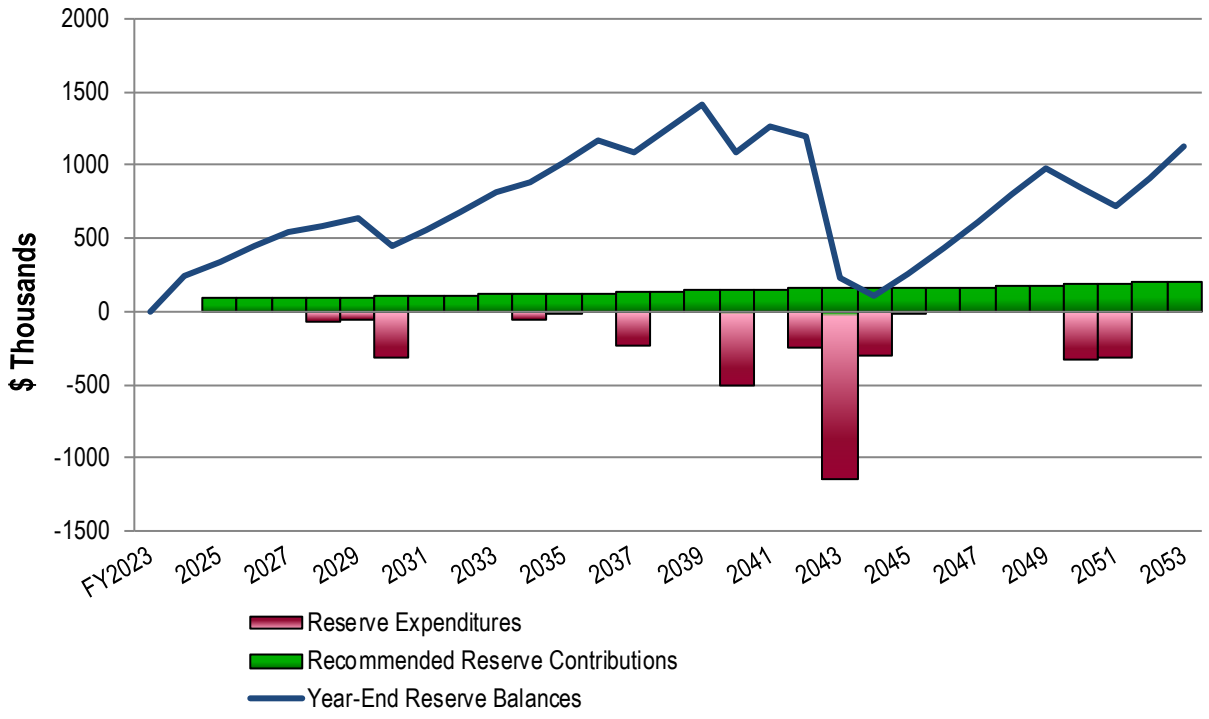
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Increase to $87,700 in 2025
- Inflationary increases from 2026 through 2043
- Stable contributions of $162,800 from 2044 through 2046
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- 2025 Reserve Contribution of $87,700 is equivalent to an average monthly contribution of $81.20 per unit owner.
- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items for any budget adopted after December 31, 2024.

The reclassification of existing component funds as cash flow (aka pooled) reserves would not be allowed unless approved by a majority vote of the Unit Owners at a duly called meeting of the Association. In lieu of obtaining a vote of the Unit Owners, a Board may vote to fund future reserves based on a pooled analysis. The Association then simply spends the funds in their existing segregated accounts on the initial repair or replacement project for that component. When all of the existing segregated funds in an account are expended, the account is eliminated, thus eliminating the need to get a vote to reallocate.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2024	N/A (Budgeted)	250,413	2034	119,500	888,166	2044	162,800	99,615
2025	87,700	343,998	2035	123,700	1,019,420	2045	162,800	249,889
2026	90,800	442,586	2036	128,000	1,169,088	2046	162,800	419,315
2027	94,000	546,378	2037	132,500	1,090,055	2047	168,500	597,886
2028	97,300	588,961	2038	137,100	1,250,327	2048	174,400	785,988
2029	100,700	644,094	2039	141,900	1,418,653	2049	180,500	984,013
2030	104,200	442,253	2040	146,900	1,083,329	2050	186,800	858,688
2031	107,800	559,976	2041	152,000	1,258,516	2051	193,300	757,500
2032	111,600	683,892	2042	157,300	1,199,843	2052	200,100	974,751
2033	115,500	814,225	2043	162,800	230,618	2053	207,100	1,203,417



Cash Flow Method - General

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. The component method does not allow for a threshold funding goal which is one of the reasons most communities use the cash flow methodology. Our recommended Funding Plan recognizes these threshold funding years in 2031 due to the modernization of the traction elevators and in 2043 due to the modernization of the traction elevators. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately $587,800. We judge this amount of accumulated reserves in 2053 necessary to fund the likely replacement of the carpet floor coverings and modernization of the traction elevators after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

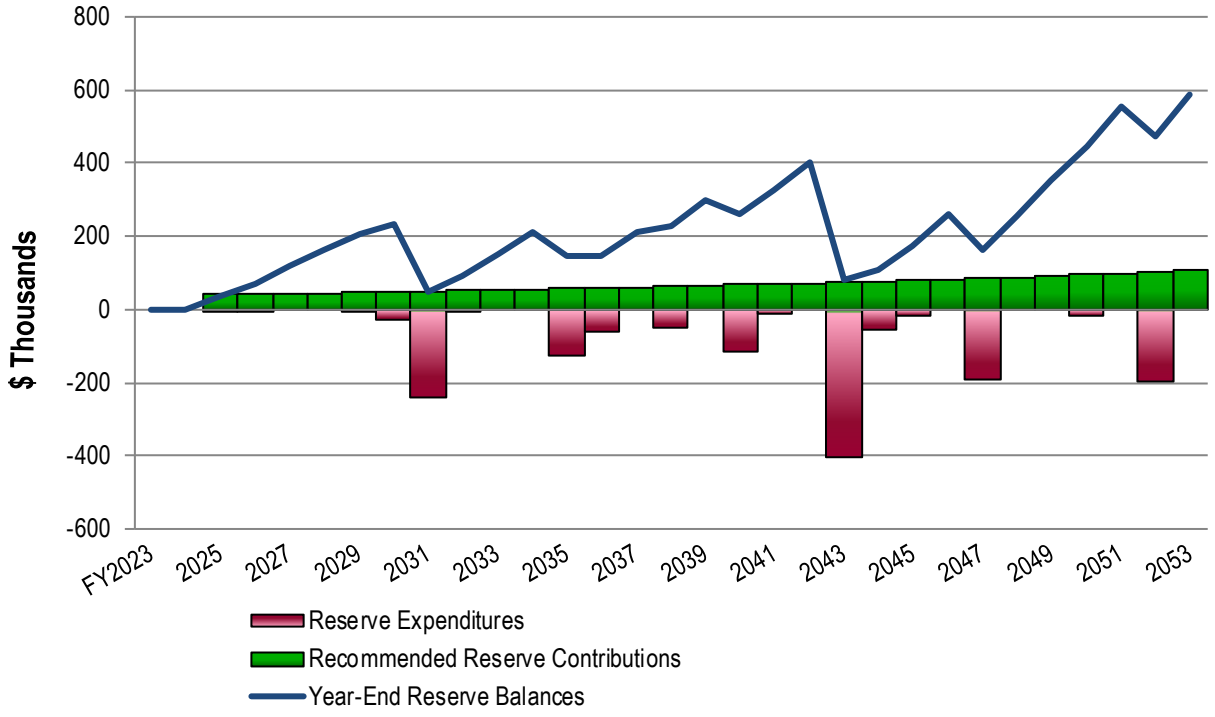
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Increase to $40,600 in 2025
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- 2025 Reserve Contribution of $40,600 is equivalent to an average monthly contribution of $37.59 per unit owner.
- Florida Statute 718.112 provides for a majority of the voting interest to waive or reduce reserve for General (non-structural) items. Consult legal counsel or your property management company for further guidance.

The reclassification of existing component funds as cash flow (aka pooled) reserves would not be allowed unless approved by a majority vote of the Unit Owners at a duly called meeting of the Association. In lieu of obtaining a vote of the Unit Owners, a Board may vote to fund future reserves based on a pooled analysis. The Association then simply spends the funds in their existing segregated accounts on the initial repair or replacement project for that component. When all of the existing segregated funds in an account are expended, the account is eliminated, thus eliminating the need to get a vote to reallocate.

Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2024	N/A (Budgeted)	0	2034	55,300	209,446	2044	77,900	107,477
2025	40,600	35,249	2035	57,200	144,735	2045	80,600	174,887
2026	42,000	71,655	2036	59,200	147,397	2046	83,400	262,619
2027	43,500	117,023	2037	61,300	212,258	2047	86,300	163,623
2028	45,000	164,813	2038	63,400	230,620	2048	89,300	257,088
2029	46,600	207,726	2039	65,600	301,488	2049	92,400	355,554
2030	48,200	234,862	2040	67,900	260,089	2050	95,600	443,880
2031	49,900	49,897	2041	70,300	325,037	2051	98,900	552,647
2032	51,600	94,752	2042	72,800	405,066	2052	102,400	471,286
2033	53,400	150,581	2043	75,300	81,254	2053	106,000	587,772



Component Method Funding

The Association currently uses component methodology to calculate their reserve requirements. Component reserve funds are restricted to be used only on the specific reserve component(s). Due to the statutory restrictions on structural integrity reserve funds, we recommend the Association maintain separate funds for Structural Integrity Component reserves and General (non-structural) Component reserves.

- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items for budgets adopted after December 31, 2024.
- Florida Statute 718.112 provides for a majority of the voting interest to waive or reduce reserves for General (non-structural) items. Consult legal counsel or your property management company for further guidance.

Structural Component Funding Analysis: Under this methodology, the required total annual funding for 2025 is $94,898. This contribution is equivalent to an average monthly contribution of $87.87 per unit owner.

General Component Funding Analysis: Under this methodology, the required total annual funding for 2025 is $53,849. This contribution is equivalent to an average monthly contribution of $49.86 per unit owner.

The Component Method does not incorporate inflation or interest on reserves. Estimates of appropriate reserve contributions must be updated annually to account for market changes in the common elements from year to year. Changes in market conditions and other inherent factors of the Component Method can result in significant volatility in the reserve contribution from year to year.

The reclassification of existing component funds as cash flow (aka pooled) reserves would not be allowed unless approved by a majority vote of the Unit Owners at a duly called meeting of the Association. In lieu of obtaining a vote of the Unit Owners, a Board may vote to fund future reserves based on a pooled analysis. The Association then simply spends the funds in their existing segregated accounts on the initial repair or replacement project for that component. When all of the existing segregated funds in an account are expended, the account is eliminated, thus eliminating the need to get a vote to reallocate. As previously stated, the Association currently uses component methodology to calculate their reserve requirements. Reserve Advisors goal is to provide recommendations that maintain reserves above an adequate balance.

As previously stated, the Association currently uses component methodology to calculate their reserve requirements. Reserve Advisors goal is to provide recommendations that maintain reserves above an adequate balance. The difference in the Component Method and Cash Flow Method leads us to our recommendation of Cash Flow Method.

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

Harbour Club Condominium No. Three, Inc.

Belleair Bluffs, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, October 31, 2023.

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

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

IDENTIFICATION OF PROPERTY

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

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

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

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

- Harbour Club No. Three 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 Harbour Club No. Three. 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.
- Fire Standpipes - We anticipate a useful life of up to and beyond 80 years. Our inspection is visual, non-invasive and excludes camera inspections. Based on the current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Windows and Doors – Maintained and replaced by the unit owners

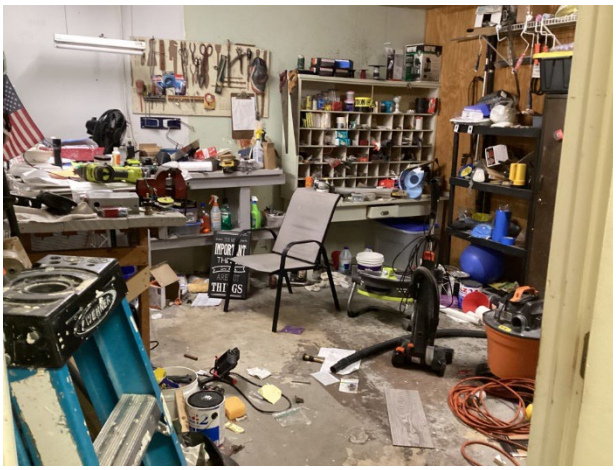
Long-Lived Property Elements – These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.

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

- General Maintenance to the Common Elements
- Expenditures less than $5,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Acoustical Ceiling Tiles, Hallways (Per Management and the Board)
- Activity Room, Renovations (Per Board)
- Awnings, Interim, Canvas Replacements
- Doors, Interior, Common
- Duct Cleaning
- Exhaust Fans, Less than 5,000-CFM (cubic feet per minute)
- Exhaust System, Garage
- Laundry Rooms, Renovations
- Light Fixtures, Building Exterior
- Light Fixtures, Garage
- Light Fixtures, Hallways
- Light Fixtures, Stairwells

- Mailboxes
- Maintenance Office, Renovation
- Motors
- Paint Finishes, Hallways (Per Management and the Board)
- Paint Finishes, Stairwells
- Paint Finishes, Touch Up
- Pipes, Common, Interim Repairs and Waste Rodding
- Rest Room, Renovations (Per Board)
- Signage
- Staff, Storage and Service Areas
- Stairwell Pressurization Fans (Per Board)
- Trash Chute Doors, Interim, Replacements
- Valves, Small Diameter (We assume replacement as needed in lieu of an aggregate replacement of all small diameter valves as a single event.)
- Water Heaters
- Other Repairs normally funded through the Operating Budget

Activity room overview

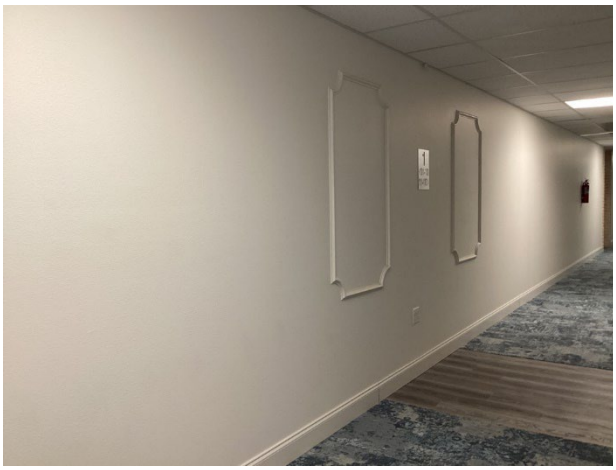


Maintenance room overview

Mailboxes

Rest room overview

Acoustical ceiling tiles at the hallways



Paint finishes at the hallways

Unit Owner Responsibility - Items designated as the responsibility of the unit owners to repair or replace at their cost. Property Maintained by Unit Owners, including items billed back to Unit Owners, relates to unit:

- Electrical Systems (Including Circuit Protection Panels)
- Heating, Ventilating and Air Conditioning (HVAC) Units
- Interiors
- Pipes (Within Units)
- Windows and Doors (Incl. Garage and Sliding Glass Doors)

Others' Responsibility - Items designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Amenities (Incl. Pool and Sports Courts) (Harbour Club Community Association (HCCA))
- Dock and Walkway, North (Harbour Club Community Association (HCCA))
- Laundry Equipment (Leased)
- On-grade Site Elements (Harbour Club Community Association (HCCA))

Leased laundry equipment

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
- 2023 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

Component Method

- Component information as also shown in Reserve Expenditures
- Current balance, remaining contributions and remaining expenditures
- Projected beginning year balance for 2023
- Unfunded residual balance
- 2025 recommended contribution

Component Method Summary

- The existing reserve categories
- Summarized life and cost valuations by category
- Projected category balances and recommended contributions

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

Harbour Club
Condominium No. Three, Inc.
Belleair Bluffs, Florida

Years 2023 to 2038

Explanatory Notes:
1) 3.5% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
				Exterior Building Elements																							
1.060	8,200	**8,200**	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications (Incl. Rooftop Balcony)	2030	8 to 12	7	15.00	123,000	123,000	**16.9%**								156,490								
1.180	15	**3**	Each	Doors, Common, Replacement, Phased	2030	to 30	7 to 27	2,500.00	7,500	37,500	**1.7%**								9,542					11,333			
1.300	24,750	**24,750**	Square Feet	Roofs, Built-up, Upper (Replace with Thermoplastic) (2023 is Budgeted Remaining)	2023	15 to 20	0	23.00	569,250	569,250	**36.3%**	340,873															
1.530	7,600	**7,600**	Square Feet	Roofs, Thermoplastic, Lower	2040	15 to 20	17	20.00	152,000	152,000	**6.7%**																
1.605	1	**1**	Allowance	Structural Members, Inspections, Milestone (2024 is Budgeted Through Means Other Than Reserves)	2034	to 10	11	10,750.00	10,750	10,750	**0.9%**												15,695				
1.880	47,400	**47,400**	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Concrete Railings & Garages)	2030	5 to 7	7	2.50	118,500	118,500	**22.1%**								150,765							191,815	
1.980	200	**200**	Square Feet	Windows and Doors, Lobby Entrances	2037	45 to 55	14	130.00	26,000	26,000	**1.0%**															42,086	
				Building Services Elements																							
3.300	1	**1**	Allowance	Electrical System, Main Panels	2042	to 70+	19	125,000.00	125,000	125,000	**5.9%**																
3.555	1	**1**	Allowance	Life Safety Systems, Control Panels	2029	to 15	6	15,000.00	15,000	15,000	**1.2%**							18,439									
3.560	2	**1**	Allowance	Life Safety Systems, Emergency Devices, Phased	2029	to 25	6 to 11	32,000.00	32,000	64,000	**2.1%**							39,336					46,719				
3.605	1	**1**	Allowance	Pipes, Riser Sections, Domestic Water, Waste and Vent (2024 is Budgeted)	2024	to 70+	1	180,000.00	180,000	180,000	**3.2%**		128,054														
				Garage Elements																							
7.360	19,500	**590**	Square Feet	Concrete, On-grade (Incl. Drain Repairs), Partial	2028	to 90	5 to 30+	11.50	6,785	224,250	**0.5%**						8,058										
7.500	19,500	**19,500**	Square Feet	Fire Suppression System	2028	35 to 45	5	2.50	48,750	48,750	**1.4%**						57,900										
				Anticipated Expenditures, By Year ($4,064,521 over 30 years)								340,873	128,054	0	0	0	65,958	57,775	316,797	0	0	0	62,414	11,333	0	233,901	0

Structural Integrity

RESERVE EXPENDITURES

Harbour Club
Condominium No. Three, Inc.
Belleair Bluffs, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Unit (2023)	Costs, $ Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
				Exterior Building Elements																						
1.060	8,200	**8,200**	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications (Incl. Rooftop Balcony)	2030	8 to 12	7	15.00	123,000	123,000	**16.9%**		220,745										311,383			
1.180	15	**3**	Each	Doors, Common, Replacement, Phased	2030	to 30	7 to 27	2,500.00	7,500	37,500	**1.7%**		13,460					15,986					18,987			
1.300	24,750	**24,750**	Square Feet	Roofs, Built-up, Upper (Replace with Thermoplastic) (2023 is Budgeted Remaining)	2023	15 to 20	0	23.00	569,250	569,250	**36.3%**					1,132,687									
1.530	7,600	**7,600**	Square Feet	Roofs, Thermoplastic, Lower	2040	15 to 20	17	20.00	152,000	152,000	**6.7%**		272,791													
1.605	1	**1**	Allowance	Structural Members, Inspections, Milestone (2024 is Budgeted Through Means Other Than Reserves)	2034	to 10	11	10,750.00	10,750	10,750	**0.9%**						22,139									
1.880	47,400	**47,400**	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Concrete Railings & Garages)	2030	5 to 7	7	2.50	118,500	118,500	**22.1%**						244,043							310,490		
1.980	200	**200**	Square Feet	Windows and Doors, Lobby Entrances	2037	45 to 55	14	130.00	26,000	26,000	**1.0%**															
				Building Services Elements																						
3.300	1	**1**	Allowance	Electrical System, Main Panels	2042	to 70+	19	125,000.00	125,000	125,000	**5.9%**				240,313											
3.555	1	**1**	Allowance	Life Safety Systems, Control Panels	2029	to 15	6	15,000.00	15,000	15,000	**1.2%**						30,891									
3.560	2	**1**	Allowance	Life Safety Systems, Emergency Devices, Phased	2029	to 25	6 to 11	32,000.00	32,000	64,000	**2.1%**															
3.605	1	**1**	Allowance	Pipes, Riser Sections, Domestic Water, Waste and Vent (2024 is Budgeted)	2024	to 70+	1	180,000.00	180,000	180,000	**3.2%**															
				Garage Elements																						
7.360	19,500	**590**	Square Feet	Concrete, On-grade (Incl. Drain Repairs), Partial	2028	to 90	5 to 30+	11.50	6,785	224,250	**0.5%**					13,501									
7.500	19,500	**19,500**	Square Feet	Fire Suppression System	2028	35 to 45	5	2.50	48,750	48,750	**1.4%**															
				Anticipated Expenditures, By Year ($4,064,521 over 30 years)								0	506,996	0	240,313	1,146,188	297,073	15,986	0	0	0	0	330,370	310,490	0	0

RESERVE FUNDING PLAN

Structural Integrity

CASH FLOW ANALYSIS

Harbour Club

Condominium No. Three, Inc.

Belleair Bluffs, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	*(Note 1)*	N/A	N/A	250,413	343,998	442,586	546,378	588,961	644,094	442,253	559,976	683,892	814,225	888,166	1,019,420	1,169,088	1,090,055
Total Recommended Reserve Contributions	*(Note 2)*	**N/A**	**N/A**	**87,700**	**90,800**	**94,000**	**97,300**	**100,700**	**104,200**	**107,800**	**111,600**	**115,500**	**119,500**	**123,700**	**128,000**	**132,500**	**137,100**
Estimated Interest Earned, During Year	*(Note 3)*	N/A	N/A	5,885	7,788	9,792	11,241	12,208	10,756	9,923	12,316	14,833	16,855	18,887	21,668	22,368	23,172
Anticipated Expenditures, By Year		N/A	N/A	0	0	0	(65,958)	(57,775)	(316,797)	0	0	0	(62,414)	(11,333)	0	(233,901)	0
Anticipated Reserves at Year End		N/A	$250,413	$343,998	$442,586	$546,378	$588,961	$644,094	$442,253	$559,976	$683,892	$814,225	$888,166	$1,019,420	$1,169,088	$1,090,055	$1,250,327

(continued)

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

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	1,250,327	1,418,653	1,083,329	1,258,516	1,199,843	230,618	99,615	249,889	419,315	597,886	785,988	984,013	858,688	757,500	974,751
Total Recommended Reserve Contributions	**141,900**	**146,900**	**152,000**	**157,300**	**162,800**	**162,800**	**162,800**	**162,800**	**168,500**	**174,400**	**180,500**	**186,800**	**193,300**	**200,100**	**207,100**
Estimated Interest Earned, During Year	26,426	24,772	23,187	24,340	14,163	3,270	3,460	6,626	10,071	13,702	17,525	18,245	16,002	17,151	21,566
Anticipated Expenditures, By Year	0	(506,996)	0	(240,313)	(1,146,188)	(297,073)	(15,986)	0	0	0	0	(330,370)	(310,490)	0	0
Anticipated Reserves at Year End	$1,418,653	$1,083,329	$1,258,516	$1,199,843	$230,618 *(NOTE 5)*	$99,615 *(NOTE 5)*	$249,889	$419,315	$597,886	$785,988	$984,013	$858,688	$757,500	$974,751	$1,203,417 *(NOTE 4)*

Explanatory Notes:

1) Year 2024 Ending Reserves are projected as of December 31, 2024, and exclude funds in the General Reserve Funding Plan. FY2023 starts January 1, 2023 and ends December 31, 2023.

2) Reserve Contributions are budgeted through 2024. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2025 is the first year of recommended contributions.

3) **2.0%** is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.

4) Accumulated year 2053 ending reserves consider the need to fund for replacement of the stucco finishes, waterproof coating applications and roof assemblies shortly after 2053, and the age, size, overall condition and complexity of the property.

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

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

Structural Integrity

RESERVE EXPENDITURES

Harbour Club
Condominium No. Three, Inc.
Belleair Bluffs, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
	Exterior Building Elements						
1.300	Roofs, Built-up, Upper (Replace with Thermoplastic) (2023 is Budgeted Remaining)	340,873					
	Building Services Elements						
3.605	Pipes, Riser Sections, Domestic Water, Waste and Vent (2024 is Budgeted)		128,054				
	Garage Elements						
7.360	Concrete, On-grade (Incl. Drain Repairs), Partial						8,058
7.500	Fire Suppression System						57,900
	Anticipated Expenditures, By Year ($4,064,521 over 30 years)	340,873	128,054	0	0	0	65,958

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

Structural Integrity

COMPONENT METHOD RESERVE ANALYSIS

for

Harbour Club

Condominium No. Three, Inc.

Belleair Bluffs, Florida

Line Item	Total Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis, Years Useful	Life Analysis, Years Remaining[3]	Unit Cost, $	2023 Cost of Replacement, $	Sep 30, 2023 Estimated Balance, $	2023 Budgeted Contributions, $	2023 Remaining Contributions, $	2023 Remaining Expenditures, $	Jan 1, 2024 Projected Balance, $	2024 Budgeted Contributions, $	2024 Budgeted Expenditures, $	Jan 1, 2025 Projected Balance, $	Unfunded Residual Balance, $	2025 Recommended Contribution, $	Reserve Category
			Exterior Building Elements																
1.060	8,200	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications (Incl. Rooftop Balcony)	2030	8 to 12	7	15.00	123,000	16,442	30,204	7,551	0	23,993	30,204	0	54,197	68,803	13,761	Deferred Maintenance
1.180	15	Each	Doors, Common, Replacement	2030	to 30	7 to 27	2,500.00	37,500	102	0	0	0	102	0	0	102	37,397	2,493	Ext-Doors & Locks
1.300	24,750	Square Feet	Roofs, Built-up, Upper (Replace with Thermoplastic) (2023 is Budgeted Remaining)	2023	15 to 20	0 to 20	23.00	569,250	334,873	24,000	6,000	340,873	0	30,000	0	30,000	539,250	29,958	Roof-Main
1.530	7,600	Square Feet	Roofs, Thermoplastic, Lower	2040	15 to 20	17	20.00	152,000	1,692	26,196	6,549	0	8,241	26,184	0	34,425	117,575	7,838	Roof-Lower
	1	Allowance	Structural Members, Inspections, Milestone (2024 is Budgeted Through Means Other Than Reserves)	2034	to 10	11	10,750.00	10,750	0	0	0	0	0	0	0	0	10,750	1,194	Deferred Maintenance
1.880	47,400	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs (Incl. Concrete Railings & Garages)	2030	5 to 7	7	2.50	118,500	3,828	12,720	3,180	0	7,008	10,056	0	17,064	101,436	20,287	Painting
1.980	200	Square Feet	Windows and Doors, Lobby Entrances	2037	45 to 55	14	130.00	26,000	0	0	0	0	0	0	0	0	26,000	2,167	Ext-Doors & Locks
			Building Services Elements																
3.300	1	Allowance	Electrical System, Main Panels	2042	to 70+	19	125,000.00	125,000	0	0	0	0	0	0	0	0	125,000	7,353	Deferred Maintenance
3.555	1	Allowance	Life Safety Systems, Control Panels	2029	to 15	6	15,000.00	15,000	15,000	0	0	0	15,000	0	0	15,000	0	0	Deferred Maintenance
3.560	2	Allowance	Life Safety Systems, Emergency Devices	2029	to 25	6 to 11	32,000.00	64,000	0	0	0	0	0	0	0	0	64,000	9,846	Deferred Maintenance
3.605	1	Allowance	Pipes, Riser Sections, Domestic Water, Waste and Vent (2024 is Budgeted)	2024	to 70+	1	180,000.00	180,000	128,054	0	0	0	128,054	0	128,054	0	0	0	Water/Sewer Lines
			Garage Elements																
7.360	590	Square Feet	Concrete, On-grade (Incl. Drain Repairs), Partial	2028	to 90	5	11.50	6,785	6,785	0	0	0	6,785	0	0	6,785	0	0	Deferred Maintenance
7.500	19,500	Square Feet	Fire Suppression System	2028	35 to 45	5	2.50	48,750	48,750	0	0	0	48,750	0	0	48,750	0	0	Deferred Maintenance
									$555,526 **(Note 1)**	$93,120	$23,280 **(Note 2)**	$340,873	$237,933	$96,444	$128,054	$206,323	$1,090,212	$94,898	

Explanatory Notes:

1) Year 2024 Ending Reserves are projected as of December 31, 2024, and exclude funds in the General Reserve Funding Plan. FY2023 starts January 1, 2023 and ends December 31, 2023.
2) Reserve Contributions are budgeted through 2024. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2025 is the first year of recommended contributions.
3) Our estimates of remaining useful life reflect averages for phased projects. The estimated first year of replacement indicates the year of the initial phase.
4) We allocate the existing Interest Reserve Funds to Reserve Components associated with the Deferred Maintenance Reserve Funds.
5) The Ins-Deductible Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.
6) The Decorating Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.
7) The Insurance Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.
8) The Elevator Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.
9) The Carpet Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.
10) We allocate a portion of the existing Deferred Maintenance Reserve Funds to Reserve Components associated with the General Reserve Expenditures.

Structural Integrity

COMPONENT METHOD SUMMARY

for

Harbour Club

Condominium No. Three, Inc.

Belleair Bluffs, Florida

Existing Reserve Categories	Life Analysis, Years Useful	Remaining	2023 Cost of Replacement, $	Jan 1, 2025 Projected Balance, $	2025 Recommended Contribution, $
Painting	5 to 7	to 7	$118,500	$17,064	$20,287
Roof-Main	15 to 20	0 to 20	$569,250	$30,000	$29,958
Deferred Maintenance	8 to 90	5 to 19	$393,285	$124,732	$32,154
Decorating	N/A	N/A	N/A	N/A	N/A
Elevator	N/A	N/A	N/A	N/A	N/A
Ext-Doors & Locks	45 to 55	7 to 27	$63,500	$102	$4,660
Insurance	N/A	N/A	N/A	N/A	N/A
Ins-Deductible	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	$0	$0
Water/Sewer Lines	to 70	to 1	$180,000	$0	$0
Roof-Lower	15 to 20	to 17	$152,000	$34,425	$7,838
Carpet	N/A	N/A	N/A	N/A	N/A
Grand Total			**$1,476,535**	**$206,323**	**$94,898**

Explanatory Notes:

1) We allocate the existing Interest Reserve Funds to Reserve Components associated with the Deferred Maintenance Reserve Funds.

2) The Ins-Deductible Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.

3) The Decorating Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.

4) The Insurance Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.

5) The Elevator Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.

6) The Carpet Reserve Funds are not allocated to any identified Structural Integrity Reserve Components.

7) We allocate a portion of the existing Deferred Maintenance Reserve Funds to Reserve Components associated with the General Reserve Expenditures.

General

RESERVE EXPENDITURES

Harbour Club
Condominium No. Three, Inc.
Belleair Bluffs, Florida

Years 2023 to 2038

Explanatory Notes:

1) **3.5%** **is the estimated Inflation Rate for estimating Future Replacement Costs.**
2) **FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2023)	Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
				Exterior Building Elements																							
1.020	4	**4**	Each	Awnings, Canvas and Frame	2030	10 to 15	7	5,000.00	20,000	20,000	**4.3%**								25,446							
				Interior Building Elements																							
2.100	2	**2**	Each	Elevator Cab Finishes	2036	to 20	13	19,000.00	38,000	38,000	**3.9%**													59,430		
2.200	1,100	**1,100**	Square Yards	Floor Coverings, Carpet, Hallways (Incl. Wood) (2023 is Budgeted Remaining)	2023	8 to 12	0	70.00	77,000	77,000	**19.8%**	12,000												116,352			
2.600	1	**1**	Allowance	Lobby, Renovation, Complete (2023 is Budgeted Remaining)	2023	to 20	0	30,000.00	30,000	30,000	**4.0%**	2,000															
				Building Services Elements																							
3.070	4	**1**	Each	Air Handling and Condensing Units, Split Systems, Common, Phased	2026	12 to 18	3 to 12	6,000.00	6,000	24,000	**5.4%**				6,652			7,376			8,177			9,066			
3.360	2	**1**	Each	Elevators, Traction, Controls and Call Buttons, Phased	2031	to 25	8 to 20	173,000.00	173,000	346,000	**37.2%**									227,808							
3.365	2	**1**	Each	Elevators, Traction, Hoists and Motors, Phased	2040	to 35	17 to 29	64,000.00	64,000	128,000	**18.8%**																
3.820	2	**1**	Allowance	Security System, Phased	2031	10 to 15	8 to 15	7,500.00	7,500	15,000	**3.8%**									9,876							12,565
3.880	1	**1**	Each	Trash Chute and Doors	2038	to 65	15	22,000.00	22,000	22,000	**2.4%**																36,858
		1	Allowance	**Structural Integrity Reserve Study Update with Site Visit**	2025	to 2	2	5,700.00	5,700	5,700	**0.4%**			5,700													
				Anticipated Expenditures, By Year ($1,537,373 over 30 years)								14,000	0	5,700	6,652	0	0	7,376	25,446	237,684	8,177	0	0	125,418	59,430	0	49,423

General

RESERVE EXPENDITURES

Years 2039 to 2053

Harbour Club
Condominium No. Three, Inc.
Belleair Bluffs, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Unit (2023)	Costs, $ Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
				Exterior Building Elements																						
1.020	4	**4**	Each	Awnings, Canvas and Frame	2030	10 to 15	7	5,000.00	20,000	20,000	**4.3%**						41,189									
				Interior Building Elements																						
2.100	2	**2**	Each	Elevator Cab Finishes	2036	to 20	13	19,000.00	38,000	38,000	**3.9%**															
2.200	1,100	**1,100**	Square Yards	Floor Coverings, Carpet, Hallways (Incl. Wood) (2023 is Budgeted Remaining)	2023	8 to 12	0	70.00	77,000	77,000	**19.8%**									175,816						
2.600	1	**1**	Allowance	Lobby, Renovation, Complete (2023 is Budgeted Remaining)	2023	to 20	0	30,000.00	30,000	30,000	**4.0%**					59,694										
				Building Services Elements																						
3.070	4	**1**	Each	Air Handling and Condensing Units, Split Systems, Common, Phased	2026	12 to 18	3 to 12	6,000.00	6,000	24,000	**5.4%**			11,145			12,357			13,700			15,189			
3.360	2	**1**	Each	Elevators, Traction, Controls and Call Buttons, Phased	2031	to 25	8 to 20	173,000.00	173,000	346,000	**37.2%**					344,233										
3.365	2	**1**	Each	Elevators, Traction, Hoists and Motors, Phased	2040	to 35	17 to 29	64,000.00	64,000	128,000	**18.8%**		114,859												173,560	
3.820	2	**1**	Allowance	Security System, Phased	2031	10 to 15	8 to 15	7,500.00	7,500	15,000	**3.8%**							15,986							20,339	
3.880	1	**1**	Each	Trash Chute and Doors	2038	to 65	15	22,000.00	22,000	22,000	**2.4%**															
		1	Allowance	**Structural Integrity Reserve Study Update with Site Visit**	2025	to 2	2	5,700.00	5,700	5,700	**0.4%**															
				Anticipated Expenditures, By Year ($1,537,373 over 30 years)								0	114,859	11,145	0	403,927	53,546	15,986	0	189,516	0	0	15,189	0	193,899	0

RESERVE FUNDING PLAN

General

CASH FLOW ANALYSIS

Harbour Club

Condominium No. Three, Inc.

Belleair Bluffs, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	*(Note 1)*	N/A	N/A	0	35,249	71,655	117,023	164,813	207,726	234,862	49,897	94,752	150,581	209,446	144,735	147,397	212,258
Total Recommended Reserve Contributions	*(Note 2)*	**N/A**	**N/A**	**40,600**	**42,000**	**43,500**	**45,000**	**46,600**	**48,200**	**49,900**	**51,600**	**53,400**	**55,300**	**57,200**	**59,200**	**61,300**	**63,400**
Estimated Interest Earned, During Year	*(Note 3)*	N/A	N/A	349	1,058	1,868	2,790	3,689	4,382	2,819	1,432	2,429	3,565	3,507	2,892	3,561	4,385
Anticipated Expenditures, By Year		N/A	N/A	(5,700)	(6,652)	0	0	(7,376)	(25,446)	(237,684)	(8,177)	0	0	(125,418)	(59,430)	0	(49,423)
Anticipated Reserves at Year End		N/A	$0	$35,249	$71,655	$117,023	$164,813	$207,726	$234,862	$49,897 *(NOTE 5)*	$94,752	$150,581	$209,446	$144,735	$147,397	$212,258	$230,620

(continued)

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

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	230,620	301,488	260,089	325,037	405,066	81,254	107,477	174,887	262,619	163,623	257,088	355,554	443,880	552,647	471,286
Total Recommended Reserve Contributions	**65,600**	**67,900**	**70,300**	**72,800**	**75,300**	**77,900**	**80,600**	**83,400**	**86,300**	**89,300**	**92,400**	**95,600**	**98,900**	**102,400**	**106,000**
Estimated Interest Earned, During Year	5,268	5,560	5,793	7,229	4,815	1,869	2,796	4,332	4,220	4,165	6,066	7,915	9,867	10,138	10,486
Anticipated Expenditures, By Year	0	(114,859)	(11,145)	0	(403,927)	(53,546)	(15,986)	0	(189,516)	0	0	(15,189)	0	(193,899)	0
Anticipated Reserves at Year End	$301,488	$260,089	$325,037	$405,066	$81,254 *(NOTE 5)*	$107,477	$174,887	$262,619	$163,623	$257,088	$355,554	$443,880	$552,647	$471,286	$587,772 *(NOTE 4)*

Explanatory Notes:

1) Year 2024 Ending Reserves are projected as of December 31, 2024, and exclude funds in the Structural Integrity Reserve Funding Plan. FY2023 starts January 1, 2023 and ends December 31, 2023.

2) Reserve Contributions are budgeted through 2024. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2025 is the first year of recommended contributions.

3) **2.0%** is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.

4) Accumulated year 2053 ending reserves consider the need to fund for replacement of the carpet floor coverings and modernization of the traction elevators shortly after 2053, and the age, size, overall condition and complexity of the property.

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

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

General

RESERVE EXPENDITURES

Harbour Club
Condominium No. Three, Inc.
Belleair Bluffs, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
	Interior Building Elements						
2.200	Floor Coverings, Carpet, Hallways (Incl. Wood) (2023 is Budgeted Remaining)	12,000					
2.600	Lobby, Renovation, Complete (2023 is Budgeted Remaining)	2,000					
	Building Services Elements						
3.070	Air Handling and Condensing Units, Split Systems, Common, Phased				6,652		
	Structural Integrity Reserve Study Update with Site Visit			5,700			
	Anticipated Expenditures, By Year ($1,537,373 over 30 years)	14,000	0	5,700	6,652	0	0

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

General

COMPONENT METHOD RESERVE ANALYSIS

for

Harbour Club

Condominium No. Three, Inc.

Belleair Bluffs, Florida

Line Item	Total Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis, Years Useful	Life Analysis, Years Remaining[3]	Unit Cost, $	2023 Cost of Replacement, $	Sep 30, 2023 Estimated Balance, $	2023 Budgeted Contributions, $	2023 Remaining Contributions, $	2023 Remaining Expenditures, $	Jan 1, 2024 Projected Balance, $	2024 Budgeted Contributions, $	2024 Budgeted Expenditures, $	Jan 1, 2025 Projected Balance, $	Unfunded Residual Balance, $	2025 Recommended Contribution, $	Reserve Category
			Exterior Building Elements																
1.020	4	Each	Awnings, Canvas and Frame	2030	10 to 15	7	5,000.00	20,000	20,000	0	0	0	20,000	0	0	20,000	0	0	Deferred Maintenance
			Interior Building Elements																
2.100	2	Each	Elevator Cab Finishes	2036	to 20	13	19,000.00	38,000	0	0	0	0	0	0	0	0	38,000	3,455	Elevator
2.200	1,100	Square Yards	Floor Coverings, Carpet, Hallways (Incl. Wood) (2023 is Budgeted Remaining)	2023	8 to 12	0 to 12	70.00	77,000	12,000	0	0	12,000	0	204	0	204	76,796	7,680	Decorating
2.600	1	Allowance	Lobby, Renovation, Complete (2023 is Budgeted Remaining)	2023	to 20	0 to 20	30,000.00	30,000	2,000	0	0	2,000	0	0	0	0	30,000	1,667	Decorating
			Building Services Elements																
3.070	4	Each	Air Handling and Condensing Units, Split Systems, Common	2026	12 to 18	3 to 12	6,000.00	24,000	0	0	0	0	0	0	0	0	24,000	4,364	Deferred Maintenance
3.360	2	Each	Elevators, Traction, Controls and Call Buttons	2031	to 25	8 to 20	173,000.00	346,000	4,212	8,424	2,106	0	6,318	11,868	0	18,186	327,814	27,318	Elevator
3.365	2	Each	Elevators, Traction, Hoists and Motors	2040	to 35	17 to 29	64,000.00	128,000	0	0	0	0	0	0	0	0	128,000	6,095	Elevator
3.820	2	Allowance	Security System	2031	10 to 15	8 to 15	7,500.00	15,000	0	0	0	0	0	0	0	0	15,000	1,579	Deferred Maintenance
3.880	1	Each	Trash Chute and Doors	2038	to 65	15	22,000.00	22,000	0	0	0	0	0	0	0	0	22,000	1,692	Deferred Maintenance
0	Allowance		**Structural Integrity Reserve Study Update with Site Visit**	2025	to 2	2	5,700.00	0	5,700	0	0	0	5,700	0	0	5,700	0	0	Deferred Maintenance
									$43,912 **(Note 1)**	$8,424	$2,106 **(Note 2)**	$14,000	$32,018	$12,072	$0	$44,090	$661,609	$53,849	

Explanatory Notes:

1) Year 2024 Ending Reserves are projected as of December 31, 2024, and exclude funds in the Structural Integrity Reserve Funding Plan. FY2023 starts January 1, 2023 and ends December 31, 2023.
2) Reserve Contributions are budgeted through 2024. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2025 is the first year of recommended contributions.
3) Our estimates of remaining useful life reflect averages for phased projects. The estimated first year of replacement indicates the year of the initial phase.
4) We allocate the existing Interest Reserve Funds to Reserve Components associated with the Deferred Maintenance Reserve Funds.
5) We allocate the existing Carpet Reserve Funds to Reserve Components associated with the Decorating Reserve Funds.
6) The Water/Sewer Lines Reserve Funds are not allocated to any identified General Reserve Components.
7) The Ext-Doors & Locks Reserve Funds are not allocated to any identified General Reserve Components.
8) The Ins-Deductible Reserve Funds are not allocated to any identified General Reserve Components.
9) The Roof-Lower Reserve Funds are not allocated to any identified General Reserve Components.
10) The Insurance Reserve Funds are not allocated to any identified General Reserve Components.
11) The Roof-Main Reserve Funds are not allocated to any identified General Reserve Components.
12) The Painting Reserve Funds are not allocated to any identified General Reserve Components.
13) We allocate a portion of the existing Deferred Maintenance Reserve Funds to Reserve Components associated with the Decorating Reserve Expenditures.
14) We allocate a portion of the existing Deferred Maintenance Reserve Funds to Reserve Components associated with the Structural Integrity Reserve Expenditures.

General

COMPONENT METHOD SUMMARY

for

Harbour Club

Condominium No. Three, Inc.

Belleair Bluffs, Florida

Existing Reserve Categories	Life Analysis, Years Useful	Life Analysis, Years Remaining	2023 Cost of Replacement, $	Jan 1, 2025 Projected Balance, $	2025 Recommended Contribution, $
Painting	N/A	N/A	N/A	N/A	N/A
Roof-Main	N/A	N/A	N/A	N/A	N/A
Deferred Maintenance	10 to 65	2 to 15	$81,000	$25,700	$7,635
Decorating	8 to 20	0 to 20	$107,000	$204	$9,346
Elevator	to 35	8 to 29	$512,000	$18,186	$36,868
Ext-Doors & Locks	N/A	N/A	N/A	N/A	N/A
Insurance	N/A	N/A	N/A	N/A	N/A
Ins-Deductible	N/A	N/A	N/A	N/A	N/A
Interest	N/A	N/A	N/A	$0	$0
Water/Sewer Lines	N/A	N/A	N/A	N/A	N/A
Roof-Lower	N/A	N/A	N/A	N/A	N/A
Carpet	N/A	N/A	N/A	$0	$0
Grand Total			**$700,000**	**$44,090**	**$53,849**

Explanatory Notes:

1) We allocate the existing Interest Reserve Funds to Reserve Components associated with the Deferred Maintenance Reserve Funds.

2) We allocate the existing Carpet Reserve Funds to Reserve Components associated with the Decorating Reserve Funds.

3) The Water/Sewer Lines Reserve Funds are not allocated to any identified General Reserve Components.

4) The Ext-Doors & Locks Reserve Funds are not allocated to any identified General Reserve Components.

5) The Ins-Deductible Reserve Funds are not allocated to any identified General Reserve Components.

6) The Roof-Lower Reserve Funds are not allocated to any identified General Reserve Components.

7) The Insurance Reserve Funds are not allocated to any identified General Reserve Components.

8) The Roof-Main Reserve Funds are not allocated to any identified General Reserve Components.

9) The Painting Reserve Funds are not allocated to any identified General Reserve Components.

10) We allocate a portion of the existing Deferred Maintenance Reserve Funds to Reserve Components associated with the Decorating Reserve Expenditures.

11) We allocate a portion of the existing Deferred Maintenance Reserve Funds to Reserve Components associated with the Structural Integrity Reserve Expenditures.

4. RESERVE COMPONENT DETAIL

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

STRUCTURAL INTEGRITY

Exterior Building Elements

Front elevation of building

Rear elevation of building

Side elevation of building

Balconies, Concrete

Line Item: 1.060

Quantity: 17 concrete balconies comprising approximately 8,200 square feet of horizontal surface area. This quantity includes the rooftop balcony. The balconies comprise reinforced concrete with a waterproof coating.

History: Repaired and coated in 2020. The rooftop balcony was coated in 2023.

Condition: Good to fair overall with minor previous repairs and coating deterioration evident. We note the following:

- Sealants are in good to fair condition
- The coatings are in good to fair condition
- Isolated concrete coating deterioration is evident
- Exposed reinforcements were not observed at the time of our inspection

Rooftop balcony overview

Balcony overview

Balcony overview

Balcony overview

Balcony overview

Previous repairs and coating deterioration

Balcony sealant overview

Useful Life: Capital repairs including a close-up visual inspection, patching of delaminated concrete, routing and filling of cracked concrete, and waterproof coating applications every 8- to 12-years.

Component Detail Notes: A waterproof coating application minimizes storm water penetration into the concrete and therefore minimizes future concrete deterioration. *Failure to maintain a waterproof coating on the balconies will result in increased concrete repairs and replacements as the balconies age*. Capital repairs may also include replacement of the caulked joint between the balcony 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 is based on information provided by the Association and it 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)

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 unit owners.

Doors, Common

Line Item: 1.180

Quantity: 15 fiberglass, metal and wood doors at the exteriors of the common areas

History: Varied ages.

Condition: Good to fair overall with isolated rust evident.

Common doors

Common doors

Rust at the common area 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, Built-up, Upper

Line Item: 1.300

Quantity: Approximately 24,750 square feet at the upper roofs

History: Original; We are informed that the Association has budgeted to replace the existing built-up upper roofs with thermoplastic roofs in 2023. The near term project includes for upgrades to the condensing unit racks, which will bring them up to code. We have shown the remaining budgeted payments to be made from Reserves in 2023. The Association conducts inspections of the roofs annually. We concur with this preventive maintenance practice and recommend the Association continue to fund these inspections through the operating budget.

Condition: Fair to poor overall with extensive ballast encapsulation, ballast displacement and ridging evident. Management and the Board do not report history of leaks.

Ballast encapsulation at the upper roof

Built-up upper roof overview

Ballast displacement and encapsulation at the upper roof

Ridging at the upper roof

Built-up upper roof overview

Built-up upper roof overview

Ballast encapsulation at the upper roof

Ballast displacement and ridging at the upper roof

Ballast displacement and ridging at the upper roof

Built-up roof overview

Ballast displacement at the upper roof

Useful Life: 15- to 20-years

Component Detail Notes: Built-up roofing provides a durable system due to its multi-layer protection. Built-up roofs are composed of asphalt coated roofing sheets installed in layers to add strength to the roofing system. Built-up roofs are an economical option for flat and low-sloped roofs.

Contractors can install a new built-up 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. The contractor applies the base sheet of roofing over the insulation board. This sheet is normally 30-pound material. The contractor should start the installation of a roof membrane from the lowest points of the roof. Mechanical fastening and embedding the base sheet in a flood coat of hot asphalt is the best manner of installation. Felt or glass fiber plies saturated with asphalt are usually used for level or low-pitch roofs because of their greater resistance to standing water. A membrane of three- or four-plies is common, the more plies used, the more durable a roof.

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
    - Ensure ballast is not displaced near roofing corners, edges and near mechanical equipment
    - 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.

Roofs, Thermoplastic, Lower

Line Item: 1.530

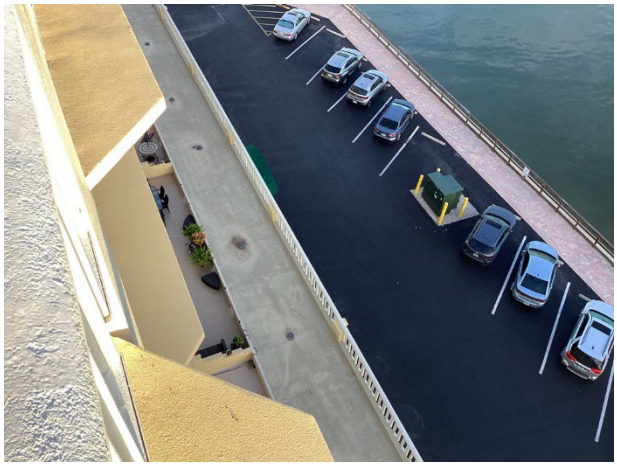
Quantity: Approximately 7,600 square feet of roofing at the lower roofs

History: Replaced in 2020. The Association conducts inspections of the roofs annually. We concur with this preventive maintenance practice and recommend the Association continue to fund these inspections through the operating budget.

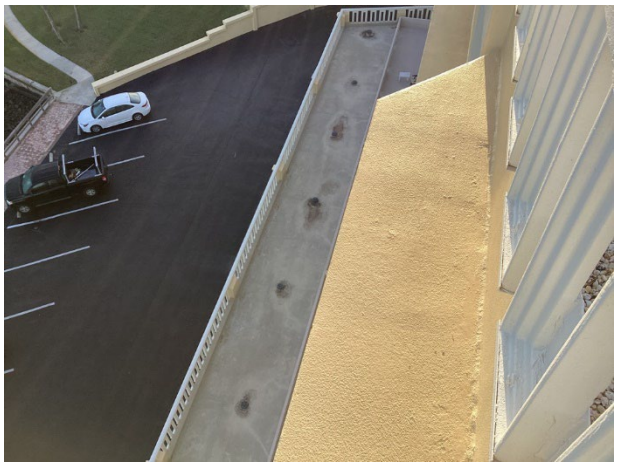
Condition: Good to fair overall with isolated previous repairs evident. Management and the Board do not report history of leaks. We note the following:

- Minor previous membrane repairs are evident
- Sealant failure was not reported at the time of our inspection

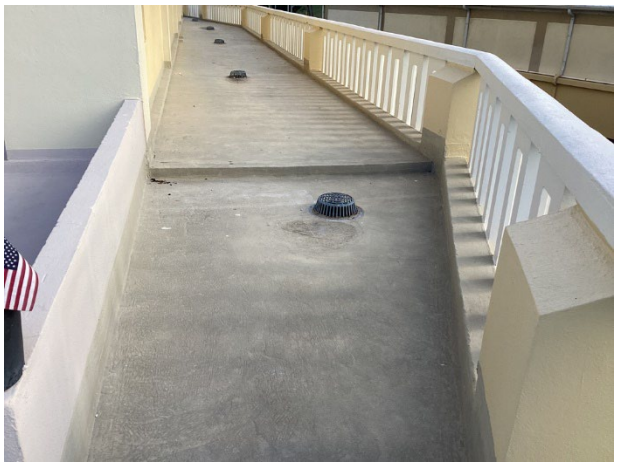
Thermoplastic lower roof overview



Thermoplastic lower roof overview



Thermoplastic lower roof overview



Thermoplastic lower roof overview

Thermoplastic lower roof overview

Previous repairs at the lower roof

Previous repairs at the lower roof

Useful Life: 15- to 20-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.

Structural Members, Inspections

Line Item: 1.605

Quantity: The primary structural members of the building comprise:

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

Condition: Harbour Club No. Three 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. Our estimate of cost is based on information provided by the Association. We are informed that the Association has budgeted to conduct their Milestone inspection in 2024 through means other than Reserves.

Walls, Stucco

Line Item: 1.880

Quantity: Approximately 47,400 square feet of the building exteriors. This quantity includes the finishes at the garages.

History: Applied paint finishes and repaired in 2023.

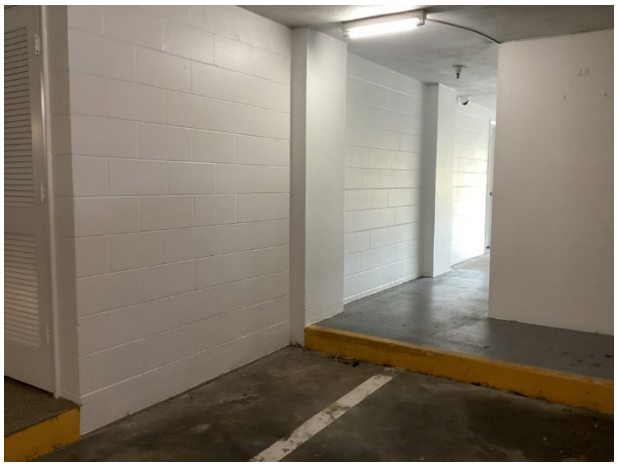
Condition: Good to fair overall with isolated cracks, previous repairs and spalls evident. We note the following:

- Isolated cracks are evident
- Isolated spalls are evident
- Sealants are in good condition

Previous repairs

Concrete safety railings at the roof

Stucco cracks



Paint finishes at the garage

Concrete balcony railing with spalls

Concrete balcony railing with spalls

Stucco wall finishes and concrete railing finishes

Concrete balcony railing with crack

Stucco cracks

Stucco wall finishes

Stucco wall finishes and concrete railing finishes

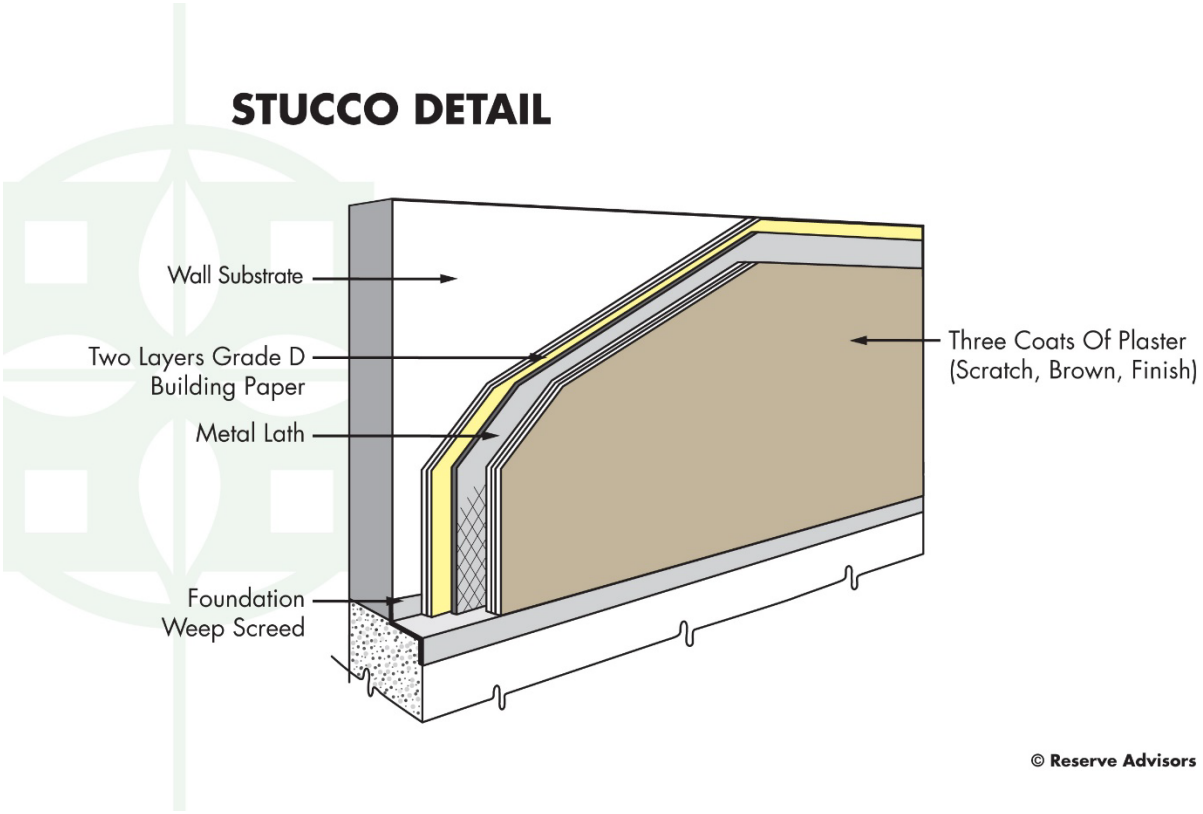
Paint finishes at the garage

Stucco wall finishes

Stucco wall finishes

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

Component Detail Notes: The following graphic details the typical components of a stucco wall system on frame construction although it may not reflect the actual configuration at Harbour Club No. Three:



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

- Complete inspection of the stucco
- Complete inspection of the concrete railings
- Complete inspection of the elevated building foundation and support columns
- 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.
- Concrete restorations to the building façade as needed (The exact amount of area in need of replacement will be discretionary based on the actual future conditions)
- Concrete restorations to the railings as needed (The exact amount of area in need of replacement will be discretionary based on the actual future conditions)

Windows and Doors, Lobby Entrances

Line Item: 1.980

Quantity: Approximately 200 square feet at the lobby entrances, including the garage access windows and doors.

History: Varied ages. The common area windows and doors, including the operational mechanisms, have been replaced as-needed in the past. We are informed that a major replacement event was conducted at the main entrance in 2017.

Condition: Good overall with no significant deterioration evident. We note the following:

- No reported history of operational issues.
- The exterior seals are in good condition.
- The interior seals are in good condition.
- No reported history of water infiltration.

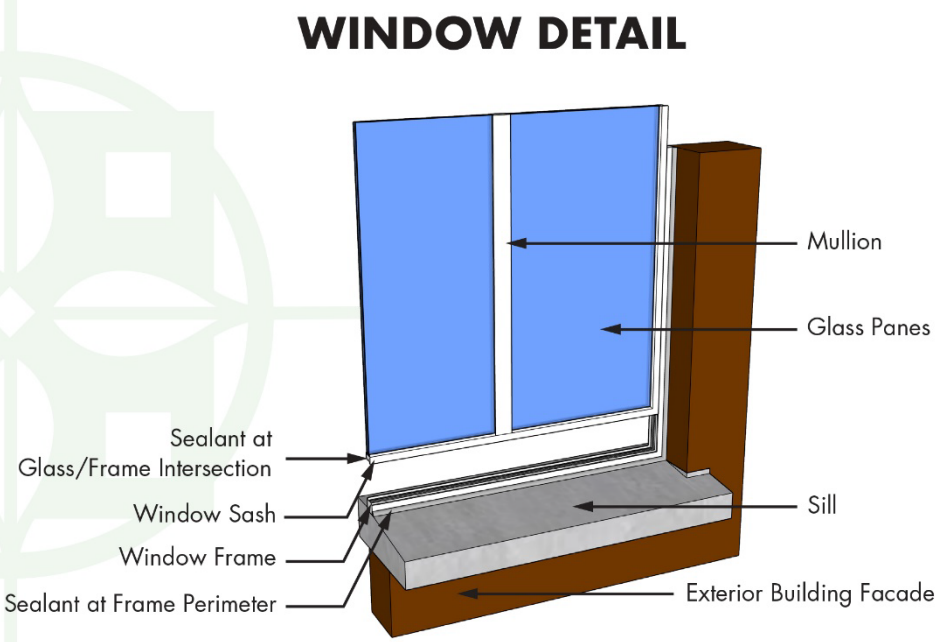
Common windows and doors at the main lobby entrance

Useful Life: 45- to 55-years

Component Detail Notes: Construction includes the following:

- Aluminum frames
- Fixed windows
- Sliding and hinged doors

The following schematic depicts the typical components of a window system although it may not reflect the actual configuration at Harbour Club No. Three:



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

The thermal efficiencies of the window and door assemblies are affected by their design and construction components. These components include glazings, thickness of air space between glazings, low-conductivity gas, tinted coatings, low-e coatings and thermal barriers. The Association should thoroughly investigate these component options at the time of replacement. Some manufacturers may include these components as part of the standard product and other manufacturers may consider these components as options for an additional cost. Harbour Club No. Three should review the specifications provided

by the manufacturers to understand the thermal design and construction components of the proposed assemblies.

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

- Annually:
  - Inspect and repair loose weather stripping and/or lock damage
  - Inspect for broken glass and damaged screens
  - Record instances of water infiltration, trapped moisture or leaks
- As-needed:
  - Verify weep holes are unobstructed and not blocked with dirt or sealant, if applicable
  - Replace damaged or deteriorated sliding glass rollers, if applicable

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Based on the Association's proximity to the coast, we recommend replacement with impact grade windows and doors.

Building Services Elements

Electrical System

Line Item: 3.300

History: Primarily original to construction

Condition: Reported satisfactory without operational deficiencies. We note the following:

- We observed potentially combustible materials stored near the electrical panels. Per 10.18.5 of NFPA 1, "Combustible material shall not be stored in boiler rooms, mechanical rooms, or electrical equipment rooms.". The Association should further investigate and remove materials, if necessary.
- Some electrical panel locations were not labeled. The Association should consider adding clear and proper signage to the electrical panel locations.
- No obvious exposed wires were observed during our site inspection. However, our inspection is not exhaustive and the Association should conduct periodic inspections of the electrical rooms to ensure no unsafe conditions develop.
- Rust was not present at electrical panels. Continual monitoring of the panels is prudent to ensure excessive moisture is not present at them.
- No apparent water was observed in or near the electrical rooms.

Electrical system components

Electrical system components

Useful Life: Up to and sometimes beyond 70 years

Component Detail Notes: The system includes:

- The Association is responsible for electrical system from the main switchgear to the unit circuit protection panels

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

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

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

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

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

Conductors - Conductors are the electrical wires that convey electricity to the units, light fixtures, receptacles and appliances.

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 Systems

Line Items: 3.555 and 3.560

Quantity: The life safety systems at Harbour Club No. Three include the following components:

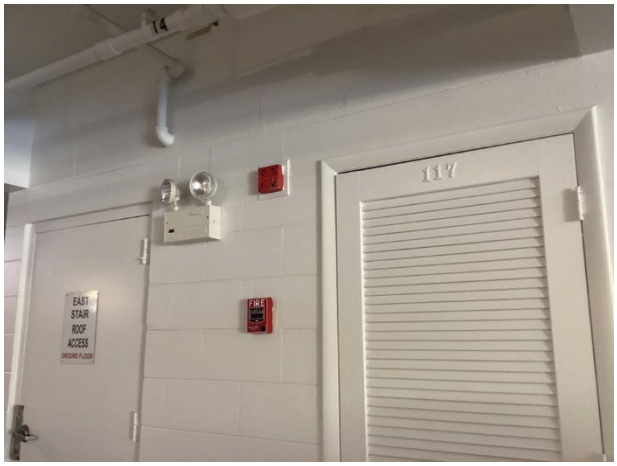
- Audio/visual fixtures
- Silent Knight (Honeywell) control panels
- Detectors
- Exit light fixtures
- Pull stations
- Annunciators
- Wiring

History: Varied ages.

Conditions: Reported satisfactory without operational deficiencies.

Control panel

Annunciator



Emergency devices

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

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

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

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

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

Pipes, Riser Sections

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; We are informed that the Association has budgeted to replace the riser sections in 2024. The near term project will be funded using Reserve funds and Special Assessments funds. We have shown the budgeted payments to be made from Reserves in 2024.
  - Isolated history of water pipe replacement is reported
- Sanitary Waste Disposal and Vent – Original; We are informed that the Association has budgeted to replace the riser sections in 2024. The near term project will be funded using Reserve funds and Special Assessments funds. We have shown the budgeted payments to be made from Reserves in 2024.
  - Isolated history of waste pipe replacements is reported
  - Isolated history of vent pipe replacements is reported

Condition:

- Domestic Water – Reported satisfactory with minor operational deficiencies
  - Isolated history of domestic hot water leaks is reported
  - Isolated history of domestic cold water leaks is reported
- Sanitary Waste Disposal and Vent – Reported satisfactory with minor operational deficiencies
  - Isolated history of waste or vent pipe leaks is reported

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

- Quarterly:
  - Inspect all visible piping for corrosion and leaks, including common areas or areas immediately surrounding pipes such as insulation, ceiling tiles or the floor for moisture, water accumulation, mold or mildew
- Annually:
  - Verify system pressure is sufficient (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 estimate of cost is based on information provided by the Association. 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 one hundred percent (100%) 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, Harbour Club No. Three 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

Garage Elements

Concrete, On-grade

Line Item: 7.360

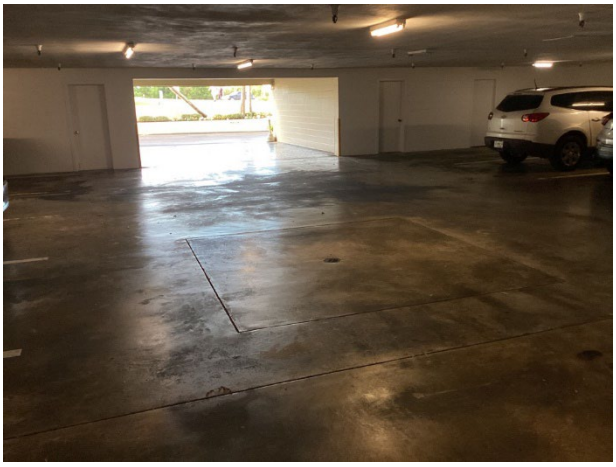
Quantity: Approximately 19,500 square feet of on-grade concrete

Condition: Fair overall with cracks evident. We note the following:

- We note isolated areas of cracks
- No significant spall was observed
- No areas of exposed reinforcing steel were observed
- The overall condition of the floor drains is satisfactory
- No areas of ponding water or evidence of poor drainage was observed
- No areas of vehicular damager were observed at the columns

On-grade garage floor overview

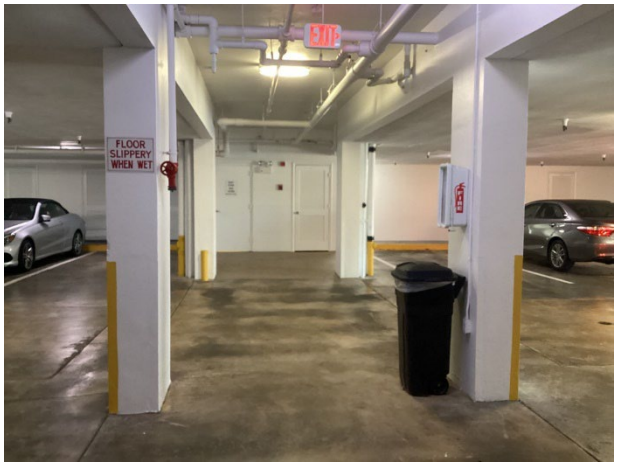
Concrete cracks



On-grade garage floor overview

On-grade garage floor overview

Concrete cracks



On-grade garage columns overview

Useful Life: Up to 90 years

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

- Semi-annually:
    - Clean floors and remove vehicular oil stains
- Annually:
    - Inspect for large cracks, concrete spalls and vehicular damage at walls and columns
    - Verify drains are working properly and check for areas of extensive water ponding

Priority/Criticality: Per Board discretion

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

- Complete inspection of the floor
- Selective cut out and replacement of up to three percent (3%), or 590 square feet, of the on-grade concrete
- Crack repairs as needed

Fire Suppression System

Line Item: 7.500

Quantity: Approximately 19,500 square feet of garage area. We are informed that the fire suppression pipes are protected, and can be located beneath the garage ceilings.

History: The age was unavailable at the time of our inspection. The sprinkler heads have been replaced as-needed.

Condition: Fair overall with no significant deterioration. We note the following:

- Management and the Board report isolated areas of pipe replacements
- We note frequent locations of sprinkler head replacements
- No significant hanger rust was observed

Fire suppression system

Fire suppression system

Fire suppression system

Useful Life: 35- to 45-years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. In accordance with *NFPA 25* and local guidelines, we also recommend the Association maintain a maintenance contract with a qualified professional. The required preventative maintenance may vary in frequency and scope based on the age of the components, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
  - Complete full inspection. Check for pipe corrosion, water leakage and head damage.
  - Ensure sprinkler heads and pipes are free of ornamentations and coverings
  - Flush pipes and air blow dry
  - Check system low points for moisture and condensation

- Conduct paint finish applications to the pipes as needed as these protective finishes may extend the overall useful life in highly corrosive environments

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.

GENERAL

Exterior Building Elements

Awnings

Line Item: 1.020

Quantity: Four canvas awnings with metal frames

History: Replaced in 2015.

Condition: Good overall with no significant deterioration evident.

Awning

Awnings overview

Awning underside overview

Useful Life: 10- to 15-years

Priority/Criticality: Per Board discretion

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

Interior Building Elements

Elevator Cab Finishes

Line Item: 2.100

Quantity: Two elevators; the cab finishes consist of:

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

History: Replaced in 2017.

Condition: Good overall with no significant deterioration evident.

Elevator cab finishes

Cab floor coverings

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.

Floor Coverings, Carpet, Hallways

Line Item: 2.200

Quantity: Approximately 1,100 square yards at the hallways (Contractor measurements will vary from the actual floor area due to standard roll lengths, patterns and installation waste.). This quantity includes the wood sections at the elevator entrances.

History: We are informed that the Association replaced the carpet floor coverings at the hallways in 2023. We have shown the remaining budgeted payments to be made from Reserves in 2023.

Condition: Good overall with no significant deterioration evident.

Carpet floor coverings

Carpet floor coverings

Carpet floor coverings

Laminate wood section at the elevator entrance

Carpet floor coverings

Useful Life: 8- to 12-years

Priority/Criticality: Per Board discretion

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

Lobby

Line Item: 2.600

Quantity: The lobby components include:

- Tile floor coverings
- Paint finishes at the walls
- Acoustical ceiling tiles and grid
- Furnishings
- Light fixtures

History: We are informed that the Association renovated the lobby in 2023. We have shown the remaining budgeted payments to be made from Reserves in 2023.

Condition: Good overall with no significant deterioration evident.

Lobby overview

Lobby entrance overview

Useful Life: Renovation up to every 20 years

Priority/Criticality: Per Board discretion

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

Building Services Elements

Air Handling and Condensing Units, Split Systems

Line Item: 3.070

Quantity: Four split systems at the common area lobby, maintenance room, and elevator equipment rooms

History: Varied ages.

- The lobby split system was replaced in 2012
- The maintenance room split system was replaced in 2016
- The elevator equipment room split systems were replaced in 2022.

Condition: Reported satisfactory without operational deficiencies

Split system condensing unit for the lobby

Split system condensing unit for the maintenance room

Split system condensing unit for the elevator equipment room

Split system air handling unit at the elevator equipment room

Useful Life: 12- to 18-years

Component Detail Notes: A split system air conditioner consists of an outside condensing unit, an interior evaporator coil, refrigerant lines and an interior air handling unit. The condensing units have cooling capacities that range from 2- to 2.5-tons.

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

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

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

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

Elevators, Traction

Line Items: 3.360 and 3.365

Quantity: Two traction elevators

History:

- Controls and call buttons: Varied ages. We are informed that one elevator was fully modernized in approximately 2005 and one elevator was fully modernized in approximately 2017.
- Hoists and motors: Varied ages. We are informed that one elevator was fully modernized in approximately 2005 and one elevator was fully modernized in approximately 2017.

Condition: The controls and call buttons are reported in satisfactory condition and the hoists and motors are reported in satisfactory condition. Service interruptions are reportedly infrequent.

Traction elevator equipment

Traction elevator equipment

Useful Life: Up to 25 years for the controls and call buttons and up to 35 years for the hoists and motors. However, the scarcity of parts, and the potential frequency and duration of service interruption makes controls replacement more desirable as the components age.

Component Detail Notes: The elevators utilize programmable logic computer controls

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The Association has a current preventative maintenance contract in place. 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
  - 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)
  - Inspect electrical components for signs of overheating or failure
  - Inspect controls
  - Lubricate the hoist cables
  - Inspect hoist cables and motors for signs of wear or deterioration
  - 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

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

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

Security System

Line Item: 3.820

Quantity: Harbour Club No. Three utilizes the following security system components:

- Automated proximity reader system
- Cameras
- Recorder
- Intercom panels

History: Installed in 2023

Condition: Reported satisfactory without operational deficiencies

Security system components

Security system

Useful Life: 10- to 15-years

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

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

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

Priority/Criticality: Per Board discretion

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

Trash Chute and Doors

Line Item: 3.880

Quantity: One trash chute

History: The trash chute is original and the doors have been replaced as-needed.

Condition: Reported satisfactory without operational deficiencies

Trash chute door

Trash chute

Useful Life: Up to 65 years.

Component Detail Notes: Damaged doors or poor door operation will result in a decreased useful life. The Association should fund interim repairs and partial replacements of the doors through the operating budget.

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

- Weekly:
  - Clean doors and latches
  - In accordance with *NFPA 82* and fire code, ensure all trash chute doors self-latch and self-close
- Monthly:
  - Check operation of discharge door
  - Inspect fusible link and replace if necessary
  - If applicable, inspect, reinforce and/or replace discharge elbow
- Quarterly:
  - If applicable, check vent cap for damage and tighten fasteners
- Semi-annually:
  - Lubricate and/or replace doors, hinges and latches
  - Clear obstructions, clean and scrape trash chute and doors. The frequency of this activity may vary based upon occupancy and usage rates. This activity may also be based upon limitation of unwanted odors, prevention of harmful bacteria, pest infiltration and debris removal to further prevent fire hazards.

Priority/Criticality: Per Board discretion

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

Reserve Study Update

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

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

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

5. METHODOLOGY

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

Harbour Club No. Three 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 Unit Owners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

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

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local[2] costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Belleair Bluffs, Florida at an annual inflation rate[3]. 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 Harbour Club No. Three 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.

TAMARA S. SAMHOURI, E.I., RS
Responsible Advisor

CURRENT CLIENT SERVICES

Tamara Samhouri, a Civil Engineer, is an Advisor for ***Reserve Advisors.*** Mrs. Samhouri is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She 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 Tamara Samhouri demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

North Lake at Tarpon Springs Homeowners Association Located in Tarpon Springs, Florida, this single family development consists of 122 homes built in 1999. The Association maintains the asphalt pavement street systems, ponds, gates, signage, & a boardwalk and dock assembly.

Talon Bay Property Owners Association This Homeowners Association located in North Port, Florida is comprised of 233 single unit homes. The clubhouse in this community includes a fitness center, kitchen, rest rooms, and a patio leading to a pool deck. The clubhouse and gate house were constructed with stucco façade and a metal roof assembly. The Association maintains asphalt pavement street systems, tennis and shuffleboard courts, and gates.

Lake Highlander Resident Owned Association This Cooperative style development located in Dunedin, Florida is comprised of 293 homes built in the 1960s. The community maintains amenities, such as a laundry room, pool hall, library, office, and clubhouse. The Cooperative maintains the subsurface pipes, electric meter panels, and bridges throughout the community.

Royal Pointe at Majestic Palms Recreation Association and Condominium Associations The Recreation Association is responsible for the elements shared by five condominium buildings. The Recreation Association maintains the pool amenities & asphalt pavement street systems. The Condominium Associations are responsible for their building exteriors comprised of concrete tile roofs, balconies, breezeways, & staircases. The Condominium Associations maintain the building service elements, including life safety systems, & domestic water pumps.

Hudson Crossing Condominium Association This condominium style development, located in Sarasota, Florida consists of 12 units. This building was constructed with fiber cement siding, asphalt shingle & flat roofs, & terraces. The Association also maintains the irrigation system, lift stations, windows & doors, hydraulic elevators, life safety system, backflow preventers, on-grade concrete garage, exhaust system, docks & seawall located on the property.

PRIOR RELEVANT EXPERIENCE

Before joining ***Reserve Advisors,*** Mrs. Samhouri successfully completed the bachelors program in Civil Engineering from The University of South Florida. She has experience as a Transportation Planning Intern at AECOM, the world's premier infrastructure consulting firm, where she gained knowledge on the safety and design of specialized roadway networks. Mrs. Samhouri has an expertise in transportation and geotechnical engineering infrastructure.

EDUCATION

University of South Florida - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Engineering Intern (E.I.) – Florida, 2021-present
American Society of Civil Engineers (A.S.C.E.) – Florida, 2015-present
Institute of Transportation Engineers (I.T.E.) – Florida, 2015-present
Reserve Specialist (RS) - Community Association Institute (CAI)

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

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

CURRENT CLIENT SERVICES

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

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

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

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 Harbour Club No. Three 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) Harbour Club No. Three 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.

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.