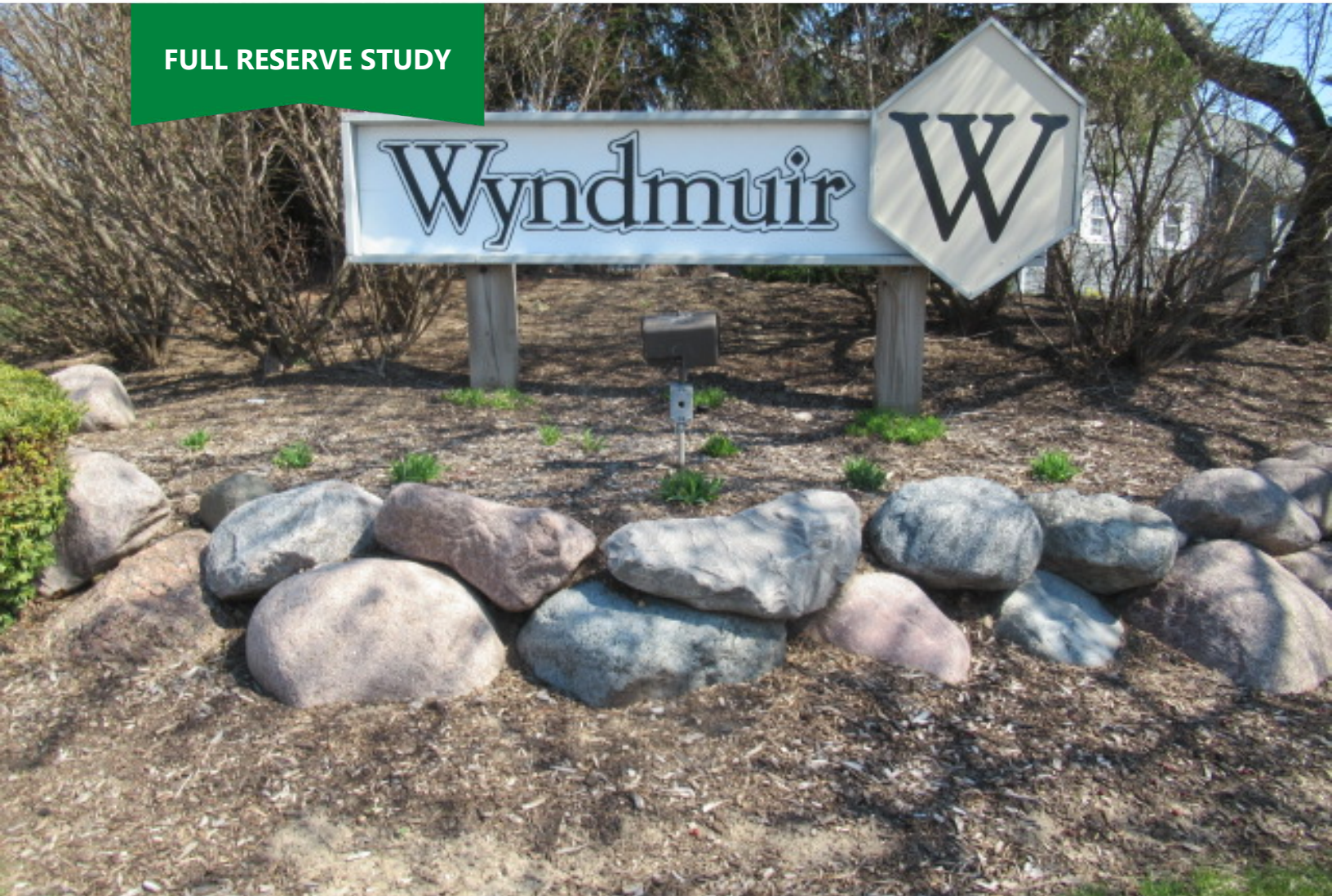


Wyndmuir Homeowners Association

April 12, 2023 • Crystal Lake, IL

FULL RESERVE STUDY



Long-term thinking. Everyday commitment.

Wyndmuir Homeowners Association
Crystal Lake, Illinois

Dear Board of Directors of Wyndmuir Homeowners Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of Wyndmuir Homeowners Association in Crystal Lake, Illinois and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, April 12, 2023.

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

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Wyndmuir Homeowners Association 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 April 20, 2023 by

Reserve Advisors, LLC

Visual Inspection and Report by: Megan C. Konecny, RS¹²

Review by: Nicole L. Lowery, RS, PRA, Associate 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: Wyndmuir Homeowners Association (Wyndmuir)

Location: Crystal Lake, Illinois

Reference: 050841

Property Basics: Wyndmuir Homeowners Association is responsible for the common elements shared by 72 single family homes. The community was built in 1996. The community contains private streets and guest parking.

Reserve Components Identified: 14 Reserve Components.

Inspection Date: April 12, 2023.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2053 due to the replacement of the asphalt pavement street courts.

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

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

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

Unaudited Cash Status of Reserve Fund:

- \$245,088 as of January 1, 2023
- 2023 budgeted Reserve Contributions of \$18,600

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:

- Replacement of the light poles and fixtures due to damaged wiring and increased efficiencies
- Restoration of the property entrance including replacement of the signage, walking path gravel replenishment and resetting of the stone retaining walls along the walking paths
- Replacement of the timber retaining wall due to noted deterioration

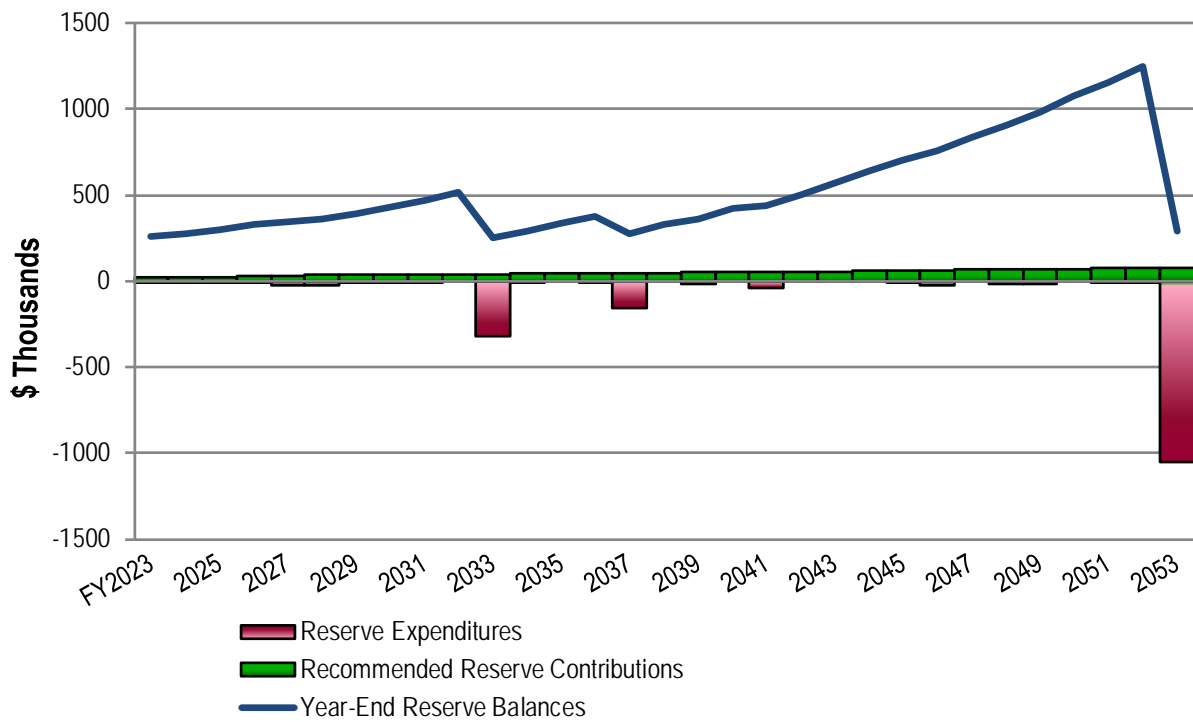
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Phased increases of \$3,000 from 2024 through 2028
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$3,000 represents an average monthly increase of \$3.47 per homeowner and about a two percent (2.4%) adjustment in the 2023 total Operating Budget of \$125,430.



Wyndmuir Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2024	21,600	276,891	2034	41,400	286,771	2044	58,400	640,733
2025	24,600	300,989	2035	42,800	335,734	2045	60,400	702,044
2026	27,600	329,285	2036	44,300	379,293	2046	62,500	755,813
2027	30,600	345,335	2037	45,900	271,694	2047	64,700	836,276
2028	33,600	357,838	2038	47,500	325,103	2048	67,000	906,351
2029	34,800	392,929	2039	49,200	363,784	2049	69,300	980,118
2030	36,000	430,723	2040	50,900	422,469	2050	71,700	1,072,137
2031	37,300	470,361	2041	52,700	439,477	2051	74,200	1,155,290
2032	38,600	518,754	2042	54,500	503,312	2052	76,800	1,247,746
2033	40,000	248,828	2043	56,400	570,342	2053	79,500	291,340





2. RESERVE STUDY REPORT

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

Wyndmuir Homeowners Association

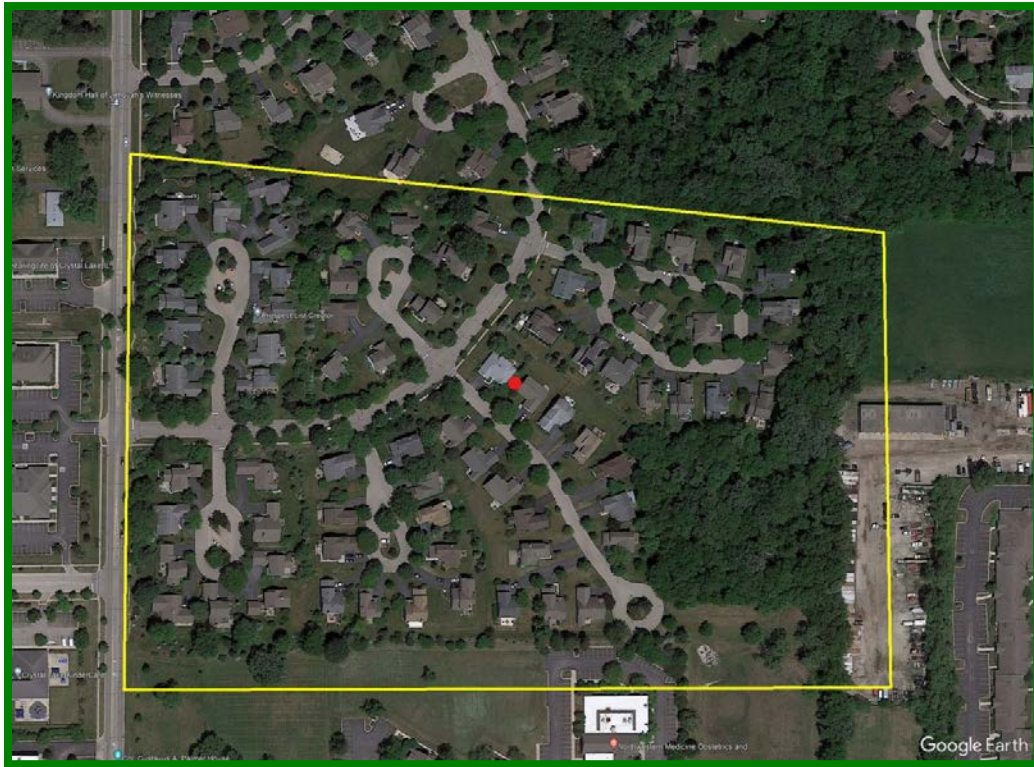
Crystal Lake, Illinois

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, April 12, 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 Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management. These classes of property include:

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

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

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

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. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time.

- Electrical Systems, Common Light Poles and Fixtures
- Inlet/Outlet Structures, Concrete, Storm Water Management System
- Pipes, Subsurface Utilities

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 \$3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Asphalt Pavement, Driveways, Seal Coat Applications (The Association has historically funded for seal coat applications every two years through the operating budget. Homeowners are responsible for repairs and replacements.)
- Catch Basins, Landscape
- Landscape
- Paint Finishes
- Pond, Wells, Routine Inspections and Cleanings
- Signage
- Other Repairs normally funded through the Operating Budget



Dry pond wells



Typical driveway

Homeowners' Responsibility - Items designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

- Homes and Lots

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

- Concrete Sidewalks along Wyndmuir Drive (City of Crystal Lake)
- Wyndmuir Drive Street System (City of Crystal Lake)

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
- Predicted reserves based on current funding level

Five-Year Outlook

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

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

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

RESERVE EXPENDITURES

**Wyndmuir
Homeowners Association**
Crystal Lake, Illinois

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		Unit Cost, \$	Percentage Ownership	Costs, \$		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
						Useful	Remaining			Per Phase (2023)	Total (2023)																	
4.020	8,300	8,300	Square Yards	Asphalt Pavement, Crack Repair and Patch, Street Courts	2025	3 to 5	2	0.70	100%	5,810	5,810	3.4%			6,224				7,142								9,405	
4.040	8,300	8,300	Square Yards	Asphalt Pavement, Mill and Overlay, Street Courts	2033	15 to 20	10	17.00	100%	141,100	141,100	11.1%											199,035					
4.045	8,300	8,300	Square Yards	Asphalt Pavement, Total Replacement, Street Courts	2053	15 to 20	30	35.00	100%	290,500	290,500	45.5%																
4.100	33	33	Each	Catch Basins, Street Courts, Inspections and Capital Repairs	2033	15 to 20	10	1,000.00	100%	33,000	33,000	7.8%											46,550					
4.110	6,800	1,020	Linear Feet	Concrete Curbs and Gutters, Street Courts, Partial (2023 is Budgeted)	2023	to 65	0 to 30+	50.00	100%	51,000	340,000	12.4%	6,900										71,941					
4.500	1	1	Allowance	Landscape, Partial Replacements	2026	to 5	3	5,000.00	100%	5,000	5,000	3.0%				5,544				6,584						7,820		
4.560	2	2	Each	Light Poles and Fixtures, Sedgewick & Narragansett Courts (2024 is Sedgewick Court)	2024	15 to 20	1	1,500.00	100%	3,000	3,000	0.8%		1,500													4,856	
4.561	4	4	Each	Light Poles and Fixtures, Wyndmuir Drive	2024	15 to 20	1	2,500.00	100%	10,000	10,000	1.5%		10,350														
4.620	4,500	4,500	Square Feet	Pavers, Brick, Guest Parking	2037	15 to 20	14	20.00	100%	90,000	90,000	8.1%															145,683	
4.710	1	1	Allowance	Pond, Dry, Structure Repairs and Erosion Control	2030	to 25	7	10,000.00	50%	5,000	5,000	0.4%								6,361								
4.750	1	1	Allowance	Retaining Walls, Stone, Walking Path & Landscape, Inspection and Capital Repairs	2027	to 15	4	7,000.00	100%	7,000	7,000	1.2%					8,033											
4.760	525	525	Square Feet	Retaining Walls, Timber, Hampton Court (replace with masonry)	2028	to 25	5	45.00	100%	23,625	23,625	1.6%							28,059									
4.810	1	1	Each	Signage, Property Identification	2027	15 to 20	4	5,500.00	100%	5,500	5,500	1.0%					6,311											
4.986	800	800	Linear Feet	Walking Path, Terra Cotta Road, Gravel Replenishment and Partial Regrading	2027	5 to 10	4	7.50	100%	6,000	6,000	2.3%					6,885							8,760				
Anticipated Expenditures, By Year (\$1,791,829 over 30 years)													6,900	11,850	6,224	5,544	21,229	28,059	7,142	6,361	6,584	0	317,526	8,760	0	7,820	159,944	0

RESERVE EXPENDITURES

**Wyndmuir
Homeowners Association**
Crystal Lake, Illinois

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Unit Cost, \$	Percentage Ownership	Costs, \$		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	
						Useful	Remaining			Per Phase (2023)	Total (2023)																	
4.020	8,300	8,300	Square Yards	Asphalt Pavement, Crack Repair and Patch, Street Courts	2025	3 to 5	2	0.70	100%	5,810	5,810	3.4%			10,792				12,384					14,211				
4.040	8,300	8,300	Square Yards	Asphalt Pavement, Mill and Overlay, Street Courts	2033	15 to 20	10	17.00	100%	141,100	141,100	11.1%																
4.045	8,300	8,300	Square Yards	Asphalt Pavement, Total Replacement, Street Courts	2053	15 to 20	30	35.00	100%	290,500	290,500	45.5%																815,374
4.100	33	33	Each	Catch Basins, Street Courts, Inspections and Capital Repairs	2033	15 to 20	10	1,000.00	100%	33,000	33,000	7.8%																92,624
4.110	6,800	1,020	Linear Feet	Concrete Curbs and Gutters, Street Courts, Partial (2023 is Budgeted)	2023	to 65	0 to 30+	50.00	100%	51,000	340,000	12.4%																143,146
4.500	1	1	Allowance	Landscape, Partial Replacements	2026	to 5	3	5,000.00	100%	5,000	5,000	3.0%			9,287					11,031					13,101			
4.560	2	2	Each	Light Poles and Fixtures, Sedgewick & Narragansett Courts (2024 is Sedgewick Court)	2024	15 to 20	1	1,500.00	100%	3,000	3,000	0.8%															8,136	
4.561	4	4	Each	Light Poles and Fixtures, Wyndmuir Drive	2024	15 to 20	1	2,500.00	100%	10,000	10,000	1.5%	17,340															
4.620	4,500	4,500	Square Feet	Pavers, Brick, Guest Parking	2037	15 to 20	14	20.00	100%	90,000	90,000	8.1%																
4.710	1	1	Allowance	Pond, Dry, Structure Repairs and Erosion Control	2030	to 25	7	10,000.00	50%	5,000	5,000	0.4%																
4.750	1	1	Allowance	Retaining Walls, Stone, Walking Path & Landscape, Inspection and Capital Repairs	2027	to 15	4	7,000.00	100%	7,000	7,000	1.2%			13,002													
4.760	525	525	Square Feet	Retaining Walls, Timber, Hampton Court (replace with masonry)	2028	to 25	5	45.00	100%	23,625	23,625	1.6%																
4.810	1	1	Each	Signage, Property Identification	2027	15 to 20	4	5,500.00	100%	5,500	5,500	1.0%								12,134								
4.986	800	800	Linear Feet	Walking Path, Terra Cotta Road, Gravel Replenishment and Partial Regrading	2027	5 to 10	4	7.50	100%	6,000	6,000	2.3%			11,145										14,179			
Anticipated Expenditures, By Year (\$1,791,829 over 30 years)													17,340	0	44,226	0	0	0	12,384	23,165	0	14,179	14,211	0	13,101	8,136	1,051,144	

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Wyndmuir
Homeowners Association

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Crystal Lake, Illinois		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	(Note 1)	245,088	261,807	276,891	300,989	329,285	345,335	357,838	392,929	430,723	470,361	518,754	248,828	286,771	335,734	379,293	271,694
Total Recommended Reserve Contributions	(Note 2)	18,600	21,600	24,600	27,600	30,600	33,600	34,800	36,000	37,300	38,600	40,000	41,400	42,800	44,300	45,900	47,500
Estimated Interest Earned, During Year	(Note 3)	5,019	5,334	5,722	6,240	6,679	6,962	7,433	8,155	8,922	9,793	7,600	5,303	6,163	7,079	6,445	5,909
Anticipated Expenditures, By Year		(6,900)	(11,850)	(6,224)	(5,544)	(21,229)	(28,059)	(7,142)	(6,361)	(6,584)	0	(317,526)	(8,760)	0	(7,820)	(159,944)	0
Anticipated Reserves at Year End		<u>\$261,807</u>	<u>\$276,891</u>	<u>\$300,989</u>	<u>\$329,285</u>	<u>\$345,335</u>	<u>\$357,838</u>	<u>\$392,929</u>	<u>\$430,723</u>	<u>\$470,361</u>	<u>\$518,754</u>	<u>\$248,828</u>	<u>\$286,771</u>	<u>\$335,734</u>	<u>\$379,293</u>	<u>\$271,694</u>	<u>\$325,103</u>
Predicted Reserves based on 2023 funding level of:	\$18,600	261,807	273,861	291,838	310,861	314,423	311,158	328,954	347,894	366,988	393,114	99,061	110,981	131,987	145,515	5,668	24,567

(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		325,103	363,784	422,469	439,477	503,312	570,342	640,733	702,044	755,813	836,276	906,351	980,118	1,072,137	1,155,290	1,247,746
Total Recommended Reserve Contributions		49,200	50,900	52,700	54,500	56,400	58,400	60,400	62,500	64,700	67,000	69,300	71,700	74,200	76,800	79,500
Estimated Interest Earned, During Year		6,821	7,785	8,534	9,335	10,630	11,991	13,295	14,434	15,763	17,254	18,678	20,319	22,054	23,792	15,238
Anticipated Expenditures, By Year		(17,340)	0	(44,226)	0	0	0	(12,384)	(23,165)	0	(14,179)	(14,211)	0	(13,101)	(8,136)	(1,051,144)
Anticipated Reserves at Year End		<u>\$363,784</u>	<u>\$422,469</u>	<u>\$439,477</u>	<u>\$503,312</u>	<u>\$570,342</u>	<u>\$640,733</u>	<u>\$702,044</u>	<u>\$755,813</u>	<u>\$836,276</u>	<u>\$906,351</u>	<u>\$980,118</u>	<u>\$1,072,137</u>	<u>\$1,155,290</u>	<u>\$1,247,746</u>	<u>\$291,340</u>
Predicted Reserves based on 2023 funding level of:	\$18,600	26,331	45,644	20,675	39,874	59,457	79,432	87,299	84,434	104,909	111,472	118,134	139,283	147,623	161,144	(878,503)

Explanatory Notes:

- 1) Year 2023 starting reserves are as of January 1, 2023; FY2023 starts January 1, 2023 and ends December 31, 2023.
- 2) Reserve Contributions for 2023 are budgeted; 2024 is the first year of recommended contributions.
- 3) 2.0% is the estimated annual rate of return on invested reserves.
- 4) Accumulated year 2053 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

RESERVE EXPENDITURES

**Wyndmuir
Homeowners Association**
Crystal Lake, Illinois

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
4.020	Asphalt Pavement, Crack Repair and Patch, Street Courts			6,224			
4.110	Concrete Curbs and Gutters, Street Courts, Partial (2023 is Budgeted)	6,900					
4.500	Landscape, Partial Replacements				5,544		
4.560	Light Poles and Fixtures, Sedgewick & Narragansett Courts (2024 is Sedgewick Court)		1,500				
4.561	Light Poles and Fixtures, Wyndmuir Drive		10,350				
4.750	Retaining Walls, Stone, Walking Path & Landscape, Inspection and Capital Repairs					8,033	
4.760	Retaining Walls, Timber, Hampton Court (replace with masonry)						28,059
4.810	Signage, Property Identification					6,311	
4.986	Walking Path, Terra Cotta Road, Gravel Replenishment and Partial Regrading					6,885	
Anticipated Expenditures, By Year (\$1,791,829 over 30 years)		6,900	11,850	6,224	5,544	21,229	28,059

4. RESERVE COMPONENT DETAIL

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

Asphalt Pavement, Crack Repair and Patch

Line Item: 4.020

Quantity: Approximately 8,300 square yards

History: Repaved in 2013 and crack repairs conducted in 2022

Condition: Fair overall with recent repairs and hairline cracks evident

Useful Life: Three- to five-years

Component Detail Notes: Patch repairs are conducted at areas exhibiting settlement, potholes, or excessive cracking. These conditions typically occur near high traffic areas, catch basins, and pavement edges.

Priority/Criticality: Per Board discretion

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

Asphalt Pavement, Repaving

Line Items: 4.040 and 4.045

Quantity: Approximately 8,300 square yards

History: Repaved in 2013 and crack repairs conducted in 2022

Condition: Fair overall with recent repairs and hairline cracks evident



Sedgewick Court overview



Recent crack repairs and hairline cracks at Sedgewick Court



Recent crack repairs and hairline cracks at Hampton Court



Minor edge deterioration at Narragansett Court



Minor edge deterioration at Narragansett Court



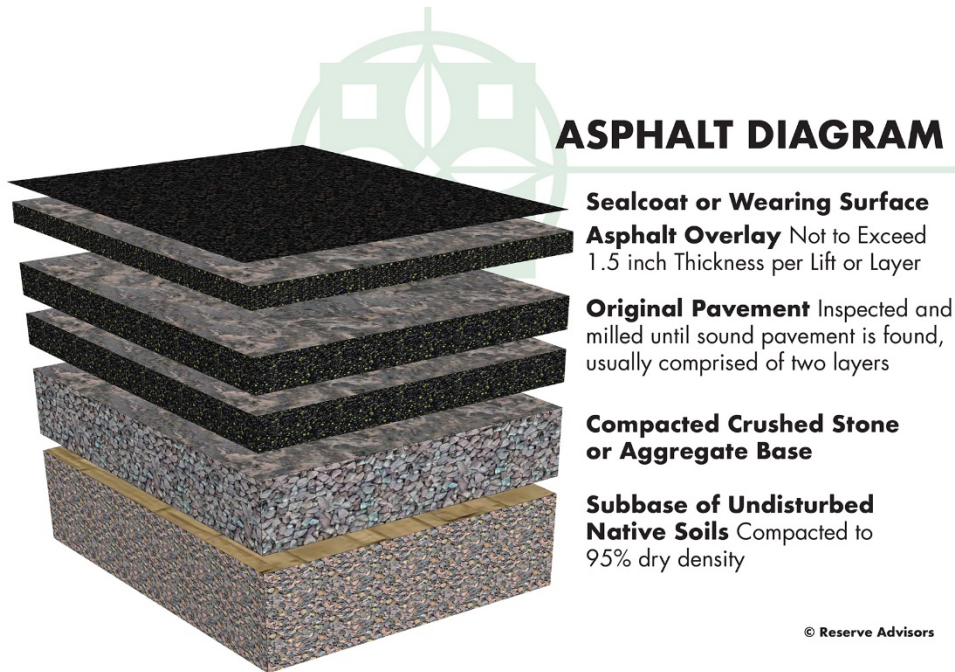
Norwich Court overview



Recent crack repairs along center line of pavement at Norwich Court

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

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



The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the

application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the mill and overlay method for initial repaving followed by the total replacement method for subsequent repaving at the Association.

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

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

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

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

Catch Basins

Line Item: 4.100

Quantity: 33 catch basins¹

History: Original

Condition: Good to fair overall with previous replacement of the surrounding concrete curbs and gutters at two locations evident

¹ We utilize the terminology catch basin to refer to all storm water collection structures including curb inlets.



Catch basin



Previous replacement of the surrounding concrete curb and gutter at Hampton Court

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

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

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

- Annually:
 - Inspect and repair any settlement and collar cracks
 - Ensure proper drainage and inlets are free of debris
 - If property drainage is not adequate in heavy rainfall events, typically bi-annual cleaning of the catch basins is recommended

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association plan for inspections and capital repairs to the catch basins in conjunction with repaving.

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 6,800 linear feet

Condition: Fair overall with cracks and damage evident. Management informs us that the Association will expend approximately \$6,900 in 2023 to replace 91 linear feet of concrete curb and gutter primarily at Hampton Court.



Damaged curb and gutter at Hampton Court



Damaged curb and gutter at Hampton Court



Damaged curb and gutter at Sherbrook Court



Damaged curb and gutter at Norwich Court



Damaged curb and gutter at Norwich Court



Curb and gutter crack at Norwich Court

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. In addition to the planned replacements in 2023, we estimate that up to 2,040 linear feet of curbs and gutters, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Landscape

Line Item: 4.500

Component Detail Notes: The Association contains a large quantity of trees, shrubbery and other landscape elements. Replacement of these elements is an ongoing need. Many associations budget for these replacements as normal maintenance. Other associations fund ongoing replacements from reserves. Large amounts of landscape may need replacement due to disease, drought or other forces of nature. If the cost of removal and replacement is substantial, funding from reserves is logical. The Association may also desire to periodically update the appearance of the community through major improvements to the landscape.

Useful Life: At the request of Management and the Board, we include a landscape allowance for partial replacements every five years.

Priority/Criticality: Per Board discretion

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

Light Poles and Fixtures

Line Items: 4.560 and 4.561

Quantity:

- Sedgewick Court: Two 8-foot tall metal poles with light fixtures
- Narragansett Court: One 8-foot tall metal pole with light fixture
- Wyndmuir Drive: Four 14-foot tall concrete poles with light fixtures

History and Condition: Management informs us that one of the lights along Wyndmuir Drive (near Sherbrook Court) is inoperable due to damaged wiring. In 2022, the Association replaced the light fixture and pole at Narragansett Court with a solar fixture due to similar wiring issues. The Association anticipates near term replacement of the remaining light poles and fixtures with 8-foot tall metal poles and solar light fixtures. At this time, the Association will eliminate one of the light poles and fixtures at Sedgewick Court.



Light pole and fixture at Sedgewick Court



Recently installed light pole and fixture at Narragansett Court



Light pole and fixture along Wyndmuir Drive

Useful Life: 15- to 20-years

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

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

Priority/Criticality: Per Board discretion

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

Pavers, Masonry

Line Item: 4.620

Quantity: Approximately 4,500 square feet at the guest parking areas at Sedgewick Court, Hampton Court, Sherbrook Court and Narragansett Court

History: The Association began replacement of the pavers in approximately 2019 and concluded in 2021 with the pavers at Narragansett Court and Hampton Court

Condition: Good overall with minor damage primarily along the edges due to snow plow equipment



Pavers overview



Damaged pavers



Stained pavers at Hampton Court

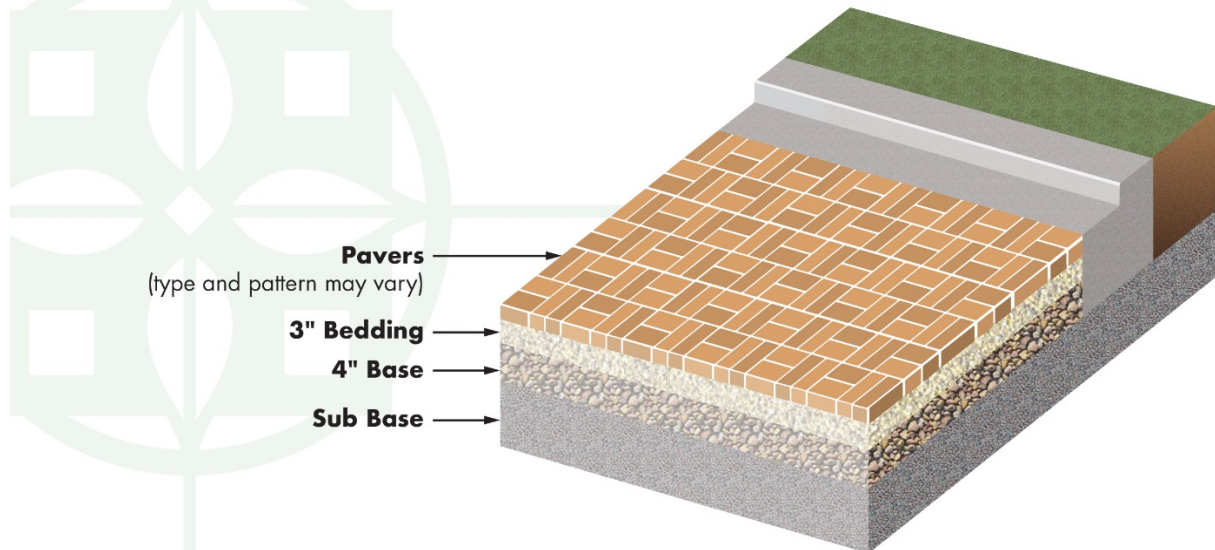


Loose pavers at Sherbrook Court

Useful Life: 15- to 20-years

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

MASONRY PAVER DIAGRAM



© Reserve Advisors

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

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

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

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

Pond, Dry, Structure Repairs and Erosion Control

Line Item: 4.710

Quantity: A dry pond is located at the southeast corner of the property near Hampton Court. Management informs us that the cost of maintenance of the dry pond is shared with the neighboring property. The Association has fifty percent (50%) ownership of the pond. Our costs have been factored to represent the actual shared costs of the pond.

History: Original

Condition: Fair overall with minor erosion at the steep shorelines and concrete deterioration at the major inlet structures evident.



Pond overview



Main inlet structure



Small inlet structure



Minor concrete deterioration at the main inlet structure

Useful Life: Erosion control measures and capital repairs to the inlet structures every 25 years.

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

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

Retaining Walls, Stone

Line Item: 4.750

Quantity: The Association maintains the small stone retaining walls along the walking path, and at the landscape elements near the property entrance and guest parking areas.

History: Original

Condition: Fair overall with movement evident



Stone retaining wall at the property entrance



Stone retaining wall along the walking path



Stone retaining wall at the guest parking area



Loose stones along the walking path



Stone retaining wall at the guest parking area

Useful Life: Stone retaining walls have indeterminate useful lives. However, we recommend the Association plan for inspections and capital repairs every 15 years to forestall deterioration.

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.

Retaining Walls, Timber

Line Item: 4.760

Quantity: Approximately 525 square feet along the rears of the units at Hampton Court

History: Original

Condition: Fair overall isolated rot, and general weathering and deterioration due to age evident.



Retaining wall overview



Rotted wood along top course of wall



Minor wood deterioration near deadman

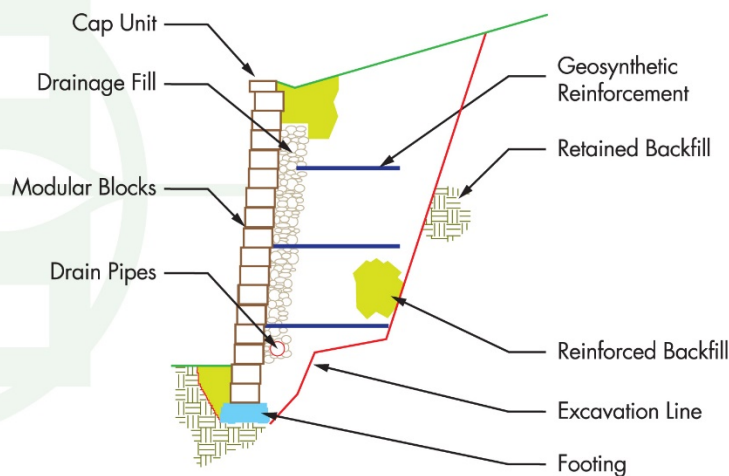


Rotted wood along bottom of wall

Useful Life: up to 25 years for timber retaining walls

Component Detail Notes: We advise the Association replace with a modular, interlocking dry-set masonry retaining wall system. The cost of dry-set masonry retaining walls is similar to the cost of timber walls. However, dry-set masonry retaining walls offer a longer useful life of up to 35 years and lower total maintenance costs. The following schematic depicts the typical components of a retaining wall system although it may not reflect the actual configuration at Wyndmuir:

MASONRY RETAINING WALL DETAIL



© Reserve Advisors

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

- Annually:
 - Inspect and repair leaning sections or damaged areas
 - Inspect and repair erosion at the wall base and backside

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.

Signage, Property Identification

Line Item: 4.810

Quantity: One wood sign at the Terra Cotta Road entrance

History: Original; last paint application in 2022

Condition: Fair overall with rot, and general weathering and deterioration due to age evident.



Signage



Weathered wood trim



Wood deterioration at back of signage

Useful Life: 15- to 20-years

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

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

- Annually:
 - Inspect and repair damage, vandalism and loose components
 - Verify lighting is working properly if applicable
 - Touch-up paint finish applications if applicable

Priority/Criticality: Per Board discretion

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

Walking Path, Terra Cotta Road

Line Item: 4.986

Quantity: The gravel walking paths along Terra Cotta Road comprise approximately 800 linear feet

History: Original

Condition: Poor overall with significant areas of uneven surfaces, erosion and insufficient gravel coverage evident



Walking path overview



Erosion and insufficient gravel coverage



Useful Life: We recommend the Association anticipate the need to conduct gravel replenishment and repairs every 5- to 10-years to maintain a safe pedestrian surfaces.

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. 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.

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

This Reserve Study is in compliance with and exceeds the National standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in Crystal Lake, Illinois at an annual inflation rate³. Isolated or regional markets of greater

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.

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

- The past and current maintenance practices of Wyndmuir 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.

MEGAN C. KONECNY, PRA, RS
Responsible Advisor

CURRENT CLIENT SERVICES

Megan C. Konecny, an environmental/civil engineer, has been with Reserve Advisors since 2004. As an Advisor, Ms. Konecny is responsible for the inspection and analysis of the condition of clients' property, 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 Analysis and Capital Replacement Forecast services on apartments, townhomes, high rise condominium towers and planned unit developments.



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

University Club Tower - Located on an urban waterfront site in downtown Milwaukee, The University Club Tower offers breathtaking views of Lake Michigan. At 446 feet, the tower is the tallest residential building in Wisconsin. Exclusive amenities include a rooftop terrace, health club, community room with humidity controlled wine room and garage parking.

Park Lane Condominium Associations - A gated community located in Chicago suburb that includes 136 units in one intricate three-story building and 17 townhome style units in four buildings. The development includes under-building garage parking, an outdoor pool, tennis courts, and a unique sub level recreation center that features a roof top pergola.

Archbishop Spalding High School - A private high school located southwest of Annapolis, Maryland with an enrollment of 1,050 students. The property includes athletic facilities, an auditorium, gymnasium, library, cafeteria with kitchen, chapel, and approximately 50 classrooms.

Olympic Club - A private athletic club with historic clubhouses located in downtown San Francisco and overlooking the Pacific Ocean. Exclusive amenities include 45 holes of golf, swimming pools, gymnasiums, squash, handball and tennis courts and a fitness center. The United States Golf Association recognizes the Olympic Club as one of the first 100 golf clubs established in the United States. The Club has hosted five U.S Open Championships.

East Meadows - Community of 74 units in 17 single family style buildings and 12 three-story multiple unit buildings located in a wooded area west of Detroit, Michigan. Professional services included loan scenario development to assist the Association evaluate the most prudent method of financing its exterior restoration.

Jonathan's Landing Golf Club - Located just north of West Palm Beach, Jonathan's Landing is a premier member owned, private club. Exclusive amenities include 54 holes of championship golf, two club houses and ten Har-Tur tennis courts.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Konecny attended Marquette University in Milwaukee, Wisconsin where she specialized in Environmental Engineering. There, she participated in the design of a Chicago subdivision that included preliminary grading of the site, design of the storm sewer system and stormwater management with Cowhey Gundmunson Ledger, Limited. Ms. Konecny also worked with Everitt Knitting where she provided inspection services and resolved production problems.

EDUCATION

Marquette University - B.S. Civil with emphasis in Environmental Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute

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

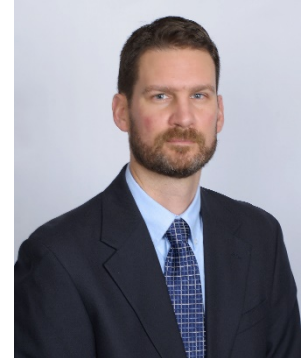
Director of the Board – Association of Professional Reserve Analysts

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 carpports, 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

NICOLE L. LOWERY, PRA, RS
Associate Director of Quality Assurance

CURRENT CLIENT SERVICES

Nicole L. Lowery, a Civil Engineer, is an Associate Director of Quality Assurance for Reserve Advisors. Ms. Lowery is responsible for the management, review and quality assurance of reserve studies. In this role, she assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Ms. Lowery has been involved with hundreds of Reserve Study assignments. The following is a partial list of clients served by Nicole Lowery demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.



Amelia Surf & Racquet Club This oceanfront condominium community comprises 156 units in three mid rise buildings. This Fernandina Beach, Florida development contains amenities such as clay tennis courts, two pools and boardwalks.

Ten Museum Park This boutique, luxury 50-story high rise building in downtown Miami, Florida consists of 200 condominium units. The amenities comprise six pools including resistance and plunge pools, a full-service spa and a state-of-the-art fitness center. The property also contains a multi-level parking garage.

3 Chisolm Street Homeowners Association This historic Charleston, South Carolina community was constructed in 1929 and 1960 and comprises brick and stucco construction with asphalt shingle and modified bitumen roofs. The unique buildings were originally the Murray Vocational School. The buildings were transformed in 2002 to 27 high-end condominiums. The property includes a courtyard and covered parking garage.

Lakes of Pine Run Condominium Association This condominium community comprises 112 units in 41 buildings of stucco construction with asphalt shingle roofs. Located in Ormond Beach, Florida, it has a domestic water treatment plant and wastewater treatment plant for the residents of the property.

Rivertowne on the Wando Homeowners Association This exclusive river front community is located on the Wando River in Mount Pleasant, South Carolina. This unique Association includes several private docks along the Wando River, a pool and tennis courts for use by its residents.

Biltmore Estates Homeowners Association This private gated community is located in Miramar, Florida, just northwest of Miami, Florida and consists of 128 single family homes. The lake front property maintains a pool, a pool house and private streets.

Bellavista at Miromar Lakes Condominium Association Located in the residential waterfront resort community of Miromar Lakes Beach & Golf Club in Fort Myers, Florida, this property comprises 60 units in 15 buildings. Amenities include a clubhouse and a pool.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Lowery was a project manager with Kipcon in New Brunswick, New Jersey and the Washington, D.C. Metro area for eight years, where she was responsible for preparing reserve studies and transition studies for community associations. Ms. Lowery successfully completed the bachelors program in Civil Engineering from West Virginia University in Morgantown, West Virginia.

EDUCATION

West Virginia University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute

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



RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



8. PROFESSIONAL SERVICE CONDITIONS

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

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, 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, and/or occupancy.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the Report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services, nor does RA investigate 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. You agree to indemnify and hold RA harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

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. 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 completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA 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.

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

Use of Our Report and Your Name - Use of 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. 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 - The retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. 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.