

# Portofino Condominium Apts. of Palm Beach, Inc.

Inspected: January 15, 2025 • Revised on: February 07, 2025  
West Palm Beach, FL

**STRUCTURAL INTEGRITY  
RESERVE STUDY**



**PORTOFINO  
2600**



Long-term thinking. Everyday commitment.

Portofino Condominium Apts. of Palm Beach, Inc.  
West Palm Beach, Florida

Dear Board of Directors of Portofino Condominium Apts. of Palm Beach, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Structural Integrity Reserve Study* of Portofino Condominium Apts. of Palm Beach, Inc. in West Palm Beach, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 15, 2025.

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 Portofino Condominium Apts. of Palm Beach, Inc. plan for a successful future.

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

Respectfully submitted on February 7, 2025 by

*Reserve Advisors, LLC*

Visual Inspection and Report by: Michael Skinner  
Review by: Tamara S. Samhour, RS<sup>1</sup>, Quality Assurance Engineer  
Alan M. Ebert, RS, PRA<sup>2</sup>, Director of Quality Assurance



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

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



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## Table of Contents

<b>1. RESERVE STUDY EXECUTIVE SUMMARY .....</b>	<b>1.1</b>
<b>2. RESERVE STUDY REPORT .....</b>	<b>2.1</b>
<b>3. RESERVE EXPENDITURES and FUNDING PLAN.....</b>	<b>3.1</b>
<b>4. RESERVE COMPONENT DETAIL.....</b>	<b>4.1</b>
STRUCTURAL INTEGRITY - Exterior Building Elements.....	4.1
Balconies, Concrete .....	4.2
Balconies, Railings, Aluminum .....	4.4
Doors, Lobby Entrance and Metal .....	4.5
Roof, Coal Tar .....	4.7
Roofs, Modified Bitumen .....	4.9
Structural Members, Inspections .....	4.11
Walls, Stucco.....	4.12
STRUCTURAL INTEGRITY - Building Services Elements .....	4.15
Electrical System .....	4.15
Life Safety Systems.....	4.18
Pipes .....	4.19
2025 Reserve Expenditures .....	4.21
NON-STRUCTURAL - Exterior Building Elements.....	4.21
Roof, Modified Bitumen, Pool House.....	4.21
Walls, Stucco.....	4.23
NON-STRUCTURAL - Interior Building Elements.....	4.24
Ceilings, Acoustical Tiles and Grid, Hallways .....	4.24
Elevator Cab Finishes .....	4.25
Floor Coverings, Carpet, Hallways .....	4.25
Floor Coverings, Tile, Hallways .....	4.26
Laundry Rooms .....	4.28
Light Fixtures, Hallways.....	4.28
Lobby.....	4.29
Mailboxes .....	4.31
Mediterranean Room.....	4.31
Paint Finishes, Hallways.....	4.32
Paint Finishes, Stairwells.....	4.34



Rest Rooms.....	4.35
Sauna.....	4.37
NON-STRUCTURAL - Building Services Elements .....	4.37
Air Handling Units.....	4.37
Boiler, Building Heat.....	4.39
Cooling Tower .....	4.40
Elevators, Traction.....	4.42
Exhaust Fans.....	4.44
Pumps .....	4.45
Security System.....	4.47
Trash Chute and Doors .....	4.48
NON-STRUCTURAL - Property Site Elements.....	4.50
Asphalt Pavement, Repaving .....	4.50
Awning, Carport.....	4.53
Fences, Chain Link, North and West Perimeter.....	4.54
Fence, Chain Link, South Perimeter.....	4.56
Fence, Wood.....	4.57
Fountain .....	4.58
Gate Entry System .....	4.59
Gates and Operators .....	4.60
Landscape.....	4.62
Light Poles and Fixtures .....	4.63
Pipes, Subsurface Utilities .....	4.64
Signage .....	4.65
Tile, Building Entrance.....	4.66
NON-STRUCTURAL - Pool Elements .....	4.67
Deck, Pavers .....	4.67
Furniture .....	4.68
Mechanical Equipment .....	4.69
Pool Finishes, Plaster and Tile .....	4.70
Structure.....	4.72
NON-STRUCTURAL - Marina Elements.....	4.73
Bulkhead, Concrete .....	4.73



Reserve Study Update.....	4.74
<b>5. METHODOLOGY .....</b>	<b>5.1</b>
<b>6. CREDENTIALS .....</b>	<b>6.1</b>
<b>7. DEFINITIONS .....</b>	<b>7.1</b>
<b>8. PROFESSIONAL SERVICE CONDITIONS .....</b>	<b>8.1</b>



# 1. RESERVE STUDY EXECUTIVE SUMMARY

**Client:** Portofino Condominium Apts. of Palm Beach, Inc. (Portofino)

**Location:** West Palm Beach, Florida

**Reference:** 192750

**Property Basics:** Portofino Condominium Apts. of Palm Beach, Inc. is a midrise style development which consists of 125 units in a 10-story building. The building was built in 1969.

**Reserve Components Identified:**

- 13 Structural Integrity Reserve Components.
- 53 Non-Structural Reserve Components.

**Inspection Date:** January 15, 2025.

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

- Current and future local costs of replacement
- 2.7% anticipated annual rate of return on invested reserves
- 3.7% future Inflation Rate for estimating Future Replacement Costs

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

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

- Structural Integrity - Systematic replacement of the life safety system components to minimize the potential for service interruptions
- Non-Structural - Renovation of the pool house rest rooms due to noted deterioration
- Non-Structural - Replacement of the exhaust fans to minimize the potential for service interruptions

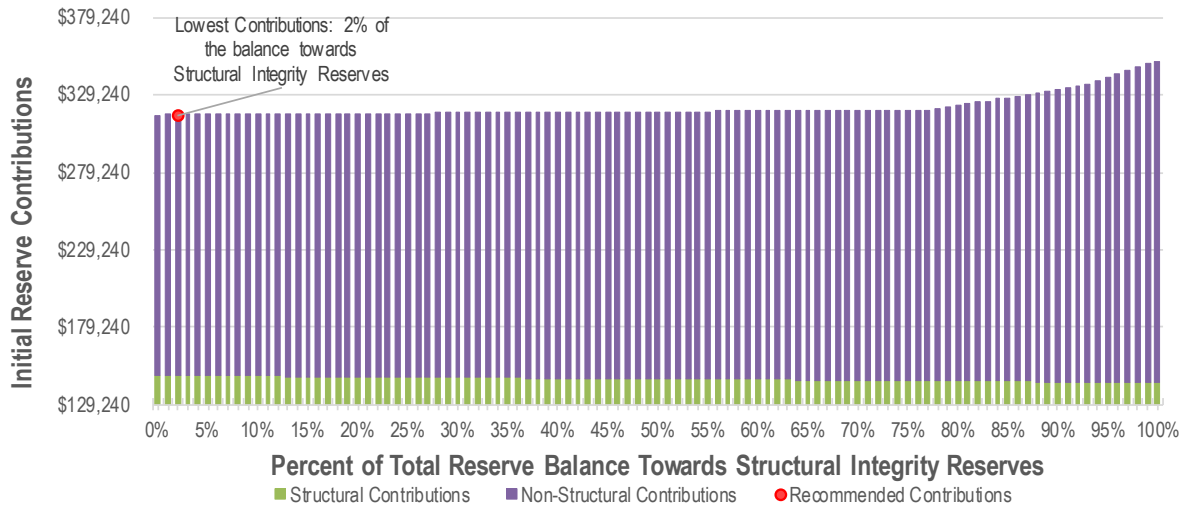


**Unaudited Cash Status of Reserve Fund:**

- \$173,969 as of December 31, 2024
- \$200,000 in budgeted 2025 reserve contributions (\$200,000 remaining)
- \$155,000 in estimated remaining 2025 reserve expenses
- We project a 2025 Reserve End Balance of \$218,969.

As part of our Cash Flow method, we analyzed future expenditures and identified the reserve balance split to produce the lowest overall required contributions. Due to the statutory restrictions on structural integrity reserve funds, we recommend the Association maintain separate funds for Structural Integrity reserves and Non-Structural reserves. However, the existing reserve funds are not split. We, therefore, analyzed future expenditures and identified the starting reserve balance split that produces the lowest overall reserve contributions. We recommend the Association allocate \$4,379, or 2% of the 2025 Projected Reserve End Balance to the Structural Integrity Reserve Fund and \$214,590, or 98% to the Non-Structural Fund to minimize the total combined contributions to the statutory Structural Integrity Fund and the recommended Non-Structural Fund. A vote of the membership may be required to allocate funds in this manner. The following chart depicts the analysis of future expenditures and the reserve balance split to produce the lowest overall required contributions.

**Starting Cash Flow - Optimized Reserve Balance Split**



Cash Flow - Existing Reserve Balance and Contribution Split	Structural Integrity		Non-Structural	
	FY2025	2026	2026	2026
Beginning Reserve Balance as of December 31, 2024	173,969	4,379	214,590	
Remaining Budgeted Reserve Contributions:	200,000	148,000	168,400	
Estimated Remaining Interest Earned:	0	2%		
Anticipated Remaining Structural Expenditures:	(120,000)	98%		
Anticipated Remaining Non-Structural Expenditures:	(35,000)			
<b>Anticipated Reserves at Year End:</b>	<b>\$218,969</b>			



### **Structural Integrity**

**Funding Goal:** The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2045 due to the replacement of the roofs. In addition, the Reserve Funding Plan recommends 2055 year end accumulated reserves of approximately \$1,412,800. We judge this amount of accumulated reserves in 2055 necessary to fund the likely replacement of the roofs after 2055. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2055 year end reserves.

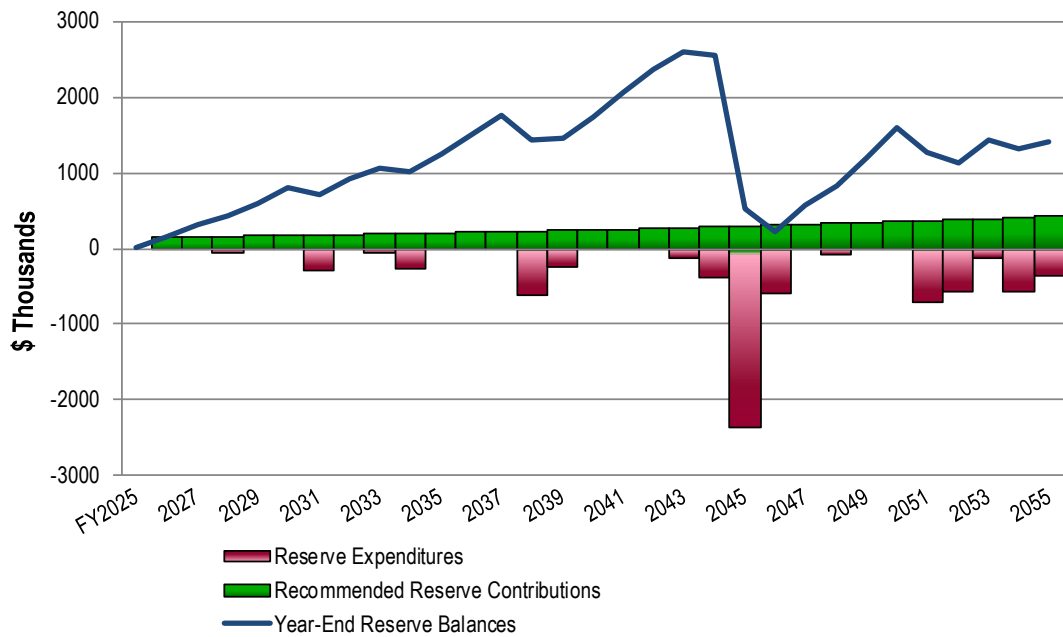
**Recommended Reserve Funding:** We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Allocate \$4,379 of the Anticipated 2025 Year End Reserve balance to the Structural Integrity Reserve Fund.
- Increase Reserve Contributions to \$148,000 in 2026
- Inflationary increases thereafter through 2055, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$148,000 is equivalent to an average monthly contribution of \$98.67 per owner.
- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items for budgets adopted after December 31, 2024.



### Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2026	148,000	154,495	2036	212,900	1,505,219	2046	306,200	233,107
2027	153,500	314,239	2037	220,800	1,769,641	2047	317,500	561,187
2028	159,200	425,867	2038	229,000	1,425,459	2048	329,200	836,356
2029	165,100	604,694	2039	237,500	1,460,256	2049	341,400	1,204,947
2030	171,200	794,532	2040	246,300	1,749,308	2050	354,000	1,596,260
2031	177,500	705,933	2041	255,400	2,055,387	2051	367,100	1,283,685
2032	184,100	911,579	2042	264,800	2,379,257	2052	380,700	1,125,601
2033	190,900	1,066,644	2043	274,600	2,592,187	2053	394,800	1,425,781
2034	198,000	1,019,935	2044	284,800	2,553,645	2054	409,400	1,308,028
2035	205,300	1,255,545	2045	295,300	515,692	2055	424,500	1,412,763





### **Non-Structural**

**Funding Goal:** The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2048 due to the replacement of the elevators controls and call buttons. In addition, the Reserve Funding Plan recommends 2055 year end accumulated reserves of approximately \$1,384,700. We judge this amount of accumulated reserves in 2055 necessary to fund the likely replacement of the elevators hoists and motors after 2055. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2055 year end reserves.

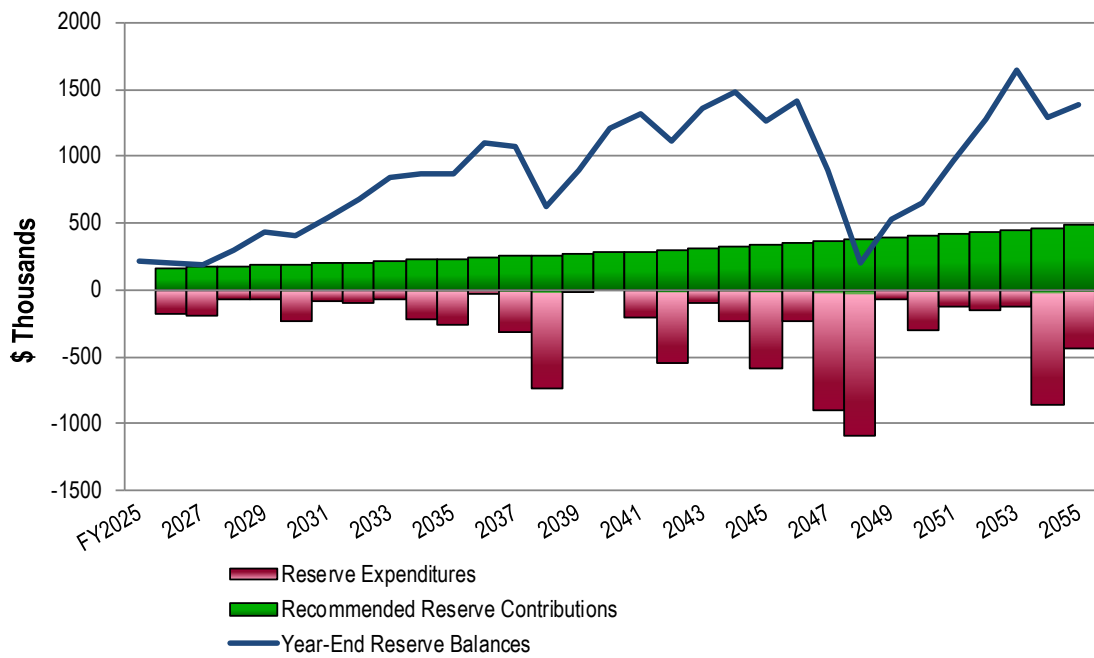
**Recommended Reserve Funding:** We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Allocate \$214,590 of the Anticipated 2025 Year End Reserve balance to the Non-Structural Reserve Fund.
- Increase Reserve Contributions to \$168,400 in 2026
- Inflationary increases thereafter through 2055, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$168,400 is equivalent to an average monthly contribution of \$112.27 per owner.
- Florida Statute 718.112 provides for a majority of the voting interest to waive or reduce reserve for Non-Structural items. Consult legal counsel or your property management company for further guidance.



### Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2026	168,400	207,710	2036	242,000	1,104,597	2046	348,000	1,412,250
2027	174,600	190,103	2037	251,000	1,075,338	2047	360,900	901,023
2028	181,100	304,220	2038	260,300	622,149	2048	374,300	203,479
2029	187,800	437,370	2039	269,900	896,748	2049	388,100	534,443
2030	194,700	406,224	2040	279,900	1,204,639	2050	402,500	652,161
2031	201,900	543,770	2041	290,300	1,325,299	2051	417,400	967,584
2032	209,400	673,960	2042	301,000	1,109,882	2052	432,800	1,280,712
2033	217,100	839,622	2043	312,100	1,358,316	2053	448,800	1,646,256
2034	225,100	875,388	2044	323,600	1,481,420	2054	465,400	1,297,630
2035	233,400	868,850	2045	335,600	1,267,574	2055	482,600	1,384,707





## 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

**Portofino Condominium Apts. of Palm Beach, Inc.**

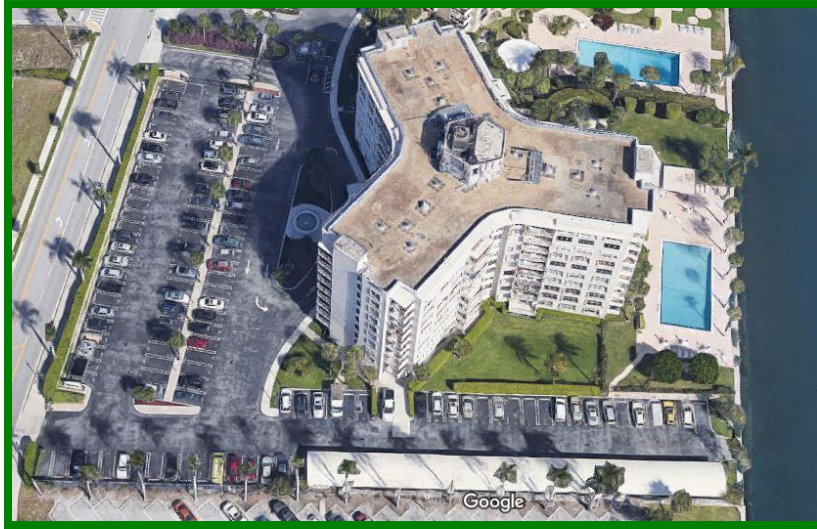
**West Palm Beach, Florida**

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, January 15, 2025.

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

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

## IDENTIFICATION OF PROPERTY



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

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

- Reserve Components (Structural and Non-Structural)
- Long-Lived Property Elements
- Operating Budget Funded Repairs and Replacements
- Property Maintained by Owners
- 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. Reserve Components are defined by CAI as property elements with:

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

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

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

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

We discuss specific exclusions for the following elements:

- Structure and Primary Structural Members - We anticipate a useful life of up to and beyond 100 years and consider full replacement unlikely and cost prohibitive. Management reports no history of water infiltration or repairs to the foundations. Based on the current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Windows and Doors – Maintained and replaced by the unit owners. The common area windows and doors excluding the lobby entrance doors were replaced in 2024. The windows and doors at the end of the hallways on the remaining floors are budgeted through means other than reserves to be replaced in 2025. Given an estimated useful life of 45- to

55 years for impact windows we do not anticipate the subsequent replacement of these items to fall within the scope of this 30-year study.

- Generator – The generator is budgeted to be replaced in 2025 through means other than reserves. Given an estimated useful life of up to 35 years we do not anticipate the subsequent replacement occurring within the scope of this 30-year study.
- Pump, Fire Suppression – The fire suppression pump is planned to be replaced in 2025 through means other than reserves. Given an estimated useful life of up to 50 years we do not anticipate the subsequent replacement to occur within the scope of this 30-year study.

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

## **Excluded Components**

for

**Portofino Condominium  
Apts. of Palm Beach, Inc.**

West Palm Beach, Florida

### **Operating Budget Components**

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

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

- Air Handling Units, Office and Elevator Room
- Concrete Sidewalks
- Doors, Interior
- Duct Cleaning
- Fence, Pool
- Fire Extinguishers
- Furniture, Elevator Landings
- Irrigation System
- Light Fixtures, Exterior
- Light Fixtures, Recessed
- Light Fixtures, Stairwells
- Motors
- Office, Renovation
- Paint Finishes, Touch Up
- Pipes, Common, Interim Repairs and Waste Rodding
- Pumps Less Than Five-HP (horsepower)
- Staff, Storage and Service Areas
- Valves, Small Diameter<sup>1</sup>
- Water Heaters

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

## Excluded Components

for  
**Portofino Condominium**  
**Apts. of Palm Beach, Inc.**  
West Palm Beach, Florida

<b>Long-Lived Components</b>		
These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.	<b>Useful Life</b>	<b>Estimated Cost</b>
• Bulkhead, Complete Replacement <sup>1</sup>	Indeterminate	N/A
• Elevators, Hoists and Motors <sup>2</sup>	to 40	\$136,000
• Foundation	Indeterminate	N/A
• Generator <sup>3</sup>	to 35	\$50,500
• Pump, Fire Suppression <sup>3</sup>	to 50	N/A
• Structural Frame	Indeterminate	N/A
• Valves, Large Diameter	Indeterminate	N/A
• Windows and Doors, Aluminum Frame and Glass, Common <sup>4</sup>	45 to 55	N/A
<sup>1</sup> Based on the current condition we do not anticipate complete replacement of the bulkhead within the 30-year scope of our study given repairs are made in a timely manner. <sup>2</sup> Replaced in 2023 <sup>3</sup> Planned to be replaced in 2025 through means other than reserves <sup>4</sup> The windows and doors at the first floor were replaced in 2024 excluding the doors at the lobby entrance. The windows and doors at the end of the hallways are budgeted to be replaced in 2025 through means other than reserves.		

<b>Owners Responsibility Components</b>
Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.
<ul style="list-style-type: none"> <li>• Electrical Systems, Including Circuit Protection Panels</li> <li>• Heating, Ventilating and Air Conditioning (HVAC) Units</li> <li>• Interiors</li> <li>• Pipes, Within Units</li> <li>• Windows and Doors</li> </ul>

<b>Others Responsibility Components</b>
Certain items have been designated as the responsibility of Others to repair or replace.
<ul style="list-style-type: none"> <li>• Laundry Equipment<sup>1</sup></li> </ul>
<sup>1</sup> Leased

### 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
- 2025 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

#### Reserve Funding Plan

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

#### Five-Year Outlook

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

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

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

**Structural Integrity**  
**RESERVE EXPENDITURES**

**Portofino Condominium**  
**Apts. of Palm Beach, Inc.**  
West Palm Beach, Florida

**Explanatory Notes:**

- 1) **3.7%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2025** is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.
- 3) **2056+** indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040	
						Useful Years	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																		
<b>Exterior Building Elements</b>																												
1.060	13,100	13,100	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications	2034	8 to 12	9	15.00	196,500	196,500	16.2%																272,503	
1.100	1,730	1,730	Linear Feet	Balconies, Railings, Aluminum, Paint Finishes and Capital Repairs	2031	6 to 8	6	15.00	25,950	25,950	2.1%							32,271										
1.105	1,730	1,730	Linear Feet	Balconies, Railings, Aluminum	2038	to 50	13	95.00	164,350	164,350	3.5%																263,569	
1.179	100	100	Square Feet	Doors, Lobby Entrance (Incl. Windows)	2031	45 to 55	6	160.00	16,000	16,000	0.3%							19,897										
1.180	38	38	Each	Doors, Metal, Replacement, Stairwells and Roof (2025 is Budgeted Through means Other Than Reserves)	2055	to 30	30	3,150.00	119,700	119,700	4.7%																	
1.340	16,200	16,200	Square Feet	Roof, Coal Tar (2025 is Budgeted Through Means Other Than Reserves)	2045	to 20	20	52.00	842,400	842,400	23.1%																	
1.500	2,860	2,860	Square Feet	Roofs, Modified Bitumen, Roof Perimeter (Incl. Porte Cochere, 2025 is Budgeted Through Means Other Than Reserves)	2045	15 to 20	20	32.00	91,520	91,520	2.5%																	
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2033	to 10	8	15,000.00	15,000	15,000	1.2%									20,060								
1.880	62,700	62,700	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2031	5 to 7	6	3.00	188,100	188,100	18.9%							233,917									301,656	
<b>Building Services Elements</b>																												
3.300	1	1	Allowance	Electrical System, Main Panels	2039	to 70+	14	145,000.00	145,000	145,000	3.2%																241,141	
3.440	1	1	Each	Generator, Emergency (2025 is Planned Through Means Other Than Reserves)	2060	to 35	35	100,000.00	100,000	100,000	0.0%																	
3.555	1	1	Allowance	Life Safety System, Control Panel	2028	to 15	3	20,000.00	20,000	20,000	0.8%				22,303													
3.560	5	1	Allowance	Life Safety System, Emergency Devices, Phased	2028	to 25	3 to 23	31,500.00	31,500	157,500	4.6%				35,127					42,125							50,517	
3.605	125	42	Units	Pipes, Domestic Water, Waste and Vent, Partial	2046	to 80+	21 to 30+	6,700.00	279,189	837,500	17.4%																	
		1	Allowance	2025 Reserve Expenditures	2025	N/A	0	120,000	120,000	120,000	1.6%	120,000																
<b>Anticipated Expenditures, By Year (\$7,557,495 over 30 years)</b>												120,000	0	0	57,431	0	0	286,085	0	62,185	272,503	0	0	0	615,742	241,141	0	

**Structural Integrity**  
**RESERVE EXPENDITURES**

**Portofino Condominium**  
**Apts. of Palm Beach, Inc.**  
West Palm Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis		Costs, \$		Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055
						Useful Years	Remaining	Unit (2025)	Per Phase (2025)																
<b>Exterior Building Elements</b>																									
1.060	13,100	13,100	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications	2034	8 to 12	9	15.00	196,500	196,500	16.2%				391,885									563,568	
1.100	1,730	1,730	Linear Feet	Balconies, Railings, Aluminum, Paint Finishes and Capital Repairs	2031	6 to 8	6	15.00	25,950	25,950	2.1%				53,668							69,209			
1.105	1,730	1,730	Linear Feet	Balconies, Railings, Aluminum	2038	to 50	13	95.00	164,350	164,350	3.5%														
1.179	100	100	Square Feet	Doors, Lobby Entrance (Incl. Windows)	2031	45 to 55	6	160.00	16,000	16,000	0.3%														
1.180	38	38	Each	Doors, Metal, Replacement, Stairwells and Roof (2025 is Budgeted Through means Other Than Reserves)	2055	to 30	30	3,150.00	119,700	119,700	4.7%														356,006
1.340	16,200	16,200	Square Feet	Roof, Coal Tar (2025 is Budgeted Through Means Other Than Reserves)	2045	to 20	20	52.00	842,400	842,400	23.1%				1,742,182										
1.500	2,860	2,860	Square Feet	Roofs, Modified Bitumen, Roof Perimeter (Incl. Porte Cochere, 2025 is Budgeted Through Means Other Than Reserves)	2045	15 to 20	20	32.00	91,520	91,520	2.5%				189,274										
1.605	1	1	Allowance	Structural Members, Inspections, Milestone	2033	to 10	8	15,000.00	15,000	15,000	1.2%			28,848									41,486		
1.880	62,700	62,700	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs	2031	5 to 7	6	3.00	188,100	188,100	18.9%				389,013							501,667			
<b>Building Services Elements</b>																									
3.300	1	1	Allowance	Electrical System, Main Panels	2039	to 70+	14	145,000.00	145,000	145,000	3.2%														
3.440	1	1	Each	Generator, Emergency (2025 is Planned Through Means Other Than Reserves)	2060	to 35	35	100,000.00	100,000	100,000	0.0%														
3.555	1	1	Allowance	Life Safety System, Control Panel	2028	to 15	3	20,000.00	20,000	20,000	0.8%			38,463											
3.560	5	1	Allowance	Life Safety System, Emergency Devices, Phased	2028	to 25	3 to 23	31,500.00	31,500	157,500	4.6%			60,580				72,648						87,120	
3.605	125	42	Units	Pipes, Domestic Water, Waste and Vent, Partial	2046	to 80+	21 to 30+	6,700.00	279,189	837,500	17.4%					598,759						718,036			
		1	Allowance	2025 Reserve Expenditures	2025	N/A	0	120,000	120,000	120,000	1.6%														
<b>Anticipated Expenditures, By Year (\$7,557,495 over 30 years)</b>											0	0	127,891	391,885	2,374,136	598,759	0	72,648	0	0	718,036	570,876	128,605	563,568	356,006

## RESERVE FUNDING PLAN

### Structural Integrity

#### CASH FLOW ANALYSIS

#### Portofino Condominium

#### Apts. of Palm Beach, Inc.

West Palm Beach, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	(Note 1)	N/A	4,379	154,495	314,239	425,867	604,694	794,532	705,933	911,579	1,066,644	1,019,935	1,255,545	1,505,219	1,769,641	1,425,459	1,460,256
Total Recommended Reserve Contributions	(Note 2)	N/A	148,000	153,500	159,200	165,100	171,200	177,500	184,100	190,900	198,000	205,300	212,900	220,800	229,000	237,500	246,300
Estimated Interest Earned, During Year	(Note 3)	N/A	2,116	6,244	9,858	13,727	18,638	19,986	21,546	26,350	27,794	30,310	36,774	43,622	42,559	38,438	42,752
Anticipated Expenditures, By Year		N/A	0	0	(57,431)	0	0	(286,085)	0	(62,185)	(272,503)	0	0	0	(615,742)	(241,141)	0
Anticipated Reserves at Year End		\$4,379	\$154,495	\$314,239	\$425,867	\$604,694	\$794,532	\$705,933	\$911,579	\$1,066,644	\$1,019,935	\$1,255,545	\$1,505,219	\$1,769,641	\$1,425,459	\$1,460,256	\$1,749,308

(continued)

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

		2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Reserves at Beginning of Year		1,749,308	2,055,387	2,379,257	2,592,187	2,553,645	515,692	233,107	561,187	836,356	1,204,947	1,596,260	1,283,685	1,125,601	1,425,781	1,308,028
Total Recommended Reserve Contributions		255,400	264,800	274,600	284,800	295,300	306,200	317,500	329,200	341,400	354,000	367,100	380,700	394,800	409,400	424,500
Estimated Interest Earned, During Year		50,679	59,070	66,221	68,543	40,884	9,974	10,580	18,616	27,191	37,313	38,361	32,092	33,985	36,415	36,241
Anticipated Expenditures, By Year		0	0	(127,891)	(391,885)	(2,374,136)	(598,759)	0	(72,648)	0	0	(718,036)	(570,876)	(128,605)	(563,568)	(356,006)
Anticipated Reserves at Year End		\$2,055,387	\$2,379,257	\$2,592,187	\$2,553,645	\$515,692	\$233,107	\$561,187	\$836,356	\$1,204,947	\$1,596,260	\$1,283,685	\$1,125,601	\$1,425,781	\$1,308,028	\$1,412,763

(NOTE 5)

(NOTE 4)

#### Explanatory Notes:

- 1) Year 2025 ending reserves are projected as of December 31, 2025 and exclude funds in the Non-Structural Reserve Funding Plan; FY2025 starts January 1, 2025 and ends December 31, 2025.
- 2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves.
- 4) Accumulated year 2055 ending reserves consider the need to fund for replacement of the roofs shortly after 2055, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

Structural Integrity  
**FIVE-YEAR OUTLOOK**

**Portofino Condominium**  
**Apts. of Palm Beach, Inc.**  
West Palm Beach, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030
<b><u>Building Services Elements</u></b>							
3.555	Life Safety System, Control Panel				22,303		
3.560	Life Safety System, Emergency Devices, Phased				35,127		
	2025 Reserve Expenditures	120,000					
	<b>Anticipated Expenditures, By Year (\$7,557,495 over 30 years)</b>	120,000	0	0	57,431	0	0

**Non-Structural  
RESERVE EXPENDITURES**

**Portofino Condominium  
Apts. of Palm Beach, Inc.**  
West Palm Beach, Florida

**Explanatory Notes:**

- 1) **3.7%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2025** is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.
- 3) **2056+** indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040
						Useful Years	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																	
<b>Exterior Building Elements</b>																											
1.501	1,270	1,270	Square Feet	Roof, Modified Bitumen, Pool House (2025 is Budgeted Through Means Other Than Reserves)	2045	15 to 20	20	22.00	27,940	27,940	0.7%																
1.881	1,700	1,700	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Pool House	2031	5 to 7	6	3.00	5,100	5,100	0.5%							6,342							8,179		
<b>Interior Building Elements</b>																											
2.060	13,000	13,000	Square Feet	Ceilings, Acoustical Tiles and Grid, Hallways	2042	to 30	17	6.00	78,000	78,000	1.7%																
2.100	2	2	Each	Elevator Cab Finishes	2043	to 20	18	20,000.00	40,000	40,000	0.9%																
2.200	1,240	1,240	Square Yards	Floor Coverings, Carpet, Hallways	2030	8 to 12	5	75.00	93,000	93,000	6.4%						111,526										
2.240	490	490	Square Yards	Floor Coverings, Tile, Hallways	2042	to 30	17	125.00	61,250	61,250	1.3%																
2.540	10	10	Each	Laundry Rooms, Renovation	2030	to 20	5	2,500.00	25,000	25,000	1.1%						29,980										
2.560	144	144	Each	Light Fixtures, Hallways	2030	to 20	5	125.00	18,000	18,000	0.8%						21,586										
2.600	1	1	Allowance	Lobby, Renovation, Complete	2035	to 20	10	85,000.00	85,000	85,000	4.4%											122,238					
2.605	1	1	Allowance	Lobby, Renovation, (2025 is Budgeted)	2025	to 10	0	35,000.00	35,000	35,000	1.3%	35,000															
2.700	125	125	Each	Mailboxes	2031	to 35	6	145.00	18,125	18,125	0.3%							22,540									
2.725	1	1	Allowance	Mediterranean Room, Renovation	2031	to 20	6	17,000.00	17,000	17,000	1.1%							21,141									
2.800	53,700	53,700	Square Feet	Paint Finishes, Hallways	2030	8 to 12	5	1.00	53,700	53,700	3.7%						64,397										
2.820	3	3	Each	Paint Finishes, Stairwells (Includes Railings)	2044	15 to 20	19	6,500.00	19,500	19,500	0.5%																
2.900	2	2	Each	Rest Rooms, Renovation, Main Building	2030	to 20	5	4,000.00	8,000	8,000	0.3%						9,594										
2.901	2	2	Each	Rest Rooms, Renovation, Pool House	2027	to 20	2	8,000.00	16,000	16,000	0.6%			17,206													
2.940	1	1	Each	Sauna	2034	to 20	9	13,000.00	13,000	13,000	0.6%										18,028						
<b>Building Services Elements</b>																											
3.018	4	4	Each	Air Handling Units, Hallways And Lobby, Capital Repairs	2027	to 10	2	10,000.00	40,000	40,000	1.5%			43,015													
3.020	4	4	Each	Air Handling Units, Hallways And Lobby, Replacement	2037	15 to 20	12	50,000.00	200,000	200,000	3.6%											309,297					
3.100	1	1	Each	Boiler, Building Heat, 1,435-MBH, Capital Repairs	2028	to 10	3	7,500.00	7,500	7,500	0.3%			8,364													
3.105	1	1	Each	Boiler, Building Heat, 1,435-MBH, Replacement	2038	18 to 25	13	51,000.00	51,000	51,000	1.0%													81,789			
3.260	1	1	Each	Cooling Tower, 325-tons, Capital Repairs	2032	10 to 15	7	62,000.00	62,000	62,000	0.9%							79,955									
3.265	1	1	Each	Cooling Tower, 325-tons, Replacement	2047	25 to 35	22	249,000.00	249,000	249,000	6.5%																
3.360	2	2	Each	Elevators, Traction, Controls and Call Buttons	2048	to 25	23	211,000.00	422,000	422,000	11.4%																
3.365	2	2	Each	Elevators, Traction, Hoists and Motors, Partial	2063	to 40	38	68,000.00	136,000	136,000	0.0%																
3.380	14	5	Each	Exhaust Fans, Kitchens and Rest Rooms, Phased	2027	to 20	2 to 14	2,000.00	9,340	28,000	1.0%			10,044						12,490					15,533		
3.700	2	2	Each	Pumps, Cooling Tower, 15-HP (Incl. Controls & VFDs)	2027	to 20	2	21,500.00	43,000	43,000	1.7%			46,241													
3.701	2	2	Each	Pumps, Domestic Cold Water, 5-HP (Incl. Controls & VFDs)	2033	to 20	8	17,000.00	34,000	34,000	1.6%									45,468							
3.702	1	1	Each	Pump, Domestic Cold Water, 7.5-HP (Incl. Controls & VFD)	2029	to 20	4	18,000.00	18,000	18,000	0.7%				20,816												
3.820	1	1	Allowance	Security System	2026	10 to 15	1	65,000.00	65,000	65,000	2.1%	67,405															
3.880	10	10	Floors	Trash Chute and Doors	2034	to 65	9	4,000.00	40,000	40,000	0.6%										55,471						
<b>Property Site Elements</b>																											
4.020	5,850	5,850	Square Yards	Asphalt Pavement, Patch Repairs and Seal Coat	2031	3 to 5	6	2.00	11,700	11,700	1.0%							14,550						17,448			
4.040	5,850	5,850	Square Yards	Asphalt Pavement, Mill and Overlay, Parking Areas (Incl. Catch Basins)	2026	15 to 20	1	17.00	99,450	99,450	3.7%		103,130														
4.049	1	1	Allowance	Awning, Canvas, Carport	2035	5 to 10	10	60,000.00	60,000	60,000	3.1%										86,286						
4.050	1	1	Allowance	Awning, Canvas and Frame, Carport (2025 is Budgeted Through Means Other Than Reserves)	2045	15 to 20	20	170,000.00	170,000	170,000	4.1%																
4.220	600	600	Linear Feet	Fences, Chain Link, North and West (Incl. Pool Fence)	2027	to 25	2	65.00	39,000	39,000	1.7%			41,939													
4.221	400	400	Linear Feet	Fence, Chain Link, South (2025 is Budgeted Through Means Other Than Reserves)	2050	to 25	25	65.00	26,000	26,000	0.8%																
4.285	400	400	Linear Feet	Fence, Wood, South (2025 is Budgeted Through Means Other Than Reserves)	2045	15 to 20	20	90.00	36,000	36,000	0.9%																
4.295	1	1	Allowance	Fountain, Maintenance	2031	to 10	6	10,000.00	10,000	10,000	0.7%							12,436									
4.310	1	1	Allowance	Gate Entry System	2026	10 to 15	1	10,000.00	10,000	10,000	0.3%		10,370														

**Non-Structural  
RESERVE EXPENDITURES**

**Portofino Condominium  
Apts. of Palm Beach, Inc.  
West Palm Beach, Florida**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis		Costs, \$			Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055	
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																	
<b>Exterior Building Elements</b>																											
1.501	1,270	1,270	Square Feet	Roof, Modified Bitumen, Pool House (2025 is Budgeted Through Means Other Than Reserves)	2045	15 to 20	20	22.00	27,940	27,940	0.7%					57,783											
1.881	1,700	1,700	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Pool House	2031	5 to 7	6	3.00	5,100	5,100	0.5%					10,547							13,602				
<b>Interior Building Elements</b>																											
2.060	13,000	13,000	Square Feet	Ceilings, Acoustical Tiles and Grid, Hallways	2042	to 30	17	6.00	78,000	78,000	1.7%		144,655														
2.100	2	2	Each	Elevator Cab Finishes	2043	to 20	18	20,000.00	40,000	40,000	0.9%			76,927													
2.200	1,240	1,240	Square Yards	Floor Coverings, Carpet, Hallways	2030	8 to 12	5	75.00	93,000	93,000	6.4%		172,473												266,727		
2.240	490	490	Square Yards	Floor Coverings, Tile, Hallways	2042	to 30	17	125.00	61,250	61,250	1.3%		113,591														
2.540	10	10	Each	Laundry Rooms, Renovation	2030	to 20	5	2,500.00	25,000	25,000	1.1%										62,002						
2.560	144	144	Each	Light Fixtures, Hallways	2030	to 20	5	125.00	18,000	18,000	0.8%										44,642						
2.600	1	1	Allowance	Lobby, Renovation, Complete	2035	to 20	10	85,000.00	85,000	85,000	4.4%														252,803		
2.605	1	1	Allowance	Lobby, Renovation, (2025 is Budgeted)	2025	to 10	0	35,000.00	35,000	35,000	1.3%					72,384											
2.700	125	125	Each	Mailboxes	2031	to 35	6	145.00	18,125	18,125	0.3%																
2.725	1	1	Allowance	Mediterranean Room, Renovation	2031	to 20	6	17,000.00	17,000	17,000	1.1%	30,402										43,722					
2.800	53,700	53,700	Square Feet	Paint Finishes, Hallways	2030	8 to 12	5	1.00	53,700	53,700	3.7%		99,589												154,013		
2.820	3	3	Each	Paint Finishes, Stairwells (Includes Railings)	2044	15 to 20	19	6,500.00	19,500	19,500	0.5%			38,889													
2.900	2	2	Each	Rest Rooms, Renovation, Main Building	2030	to 20	5	4,000.00	8,000	8,000	0.3%										19,841						
2.901	2	2	Each	Rest Rooms, Renovation, Pool House	2027	to 20	2	8,000.00	16,000	16,000	0.6%						35,584										
2.940	1	1	Each	Sauna	2034	to 20	9	13,000.00	13,000	13,000	0.6%														37,284		
<b>Building Services Elements</b>																											
3.018	4	4	Each	Air Handling Units, Hallways And Lobby, Capital Repairs	2027	to 10	2	10,000.00	40,000	40,000	1.5%						88,960										
3.020	4	4	Each	Air Handling Units, Hallways And Lobby, Replacement	2037	15 to 20	12	50,000.00	200,000	200,000	3.6%																
3.100	1	1	Each	Boiler, Building Heat, 1,435-MBH, Capital Repairs	2028	to 10	3	7,500.00	7,500	7,500	0.3%								17,297								
3.105	1	1	Each	Boiler, Building Heat, 1,435-MBH, Replacement	2038	18 to 25	13	51,000.00	51,000	51,000	1.0%																
3.260	1	1	Each	Cooling Tower, 325-tons, Capital Repairs	2032	10 to 15	7	62,000.00	62,000	62,000	0.9%																
3.265	1	1	Each	Cooling Tower, 325-tons, Replacement	2047	25 to 35	22	249,000.00	249,000	249,000	6.5%							553,773									
3.360	2	2	Each	Elevators, Traction, Controls and Call Buttons	2048	to 25	23	211,000.00	422,000	422,000	11.4%								973,249								
3.365	2	2	Each	Elevators, Traction, Hoists and Motors, Partial	2063	to 40	38	68,000.00	136,000	136,000	0.0%																
3.380	14	5	Each	Exhaust Fans, Kitchens and Rest Rooms, Phased	2027	to 20	2 to 14	2,000.00	9,340	28,000	1.0%					19,316						24,021					
3.700	2	2	Each	Pumps, Cooling Tower, 15-HP (Incl. Controls & VFDs)	2027	to 20	2	21,500.00	43,000	43,000	1.7%							95,632									
3.701	2	2	Each	Pumps, Domestic Cold Water, 5-HP (Incl. Controls & VFDs)	2033	to 20	8	17,000.00	34,000	34,000	1.6%													94,034			
3.702	1	1	Each	Pump, Domestic Cold Water, 7.5-HP (Incl. Controls & VFD)	2029	to 20	4	18,000.00	18,000	18,000	0.7%									43,049							
3.820	1	1	Allowance	Security System	2026	10 to 15	1	65,000.00	65,000	65,000	2.1%	116,245															
3.880	10	10	Floors	Trash Chute and Doors	2034	to 65	9	4,000.00	40,000	40,000	0.6%																
<b>Property Site Elements</b>																											
4.020	5,850	5,850	Square Yards	Asphalt Pavement, Patch Repairs and Seal Coat	2031	3 to 5	6	2.00	11,700	11,700	1.0%	20,924										30,091					
4.040	5,850	5,850	Square Yards	Asphalt Pavement, Mill and Overlay, Parking Areas (Incl. Catch Basins)	2026	15 to 20	1	17.00	99,450	99,450	3.7%						213,284										
4.049	1	1	Allowance	Awning, Canvas, Carport	2035	5 to 10	10	60,000.00	60,000	60,000	3.1%														178,449		
4.050	1	1	Allowance	Awning, Canvas and Frame, Carport (2025 is Budgeted Through Means Other Than Reserves)	2045	15 to 20	20	170,000.00	170,000	170,000	4.1%					351,580											
4.220	600	600	Linear Feet	Fences, Chain Link, North and West (Incl. Pool Fence)	2027	to 25	2	65.00	39,000	39,000	1.7%											104,014					
4.221	400	400	Linear Feet	Fence, Chain Link, South (2025 is Budgeted Through Means Other Than Reserves)	2050	to 25	25	65.00	26,000	26,000	0.8%										64,483						
4.285	400	400	Linear Feet	Fence, Wood, South (2025 is Budgeted Through Means Other Than Reserves)	2045	15 to 20	20	90.00	36,000	36,000	0.9%					74,452											
4.295	1	1	Allowance	Fountain, Maintenance	2031	to 10	6	10,000.00	10,000	10,000	0.7%	17,884										25,719					
4.310	1	1	Allowance	Gate Entry System	2026	10 to 15	1	10,000.00	10,000	10,000	0.3%	17,884															

**Non-Structural  
RESERVE EXPENDITURES**

Portofino Condominium  
Apts. of Palm Beach, Inc.  
West Palm Beach, Florida

**Explanatory Notes:**

- 1) **3.7%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2025** is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.
- 3) **2056+** indicates a component which is considered long-lived

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis		Costs, \$		Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040	
						Useful Years	Remaining	Unit (2025)	Per Phase (2025)																		Total (2025)
4.320	2	2	Each	Gate Operators	2033	to 10	8	5,100.00	10,200	10,200	0.7%								13,641								
4.330	2	2	Each	Gates	2027	to 20	2	15,000.00	30,000	30,000	1.2%		32,261														
4.500	1	1	Allowance	Landscape, Partial Replacements	2034	to 10	9	100,000.00	100,000	100,000	7.3%								138,678								
4.560	21	21	Each	Light Poles and Fixtures	2029	to 25	4	1,800.00	37,800	37,800	1.8%			43,713													
4.650	1	1	Allowance	Pipes, Subsurface Utilities, Capital Repairs	2046	to 85+	21	12,000.00	12,000	12,000	0.3%																
4.800	1	1	Allowance	Signage, Renovation, Monument Signs	2032	15 to 20	7	12,000.00	12,000	12,000	0.6%							15,475									
4.910	460	460	Square Feet	Tile, Building Entrance	2036	to 25	11	22.00	10,120	10,120	0.2%											15,092					
<b>Pool Elements</b>																											
6.200	5,100	5,100	Square Feet	Deck, Pavers	2038	to 25	13	10.00	51,000	51,000	1.0%														81,789		
6.500	1	1	Allowance	Furniture	2035	to 12	10	28,000.00	28,000	28,000	1.2%									40,267							
6.600	2	1	Allowance	Mechanical Equipment, Phased	2028	to 15	3 to 10	10,000.00	10,000	20,000	0.8%			11,152						14,381							
6.800	1,810	1,810	Square Feet	Pool Finish, Plaster	2028	8 to 12	3	23.00	41,630	41,630	1.7%			46,424													
6.801	180	180	Linear Feet	Pool Finish, Tile	2028	15 to 25	3	38.00	6,840	6,840	0.1%			7,628													
6.900	1,810	1,810	Square Feet	Structure, Total Replacement	2038	to 60	13	170.00	307,700	307,700	5.8%														493,459		
<b>Marina Elements</b>																											
8.100	260	260	Linear Feet	Bulkhead, Inspections and Capital Repairs (2026 is Planned Through Means Other Than Reserves)	2038	10 to 15	13	170.00	44,200	44,200	2.1%														70,884		
		1	Allowance	Structural Integrity Reserve Study Update with Site Visit	2027	to 2	2	6,800.00	6,800	6,800	0.1%		6,800														
<b>Anticipated Expenditures, By Year (\$8,550,542 over 30 years)</b>											35,000	180,905	197,506	73,567	64,528	237,083	77,008	95,430	71,599	212,178	263,171	32,540	309,297	736,099	15,533	0	

**Non-Structural  
RESERVE EXPENDITURES**

**Portofino Condominium  
Apts. of Palm Beach, Inc.  
West Palm Beach, Florida**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis		Costs, \$			Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055
						Useful Years	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																
4.320	2	2	Each	Gate Operators	2033	to 10	8	5,100.00	10,200	10,200	0.7%			19,616										28,210		
4.330	2	2	Each	Gates	2027	to 20	2	15,000.00	30,000	30,000	1.2%						66,720									
4.500	1	1	Allowance	Landscape, Partial Replacements	2034	to 10	9	100,000.00	100,000	100,000	7.3%			199,433											286,803	
4.560	21	21	Each	Light Poles and Fixtures	2029	to 25	4	1,800.00	37,800	37,800	1.8%													108,412		
4.650	1	1	Allowance	Pipes, Subsurface Utilities, Capital Repairs	2046	to 85+	21	12,000.00	12,000	12,000	0.3%						25,736									
4.800	1	1	Allowance	Signage, Renovation, Monument Signs	2032	15 to 20	7	12,000.00	12,000	12,000	0.6%												32,004			
4.910	460	460	Square Feet	Tile, Building Entrance	2036	to 25	11	22.00	10,120	10,120	0.2%															
<b>Pool Elements</b>																										
6.200	5,100	5,100	Square Feet	Deck, Pavers	2038	to 25	13	10.00	51,000	51,000	1.0%															
6.500	1	1	Allowance	Furniture	2035	to 12	10	28,000.00	28,000	28,000	1.2%						62,272									
6.600	2	1	Allowance	Mechanical Equipment, Phased	2028	to 15	3 to 10	10,000.00	10,000	20,000	0.8%	18,546								23,916						
6.800	1,810	1,810	Square Feet	Pool Finish, Plaster	2028	8 to 12	3	23.00	41,630	41,630	1.7%							96,010								
6.801	180	180	Linear Feet	Pool Finish, Tile	2028	15 to 25	3	38.00	6,840	6,840	0.1%															
6.900	1,810	1,810	Square Feet	Structure, Total Replacement	2038	to 60	13	170.00	307,700	307,700	5.8%															
<b>Marina Elements</b>																										
8.100	260	260	Linear Feet	Bulkhead, Inspections and Capital Repairs (2026 is Planned Through Means Other Than Reserves)	2038	10 to 15	13	170.00	44,200	44,200	2.1%									109,620						
		1	Allowance	Structural Integrity Reserve Study Update with Site Visit	2027	to 2	2	6,800.00	6,800	6,800	0.1%															
<b>Anticipated Expenditures, By Year (\$8,550,542 over 30 years)</b>												203,339	548,854	96,543	238,322	586,063	239,020	902,940	1,086,556	66,965	300,588	123,552	149,620	122,244	853,239	431,252

## **RESERVE FUNDING PLAN**

**Non-Structural  
CASH FLOW ANALYSIS  
Portofino Condominium  
Apts. of Palm Beach, Inc.**

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
West Palm Beach, Florida		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	(Note 1)	N/A	214,590	207,710	190,103	304,220	437,370	406,224	543,770	673,960	839,622	875,388	868,850	1,104,597	1,075,338	622,149	896,748
Total Recommended Reserve Contributions	(Note 2)	N/A	168,400	174,600	181,100	187,800	194,700	201,900	209,400	217,100	225,100	233,400	242,000	251,000	260,300	269,900	279,900
Estimated Interest Earned, During Year	(Note 3)	N/A	5,625	5,299	6,584	9,878	11,237	12,654	16,220	20,161	22,844	23,234	26,287	29,037	22,611	20,232	27,991
Anticipated Expenditures, By Year		N/A	(180,905)	(197,506)	(73,567)	(64,528)	(237,083)	(77,008)	(95,430)	(71,599)	(212,178)	(263,171)	(32,540)	(309,297)	(736,099)	(15,533)	0
Anticipated Reserves at Year End		<u>\$214,590</u>	<u>\$207,710</u>	<u>\$190,103</u>	<u>\$304,220</u>	<u>\$437,370</u>	<u>\$406,224</u>	<u>\$543,770</u>	<u>\$673,960</u>	<u>\$839,622</u>	<u>\$875,388</u>	<u>\$868,850</u>	<u>\$1,104,597</u>	<u>\$1,075,338</u>	<u>\$622,149</u>	<u>\$896,748</u>	<u>\$1,204,639</u>

(continued)

		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Reserves at Beginning of Year		1,204,639	1,325,299	1,109,882	1,358,316	1,481,420	1,267,574	1,412,250	901,023	203,479	534,443	652,161	967,584	1,280,712	1,646,256	1,297,630
Total Recommended Reserve Contributions		290,300	301,000	312,100	323,600	335,600	348,000	360,900	374,300	388,100	402,500	417,400	432,800	448,800	465,400	482,600
Estimated Interest Earned, During Year		33,699	32,437	32,877	37,826	36,617	35,696	30,813	14,712	9,829	15,806	21,575	29,948	38,988	39,213	35,729
Anticipated Expenditures, By Year		(203,339)	(548,854)	(96,543)	(238,322)	(586,063)	(239,020)	(902,940)	(1,086,556)	(66,965)	(300,588)	(123,552)	(149,620)	(122,244)	(853,239)	(431,252)
Anticipated Reserves at Year End		<u>\$1,325,299</u>	<u>\$1,109,882</u>	<u>\$1,358,316</u>	<u>\$1,481,420</u>	<u>\$1,267,574</u>	<u>\$1,412,250</u>	<u>\$901,023</u>	<u>\$203,479</u>	<u>\$534,443</u>	<u>\$652,161</u>	<u>\$967,584</u>	<u>\$1,280,712</u>	<u>\$1,646,256</u>	<u>\$1,297,630</u>	<u>\$1,384,707</u>

(NOTE 5)

(NOTE 4)

**Explanatory Notes:**

- 1) Year 2025 ending reserves are projected as of December 31, 2025 and exclude funds in the Structural Integrity Reserve Funding Plan; FY2025 starts January 1, 2025 and ends December 31, 2025.
- 2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves.
- 4) Accumulated year 2055 ending reserves consider the need to fund for replacement of the elevators hoists and motors shortly after 2055, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

**Non-Structural**  
**FIVE-YEAR OUTLOOK**

**Portofino Condominium**  
**Apts. of Palm Beach, Inc.**  
West Palm Beach, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030
<b>Interior Building Elements</b>							
2.200	Floor Coverings, Carpet, Hallways						111,526
2.540	Laundry Rooms, Renovation						29,980
2.560	Light Fixtures, Hallways						21,586
2.605	Lobby, Renovation, (2025 is Budgeted)	35,000					
2.800	Paint Finishes, Hallways						64,397
2.900	Rest Rooms, Renovation, Main Building						9,594
2.901	Rest Rooms, Renovation, Pool House			17,206			
<b>Building Services Elements</b>							
3.018	Air Handling Units, Hallways And Lobby, Capital Repairs			43,015			
3.100	Boiler, Building Heat, 1,435-MBH, Capital Repairs				8,364		
3.380	Exhaust Fans, Kitchens and Rest Rooms, Phased			10,044			
3.700	Pumps, Cooling Tower, 15-HP (Incl. Controls & VFDs)			46,241			
3.702	Pump, Domestic Cold Water, 7.5-HP (Incl. Controls & VFD)					20,816	
3.820	Security System		67,405				
<b>Property Site Elements</b>							
4.040	Asphalt Pavement, Mill and Overlay, Parking Areas (Incl. Catch Basins)		103,130				
4.220	Fences, Chain Link, North and West (Incl. Pool Fence)			41,939			
4.310	Gate Entry System		10,370				
4.330	Gates			32,261			
4.560	Light Poles and Fixtures					43,713	
<b>Pool Elements</b>							
6.600	Mechanical Equipment, Phased				11,152		
6.800	Pool Finish, Plaster				46,424		
6.801	Pool Finish, Tile				7,628		
<b>Structural Integrity Reserve Study Update with Site Visit</b>				6,800			
<b>Anticipated Expenditures, By Year (\$8,550,542 over 30 years)</b>		35,000	180,905	197,506	73,567	64,528	237,083

## 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



West elevation



North elevation



South elevation

## Balconies, Concrete

---

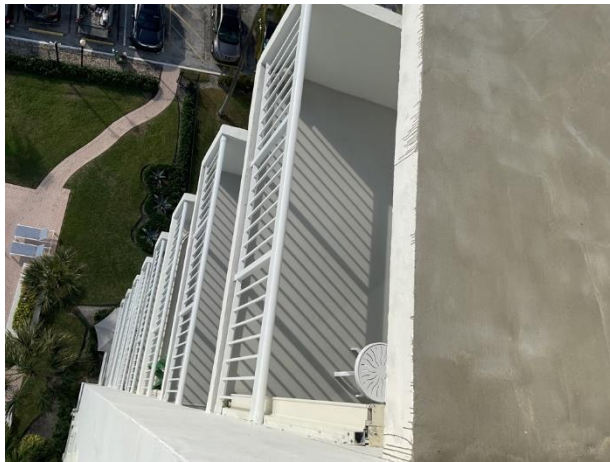
**Line Item:** 1.060

**Quantity:** Concrete balconies comprising approximately 13,100 square feet of horizontal surface area. The balconies comprise reinforced concrete with a waterproof coating.

**History:** Repaired and coated in 2024.

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

- Sealants are in good condition
- The coatings are in good condition



**Balcony overview**



**Balconies overview**



**Balcony overview**



**Balcony overview**



**Balconies overview**



**Balcony overview**



**Balcony 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 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)

## **Balconies, Railings, Aluminum**

---

**Line Items:** 1.100 and 1.105

**Quantity:** Approximately 1,730 linear feet of aluminum railings at the balconies which are embedded in the concrete

**History:**

- Railings: Original
- Paint finishes: Applied paint finishes in 2024.

**Conditions:** The railings are in good overall condition and the railing finishes are in good condition with no significant deterioration evident.



**Aluminum railings**



**Aluminum railings**



**Aluminum railings**



**Aluminum railings**



**Aluminum railings**



**Railing post embedded in concrete**

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

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

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

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

## **Doors, Lobby Entrance and Metal**

---

**Line Items:** 1.179 and 1.180

**Quantity:** There is one set of doors at the lobby. There are 38 metal doors at the stairwells, roof and first floor exterior.

**History:** The age of the lobby doors was unavailable at the time of inspection and the metal doors are budgeted to be replaced with impact doors in 2025 through means other than reserves.

**Condition:** Good to fair overall at the lobby and the metal doors were reported in unsatisfactory condition due to them not being impact grade.



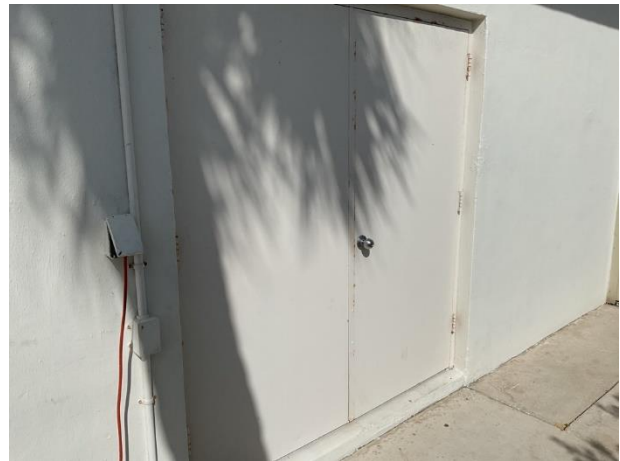
**Lobby doors and windows**



**Metal door**



**Metal door**



**Metal door**

**Useful Life:** 45- to 55- years for the lobby doors and windows and up to 30 years for the metal doors

**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, sealants 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.

## Roof, Coal Tar

---

**Line Item:** 1.340

**Quantity:** Approximately 16,200 square feet

**History and Condition:** The roof was in the process of being replaced at the time of inspection. This project is being funded through means other than reserves. 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.



Coal tar roof overview



Coal tar roof overview



Coal tar roof overview



Coal tar roof overview

**Useful Life:** Up to 20 years

**Component Detail Notes:** Coal tar built-up roofing provides a durable system due to its inherent waterproofing and weathering characteristics. Some advantages of a coal tar roof include its resistance to water, air and water vapor penetration, and its ability to self-heal. Coal tar has a natural ability to resist water penetration, oxidation and many of the common chemicals found in the environment due to the materials tight molecular structure. Coal tar roofs have an ability to self-heal hairline cracks because coal tar has

a property known as “cold flow,” which permits the roof to slowly heal hairline cracks when roof temperatures reach certain levels. The gravel surface provides added protection from foot traffic, wind lift, ultraviolet rays from the sun and varied surface temperatures.

Contractors can install a new coal tar 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. The contractor should create a *maximum* roof slope of three-inch per linear foot for coal tar built-up roofs. Coal tar has a natural resistance to water, air and water vapor penetration, and is therefore an ideal roofing material for level and low sloped roofs. A membrane of three- or four-ply is common, the more plies used, the more durable a roof. The contractor must apply the gravel surface while the coal tar is still hot so that a continuous layer adheres.

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

- Semi-annually:
  - Note drainage issues with water ponding after 48 hours of rainfall event. Verify scuppers and drains are free of debris. Replace damaged or missing drain covers.
  - Inspect perimeter flashing for loose fasteners, deflections, and sealant damage
  - Verify membrane surface is free of ruptures or damage, and areas of extensive blistering or bubbling
  - Remove oil spills or contaminants from mechanical equipment
  - In areas of possible foot traffic, remove any sharp debris or trash and note areas of crushed insulation
  - If frequency of leaks increase or location of water infiltration is unknown, we recommend the consideration of a thermal image inspection

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

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

## Roofs, Modified Bitumen

---

**Line Item:** 1.500

**Quantity:** Approximately 2,860 square feet at the perimeter of the roof and at the porte cochere

**History and Condition:** The roofs were in the process of being replaced at the time of inspection. This project is being funded through means other than reserves. 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.



Modified bitumen roof overview



Modified bitumen roof overview

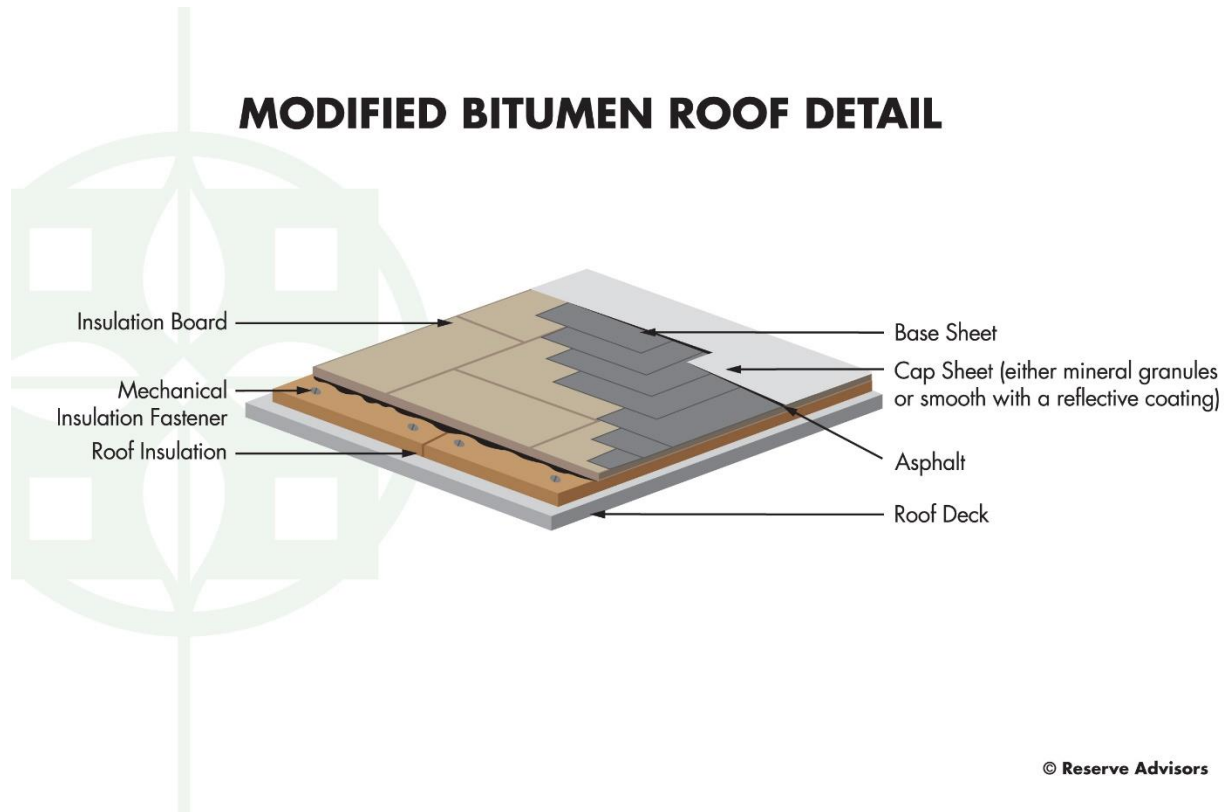


Modified bitumen roof overview

**Useful Life:** 15- to 20-years

**Component Detail Notes:** Modified bitumen roofing systems are composed of factory manufactured sheets of polymer-modified bitumen with polyester and/or fiberglass reinforcements. The bitumen adds a waterproof characteristic to the system and the reinforcements add strength and puncture resistance. These factory-assembled roofing systems offer the advantages of a built-up roofing system through a less labor-intensive installation. The following detail depicts a typical modified bitumen roof although it may not reflect the actual configuration at Portofino:

## MODIFIED BITUMEN ROOF DETAIL



© Reserve Advisors

Contractors can install a new modified bitumen 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  $\frac{1}{4}$  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. The membrane and plies are either torch applied (thermoset) or hot asphalt applied. We



recommend the contractor use the torch method to install a modified bitumen membrane roof system.

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

- Semi-annually:
  - Note drainage issues with water ponding after 48 hours of rainfall event. Verify scuppers and drains are free of debris. Replace damaged or missing drain covers.
  - Inspect perimeter flashing for loose fasteners, deflections, and sealant damage
  - Verify membrane surface is free of ruptures or damage, and areas of extensive blistering or bubbling
  - Remove oil spills or contaminants from mechanical equipment
  - In areas of possible foot traffic, remove any sharp debris or trash and note areas of crushed insulation
  - If frequency of leaks increase or location of water infiltration is unknown, we recommend the consideration of a thermal image inspection

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

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

## Structural Members, Inspections

---

**Line Item:** 1.605

**Quantity:** The primary structural members of the building comprise:

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

**History:** The Association conducted their initial milestone inspection in 2023 and no major issues were reported.

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

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

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

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

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

## Walls, Stucco

---

**Line Item:** 1.880

**Quantity:** Approximately 62,700 square feet of the building exteriors

**History:** Applied paint finishes and repaired in 2024.

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

- Sealants are in good condition



**Stucco wall finishes**



**Stucco wall finishes**



**Stucco wall finishes**



**Stucco wall finishes**



**Stucco wall finishes**



**Stucco wall finishes**

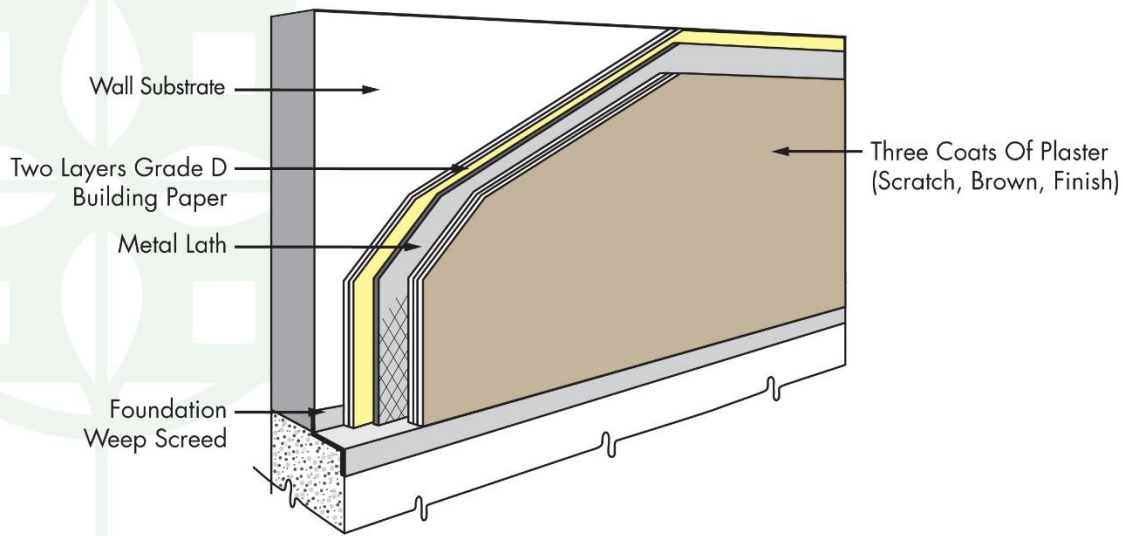


**Stucco wall finishes**

***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 Portofino:

## STUCCO DETAIL



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

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost is based on information provided by the Association and anticipates the following in coordination with each paint finish application:

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

## STRUCTURAL INTEGRITY - Building Services Elements

### Electrical System

---

**Line Item:** 3.300

**History:** Primarily original to construction

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

- The date of the last thermoscan was unavailable to us.
- No excessive buzzing/humming was present at the transformers we observed.
- No obvious combustible material storage was observed in electrical rooms. However, our inspection is not exhaustive and the Association should conduct periodic inspections of the electrical rooms to ensure compliance with 10.18.5 of NFPA 1.
- The electrical rooms we observed were properly labeled.
- 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 main panels



Electrical system components

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

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

- Breaker type circuit protection panels for low ampacity circuits
- Unknown
- 125-Amps on average to the units

- 1,200-Amp main services to the building
- 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 Portofino include the following components:

- Audio/visual fixtures
- Notifier control panel
- Detectors
- Exit light fixtures
- Pull stations
- Wiring

**History:** The age of the control panel was unavailable at the time of inspection and the emergency devices vary in age.

**Conditions:** Reported satisfactory without operational deficiencies. The life safety system was last inspected on January 17, 2024. The life safety system was tagged acceptable during the most recent inspection.



**Control panel**



**Emergency devices**

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

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

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

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

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

## Pipes

---

**Line Item:** 3.605

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

### **History:**

- Domestic Water – Original
- Sanitary Waste Disposal and Vent – Original

### **Condition:**

- Domestic Water – Reported satisfactory without operational deficiencies
  - We note one branch pipe that broke. Outside of that one pipe no issues were reported.
  - The Association does not report a history of low water pressure.
- Sanitary Waste Disposal and Vent – Reported satisfactory

### **Component Detail Notes:**

**Domestic Water** - Copper piping is the predominant type of pipe used in new construction for domestic water piping. With low mineral content in the water, the useful life of copper domestic water pipes is up to and sometimes beyond 80 years. However, there is recent evidence that copper piping prematurely develops pinhole leaks. In the event that numerous pinhole leaks develop or occur throughout the system of pipes, the Association should also consider “in-place” pipe restoration technology. This process includes drying, sandblasting away interior pipe

occlusions and applying an epoxy lining to the interior surfaces of the pipes. Future updates of this study will consider the possibility of the pipe restoration process in lieu of pipe replacement at the Association. Restoration technology can extend the useful life of a pipe system thus avoiding a system pipe replacement.

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

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

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

**Preventative Maintenance Notes:** 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 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 sixty-seven percent (66.7%) of the riser sections during the next 30 years.



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

Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Portofino 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

## 2025 Reserve Expenditures

---

**Line Item:** Last

**Component Detail Notes:** Portofino will expend \$120,000 in reserve expenditures in 2025. These expenditures relate to the following:

- \$120,000: Concrete restoration at the roof

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

## NON-STRUCTURAL - Exterior Building Elements

### Roof, Modified Bitumen, Pool House

---

**Line Item:** 1.501

**Quantity:** Approximately 1,270 square feet at the pool house

**History and Condition:** The roof was in the process of being replaced at the time of inspection. This project is being funded through means other than reserves. 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.



**Modified bitumen roof at the pool house**

**Useful Life:** 15- to 20-years

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

- 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.

## Walls, Stucco

---

**Line Item:** 1.881

**Quantity:** Approximately 1,700 square feet of the building exteriors at the pool house

**History:** Applied paint finishes and repaired in 2024.

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



**Stucco wall finishes at the pool house**

**Useful Life:** We recommend inspections, repairs and paint finish applications every five-to seven-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. Our cost is based on information provided by the Association and anticipates the following in coordination with each paint finish application:

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

## NON-STRUCTURAL - Interior Building Elements

### Ceilings, Acoustical Tiles and Grid, Hallways

---

**Line Item:** 2.060

**Quantity:** Approximately 13,000 square feet at the hallways

**History:** The age was unavailable at the time of inspection

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



Acoustical ceiling tiles



Acoustical ceiling tiles



Acoustical ceiling tiles

**Useful Life:** Up to 30 years

**Priority/Criticality:** Per Board discretion

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

## Elevator Cab Finishes

---

**Line Item:** 2.100

**Quantity:** Two elevators; the cab finishes consist of:

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

**History:** Replaced in 2023.

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



Elevator cab finishes



Elevator cab finishes

**Useful Life:** Up to 20 years

**Priority/Criticality:** Per Board discretion

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

## Floor Coverings, Carpet, Hallways

---

**Line Item:** 2.200

**Quantity:** Approximately 1,240 square yards at the hallways (Contractor measurements will vary from the actual floor area due to standard roll lengths, patterns and installation waste.)

**History:** Replaced in 2018.

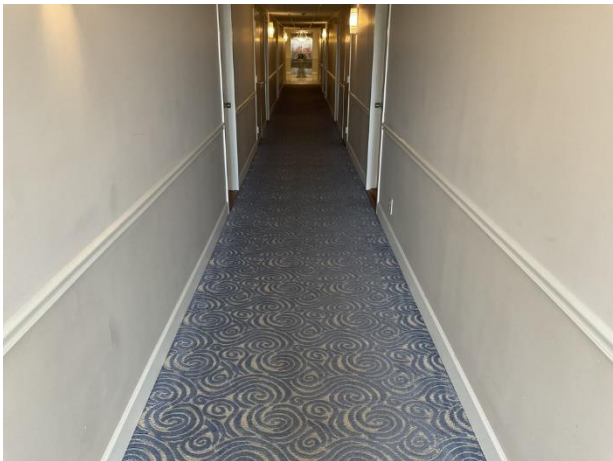
**Condition:** Good overall with no significant deterioration evident.



**Carpet floor coverings**



**Carpet floor coverings**



**Carpet floor coverings**



**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. We coordinate replacement with paint finishes.

## **Floor Coverings, Tile, Hallways**

---

**Line Item:** 2.240

**Quantity:** Approximately 490 square yards at the hallways

**History:** The age was unavailable at the time of our inspection.

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



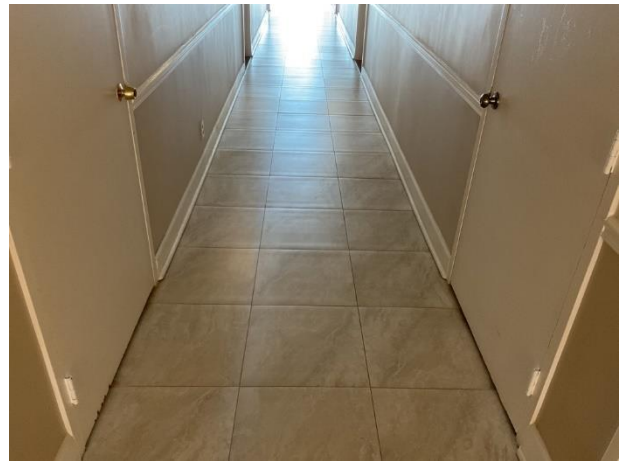
**Tile floor coverings**



**Tile floor coverings**



**Tile floor coverings**



**Tile floor coverings**

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

**Priority/Criticality:** Per Board discretion

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

## Laundry Rooms

---

**Line Item:** 2.540

**Quantity:** Components of the laundry rooms, excluding the laundry equipment, include:

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

**History:** The age was unavailable at the time of inspection

**Condition:** Fair overall



**Laundry room 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.

## Light Fixtures, Hallways

---

**Line Item:** 2.560

**Quantity:** Approximately 144 interior wall and ceiling mounted light fixtures located throughout the hallways

**History:** The age was unavailable at the time of inspection

**Condition:** Reported satisfactory overall with no significant deterioration evident.



**Wall mounted light fixture**



**Ceiling mounted light fixture**

**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.

## **Lobby**

---

**Line Items:** 2.600 and 2.605

**Quantity:** The lobby components include:

- Tile floor coverings
- Tile wall coverings and paint finishes
- Paint finishes at the ceilings
- Furnishings
- Light fixtures

**History:** New tile was installed in 2018, and the association has budgeted to replace furniture in 2025

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



**Lobby overview**



**Lobby overview**



**Lobby overview**

**Useful Life:** Complete renovation up to every 20 years and partial renovation up to every 10 years, however, the scope and cost of lobby renovations may vary greatly based on the direction of the Board.

**Priority/Criticality:** Per Board discretion

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The complete renovation should include replacement of all components listed above and the partial renovations should include the following:

- Application of paint finishes
- Replacement of up to fifty percent (50%) of the furnishings

## Mailboxes

---

**Line Item:** 2.700

**Quantity:** 125 unit mailboxes

**History:** The age was unavailable at the time of our inspection.

**Condition:** Reported satisfactory overall



**Mailboxes**

**Useful Life:** Up to 35 years

**Priority/Criticality:** Per Board discretion

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

## Mediterranean Room

---

**Line Item:** 2.725

**Quantity:** The Mediterranean Room components include:

- Tile floor coverings
- Paint finishes at the walls
- Paint finishes at the ceilings
- Light fixtures
- Plumbing fixtures
- Furnishings
- Kitchen appliances

**History:** The age was unavailable at the time of inspection

**Condition:** Good to fair overall with previous wall repairs evident.



**Mediterranean room overview**



**Mediterranean room overview**



**Previous wall repairs**

**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.

## **Paint Finishes, Hallways**

---

**Line Item:** 2.800

**Quantity:** Approximately 53,700 square feet on the walls and ceilings at the hallways

**History:** Applied paint finishes in 2018.

**Condition:** Good overall; We note one section of stains that occurred due to water damage.



**Paint finishes overview**



**Paint finishes overview**



**Paint finishes overview**



**Paint finishes overview**



**Paint finishes overview**



**Stains from water damage**

**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. We coordinate paint finishes with replacement of carpet.

## Paint Finishes, Stairwells

---

**Line Item:** 2.820

**Quantity:** Three each

**History:** Applied paint finishes in 2024.

**Conditions:** Good overall with no significant deterioration evident.



Stairwell paint finishes



Stairwell paint finishes



Stairwell paint finishes

**Useful Life:** 15- to 20-years

**Priority/Criticality:** Per Board discretion

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

## Rest Rooms

---

**Line Items:** 2.900 and 2.901

**Quantity:** The rest room components include:

- Tile floor coverings
- Paint finishes at the walls
- Paint finishes at the ceilings
- Light fixtures
- Plumbing fixtures

**History:** The age was unavailable at the time of inspection. The shower in the women's rest room at the pool house was refinished in 2024.

**Condition:** The building rest rooms are in good to fair overall condition and the pool house rest rooms are in fair to poor overall condition with paint deterioration evident.



**Main building rest room overview**



**Pool house rest room overview**



**Pool house rest room overview**



**Refinished shower**



**Pool house paint deterioration**



**Pool house paint deterioration**



**Pool house paint deterioration**

**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.

## Sauna

---

**Line Item:** 2.940

**Quantity:** One sauna located at the pool house

**History:** The age was unavailable at the time of inspection

**Condition:** Reported in satisfactory condition



**Sauna overview**

**Useful Life:** Up to 20 years

**Priority/Criticality:** Per Management discretion

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

## NON-STRUCTURAL - Building Services Elements

### Air Handling Units

---

**Line Items:** 3.018 and 3.020

**Quantity:** Four air handling units which serve the hallways and lobby. Three air handlers have capacities of 25-tons and the other has a capacity of 30-tons.

**History:** Replaced in 2017.

**Conditions:** Reported satisfactory without operational deficiencies



**Air handling unit**



**Air handling unit**

**Useful Life:** Replacement every 15- to 20- years with capital repairs up to every 10 years.

**Component Detail Notes:** The Association may choose to rebuild an air handling unit prior to complete replacement. However, this activity becomes less desirable as air handling units age due to the scarcity of parts. We regard interim replacement of belts, motors and filters as normal maintenance and base our estimates on complete replacements.

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

- Semi-annually:
  - Lubricate motors and bearings
  - Change or clean air filters as needed
  - Inspect base pan, cabinet and clear obstructions as necessary
- Annually:
  - Clean drain pans, clean fan assembly, inspect fan drive system and controls
  - Inspect and clean accessible ductwork as needed
  - Check fan belt alignment and tension

**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.

## Boiler, Building Heat

---

**Line Items:** 3.100 and 3.105

**Quantity:** One Lochinvar gas-fired boiler

**History:** The age was unavailable at the time of our inspection.

**Condition:** Reported satisfactory without operational deficiencies



**Building heat boiler**

**Useful Life:** 18- to 25-years with capital repairs up to every 10 years

**Component Detail Notes:** The boiler has an *input* capacity of 1,435-MBH (thousand British Thermal Units per hour) and an efficiency of eighty-one percent (81%). Typical capital repairs include replacement of heat exchanger tubes and burners. In larger systems, the cost of boiler replacement justifies capital repairs. In the case of needed capital repairs, Portofino should compare the cost of boiler replacement with that of the capital repair and the age. Energy efficiency improvements may also warrant complete replacement.

**Preventative Maintenance Notes:** The Association informs us preventative maintenance is conducted on a regular basis. 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:

- Weekly:
  - Inspect for leaking water around boilers
  - Check temperature readings
  - Verify vent is unobstructed
  - Conduct boiler blowdown to minimize corrosion and remove suspended solids in system
  - Clean pilot and burner assemblies
- Monthly:

- Check water and pressure levels
- Check controls and switches for proper operating
- Check and inspect condensate drain
- Check all gaskets for tight sealing
- Annually:
  - Conduct full inspection of burners and flues
  - Clean and inspect tubes to reduce scaling
  - Inspect any pressure relief valves
  - Clean and recondition feed water pumps
  - Inspect electrical terminals and controls
  - Seal doors/access panels
  - Adjust air/fuel ratios 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 includes allowances for design, engineering, controls and repiping.

## Cooling Tower

---

**Line Items:** 3.260 and 3.265

**Quantity:** One Marley cooling tower

**History:** Replaced in 2017

**Condition:** Reported satisfactory without operational deficiencies



**Cooling tower**

**Useful Life:** Replacement every 25- to 35-years with capital repairs every 10- to 15-years

**Component Detail Notes:** The cooling tower has a capacity of 325-tons. Proper maintenance includes the following:

- Keeping all areas free of debris and build-up
- Effective water treatment program
- Seasonal testing of valves and controls for proper operation
- Inspection, adjustment and repairs of mechanical components as recommended by the manufacturer
- Annual inspection of components for corrosion or decay
- Capital repairs every 10- to 15-years

Capital repairs include a complete inspection of the cooling tower, pumps, motor drives and controls, replacement of the fill media, spray nozzles and any corroded areas, application of an internal protective coating and structural repairs. In addition, capital repairs may include partial or complete replacement of the motors, pumps, controls and valves.

***Preventative Maintenance Notes:*** The Association informs us preventative maintenance is conducted on a regular basis. 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:

- Daily:
  - Routine visual and audial assessments to determine if any unusual noises or vibrations are coming from the unit
  - Check basin water and operating oil levels and adjust as needed
  - Check surroundings and ensure paths to the cooling tower are clear of obstructions and trip hazards
- Weekly:
  - Inspect air inlet louvers/shields for blockages
  - Check for water leakage
- Monthly:
  - Inspect for fill media for displacement, damage, dry spots and obstructions. Dry spots may indicate cracks or clogs with the spray nozzles.
  - Check oil seals and oil static levels
  - Check make-up valve, bleed rate and belt condition
  - Conduct water treatment analysis
- Quarterly:
  - Inspect cold water basin and spray nozzles
  - Inspect the fill media for scale buildups. Descaling will increase energy conservations.
  - Flush water distribution system, drain basin and piping
  - Adjust belt tension
  - Lubricate fan shaft bearings and motor base
  - Check motor voltage and current
  - Clean fan motor exterior

- Check fan drain holes for obstructions
- Check fan clearance and balance
- Annually:
  - Complete inspection of components for corrosion or decay
  - Check drive alignment
  - Coat steel shafts with corrosion inhibitor as needed
  - Pressure wash components including fill and basin
- Seasonal
  - Drain and sanitize

**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.

## Elevators, Traction

---

**Line Item:** 3.360

**Quantity:** Two traction elevators

**History:**

- Controls and call buttons: Replaced in 2023.
- Hoists and motors: Replaced in 2023.

**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 hoist and motor**



**Traction elevator hoist and motor**



**Traction elevator controls**

**Useful Life:** Up to 25 years for the controls and call buttons and up to 40 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:** The Association informs us preventative maintenance is conducted on a regular basis. 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:

- 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.

## Exhaust Fans

---

**Line Item:** 3.380

**Quantity:** 14 roof mounted exhaust fans remove exhaust from the bathrooms and kitchens.

**History:** Varied ages.

**Condition:** Reported satisfactory without operational deficiencies



Exhaust fans

**Useful Life:** Up to 20 years

**Preventative Maintenance Notes:** The Association informs us preventative maintenance is conducted on a regular basis. 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 unit for unusual noises and vibrations
- Quarterly:
  - Inspect belts for wear, adjust tension and replace as needed
  - Inspect/clean fan blades
  - Inspect/replace anti-vibration mounts as needed
  - Check motors for proper operation
  - Replace filters as applicable
- Semi-annually:
  - Lubricate fan and motor bearings if bearings are not sealed according to manufacturer's recommendation

- Inspect/clean inlets, shafts and outlets
- Ensure louvers and dampers are unclogged and operable

**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 Association should fund interim replacements of belts, motors and other components through the operating budget as needed.

## Pumps

---

**Line Items:** 3.700 through 3.702

### **Quantity, History and Conditions:**

- Cooling Tower - 15-HP, two each, reported satisfactory; The age was unavailable at the time of our inspection.
- Domestic Cold Water - 5-HP, two each, reported satisfactory; The age was unavailable at the time of our inspection.
- Domestic Cold Water - 7.5-HP, one each, reported satisfactory; The age was unavailable at the time of our inspection.



**Domestic water pumps**



**Cooling tower pumps**



**Domestic water pump**

***Useful Lives:***

- Cooling Tower, useful life of up to 20 years
- Domestic Cold Water, useful life of up to 20 years
- Domestic Cold Water, useful life of up to 20 years

***Component Detail Notes:*** Major pumps included in this Reserve Study are those with a motor drive of at least five-HP. The Association should replace or repair all pumps with motor drives less than five-HP as needed and fund this ongoing maintenance activity through the operating budget. The Association may choose to rebuild pumps prior to complete replacement. However, this activity becomes less desirable as pumps age due to the scarcity of parts. We regard interim replacements of motors and component parts as normal maintenance and base our estimates on complete replacements. An exact replacement time for each individual pump is difficult, if not impossible, to estimate.

***Preventative Maintenance Notes:*** The Association informs us preventative maintenance is conducted on a regular basis. 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. Valuable motor information to note in a preventative maintenance plan or schedule includes age of unit and last time of repair, horsepower and rpm (revolutions per minute), bearing type and conditions surrounding motor/pump. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Weekly:
  - Check/adjust controls
  - Check/adjust pressure levels
  - Check for leaks
  - Conduct churn tests
- Quarterly:
  - Inspect/clean motors
  - Inspect mountings and connections for proper alignment, torque and condition

- Inspect/replace pump packing as needed, consider replacement with mechanical seals
- Check for appropriate oil levels
- Semi-annually:
  - Lubricate pumps, motors and motor bearings
- Annually:
  - Clean filters if present
  - Assess proper internal component performance and replace damaged or malfunction components as necessary, and tighten fittings
  - Access temperature and vibration performance of motors in accordance with the intended design

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our costs include an allowance for replacement of the variable frequency drives (VFD) and controls.

## Security System

---

**Line Item:** 3.820

**Quantity:** Portofino utilizes the following security system components:

- Access points
- Cameras
- Recorder

**History:** The age was unavailable at the time of our inspection. We have been informed the Association plans on upgrading their system in the near term.

**Condition:** Reported unsatisfactory with operational deficiencies



**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 all of the security system components per event.

## Trash Chute and Doors

---

**Line Item:** 3.880

**Quantity:** One trash chute

**History:** Original

**Condition:** Reported satisfactory without operational deficiencies



**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:** The Association informs us preventative maintenance is conducted on a regular basis. We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. . 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.

## NON-STRUCTURAL - Property Site Elements

### Asphalt Pavement, Repaving

---

**Line Items:** 4.020 and 4.040

**Quantity:** Approximately 5,850 square yards at the parking areas

**History:**

- Repaving: The age was unavailable at the time of our inspection.
- Repairs: The age was unavailable at the time of our inspection.

**Condition:** Fair overall with periodic cracks and seal coat deterioration evident. We note centerline deterioration at the pavement due to the drainage system.



Pavement overview



Pavement overview



Catch basin



Pavement cracks



**Pavement overview**



**Pavement cracks**



**Pavement overview**

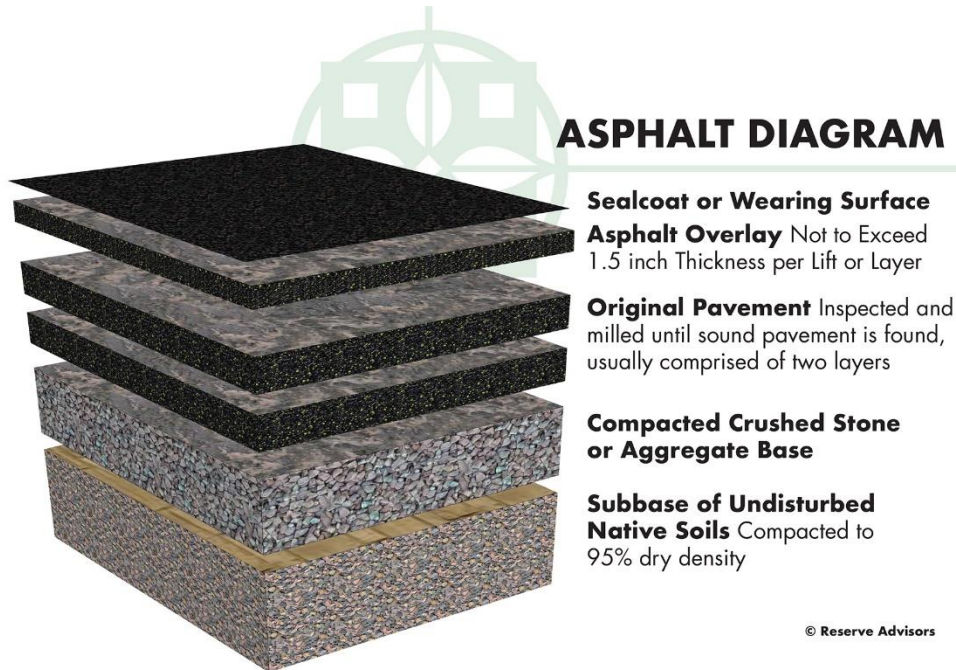


**Pavement cracks and seal coat deterioration**

**Useful Life:** 15- to 20-years with the benefit of patch repairs and seal coat events every 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. The contractor should only apply seal coat applications after repairs are completed. These activities minimize the damaging effects of vehicle fluids, maintain a uniform and positive appearance, and maximize the useful life of the pavement.

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 Portofino:



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

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

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

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

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

two percent (2%) of the pavement. Our cost for milling and overlayment includes area patching of up to ten percent (10%).

## Awning, Carport

---

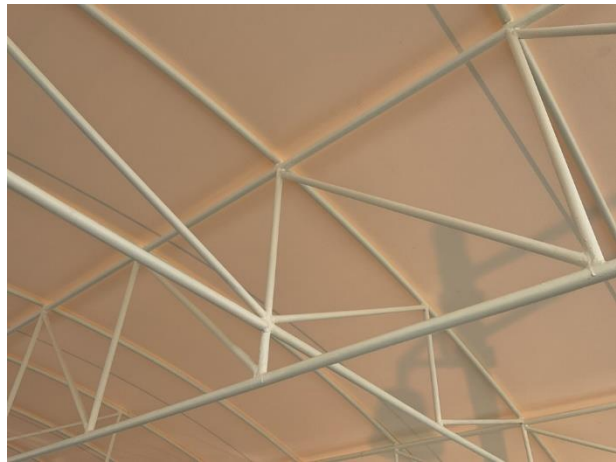
**Line Items:** 4.049 and 4.050

**Quantity:** One canvas awning with metal frames

**History and Condition:** The awning was in the process of being replaced at the time of inspection. This project is being funded through means other than reserves.



**Completed section of awning**



**Awning metal frame**



**Awning with canvas being installed**

**Useful Life:** 5- to 10-years for the canvas and 15- to 20-years for the frame

**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 to us by the Association.

## Fences, Chain Link, North and West Perimeter

---

**Line Item:** 4.220

**Quantity:** Approximately 600 linear feet at the pool and north and west perimeters.

**History:** The age was unavailable at the time of our inspection.

**Condition:** Fair to poor overall with periodic damage evident.



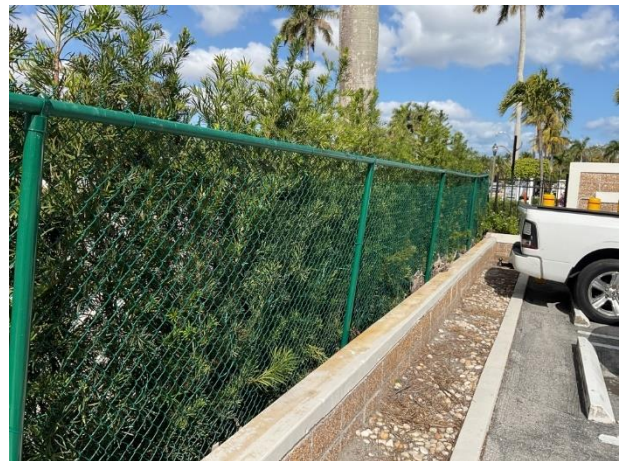
Chain link pool fence



West perimeter chain link fence



Chain link pool fence



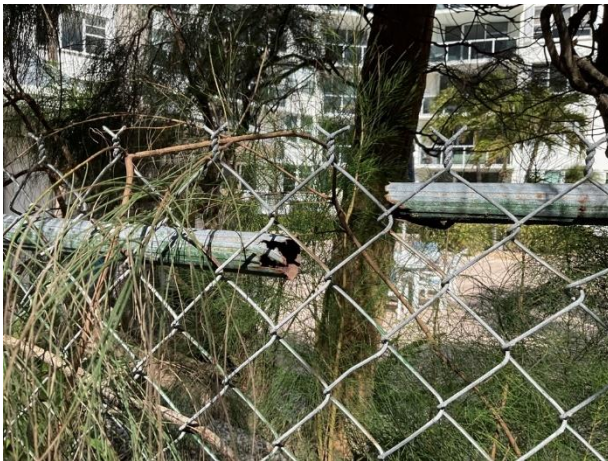
West perimeter chain link fence



**North perimeter chain link fence**



**Fence coating deterioration**



**Fence damage**



**Fence damage**

**Useful Life:** Up to 25 years

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

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

**Priority/Criticality:** 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 to us by the Association.

## Fence, Chain Link, South Perimeter

---

**Line Item:** 4.221

**Quantity:** Approximately 400 linear feet at the south perimeter.

**History:** The age was unavailable at the time of our inspection. The Association has budgeted to replace the fence in 2025, and we are informed this will be through means other than reserves.

**Condition:** Fair to poor overall with periodic rust evident.



Chain link fence



Chain link fence



Fence post rust

**Useful Life:** Up to 25 years

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

- Annually:
  - Inspect and repair loose sections, and damage

- Repair leaning sections and clear vegetation from fence areas which could cause damage

**Priority/Criticality:** 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 to us by the Association.

## Fence, Wood

---

**Line Item:** 4.285

**Quantity:** Approximately 400 linear feet at the south perimeter

**History:** The age was unavailable at the time of our inspection. The Association has budgeted to replace the fence in 2025, and we are informed this will be through means other than reserves.

**Condition:** Poor overall with periodic wood rot and paint finish deterioration evident.



**Wood fence**



**Wood fence with finish deterioration**



**Fence wood rot**



**Fence wood rot**

**Useful Life:** 15- to 20-years

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

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

**Priority/Criticality:** Per Board discretion

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration. Along with these partial replacements, the Association should apply periodic paint applications as needed and fund these activities through the operating budget. Our cost is based on information provided to us by the Association.

## **Fountain**

---

**Line Item:** 4.295

**Quantity:** One each

**History:** The age was unavailable at the time of inspection.

**Condition:** Reported satisfactory overall



**Fountain overview**



**Fountain equipment**

**Useful Life:** Maintenance and capital repairs up to every 10 years

**Component Detail Notes:** We include for the following components with the maintenance and capital repairs of the fountain:

- Refinishing the fountain interior
- Concrete repairs as needed
- Pumps and filters

**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.

## **Gate Entry System**

---

**Line Item:** 4.310

**Quantity:** One panel and one RFID reader

**History:** The age was unavailable at the time of inspection. The Association has informed us they may upgrade the system with the security system, so the two systems tie in together.

**Condition:** Reported in operational condition.



**Gate entry keypad**



**RFID scanner**

**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:
  - Inspect panel for damage and ensure the panel is mounted securely, tighten or replace any loose or damaged fasteners.
  - Inspect panel for proper operation of buttons, displays, microphone and speaker.
- Annually:
  - 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.

## Gates and Operators

---

**Line Items:** 4.320 and 4.330

**Quantity:** Two aluminum gates and two sliding operators.

**History:**

- Gates: The age was unavailable at the time of inspection
- Operators: Replaced in 2023.

**Condition:**

- Gates: Fair overall condition

- Operators: Reported in satisfactory overall condition



**Aluminum gate**



**Fencing at gate**



**Aluminum gate**



**Gate operator**



**Gate operator**

**Useful Life:** Up to 10 years for the operators and up to 20 years for the gates

**Preventative Maintenance Notes:** The Association informs us preventative maintenance is conducted on a regular basis. We recommend the Association obtain

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

- Semi-annually:
  - Ensure gates operate freely
  - Inspect for any wear, rust and loose fasteners
  - Inspect and correct tension in belts and chains, and lubricate hinges and chains as necessary
  - Check alignment of pulleys
  - Check for no oil leakage at the gear box
  - Check the control board for water damage. Clean and remove insects and other pests as needed.
  - Check all wiring for insulation damage and loose connections. If applicable, check functionality of battery power supply systems

**Priority/Criticality:** Not recommended to defer

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

## **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, we include a landscape allowance for partial replacements every 10 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 Item:** 4.560

**Quantity:** 21 aluminum poles with light fixtures

**History:** The age was unavailable at the time of our inspection.

**Condition:** Fair overall with rust and finish deterioration evident.



Light pole and fixture



Light pole and fixture



Light fixture



Finish deterioration and rust



**Finish deterioration**

**Useful Life:** Up to 25 years

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

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

**Priority/Criticality:** Per Board discretion

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

## **Pipes, Subsurface Utilities**

---

**Line Item:** 4.650

**History:** Original

**Condition:** Reported satisfactory

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

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

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

- As-needed:
  - Video inspect waste pipes for breaks and damaged piping

- Monitor for water and gas leaks through pressure losses and present odors
- Partially replace damaged section of pipes

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

**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. At this time we do not anticipate replacement of continuous lengths of subsurface utility pipes. Rather we recommend the Association budget for repairs to isolated occurrences of breached utilities. Although it is likely that the times of replacement and extent of repair costs may vary from the budgetary allowance, Portofino could budget sufficient reserves for these utility repairs and have the opportunity to adjust its future reserves up or down to meet any changes to these budgetary estimates. Updates of this Reserve Study would incorporate changes to budgetary costs through a continued historical analysis of the rate of deterioration and actual repairs to budget sufficient reserves.

## Signage

---

**Line Item:** 4.800

**Quantity:** The property identification signage includes the following elements:

- Landscaping
- Light Fixtures
- Letters
- Planters
- Stucco
- Tile

**History:** The age was unavailable at the time of our inspection.

**Condition:** Good overall



Entrance monument



Entrance monument

**Useful Life:** 15- to 20-years

**Component Detail Notes:** Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or 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 times for replacement or renovation are 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
  - 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. Our cost for renovation includes repairs to the stucco and replacement of the remaining components listed above.

## **Tile, Building Entrance**

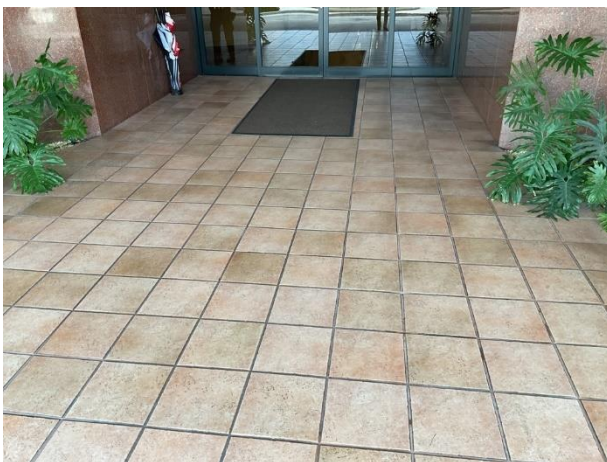
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**Line Item:** 4.910

**Quantity:** Approximately 460 square feet located at the building entrance

**History:** The age was unavailable at the time of the inspection

**Condition:** Good overall



**Tile floor coverings**



**Tile floor coverings**

**Useful Life:** Up to 25 years

**Priority/Criticality:** Per Board discretion

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

## NON-STRUCTURAL - Pool Elements



Pool overview

### Deck, Pavers

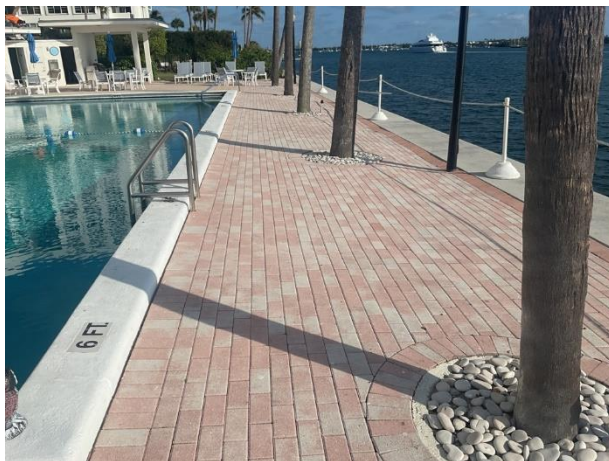
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**Line Item:** 6.200

**Quantity:** Approximately 5,100 square feet

**History:** The age was unavailable at the time of the inspection

**Condition:** Good to fair overall with isolated settlement evident.



Paver pool deck overview



Paver pool deck overview



**Paver settlement**

**Useful Life:** Up to 25 years

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

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

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

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

## **Furniture**

---

**Line Item:** 6.500

**Quantity:** The pool furniture includes the following:

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

**History:** Replaced in 2023.

**Condition:** Good overall



**Pool furniture**



**Pool furniture**

**Useful Life:** Up to 12 years

**Priority/Criticality:** Per Board discretion

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

## **Mechanical Equipment**

---

**Line Item:** 6.600

**Quantity:** The mechanical equipment includes the following:

- Automatic chlorinators and controls
- Electrical panel
- Interconnected pipe, fittings and valves
- Pump, filters, and heaters

**History:** Varies

**Condition:** Reported satisfactory without operational deficiencies



**Pool heaters**



**Pool pumps and filters**

**Useful Life:** Up to 15 years

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

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

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

## **Pool Finishes, Plaster and Tile**

---

**Line Items:** 6.800 and 6.801

**Quantity:** Approximately 1,810 square feet of plaster based on the horizontal surface area and approximately 180 linear feet of tile

**History:**

- Plaster finish: The age was unavailable at the time of our inspection.
- Tile: The age was unavailable at the time of our inspection

**Condition:** Fair overall with periodic discoloration evident.



**Pool plaster overview**



**Pool plaster finish with tile perimeter**



**Plaster discoloration**

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

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

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

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

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

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

## Structure

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**Line Item:** 6.900

**Quantity:** Approximately 1,810 square feet of horizontal surface area

**History:** Original

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

**Useful Life:** Up to 60 years

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

- Pool structure
- Subsurface piping

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

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

## NON-STRUCTURAL - Marina Elements

### Bulkhead, Concrete

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**Line Item:** 8.100

**Quantity:** Approximately 260 linear feet

**History:** The age was unavailable at the time of our inspection. Repairs are planned to be made in 2026 after the roofing project is complete and this will be funded through means other than reserves.

**Conditions:** Fair overall; We note isolated cracks and one section with evidence of water infiltration causing erosion and paver settlement.



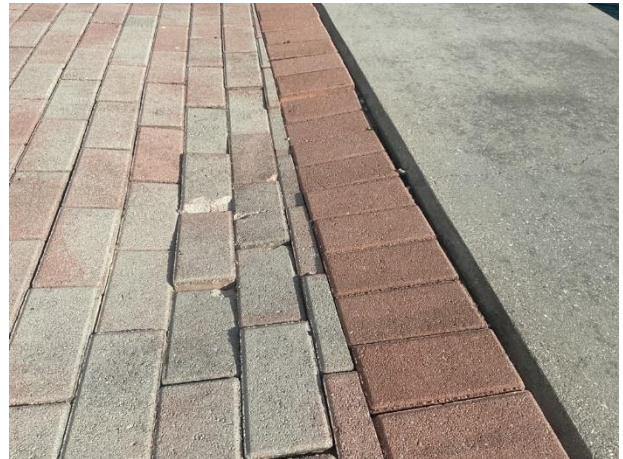
Concrete bulkhead



Concrete bulkhead



Wall cracks



Erosion at bulkhead backside causing paver settlement

**Useful Life:** Inspections and capital repairs every 10- to 15-years

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



**Expenditure Detail Notes:** Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes allowances for a complete inspection and partial replacement of up to fifteen percent (15%) of the bulkheads.

## Reserve Study Update

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

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

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

## 5.METHODOLOGY

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

Portofino can fund capital repairs and replacements in any combination of the following:

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

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

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

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local<sup>2</sup> costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long-term future inflation for construction costs in West Palm Beach, Florida at an annual inflation rate<sup>3</sup>. Isolated or regional markets of

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

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

<sup>3</sup> 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 Portofino 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.

**MICHAEL P. SKINNER**  
**Responsible Advisor**

**CURRENT CLIENT SERVICES**

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



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

**Legends at the Gardens Condominium Association** - Located in Palm Beach Gardens, Florida, this condominium association contains 186 units in 22 buildings. The Association maintains a pool and pool house, building exteriors including roofs and painting, landscape and maintenance equipment, and a paver road system.

**The Villages of North Redington Beach - Yacht Club Homeowners Association** - This townhome development is located in North Redington Beach, Florida. This beachside community consist of 28 units in 6 buildings. The Villages of North Redington Beach maintains a dock area that consist of several docks, a boardwalk and a bulkhead. The Association is also responsible for landscaping, irrigation, and gate entry systems.

**Magdalene Reserve Homeowners Association** - Located in Tampa, Florida, Magdalene Reserve maintains several ponds throughout the community. The association performs shoreline erosion control and is responsible for retaining walls around the ponds and throughout the community. The community also maintains several perimeter walls and security systems.

**Mariner Village Property Owners** - This development comprises of 333 single family homes. This Community Association is located in Stuart, Florida. A road system, several storm water retention ponds, a pool and pool house, basketball and tennis courts and a gate house are a few of the elements maintained by the Association.

**Holiday Cove RV Resort Condominium Association** - Located in Cortez, Florida, this Association includes 97 members who each own a lot on the property. In addition to roads and parking areas, the Association maintains a clubhouse with a metal roof, a swimming pool, patio area and 20 docks.

**Stonegate of Pasco Homeowners Association** - This large community is located in Land O'Lakes, Florida, and is responsible for the common elements shared by 309 single family homes. The Association maintains a clubhouse with a kitchen, weight room, entertainment areas, a pool, a playground, and multiple common spaces throughout the community.

**PRIOR RELEVANT EXPERIENCE**

Mr. Skinner earned his Bachelor of Science degree in Civil Engineering from the University of Colorado Boulder. His relevant course work includes structural systems, construction engineering, materials science, computer aided design, and drainage systems engineering.

**EDUCATION**

University of Colorado Boulder - Civil Engineering

**PROFESSIONAL AFFILIATIONS/DESIGNATIONS**

*Engineer Intern Certification* - Florida

**TAMARA S. SAMHOURI, E.I., RS**  
**Southeast Quality Assurance Engineer**



**CURRENT CLIENT SERVICES**

Tamara Samhuri, a Civil Engineer, is an Advisor for **Reserve Advisors**. Mrs. Samhuri 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 Samhuri 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.

**PRIOR RELEVANT EXPERIENCE**

Before joining **Reserve Advisors**, Mrs. Samhuri 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. Samhuri 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

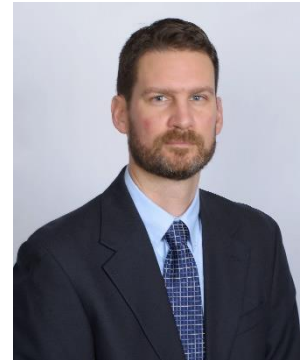
*Reserve Specialist (RS)* - Community Association Institute (CAI)

**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



## RESOURCES

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

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

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

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

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

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

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

## 7. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## 8. PROFESSIONAL SERVICE CONDITIONS

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

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

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

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

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



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

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

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

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

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

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