The Sanctuary of Jacksonville Homeowners Association, Inc.

September 12, 2023 • Jacksonville Beach, FL

RESERVE STUDY



RESERVE™ ADVISORS

Long-term thinking. Everyday commitment.

RESERVE ADVISORS
Long-term thinking. Everyday commitment.

Corporate Office
Reserve Advisors, LLC
735 N. Water Street, Suite 175
Milwaukee, WI 53202

The Sanctuary of Jacksonville Beach Homeowners Association, Inc.
Jacksonville Beach, Florida

Dear Board of Directors of The Sanctuary of Jacksonville Beach Homeowners Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of The Sanctuary of Jacksonville Beach Homeowners Association, Inc. in Jacksonville Beach, Florida and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, September 12, 2023.

This *Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II 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. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help The Sanctuary of Jacksonville Beach Homeowners Association, Inc. plan for a successful future.

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

Respectfully submitted on October 11, 2023 by

Reserve Advisors, LLC

Visual Inspection and Report by: Marqueshea Brown
Review by: Tanner A. Oldenburger, P.E., RS[1]
Alan M. Ebert, RS, PRA[2], Director of Quality Assurance



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

RESERVE™ ADVISORS

Long-term thinking. Everyday commitment.

NEW TO RESERVE STUDIES?

ACCESS OUR QUICK START GUIDE

©2022 Reserve Advisors, LLC. All rights reserved.

Table of Contents

1. RESERVE STUDY EXECUTIVE SUMMARY 1.1

2. RESERVE STUDY REPORT 2.1

3. RESERVE EXPENDITURES and FUNDING PLAN 3.1

4. RESERVE COMPONENT DETAIL 4.1

Property Site Elements 4.1

Asphalt Pavement, Repaving 4.1

Catch Basins 4.4

Concrete Curbs and Gutters 4.5

Concrete Streets 4.8

Drainage Canals 4.10

Fence, Wood 4.11

Light Poles and Fixtures 4.12

Mailbox Stations 4.13

Pavers, Masonry 4.13

Pond, Submersible Pump 4.16

Signage, Entrance Monument 4.16

Signage, Street and Traffic 4.17

Sport Court, Tennis, Fence 4.18

Sport Court, Tennis 4.19

Weir Structures 4.20

Gate House and Pool House Elements 4.21

Gate Entry System 4.21

Gate Operators 4.22

Rest Rooms 4.23

Roof, Asphalt Shingles 4.24

Roof, Metal 4.25

Security System 4.26

Walls, Siding, Wood, Replacement 4.28

Windows and Doors 4.29

Pool Elements 4.30

Deck, Pavers 4.30

Fence, Aluminum 4.31

Furniture 4.32
Pool Finishes, Plaster and Tile 4.33
Structure and Deck 4.35
Trellises, Wood 4.36
Bulkheads and Docks 4.37
Bulkhead, Wood 4.37
Docks and Pilings, Wood 4.38
Reserve Study Update 4.40

5. METHODOLOGY 5.1
6. CREDENTIALS 6.1
7. DEFINITIONS 7.1
8. PROFESSIONAL SERVICE CONDITIONS 8.1

1. RESERVE STUDY EXECUTIVE SUMMARY

Client: The Sanctuary of Jacksonville Beach Homeowners Association, Inc. (The Sanctuary of Jacksonville Beach)
Location: Jacksonville Beach, Florida
Reference: 161463

Property Basics: The Sanctuary of Jacksonville Beach Homeowners Association, Inc. is responsible for the common elements shared by 221 single family homes. The community was built in 1989. The community contains a pool house and pool.

Reserve Components Identified: 50 Reserve Components.

Inspection Date: September 12, 2023. We conducted previous inspections in 2016 and 2019.

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 2035 due to repaving of the streets. In addition, the Reserve Funding Plan recommends 2053 year end accumulated reserves of approximately $1,777,900. We judge this amount of accumulated reserves in 2053 necessary to fund the likely replacement of the asphalt mill and overlay after 2053. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2053 year end reserves.

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

- Current and future local costs of replacement
- 2.0% anticipated annual rate of return on invested reserves
- 3.3% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- $466,097 as of April 30, 2023
- 2023 budgeted Reserve Contributions of $242,793

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:

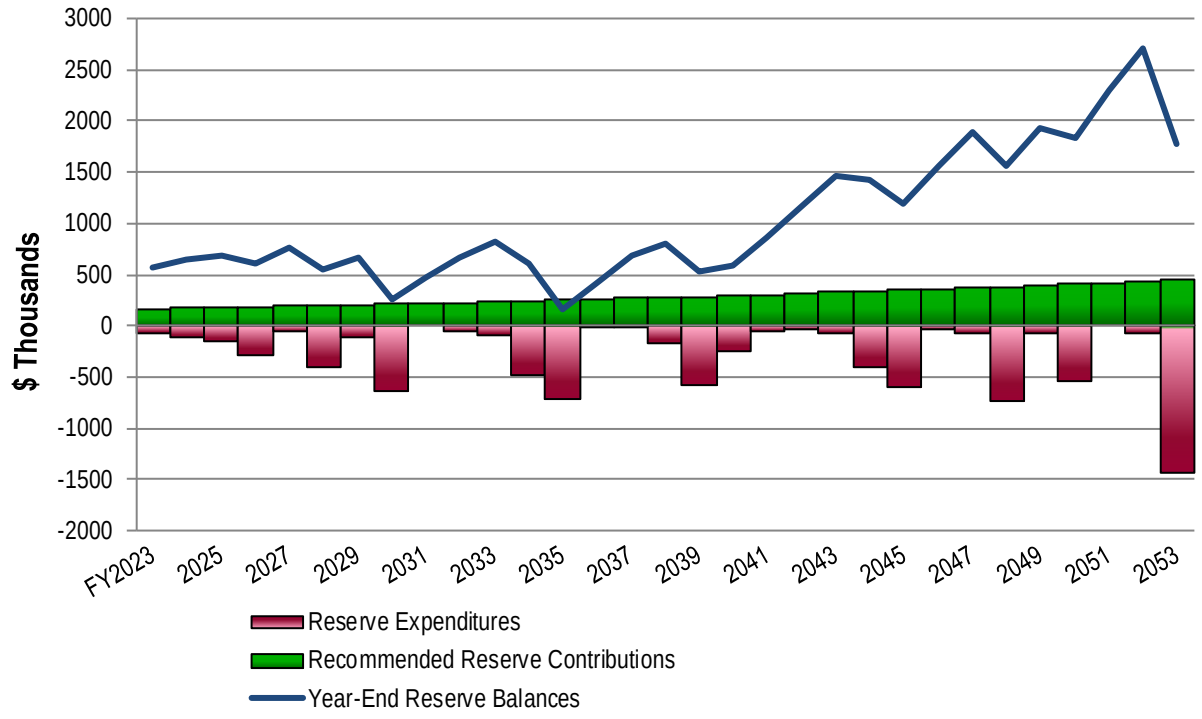
- Inspections and capital repairs to the concrete parking area at the Amenity Center

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

- We recommend the Association adopt a reserve budget of $175,900 in 2024
- Inflationary increases thereafter through 2053, the limit of this study's Cash Flow Analysis
- 2024 Reserve Contribution of $175,900 is equivalent to an average monthly contribution of $66.33 per homeowner.

The Sanctuary of Jacksonville Beach
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2024	175,900	645,442	2034	243,400	603,979	2044	336,800	1,421,030
2025	181,700	686,396	2035	251,400	153,505	2045	347,900	1,199,783
2026	187,700	603,576	2036	259,700	410,277	2046	359,400	1,554,804
2027	193,900	756,628	2037	268,300	680,236	2047	371,300	1,883,198
2028	200,300	557,782	2038	277,200	793,168	2048	383,600	1,558,720
2029	206,900	672,733	2039	286,300	522,162	2049	396,300	1,925,693
2030	213,700	251,334	2040	295,700	586,623	2050	409,400	1,826,468
2031	220,800	479,369	2041	305,500	860,165	2051	422,900	2,290,126
2032	228,100	674,561	2042	315,600	1,168,049	2052	436,900	2,712,458
2033	235,600	823,439	2043	326,000	1,455,707	2053	451,300	1,777,835



2. RESERVE STUDY REPORT

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

The Sanctuary of Jacksonville Beach Homeowners Association, Inc.

Jacksonville Beach, Florida

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, September 12, 2023. We conducted previous inspections in 2016 and 2019.

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

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

IDENTIFICATION OF PROPERTY



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

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

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

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

- The Sanctuary of Jacksonville Beach responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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

- Foundations, Gate House, Mailbox Kiosk Pavilion and Pool House
- Pool Structure
- Structural Frames, Gate House, Mailbox Kiosk Pavilion and Pool House

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

- General Maintenance to the Common Elements
- Expenditures less than $5,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Boardwalks, Annual Inspections and Repairs
- Concrete Parking Areas, Interim Repairs
- Concrete Sidewalks, Paved Nature Trail Sections
- Doors, Pool House
- Electrical System, Common
- Fence, Lift Station
- HVAC Equipment, Split System, Gate House
- Interior Renovations, Gate House (Since our previous Reserve Study, the Association has converted the access system to a remote based system where on-site personnel stationed in the gate house is no longer necessary.)
- Landscape
- Mechanical Equipment, Pool
- Nature Trail, Aggregate Replenishment and Berm Stabilization
- Outfall Structures, Ponds, Inspections and Repairs (The good condition of these elements suggests complete replacement is not likely necessary during the next 30 years but we recommend regular inspections and minor maintenance as needed to ensure replacement is not necessary.)
- Paint Finishes, Touch Up
- Pipes, Interior Building, Domestic Water, Sanitary Waste and Vent, Common Buildings
- Pipes, Subsurface Utilities, Common Grounds

- Sluice Gates, Maintenance and Cleanouts
- Sport Courts, Tennis, Nets
- Walls, Wood Siding, Paint Finishes and Partial Replacements (Includes Gate House, Mailbox Kiosk Pavilion, Pool House and Pool Deck Pergolas)
- Other Repairs normally funded through the Operating Budget



Deck boards overview



Lift station gate



Concrete sidewalk

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

- Bulkheads, Adjacent to Lot
- Driveways
- Homes and Lots

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

- Lift Station (Duval County)
- Light Poles and Fixtures (Beaches Energy) (We include replacement based on conversations with Management and the Board)
- Street Systems, Outside of Gated Area (Municipality)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
  - useful life
  - remaining useful life
- 2023 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

- Reserves at the beginning of each year
- Total recommended reserve contributions
- Estimated interest earned from invested reserves
- Anticipated expenditures by year
- Anticipated reserves at year end
- Predicted reserves based on current funding level

Five-Year Outlook

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

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

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

Years 2023 to 2038

RESERVE EXPENDITURES

The Sanctuary of Jacksonville Beach Homeowners Association, Inc.
Jacksonville Beach, Florida

Explanatory Notes:
1) **3.3%** is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Life Analysis, Years Remaining	Costs, $ Unit (2023)	Costs, $ Per Phase (2023)	Costs, $ Total (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
				Property Site Elements																							
4.020	31,000	**31,000**	Square Yards	Asphalt Pavement, Crack Repairs	2025	3 to 5	2	0.60	18,600	18,600	**1.9%**			19,848					23,346							
4.040	31,000	**15,500**	Square Yards	Asphalt Pavement, Mill and Overlay, Streets, Phased	2034	15 to 20	11 to 12	16.00	248,000	496,000	**8.7%**												354,450	366,147			
4.100	28	**28**	Each	Catch Basins, Inspections and Capital Repairs	2034	15 to 20	11	800.00	22,400	22,400	**0.4%**												32,015				
4.110	24,600	**1,230**	Linear Feet	Concrete Curbs and Gutters, Partial	2025	to 65	2 to 30+	47.00	57,810	1,156,200	**7.0%**			61,688					72,561					85,351		
4.180	11,400	**570**	Square Feet	Concrete Streets (Incl. Joint Sealants), Partial	2024	to 55	1 to 30+	18.00	10,260	205,200	**1.2%**		10,599					12,467					14,664			
4.181	1	**1**	Allowance	Drainage Canal (East- West), Cleanout and Sediment Removal	2035	to 15	12	100,000.00	100,000	100,000	**1.8%**													147,640		
4.285	620	**620**	Linear Feet	Fence, Wood, South of Amenity Area	2028	15 to 20	5	95.00	58,900	58,900	**2.4%**						69,281									
4.560	28	**28**	Each	Light Poles and Fixtures	2028	to 25	5	2,500.00	70,000	70,000	**3.2%**						82,338									
4.600	16	**16**	Each	Mailbox Stations (2023 is Planned)	2023	to 25	0	3,600.00	57,600	57,600	**2.3%**	57,600														
4.620	41,800	**6,688**	Square Feet	Pavers, Masonry, Phased	2025	15 to 20	2 to 30+	7.00	46,816	292,600	**5.7%**			49,957					58,762					69,119		
4.699	1	**1**	Allowance	Pond, Submersible Pump	2030	to 15	7	16,800.00	16,800	16,800	**0.7%**								21,087							
4.800	1	**1**	Allowance	Signage, Renovation, Entrance Monument	2027	15 to 20	4	8,500.00	8,500	8,500	**0.3%**					9,679										
4.810	1	**1**	Allowance	Signage, Replacement, Street and Traffic	2027	15 to 20	4	14,200.00	14,200	14,200	**0.6%**					16,169										
4.830	1,300	**1,300**	Square Yards	Sport Courts, Tennis, Color Coat	2025	4 to 6	2	12.50	16,250	16,250	**1.6%**			17,340					20,396					23,991		
4.840	410	**410**	Linear Feet	Sport Courts, Tennis, Fence	2032	to 25	9	50.00	20,500	20,500	**0.3%**										27,457					
4.860	1,300	**1,300**	Square Yards	Sport Courts, Tennis, Surface Replacement	2045	to 25	22	85.00	110,500	110,500	**2.7%**															
4.901	1	**1**	Allowance	Weir Structures, Inspections and Repairs, New Lake East Tributary	2028	to 30	5	70,000.00	70,000	70,000	**1.0%**						82,338									
4.902	1	**1**	Allowance	Weir Structures, Inspections and Repairs, New Lake North Tributary	2029	to 30	6	70,000.00	70,000	70,000	**1.0%**							85,055								
4.903	1	**1**	Allowance	Weir Structures, Inspections and Repairs, New Lake South Tributary	2030	to 30	7	70,000.00	70,000	70,000	**1.1%**								87,862							
4.904	1	**1**	Allowance	Weir Structures, Inspections and Repairs, Pond A	2048	to 30	25	70,000.00	70,000	70,000	**1.9%**															
4.905	1	**1**	Allowance	Weir Structures, Inspections and Repairs, Piper's Lagoon	2026	to 30	3	70,000.00	70,000	70,000	**0.9%**				77,161											
				Gate House and Pool House Elements																						
5.501	3	**1**	Allowance	Gate Entry System, Phased	2033	10 to 15	10 to 12	11,600.00	11,600	34,800	**1.6%**											16,049	16,579	17,126		
5.502	3	**3**	Each	Gate Operators	2028	to 10	5	4,300.00	12,900	12,900	**0.8%**						15,174									20,994
5.580	2	**2**	Each	Rest Rooms, Renovation	2027	to 25	4	12,500.00	25,000	25,000	**1.1%**					28,467										
5.600	10	**10**	Squares	Roof, Asphalt Shingles, Pool House and Mail Kiosk	2037	12 to 18	14	580.00	5,800	5,800	**0.1%**													9,138		
5.601	4	**4**	Squares	Roof, Metal, Guard House	2034	to 25	11	1,500.00	6,000	6,000	**0.1%**												8,575			
5.720	2	**1**	Allowance	Security System	2032	10 to 15	9	12,600.00	12,600	25,200	**0.5%**										16,876					
5.790	1,400	**1,400**	Square Feet	Walls, Siding, Wood, Replacement	2028	to 30	5	12.00	16,800	16,800	**2.2%**						19,761					23,244				27,341
5.800	80	**80**	Square Feet	Windows and Doors	2029	to 40	6	68.00	5,440	5,440	**0.1%**							6,610								
				Pool Elements																						
6.200	3,000	**3,000**	Square Feet	Deck, Pavers, Deck, Pavers	2033	to 25	10	11.00	33,000	33,000	**0.6%**											45,658				
6.400	140	**140**	Linear Feet	Fence, Aluminum	2028	to 25	5	70.00	9,800	9,800	**0.4%**						11,527									
6.500	2	**1**	Allowance	Furniture, Phased (2023 is Budgeted)	2023	to 12	0 to 8	15,000.00	15,000	30,000	**2.3%**	13,000			16,535				18,828				21,439			24,412
6.800	1,280	**1,280**	Square Feet	Pool Finish, Plaster	2024	8 to 12	1	16.00	20,480	20,480	**0.6%**		21,156										29,271			
6.801	300	**300**	Linear Feet	Pool Finish, Tile	2024	15 to 25	1	38.00	11,400	11,400	**0.1%**		11,776													
6.900	1,280	**1,280**	Square Feet	Structure and Deck, Total Replacement	2044	to 60	21	150.00	192,000	192,000	**4.6%**															
6.901	2	**2**	Each	Trellises, Wood	2038	to 25	15	5,000.00	10,000	10,000	**0.2%**															16,274

RESERVE EXPENDITURES

The Sanctuary of Jacksonville Beach Homeowners Association, Inc.
Jacksonville Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Life Analysis, Years Remaining	Costs, $ Unit (2023)	Costs, $ Per Phase (2023)	Costs, $ Total (2023)	Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
				Property Site Elements																						
4.020	31,000	**31,000**	Square Yards	Asphalt Pavement, Crack Repairs	2025	3 to 5	2	0.60	18,600	18,600	**1.9%**		32,301					37,994					44,691			
4.040	31,000	**15,500**	Square Yards	Asphalt Pavement, Mill and Overlay, Streets, Phased	2034	15 to 20	11 to 12	16.00	248,000	496,000	**8.7%**															
4.100	28	**28**	Each	Catch Basins, Inspections and Capital Repairs	2034	15 to 20	11	800.00	22,400	22,400	**0.4%**															
4.110	24,600	**1,230**	Linear Feet	Concrete Curbs and Gutters, Partial	2025	to 65	2 to 30+	47.00	57,810	1,156,200	**7.0%**		100,394					118,089					138,903			
4.180	11,400	**570**	Square Feet	Concrete Streets (Incl. Joint Sealants), Partial	2024	to 55	1 to 30+	18.00	10,260	205,200	**1.2%**	17,249					20,289				23,865					
4.181	1	**1**	Allowance	Drainage Canal (East- West), Cleanout and Sediment Removal	2035	to 15	12	100,000.00	100,000	100,000	**1.8%**															
4.285	620	**620**	Linear Feet	Fence, Wood, South of Amenity Area	2028	15 to 20	5	95.00	58,900	58,900	**2.4%**										132,624					
4.560	28	**28**	Each	Light Poles and Fixtures	2028	to 25	5	2,500.00	70,000	70,000	**3.2%**															185,399
4.600	16	**16**	Each	Mailbox Stations (2023 is Planned)	2023	to 25	0	3,600.00	57,600	57,600	**2.3%**										129,697					
4.620	41,800	**6,688**	Square Feet	Pavers, Masonry, Phased	2025	15 to 20	2 to 30+	7.00	46,816	292,600	**5.7%**		81,302					95,632					112,487			
4.699	1	**1**	Allowance	Pond, Submersible Pump	2030	to 15	7	16,800.00	16,800	16,800	**0.7%**							34,318								
4.800	1	**1**	Allowance	Signage, Renovation, Entrance Monument	2027	15 to 20	4	8,500.00	8,500	8,500	**0.3%**									18,528						
4.810	1	**1**	Allowance	Signage, Replacement, Street and Traffic	2027	15 to 20	4	14,200.00	14,200	14,200	**0.6%**									30,953						
4.830	1,300	**1,300**	Square Yards	Sport Courts, Tennis, Color Coat	2025	4 to 6	2	12.50	16,250	16,250	**1.6%**		28,220										39,045			
4.840	410	**410**	Linear Feet	Sport Courts, Tennis, Fence	2032	to 25	9	50.00	20,500	20,500	**0.3%**															
4.860	1,300	**1,300**	Square Yards	Sport Courts, Tennis, Surface Replacement	2045	to 25	22	85.00	110,500	110,500	**2.7%**							225,720								
4.901	1	**1**	Allowance	Weir Structures, Inspections and Repairs, New Lake East Tributary	2028	to 30	5	70,000.00	70,000	70,000	**1.0%**															
4.902	1	**1**	Allowance	Weir Structures, Inspections and Repairs, New Lake North Tributary	2029	to 30	6	70,000.00	70,000	70,000	**1.0%**															
4.903	1	**1**	Allowance	Weir Structures, Inspections and Repairs, New Lake South Tributary	2030	to 30	7	70,000.00	70,000	70,000	**1.1%**															
4.904	1	**1**	Allowance	Weir Structures, Inspections and Repairs, Pond A	2048	to 30	25	70,000.00	70,000	70,000	**1.9%**										157,618					
4.905	1	**1**	Allowance	Weir Structures, Inspections and Repairs, Piper's Lagoon	2026	to 30	3	70,000.00	70,000	70,000	**0.9%**															
				Gate House and Pool House Elements																						
5.501	3	**1**	Allowance	Gate Entry System, Phased	2033	10 to 15	10 to 12	11,600.00	11,600	34,800	**1.6%**										26,120	26,982	27,872			
5.502	3	**3**	Each	Gate Operators	2028	to 10	5	4,300.00	12,900	12,900	**0.8%**										29,047					
5.580	2	**2**	Each	Rest Rooms, Renovation	2027	to 25	4	12,500.00	25,000	25,000	**1.1%**														64,099	
5.600	10	**10**	Squares	Roof, Asphalt Shingles, Pool House and Mail Kiosk	2037	12 to 18	14	580.00	5,800	5,800	**0.1%**															
5.601	4	**4**	Squares	Roof, Metal, Guard House	2034	to 25	11	1,500.00	6,000	6,000	**0.1%**															
5.720	2	**1**	Allowance	Security System	2032	10 to 15	9	12,600.00	12,600	25,200	**0.5%**									27,465						
5.790	1,400	**1,400**	Square Feet	Walls, Siding, Wood, Replacement	2028	to 30	5	12.00	16,800	16,800	**2.2%**		32,160								37,828					44,496
5.800	80	**80**	Square Feet	Windows and Doors	2029	to 40	6	68.00	5,440	5,440	**0.1%**															
				Pool Elements																						
6.200	3,000	**3,000**	Square Feet	Deck, Pavers, Deck, Pavers	2033	to 25	10	11.00	33,000	33,000	**0.6%**															
6.400	140	**140**	Linear Feet	Fence, Aluminum	2028	to 25	5	70.00	9,800	9,800	**0.4%**										22,067					
6.500	2	**1**	Allowance	Furniture, Phased (2023 is Budgeted)	2023	to 12	0 to 8	15,000.00	15,000	30,000	**2.3%**		27,797					31,652					36,041			
6.800	1,280	**1,280**	Square Feet	Pool Finish, Plaster	2024	8 to 12	1	16.00	20,480	20,480	**0.6%**															
6.801	300	**300**	Linear Feet	Pool Finish, Tile	2024	15 to 25	1	38.00	11,400	11,400	**0.1%**															
6.900	1,280	**1,280**	Square Feet	Structure and Deck, Total Replacement	2044	to 60	21	150.00	192,000	192,000	**4.6%**						379,671									
6.901	2	**2**	Each	Trellises, Wood	2038	to 25	15	5,000.00	10,000	10,000	**0.2%**															

Years 2023 to 2038

RESERVE EXPENDITURES

The Sanctuary of Jacksonville Beach Homeowners Association, Inc.
Jacksonville Beach, Florida

Explanatory Notes:
1) **3.3%** **is the estimated Inflation Rate for estimating Future Replacement Costs.**
2) **FY2023 is Fiscal Year beginning January 1, 2023 and ending December 31, 2023.**

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Unit Cost (2023)	Per Phase Cost (2023)	Total Cost (2023)	Percentage of Future Expenditures	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028	6 2029	7 2030	8 2031	9 2032	10 2033	11 2034	12 2035	13 2036	14 2037	15 2038
				Bulkheads and Docks																							
8.100	920	**920**	Linear Feet	Bulkhead, Wood, Inspections and Capital Repairs, Lake Ibis	2038	10 to 15	15	60.00	55,200	55,200	**2.9%**																89,835
8.101	680	**680**	Linear Feet	Bulkhead, Inspections and Capital Repairs, New Lake 1	2045	to 15	22	60.00	40,800	40,800	**1.0%**																
8.102	430	**430**	Linear Feet	Bulkhead, Inspections and Capital Repairs, New Lake 2	2041	to 15	18	60.00	25,800	25,800	**0.6%**																
8.103	200	**200**	Linear Feet	Bulkhead, Inspections and Capital Repairs, Piper's Lagoon	2033	to 15	10	60.00	12,000	12,000	**0.5%**											16,603					
8.104	280	**280**	Linear Feet	Bulkhead, Inspections and Capital Repairs, Sanctuary Blvd	2043	to 15	20	60.00	16,800	16,800	**0.4%**																
8.105	920	**920**	Linear Feet	Bulkhead, Wood, Replacement, Lake Ibis	2053	20 to 30	30	400.00	368,000	368,000	**11.8%**																
8.106	680	**680**	Linear Feet	Bulkhead, Wood, Replacement, New Lake 1, Partial	2030	20 to 30	7	400.00	272,000	272,000	**4.1%**								341,406								
8.107	430	**430**	Linear Feet	Bulkhead, Wood, Replacement, New Lake 2, Partial	2026	20 to 30	3	400.00	172,000	172,000	**2.3%**				189,596												
8.108	200	**200**	Linear Feet	Bulkhead, Wood, Replacement, Piper's Lagoon, Partial	2048	20 to 30	25	400.00	80,000	80,000	**2.2%**																
8.109	280	**280**	Linear Feet	Bulkhead, Wood, Replacement, Sanctuary Blvd, Partial	2028	20 to 30	5	400.00	112,000	112,000	**1.6%**						131,741										
8.395	3,940	**3,940**	Square Feet	Dock and Pilings, Wood, Decking and Structure Repairs, Boardwalk and Tower	2024	to 15	1	15.50	61,070	61,070	**2.5%**		63,085														
8.396	360	**360**	Square Feet	Docks and Pilings, Wood, Decking and Structure Repairs, Pool House	2036	to 15	13	15.50	5,580	5,580	**0.3%**														8,510		
8.400	3,940	**3,940**	Square Feet	Dock and Pilings, Wood, Replacement, Boardwalk and Tower	2039	to 30	16	83.50	328,990	328,990	**6.7%**																
8.401	360	**360**	Square Feet	Docks and Pilings, Wood, Replacement, Pool House	2053	to 30	30	83.50	30,060	30,060	**1.0%**																
		1	Allowance	**Reserve Study Update with Site Visit**	2025	to 2	2	5,100.00	5,100	5,100	**0.1%**			5,100													
				Anticipated Expenditures, By Year ($8,258,891 over 30 years)								70,600	106,616	153,933	283,292	54,315	412,160	104,132	644,248	0	44,333	101,554	476,993	709,374	8,510	9,138	178,856

RESERVE EXPENDITURES

The Sanctuary of Jacksonville Beach Homeowners Association, Inc.
Jacksonville Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Unit (2023)	Costs, $ Per Phase (2023)	Total (2023)	Percentage of Future Expenditures	16 2039	17 2040	18 2041	19 2042	20 2043	21 2044	22 2045	23 2046	24 2047	25 2048	26 2049	27 2050	28 2051	29 2052	30 2053
				Bulkheads and Docks																						
8.100	920	**920**	Linear Feet	Bulkhead, Wood, Inspections and Capital Repairs, Lake Ibis	2038	10 to 15	15	60.00	55,200	55,200	**2.9%**															146,200
8.101	680	**680**	Linear Feet	Bulkhead, Inspections and Capital Repairs, New Lake 1	2045	to 15	22	60.00	40,800	40,800	**1.0%**							83,343								
8.102	430	**430**	Linear Feet	Bulkhead, Inspections and Capital Repairs, New Lake 2	2041	to 15	18	60.00	25,800	25,800	**0.6%**			46,283												
8.103	200	**200**	Linear Feet	Bulkhead, Inspections and Capital Repairs, Piper's Lagoon	2033	to 15	10	60.00	12,000	12,000	**0.5%**										27,020					
8.104	280	**280**	Linear Feet	Bulkhead, Inspections and Capital Repairs, Sanctuary Blvd	2043	to 15	20	60.00	16,800	16,800	**0.4%**					32,160										
8.105	920	**920**	Linear Feet	Bulkhead, Wood, Replacement, Lake Ibis	2053	20 to 30	30	400.00	368,000	368,000	**11.8%**															974,670
8.106	680	**680**	Linear Feet	Bulkhead, Wood, Replacement, New Lake 1, Partial	2030	20 to 30	7	400.00	272,000	272,000	**4.1%**															
8.107	430	**430**	Linear Feet	Bulkhead, Wood, Replacement, New Lake 2, Partial	2026	20 to 30	3	400.00	172,000	172,000	**2.3%**															
8.108	200	**200**	Linear Feet	Bulkhead, Wood, Replacement, Piper's Lagoon, Partial	2048	20 to 30	25	400.00	80,000	80,000	**2.2%**										180,135					
8.109	280	**280**	Linear Feet	Bulkhead, Wood, Replacement, Sanctuary Blvd, Partial	2028	20 to 30	5	400.00	112,000	112,000	**1.6%**															
8.395	3,940	**3,940**	Square Feet	Dock and Pilings, Wood, Decking and Structure Repairs, Boardwalk and Tower	2024	to 15	1	15.50	61,070	61,070	**2.5%**												146,736			
8.396	360	**360**	Square Feet	Docks and Pilings, Wood, Decking and Structure Repairs, Pool House	2036	to 15	13	15.50	5,580	5,580	**0.3%**											12,979				
8.400	3,940	**3,940**	Square Feet	Dock and Pilings, Wood, Replacement, Boardwalk and Tower	2039	to 30	16	83.50	328,990	328,990	**6.7%**	553,080														
8.401	360	**360**	Square Feet	Docks and Pilings, Wood, Replacement, Pool House	2053	to 30	30	83.50	30,060	30,060	**1.0%**															79,616
		1	Allowance	**Reserve Study Update with Site Visit**	2025	to 2	2	5,100.00	5,100	5,100	**0.1%**															
				Anticipated Expenditures, By Year ($8,258,891 over 30 years)								570,329	242,217	46,283	27,797	64,320	399,960	595,096	31,652	76,946	742,156	63,826	545,775	0	64,099	1,430,381

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
The Sanctuary of Jacksonville Beach
Homeowners Association, Inc.
Jacksonville Beach, Florida

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Reserves at Beginning of Year	*(Note 1)*	466,097	564,182	645,442	686,396	603,576	756,628	557,782	672,733	251,334	479,369	674,561	823,439	603,979	153,505	410,277	680,236
Total Recommended Reserve Contributions	*(Note 2)*	**161,862**	**175,900**	**181,700**	**187,700**	**193,900**	**200,300**	**206,900**	**213,700**	**220,800**	**228,100**	**235,600**	**243,400**	**251,400**	**259,700**	**268,300**	**277,200**
Estimated Interest Earned, During Year	*(Note 3)*	6,823	11,976	13,187	12,772	13,467	13,014	12,183	9,149	7,235	11,425	14,832	14,133	7,500	5,582	10,797	14,588
Anticipated Expenditures, By Year		(70,600)	(106,616)	(153,933)	(283,292)	(54,315)	(412,160)	(104,132)	(644,248)	0	(44,333)	(101,554)	(476,993)	(709,374)	(8,510)	(9,138)	(178,856)
Anticipated Reserves at Year End		$564,182	$645,442	$686,396	$603,576	$756,628	$557,782	$672,733	$251,334	$479,369	$674,561	$823,439	$603,979	$153,505 *(NOTE 5)*	$410,277	$680,236	$793,168

(continued)

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

	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053
Reserves at Beginning of Year	793,168	522,162	586,623	860,165	1,168,049	1,455,707	1,421,030	1,199,783	1,554,804	1,883,198	1,558,720	1,925,693	1,826,468	2,290,126	2,712,458
Total Recommended Reserve Contributions	**286,300**	**295,700**	**305,500**	**315,600**	**326,000**	**336,800**	**347,900**	**359,400**	**371,300**	**383,600**	**396,300**	**409,400**	**422,900**	**436,900**	**451,300**
Estimated Interest Earned, During Year	13,023	10,978	14,325	20,081	25,978	28,483	25,949	27,273	34,040	34,078	34,499	37,150	40,758	49,531	44,458
Anticipated Expenditures, By Year	(570,329)	(242,217)	(46,283)	(27,797)	(64,320)	(399,960)	(595,096)	(31,652)	(76,946)	(742,156)	(63,826)	(545,775)	0	(64,099)	(1,430,381)
Anticipated Reserves at Year End	$522,162	$586,623	$860,165	$1,168,049	$1,455,707	$1,421,030	$1,199,783	$1,554,804	$1,883,198	$1,558,720	$1,925,693	$1,826,468	$2,290,126	$2,712,458	$1,777,835 *(NOTE 4)*

Explanatory Notes:

1) Year 2023 starting reserves are as of April 30, 2023; FY2023 starts January 1, 2023 and ends December 31, 2023.
2) Reserve Contributions for 2023 are the remaining budgeted 8 months; 2024 is the first year of recommended contributions.
3) **2.0%** is the estimated annual rate of return on invested reserves; 2023 is a partial year of interest earned.
4) Accumulated year 2053 ending reserves consider the need to fund for replacement of the asphalt mill and overlay shortly after 2053, and the age, size, overall condition and complexity of the property.
5) Threshold Funding Year (reserve balance at critical point).

RESERVE EXPENDITURES

The Sanctuary of Jacksonville Beach Homeowners Association, Inc.
Jacksonville Beach, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2023	1 2024	2 2025	3 2026	4 2027	5 2028
	Property Site Elements						
4.020	Asphalt Pavement, Crack Repairs			19,848			
4.110	Concrete Curbs and Gutters, Partial			61,688			
4.180	Concrete Streets (Incl. Joint Sealants), Partial		10,599				
4.285	Fence, Wood, South of Amenity Area						69,281
4.560	Light Poles and Fixtures						82,338
4.600	Mailbox Stations (2023 is Planned)	57,600					
4.620	Pavers, Masonry, Phased			49,957			
4.800	Signage, Renovation, Entrance Monument					9,679	
4.810	Signage, Replacement, Street and Traffic					16,169	
4.830	Sport Courts, Tennis, Color Coat			17,340			
4.901	Weir Structures, Inspections and Repairs, New Lake East Tributary						82,338
4.905	Weir Structures, Inspections and Repairs, Piper's Lagoon				77,161		
	Gate House and Pool House Elements						
5.502	Gate Operators						15,174
5.580	Rest Rooms, Renovation					28,467	
5.790	Walls, Siding, Wood, Replacement						19,761
	Pool Elements						
6.400	Fence, Aluminum						11,527
6.500	Furniture, Phased (2023 is Budgeted)	13,000			16,535		
6.800	Pool Finish, Plaster		21,156				
6.801	Pool Finish, Tile		11,776				
	Bulkheads and Docks						
8.107	Bulkhead, Wood, Replacement, New Lake 2, Partial				189,596		
8.109	Bulkhead, Wood, Replacement, Sanctuary Blvd, Partial						131,741
8.395	Dock and Pilings, Wood, Decking and Structure Repairs, Boardwalk and Tower		63,085				
	Reserve Study Update with Site Visit			5,100			
	Anticipated Expenditures, By Year ($8,258,891 over 30 years)	70,600	106,616	153,933	283,292	54,315	412,160

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *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*.

Property Site Elements

Asphalt Pavement, Repaving

Line Items: 4.020 and 4.040

Quantity: Approximately 31,000 square yards at the streets

History:

- Repaving: Repaved in 2014.
- Repairs: Varies in age. Repairs and patching to the pavement since repaving has been minimal.

Condition: Good to fair overall with isolated cracks evident.



Pavement overview



Pavement overview



Pavement cracks



Previous repairs



Pavement overview



Pavement cracks



Pavement overview



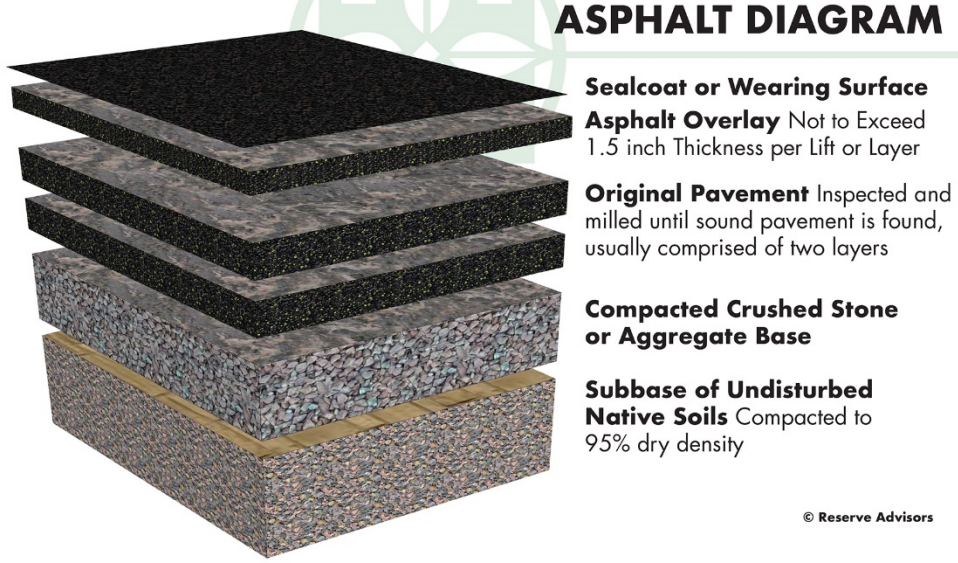
Previous repair

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 The Sanctuary of Jacksonville Beach:



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 The Sanctuary of Jacksonville Beach.

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%).

Catch Basins

Line Item: 4.100

Quantity: 28 catch basins[1] throughout the community

History: Original with minimal repairs performed

Condition: Good to fair overall



Catch basin



Catch basin

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



Catch basin



Catch basin

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

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

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

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

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

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

Concrete Curbs and Gutters

Line Item: 4.110

Quantity: Approximately 24,600 linear feet at the streets and parking area

History and Condition: Fair overall with cracks, settlement, damage and previous repairs evident.



Concrete curb and gutter



Concrete curb and gutter



Concrete cracks



Concrete damage



Previous repairs



Concrete curb and gutter



Concrete curb and gutter



Concrete spalls



Concrete spalls



Concrete cracks



Concrete spalls



Concrete cracks

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

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

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

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 7,380 linear feet of curbs and gutters, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Concrete Streets

Line Item: 4.180

Quantity: Approximately 11,400 square feet at the pool house parking lot

History and Condition: Fair overall with isolated cracks, settlement and trip hazards evident.



Concrete streets overview



Paint applied in 2023



Concrete streets overview



Concrete streets overview



Street cracks



Street cracks



Street cracks

Useful Life: Up to 55 years although interim deterioration of areas is common

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

- Annually:
    - Inspect and repair failed or deteriorated joint sealant as needed
    - Inspect and repair major cracks, spalls and trip hazards
    - Mark with orange safety paint prior to replacement or repair

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 3,420 square feet of concrete streets, or thirty percent (30%) of the total, will require replacement during the next 30 years.

Drainage Canals

Line Item: 4.181

Quantity: The Association maintains the East-West drainage ditch at the north perimeter of the community which totals approximately 1,100 linear feet in length

History: The Board informs us the Association is responsible for the drainage canal near the vehicular bridge. The canal has not had drainage issues in recent years and no significance overflow events are reported. For purposes of this study, we include for clean-out and sediment removal events every 15 years. Future updates of this Reserve Study will consider possible changes in the scope and time of component replacements based on further information provided by the Association.

Condition: Good to fair overall



Drainage ditch locations

Useful Life: Sediment removal and cleanouts of this area are necessary every 15 years

Component Detail Notes: The gradual build-up of natural debris, including tree leaves, branches and silt, may eventually change the topography of areas of the canal. Silt typically accumulates at inlets, outlets and areas of shoreline erosion. Sediment removal

of outlet structures becomes necessary if this accumulation alters the functionality of the canals as storm water management structures. Sediment removal is the optimal but also the most capital-intensive method of drainage ditch management. Excavation equipment used for sediment removal includes clamshells, draglines and suction pipe lines. Sediment removal can also include shoreline regrading. Regrading includes removal of collapsed and eroded soil, and redefining the shoreline.

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.

Fence, Wood

Line Item: 4.285

Quantity: 620 linear feet of wood frame fences with lap siding south of the amenity area

History: Unknown age; with repairs, power washing and painting as needed

Condition: Good to fair overall with wood damage evident



Wood damage

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. Our cost is based on information provided by the Association. 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.

Light Poles and Fixtures

Line Item: 4.560

Quantity: 28 poles with light fixtures throughout the community

History: Original

Condition: Good to fair overall



Light pole and fixture

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Mailbox Stations

Line Item: 4.600

Quantity: Eight stations

History: Original; the Association plans to replace the mailboxes in 2023

Condition: Fair overall



Mailbox stations



Mailbox stations

Useful Life: Up to 25 years

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

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

Priority/Criticality: Per Board discretion

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

Pavers, Masonry

Line Item: 4.620

Quantity: Approximately 41,800 square feet at various street and driveways throughout the community

History: Varies in age. The Association conducted repairs in 2022 to areas with major damage.

Condition: Good to fair overall with cracks, spalls, settlement and previous replacements evident.



Pavers overview



Pavers overview



Paver replacement



Paver settlement



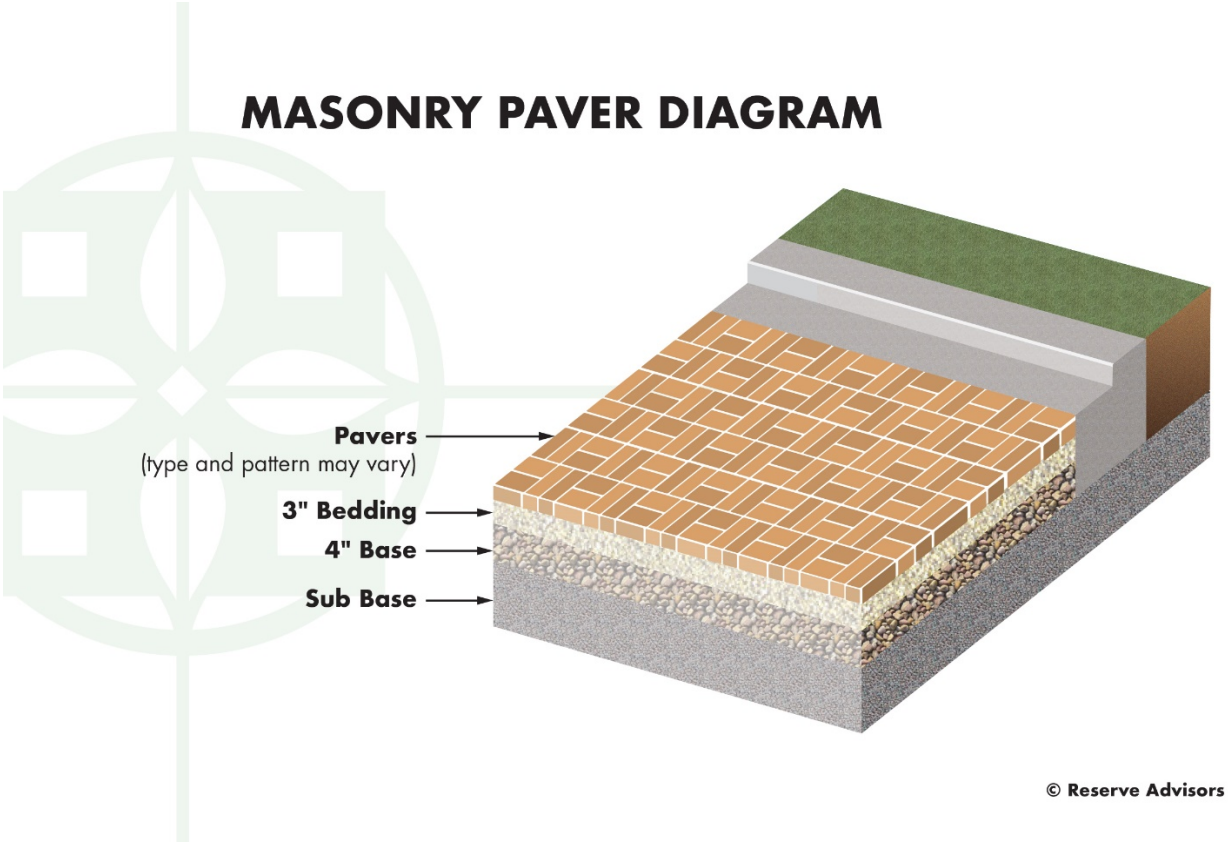
Pavers overview



Paver spalls

Useful Life: 15- to 20-years

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



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

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

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

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

Pond, Submersible Pump

Line Item: 4.699

Quantity: The Association maintains a pump to circulate pond water throughout the ponds

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

Condition: Reported satisfactory

Useful Life: Up 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. Management and the Board inform us of the possible desire of the Association to add more pumps in the future. Our expenditure includes replacement of elements in like kind only. Future updates of this Reserve Study can incorporate additions or expansions of systems after installation or with an approved scope of services before installation.

Signage, Entrance Monument

Line Item: 4.800

Quantity: The property identification signage includes the following elements:

- Landscaping
- Letters
- Light Fixtures
- Wood

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

Condition: Good to fair overall



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 and replacement of the remaining components listed above.

Signage, Street and Traffic

Line Item: 4.810

Quantity: 32 signs

History: Original; The association applied paint applications to the stop signs and the street signs.

Condition: Good to fair overall



Signage



Traffic management signage

Useful Life: 15- to 20-years

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

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

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

Priority/Criticality: Per Board discretion

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

Sport Court, Tennis, Fence

Line Item: 4.840

Quantity: 410 linear feet

History: Mostly original with repairs and replacements made in 2022

Condition: Good to fair overall with warped webbing evident.



Fence warped webbing



Chain link fence

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Sport Court, Tennis

Line Items: 4.830 and 4.860

Quantity: 1,300 square yards of asphalt comprising two tennis courts

History:

- Color Coat: Applied a color coat in 2020.
- Surface: The age was unavailable at the time of our inspection.

Condition: Good to fair overall with cracks evident.



Clay tennis court overview



Surface wear



Cracks



Clay tennis court overview



Nets were replaced in 2023

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

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

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

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

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

Weir Structures

Line Item: 4.901, 4.902, 4.903, 4.904, and 4.905

Quantity: Five locations including New Lake East, South and North tributaries, Pond A and Piper's Lagoon

History and Condition: The weir structure at Pond A was inspected and repaired in 2018 at a cost of $60,000 and is in good condition. The remaining structures are in unknown condition and will be inspected and repaired in the near term beginning with the Piper's Lagoon weir.



Weir structure

Useful Life: Inspections and capital repairs every 30 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 to by the association with an inflation factor.

Gate House and Pool House Elements

Gate Entry System

Line Item: 5.501

Quantity: One virtual guard, five cameras, and one scanner

History: Replaced in 2017.

Condition: Reported in satisfactory overall condition



Entry system overview



Entry system overview

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.

Gate Operators

Line Item: 5.502

Quantity: Three swing arm operators

History: Replaced in 2017.

Condition: Reported in good overall condition



Gate operator



Gate operator

Useful Life: Up to 10 years for the operators

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:

- 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.

Rest Rooms

Line Item: 5.580

Quantity: Two common rest room located in the pool house

History: Renovated in 2018.

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

Useful Life: Renovation up to every 25 years

Priority/Criticality: Per Board discretion

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

Roof, Asphalt Shingles

Line Item: 5.600

Quantity: Approximately 10 *squares* [2] including the pool house and mailbox kiosk pavilion

History: Replaced in 2018

Condition: Good to fair overall with no significant deterioration evident from our visual inspection from the ground. Management and the Board do not report a history of leaks.



Roof overview



Roof overview



Roof overview



Roof overview

Useful Life: 12- to 18- years

Component Detail Notes: Contractors use one of two methods for replacement of sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment

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

including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

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

- Annually:
    - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
    - Implement repairs as needed if issues are reoccurring
    - Trim tree branches that are near or in contact with roof
- As-needed:
    - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

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, Metal

Line Item: 5.601

Quantity: Four *squares*[3]

History: Replaced in 2010.

Condition: Good to fair overall with no significant deterioration evident from our visual inspection from the ground. Management and the Board do not report a history of leaks.

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



Metal roof overview



Metal roof overview

Useful Life: Up to 25 years

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

- Annually:
  - Record any areas of water infiltration, flashing deterioration, damage or loose fasteners
  - Implement repairs as needed if issues are reoccurring
  - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation
  - Clear valleys of debris
  - Periodic cleaning at areas with organic growth

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

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

Security System

Line Item: 5.720

Quantity: The Sanctuary of Jacksonville Beach utilizes the following security system components:

- Automated proximity reader system (2 access points)
- Cameras (6)
- Multiplexer (1)
- Recorder (1)

History: Upgraded in 2017.

Condition: Reported satisfactory without operational deficiencies



Access control system



Security system camera



Security system camera

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. The Association should anticipate replacement of fifty percent (50%) the security system components per event.

Walls, Siding, Wood, Replacement

Line Item: 5.790

Quantity: Approximately 1,400 square feet of the exterior walls at the pool house, guard house and mail kiosk

History: Original

Condition: The siding is in good to fair overall condition



Composite hardboard siding



Composite hardboard siding



Composite hardboard siding



Composite hardboard siding



Siding deterioration

Useful Life: With the benefit of periodic maintenance, applications of this type of material can have a useful life of up to 30 years.

Component Detail Notes: Wood siding is not watertight and is especially prone to water penetration at joints and knots. Therefore, wood siding should be installed over a continuous weather resistant barrier. The weather resistant barrier should include water-vapor permeable building paper and properly integrated flashing around all penetrations. The following graphic details the typical components of a wood siding system:

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

- Annually:
    - Inspect and repair loose siding, warping, wildlife damage and sealant deterioration
    - Inspect and repair finish deterioration, peeling and chipping
    - Touch-up paint finishes as necessary to ensure a uniform finish in between complete finish applications

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.

Windows and Doors

Line Item: 5.800

Quantity: Approximately 80 square feet

History: Original

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

Useful Life: Up to 40 years

Priority/Criticality: Not recommended to defer

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

Pool Elements

Deck, Pavers

Line Item: 6.200

Quantity: 3,000 square feet

History: Inspected and repaired in 2008.

Condition: Good to fair overall



Paver pool deck overview



Paver pool deck overview



Paver pool deck overview

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.

Fence, Aluminum

Line Item: 6.400

Quantity: 140 linear feet

History: Original

Condition: Good to fair overall with isolated finish deterioration evident.



Aluminum pool fence



Aluminum pool fence

Useful Life: Up to 25 years

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

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

Priority/Criticality: Not recommended to defer

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

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the following:

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

History: Mostly original; the Association added a pool lift in 2023 and additional tables and chairs in 2022.

Condition: Good to fair overall



Newly installed pool lift



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. We recommend interim re-strapping, refinishing, cushion replacements, reupholstering and other repairs to the furniture as normal maintenance to maximize its useful life.

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: 1,280 square feet of plaster based on the horizontal surface area and approximately 300 linear feet of tile

History:

- Plaster finish: Replaced in 2012.
- Tile: The age was unavailable at the time of our inspection.

Condition: Fair overall with discoloration evident.



Pool plaster overview



Plaster discoloration



Pool plaster overview



Pool plaster overview



Tile overview



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 and Deck

Line Item: 6.900

Quantity: 1,280 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 The Sanctuary of Jacksonville Beach plan to replace the following components:

- Paver deck
- 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.

Trellises, Wood

Line Item: 6.901

Quantity: One each

History: Installed in 2013

Condition: Good to fair overall with weathered wood evident



Pergola



Pergola



Pergola weathered wood

Useful Life: Up to 25 years with periodic maintenance

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

- Annually:
  - Inspect for wood deterioration, and loose or missing fasteners
- Every three years:
  - Power wash with algaecide and application of sealer/stain

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for paint applications and repairs through the operating budget.

Bulkheads and Docks

Bulkhead, Wood

Line Items: 8.100 through 8.109

Quantity: The Association maintains the bulkheads adjacent to common areas at the following shorelines (Homeowners maintain all other bulkheads):

- 920 linear feet at Lake Ibis
- 680 linear feet at New Lake 1
- 430 linear feet at New Lake 2
- 200 linear feet at Piper's Lagoon
- 280 linear feet at Sanctuary Boulevard

History: The bulkhead at Lake Ibis was replaced in 2023. The bulkhead at Piper's Lagoon was replaced in 2018. All other bulkheads are original.

Conditions: Good to fair overall with no significant deterioration evident



Wood bulkhead



Wood bulkhead



Wood bulkhead



Bulkhead



Bulkhead



Wood bulkhead overview

Useful Life: Inspections and capital repairs every 10- to 15-years and complete replacement at 20- to 30-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 twenty percent (20%) of the bulkheads.

Docks and Pilings, Wood

Line Items: 8.395, 8.396, 8.400 and 8.401

Quantity: Approximately 3,940 square feet of at the boardwalk and tower. Approximately 360 square feet at the pool dock.

History: The dock at the pool house was rebuild in 2023. The boardwalk and tower are original.

Condition: The dock at the pool is in good condition overall. The boardwalk and tower are poor condition with weathered wood, trip hazards, and damaged wood.



Balcony overview



Tower



Trip hazard



Weather wood



Weathered wood



Dock overview



Dock overview



Dock overview

Useful Life: Up to 30 years for complete replacement and up to 15 years for interim replacement of the decking and structure repairs

Component Detail Notes: The sit atop wood pilings. The height of the docks are manually adjustable at the piles to accommodate changes in water levels. The Sanctuary of Jacksonville Beach should fund this activity through the operating budget when necessary. The Sanctuary of Jacksonville Beach should also anticipate replacement of the utility lines for the docks at the time of replacement.

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 repairs includes allowances for complete replacement of the decking and partial replacement of up to ten percent (10%) of the structure and pilings. Our estimate of cost includes an allowance for removal and disposal of the existing docks, and installation of new docks and utility lines. The Sanctuary of Jacksonville Beach should fund interim replacements of utilities prior to replacement of the docks and annual repairs to displaced pilings through the operating budget.

Reserve Study Update

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

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

- Technological advancements

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

5. METHODOLOGY

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

The Sanctuary of Jacksonville Beach can fund capital repairs and replacements in any combination of the following:

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

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

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

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

[1] Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".
[2] See Credentials for additional information on our use of published sources of cost data.
[3] Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

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

- The past and current maintenance practices of The Sanctuary of Jacksonville Beach 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.

MARQUESHEA D. BROWN
Responsible Advisor

CURRENT CLIENT SERVICES



Marqueshea Brown, a Civil Engineer, is an Engineer for Reserve Advisors. Ms. Brown 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 Marqueshea Brown demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

Preston Park Owners Association, Inc. - This single family homes community containing 290 plus residential homes and is located in Pineville, North Carolina. The Association maintains the shared common elements including a pool house, a pool, as well as multiple alleys.

Mint Hill Village Homeowners Association, Inc. - This single family homes community containing 70 plus residential homes and is located in Mint Hill, North Carolina. The Association maintains the shared common elements including asphalt pavement alleys, retaining walls and walking paths.

The Enclave at City Park Homeowners Association - This townhome and single family home community in Charlotte, North Carolina comprises 77 townhome units in 15 buildings. Expenditures of this property include asphalt alleys, retaining walls, and a detention pond. The townhomes comprise of fiber cement siding construction, with different styles. Several of the townhomes feature attached garages.

One River Place Master Community Association, Inc. This townhome, condominium and single family home community in Atlanta, Georgia comprises 432 units. Features of this property include a clubhouse, two pools, a spa, and a fitness rooms. This property includes both an outdoor sitting area and dog park.

Crest Mountain Homeowners Association, Inc. - This townhome and single family home community was built in 2004 and is located in Asheville, North Carolina. The property contains 150 units nestled in the side of a mountain. The Association maintains the guard house along with a waterfall.

Cottages Condominium I Association, Inc. - Located forty minutes outside of Raleigh, North Carolina, this condominium contains 30 residential cottages. The cottages are comprised of fiber cement siding, asphalt shingle roofs and wood balconies at the unit entrances. The community includes a pavilion, electric charging stations and a masonry retaining walls.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Brown successfully completed the bachelors program in Civil Engineering Technology at Savannah State University. In the past, she has worked for multiple engineering companies covering a variety of roles with a concentration in construction. She has also spent time working as a traffic engineering for Georgia Department of Transportation.

EDUCATION

Savannah State University - B.S. in Civil Engineering Technology

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

TANNER A. OLDENBURGER, PE, RS
Vice President of Engineering



CURRENT CLIENT SERVICES

Tanner A. Oldenburger, a Professional Civil Engineer, is an Advisor for Reserve Advisors. Mr. Oldenburger 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 over 750 clients served by Tanner Oldenburger demonstrating his breadth of experiential knowledge of community associations in construction, remediation procedures and related buildings systems.

North Star Lofts Owner's Association - Located in the historic Mill District in Minneapolis, Minnesota, this distinctive building contains 37 loft-style condominiums in an eight-story building. The building was originally a blanket factory in the 1920's and was converted to residential units in the late 1990's. The building exterior comprises masonry walls, rooftop decks and a historically preserved tower and sign.

MacLaren Hill Condominium Association - This development contains a combination of three apartment-style buildings and eight townhome style buildings located in St. Paul, Minnesota. This Association maintains a shared ownership agreement between the two building types that include all the property site and garage elements.

Portland Tower Association - This 17-story high-rise in downtown Minneapolis, Minnesota includes rooftop deck, curtain wall exterior and parking garage. The building also utilizes a high-efficiency central HVAC system with 22 variable frequency drives.

Bearpath Homeowners Association - Located in Eden Prairie, Minnesota, this exclusive community comprises four cost centers for the single family homes, golf villas, fairway villas and townhomes.. The Association maintains the villa and townhome exterior building elements as well as a gate house and approximately four miles of private streets.

Cochran Park Condominium Association - Located in St. Paul, Minnesota, these two distinguished condominium buildings were constructed in 1914. The Association maintains garage structures, the stucco exteriors and clay tile mansard roof, as well as the common electrical and piping systems throughout the buildings.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Oldenburger attended Montana State University in Bozeman, Montana where he attained his Bachelor of Science degree in Civil Engineering and his Masters of Science degree in Civil Engineering with a focus on Structural Engineering. His relevant employment history includes working for the structural design team at Compass Consulting Engineers. He was responsible for the design and analysis of custom residential and commercial projects throughout the Northwest.

EDUCATION

Montana State University - B.S. Civil Engineering
Montana State University - M.S. Civil Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License (PE) – Minnesota
Reserve Specialist (RS) - Community Associations Institute

RESOURCES

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

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

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

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

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

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

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

7. DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC ("RA") performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan, to create reserves for anticipated future replacement expenditures of the 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. The reserve report 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. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

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

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

Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of

RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

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

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

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

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

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