LEVEL 2 REPLACEMENT RESERVE REPORT FY 2026
A SAMPLE HIGH RISE

Community Management by:

A SAMPLE MANAGEMENT COMPANY

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A SAMPLE HIGH RISE

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REPLACEMENT RESERVE REPORT

A SAMPLE HIGH RISE

ANNAPOLIS, MARYLAND
November 11, 2025

Description. A Sample High-Rise is a Condominium, Residential located in Annapolis, Maryland. Constructed in 2010, the community consists of a 42 level High-rise Building containing 496 units. The survey examined the common elements of the property, including:

- Sidewalks
- Fencing, Site Lighting, and Mailbox Clusters
- Waterlines and Sanitary Lines
- Exterior Main Pool and Exterior Spa
- Building Exteriors, Interiors, and Systems

EXECUTIVE SUMMARY
This Reserve Study has been prepared for the A Sample High Rise for the Fiscal Year 2026 covering the period from January 1, 2026 to December 31, 2026. The Replacement Reserves Starting Balance as of January 1, 2026 is proposed to be $343,247. The reported Current Annual Funding for Reserves is $54,936. The Recommended Annual Reserve Funding level for 2026 is $90,356.

The Board has been prudent in increasing the Annual Reserve Funding levels since the last Reserve Study. However, the increase shown above is due primarily to the higher-than-anticipated inflation has escalated costs in all facets of the construction industries.

MillerDodson welcomes the opportunity to answer questions or to discuss this Reserve Study in more detail should the Board so desire.

Current Funding. The Starting Balance and Current Annual Reserve Funding figures have been supplied by the managing agent and/or Board of Directors. Confirmation or audit of these figures is beyond the scope of the study. For the purposes of this study, it is assumed that the annual contribution will be deposited at the end of each month.

Level of Service. This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by Miller Dodson in FY 2019. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

To aid in the understanding of this report and its concepts and practices, on our website, we have developed videos addressing frequently asked topics. In addition, there are posted links covering a variety of subjects under the resources page of our website at millerdodson.com.

Purpose. The purpose of this Replacement Reserve Study is to provide A Sample High Rise (hereinafter called the Association) with an inventory of the common community facilities and infrastructure components that require periodic replacement. The Study includes a general view of the condition of these items and an effective financial plan to fund projected periodic replacements.

- **Inventory of Items Owned by the Association.** Section B lists the Projected Replacements of the commonly owned items that require periodic replacement using funding from Replacement Reserves. The Replacement Reserve Inventory also provides information about excluded items, which are items whose replacements are not scheduled for funding from Replacement Reserves.

- **Condition of Items Owned by the Association.** Section B includes our estimates of the normal economic life and the remaining economic life for the projected replacements. Section C provides a year-by-year listing of the projected replacements. Section D provides additional detail for items that are unique or deserving of attention because of their condition or the manner in which they have been treated in this study.

- **Financial Plan.** The Association has a fiduciary responsibility to protect the appearance, value, and safety of the property and it is therefore essential the Association have a financial plan that provides funding for the projected replacements. In conformance with American Institute of Certified Public Accountant guidelines, Section A, Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves by the Cash Flow Method. Section A, Replacement Reserve Analysis includes graphic and tabular presentations of the reported current funding and the recommended funding based on the Cash Flow Method. An Executive Summary of these calculations is provided on Page A1.

Basis. The data contained in this Replacement Reserve Study is based on the following:

- The Request for Proposal submitted and executed by the Association.

- MillerDodson performed a visual evaluation commencing on September 10, 2025 to determine the remaining useful life and replacement cost for the commonly owned elements of this facility.

- This study contains additional recommendations to address inflation for the Cash Flow Method only. For this recommendation, MillerDodson uses the Producers Price Index (PPI), which gauges inflation in manufacturing and construction. Please see page A5 for further details.

To-Scale Drawings. Site and building plans were not used in the development of this study. We recommend the Association assemble and maintain a library of site and building plans of the entire facility. Record drawings should be scanned into an electronic format for safe storage and ease of distribution. Upon request for a nominal fee, MillerDodson can provide scanning services.

Acknowledgment. MillerDodson Associates would like to acknowledge the assistance and input of the Community Manager who provided very helpful insight into the current operations of the property.

Mr. Peter B. Miller, RS, is a Founder and Principal of the firm MillerDodson Associates. Peter is widely recognized as a leading authority in the field of Reserve Studies and Strategic Reserve Planning for Community Associations. He is a graduate of the College of Architecture and Urban Studies at Virginia Tech. As an Architect, Peter began his work with Reserve Studies for community associations during the "condo conversion boom" of the late 1970s. A popular speaker and author on the topic of Reserve Studies, his latest article, "The Reserve Truth, Lessons from the Champlain Towers Incident," was published in the September/October 2021 issue of CAI's Common Ground Magazine. He frequently serves as an Expert Witness in matters concerning Replacement Reserve Studies and Reserve Funding. He has held the professional designation of Reserve Specialist (RS) since 1998.

Analyst's Credentials. Peter served as a Member of the CAI National Board of Trustees from 2018 through 2022. He was the 2020 Chair of CAI's Business Partners Council and is a member of the CAI Foundation for Community Association Research (FCAR). Peter has previously served in leadership positions with several CAI Chapters. He served on the CAI National Reserves Standards Committee from 1997 to 2003 and again in 2016-2017 for the review and updating of the National Standards. Peter currently serves as Co-Chair of the Reserves, Maintenance, and Building Safety Taskforce tasked with updating CAI's National Reserve Study Standards in the wake of the 2021 condominium building tragedy in Florida. He has also served as a Subject Matter consultant for legislation in Maryland, Virginia, and Delaware.

Respectfully Submitted,

millerdodson
CAPITAL RESERVE CONSULTANTS

Peter Miller
Peter B. Miller, RS

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SECTION A - FINANCIAL ANALYSIS

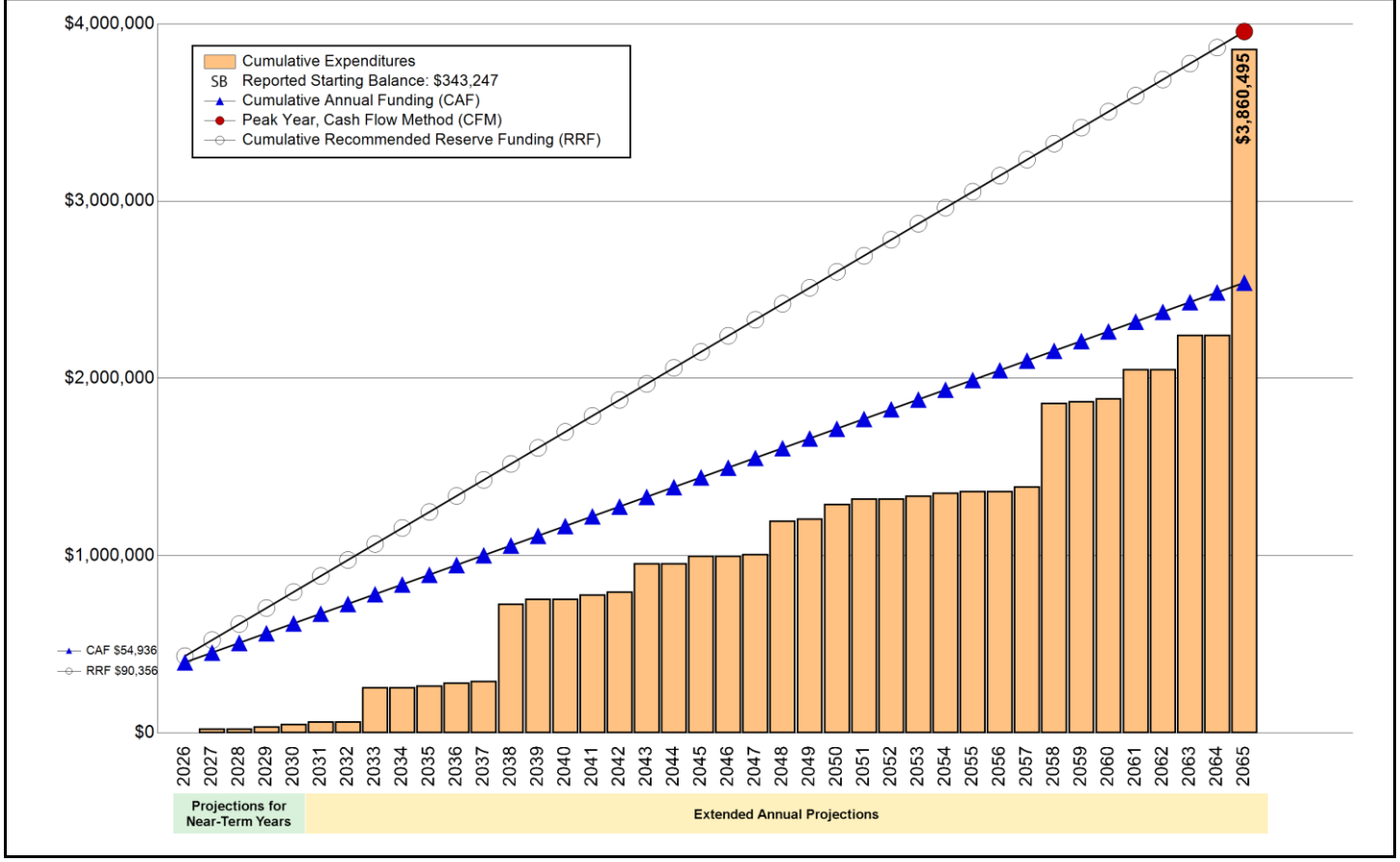
The A Sample High Rise - General Common Elements Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 30 Projected Replacements identified in the Replacement Reserve Inventory.

$90,356 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2026**
$15.18 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A.5.

A Sample High Rise - General Common Elements reports a Starting Balance of $343,247 and Annual Funding totaling $54,936, which is inadequate to fund projected replacements starting in 2065. See Page A.3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



The Board has been prudent in increasing the Annual Reserve Funding levels since the last Reserve Study. However, the increase shown above is due primarily to the higher-than-anticipated inflation has escalated costs in all facets of the construction industries.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The A Sample High Rise - General Common Elements Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2026 **STUDY YEAR**

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2026.

40 Years **STUDY PERIOD**

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

$343,247 **STARTING BALANCE**

The Association reports Replacement Reserves on Deposit totaling $343,247 at the start of the Study Year.

Level Two **LEVEL OF SERVICE**

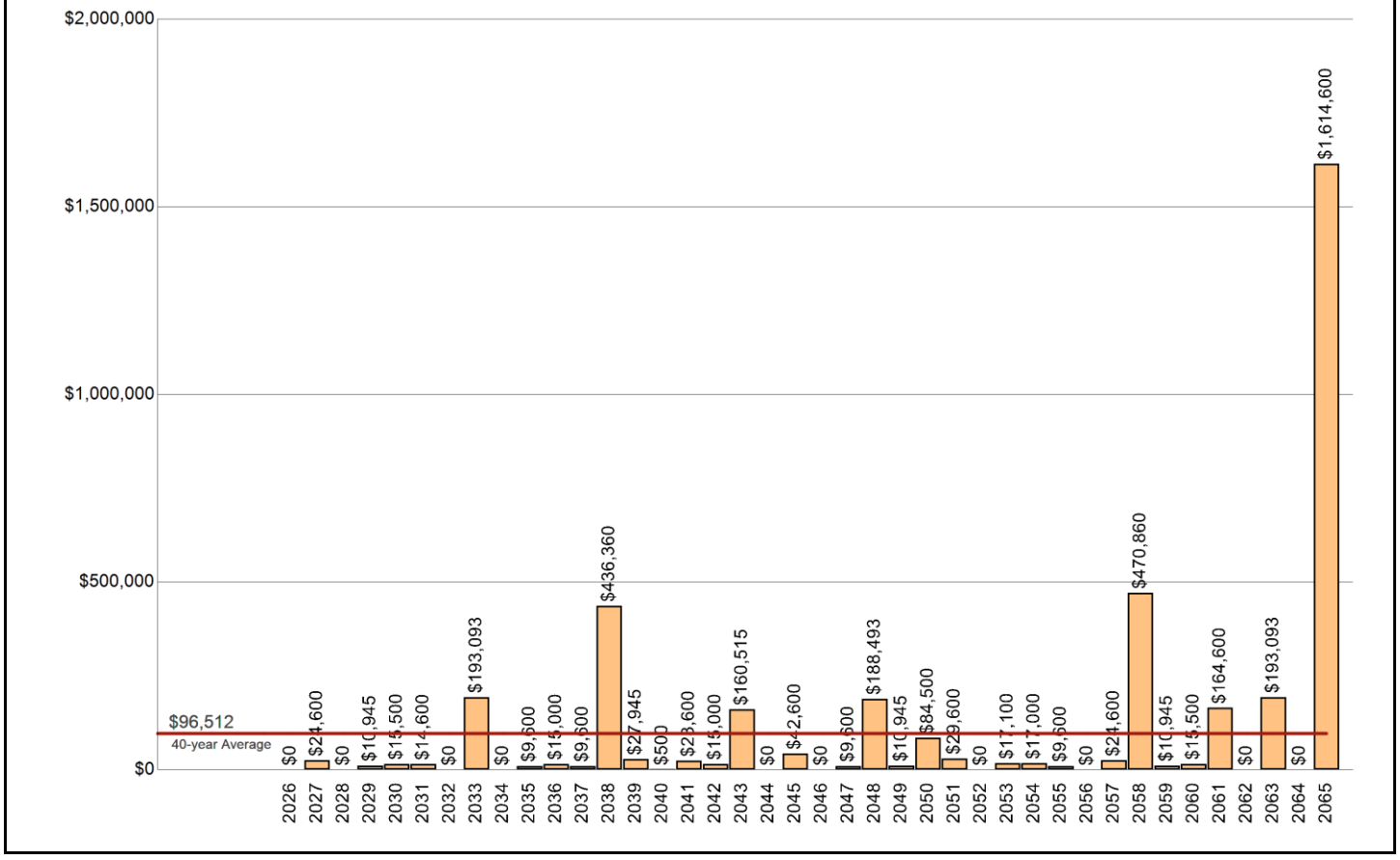
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

$3,860,495 **REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The A Sample High Rise - General Common Elements Replacement Reserve Inventory identifies 30 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be $3,860,495 over the 40-year Study Period. The Projected Replacements are divided into 4 major categories starting on Page B.3. Pages B.1-B.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of $96,512. Section C provides a year by year Calendar of these expenditures.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A.4 and A.5. The Projected Replacements listed on Page C.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the $3,860,495 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$343,247									
Projected Replacements		($24,600)		($10,945)	($15,500)	($14,600)		($193,093)		($9,600)
Annual Deposit	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936
End of Year Balance	$398,183	$428,519	$483,455	$527,446	$566,882	$607,218	$662,154	$523,997	$578,933	$624,269
Cumulative Expenditures		($24,600)	($24,600)	($35,545)	($51,045)	($65,645)	($65,645)	($258,738)	($258,738)	($268,338)
Cumulative Receipts	$398,183	$453,119	$508,055	$562,991	$617,927	$672,863	$727,799	$782,735	$837,671	$892,607
Year	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Projected Replacements	($15,000)	($9,600)	($436,360)	($27,945)	($500)	($23,600)	($15,000)	($160,515)		($42,600)
Annual Deposit	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936
End of Year Balance	$664,205	$709,541	$328,117	$355,108	$409,544	$440,880	$480,816	$375,237	$430,173	$442,509
Cumulative Expenditures	($283,338)	($292,938)	($729,298)	($757,243)	($757,743)	($781,343)	($796,343)	($956,858)	($956,858)	($999,458)
Cumulative Receipts	$947,543	$1,002,479	$1,057,415	$1,112,351	$1,167,287	$1,222,223	$1,277,159	$1,332,095	$1,387,031	$1,441,967
Year	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**
Projected Replacements		($9,600)	($188,493)	($10,945)	($84,500)	($29,600)		($17,100)	($17,000)	($9,600)
Annual Deposit	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936
End of Year Balance	$497,445	$542,781	$409,224	$453,215	$423,651	$448,987	$503,923	$541,759	$579,695	$625,031
Cumulative Expenditures	($999,458)	($1,009,058)	($1,197,551)	($1,208,496)	($1,292,996)	($1,322,596)	($1,322,596)	($1,339,696)	($1,356,696)	($1,366,296)
Cumulative Receipts	$1,496,903	$1,551,839	$1,606,775	$1,661,711	$1,716,647	$1,771,583	$1,826,519	$1,881,455	$1,936,391	$1,991,327
Year	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**	**2063**	**2064**	**2065**
Projected Replacements		($24,600)	($470,860)	($10,945)	($15,500)	($164,600)		($193,093)		($1,614,600)
Annual Deposit	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936	$54,936
End of Year Balance	$679,967	$710,303	$294,379	$338,370	$377,806	$268,142	$323,078	$184,920	$239,856	($1,319,808)
Cumulative Expenditures	($1,366,296)	($1,390,896)	($1,861,756)	($1,872,701)	($1,888,201)	($2,052,801)	($2,052,801)	($2,245,895)	($2,245,895)	($3,860,495)
Cumulative Receipts	$2,046,263	$2,101,199	$2,156,135	$2,211,071	$2,266,007	$2,320,943	$2,375,879	$2,430,815	$2,485,751	$2,540,687

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of $343,247 & annual funding of $54,936), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 30 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of $54,936 throughout the 40-year Study Period.

Annual Funding of $54,936 is approximately 61 percent of the $90,356 recommended Annual Funding calculated by the Cash Flow Method for 2026, the Study Year.

See the Executive Summary for the Current Funding Statement.

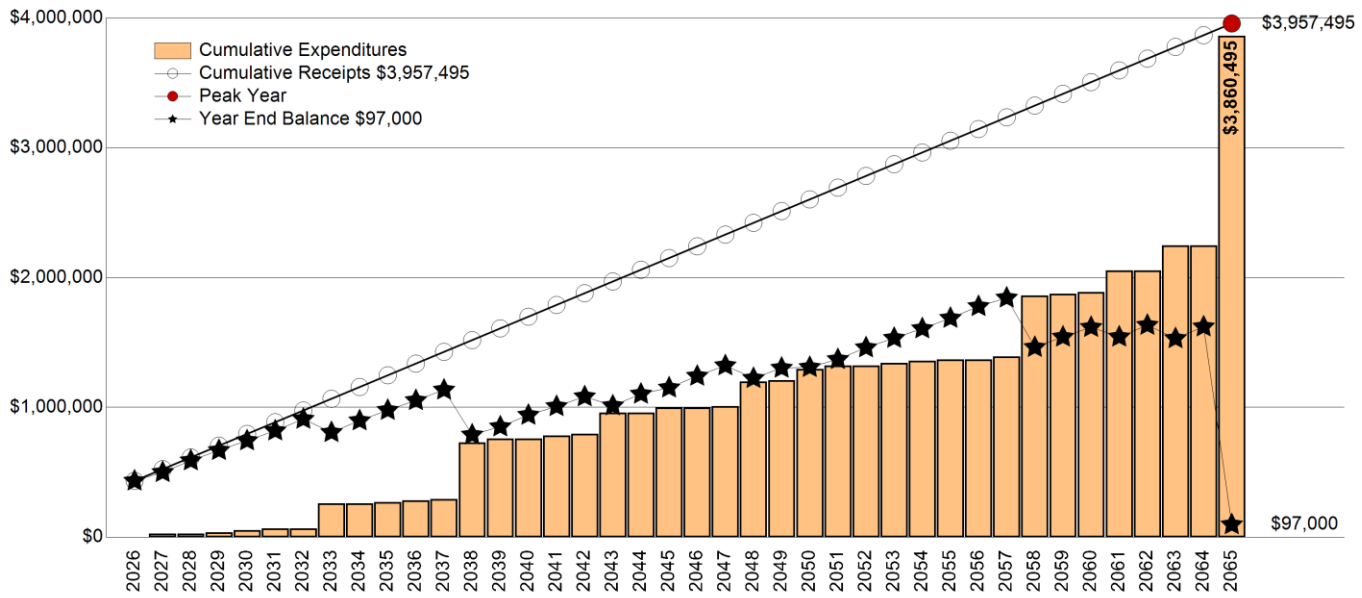
CASH FLOW METHOD FUNDING

$90,356 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2026**
$15.18 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2065 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of $3,860,495 of replacements from 2026 to 2065. Recommended funding is anticipated to decline in 2066. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of $97,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of $96,512 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for $3,860,495 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2065 and in 2065, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 0 through 39



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$343,247									
Projected Replacements		($24,600)		($10,945)	($15,500)	($14,600)		($193,093)		($9,600)
Annual Deposit	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356
End of Year Balance	$433,603	$499,359	$589,716	$669,127	$743,983	$819,739	$910,095	$807,358	$897,715	$978,471
Cumulative Expenditures		($24,600)	($24,600)	($35,545)	($51,045)	($65,645)	($65,645)	($258,738)	($258,738)	($268,338)
Cumulative Receipts	$433,603	$523,959	$614,316	$704,672	$795,028	$885,384	$975,740	$1,066,097	$1,156,453	$1,246,809

Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Replacements	($15,000)	($9,600)	($436,360)	($27,945)	($500)	($23,600)	($15,000)	($160,515)		($42,600)
Annual Deposit	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356
End of Year Balance	$1,053,827	$1,134,583	$788,579	$850,990	$940,847	$1,007,603	$1,082,959	$1,012,800	$1,103,156	$1,150,913
Cumulative Expenditures	($283,338)	($292,938)	($729,298)	($757,243)	($757,743)	($781,343)	($796,343)	($956,858)	($956,858)	($999,458)
Cumulative Receipts	$1,337,165	$1,427,521	$1,517,877	$1,608,234	$1,698,590	$1,788,946	$1,879,302	$1,969,658	$2,060,015	$2,150,371

Year	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Projected Replacements		($9,600)	($188,493)	($10,945)	($84,500)	($29,600)		($17,100)	($17,000)	($9,600)
Annual Deposit	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356
End of Year Balance	$1,241,269	$1,322,025	$1,223,888	$1,303,299	$1,309,155	$1,369,912	$1,460,268	$1,533,524	$1,606,880	$1,687,636
Cumulative Expenditures	($999,458)	($1,009,058)	($1,197,551)	($1,208,496)	($1,292,996)	($1,322,596)	($1,322,596)	($1,339,696)	($1,356,696)	($1,366,296)
Cumulative Receipts	$2,240,727	$2,331,083	$2,421,439	$2,511,796	$2,602,152	$2,692,508	$2,782,864	$2,873,220	$2,963,577	$3,053,933

Year	2056	2057	2058	2059	2060	2061	2062	2063	2064	1st Peak - 2065
Projected Replacements		($24,600)	($470,860)	($10,945)	($15,500)	($164,600)		($193,093)		($1,614,600)
Annual Deposit	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356	$90,356
End of Year Balance	$1,777,992	$1,843,749	$1,463,245	$1,542,656	$1,617,512	$1,543,268	$1,633,625	$1,530,888	$1,621,244	$97,000
Cumulative Expenditures	($1,366,296)	($1,390,896)	($1,861,756)	($1,872,701)	($1,888,201)	($2,052,801)	($2,052,801)	($2,245,895)	($2,245,895)	($3,860,495)
Cumulative Receipts	$3,144,289	$3,234,645	$3,325,001	$3,415,357	$3,505,714	$3,596,070	$3,686,426	$3,776,782	$3,867,138	$3,957,495

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At MillerDodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

$90,356 **2026 - CASH FLOW METHOD RECOMMENDED FUNDING**

The 2026 Study Year calculations have been made using current replacement costs

$95,778 **2027 - 6.0% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2027 funding based on three assumptions:

- Starting Balance totaling $433,603 on January 1, 2027.
- 2027 Non-inflation replacement costs listed in Section C, $24,600, will be replaced at approximately $26,076, 6.00% compounded inflation increase to 2026 costs.
- The $95,778 inflation-adjusted funding in 2027 is a 6.0% increase over the non-inflation-adjusted funding of $90,356.

$101,524 **2028 - 6.0% INFLATION ADJUSTED FUNDING**

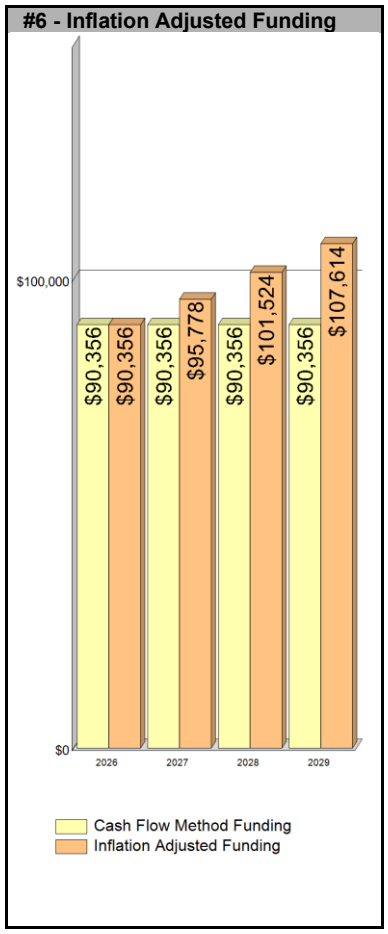
A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately $503,305 = 2028 Starting Balance $433,603, plus Inflation Adjusted Funding $95,778 for 2027, minus $26,076 2027 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2028.

$107,614 **2029 - 6.0% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2029 funding based on three assumptions:

- Starting balance of approximately $604,829 = 2029 Starting Balance $503,305, plus Inflation Adjusted Funding $101,524 for 2028, minus $0 2028 Inflation Adjusted Cost.
- 2029 Non-inflation replacement costs listed in Section C, $10,945, will be replaced at approximately $13,036, 6.0% compounded inflation increase to 2026 costs.
- The $107,614 inflation-adjusted funding in 2029 is a 6.0% increase over the non-inflation-adjusted funding of $101,524 for 2028.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2027, 2028 and 2029 inflation-adjusted funding calculations above, the 6.00 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact MillerDodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2026, based on a 1.00 percent interest rate, we estimate the Association may earn $3,884 on an average balance of $388,425, $4,685 on an average balance of $468,454 in 2027, and $5,541 on $554,067 in 2028. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2026 funding from $90,356 to $86,472 (a 4.29 percent reduction), $95,778 to $91,093 in 2027 (a 4.89 percent reduction), and $101,524 to $95,984 in 2028 (a 5.45 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

Maryland's new Reserves and Reserve Study Law, HB-107, is intended to ensure that adequate Reserve Funding is available for capital repair and replacement projects when it is needed. This is done by funding the Reserve Fund annually. The law requires that the Recommended Annual Reserve Funding amount in the most recent Reserve Study be included in the Association's annual budgets. If this is an Association's "initial" (first) professionally conducted Reserve Study, HB-107 gives the Association up to three (3) fiscal years following the fiscal year in which the Reserve Study was completed, to attain the Annual Reserve Funding level recommended in the initial Reserve Study.

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** A Sample High Rise - General Common Elements - Replacement Reserve Inventory identifies 30 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of $2,684,213. Cumulative Replacements totaling $3,860,495 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

  Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

  Value. Items with a replacement cost of less than $1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B.2.

  Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

  Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

  Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 30 items included in the A Sample High Rise - General Common Elements Replacement Reserve Inventory are divided into 4 major categories. Each category is printed on a separate page, beginning on page B.3.

- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

  This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by Miller Dodson in FY 2019. This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 30 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

  Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

  Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

  Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

  Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

  Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

  Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

  Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

  Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 30 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B.1.

SITE ITEMS
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
1	Concrete sealant - entry drive (1st lvl)	sf	5,380	$0.25	10	3	$1,345
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
	Concrete flatwork (6%)						EXCLUDED
						Replacement Costs - Page Subtotal	$1,345

COMMENTS

- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board
- Concrete flatwork (6%) - [12/28/2020] excluded per board

EXTERIOR ITEMS
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
2	Roof, EPDM	sf	20,230	$19.00	20	12	$384,370
3	Glass curtainwall replacement (0.05%)	sf	116	$50.00	2	1	$5,800
4	Glass curtainwall replacement (1.5%)	sf	38	$100.00	2	1	$3,800
5	Decorative metal panels - seal replacement	sf	17,696	$5.25	15	7	$92,904
6	FRC panels - seal replacement	sf	6,392	$6.35	15	7	$40,589
7	Main entrance doors	pr	8	$2,580.00	25	17	$20,640
8	Exterior doors, glass and aluminum	ea	6	$1,500.00	25	15	$9,000
9	Exterior doors, metal, sgl	ea	96	$900.00	25	17	$86,400
10	Exterior doors, metal, dbl	ea	5	$1,250.00	25	17	$6,250
11	Overhead door with opener	ea	2	$11,520.00	20	12	$23,040
12	Overhead door with opener - large	ea	1	$18,000.00	20	19	$18,000
13	Lighting, exterior	ea	22	$225.00	20	12	$4,950
14	Lights, artwork, colored w/controls	ls	1	$5,000.00	10	5	$5,000

Replacement Costs - Page Subtotal $700,743

COMMENTS

- Item #3: Glass curtainwall replacement (0.05%) - Model for the glass curtain wall assumes 1/2% of the window system will fail and be replaced every 5 years. Maintenanceteam should keep track of each failed window system so the actual replacements can be tracked against this model andmodel can be adjusted accordingly.

INTERIOR ITEMS
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
15	Lobby tile floor tuckpoint (5%)	sf	100	$5.00	10	4	$500
16	Lobby tile floor replace	sf	2,000	$42.00	30	24	$84,000
17	Bathroom renovation, 1st floor lobby	ls	1	$6,500.00	20	12	$6,500
18	Lighting, general fixtures	ea	49	$125.00	25	17	$6,125
19	Lighting, interior	ea	40	$250.00	20	12	$10,000

Replacement Costs - Page Subtotal $107,125

COMMENTS

BUILDING SYSTEMS - MECHANICAL SYSTEMS

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
20	Fire pump, 250 hp	ea	1	$31,500.00	40	32	$31,500
21	Fire pump controller	ls	1	$10,500.00	40	32	$10,500
22	Dry sprinkler system compressor	ea	1	$5,000.00	30	22	$5,000
23	Sprinkler heads	ea	6,720	$225.00	50	39	$1,512,000

Replacement Costs - Page Subtotal $1,559,000

COMMENTS

BUILDING SYSTEMS - ELECTRICAL SYSTEMS

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
24	Primary switchgear	ls	1	$75,000.00	50	39	$75,000
25	Fire panel	ls	1	$31,500.00	25	17	$31,500
26	Security system	ls	1	$35,000.00	15	7	$35,000
27	Video camera system	ls	1	$15,000.00	3	1	$15,000
28	Generator, whole building	ea	1	$150,000.00	45	35	$150,000
29	Electric meter, control system (billing)	ls	1	$7,500.00	15	12	$7,500
30	Water meter, control system (billing)	ls	1	$2,000.00	15	13	$2,000

Replacement Costs - Page Subtotal $316,000

COMMENTS

VALUATION EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Property identification signage						EXCLUDED
	Miscellaneous signage						EXCLUDED
	House bid						EXCLUDED
	Fire extinguisher cabinet						EXCLUDED
	Signage						EXCLUDED

VALUATION EXCLUSIONS

Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than $1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED
	Gas services at common facilities						EXCLUDED

LONG-LIFE EXCLUSIONS
Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Building interior above the 1st floor						EXCLUDED
	Sanitary sewers serving one unit						EXCLUDED
	Electrical wiring serving one unit						EXCLUDED
	Cable TV service serving one unit						EXCLUDED
	Telephone service serving one unit						EXCLUDED
	Gas service serving one unit						EXCLUDED
	Unit interior						EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED

UTILITY EXCLUSIONS
Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 30 Projected Replacements in the A Sample High Rise - General Common Elements Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE**. The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2026 - Study Year	$
No Scheduled Replacements		

Item	2027 - YEAR 1	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
27	Video camera system	$15,000
Total Scheduled Replacements		$24,600

Item	2028 - YEAR 2	$
No Scheduled Replacements		

Item	2029 - YEAR 3	$
1	Concrete sealant - entry drive (1st lvl)	$1,345
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
Total Scheduled Replacements		$10,945

Item	2030 - YEAR 4	$
15	Lobby tile floor tuckpoint (5%)	$500
27	Video camera system	$15,000
Total Scheduled Replacements		$15,500

Item	2031 - YEAR 5	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
14	Lights, artwork, colored w/controls	$5,000
Total Scheduled Replacements		$14,600

Item	2032 - YEAR 6	$
No Scheduled Replacements		

Item	2033 - YEAR 7	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
5	Decorative metal panels - seal replacement	$92,904
6	FRC panels - seal replacement	$40,589
26	Security system	$35,000
27	Video camera system	$15,000
Total Scheduled Replacements		$193,093

PROJECTED REPLACEMENTS

Item	2034 - YEAR 8	$
No Scheduled Replacements		

Item	2035 - YEAR 9	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
Total Scheduled Replacements		$9,600

Item	2036 - YEAR 10	$
27	Video camera system	$15,000
Total Scheduled Replacements		$15,000

Item	2037 - YEAR 11	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
Total Scheduled Replacements		$9,600

Item	2038 - YEAR 12	$
2	Roof, EPDM	$384,370
11	Overhead door with opener	$23,040
13	Lighting, exterior	$4,950
17	Bathroom renovation, 1st floor lobby	$6,500
19	Lighting, interior	$10,000
29	Electric meter, control system (billing)	$7,500
Total Scheduled Replacements		$436,360

Item	2039 - YEAR 13	$
1	Concrete sealant - entry drive (1st lvl)	$1,345
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
27	Video camera system	$15,000
30	Water meter, control system (billing)	$2,000
Total Scheduled Replacements		$27,945

Item	2040 - YEAR 14	$
15	Lobby tile floor tuckpoint (5%)	$500
Total Scheduled Replacements		$500

Item	2041 - YEAR 15	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
8	Exterior doors, glass and aluminum	$9,000
14	Lights, artwork, colored w/controls	$5,000
Total Scheduled Replacements		$23,600

PROJECTED REPLACEMENTS

Item	2042 - YEAR 16	$
27	Video camera system	$15,000
	Total Scheduled Replacements	$15,000

Item	2043 - YEAR 17	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
7	Main entrance doors	$20,640
9	Exterior doors, metal, sgl	$86,400
10	Exterior doors, metal, dbl	$6,250
18	Lighting, general fixtures	$6,125
25	Fire panel	$31,500
	Total Scheduled Replacements	$160,515

Item	2044 - YEAR 18	$
	No Scheduled Replacements	

Item	2045 - YEAR 19	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
12	Overhead door with opener - large	$18,000
27	Video camera system	$15,000
	Total Scheduled Replacements	$42,600

Item	2046 - YEAR 20	$
	No Scheduled Replacements	

Item	2047 - YEAR 21	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
	Total Scheduled Replacements	$9,600

Item	2048 - YEAR 22	$
5	Decorative metal panels - seal replacement	$92,904
6	FRC panels - seal replacement	$40,589
22	Dry sprinkler system compressor	$5,000
26	Security system	$35,000
27	Video camera system	$15,000
	Total Scheduled Replacements	$188,493

Item	2049 - YEAR 23	$
1	Concrete sealant - entry drive (1st lvl)	$1,345
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
	Total Scheduled Replacements	$10,945

PROJECTED REPLACEMENTS

Item	2050 - YEAR 24	$
15	Lobby tile floor tuckpoint (5%)	$500
16	Lobby tile floor replace	$84,000
	Total Scheduled Replacements	$84,500

Item	2051 - YEAR 25	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
14	Lights, artwork, colored w/controls	$5,000
27	Video camera system	$15,000
	Total Scheduled Replacements	$29,600

Item	2052 - YEAR 26	$
	No Scheduled Replacements	

Item	2053 - YEAR 27	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
29	Electric meter, control system (billing)	$7,500
	Total Scheduled Replacements	$17,100

Item	2054 - YEAR 28	$
27	Video camera system	$15,000
30	Water meter, control system (billing)	$2,000
	Total Scheduled Replacements	$17,000

Item	2055 - YEAR 29	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
	Total Scheduled Replacements	$9,600

Item	2056 - YEAR 30	$
	No Scheduled Replacements	

Item	2057 - YEAR 31	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
27	Video camera system	$15,000
	Total Scheduled Replacements	$24,600

PROJECTED REPLACEMENTS

Item	2058 - YEAR 32	$
2	Roof, EPDM	$384,370
11	Overhead door with opener	$23,040
13	Lighting, exterior	$4,950
17	Bathroom renovation, 1st floor lobby	$6,500
19	Lighting, interior	$10,000
20	Fire pump, 250 hp	$31,500
21	Fire pump controller	$10,500
	Total Scheduled Replacements	$470,860

Item	2059 - YEAR 33	$
1	Concrete sealant - entry drive (1st lvl)	$1,345
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
	Total Scheduled Replacements	$10,945

Item	2060 - YEAR 34	$
15	Lobby tile floor tuckpoint (5%)	$500
27	Video camera system	$15,000
	Total Scheduled Replacements	$15,500

Item	2061 - YEAR 35	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
14	Lights, artwork, colored w/controls	$5,000
28	Generator, whole building	$150,000
	Total Scheduled Replacements	$164,600

Item	2062 - YEAR 36	$
	No Scheduled Replacements	

Item	2063 - YEAR 37	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
5	Decorative metal panels - seal replacement	$92,904
6	FRC panels - seal replacement	$40,589
26	Security system	$35,000
27	Video camera system	$15,000
	Total Scheduled Replacements	$193,093

Item	2064 - YEAR 38	$
	No Scheduled Replacements	

Item	2065 - YEAR 39	$
3	Glass curtainwall replacement (0.05%)	$5,800
4	Glass curtainwall replacement (1.5%)	$3,800
12	Overhead door with opener - large	$18,000
23	Sprinkler heads	$1,512,000
24	Primary switchgear	$75,000
	Total Scheduled Replacements	$1,614,600

SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at A Sample High-Rise - General Common Elements in December 2020. A Sample High-Rise - General Common Elements is in generally excellent condition for a residential condominium constructed between 2008-2010. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.
General Common Element (GCE) - This area picks up both the owners of residential units and the commercial properties on the first floor. Included are the entire exterior envelope, glass skin, roof, and exterior doors on the first floor. Also included are the fire suppression and detection systems, security system, and the main electrical switchgear which includes the building's back-up generator.
The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. MillerDodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

(Continued on next page)

EXTERIOR ITEMS

Building Roofing. Asphalt shingle roofs can have a useful life of 20 to 50 years, depending on the weight and quality of the shingle. Weathered, curled, and missing shingles indicate they may be nearing the end of their useful life.

Slate shingle roofing can have an extended useful life of 100 years or more. Failures with slate roofs are primarily from improper fasteners, damage from improper access to the roof, and physical damage, primarily from hail. The metalwork, including flashings and valleys, will need to be replaced, and we assume that this work will be required every 30 years.

Metal roofing can be a standing seam, rolled seam, or shingle with a normal economic life of 50 to 100 years. In some cases, recoating or repainting can extend the useful life of a metal roof.

Flat roofing systems can have a variety of configurations that will greatly affect the cost of replacement, including insulation, ballast, the height of the building, and the density of installed mechanical equipment. Flat roofing systems typically have a useful life of 15 to 25 years.

Access to the roof was not provided at the time of the site visit.

Annual inspections are recommended, with cleaning, repair, and vegetation mitigation performed as needed. Contractors and personnel should perform access, inspection, and repair work with the appropriate access equipment experienced in the roofing types used for the facility.

INTERIOR ITEMS

Tile Floors. Tile floors are found in the 1st floor and 9th-floor lobbies and in the elevator lobbies on the 1st through 9th floors. Tile flooring and walls can also be found in the common restrooms. These floors walls have an extended life but may need occasional regrouting of joints. Full replacement has been included to allow for replacement due to failure or to allow for changes in the décor.

BUILDING SYSTEMS

Fire Safety Systems. The building is fitted with a fire safety system that includes sprinklers and alarms, which are reported to operate normally. Testing and inspection of fire safety systems are not included in this study.

Depending on age, condition, and jurisdictional location, sprinkler pipe systems have various configurations and requirements. Specific county and municipal codes can make a significant difference in what your facility's specific requirements may be.

Building fire alarm systems have a service life of 15 to 25 years. While the panels may continue to operate past this point, changes in fire safety technology and building fire safety codes tend to render them obsolete. In addition, manufacturers only support their systems for a limited period, typically about 15 years. After this time, it may be increasingly difficult to obtain replacement parts and services. When upgrading the fire alarm system, changes in the technologies and new code requirements will likely require upgrades in lighting, sensors, alarms, and other systems and sub-components.

We have assumed that wet and dry pipe systems are long-life components and will not require whole-scale replacement. It is imperative, however, for these pipes to be properly drained or for the water to be properly conditioned. Other components, such as heads, gauges, and valves, are assumed normal maintenance items and are therefore excluded from the study.

We recommend having your entire fire safety system inspected and evaluated by a professional in this field who is familiar with your area of the country. In addition, a comprehensive preventative maintenance program will ensure the maximum possible useful life from these components, and a qualified professional can help set up and implement such a program.

Your local CAI chapter may have a service provider list on their website that may refer you to a local fire and life safety consultant. As an alternative, please get in touch with our office, and we will provide recommendations.

As a preliminary estimate, we have provided an allowance every 15 years for the major repair and upgrade of the fire safety systems. A detailed evaluation of the facility's fire safety system should include an estimate of reserve funding for these components, and this funding estimate should be incorporated in the next reserve study update. Inspections and annual maintenance work are not accounted for or included in this study.

Emergency Backup Generator. The property has a Cummins generator for backup of essential emergency systems. The generator is new and in excellent condition. The Facility Manager operates the generator weekly to ensure it is in operation in case of emergency.

Electrical Switchgear. There is switchgear for distribution 480v power throughout the entire building on the1st floor and there are also power distribution panels for 120/208v power to the residential floors and for 480vpower in the penthouse for mechanical equipment. The switchgear has a long life but changes in equipment technology can result in the inability of obtaining replacement parts and subsequently to switchgear must be replaced. History in this area shows that in about 30 years the distribution breakers will require power panel replacements and the switchgear will require replacement in 50 years.

Electrical Transformers. Transformers are used to reduce the 480v power throughout the building to120/208v. These transformers experience the majority of failures due to overheating, so with electrical room cooling, this failure timeframe should be extended. The study assumes the transformers will last for 30 years before replacement.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

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SECTION A - FINANCIAL ANALYSIS

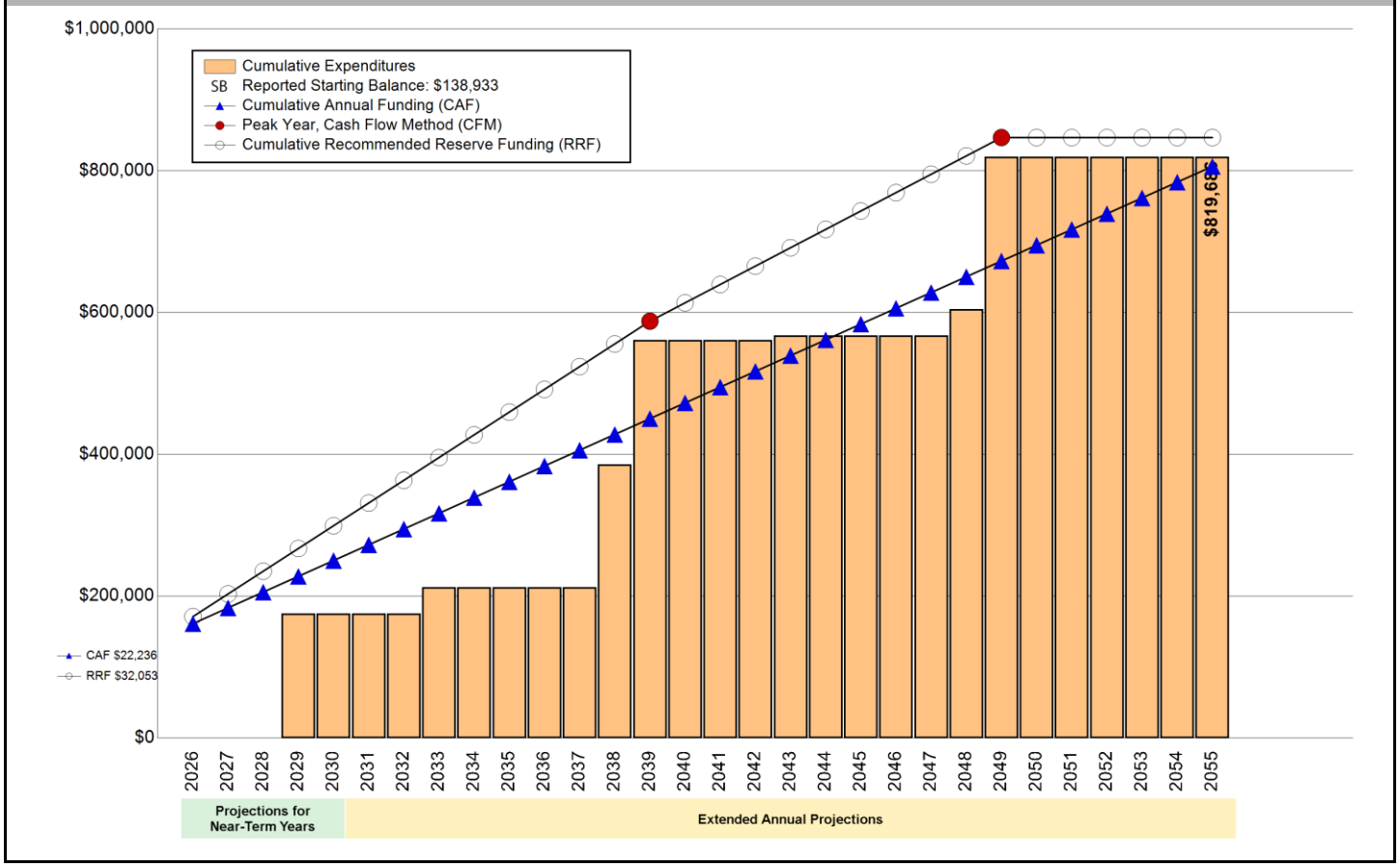
The Sample High Rise - Garage Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 6 Projected Replacements identified in the Replacement Reserve Inventory.

$32,053 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2026**
$5.39 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A1.5.

Sample High Rise - Garage reports a Starting Balance of $138,933 and Annual Funding totaling $22,236, which is inadequate to fund projected replacements starting in 2039. See Page A1.3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Sample High Rise - Garage Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2026 **STUDY YEAR**

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2026.

30 Years **STUDY PERIOD**

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

$138,933 **STARTING BALANCE**

The Association reports Replacement Reserves on Deposit totaling $138,933 at the start of the Study Year.

Level Two **LEVEL OF SERVICE**

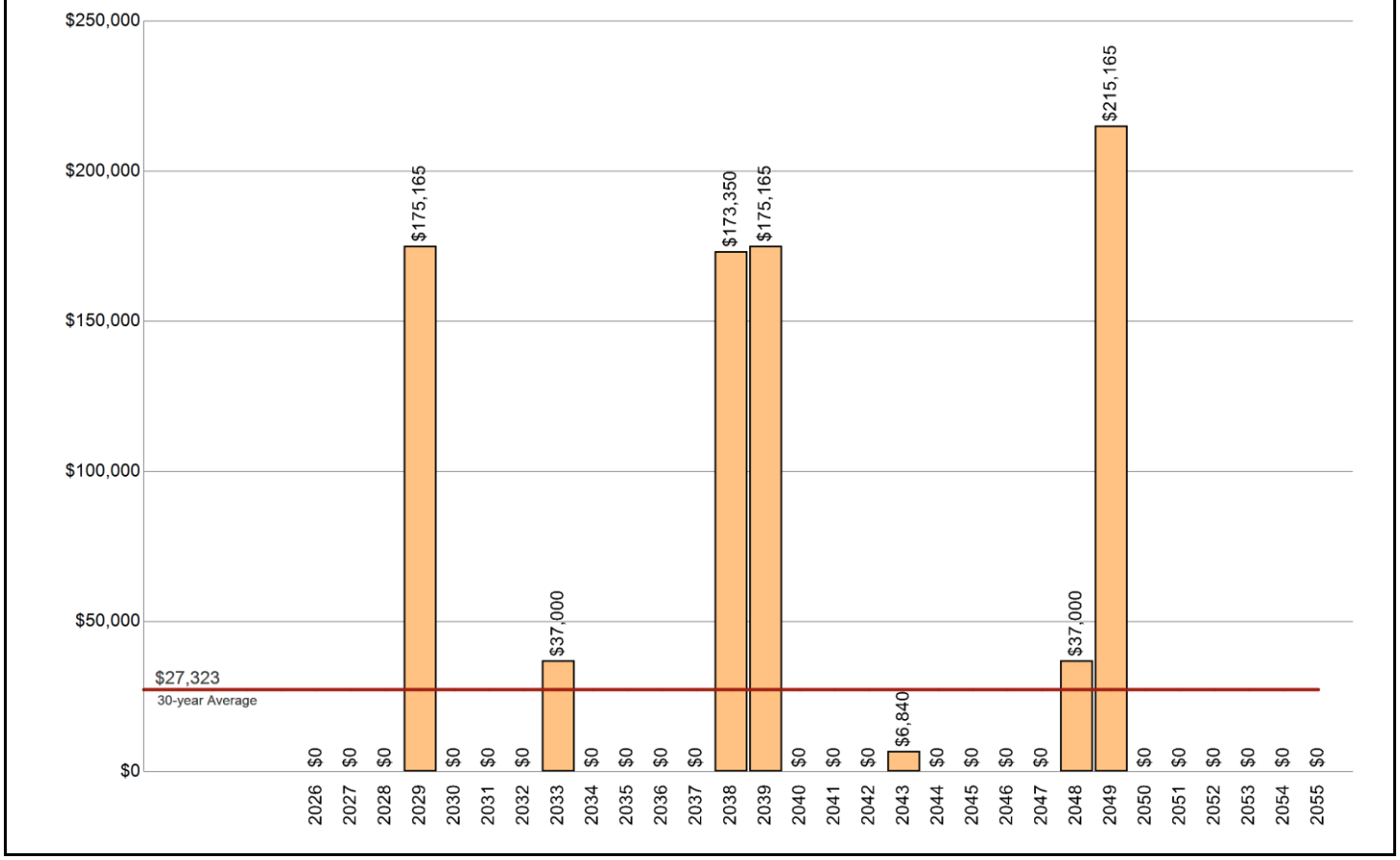
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

$819,686 **REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The Sample High Rise - Garage Replacement Reserve Inventory identifies 6 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be $819,686 over the 30-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B1.3. Pages B1.1-B1.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 30-year Study Period. The red line shows the average annual expenditure of $27,323. Section C1 provides a year by year Calendar of these expenditures.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A1.4 and A1.5. The Projected Replacements listed on Page C1.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A1.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A1.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the $819,686 of Projected Expenditures over the 30-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$138,933									
Projected Replacements				($175,165)				($37,000)		
Annual Deposit	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236
End of Year Balance	$161,169	$183,405	$205,641	$52,712	$74,948	$97,184	$119,420	$104,656	$126,892	$149,128
Cumulative Expenditures				($175,165)	($175,165)	($175,165)	($175,165)	($212,165)	($212,165)	($212,165)
Cumulative Receipts	$161,169	$183,405	$205,641	$227,877	$250,113	$272,349	$294,585	$316,821	$339,057	$361,293

Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Replacements			($173,350)	($175,165)				($6,840)		
Annual Deposit	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236
End of Year Balance	$171,364	$193,600	$42,486	($110,444)	($88,208)	($65,972)	($43,736)	($28,340)	($6,104)	$16,132
Cumulative Expenditures	($212,165)	($212,165)	($385,515)	($560,681)	($560,681)	($560,681)	($560,681)	($567,521)	($567,521)	($567,521)
Cumulative Receipts	$383,529	$405,765	$428,001	$450,237	$472,473	$494,709	$516,945	$539,181	$561,417	$583,653

Year	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Projected Replacements			($37,000)	($215,165)						
Annual Deposit	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236	$22,236
End of Year Balance	$38,368	$60,604	$45,840	($147,089)	($124,853)	($102,617)	($80,381)	($58,145)	($35,909)	($13,673)
Cumulative Expenditures	($567,521)	($567,521)	($604,521)	($819,686)	($819,686)	($819,686)	($819,686)	($819,686)	($819,686)	($819,686)
Cumulative Receipts	$605,889	$628,125	$650,361	$672,597	$694,833	$717,069	$739,305	$761,541	$783,777	$806,013

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of $138,933 & annual funding of $22,236), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 6 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of $22,236 throughout the 30-year Study Period.

Annual Funding of $22,236 is approximately 69 percent of the $32,053 recommended Annual Funding calculated by the Cash Flow Method for 2026, the Study Year.

See the Executive Summary for the Current Funding Statement.

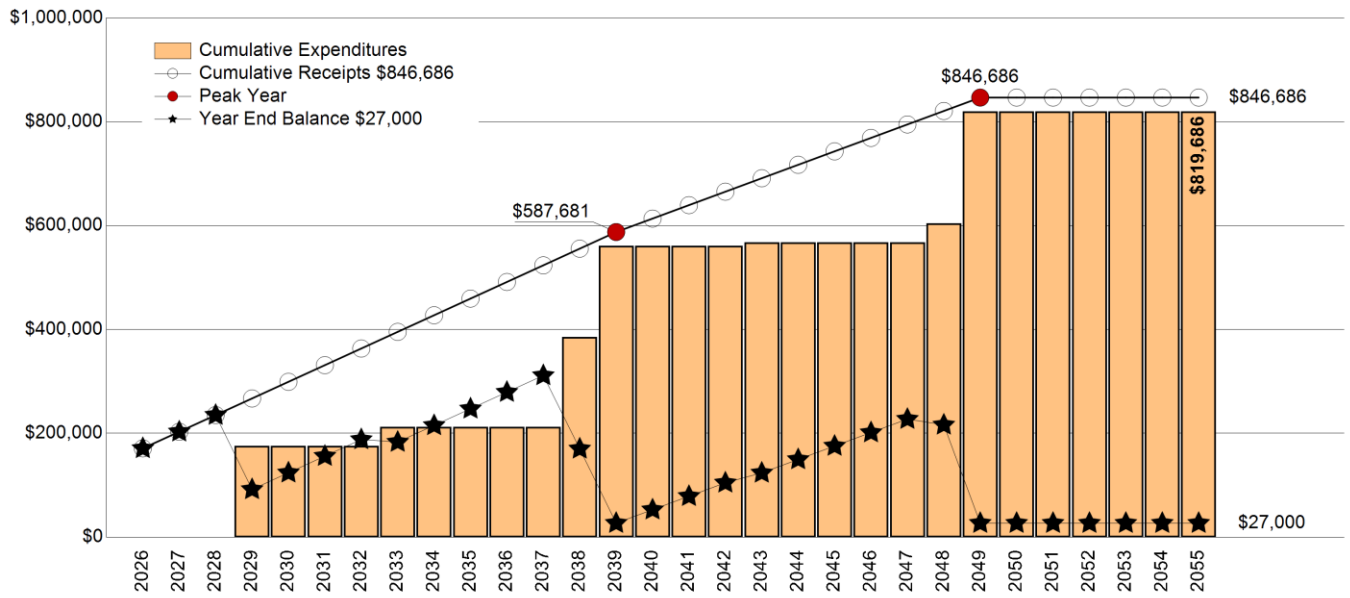
CASH FLOW METHOD FUNDING

$32,053 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2026**
$5.39 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2039 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of $560,681 of replacements from 2026 to 2039. Recommended funding is projected to decline from $32,053 in 2039 to $25,901 in 2040. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of $27,000 will always be held in reserve, which is calculated by rounding the 12-month 30-year average annual expenditure of $27,323 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for $819,686 of expenditures over the 30-year Study Period. It does not include funding for any projects beyond 2055 and in 2055, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 0 through 39



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$138,933									
Projected Replacements				($175,165)				($37,000)		
Annual Deposit	$32,053	$32,053	$32,053	$32,053	$32,053	$32,053	$32,053	$32,053	$32,053	$32,053
End of Year Balance	$170,986	$203,040	$235,093	$91,981	$124,035	$156,088	$188,141	$183,195	$215,248	$247,302
Cumulative Expenditures				($175,165)	($175,165)	($175,165)	($175,165)	($212,165)	($212,165)	($212,165)
Cumulative Receipts	$170,986	$203,040	$235,093	$267,147	$299,200	$331,254	$363,307	$395,360	$427,414	$459,467

Year	2036	2037	2038	1st Peak - 2039	2040	2041	2042	2043	2044	2045
Projected Replacements			($173,350)	($175,165)				($6,840)		
Annual Deposit	$32,053	$32,053	$32,053	$32,053	$25,901	$25,901	$25,901	$25,901	$25,901	$25,901
End of Year Balance	$279,355	$311,409	$170,112	$27,000	$52,901	$78,801	$104,702	$123,762	$149,663	$175,563
Cumulative Expenditures	($212,165)	($212,165)	($385,515)	($560,681)	($560,681)	($560,681)	($560,681)	($567,521)	($567,521)	($567,521)
Cumulative Receipts	$491,521	$523,574	$555,627	$587,681	$613,581	$639,482	$665,383	$691,283	$717,184	$743,084

Year	2046	2047	2048	2nd Peak - 2049	2050	2051	2052	2053	2054	2055
Projected Replacements			($37,000)	($215,165)						
Annual Deposit	$25,901	$25,901	$25,901	$25,901						
End of Year Balance	$201,464	$227,364	$216,265	$27,000	$27,000	$27,000	$27,000	$27,000	$27,000	$27,000
Cumulative Expenditures	($567,521)	($567,521)	($604,521)	($819,686)	($819,686)	($819,686)	($819,686)	($819,686)	($819,686)	($819,686)
Cumulative Receipts	$768,985	$794,885	$820,786	$846,686	$846,686	$846,686	$846,686	$846,686	$846,686	$846,686

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At MillerDodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

$32,053 **2026 - CASH FLOW METHOD RECOMMENDED FUNDING**

The 2026 Study Year calculations have been made using current replacement costs

$34,137 **2027 - 6.5% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2027 funding based on three assumptions:

- Starting Balance totaling $170,986 on January 1, 2027.
- No Expenditures from Replacement Reserves in 2027.

$36,355 **2028 - 6.5% INFLATION ADJUSTED FUNDING**

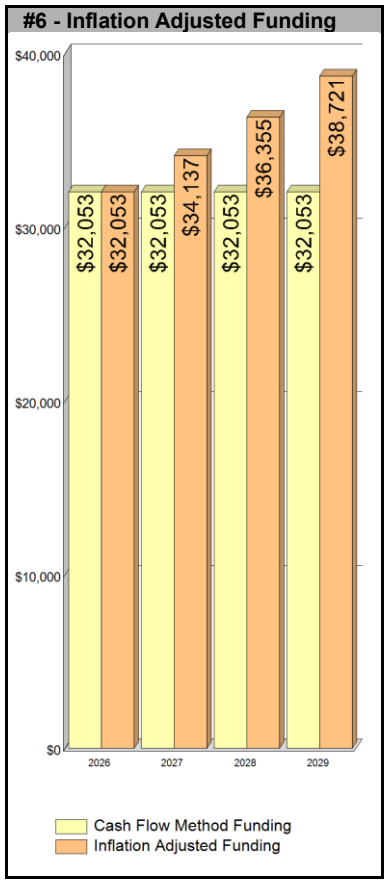
A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately $205,123 = 2028 Starting Balance $170,986, plus Inflation Adjusted Funding $34,137 for 2027, minus $0 2027 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2028.

$38,721 **2029 - 6.5% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2029 funding based on three assumptions:

- Starting balance of approximately $241,479 = 2029 Starting Balance $205,123, plus Inflation Adjusted Funding $36,355 for 2028, minus $0 2028 Inflation Adjusted Cost.
- 2029 Non-inflation replacement costs listed in Section C, $175,165, will be replaced at approximately $211,591, 6.5% compounded inflation increase to 2026 costs.
- The $38,721 inflation-adjusted funding in 2029 is a 6.5% increase over the non-inflation-adjusted funding of $36,355 for 2028.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2027, 2028 and 2029 inflation-adjusted funding calculations above, the 6.50 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact MillerDodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2026, based on a 1.00 percent interest rate, we estimate the Association may earn $1,550 on an average balance of $154,960, $1,881 on an average balance of $188,055 in 2027, and $2,233 on $223,301 in 2028. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2026 funding from $32,053 to $30,504 (a 4.83 percent reduction), $34,137 to $32,256 in 2027 (a 5.50 percent reduction), and $36,356 to $34,123 in 2028 (a 6.14 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

Maryland's new Reserves and Reserve Study Law, HB-107, is intended to ensure that adequate Reserve Funding is available for capital repair and replacement projects when it is needed. This is done by funding the Reserve Fund annually. The law requires that the Recommended Annual Reserve Funding amount in the most recent Reserve Study be included in the Association's annual budgets. If this is an Association's "initial" (first) professionally conducted Reserve Study, HB-107 gives the Association up to three (3) fiscal years following the fiscal year in which the Reserve Study was completed, to attain the Annual Reserve Funding level recommended in the initial Reserve Study.

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Sample High Rise - Garage - Replacement Reserve Inventory identifies 6 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of $432,355. Cumulative Replacements totaling $819,686 are scheduled in the Replacement Reserve Inventory over the 30-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

  Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

  Value. Items with a replacement cost of less than $1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B1.2.

  Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

  Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

  Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 6 items included in the Sample High Rise - Garage Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B1.3.

- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

  This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 6 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

  Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

  Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

  Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

  Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

  Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

  Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

  Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

  Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 30 YEARS.** The calculations do not include funding for initial replacements beyond 30 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 30-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 6 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.1.

PARKING GARAGE
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
1	Concrete Sealant - garage floor	sf	206,077	$0.85	10	3	$175,165
2	Overhead door with opener	ea	2	$16,000.00	15	7	$32,000
3	Security Gate Arms, motor & controls	ea	2	$2,500.00	15	7	$5,000
4	Suspended Ceiling	sf	17,335	$10.00	20	12	$173,350
5	Lighting, general fixtures	ea	320	$125.00	25	23	$40,000
6	Exit Signage, LED	ea	72	$95.00	25	17	$6,840

Replacement Costs - Page Subtotal $432,355

COMMENTS

VALUATION EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	House bib						EXCLUDED
	Property identification signage						EXCLUDED
	Miscellaneous signage						EXCLUDED
	Fire extinguisher cabinet						EXCLUDED
	Signage						EXCLUDED

VALUATION EXCLUSIONS

Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than $1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED
	Gas services at common facilities						EXCLUDED

LONG-LIFE EXCLUSIONS
Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	All areas of building outside garage						EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 6 Projected Replacements in the Sample High Rise - Garage Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C1.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE**. The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2026 - Study Year	$
No Scheduled Replacements		

Item	2027 - YEAR 1	$
No Scheduled Replacements		

Item	2028 - YEAR 2	$
No Scheduled Replacements		

Item	2029 - YEAR 3	$
1	Concrete Sealant - garage floor	$175,165
Total Scheduled Replacements		$175,165

Item	2030 - YEAR 4	$
No Scheduled Replacements		

Item	2031 - YEAR 5	$
No Scheduled Replacements		

Item	2032 - YEAR 6	$
No Scheduled Replacements		

Item	2033 - YEAR 7	$
2	Overhead door with opener	$32,000
3	Security Gate Arms, motor & controls	$5,000
Total Scheduled Replacements		$37,000

Item	2034 - YEAR 8	$
No Scheduled Replacements		

Item	2035 - YEAR 9	$
No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2036 - YEAR 10	$

No Scheduled Replacements

Item	2037 - YEAR 11	$

No Scheduled Replacements

Item	2038 - YEAR 12	$
4	Suspended Ceiling	$173,350
	Total Scheduled Replacements	$173,350

Item	2039 - YEAR 13	$
1	Concrete Sealant - garage floor	$175,165
	Total Scheduled Replacements	$175,165

Item	2040 - YEAR 14	$

No Scheduled Replacements

Item	2041 - YEAR 15	$

No Scheduled Replacements

Item	2042 - YEAR 16	$

No Scheduled Replacements

Item	2043 - YEAR 17	$
6	Exit Signage, LED	$6,840
	Total Scheduled Replacements	$6,840

Item	2044 - YEAR 18	$

No Scheduled Replacements

Item	2045 - YEAR 19	$

No Scheduled Replacements

PROJECTED REPLACEMENTS

Item	2046 - YEAR 20	$

No Scheduled Replacements

Item	2047 - YEAR 21	$

No Scheduled Replacements

Item	2048 - YEAR 22	$
2	Overhead door with opener	$32,000
3	Security Gate Arms, motor & controls	$5,000
	Total Scheduled Replacements	$37,000

Item	2049 - YEAR 23	$
1	Concrete Sealant - garage floor	$175,165
5	Lighting, general fixtures	$40,000
	Total Scheduled Replacements	$215,165

Item	2050 - YEAR 24	$

No Scheduled Replacements

Item	2051 - YEAR 25	$

No Scheduled Replacements

Item	2052 - YEAR 26	$

No Scheduled Replacements

Item	2053 - YEAR 27	$

No Scheduled Replacements

Item	2054 - YEAR 28	$

No Scheduled Replacements

Item	2055 - YEAR 29	$

No Scheduled Replacements

SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Sample High Rise - Garage in December 2020. Sample High Rise - Garage is in generally excellent condition for a condominium residential garage constructed in 2010. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.
Garage - This area covers the first floor entry point to the garage with the security gate arms and the overhead doors with garage door openers. The concrete floor for the entry and the 8 garage levels is included for sealing the concrete surface. The lighting and exit signs for the garage levels are included.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. MillerDodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

(Continued on next page)

PARKING GARAGE

Concrete Flatwork. The concrete flatwork includes the garage entry at street level and the garage floor itself. The Association maintains an inventory of approximately 211,457 square feet of concrete garage floor surface. The overall condition of the concrete surface is very good.

The standards we used for recommending replacement are as follows:

- Trip hazard, 0.5 inch height difference.
- Severe cracking.
- Severe spalling

Because it is highly unlikely that all of the garage concrete floors will fail and require replacement in the period of the study, we have programmed funds for sealing the concrete garage floor which includes a small amount for some crack sealing and spall repair. There should be little to no failure due to the garage being protected from the majority of the moisture and weather.

Concrete, Sealant. The concrete drive into the parking structure and the floor of each garage level will not need to be replaced as they are not directly exposed to the weather conditions, but to protect the surfaces from deterioration due to water, mag-chloride de-icer, and vehicle fluids it is recommended the concrete be sealed. History has proven that sealing the concrete in underground or covered garages every 10 years can limit the amount of spall repair that would otherwise be required. This Sample Company is a company specializing in garage sealing work in the Annapolis area. They were very helpful in determining the type of materials that work well in the local area and the cost factors for the work.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

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SECTION A - FINANCIAL ANALYSIS

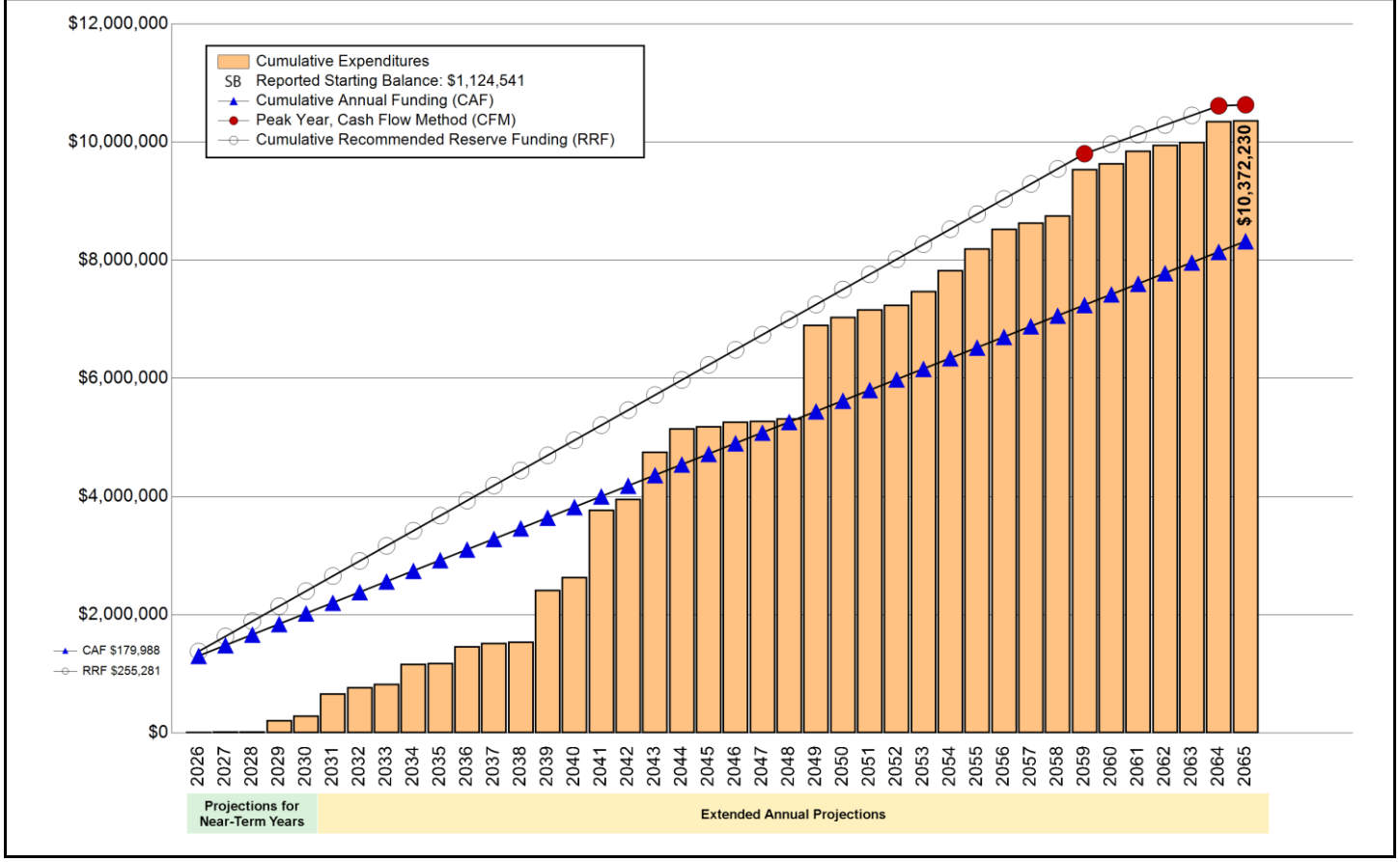
The Sample High Rise - Residential Common Elements Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 164 Projected Replacements identified in the Replacement Reserve Inventory.

$255,281 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2026**
$42.89 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A2.5.

Sample High Rise - Residential Common Elements reports a Starting Balance of $1,124,541 and Annual Funding totaling $179,988, which is inadequate to fund projected replacements starting in 2043. See Page A2.3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Sample High Rise - Residential Common Elements Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2026 **STUDY YEAR**

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2026.

40 Years **STUDY PERIOD**

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

$1,124,541 **STARTING BALANCE**

The Association reports Replacement Reserves on Deposit totaling $1,124,541 at the start of the Study Year.

Level Two **LEVEL OF SERVICE**

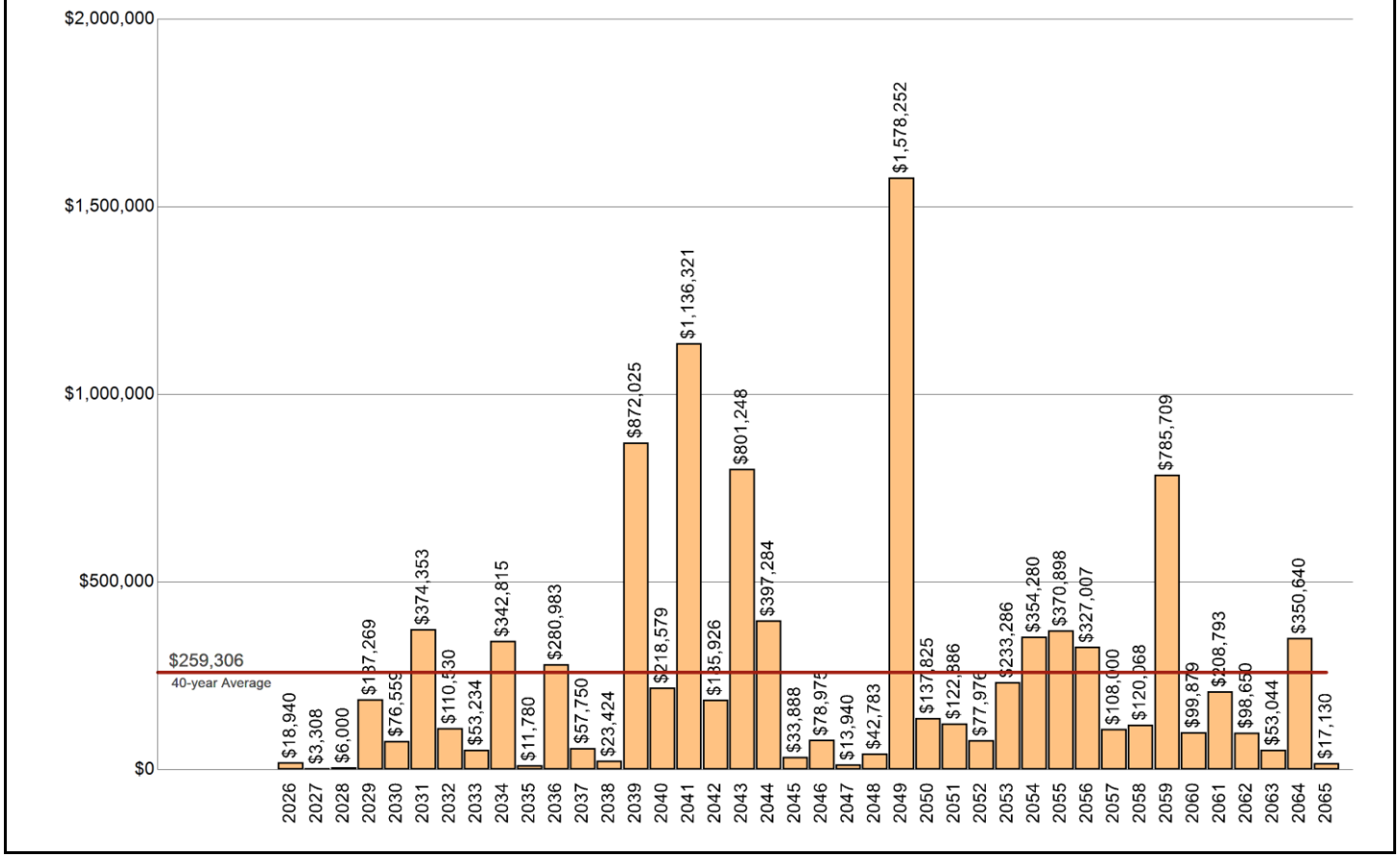
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

$10,372,230 **REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The Sample High Rise - Residential Common Elements Replacement Reserve Inventory identifies 164 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be $10,372,230 over the 40-year Study Period. The Projected Replacements are divided into 4 major categories starting on Page B2.3. Pages B2.1-B2.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of $259,306. Section C2 provides a year by year Calendar of these expenditures.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A2.4 and A2.5. The Projected Replacements listed on Page C2.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A2.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A2.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the $10,372,230 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$1,124,541									
Projected Replacements	($18,940)	($3,308)	($6,000)	($187,269)	($76,559)	($374,353)	($110,530)	($53,234)	($342,815)	($11,780)
Annual Deposit	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988
End of Year Balance	$1,285,589	$1,462,270	$1,636,258	$1,628,977	$1,732,406	$1,538,041	$1,607,499	$1,734,254	$1,571,427	$1,739,635
Cumulative Expenditures	($18,940)	($22,248)	($28,248)	($215,517)	($292,075)	($666,428)	($776,958)	($830,192)	($1,173,007)	($1,184,787)
Cumulative Receipts	$1,304,529	$1,484,517	$1,664,505	$1,844,493	$2,024,481	$2,204,469	$2,384,457	$2,564,445	$2,744,433	$2,924,421
Year	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Projected Replacements	($280,983)	($57,750)	($23,424)	($872,025)	($218,579)	($1,136,321)	($185,926)	($801,248)	($397,284)	($33,888)
Annual Deposit	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988
End of Year Balance	$1,638,640	$1,760,878	$1,917,442	$1,225,405	$1,186,815	$230,482	$224,544	($396,716)	($614,012)	($467,911)
Cumulative Expenditures	($1,465,769)	($1,523,519)	($1,546,943)	($2,418,968)	($2,637,547)	($3,773,867)	($3,959,793)	($4,761,041)	($5,158,325)	($5,192,212)
Cumulative Receipts	$3,104,409	$3,284,397	$3,464,385	$3,644,373	$3,824,361	$4,004,349	$4,184,337	$4,364,325	$4,544,313	$4,724,301
Year	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**
Projected Replacements	($78,975)	($13,940)	($42,783)	($1,578,252)	($137,825)	($122,886)	($77,976)	($233,286)	($354,280)	($370,898)
Annual Deposit	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988
End of Year Balance	($366,898)	($200,850)	($63,645)	($1,461,909)	($1,419,746)	($1,362,643)	($1,260,631)	($1,313,929)	($1,488,221)	($1,679,131)
Cumulative Expenditures	($5,271,187)	($5,285,127)	($5,327,910)	($6,906,162)	($7,043,987)	($7,166,872)	($7,244,848)	($7,478,134)	($7,832,414)	($8,203,312)
Cumulative Receipts	$4,904,289	$5,084,277	$5,264,265	$5,444,253	$5,624,241	$5,804,229	$5,984,217	$6,164,205	$6,344,193	$6,524,181
Year	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**	**2063**	**2064**	**2065**
Projected Replacements	($327,007)	($108,000)	($120,068)	($785,709)	($99,879)	($208,793)	($98,650)	($53,044)	($350,640)	($17,130)
Annual Deposit	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988	$179,988
End of Year Balance	($1,826,149)	($1,754,161)	($1,694,241)	($2,299,962)	($2,219,852)	($2,248,657)	($2,167,319)	($2,040,375)	($2,211,027)	($2,048,169)
Cumulative Expenditures	($8,530,318)	($8,638,318)	($8,758,386)	($9,544,095)	($9,643,973)	($9,852,766)	($9,951,416)	($10,004,460)	($10,355,100)	($10,372,230)
Cumulative Receipts	$6,704,169	$6,884,157	$7,064,145	$7,244,133	$7,424,121	$7,604,109	$7,784,097	$7,964,085	$8,144,073	$8,324,061

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of $1,124,541 & annual funding of $179,988), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 164 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of $179,988 throughout the 40-year Study Period.

Annual Funding of $179,988 is approximately 71 percent of the $255,281 recommended Annual Funding calculated by the Cash Flow Method for 2026, the Study Year.

See the Executive Summary for the Current Funding Statement.

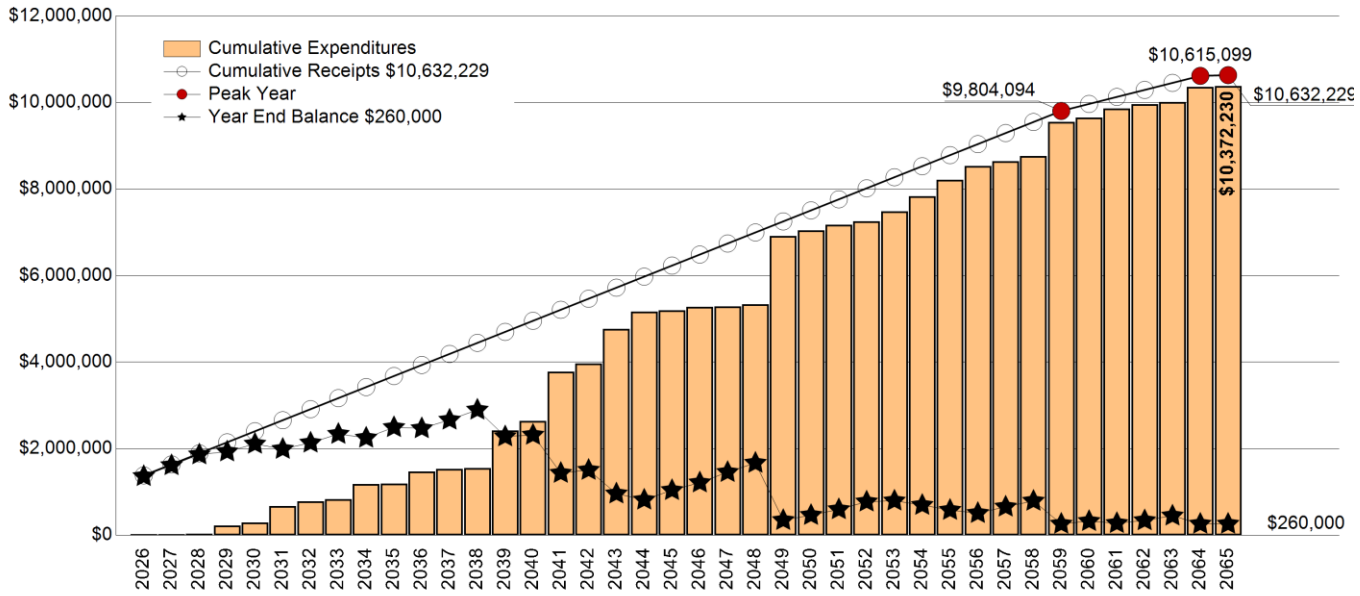
CASH FLOW METHOD FUNDING

$255,281 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2026**
$42.89 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2059 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of $9,544,095 of replacements from 2026 to 2059. Recommended funding is anticipated to decline in 2060. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of $260,000 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of $259,306 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for $10,372,230 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2065 and in 2065, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 0 through 39



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$1,124,541									
Projected Replacements	($18,940)	($3,308)	($6,000)	($187,269)	($76,559)	($374,353)	($110,530)	($53,234)	($342,815)	($11,780)
Annual Deposit	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281
End of Year Balance	$1,360,882	$1,612,855	$1,862,136	$1,930,148	$2,108,871	$1,989,799	$2,134,550	$2,336,597	$2,249,063	$2,492,564
Cumulative Expenditures	($18,940)	($22,248)	($28,248)	($215,517)	($292,075)	($666,428)	($776,958)	($830,192)	($1,173,007)	($1,184,787)
Cumulative Receipts	$1,379,822	$1,635,103	$1,890,384	$2,145,665	$2,400,946	$2,656,227	$2,911,508	$3,166,789	$3,422,070	$3,677,351
Year	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Projected Replacements	($280,983)	($57,750)	($23,424)	($872,025)	($218,579)	($1,136,321)	($185,926)	($801,248)	($397,284)	($33,888)
Annual Deposit	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281
End of Year Balance	$2,466,863	$2,664,394	$2,896,251	$2,279,507	$2,316,209	$1,435,170	$1,504,525	$958,558	$816,555	$1,037,949
Cumulative Expenditures	($1,465,769)	($1,523,519)	($1,546,943)	($2,418,968)	($2,637,547)	($3,773,867)	($3,959,793)	($4,761,041)	($5,158,325)	($5,192,212)
Cumulative Receipts	$3,932,632	$4,187,913	$4,443,194	$4,698,475	$4,953,756	$5,209,037	$5,464,318	$5,719,599	$5,974,880	$6,230,161
Year	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**
Projected Replacements	($78,975)	($13,940)	($42,783)	($1,578,252)	($137,825)	($122,886)	($77,976)	($233,286)	($354,280)	($370,898)
Annual Deposit	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281	$255,281
End of Year Balance	$1,214,255	$1,455,596	$1,668,094	$345,123	$462,579	$594,975	$772,280	$794,275	$695,276	$579,659
Cumulative Expenditures	($5,271,187)	($5,285,127)	($5,327,910)	($6,906,162)	($7,043,987)	($7,166,872)	($7,244,848)	($7,478,134)	($7,832,414)	($8,203,312)
Cumulative Receipts	$6,485,442	$6,740,723	$6,996,004	$7,251,285	$7,506,566	$7,761,847	$8,017,128	$8,272,409	$8,527,690	$8,782,971
Year	**2056**	**2057**	**2058**	**1st Peak - 2059**	**2060**	**2061**	**2062**	**2063**	**2nd Peak - 2064**	**3rd Peak - 2065**
Projected Replacements	($327,007)	($108,000)	($120,068)	($785,709)	($99,879)	($208,793)	($98,650)	($53,044)	($350,640)	($17,130)
Annual Deposit	$255,281	$255,281	$255,281	$255,281	$162,201	$162,201	$162,201	$162,201	$162,201	$17,130
End of Year Balance	$507,934	$655,215	$790,428	$260,000	$322,322	$275,730	$339,281	$448,439	$260,000	$260,000
Cumulative Expenditures	($8,530,318)	($8,638,318)	($8,758,386)	($9,544,095)	($9,643,973)	($9,852,766)	($9,951,416)	($10,004,460)	($10,355,100)	($10,372,230)
Cumulative Receipts	$9,038,252	$9,293,533	$9,548,814	$9,804,094	$9,966,295	$10,128,496	$10,290,697	$10,452,898	$10,615,099	$10,632,229

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At MillerDodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

$255,281 **2026 - CASH FLOW METHOD RECOMMENDED FUNDING**

The 2026 Study Year calculations have been made using current replacement costs

$261,152 **2027 - 2.3% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2027 funding based on three assumptions:

- Starting Balance totaling $1,360,882 on January 1, 2027.
- 2027 Non-inflation replacement costs listed in Section C, $3,308, will be replaced at approximately $3,384, 2.30% compounded inflation increase to 2026 costs.
- The $261,152 inflation-adjusted funding in 2027 is a 2.3% increase over the non-inflation-adjusted funding of $255,281.

$267,152 **2028 - 2.3% INFLATION ADJUSTED FUNDING**

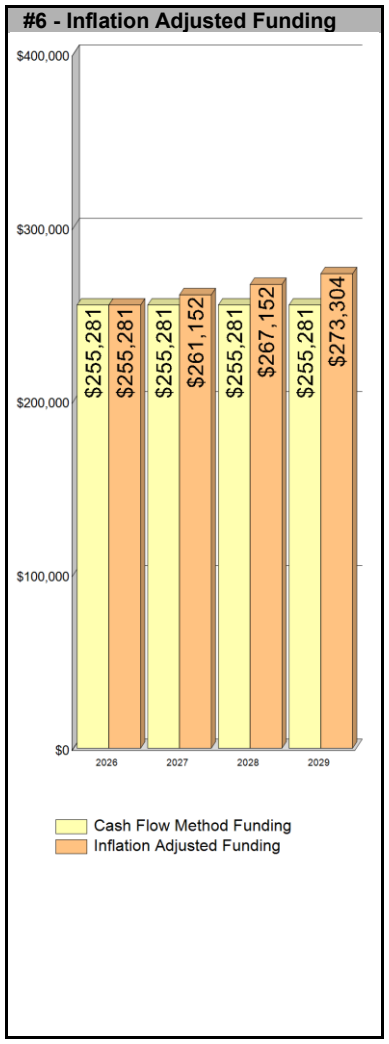
A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately $1,618,651 = 2028 Starting Balance $1,360,882, plus Inflation Adjusted Funding $261,152 for 2027, minus $3,384 2027 Inflation Adjusted Cost.
- 2028 Non-inflation replacement costs listed in Section C, $6,000, will be replaced at approximately $6,279, 2.3% compounded inflation increase to 2026 costs.
- The $267,152 inflation-adjusted funding in 2028 is a 2.3% increase over the non-inflation-adjusted funding of $261,152 for 2027.

$273,304 **2029 - 2.3% INFLATION ADJUSTED FUNDING**

A new analysis calculates the 2029 funding based on three assumptions:

- Starting balance of approximately $1,879,531 = 2029 Starting Balance $1,618,651, plus Inflation Adjusted Funding $267,152 for 2028, minus $6,279 2028 Inflation Adjusted Cost.
- 2029 Non-inflation replacement costs listed in Section C, $187,269, will be replaced at approximately $200,490, 2.3% compounded inflation increase to 2026 costs.
- The $273,304 inflation-adjusted funding in 2029 is a 2.3% increase over the non-inflation-adjusted funding of $267,152 for 2028.



Year Four and Beyond

The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment

Prior to approving a budget based upon the 2027, 2028 and 2029 inflation-adjusted funding calculations above, the 2.30 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact MillerDodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves

The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2026, based on a 1.00 percent interest rate, we estimate the Association may earn $12,427 on an average balance of $1,242,711, $14,898 on an average balance of $1,489,766 in 2027, and $17,491 on $1,749,092 in 2028. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2026 funding from $255,281 to $242,854 (a 4.86 percent reduction), $261,152 to $246,255 in 2027 (a 5.70 percent reduction), and $267,159 to $249,668 in 2028 (a 6.54 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

Maryland's new Reserves and Reserve Study Law, HB-107, is intended to ensure that adequate Reserve Funding is available for capital repair and replacement projects when it is needed. This is done by funding the Reserve Fund annually. The law requires that the Recommended Annual Reserve Funding amount in the most recent Reserve Study be included in the Association's annual budgets. If this is an Association's "initial" (first) professionally conducted Reserve Study, HB-107 gives the Association up to three (3) fiscal years following the fiscal year in which the Reserve Study was completed, to attain the Annual Reserve Funding level recommended in the initial Reserve Study.

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Sample High Rise - Residential Common Elements - Replacement Reserve Inventory identifies 164 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of $5,054,805. Cumulative Replacements totaling $10,372,230 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

  Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

  Value. Items with a replacement cost of less than $1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B2.2.

  Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

  Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

  Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 164 items included in the Sample High Rise - Residential Common Elements Replacement Reserve Inventory are divided into 4 major categories. Each category is printed on a separate page, beginning on page B2.3.

- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

  This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 164 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

  Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

  Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

  Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

  Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

  Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

  Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

  Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

  Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 164 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B2.1.

EXTERIOR ITEMS
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
1	Storefront Doors, 9th & 10th floors	ea	7	$1,200.00	20	13	$8,400
2	Sliding Glass Doors to Balconies (10%)	ea	48	$4,655.00	5	8	$223,440
3	Balcony railing (25%)	lf	2,460	$75.00	35	27	$184,500
						Replacement Costs - Page Subtotal	$416,340

COMMENTS

INTERIOR ITEMS - COMMON AREA, ALL FLOORS

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
4	Hallway Carpet (20%)	sf	7,456	$6.00	10	3	$44,736
5	Hallway Carpet (20%)	sf	7,456	$6.00	10	4	$44,736
6	Hallway Carpet (20%)	sf	7,456	$6.00	10	5	$44,736
7	Hallway Carpet (20%)	sf	7,456	$6.00	10	6	$44,736
8	Hallway Carpet (20%)	sf	7,456	$6.00	10	7	$44,736
9	Mailroom, Carpet	sf	454	$6.00	10	3	$2,724
10	Tile Floor, tuckpoint, 5%	sf	264	$7.50	10	3	$1,980
11	Tile Floor, replace	sf	5,287	$41.00	30	23	$216,767
12	Hallway Wall Covering, w/base & signs (20%)	sf	20,170	$5.25	15	13	$105,893
13	Hallway Wall Covering, w/base & signs (20%)	sf	20,170	$5.25	15	14	$105,893
14	Hallway Wall Covering, w/base & signs (20%)	sf	20,170	$5.25	15	15	$105,893
15	Hallway Wall Covering, w/base & signs (20%)	sf	20,170	$5.25	15	16	$105,893
16	Hallway Wall Covering, w/base & signs (20%)	sf	20,170	$5.25	15	17	$105,893
17	Hallway Suspended Ceiling	sf	2,376	$10.00	30	23	$23,760
18	Hallway Lighting, 25%	ea	240	$150.00	10	13	$36,000
19	Exit Signs, LED	ea	132	$90.00	25	18	$11,880
20	Flat Screen TVs, wall mounted (25%)	ea	10	$600.00	2	none	$6,000
21	Hallway Artwork	ea	66	$250.00	12	5	$16,500
22	Wood Doors, with hardware, 25%	ea	134	$825.00	10	13	$110,550
23	HM Doors, single	ea	137	$725.00	30	23	$99,325
24	HM Doors, double	ea	2	$1,200.00	30	23	$2,400
				Replacement Costs - Page Subtotal			$1,281,029

COMMENTS

INTERIOR ITEMS - COMMON AREA, ALL FLOORS - (cont.)

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
25	Lighting, elevator lobby, 1st-8th floors	ea	186	$150.00	25	18	$27,900
26	Mailboxes, 10 unit high, single wide	ea	2	$1,100.00	25	18	$2,200
27	Mailboxes, 10 unit high, double wide	ea	26	$1,650.00	25	18	$42,900
28	Mailboxes, 2 unit large boxes	ea	11	$550.00	25	18	$6,050
29	Parcel collector, 9th floor	ls	1	$34,000.00	25	24	$34,000
30	Stair light fixtures	ea	84	$125.00	25	18	$10,500
31	Chain Link Fence Storage, repair	ea	525	$80.00	20	13	$42,000

Replacement Costs - Page Subtotal $165,550

COMMENTS

- Item #31: Chain Link Fence Storage, repair - Chain Link Fence Storage - The repair for each storage area would be the door hinges and lock arm, as these moving parts will fail through usage and time.

INTERIOR ITEMS - 1ST FLOOR LOBBY

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
32	Area Rugs	ls	1	$1,800.00	8	4	$1,800
33	Wall Covering	sf	400	$5.25	15	11	$2,100
34	Wall panels,mirror	ls	1	$1,000.00	30	26	$1,000
35	Lounge, furniture, hard goods	ls	1	$13,600.00	21	17	$13,600
36	Artwork	ls	1	$5,300.00	12	8	$5,300
37	Bathroom Renovation, 1st, Men	ls	1	$6,500.00	20	13	$6,500
38	Bathroom Renovation, 1st, Women	ls	1	$6,500.00	20	13	$6,500

Replacement Costs - Page Subtotal $36,800

COMMENTS

INTERIOR ITEMS - 9TH FLOOR LOBBY & LOUNGE

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
39	Lobby, 9th Floor, Tile	sf	374	$41.00	30	3	$15,334
40	Lounge, 9th Floor, Carpet	sf	3,448	$6.00	10	3	$20,688
41	Lounge, Wood Panel Wall	sf	450	$9.00	25	18	$4,050
42	Lobby Front Counter, millwork	ls	1	$1,750.00	21	14	$1,750
43	Lobby, Front Counter, computers	ea	3	$1,200.00	6	5	$3,600
44	Lobby, Front Counter, chairs	ea	2	$525.00	12	9	$1,050
45	Manager Office, furniture	ls	1	$8,000.00	12	10	$8,000
46	Bathroom Renovation, 9th, Men	ls	1	$6,500.00	20	13	$6,500
47	Bathroom Renovation, 9th, Women	ls	1	$6,500.00	20	13	$6,500
48	Bathroom Renovation, fitness	ls	1	$6,500.00	20	13	$6,500
49	Lounge, millwork	ls	1	$4,500.00	24	18	$4,500
50	Lounge, appliances	ls	1	$2,800.00	12	6	$2,800
51	Lounge, pool table	ea	1	$5,500.00	21	15	$5,500
52	Lounge, furniture, soft goods	ls	1	$45,000.00	10	3	$45,000
53	Lounge, furniture, hard goods	ls	1	$20,000.00	21	14	$20,000
54	Lounge, furniture, hard goods	ls	1	$12,000.00	21	18	$12,000
55	Lounge, artwork	ls	1	$1,750.00	12	5	$1,750
56	Lounge, flat screen TVs - (25%)	ea	1	$900.00	2	1	$900
57	Lounge, video projector	ea	1	$1,400.00	8	3	$1,400
58	Lounge, Lighting	ea	53	$150.00	25	18	$7,950

Replacement Costs - Page Subtotal $175,772

COMMENTS

INTERIOR ITEMS - 9TH FLOOR FITNESS CENTER (FC)

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
59	Fitness Center, Carpet	sf	1,120	$6.00	10	3	$6,720
60	Fitness Center, Rubber Flooring	sf	1,250	$12.00	15	10	$15,000
61	Fitness Center, Rubber Flooring (top)	sf	1,000	$12.00	15	10	$12,000
62	FC - treadmills	ea	4	$7,400.00	12	5	$29,600
63	FC - ellipticals	ea	3	$2,800.00	12	5	$8,400
64	FC - exercise bike, upright	ea	1	$1,200.00	12	5	$1,200
65	FC - exercise bike, spin	ea	1	$2,050.00	12	5	$2,050
66	FC - exercise bike, spin	ea	1	$2,050.00	12	9	$2,050
67	FC - stair stepper	ea	1	$2,400.00	12	5	$2,400
68	FC - rowing machine	ea	1	$1,100.00	12	9	$1,100
69	FC - exercise equipment, resistance	ls	1	$42,000.00	24	17	$42,000
70	FC - smith machine	ea	2	$3,400.00	24	17	$6,800
71	FC - weight bench	ea	2	$1,000.00	32	25	$2,000
72	FC - weights	ls	1	$4,500.00	32	25	$4,500
73	FC Mirrors	sf	768	$8.00	24	17	$6,144
74	FC - Chairs, metal	ea	4	$150.00	21	14	$600
75	FC Light Strips	ea	4	$750.00	25	18	$3,000
76	FC Light fixtures	ea	4	$150.00	25	15	$600

Replacement Costs - Page Subtotal $146,164

COMMENTS

- FC - exercise equipment, resistance includes (12) strength equipment items: crunch bench, assisted dip, shoulder press, bicep curl, row/rear deltoid, tricep press, fly, pulldown, chest press, leg extension, seated leg curl, and seated leg press

INTERIOR ITEMS - 10TH FLOOR LOUNGE AREA

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
77	Lounge, 10th floor, carpet	sf	1	$6.00	10	3	$6
78	Lounge, bathroom renovation	ea	2	$6,500.00	20	13	$13,000
79	Lounge, kitchen millwork	ls	1	$3,200.00	24	17	$3,200
80	Lounge, kitchen appliances	ls	1	$1,475.00	12	5	$1,475
81	Lounge, millwork	ls	1	$1,275.00	21	14	$1,275
82	Lounge, furniture, soft goods	ls	1	$4,400.00	10	3	$4,400
83	Lounge, furniture, hard goods	ls	1	$9,875.00	21	14	$9,875
84	Lounge, computers	ea	2	$1,400.00	6	5	$2,800
85	Lounge, flat screen TVs (50%)	ea	1	$1,200.00	4	1	$1,200
86	Lounge, artwork	ls	1	$1,600.00	12	5	$1,600
87	Lounge, lighting	ea	24	$150.00	25	18	$3,600

Replacement Costs - Page Subtotal $42,431

COMMENTS

INTERIOR ITEMS - 10TH FLOOR MEDIA ROOM

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
88	Media Room, 10th floor, carpet	sf	1	$6.00	10	3	$6
89	Media Room, millwork	ls	1	$25.00	21	15	$25
90	Media Room, furniture, soft goods	ls	1	$10,750.00	10	4	$10,750
91	Media Room, furniture, hard goods	ls	1	$825.00	21	15	$825
92	Media Room, video projector	ea	1	$1,425.00	8	3	$1,425
93	Media Room, projector screen	ea	1	$325.00	16	11	$325
94	Media Room, popcorn popper	ea	1	$1,000.00	5	4	$1,000
95	Media Room, artwork	ls	1	$475.00	12	8	$475
96	Media Room, lighting	ea	8	$150.00	25	20	$1,200

Replacement Costs - Page Subtotal $16,031

COMMENTS

BUILDING SYSTEMS - MECHANICAL SYSTEMS

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
97	Cooling Towers, rebuild	ea	2	$59,350.00	12	5	$118,700
98	Cooling Towers, replacement	ea	2	$59,350.00	24	17	$118,700
99	Cooling Towers fan VFDs	ea	2	$8,100.00	12	5	$16,200
100	Rooftop AHU for Corridors, repair	ea	1	$59,000.00	15	5	$59,000
101	Rooftop AHU for Corridors, replace	ea	1	$81,000.00	30	17	$81,000
102	Heating system heat exchangers	ea	2	$23,000.00	24	17	$46,000
103	Heating water pump, 2 hp	ea	2	$5,900.00	24	17	$11,800
104	Condensor water pump, 75 hp	ea	2	$13,000.00	24	17	$26,000
105	Rebuild condensor water pump	ea	2	$6,400.00	12	5	$12,800
106	Replace condensor pump motor, 75 hp	ea	2	$2,800.00	6	5	$5,600
107	Condensor water pump VFDs	ea	2	$8,500.00	12	5	$17,000
108	DHW tanks & heat exchangers	ea	2	$11,800.00	20	13	$23,600
109	Cooling Water treatment system	ls	1	$10,750.00	10	3	$10,750
110	Domestic water booster pumps, 75 hp	ea	2	$19,500.00	20	13	$39,000
111	Rebuild domestic water booster pump	ea	2	$6,400.00	10	3	$12,800
112	Replace water pump motor, 75 hp	ea	2	$8,500.00	6	5	$17,000
113	Domestic water booster pump VFDs	ea	2	$2,800.00	12	11	$5,600
114	Domestic water booster pump control	ls	1	$8,100.00	20	10	$8,100
115	Domestic water booster pumps, 75 hp	ea	2	$19,500.00	20	13	$39,000
116	Rebuild domestic water booster pump	ea	2	$6,400.00	10	3	$12,800
117	Replace motor domestic pump, 75 hp	ea	2	$2,800.00	5	3	$5,600
				Replacement Costs - Page Subtotal			$687,050

COMMENTS

- The cost for the cooling tower replacement is reduced by the amount of the repair cost which will take place at the same time. The replacement cost considers a re-lining of the tower fan sections with all new moving parts as the size and the weight of the entire unit would need to be craned off and then the new craned on.
- The cost for the rooftop AHU replacement is reduced by the amount of the repair cost which will take place at the same time. The replacement cost considers re-skinning of any rusted exterior panels with all new moving parts as the size and the weight of the entire unit would need to be craned off and then the new craned on.
- The building's HVAC system has 14 VAV boxes. We have assumed that one will require replacement every 2 years once they are 20 years old.

BUILDING SYSTEMS - MECHANICAL SYSTEMS - (cont.)

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
118	Domestic water booster pump VFDs	ea	2	$8,500.00	12	11	$17,000
119	Domestic water booster pump control	ls	1	$8,100.00	20	10	$8,100
120	Domestic water pump, 20 hp	ea	1	$6,200.00	24	22	$6,200
121	Domestic water pump, 20 hp rebuild	ea	1	$2,200.00	12	10	$2,200
122	Domestic water pump, 20 hp motor	ea	1	$2,200.00	6	4	$2,200
123	Domestic water pump, 20 hp VFD	ea	1	$2,200.00	12	10	$2,200
124	HW recirculation pump, 9th floor	ea	1	$3,500.00	24	22	$3,500
125	Elevator Equipment HVAC, 4000 cfm	ea	1	$23,750.00	24	17	$23,750
126	1st Floor Lobby FCU HP	ls	1	$3,400.00	20	13	$3,400
127	1st Floor Maint. Shop FCU HP	ls	1	$2,975.00	20	13	$2,975
128	9th Floor FCU Heat Pumps	ls	1	$11,850.00	20	13	$11,850
129	10th Floor FCU Heat Pumps	ls	1	$8,900.00	20	13	$8,900
130	Exhaust Fan, 15hp, large	ea	1	$10,200.00	30	23	$10,200
131	Exhaust Fans, 10hp, medium	ea	7	$6,900.00	30	23	$48,300
132	Exhaust Fans, 7.5hp, small	ea	2	$5,100.00	30	23	$10,200
133	Stairwell heates, electric, w/fan	ea	13	$450.00	24	17	$5,850

Replacement Costs - Page Subtotal $166,825

COMMENTS

- The cost for the cooling tower replacement is reduced by the amount of the repair cost which will take place at the same time. The replacement cost considers a re-lining of the tower fan sections with all new moving parts as the size and the weight of the entire unit would need to be craned off and then the new craned on.
- The cost for the rooftop AHU replacement is reduced by the amount of the repair cost which will take place at the same time. The replacement cost considers re-skinning of any rusted exterior panels with all new moving parts as the size and the weight of the entire unit would need to be craned off and then the new craned on.
- The building's HVAC system has 14 VAV boxes. We have assumed that one will require replacement every 2 years once they are 20 years old.

BUILDING SYSTEMS - ELEVATORS

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
134	Elevator controls and component replace	ea	4	$242,000.00	25	15	$968,000
135	Elevator cabs & doors, remodel	ea	4	$42,000.00	20	10	$168,000
136	Elevator cab interiors	ea	4	$25,500.00	15	8	$102,000
137	Trash chute doors, set	ea	43	$575.00	25	19	$24,725

Replacement Costs - Page Subtotal $1,262,725

COMMENTS

- The Association presently has a "premium elevator maintenance contract" which repairs or replaces most major components on the elevators. Recommend the Association continue to maintain the elevators with this "premium contract". If not, then the reserve study should add costs to relace the components covered.

BUILDING SYSTEMS - ELECTRICAL SYSTEMS

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
138	Disrtibution Switchgear repairs	ea	32	$1,125.00	30	23	$36,000
139	Distrubution Transformer, 480v to 208v	ea	17	$23,250.00	30	23	$395,250
140	FCU, heat pump, for electrical rooms	ea	17	$2,550.00	20	23	$43,350
141	Key Trak system	ls	1	$31,500.00	15	10	$31,500
						Replacement Costs - Page Subtotal	$506,100

COMMENTS

RECREATION ITEMS - SWIMMING POOL

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
142	Concrete, deck, partial repair	sf	100	$13.50	99	none	$1,350
143	Concrete, seal, around pool	sf	5,300	$0.30	10	4	$1,590
144	Swimming pool finish, tuckpointing	sf	1,420	$4.50	7	none	$6,390
145	Swimming pool ceramic tile replace	sf	1,420	$24.00	99	6	$34,080
146	Swimming white coat	sf	1,420	$17.00	10	16	$24,140
147	Swimming pool waterline tile	lf	175	$22.00	10	5	$3,850
148	Spa white coat	sf	190	$17.00	10	9	$3,230
149	Spa waterline tile	lf	36	$22.00	10	5	$792
150	Swimming pool filter	ls	1	$3,200.00	10	4	$3,200
151	Swimming pool valves & plumbing	sf	1,420	$2.25	20	14	$3,195
152	Swimming pool pumps	ea	2	$2,600.00	5	none	$5,200
153	Swimming pool heat exchanger	ea	2	$9,300.00	30	24	$18,600
154	Spa, air pump	ea	1	$1,750.00	6	4	$1,750
155	Recliner Lounge, outdoors	ea	54	$135.00	12	6	$7,290
156	Recliner Lounge, outdoors, replace fabric	ea	54	$106.00	6	6	$5,724
157	Big Wicker Sofa	ea	2	$1,050.00	12	10	$2,100
158	Big Wicker Chairs	ea	9	$825.00	12	10	$7,425
159	Big Wicker, re-cushion	ea	11	$900.00	6	6	$9,900
160	Gas Barbeque Grills	ea	3	$775.00	10	4	$2,325

Replacement Costs - Page Subtotal $142,131

COMMENTS

- The swimming pool inventory includes the spa.

RECREATION ITEMS - FIRE PIT & DOG PARK

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
161	Fire Pit	ea	1	$5,000.00	20	17	$5,000
162	Dog Park, 3rd Floor, carpet	sf	345	$3.50	3	1	$1,208
163	Dog Park, 3rd Floor, glass surround	lf	32	$75.00	35	32	$2,400
164	Dog Park, 3rd Floor, furniture	ls	1	$1,250.00	12	9	$1,250
						Replacement Costs - Page Subtotal	$9,858

COMMENTS

VALUATION EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Property identification signage						EXCLUDED
	Miscellaneous signage						EXCLUDED
	Fire extinguisher cabinet						EXCLUDED
	Signage						EXCLUDED
	Interior doors						EXCLUDED

VALUATION EXCLUSIONS

Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than $1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED
	Gas services at common facilities						EXCLUDED
	Trash chute						EXCLUDED
	Stainless steel pool fixtures						EXCLUDED

LONG-LIFE EXCLUSIONS
Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Sanitary sewers serving one unit						EXCLUDED
	Electrical wiring serving one unit						EXCLUDED
	Cable TV service serving one unit						EXCLUDED
	Telephone service serving one unit						EXCLUDED
	Gas service serving one unit						EXCLUDED
	Unit interior						EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED

UTILITY EXCLUSIONS
Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.

- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Government, roadways and parking						EXCLUDED

GOVERNMENT EXCLUSIONS

Comments

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded rights-of-way, including adjacent properties and adjacent roadways.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 164 Projected Replacements in the Sample High Rise - Residential Common Elements Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C2.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE**. The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2026 - Study Year	$
20	Flat Screen TVs, wall mounted (25%)	$6,000
142	Concrete, deck, partial repair	$1,350
144	Swimming pool finish, tuckpointing	$6,390
152	Swimming pool pumps	$5,200
	Total Scheduled Replacements	$18,940

Item	2027 - YEAR 1	$
56	Lounge, flat screen TVs - (25%)	$900
85	Lounge, flat screen TVs (50%)	$1,200
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$3,308

PROJECTED REPLACEMENTS

Item	2028 - YEAR 2	$
20	Flat Screen TVs, wall mounted (25%)	$6,000
	Total Scheduled Replacements	$6,000

Item	2029 - YEAR 3	$
4	Hallway Carpet (20%)	$44,736
9	Mailroom, Carpet	$2,724
10	Tile Floor, tuckpoint, 5%	$1,980
39	Lobby, 9th Floor, Tile	$15,334
40	Lounge, 9th Floor, Carpet	$20,688
52	Lounge, furniture, soft goods	$45,000
56	Lounge, flat screen TVs - (25%)	$900
57	Lounge, video projector	$1,400
59	Fitness Center, Carpet	$6,720
77	Lounge, 10th floor, carpet	$6
82	Lounge, furniture, soft goods	$4,400
88	Media Room, 10th floor, carpet	$6
92	Media Room, video projector	$1,425
109	Cooling Water treatment system	$10,750
111	Rebuild domestic water booster pump	$12,800
116	Rebuild domestic water booster pump	$12,800
117	Replace motor domestic pump, 75 hp	$5,600
	Total Scheduled Replacements	$187,269

PROJECTED REPLACEMENTS

Item	2030 - YEAR 4	$
5	Hallway Carpet (20%)	$44,736
20	Flat Screen TVs, wall mounted (25%)	$6,000
32	Area Rugs	$1,800
90	Media Room, furniture, soft goods	$10,750
94	Media Room, popcorn popper	$1,000
122	Domestic water pump, 20 hp motor	$2,200
143	Concrete, seal, around pool	$1,590
150	Swimming pool filter	$3,200
154	Spa, air pump	$1,750
160	Gas Barbeque Grills	$2,325
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$76,559

Item	2031 - YEAR 5	$
6	Hallway Carpet (20%)	$44,736
21	Hallway Artwork	$16,500
43	Lobby, Front Counter, computers	$3,600
55	Lounge, artwork	$1,750
56	Lounge, flat screen TVs - (25%)	$900
62	FC - treadmills	$29,600
63	FC - ellipticals	$8,400
64	FC - exercise bike, upright	$1,200
65	FC - exercise bike, spin	$2,050
67	FC - stair stepper	$2,400
80	Lounge, kitchen appliances	$1,475
84	Lounge, computers	$2,800
85	Lounge, flat screen TVs (50%)	$1,200
86	Lounge, artwork	$1,600
97	Cooling Towers, rebuild	$118,700
99	Cooling Towers fan VFDs	$16,200
100	Rooftop AHU for Corridors, repair	$59,000
105	Rebuild condensor water pump	$12,800
106	Replace condensor pump motor, 75 hp	$5,600
107	Condensor water pump VFDs	$17,000
112	Replace water pump motor, 75 hp	$17,000
147	Swimming pool waterline tile	$3,850
149	Spa waterline tile	$792
152	Swimming pool pumps	$5,200
	Total Scheduled Replacements	$374,353

PROJECTED REPLACEMENTS

Item	2032 - YEAR 6	$
7	Hallway Carpet (20%)	$44,736
20	Flat Screen TVs, wall mounted (25%)	$6,000
50	Lounge, appliances	$2,800
145	Swimming pool ceramic tile replace	$34,080
155	Recliner Lounge, outdoors	$7,290
156	Recliner Lounge, outdoors, replace fabric	$5,724
159	Big Wicker, re-cushion	$9,900
	Total Scheduled Replacements	$110,530

Item	2033 - YEAR 7	$
8	Hallway Carpet (20%)	$44,736
56	Lounge, flat screen TVs - (25%)	$900
144	Swimming pool finish, tuckpointing	$6,390
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$53,234

PROJECTED REPLACEMENTS

Item	2034 - YEAR 8	$
2	Sliding Glass Doors to Balconies (10%)	$223,440
20	Flat Screen TVs, wall mounted (25%)	$6,000
36	Artwork	$5,300
95	Media Room, artwork	$475
117	Replace motor domestic pump, 75 hp	$5,600
136	Elevator cab interiors	$102,000
	Total Scheduled Replacements	$342,815

Item	2035 - YEAR 9	$
44	Lobby, Front Counter, chairs	$1,050
56	Lounge, flat screen TVs - (25%)	$900
66	FC - exercise bike, spin	$2,050
68	FC - rowing machine	$1,100
85	Lounge, flat screen TVs (50%)	$1,200
94	Media Room, popcorn popper	$1,000
148	Spa white coat	$3,230
164	Dog Park, 3rd Floor, furniture	$1,250
	Total Scheduled Replacements	$11,780

PROJECTED REPLACEMENTS

Item	2036 - YEAR 10	$
20	Flat Screen TVs, wall mounted (25%)	$6,000
45	Manager Office, furniture	$8,000
60	Fitness Center, Rubber Flooring	$15,000
61	Fitness Center, Rubber Flooring (top)	$12,000
114	Domestic water booster pump control	$8,100
119	Domestic water booster pump control	$8,100
121	Domestic water pump, 20 hp rebuild	$2,200
122	Domestic water pump, 20 hp motor	$2,200
123	Domestic water pump, 20 hp VFD	$2,200
135	Elevator cabs & doors, remodel	$168,000
141	Key Trak system	$31,500
152	Swimming pool pumps	$5,200
154	Spa, air pump	$1,750
157	Big Wicker Sofa	$2,100
158	Big Wicker Chairs	$7,425
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$280,983

Item	2037 - YEAR 11	$
33	Wall Covering	$2,100
43	Lobby, Front Counter, computers	$3,600
56	Lounge, flat screen TVs - (25%)	$900
57	Lounge, video projector	$1,400
84	Lounge, computers	$2,800
92	Media Room, video projector	$1,425
93	Media Room, projector screen	$325
106	Replace condensor pump motor, 75 hp	$5,600
112	Replace water pump motor, 75 hp	$17,000
113	Domestic water booster pump VFDs	$5,600
118	Domestic water booster pump VFDs	$17,000
	Total Scheduled Replacements	$57,750

PROJECTED REPLACEMENTS

Item	2038 - YEAR 12	$
20	Flat Screen TVs, wall mounted (25%)	$6,000
32	Area Rugs	$1,800
156	Recliner Lounge, outdoors, replace fabric	$5,724
159	Big Wicker, re-cushion	$9,900
	Total Scheduled Replacements	$23,424

Item	2039 - YEAR 13	$
1	Storefront Doors, 9th & 10th floors	$8,400
2	Sliding Glass Doors to Balconies (10%)	$223,440
4	Hallway Carpet (20%)	$44,736
9	Mailroom, Carpet	$2,724
10	Tile Floor, tuckpoint, 5%	$1,980
12	Hallway Wall Covering, w/base & signs (20%)	$105,893
18	Hallway Lighting, 25%	$36,000
22	Wood Doors, with hardware, 25%	$110,550
31	Chain Link Fence Storage, repair	$42,000
37	Bathroom Renovation, 1st, Men	$6,500
38	Bathroom Renovation, 1st, Women	$6,500
40	Lounge, 9th Floor, Carpet	$20,688
46	Bathroom Renovation, 9th, Men	$6,500
47	Bathroom Renovation, 9th, Women	$6,500
48	Bathroom Renovation, fitness	$6,500
52	Lounge, furniture, soft goods	$45,000
56	Lounge, flat screen TVs - (25%)	$900
59	Fitness Center, Carpet	$6,720
77	Lounge, 10th floor, carpet	$6
78	Lounge, bathroom renovation	$13,000
82	Lounge, furniture, soft goods	$4,400
85	Lounge, flat screen TVs (50%)	$1,200
88	Media Room, 10th floor, carpet	$6
108	DHW tanks & heat exchangers	$23,600
109	Cooling Water treatment system	$10,750
110	Domestic water booster pumps, 75 hp	$39,000
111	Rebuild domestic water booster pump	$12,800
115	Domestic water booster pumps, 75 hp	$39,000
116	Rebuild domestic water booster pump	$12,800
117	Replace motor domestic pump, 75 hp	$5,600
126	1st Floor Lobby FCU HP	$3,400
127	1st Floor Maint. Shop FCU HP	$2,975
128	9th Floor FCU Heat Pumps	$11,850
129	10th Floor FCU Heat Pumps	$8,900
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$872,025

PROJECTED REPLACEMENTS

Item	2040 - YEAR 14	$
5	Hallway Carpet (20%)	$44,736
13	Hallway Wall Covering, w/base & signs (20%)	$105,893
20	Flat Screen TVs, wall mounted (25%)	$6,000
42	Lobby Front Counter, millwork	$1,750
53	Lounge, furniture, hard goods	$20,000
74	FC - Chairs, metal	$600
81	Lounge, millwork	$1,275
83	Lounge, furniture, hard goods	$9,875
90	Media Room, furniture, soft goods	$10,750
94	Media Room, popcorn popper	$1,000
143	Concrete, seal, around pool	$1,590
144	Swimming pool finish, tuckpointing	$6,390
150	Swimming pool filter	$3,200
151	Swimming pool valves & plumbing	$3,195
160	Gas Barbeque Grills	$2,325
	Total Scheduled Replacements	$218,579

Item	2041 - YEAR 15	$
6	Hallway Carpet (20%)	$44,736
14	Hallway Wall Covering, w/base & signs (20%)	$105,893
51	Lounge, pool table	$5,500
56	Lounge, flat screen TVs - (25%)	$900
76	FC Light fixtures	$600
89	Media Room, millwork	$25
91	Media Room, furniture, hard goods	$825
134	Elevator controls and component replace	$968,000
147	Swimming pool waterline tile	$3,850
149	Spa waterline tile	$792
152	Swimming pool pumps	$5,200
	Total Scheduled Replacements	$1,136,321

PROJECTED REPLACEMENTS

Item	2042 - YEAR 16	$
7	Hallway Carpet (20%)	$44,736
15	Hallway Wall Covering, w/base & signs (20%)	$105,893
20	Flat Screen TVs, wall mounted (25%)	$6,000
122	Domestic water pump, 20 hp motor	$2,200
146	Swimming white coat	$24,140
154	Spa, air pump	$1,750
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$185,926

Item	2043 - YEAR 17	$
8	Hallway Carpet (20%)	$44,736
16	Hallway Wall Covering, w/base & signs (20%)	$105,893
21	Hallway Artwork	$16,500
35	Lounge, furniture, hard goods	$13,600
43	Lobby, Front Counter, computers	$3,600
55	Lounge, artwork	$1,750
56	Lounge, flat screen TVs - (25%)	$900
62	FC - treadmills	$29,600
63	FC - ellipticals	$8,400
64	FC - exercise bike, upright	$1,200
65	FC - exercise bike, spin	$2,050
67	FC - stair stepper	$2,400
69	FC - exercise equipment, resistance	$42,000
70	FC - smith machine	$6,800
73	FC Mirrors	$6,144
79	Lounge, kitchen millwork	$3,200
80	Lounge, kitchen appliances	$1,475
84	Lounge, computers	$2,800
85	Lounge, flat screen TVs (50%)	$1,200
86	Lounge, artwork	$1,600
97	Cooling Towers, rebuild	$118,700
98	Cooling Towers, replacement	$118,700
99	Cooling Towers fan VFDs	$16,200
101	Rooftop AHU for Corridors, replace	$81,000
102	Heating system heat exchangers	$46,000
103	Heating water pump, 2 hp	$11,800
104	Condensor water pump, 75 hp	$26,000
105	Rebuild condensor water pump	$12,800
106	Replace condensor pump motor, 75 hp	$5,600
107	Condensor water pump VFDs	$17,000
112	Replace water pump motor, 75 hp	$17,000
125	Elevator Equipment HVAC, 4000 cfm	$23,750
133	Stairwell heates, electric, w/fan	$5,850
161	Fire Pit	$5,000
	Total Scheduled Replacements	$801,248

PROJECTED REPLACEMENTS

Item	2044 - YEAR 18	$
2	Sliding Glass Doors to Balconies (10%)	$223,440
19	Exit Signs, LED	$11,880
20	Flat Screen TVs, wall mounted (25%)	$6,000
25	Lighting, elevator lobby, 1st-8th floors	$27,900
26	Mailboxes, 10 unit high, single wide	$2,200
27	Mailboxes, 10 unit high, double wide	$42,900
28	Mailboxes, 2 unit large boxes	$6,050
30	Stair light fixtures	$10,500
41	Lounge, Wood Panel Wall	$4,050
49	Lounge, millwork	$4,500
50	Lounge, appliances	$2,800
54	Lounge, furniture, hard goods	$12,000
58	Lounge, Lighting	$7,950
75	FC Light Strips	$3,000
87	Lounge, lighting	$3,600
117	Replace motor domestic pump, 75 hp	$5,600
155	Recliner Lounge, outdoors	$7,290
156	Recliner Lounge, outdoors, replace fabric	$5,724
159	Big Wicker, re-cushion	$9,900
	Total Scheduled Replacements	$397,284

Item	2045 - YEAR 19	$
56	Lounge, flat screen TVs - (25%)	$900
57	Lounge, video projector	$1,400
92	Media Room, video projector	$1,425
94	Media Room, popcorn popper	$1,000
137	Trash chute doors, set	$24,725
148	Spa white coat	$3,230
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$33,888

PROJECTED REPLACEMENTS

Item	2046 - YEAR 20	$
20	Flat Screen TVs, wall mounted (25%)	$6,000
32	Area Rugs	$1,800
36	Artwork	$5,300
95	Media Room, artwork	$475
96	Media Room, lighting	$1,200
100	Rooftop AHU for Corridors, repair	$59,000
152	Swimming pool pumps	$5,200
	Total Scheduled Replacements	$78,975

Item	2047 - YEAR 21	$
44	Lobby, Front Counter, chairs	$1,050
56	Lounge, flat screen TVs - (25%)	$900
66	FC - exercise bike, spin	$2,050
68	FC - rowing machine	$1,100
85	Lounge, flat screen TVs (50%)	$1,200
144	Swimming pool finish, tuckpointing	$6,390
164	Dog Park, 3rd Floor, furniture	$1,250
	Total Scheduled Replacements	$13,940

PROJECTED REPLACEMENTS

Item	2048 - YEAR 22	$
20	Flat Screen TVs, wall mounted (25%)	$6,000
45	Manager Office, furniture	$8,000
120	Domestic water pump, 20 hp	$6,200
121	Domestic water pump, 20 hp rebuild	$2,200
122	Domestic water pump, 20 hp motor	$2,200
123	Domestic water pump, 20 hp VFD	$2,200
124	HW recirculation pump, 9th floor	$3,500
154	Spa, air pump	$1,750
157	Big Wicker Sofa	$2,100
158	Big Wicker Chairs	$7,425
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$42,783

Item	2049 - YEAR 23	$
2	Sliding Glass Doors to Balconies (10%)	$223,440
4	Hallway Carpet (20%)	$44,736
9	Mailroom, Carpet	$2,724
10	Tile Floor, tuckpoint, 5%	$1,980
11	Tile Floor, replace	$216,767
17	Hallway Suspended Ceiling	$23,760
18	Hallway Lighting, 25%	$36,000
22	Wood Doors, with hardware, 25%	$110,550
23	HM Doors, single	$99,325
24	HM Doors, double	$2,400
40	Lounge, 9th Floor, Carpet	$20,688
43	Lobby, Front Counter, computers	$3,600
52	Lounge, furniture, soft goods	$45,000
56	Lounge, flat screen TVs - (25%)	$900
59	Fitness Center, Carpet	$6,720
77	Lounge, 10th floor, carpet	$6
82	Lounge, furniture, soft goods	$4,400
84	Lounge, computers	$2,800
88	Media Room, 10th floor, carpet	$6
106	Replace condensor pump motor, 75 hp	$5,600
109	Cooling Water treatment system	$10,750
111	Rebuild domestic water booster pump	$12,800
112	Replace water pump motor, 75 hp	$17,000
113	Domestic water booster pump VFDs	$5,600
116	Rebuild domestic water booster pump	$12,800
117	Replace motor domestic pump, 75 hp	$5,600
118	Domestic water booster pump VFDs	$17,000
130	Exhaust Fan, 15hp, large	$10,200
131	Exhaust Fans, 10hp, medium	$48,300
132	Exhaust Fans, 7.5hp, small	$10,200
136	Elevator cab interiors	$102,000
138	Disrtibution Switchgear repairs	$36,000
139	Distrubution Transformer, 480v to 208v	$395,250
140	FCU, heat pump, for electrical rooms	$43,350
	Total Scheduled Replacements	$1,578,252

PROJECTED REPLACEMENTS

Item	2050 - YEAR 24	$
5	Hallway Carpet (20%)	$44,736
20	Flat Screen TVs, wall mounted (25%)	$6,000
29	Parcel collector, 9th floor	$34,000
90	Media Room, furniture, soft goods	$10,750
94	Media Room, popcorn popper	$1,000
143	Concrete, seal, around pool	$1,590
150	Swimming pool filter	$3,200
153	Swimming pool heat exchanger	$18,600
156	Recliner Lounge, outdoors, replace fabric	$5,724
159	Big Wicker, re-cushion	$9,900
160	Gas Barbeque Grills	$2,325
	Total Scheduled Replacements	$137,825

Item	2051 - YEAR 25	$
6	Hallway Carpet (20%)	$44,736
56	Lounge, flat screen TVs - (25%)	$900
60	Fitness Center, Rubber Flooring	$15,000
61	Fitness Center, Rubber Flooring (top)	$12,000
71	FC - weight bench	$2,000
72	FC - weights	$4,500
85	Lounge, flat screen TVs (50%)	$1,200
141	Key Trak system	$31,500
147	Swimming pool waterline tile	$3,850
149	Spa waterline tile	$792
152	Swimming pool pumps	$5,200
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$122,886

PROJECTED REPLACEMENTS

Item	2052 - YEAR 26	$
7	Hallway Carpet (20%)	$44,736
20	Flat Screen TVs, wall mounted (25%)	$6,000
33	Wall Covering	$2,100
34	Wall panels,mirror	$1,000
146	Swimming white coat	$24,140
	Total Scheduled Replacements	$77,976

Item	2053 - YEAR 27	$
3	Balcony railing (25%)	$184,500
8	Hallway Carpet (20%)	$44,736
56	Lounge, flat screen TVs - (25%)	$900
57	Lounge, video projector	$1,400
92	Media Room, video projector	$1,425
93	Media Room, projector screen	$325
	Total Scheduled Replacements	$233,286

PROJECTED REPLACEMENTS

Item	2054 - YEAR 28	$
2	Sliding Glass Doors to Balconies (10%)	$223,440
12	Hallway Wall Covering, w/base & signs (20%)	$105,893
20	Flat Screen TVs, wall mounted (25%)	$6,000
32	Area Rugs	$1,800
117	Replace motor domestic pump, 75 hp	$5,600
122	Domestic water pump, 20 hp motor	$2,200
144	Swimming pool finish, tuckpointing	$6,390
154	Spa, air pump	$1,750
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$354,280

Item	2055 - YEAR 29	$
13	Hallway Wall Covering, w/base & signs (20%)	$105,893
21	Hallway Artwork	$16,500
43	Lobby, Front Counter, computers	$3,600
55	Lounge, artwork	$1,750
56	Lounge, flat screen TVs - (25%)	$900
62	FC - treadmills	$29,600
63	FC - ellipticals	$8,400
64	FC - exercise bike, upright	$1,200
65	FC - exercise bike, spin	$2,050
67	FC - stair stepper	$2,400
80	Lounge, kitchen appliances	$1,475
84	Lounge, computers	$2,800
85	Lounge, flat screen TVs (50%)	$1,200
86	Lounge, artwork	$1,600
94	Media Room, popcorn popper	$1,000
97	Cooling Towers, rebuild	$118,700
99	Cooling Towers fan VFDs	$16,200
105	Rebuild condensor water pump	$12,800
106	Replace condensor pump motor, 75 hp	$5,600
107	Condensor water pump VFDs	$17,000
112	Replace water pump motor, 75 hp	$17,000
148	Spa white coat	$3,230
	Total Scheduled Replacements	$370,898

PROJECTED REPLACEMENTS

Item	2056 - YEAR 30	$
14	Hallway Wall Covering, w/base & signs (20%)	$105,893
20	Flat Screen TVs, wall mounted (25%)	$6,000
50	Lounge, appliances	$2,800
114	Domestic water booster pump control	$8,100
119	Domestic water booster pump control	$8,100
135	Elevator cabs & doors, remodel	$168,000
152	Swimming pool pumps	$5,200
155	Recliner Lounge, outdoors	$7,290
156	Recliner Lounge, outdoors, replace fabric	$5,724
159	Big Wicker, re-cushion	$9,900
	Total Scheduled Replacements	$327,007

Item	2057 - YEAR 31	$
15	Hallway Wall Covering, w/base & signs (20%)	$105,893
56	Lounge, flat screen TVs - (25%)	$900
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$108,000

PROJECTED REPLACEMENTS

Item	2058 - YEAR 32	$
16	Hallway Wall Covering, w/base & signs (20%)	$105,893
20	Flat Screen TVs, wall mounted (25%)	$6,000
36	Artwork	$5,300
95	Media Room, artwork	$475
163	Dog Park, 3rd Floor, glass surround	$2,400
	Total Scheduled Replacements	$120,068

Item	2059 - YEAR 33	$
1	Storefront Doors, 9th & 10th floors	$8,400
2	Sliding Glass Doors to Balconies (10%)	$223,440
4	Hallway Carpet (20%)	$44,736
9	Mailroom, Carpet	$2,724
10	Tile Floor, tuckpoint, 5%	$1,980
18	Hallway Lighting, 25%	$36,000
22	Wood Doors, with hardware, 25%	$110,550
31	Chain Link Fence Storage, repair	$42,000
37	Bathroom Renovation, 1st, Men	$6,500
38	Bathroom Renovation, 1st, Women	$6,500
39	Lobby, 9th Floor, Tile	$15,334
40	Lounge, 9th Floor, Carpet	$20,688
44	Lobby, Front Counter, chairs	$1,050
46	Bathroom Renovation, 9th, Men	$6,500
47	Bathroom Renovation, 9th, Women	$6,500
48	Bathroom Renovation, fitness	$6,500
52	Lounge, furniture, soft goods	$45,000
56	Lounge, flat screen TVs - (25%)	$900
59	Fitness Center, Carpet	$6,720
66	FC - exercise bike, spin	$2,050
68	FC - rowing machine	$1,100
77	Lounge, 10th floor, carpet	$6
78	Lounge, bathroom renovation	$13,000
82	Lounge, furniture, soft goods	$4,400
85	Lounge, flat screen TVs (50%)	$1,200
88	Media Room, 10th floor, carpet	$6
108	DHW tanks & heat exchangers	$23,600
109	Cooling Water treatment system	$10,750
110	Domestic water booster pumps, 75 hp	$39,000
111	Rebuild domestic water booster pump	$12,800
115	Domestic water booster pumps, 75 hp	$39,000
116	Rebuild domestic water booster pump	$12,800
117	Replace motor domestic pump, 75 hp	$5,600
126	1st Floor Lobby FCU HP	$3,400
127	1st Floor Maint. Shop FCU HP	$2,975
128	9th Floor FCU Heat Pumps	$11,850
129	10th Floor FCU Heat Pumps	$8,900
164	Dog Park, 3rd Floor, furniture	$1,250
	Total Scheduled Replacements	$785,709

PROJECTED REPLACEMENTS

Item	2060 - YEAR 34	$
5	Hallway Carpet (20%)	$44,736
20	Flat Screen TVs, wall mounted (25%)	$6,000
45	Manager Office, furniture	$8,000
90	Media Room, furniture, soft goods	$10,750
94	Media Room, popcorn popper	$1,000
121	Domestic water pump, 20 hp rebuild	$2,200
122	Domestic water pump, 20 hp motor	$2,200
123	Domestic water pump, 20 hp VFD	$2,200
143	Concrete, seal, around pool	$1,590
150	Swimming pool filter	$3,200
151	Swimming pool valves & plumbing	$3,195
154	Spa, air pump	$1,750
157	Big Wicker Sofa	$2,100
158	Big Wicker Chairs	$7,425
160	Gas Barbeque Grills	$2,325
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$99,879

Item	2061 - YEAR 35	$
6	Hallway Carpet (20%)	$44,736
42	Lobby Front Counter, millwork	$1,750
43	Lobby, Front Counter, computers	$3,600
53	Lounge, furniture, hard goods	$20,000
56	Lounge, flat screen TVs - (25%)	$900
57	Lounge, video projector	$1,400
74	FC - Chairs, metal	$600
81	Lounge, millwork	$1,275
83	Lounge, furniture, hard goods	$9,875
84	Lounge, computers	$2,800
92	Media Room, video projector	$1,425
100	Rooftop AHU for Corridors, repair	$59,000
106	Replace condensor pump motor, 75 hp	$5,600
112	Replace water pump motor, 75 hp	$17,000
113	Domestic water booster pump VFDs	$5,600
118	Domestic water booster pump VFDs	$17,000
144	Swimming pool finish, tuckpointing	$6,390
147	Swimming pool waterline tile	$3,850
149	Spa waterline tile	$792
152	Swimming pool pumps	$5,200
	Total Scheduled Replacements	$208,793

PROJECTED REPLACEMENTS

Item	2062 - YEAR 36	$
7	Hallway Carpet (20%)	$44,736
20	Flat Screen TVs, wall mounted (25%)	$6,000
32	Area Rugs	$1,800
51	Lounge, pool table	$5,500
89	Media Room, millwork	$25
91	Media Room, furniture, hard goods	$825
146	Swimming white coat	$24,140
156	Recliner Lounge, outdoors, replace fabric	$5,724
159	Big Wicker, re-cushion	$9,900
	Total Scheduled Replacements	$98,650

Item	2063 - YEAR 37	$
8	Hallway Carpet (20%)	$44,736
56	Lounge, flat screen TVs - (25%)	$900
85	Lounge, flat screen TVs (50%)	$1,200
161	Fire Pit	$5,000
162	Dog Park, 3rd Floor, carpet	$1,208
	Total Scheduled Replacements	$53,044

PROJECTED REPLACEMENTS

Item	2064 - YEAR 38	$
2	Sliding Glass Doors to Balconies (10%)	$223,440
20	Flat Screen TVs, wall mounted (25%)	$6,000
35	Lounge, furniture, hard goods	$13,600
117	Replace motor domestic pump, 75 hp	$5,600
136	Elevator cab interiors	$102,000
	Total Scheduled Replacements	$350,640

Item	2065 - YEAR 39	$
54	Lounge, furniture, hard goods	$12,000
56	Lounge, flat screen TVs - (25%)	$900
94	Media Room, popcorn popper	$1,000
148	Spa white coat	$3,230
	Total Scheduled Replacements	$17,130

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SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Sample High Rise - Residential Common Elements in December 2020. Sample High Rise - Residential Common Elements is in generally excellent condition for a residential condominium constructed in 2010. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.
Residential Common Element (RCE) - This area includes the 9th floor lobby, lounge, and fitness center, restrooms, and mailroom. Also the 10th floor lounge and media room. From the 9th floor to the 42nd floor all hallway finishes are included. Elevator lobbies for the 2nd thru 9th floors are included. On the exterior the sliding doors to balconies, glass exit doors from the 9th and 10th floors, and the pool, spa, fire pit, and charcoal grills on the 9th floor. The 4 elevators, penthouse mechanical equipment, and electrical equipment in electric rooms from the 9th through 43 floors are included.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. MillerDodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

(Continued on next page)

EXTERIOR ITEMS

Glass Sliding Glass Doors. The sliding glass doors have some of the same features and failure problems and the glass exterior, but they also fail at the track system which allows them to move and operate. The study assumes that ten percent of the sliding glass doors will fail and be replaced in 5-year intervals.

INTERIOR ITEMS

Carpet. The commercial carpet of this construction in this type of application has a typical service life of 7 to 10 years.

To extend the carpet's life, the Association must continue with a comprehensive maintenance program that includes regular vacuuming, spot and spill removal, interim cleaning of high-traffic areas, and regularly scheduled cleanings. It is also recommended that all entrances be fitted with walk-off mats to trap soil.

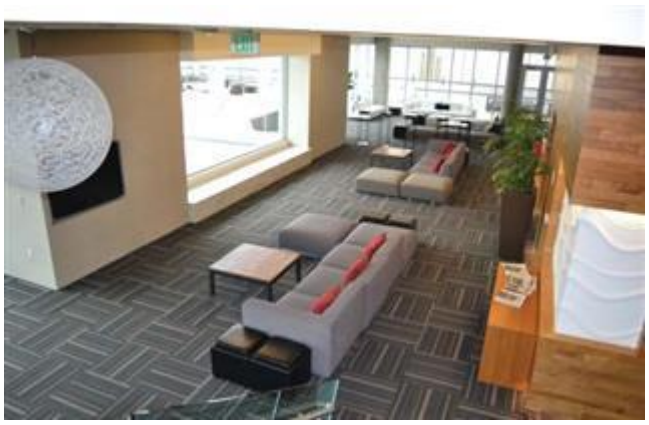
Ceramic Tile. The Association maintains ceramic tile in the lobby, elevator lobbies, corridors, entrances, and restrooms. The overall condition of the ceramic tile appears to be in good condition.

Regular cleaning is recommended to help maintain the ceramic tile's condition. The tile can further be protected by installing dirt-catching walk-off mats at all building entrances.

Fabric Wall Covering. All of the hallways have a fabric wall covering material. This material does last longer than paint on the same surface but will require replacement about every 15 years. This replacement will cost more than painting of the same area, so the association should decide when replacement is required if the material should be replaced with painting. This work has also been staggered over a 5 year period to coincide with the carpet replacement.

Furniture. The association has numerous furniture items in the lobbies, lounge areas, media room, and outside pool area. This furniture will require replacement, sometimes from wear and tear failure and sometimes simply for aesthetic reasons.

9th Floor



10th Floor

BUILDING SYSTEMS

HVAC Control System. A pneumatic, electronic, computerized HVAC control system controls the facility's central heating and cooling plant. Pneumatic systems of this type have a service life of 30 years. Electronic Computerized systems of this type have a service life of 15 to 20 years.

Rooftop AHU. There is a large rooftop air handling unit that heats and cools the building corridors. It utilizes?steam for heating and cools through air conditioning compressors and air cooled condensers. These large?units will last 20-25 years with a mid-life rebuild and then they are replaced. Because this unit is roof mounted, the same size and weight issues are found as for the cooling towers. The unit will be at the end of life when?the cooling section rusts to the point that the panels rust through. Instead of replacement, a major overhaul?of all metal panels can be accomplished in conjunction with a mechanical equipment rebuild to keep from?needing to remove the unit from the roof.

Heating Boiler. Heat to the building is supplied by 2, hot water low-pressure steam boilers located in the basement. The boilers appear to be in good condition.

Our assessment of the condition of the boiler is based on the boiler's age, the conditions seen during the site visit, the reported maintenance history of the boiler, and conversations with maintenance personnel. Boiler systems typically have a service life of 20 to 40 years.

When replacing the central boiler system is necessary, we recommend that the community consider installing a bank of modular boilers. Using multiple boilers will allow the operators to stage their use to match heating requirements in the building and increase the overall operating efficiency of the heating system.

For additional information about modular boiler systems, please see the link at http://mdareserves.com/resources/links/building-system.

Cooling Tower. The facility has a central cooling system generates and distributes chilled water to the individual units and other interior areas. The atmosphere rejects heat from the system through the cooling tower system. The cooling tower system appears to be in good condition.

Cooling towers have a very large impact on the operating efficiency of a central air conditioning system. Therefore, following a comprehensive maintenance program is important to keep the tower operating at peak efficiency. It is also a good practice to replace the cooling tower and chiller systems at the same time. Cooling towers have a typical service life of 20 to 25 years.

Air Handlers. The facility includes air handlers as part of the heating, ventilating, and air-conditioning system. The air handlers typically include a blower, heating or cooling coils, filter racks, operating controls, and dampers. Conditioned air from the air handler is distributed through the building through a ductwork system. We consider the ductwork a long-life item and have excluded it from the Reserve Analysis.

Individual components within the air handler will require periodic replacement. We have assumed these replacements are maintenance items and have excluded them from the Reserve Analysis. The air handler itself has a service life of 20 to 40 years. If fan, motor, and coil replacements are performed as needed, the casings of these systems can last significantly longer.

Water Source Heat Pumps. The Association maintains water-source heat pumps. We have assumed that these units will have a useful life of 15 to 20 years.

Pumps, Fans, and Motors. The Association maintains an assortment of fans, motors, pumps, and valves that are part of the central heating and cooling plant. Rather than inventorying and listing these separately, we have assumed an incremental approach to their replacement and provided a partial replacement allowance every five years.

Elevators. Since the elevators are being maintained by a “premium” elevator maintenance contract the majority of the major components are replaced under this contract. What remains are items that become obsolete or aesthetic components. The reserve study has left the controls along with the door mechanisms as these become obsolete. Also included are the cab and cab door remodels along with the interiors. These items will wear with use. If the “premium” contract is not continued then additional funding should be added back into the reserve study to cover the cost of the major components. The estimated cost of replacing the elevator components remaining in the study has been developed utilizing R.S. Means Construction Cost Data and through periodic repair quotes. These costs are included to reflect the obsolescence that occurs with elevator systems. Even though the systems may be functioning well at this time, parts for most mechanical control systems are becoming increasingly hard to find. Parts availability becomes a major consideration that forces a replacement decision.

When this work is ultimately accomplished, the elevators will have to be brought into compliance with the latest safety code requirements. This work typically entails upgrading door operating mechanisms, replacing elevator call systems, and installation of emergency phones. A prudent amount has been included in anticipation of these problems.

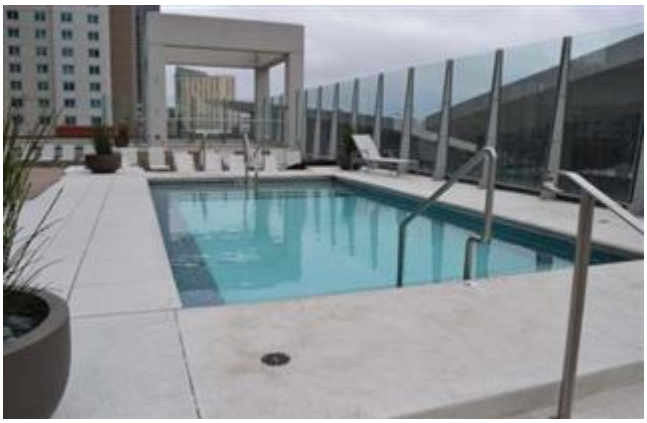
Electrical Switchgear. There is switchgear for distribution 480v power throughout the entire building on the1st floor and there are also power distribution panels for 120/208v power to the residential floors and for 480vpower in the penthouse for mechanical equipment. The switchgear has a long life but changes in equipment technology can result in the inability of obtaining replacement parts and subsequently to switchgear must be replaced. History in this area shows that in about 30 years the distribution breakers will require power panel replacements and the switchgear will require replacement in 50 years.

Electrical Transformers. Transformers are used to reduce the 480v power throughout the building to120/208v. These transformers experience the majority of failures due to overheating, so with electrical room cooling this failure timeframe should be extended. The study assumes the transformers will last for 30 years before replacement.

RECREATION ITEMS

Swimming Pool and Spa. The community operates an outdoor pool and spa of concrete construction and concrete deck. Listed below are the major components of the pool facilities:

- Pool Shell. The shell for the swimming pool is incorporated into the 9th floor structure and becomes the ceiling for the 8th floor of the garage. It is not expected the pool shell will require replacement but will see surface refinishing as covered below.
- Pool Deck. The pool has a concrete deck. The deck should have sealant applied similar to the garage floor surface to minimize the potential of cracking and spalling.
- Pool and Spa surface. The pool is coated with glass tiles. The spa was previously coated with glass tiles but the tiles were recently removed and what is commonly referred to as a “white coat” finish was applied, although the actual color is black. The glass tiles have a nice aesthetic appearance but are high maintenance. The study recommends maintaining to the end of their useful life but to replace the pool glass tiles with a quality white coat finish similar to the spa work that was performed. The pool color could be a white or a blue finish. The white coat can achieve a high-quality look but will require only minor tuck-pointing along with a recoating throughout its lifecycle.
- Waterline Tile. The waterline tile is in excellent condition. We have assumed that the waterline tile will be replaced or restored about every 10 years.
- Pump and Filter System. The filter system is in excellent operating condition. We have assumed a service life of 20 years for the filter systems and 10 years for the pumps.



Dog Park.

9th Floor Pool Table.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

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SECTION A - FINANCIAL ANALYSIS

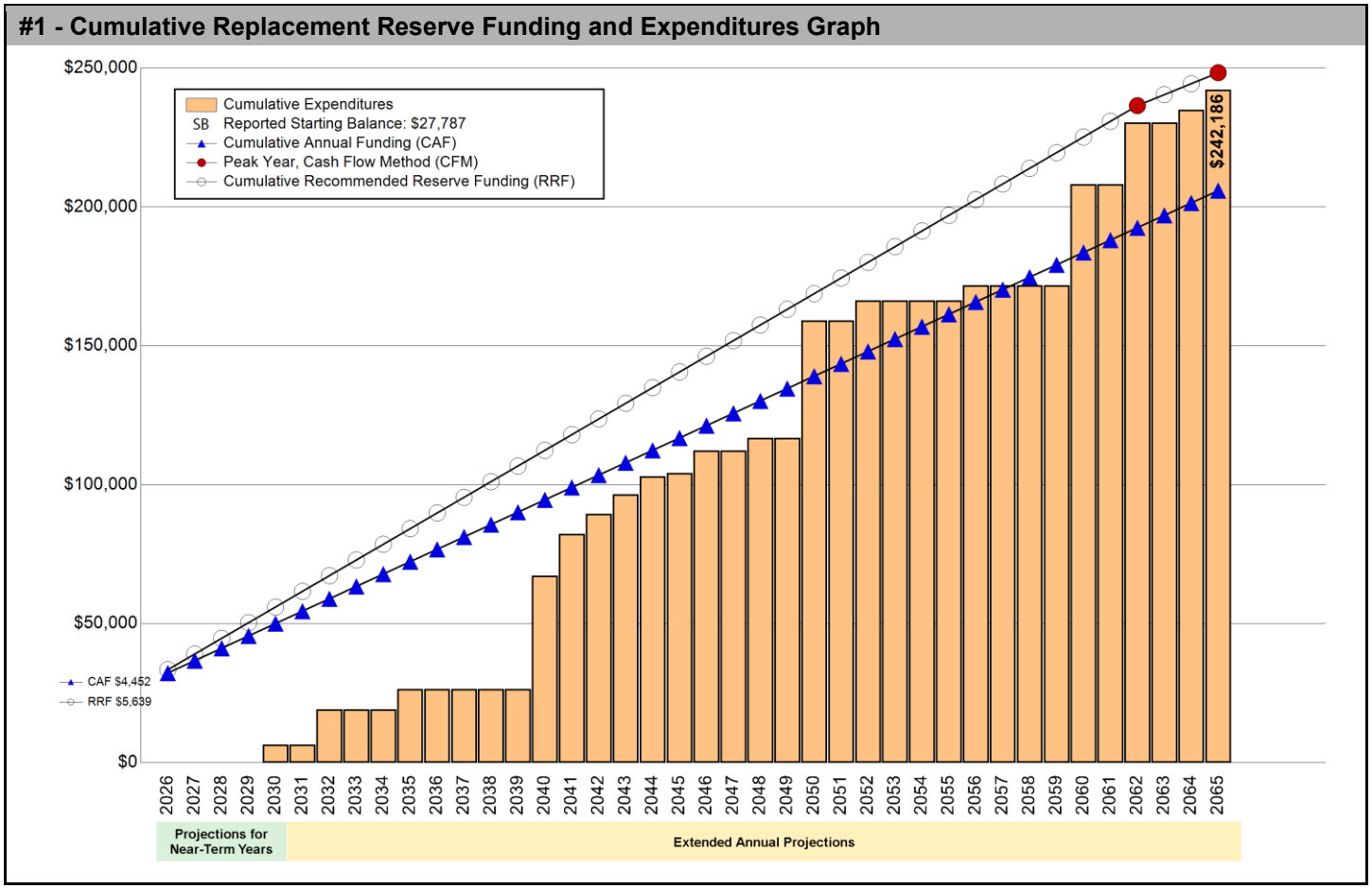
The Sample High Rise - Skyclub Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 21 Projected Replacements identified in the Replacement Reserve Inventory.

$5,639 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2026**
$0.95 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A3.5.

Sample High Rise - Skyclub reports a Starting Balance of $27,787 and Annual Funding totaling $4,452, which is inadequate to fund projected replacements starting in 2050. See Page A3.3 for a more detailed evaluation.

#1 - Cumulative Replacement Reserve Funding and Expenditures Graph



REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Sample High Rise - Skyclub Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method (CFM) and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2026 **STUDY YEAR**

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2026.

40 Years **STUDY PERIOD**

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period

$27,787 **STARTING BALANCE**

The Association reports Replacement Reserves on Deposit totaling $27,787 at the start of the Study Year.

Level Two **LEVEL OF SERVICE**

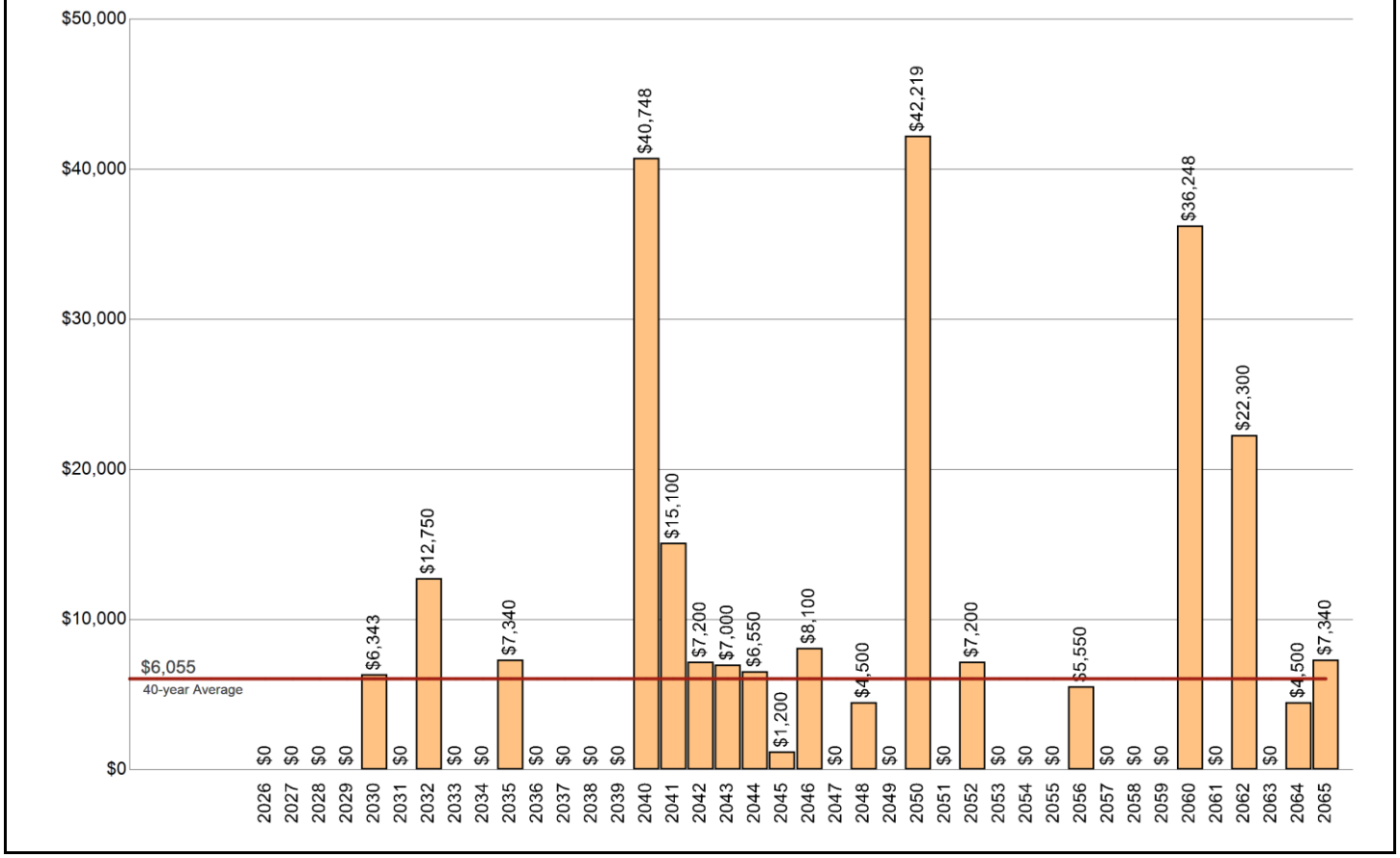
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level Two Study, as defined by the Community Associations Institute (CAI).

$242,186 **REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS**

The Sample High Rise - Skyclub Replacement Reserve Inventory identifies 21 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be $242,186 over the 40-year Study Period. The Projected Replacements are divided into 1 major categories starting on Page B3.3. Pages B3.1-B3.2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of $6,055. Section C3 provides a year by year Calendar of these expenditures.



UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A3.4 and A3.5. The Projected Replacements listed on Page C3.2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A3.5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A3.5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the $242,186 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 0 through 39

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$27,787									
Projected Replacements					($6,343)		($12,750)			($7,340)
Annual Deposit	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452
End of Year Balance	$32,239	$36,691	$41,143	$45,595	$43,705	$48,157	$39,859	$44,311	$48,763	$45,875
Cumulative Expenditures					($6,343)	($6,343)	($19,093)	($19,093)	($19,093)	($26,433)
Cumulative Receipts	$32,239	$36,691	$41,143	$45,595	$50,047	$54,499	$58,951	$63,403	$67,855	$72,307
Year	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Projected Replacements					($40,748)	($15,100)	($7,200)	($7,000)	($6,550)	($1,200)
Annual Deposit	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452
End of Year Balance	$50,327	$54,779	$59,231	$63,683	$27,387	$16,739	$13,991	$11,443	$9,345	$12,597
Cumulative Expenditures	($26,433)	($26,433)	($26,433)	($26,433)	($67,180)	($82,280)	($89,480)	($96,480)	($103,030)	($104,230)
Cumulative Receipts	$76,759	$81,211	$85,663	$90,115	$94,567	$99,019	$103,471	$107,923	$112,375	$116,827
Year	**2046**	**2047**	**2048**	**2049**	**2050**	**2051**	**2052**	**2053**	**2054**	**2055**
Projected Replacements	($8,100)		($4,500)		($42,219)		($7,200)			
Annual Deposit	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452
End of Year Balance	$8,949	$13,401	$13,353	$17,805	($19,962)	($15,510)	($18,258)	($13,806)	($9,354)	($4,902)
Cumulative Expenditures	($112,330)	($112,330)	($116,830)	($116,830)	($159,049)	($159,049)	($166,249)	($166,249)	($166,249)	($166,249)
Cumulative Receipts	$121,279	$125,731	$130,183	$134,635	$139,087	$143,539	$147,991	$152,443	$156,895	$161,347
Year	**2056**	**2057**	**2058**	**2059**	**2060**	**2061**	**2062**	**2063**	**2064**	**2065**
Projected Replacements	($5,550)				($36,248)		($22,300)		($4,500)	($7,340)
Annual Deposit	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452	$4,452
End of Year Balance	($6,000)	($1,548)	$2,905	$7,357	($24,439)	($19,987)	($37,835)	($33,383)	($33,431)	($36,319)
Cumulative Expenditures	($171,799)	($171,799)	($171,799)	($171,799)	($208,046)	($208,046)	($230,346)	($230,346)	($234,846)	($242,186)
Cumulative Receipts	$165,799	$170,251	$174,703	$179,155	$183,607	$188,059	$192,511	$196,963	$201,415	$205,867

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of $27,787 & annual funding of $4,452), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 21 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of $4,452 throughout the 40-year Study Period.

Annual Funding of $4,452 is approximately 79 percent of the $5,639 recommended Annual Funding calculated by the Cash Flow Method for 2026, the Study Year.

See the Executive Summary for the Current Funding Statement.

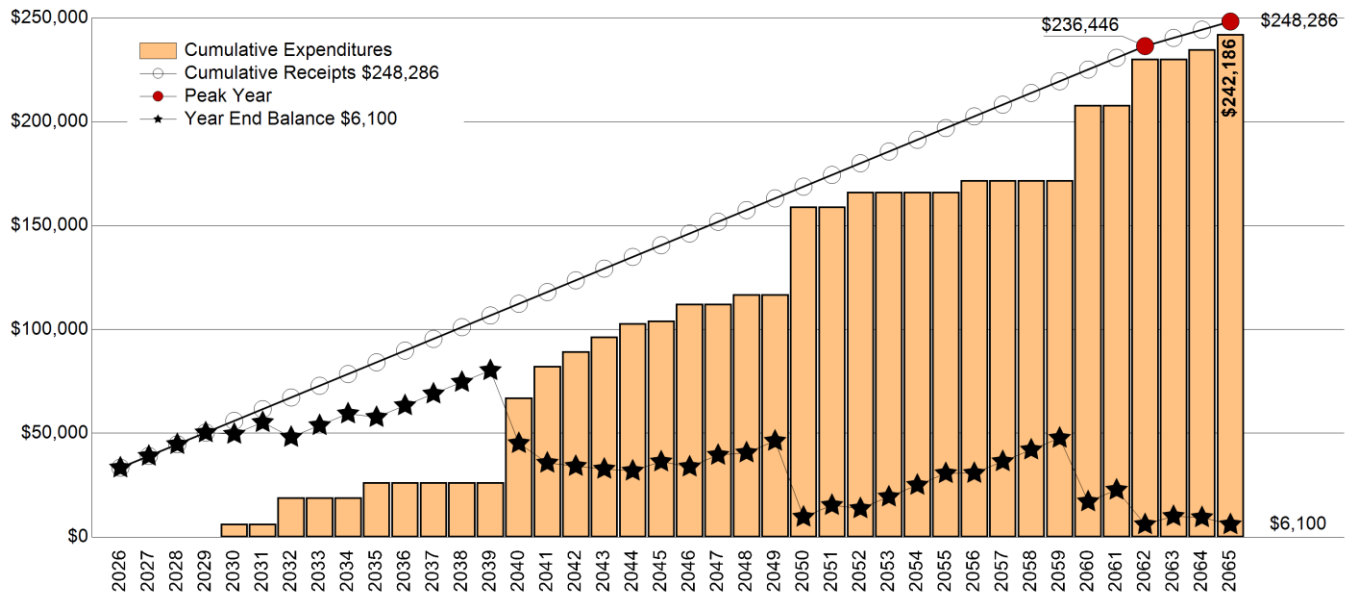
CASH FLOW METHOD FUNDING

$5,639 **RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2026**
$0.95 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2062 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of $230,346 of replacements from 2026 to 2062. Recommended funding is anticipated to decline in 2063. Peak Years are identified in Chart 4 and Table 5.
- **Threshold (Minimum Balance).** The calculations assume a Minimum Balance of $6,100 will always be held in reserve, which is calculated by rounding the 12-month 40-year average annual expenditure of $6,055 as shown on Graph #2.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for $242,186 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2065 and in 2065, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 0 through 39



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 0 through 39

Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Starting Balance	$27,787									
Projected Replacements					($6,343)		($12,750)			($7,340)
Annual Deposit	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639
End of Year Balance	$33,426	$39,066	$44,705	$50,345	$49,642	$55,281	$48,171	$53,810	$59,449	$57,749
Cumulative Expenditures					($6,343)	($6,343)	($19,093)	($19,093)	($19,093)	($26,433)
Cumulative Receipts	$33,426	$39,066	$44,705	$50,345	$55,984	$61,624	$67,263	$72,902	$78,542	$84,181

Year	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Projected Replacements					($40,748)	($15,100)	($7,200)	($7,000)	($6,550)	($1,200)
Annual Deposit	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639
End of Year Balance	$63,388	$69,028	$74,667	$80,307	$45,198	$35,738	$34,177	$32,817	$31,906	$36,346
Cumulative Expenditures	($26,433)	($26,433)	($26,433)	($26,433)	($67,180)	($82,280)	($89,480)	($96,480)	($103,030)	($104,230)
Cumulative Receipts	$89,821	$95,460	$101,100	$106,739	$112,378	$118,018	$123,657	$129,297	$134,936	$140,576

Year	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Projected Replacements	($8,100)		($4,500)		($42,219)		($7,200)			
Annual Deposit	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639
End of Year Balance	$33,885	$39,525	$40,664	$46,303	$9,724	$15,364	$13,803	$19,443	$25,082	$30,721
Cumulative Expenditures	($112,330)	($112,330)	($116,830)	($116,830)	($159,049)	($159,049)	($166,249)	($166,249)	($166,249)	($166,249)
Cumulative Receipts	$146,215	$151,855	$157,494	$163,133	$168,773	$174,412	$180,052	$185,691	$191,331	$196,970

Year	2056	2057	2058	2059	2060	2061	1st Peak - 2062	2063	2064	2nd Peak - 2065
Projected Replacements	($5,550)				($36,248)		($22,300)		($4,500)	($7,340)
Annual Deposit	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$5,639	$3,947	$3,947	$3,947
End of Year Balance	$30,811	$36,450	$42,090	$47,729	$17,121	$22,761	$6,100	$10,047	$9,493	$6,100
Cumulative Expenditures	($171,799)	($171,799)	($171,799)	($171,799)	($208,046)	($208,046)	($230,346)	($230,346)	($234,846)	($242,186)
Cumulative Receipts	$202,609	$208,249	$213,888	$219,528	$225,167	$230,807	$236,446	$240,393	$244,339	$248,286

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At MillerDodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

$5,639 **2026 - CASH FLOW METHOD RECOMMENDED FUNDING**
The 2026 Study Year calculations have been made using current replacement costs

$5,769 **2027 - 2.3% INFLATION ADJUSTED FUNDING**
A new analysis calculates the 2027 funding based on three assumptions:

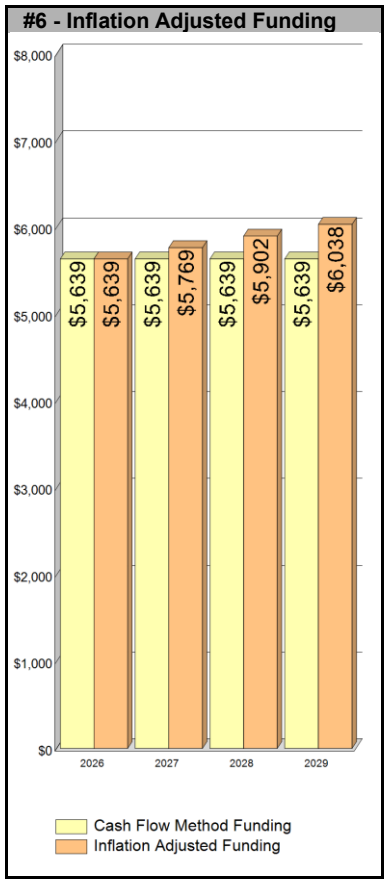
- Starting Balance totaling $33,426 on January 1, 2027.
- No Expenditures from Replacement Reserves in 2027.

$5,902 **2028 - 2.3% INFLATION ADJUSTED FUNDING**
A new analysis calculates the 2028 funding based on three assumptions:

- Starting balance of approximately $39,196 = 2028 Starting Balance $33,426, plus Inflation Adjusted Funding $5,769 for 2027, minus $0 2027 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2028.

$6,038 **2029 - 2.3% INFLATION ADJUSTED FUNDING**
A new analysis calculates the 2029 funding based on three assumptions:

- Starting balance of approximately $45,097 = 2029 Starting Balance $39,196, plus Inflation Adjusted Funding $5,902 for 2028, minus $0 2028 Inflation Adjusted Cost.
- No Expenditures from Replacement Reserves in 2029.



Year Four and Beyond
The inflation-adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study to be professionally updated every 3 to 5 years.

Inflation Adjustment
Prior to approving a budget based upon the 2027, 2028 and 2029 inflation-adjusted funding calculations above, the 2.30 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percentage point), contact MillerDodson Associates prior to using the Inflation Adjusted Funding.

Interest on Reserves
The recommended funding calculations do not account for interest earned on Replacement Reserves. In 2026, based on a 1.00 percent interest rate, we estimate the Association may earn $306 on an average balance of $30,607, $363 on an average balance of $36,311 in 2027, and $421 on $42,146 in 2028. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2026 funding from $5,639 to $5,333 (a 5.42 percent reduction), $5,769 to $5,406 in 2027 (a 6.29 percent reduction), and $5,902 to $5,480 in 2028 (a 7.14 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

Maryland's new Reserves and Reserve Study Law, HB-107, is intended to ensure that adequate Reserve Funding is available for capital repair and replacement projects when it is needed. This is done by funding the Reserve Fund annually. The law requires that the Recommended Annual Reserve Funding amount in the most recent Reserve Study be included in the Association's annual budgets. If this is an Association's "initial" (first) professionally conducted Reserve Study, HB-107 gives the Association up to three (3) fiscal years following the fiscal year in which the Reserve Study was completed, to attain the Annual Reserve Funding level recommended in the initial Reserve Study.

SECTION B - REPLACEMENT RESERVE INVENTORY

- **PROJECTED REPLACEMENTS.** Sample High Rise - Skyclub - Replacement Reserve Inventory identifies 21 items that are Projected Replacements and the periodic replacements of these items are scheduled for funding from Replacement Reserves. The Projected Replacements have an estimated one-time replacement cost of $121,774. Cumulative Replacements totaling $242,186 are scheduled in the Replacement Reserve Inventory over the 40-year Study Period. Cumulative Replacements include those components that are replaced more than once during the period of the study.

  Projected Replacements are the replacement of commonly-owned physical assets that require periodic replacement and whose replacement is to be funded from Replacement Reserves.

- **TAX CODE.** The United States Tax Code grants favorable tax status to Replacement Reserves, conditioned on expenditures being made within certain guidelines. These guidelines typically exclude maintenance activities, minor repairs, and capital improvements.

- **EXCLUDED ITEMS.** Some of the items contained in the Replacement Reserve Inventory are 'Excluded Items'. Multiple categories of items are typically excluded from funding by Replacement Reserves, including but not limited to:

  Value. Items with a replacement cost of less than $1000 and/or a normal economic life of less than 3 years are typically excluded from funding from Replacement Reserves. This exclusion should reflect the Association policy on the administration of Replacement Reserves. If the Association has selected an alternative level, it will be noted in the Replacement Reserve Inventory - General Comments on Page B3.2.

  Long-lived Items. Items are excluded from the Replacement Reserve Inventory when items are properly maintained and are assumed to have a life equal to the property.

  Unit Improvements. Items owned by a single unit and where the items serve a single unit are generally assumed to be the responsibility of that unit, not the Association.

  Other Non-Common Improvements. Items owned by the local government, public and private utility companies, the United States Postal Service, Master Associations, state and local highway authorities, etc., may be installed on property that is owned by the Association. These types of items are generally not the responsibility of the Association and are excluded from the Replacement Reserve Inventory.

- **CATEGORIES.** The 21 items included in the Sample High Rise - Skyclub Replacement Reserve Inventory are divided into 1 major categories. Each category is printed on a separate page, beginning on page B3.3.

- **LEVEL OF SERVICE.** This Replacement Reserve Inventory has been developed in compliance with the standards established for a Level 2 Update, as defined by the National Reserve Study Standards, established in 1998 by the Community Associations Institute, which states:

  This study has been performed as a Level 2 Update with Site Visit/On-Site Review as defined by the Community Associations Institute's, National Reserve Study Standards. As such, the component inventory is based on the study that was performed by . This inventory was adjusted to reflect changes provided by the Community Manager and/or the Board of Directors, or adjustments made based on the site visit and visual assessment performed by the Analyst. The analysis, including fund status and funding plan, is developed from the adjusted inventory.

REPLACEMENT RESERVE INVENTORY - GENERAL INFORMATION (CONT'D)

- **INVENTORY DATA.** Each of the 21 Projected Replacements listed in the Replacement Reserve Inventory includes the following data:

  Item Number. The Item Number is assigned sequentially and is intended for identification purposes only.

  Item Description. We have identified each item included in the Inventory. Additional information may be included in the Comments section at the bottom of each page of the Inventory.

  Units. We have used standard abbreviations to identify the number of units including SF-square feet, LF-lineal feet, SY-square yard, LS-lump sum, EA-each, and PR-pair. Non-standard abbreviations are noted in the Comments section at the bottom of the page.

  Number of Units. The methods used to develop the quantities are discussed in "Level of Service" above.

  Unit Replacement Cost. We use four sources to develop the unit cost data shown in the Inventory; actual replacement cost data provided by the client, information provided by local contractors and suppliers, industry standard estimating manuals, and a cost database we have developed based upon our detailed interviews with contractors and service providers who are specialists in their respective lines of work.

  Normal Economic Life (Years). The number of years that a new and properly installed item should be expected to remain in service.

  Remaining Economic Life (Years). The estimated number of years before an item will need to be replaced. In "normal" conditions, this could be calculated by subtracting the age of the item from the Normal Economic Life of the item, but only rarely do physical assets age "normally". Some items may have longer or shorter lives depending on many factors such as environment, initial quality of the item, maintenance, etc.

  Total Replacement Cost. This is calculated by multiplying the Unit Replacement Cost by the Number of Units.

- **PARTIAL FUNDING.** Items may have been included in the Replacement Reserve Inventory at less than 100 percent of their full quantity and/or replacement cost. This is done on items that will never be replaced in their entirety, but which may require periodic replacements over an extended period of time. The assumptions that provide the basis for any partial funding are noted in the Comments section.
- **REMAINING ECONOMIC LIFE GREATER THAN 40 YEARS.** The calculations do not include funding for initial replacements beyond 40 years. These replacements are included in this Study for tracking and evaluation. They should be included for funding in future Studies, when they enter the 40-year window.
- **ACCURACY OF THE ANALYSIS.** The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 21 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B3.1.

INTERIOR ITEMS
PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
1	Tile Floor, tuckpoint, 20%	sf	139	$7.50	10	4	$1,043
2	Tile Floor, replace	sf	696	$41.00	30	24	$28,536
	Flooring, wood						EXCLUDED
	Flooring, wood						EXCLUDED
3	Carpet	sf	1,200	$6.00	10	6	$7,200
4	Sliding Glass Doors, single	ea	2	$3,500.00	25	17	$7,000
5	Wood Panels, wall covering	sf	80	$21.00	20	14	$1,680
6	Wood Doors	ea	5	$825.00	20	14	$4,125
7	Throw rugs	sf	248	$5.00	15	9	$1,240
8	Bathroom Renovations	ea	2	$6,500.00	20	14	$13,000
9	Kitchen Renovation	ls	1	$5,500.00	24	18	$5,500
10	Kitchen Appliances	ls	1	$1,050.00	12	6	$1,050
11	Millwork	ls	1	$1,500.00	21	15	$1,500
12	Wine Storage Cabinets	ls	1	$2,600.00	21	15	$2,600
13	WIne Storage Cabinets (new)	ls	1	$2,600.00	21	20	$2,600
14	Window Coverings	ls	1	$6,100.00	15	9	$6,100
15	Furniture, soft goods	ls	1	$5,300.00	10	4	$5,300
16	Furniture, hard goods	ls	1	$11,000.00	21	15	$11,000
17	Pool Table	ea	1	$5,500.00	21	20	$5,500
						Replacement Costs - Page Subtotal	$104,974

COMMENTS

- Flooring, wood - [01/21/2021] excluded per board
- Flooring, wood - [01/21/2021] excluded per board
- Item #13: WIne Storage Cabinets (new) - New Wine Storage Cabinets installed in 2017
- Item #15: Furniture, soft goods - Furniture soft goods include (2) sectional sofas and (6) throw pillows
- Item #16: Furniture, hard goods - Furniture hard goods include (8) swivel chairs, (14) bar stools, (1) wood bench, (3) coffee tables, (5) planters, and (1) wallhung mirror
- Item #17: Pool Table - New game/meeting table installed in 2016.

INTERIOR ITEMS - (cont.)

PROJECTED REPLACEMENTS

NEL- Normal Economic Life (yrs)
REL- Remaining Economic Life (yrs)

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
18	Flat panel TV - 80" screen	ea	1	$4,500.00	8	6	$4,500
19	Heat Pump, 60k BTU	ea	1	$4,800.00	20	14	$4,800
20	Exhaust Fan	ea	1	$1,200.00	25	19	$1,200
21	Recessed ceiling & track lights	ea	42	$150.00	20	14	$6,300

Replacement Costs - Page Subtotal $16,800

COMMENTS

- Item #18: Flat panel TV - 80" screen - New big screen TV was installed in 2016

VALUATION EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Property identification signage						EXCLUDED
	Miscellaneous signage						EXCLUDED
	Fire extinguisher cabinet						EXCLUDED
	Signage						EXCLUDED
	Interior doors						EXCLUDED

VALUATION EXCLUSIONS

Comments

- Valuation Exclusions. For ease of administration of the Replacement Reserves and to reflect accurately how Replacement Reserves are administered, items with a dollar value less than $1000 have not been scheduled for funding from Replacement Reserve. Examples of items excluded by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

LONG-LIFE EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Building foundation(s)						EXCLUDED
	Concrete floor slabs (interior)						EXCLUDED
	Wall, floor, and roof structure						EXCLUDED
	Common element electrical services						EXCLUDED
	Electrical wiring						EXCLUDED
	Water piping at common facilities						EXCLUDED
	Waste piping at common facilities						EXCLUDED
	Gas services at common facilities						EXCLUDED
	Trash chute						EXCLUDED
	Stainless steel pool fixtures						EXCLUDED

LONG-LIFE EXCLUSIONS
Comments

- Long Life Exclusions. Components that when properly maintained, can be assumed to have a life equal to the property as a whole, are normally excluded from the Replacement Reserve Inventory. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Exterior masonry is generally assumed to have an unlimited economic life, but periodic repointing is required, and we have included this for funding in the Replacement Reserve Inventory.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UNIT IMPROVEMENTS EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Sanitary sewers serving one unit						EXCLUDED
	Electrical wiring serving one unit						EXCLUDED
	Cable TV service serving one unit						EXCLUDED
	Telephone service serving one unit						EXCLUDED
	Gas service serving one unit						EXCLUDED
	Unit interior						EXCLUDED

UNIT IMPROVEMENTS EXCLUSIONS

Comments

- Unit improvement Exclusions. We understand that the elements of the project that relate to a single unit are the responsibility of that unit owner. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

UTILITY EXCLUSIONS
Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Primary electric feeds						EXCLUDED
	Electric transformers						EXCLUDED
	Cable TV systems and structures						EXCLUDED
	Telephone cables and structures						EXCLUDED
	Gas mains and meters						EXCLUDED
	Water mains and meters						EXCLUDED

UTILITY EXCLUSIONS
Comments

- Utility Exclusions. Many improvements owned by utility companies are on property owned by the Association. We have assumed that repair, maintenance, and replacements of these components will be done at the expense of the appropriate utility company. Examples of items excluded from funding Replacement Reserves by this standard are listed above.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

MAINTENANCE AND REPAIR EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Striping of parking spaces						EXCLUDED
	Numbering of parking spaces						EXCLUDED
	Interior painting						EXCLUDED
	Janitorial service						EXCLUDED
	Repair services						EXCLUDED
	Partial replacements						EXCLUDED
	Capital improvements						EXCLUDED

MAINTENANCE AND REPAIR EXCLUSIONS

Comments

- Maintenance activities, one-time-only repairs, and capital improvements. These activities are NOT appropriately funded from Replacement Reserves. The inclusion of such component in the Replacement Reserve Inventory could jeopardize the special tax status of ALL Replacement Reserves, exposing the Association to significant tax liabilities. We recommend that the Board of Directors discuss these exclusions and Revenue Ruling 75-370 with a Certified Public Accountant.

- Examples of items excluded from funding by Replacement Reserves are listed above. The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

GOVERNMENT EXCLUSIONS

Excluded Items

ITEM #	ITEM DESCRIPTION	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST ($)	NEL	REL	REPLACEMENT COST ($)
	Government, roadways and parking						EXCLUDED
	Government, sidewalks and curbs						EXCLUDED

GOVERNMENT EXCLUSIONS

Comments

- Government Exclusions. We have assumed that some of the improvements installed on property owned by the Association will be maintained by the state, county, or local government, or other association or other responsible entity. Examples of items excluded from funding by Replacement Reserves by this standard are listed above.
- Excluded rights-of-way, including adjacent properties and adjacent roadways.
- The list above exemplifies exclusions by the cited standard(s) and is not intended to be comprehensive.

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SECTION C - CALENDAR OF PROJECTED ANNUAL REPLACEMENTS

GENERAL STATEMENT. The 21 Projected Replacements in the Sample High Rise - Skyclub Replacement Reserve Inventory whose replacement is scheduled to be funded from Replacement Reserves are broken down on a year-by-year basis, beginning on Page C3.2.

REPLACEMENT RESERVE ANALYSIS AND INVENTORY POLICIES, PROCEDURES, AND ADMINISTRATION

- **REVIEW OF THE REPLACEMENT RESERVE STUDY.** For this study to be effective, it should be reviewed by the Board of Directors, those responsible for the management of the items included in the Replacement Reserve Inventory, and the accounting professionals employed by the Association.
- **REVISIONS.** Revisions will be made to the Replacement Reserve Analysis and Replacement Reserve Inventory in accordance with the written instructions of the Board of Directors. No additional charge is incurred for the first revision if requested in writing within three months of the date of the Replacement Reserve Study. It is our policy to provide revisions in electronic (Adobe PDF) format only. We acknowledge that there are instances in which multiple revisions are necessary. However, unnecessary multiple revisions drain our time and manpower resources. Therefore, MillerDodson will exercise its sole discretion as to whether additional charges are incurred.
- **TAX CODE**. The United States Tax Code grants favorable tax status to a common interest development (CID) meeting certain guidelines for their Replacement Reserve. If a CID files their taxes as a 'Corporation' on Form 1120 (IRC Section 277), these guidelines typically require maintenance activities, partial replacements, minor replacements, capital improvements, and one-time-only replacements to be excluded from Reserves. A CID cannot co-mingle planning for maintenance activities with capital replacement activities in the Reserves (Revenue Ruling 75-370). Funds for maintenance activities and capital replacement activities must be held in separate accounts. If a CID files taxes as an "Exempt Homeowners Association" using Form 1120H (IRC Section 528), the CID does not have to segregate these activities. However, because the CID may elect to change their method of filing from year to year within the Study Period, we advise using the more restrictive approach. We further recommend that the CID consult with their Accountant and consider creating separate and independent accounts and reserves for large maintenance items, such as painting.
- **CONFLICT OF INTEREST.** Neither MillerDodson Associates nor the Reserve Analyst has any prior or existing relationship with this Association which would represent a real or perceived conflict of interest.
- **RELIANCE ON DATA PROVIDED BY THE CLIENT.** Information provided by an official representative of the Association regarding financial, physical conditions, quality, or historical issues is deemed reliable.
- **INTENT.** This Replacement Reserve Study is a reflection of the information provided by the Association and the visual evaluations of the Analyst. It has been prepared for the sole use of the Association and is not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records.
- **PREVIOUS REPLACEMENTS.** Information provided to MillerDodson Associates regarding prior replacements is considered to be accurate and reliable. Our visual evaluation is not a project audit or quality inspection.
- **EXPERIENCE WITH FUTURE REPLACEMENTS.** The Calendar of Annual Projected Replacements, lists replacements we have projected to occur over the Study Period and begins on Page C2. Actual experience in replacing the items may differ significantly from the cost estimates and time frames shown because of conditions beyond our control. These differences may be caused by maintenance practices, inflation, variations in pricing and market conditions, future technological developments, regulatory actions, acts of God, and luck. Some items may function normally during our visual evaluation and then fail without notice.

PROJECTED REPLACEMENTS

Item	2026 - Study Year	$

No Scheduled Replacements

Item	2027 - YEAR 1	$

No Scheduled Replacements

Item	2028 - YEAR 2	$

No Scheduled Replacements

Item	2029 - YEAR 3	$

No Scheduled Replacements

Item	2030 - YEAR 4	$
1	Tile Floor, tuckpoint, 20%	$1,043
15	Furniture, soft goods	$5,300
Total Scheduled Replacements		$6,343

Item	2031 - YEAR 5	$

No Scheduled Replacements

Item	2032 - YEAR 6	$
3	Carpet	$7,200
10	Kitchen Appliances	$1,050
18	Flat panel TV - 80" screen	$4,500
Total Scheduled Replacements		$12,750

Item	2033 - YEAR 7	$

No Scheduled Replacements

Item	2034 - YEAR 8	$

No Scheduled Replacements

Item	2035 - YEAR 9	$
7	Throw rugs	$1,240
14	Window Coverings	$6,100
Total Scheduled Replacements		$7,340

PROJECTED REPLACEMENTS

Item	2036 - YEAR 10	$
No Scheduled Replacements		

Item	2037 - YEAR 11	$
No Scheduled Replacements		

Item	2038 - YEAR 12	$
No Scheduled Replacements		

Item	2039 - YEAR 13	$
No Scheduled Replacements		

Item	2040 - YEAR 14	$
1	Tile Floor, tuckpoint, 20%	$1,043
5	Wood Panels, wall covering	$1,680
6	Wood Doors	$4,125
8	Bathroom Renovations	$13,000
15	Furniture, soft goods	$5,300
18	Flat panel TV - 80" screen	$4,500
19	Heat Pump, 60k BTU	$4,800
21	Recessed ceiling & track lights	$6,300
Total Scheduled Replacements		$40,748

Item	2041 - YEAR 15	$
11	Millwork	$1,500
12	Wine Storage Cabinets	$2,600
16	Furniture, hard goods	$11,000
Total Scheduled Replacements		$15,100

Item	2042 - YEAR 16	$
3	Carpet	$7,200
Total Scheduled Replacements		$7,200

Item	2043 - YEAR 17	$
4	Sliding Glass Doors, single	$7,000
Total Scheduled Replacements		$7,000

Item	2044 - YEAR 18	$
9	Kitchen Renovation	$5,500
10	Kitchen Appliances	$1,050
Total Scheduled Replacements		$6,550

Item	2045 - YEAR 19	$
20	Exhaust Fan	$1,200
Total Scheduled Replacements		$1,200

PROJECTED REPLACEMENTS

Item	2046 - YEAR 20	$
13	WIne Storage Cabinets (new)	$2,600
17	Pool Table	$5,500
Total Scheduled Replacements		$8,100

Item	2047 - YEAR 21	$
No Scheduled Replacements		

Item	2048 - YEAR 22	$
18	Flat panel TV - 80" screen	$4,500
Total Scheduled Replacements		$4,500

Item	2049 - YEAR 23	$
No Scheduled Replacements		

Item	2050 - YEAR 24	$
1	Tile Floor, tuckpoint, 20%	$1,043
2	Tile Floor, replace	$28,536
7	Throw rugs	$1,240
14	Window Coverings	$6,100
15	Furniture, soft goods	$5,300
Total Scheduled Replacements		$42,219

Item	2051 - YEAR 25	$
No Scheduled Replacements		

Item	2052 - YEAR 26	$
3	Carpet	$7,200
Total Scheduled Replacements		$7,200

Item	2053 - YEAR 27	$
No Scheduled Replacements		

Item	2054 - YEAR 28	$
No Scheduled Replacements		

Item	2055 - YEAR 29	$
No Scheduled Replacements		

PROJECTED REPLACEMENTS

Item	2056 - YEAR 30	$
10	Kitchen Appliances	$1,050
18	Flat panel TV - 80" screen	$4,500
	Total Scheduled Replacements	$5,550

Item	2057 - YEAR 31	$
	No Scheduled Replacements	

Item	2058 - YEAR 32	$
	No Scheduled Replacements	

Item	2059 - YEAR 33	$
	No Scheduled Replacements	

Item	2060 - YEAR 34	$
1	Tile Floor, tuckpoint, 20%	$1,043
5	Wood Panels, wall covering	$1,680
6	Wood Doors	$4,125
8	Bathroom Renovations	$13,000
15	Furniture, soft goods	$5,300
19	Heat Pump, 60k BTU	$4,800
21	Recessed ceiling & track lights	$6,300
	Total Scheduled Replacements	$36,248

Item	2061 - YEAR 35	$
	No Scheduled Replacements	

Item	2062 - YEAR 36	$
3	Carpet	$7,200
11	Millwork	$1,500
12	Wine Storage Cabinets	$2,600
16	Furniture, hard goods	$11,000
	Total Scheduled Replacements	$22,300

Item	2063 - YEAR 37	$
	No Scheduled Replacements	

Item	2064 - YEAR 38	$
18	Flat panel TV - 80" screen	$4,500
	Total Scheduled Replacements	$4,500

Item	2065 - YEAR 39	$
7	Throw rugs	$1,240
14	Window Coverings	$6,100
	Total Scheduled Replacements	$7,340

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SECTION D - CONDITION ASSESSMENT

General Comments. MillerDodson Associates conducted a Reserve Study at Sample High Rise - Skyclub in December 2020. Sample High Rise - Skyclub is in generally excellent condition for a residential condominium constructed in 2010. A review of the Replacement Reserve Inventory will show that we are anticipating most of the components achieving their normal economic lives.
SkyClub - For the SkyClub all interior finishes are included to include furniture, pool table, and a flat-screen TV. Sliding glass doors to balconies along with window coverings are included. Renovations to bathrooms and the kitchen area are included. Also included are the mechanical fan coil unit, exhaust fan, and lighting for the Skyclub.

The following comments pertain to the larger, more significant components in the Replacement Reserve Inventory and to those items that are unique or deserving of attention because of their condition or the manner in which they have been treated in the Replacement Reserve Analysis or Inventory.

IMPORTANT NOTE: This Condition Assessment is based upon visual and apparent conditions of the common elements of the community which were observed by the Reserve Analyst at the time of the site visit. This Condition Assessment does not constitute, nor is it a substitute for, a professional Structural Evaluation of the buildings, amenities, or systems. MillerDodson strongly recommends that the Association retain the services of a Structural Engineer to conduct thorough and periodic evaluations of the buildings, balconies, and any other structural components of the buildings and amenities of the Association.

General Condition Statements.

Excellent. 100% to 90% of Normal Economic Life expected, with no appreciable wear or defects.

Good. 90% to 60% of Normal Economic Life expected, minor wear or cosmetic defects found. Normal maintenance should be expected. If performed properly, normal maintenance may increase the useful life of a component. Otherwise, the component is wearing normally.

Fair. 60% to 30% of Normal Economic Life expected moderate wear with defects found. Repair actions should be taken to extend the life of the component or to correct repairable defects and distress. Otherwise, the component is wearing normally.

Marginal. 30% to 10% of Normal Economic Life expected, with moderate to significant wear or distress found. Repair actions are expected to be cost-effective for localized issues, but normal wear and use are evident. The component is reaching the end of the Normal Economic Life.

Poor. 10% to 0% of Normal Economic Life expected, with significant distress and wear. Left unattended, additional damage to underlying structures is likely to occur. Further maintenance is unlikely to be cost-effective.

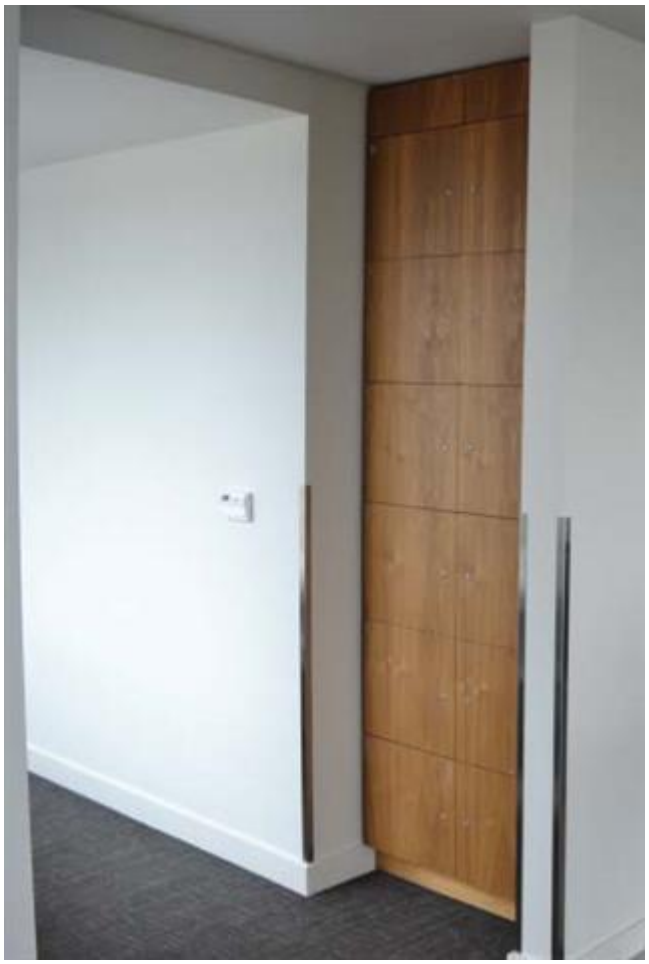
(Continued on next page)

INTERIOR ITEMS

Tile Floors. Tile floors are found in the 1st floor and 9th-floor lobbies and in the elevator lobbies on the 1stthrough 9th floors. Tile flooring and walls can also be found in the common restrooms. These floors walls have an extended life but may need occasional regrouting of joints. A full replacement has been included to allow for replacement due to failure or to allow for changes in the décor.

Carpet. Carpet in the common areas is found in the hallways, lounges, media room, and the fitness center. The carpet was installed as large carpet tiles. This does allow for easy replacement should an area be damaged or stained. The carpet will still have a useful life of about 10 years. Since it would be difficult to replace the hallway carpet on 33 floors all in one year this work has been broken into a 5 year period where either 6 or 7 floors would be done in a year and the work would coincide with the fabric wall covering for that floor.

Glass Sliding Glass Door. The sliding glass door has some of the same features and failure problems and the glass exterior, but they also fail at the track system which allows them to move and operate. The study assumes that ten percent of the sliding glass doors will fail and be replaced in 5 year intervals.



Fan Coil Units. HVAC to the lounges, media center, fitness center, and electrical rooms is provided by multiple heat pump style FCUs. The FCUs are located above the ceiling of all common spaces except the electrical rooms. The FCUs use the condenser water from the cooling towers or flat-plate heat exchangers with an internal DX heating cooling compressor and coil to either heat or cool the space.

Exhaust Fans. Numerous large fans provide exhaust from the hallways, elevator shafts, and other common areas. There are also exhaust fans for the public restrooms.

This Condition Assessment is based upon our visual survey of the property. The sole purpose of the visual survey was an evaluation of the common and limited common elements of the property to ascertain their remaining useful life and replacement cost. Our evaluation assumed that all components met building code requirements in force at the time of construction. Our visual survey was conducted with care by experienced persons, but no warranty or guarantee is expressed or implied.

End of Condition Assessment

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1. COMMON INTEREST DEVELOPMENTS - AN OVERVIEW

Over the past 40 years, the responsibility for many services, facilities, and infrastructure around our homes has shifted from the local government to Community Associations. Thirty years ago, a typical new townhouse abutted a public street on the front and a public alley on the rear. Open space was provided by a nearby public park, and recreational facilities were purchased ala carte from privately owned country clubs, swim clubs, tennis clubs, and gymnasiums. Today, 60% of all new residential construction, i.e., townhouses, single-family homes, condominiums, and cooperatives, is in Common Interest Developments (CID). In a CID, a homeowner is bound to a Community Association that owns, maintains, and is responsible for periodic replacements of various components that may include the roads, curbs, sidewalks, playgrounds, streetlights, recreational facilities, and other community facilities and infrastructure.

The growth of Community Associations has been explosive. In 1965, there were only approximately 500 Community Associations in the United States. According to the 1990 U.S. Census, there were roughly 130,000 Community Associations. The Community Associations Institute (CAI), a national trade association, estimated in 2020 that there were more than 350,000 communities with over 75 million residents.

The shift of responsibility for billions of dollars of community facilities and infrastructure from the local government and private sector to Community Associations has generated new and unanticipated issues. Although Community Associations have succeeded in solving many short-term issues, many Associations still fail to properly plan for the significant expenses of replacing community facilities and infrastructure components. When inadequate Replacement Reserve funding results in less than timely replacements of failing components, homeowners are invariably exposed to the burden of special assessments, major increases in Association fees, and often a decline in property values.

2. REPLACEMENT RESERVE STUDY

The purpose of a Replacement Reserve Study is to provide the Association with an inventory of the common community facilities and infrastructure components that require periodic major repair or replacement, a general view of the physical condition of these components, and an effective financial plan to fund projected periodic replacements or major repairs. The Replacement Reserve Study consists of the following:

Replacement Reserve Study Introduction. The introduction provides a description of the property, an Executive Summary of the Funding Recommendations, Level of Reserve Study service, and a statement of the Purpose of the Replacement Reserve Study. It also lists documents and site evaluations upon which the Replacement Reserve Study is based and provides the Credentials of the Reserve Analyst.

Section A Replacement Reserve Analysis. Many components that are owned by the Association have a limited life and require periodic replacement. Therefore, it is essential that the Association have a financial plan that provides funding for the timely replacement of these components in order to protect the safety, appearance, and ultimately, the property value of the homes in the community. In conformance with National Reserve Study Standards, a Replacement Reserve Analysis evaluates the current funding of Replacement Reserves as reported by the Association and recommends annual funding of Replacement Reserves using the Threshold Cash Flow Method. See the definition below.

Section B Replacement Reserve Inventory. The Replacement Reserve Inventory lists the commonly owned components within the community that require periodic replacement using funding from Replacement Reserves. Replacement Reserve Inventory includes estimates of the Normal Economic Life (NEL) and the Remaining Economic Life (REL) for those components whose replacement is scheduled for funding from Replacement Reserves.

The Replacement Reserve Inventory also provides information about those components that are excluded from the Replacement Reserve Inventory and whose replacement is not scheduled for funding from Replacement Reserves.

Section C Projected Annual Replacements. The Calendar of Projected Annual Replacements provides a year-by-year listing of the Projected Replacements based on the data in the Replacement Reserve Inventory.

Section D Condition Assessment. The observed condition of the major items listed in the Replacement Reserve Inventory is discussed in more detail. The Condition Assessment includes a narrative and photographs that document conditions at the property observed at the time of our visual evaluation.

The Appendix is provided as an attachment to the Replacement Reserve Study. Additional attachments may include supplemental photographs to document conditions at the property and additional information specific to the property cited in the Conditions Assessment (i.e., Consumer Product Safety Commission, Handbook for Public Playground Safety, information on segmental retaining walls, manufacturer recommendations for asphalt shingles or siding, etc.).

3. METHODS OF ANALYSIS

The Replacement Reserve industry generally recognizes two different methods of accounting for Replacement Reserve Analysis, the Cash Flow Method. Due to the difference in accounting methodologies, these methods lead to different calculated values for the Recommended Annual Funding to the Reserves. A brief description is included below:

Cash Flow Threshold Method. This Reserve Study uses the Threshold Cash Flow Method, sometimes referred to as the "Pooling Method." It calculates the minimum constant annual funding to reserves (Minimum Annual Deposit) required to meet projected expenditures without allowing total reserves on hand to fall below the predetermined Minimum Balance, or Threshold, in any year.

4. REPLACEMENT RESERVE STUDY DATA

Identification of Reserve Components. The Reserve Analyst has only two methods of identifying Reserve Components; (1) information provided by the Association and (2) observations made at the site. The Reserve Analyst must be provided with all available information detailing the components owned by the Association. It is our policy to request such information prior to bidding on a project and to meet with the parties responsible for maintaining the community after acceptance of our proposal. Upon submission of the Initial Study, the Study should be reviewed by the Board of Directors and the individuals responsible for maintaining the community. We depend upon the Association for correct information, documentation, and drawings. We also look to the Association representative to help us fashion the Reserve Study so that it reflects what the community hopes to accomplish in the coming years.

Unit Costs. Unit costs are developed using nationally published standards and estimating guides and are adjusted by state or region. In some instances, recent data received in the course of our work is used to modify these figures. Contractor proposals or actual cost experience may be available as part of the Association records. This is useful information, which should be incorporated into your report. Please bring any such available data to our attention, preferably before the report is commenced.

Replacement vs. Repair and Maintenance. A Replacement Reserve Study addresses the required funding for Capital Replacement Expenditures. This should not be confused with operational costs or the cost of regular repairs or maintenance.

5. DEFINITIONS

Adjusted Cash Flow Analysis. Cash flow analysis adjusted to take into account annual cost increases due to inflation and interest earned on invested reserves. In this method, the annual contribution is assumed to grow annually at the inflation rate.

Cash Flow Analysis. See the Cash Flow Threshold Method, above.

Contingency. An allowance for unexpected requirements. The “Threshold” used in the Cash Flow Method is a predetermined minimum balance that serves the same purpose as a “contingency.” However, IRS Guidelines do not allow for a “contingency” line item in the inventory. Therefore, it is built into the mathematical model as a “Threshold.”

Cyclic Replacement Item. A component item that typically begins to fail after an initial period (Estimated Initial Replacement), but which will be replaced in increments over a number of years (the Estimated Replacement Cycle). The Reserve Analysis program divides the number of years in the Estimated Replacement Cycle into five equal increments. It then allocates the Estimated Replacement Cost equally over those five increments. (As distinguished from Normal Replacement Items, see below)

Estimated Normal Economic Life (NEL). Used in the Normal Replacement Schedules. This represents the industry average number of years that a new item should be expected to last until it has to be replaced. This figure is sometimes modified by climate, region, or original construction conditions.

Estimated Remaining Economic Life (REL). Used in the Normal Replacement Schedules. Number of years until the item is expected to need replacement. Normally, this number would be considered to be the difference between the Estimated Economic Life and the age of the item. However, this number must be modified to reflect maintenance practice, climate, original construction, quality, or other conditions. For the purpose of this report, this number is determined by the Reserve Analyst based on the present condition of the item relative to the actual age.

Minimum Annual Deposit. Shown on the Summary Sheet A1. The calculated requirement for annual contribution to reserves is calculated by the Cash Flow Method (see above).

Minimum Balance. Otherwise referred to as the Threshold, this amount is used in the Cash Flow Threshold Method only. Normally derived using the average annual expenditure over the study period, this is the minimum amount held in reserves in the Peak Year.

National Reserve Study Standards. A set of Standards developed by the Community Associations Institute in 1995 (and updated in 2017) which establishes the accepted methods of Reserve Calculation and stipulates what data must be included in the Reserve Study for each component listed in the inventory. These Standards can be found at CAIonline.org.

Normal Replacement Item. A component of the property that, after an expected economic life, is replaced in its entirety. (As distinguished from Cyclic Replacement Items, see above.)

Number of Years of the Study. The number of years into the future for which expenditures are projected and reserve levels calculated. This number should be large enough to include the projected replacement of every item on the schedule, at least once. The Reserve Study must cover a minimum of 20 years to comply with the National Reserve Study Standards. However, your study covers a 40-year period.

Peak Year. In the Cash Flow Threshold Method, a year in which the reserves on hand are projected to fall to the established threshold level. See Minimum Balance, above.

Reserves Currently on Deposit. Shown on the Summary Sheet A1, this is the amount of accumulated reserves as reported by the Association in the current year.

Replacement Reserve Study. An analysis of all of the components of the common property of a Community Association for which replacement should be anticipated within the economic life of the property as a whole. The analysis involves estimation for each component of its Estimated Replacement Cost, Normal Economic Life, and Remaining Economic Life. The objective of the study is to calculate a Recommended Annual Funding for the Association's Replacement Reserve Fund.

Total Replacement Cost. Shown on the Summary Sheet A1, this is total of the Estimated Replacement Costs for all items on the schedule if they were to be replaced once.

Unit Replacement Cost. Estimated replacement cost for a single unit of a given item on the schedule.

Unit (of Measure). Non-standard abbreviations are defined on the page of the Replacement Reserve Inventory where the item appears. The following standard abbreviations are used in this report:

ea each	**ls** lump sum	**sy** square yard
ft or lf linear foot	**pr** pair	**cy** cubic yard
sf square foot		

What is a Reserve Study?
Who are we?

https://youtu.be/m4BcOE6q3Aw

What kind of property uses a Reserve Study?
Who are our clients?

https://youtu.be/40SodajTW1g

Who conducts a Reserve Study?
Reserve Specialist (RS) what does this mean?

https://youtu.be/pYSMZO13VjQ

When should a Reserve Study be updated?
What are the different types of Reserve Studies?

https://youtu.be/Qx8WHB9Cgnc

What's in a Reserve Study and what's out?
Improvement/Component, what's the difference?

https://youtu.be/ZfBoAEhtf3E

What is my role as a Community Manager?
Will the report help me explain Reserves?

https://youtu.be/1J2h7FIU3qw

What is my role as a community Board Member?
Will a Reserve Study meet my needs?

https://youtu.be/aARD1B1Oa3o

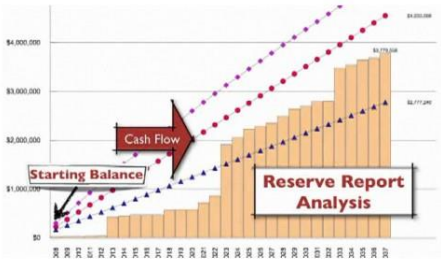
Community dues, how can a Reserve Study help?
Will a study keep my property competitive?

https://youtu.be/diZfM1IyJYU

How do I read the report?
Will I have a say in what the report contains?

https://youtu.be/qCeVJhFf9ag

Where do the numbers come from?
Cumulative expenditures and funding, what?

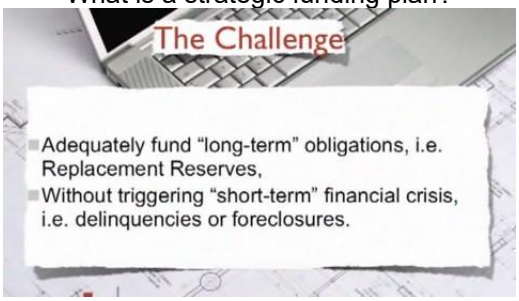


https://youtu.be/SePdwVDvHWI

How are interest and inflation addressed?
Inflation, what should we consider?

https://youtu.be/W8CDLwRIv68

A community needs more help, where do we go?
What is a strategic funding plan?



https://youtu.be/hIxV9X1tIcA