

**Precision 20/20  
Full Reserve Study  
for  
Cory Lakes Community  
Development District, Inc.  
Tampa, Florida  
March 16, 2012**





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## RESERVE STUDY EXECUTIVE SUMMARY

**Client:** Cory Lake Isles Community Development District (Cory Lake)

**Location:** Tampa, Florida

**Reference:** 080001

**Property Basics:** Cory Lake Isles Community Development District is a community development district which is responsible for the common elements shared by 825 residences. The community was built from 1991 to 2008. The development contains paver streets, a beach house, two gate houses, four ponds, one lake, three playgrounds, two tennis courts, one basketball court and a skating rink.

**Reserve Components Identified:** 28 Reserve Components.

**Inspection Date:** March 16, 2012. We conducted the original Reserve Study on March 3, 2008.

**Funding Goal:** The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2041.

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

- current and future *local* costs of replacement
- 0.1% annual rate of return on invested reserves
- 0.7% future Inflation Rate for estimating Future Replacement Costs

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

**Cash Status of Reserve Fund:** \$697,385 as of February 29, 2012.

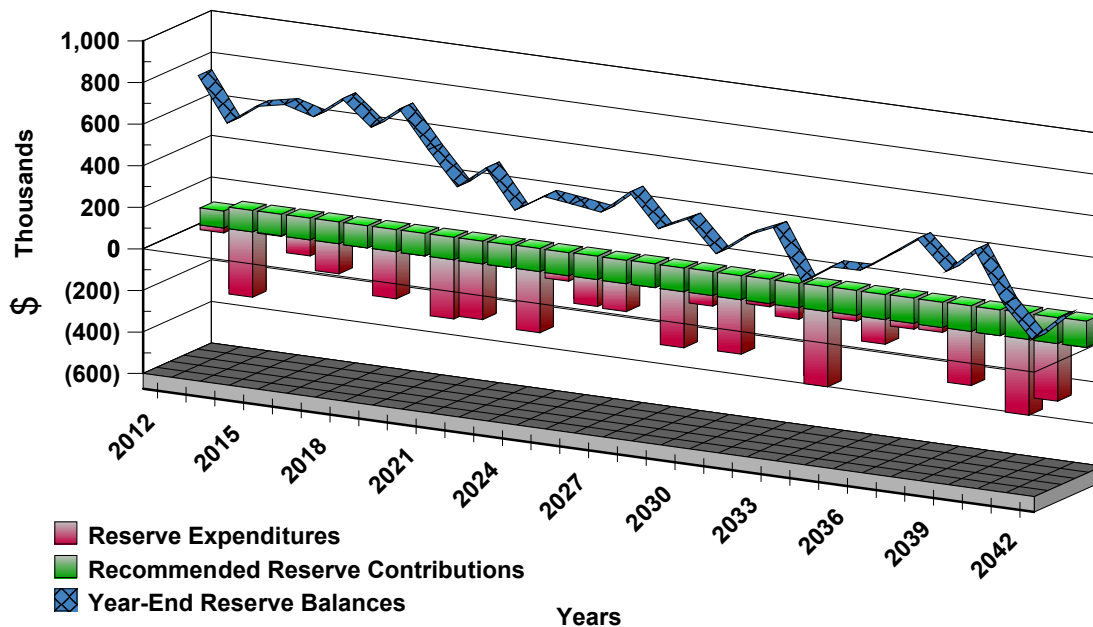
**Recommended Reserve Funding:** Our revised findings reflect both external market and internal property changes. The result is an overall *decrease* in the recommended Reserve Funding Plan since our last Reserve Study on March 3, 2008. The overall decrease relates primarily to a higher than anticipated reserve balance.

Cory Lake budgeted \$97,914 for Reserve Contributions in 2012. We recommend that Cory Lake adopt a reserve budget of \$103,000 in 2013. Afterwards, Cory Lake should budget gradual annual increases in reserve funding, that in part consider the effects of inflation. The recommended year 2013 Reserve Contribution of \$103,000 is \$5,086 more than the prior budgeted.

**Certification:** This *Precision 20/20 Full Reserve Study* exceeds the Community Associations Institute (CAI) and Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level I Full Reserve Study."

Cory Lake  
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2013	103,000	544,305	2023	110,400	318,389	2033	118,400	165,117
2014	103,700	645,099	2024	111,200	403,800	2034	119,200	256,617
2015	104,400	672,284	2025	112,000	386,710	2035	120,000	257,991
2016	105,100	632,891	2026	112,800	366,032	2036	120,800	350,662
2017	105,800	739,377	2027	113,600	480,055	2037	121,600	448,852
2018	106,500	619,760	2028	114,400	324,785	2038	122,500	310,982
2019	107,200	727,633	2029	115,200	389,676	2039	123,400	434,755
2020	108,000	550,608	2030	116,000	243,396	2040	124,300	193,736
2021	108,800	391,765	2031	116,800	345,648	2041	125,200	41,893
2022	109,600	501,812	2032	117,600	408,450	2042	126,100	168,098



Respectfully submitted on April 10, 2012 by  
RESERVE ADVISORS, INC.

*Michelle A. Stephans*

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<sup>1</sup> PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.

<sup>2</sup> RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.



## RESERVE STUDY REPORT

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Precision 20/20 Full Reserve Study* of

### **Cory Lake Isles Community Development District**

### **Tampa, Florida**

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, March 16, 2012. We conducted the original Reserve Study on March 3, 2008.

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

- **Identification of Property** - Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures** - Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan** - Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Condition Assessment** - Describes the reserve components, documents conditions with photographs, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Supplementary Information for Financial Statements** - Contains significant unaudited information about existing reserves from the Reserve Components and Expenditures, and estimated current and future replacement costs
- **Methodology** - Lists the national standards, methods and procedures used, financial information relied upon for the Financial Analysis of the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Conditions of our Service** - Describes Assumptions and Professional Service Conditions
- **Credentials**
- **Resources**

## IDENTIFICATION OF PROPERTY

Cory Lake Isles Community Development District is a community development district which is responsible for the common elements shared by 825 residences. The community was built from 1991 to 2008. The development contains paver streets, a beach house, two gate houses, four ponds, one lake, three playgrounds, two tennis courts, one basketball court and a skating rink. We identify 28 major common elements that are likely to require capital repair or replacement during the next 30 years.

We documented both *external market changes* and *internal property changes* through discussions with Management, a review of financial information about reserves and historical Reserve Expenditures, an analysis of market trends since our previous Reserve Study, and our visual inspection of the property on March 16, 2012. External market changes reflect historical and current rates of inflation and yield on reserve savings. Internal property changes reflect additions to and deletions from the list of Reserve Components likely to require future expenditures for major replacements or repairs during the next 30 years. Other internal property changes may involve changes to the Remaining Useful Lives of the Reserve Components based on observed or reported condition. We first comment on the external market changes at The Plantation.

## EXTERNAL MARKET CHANGES

External to the property are market conditions which affect inflation of construction materials, labor and equipment costs, and the yield on reserve savings. The following discusses these changes since our last Reserve Study.



The cost of construction materials, labor and equipment in Tampa has increased due to normal inflation, the growth of the local economy and demand for construction related services. Our original forecast for inflation was an annual rate of 4.1%. The most recent financial and historical information available suggests a future sustained near term inflation rate of 0.7%.

### **INTERNAL PROPERTY CHANGES**

Our investigation includes Reserve Components or property elements as set forth in your Declaration. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement. Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by Cory Lake and through conversations with Management. These classes of property include:

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

We advise that the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget.



The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

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

We have organized our discussion of internal property changes into two types: Additions and Significant Changes. We discuss these changes below and summarize them as follows:

**Additions** to this Reserve Study Update

- Line Item 4.100, Catch Basins and Pond Structures
- Line Item 4.420, Irrigation System
- Line Item 4.550, Lift Station
- Line Item 4.862, Utility Vehicle, *Gator*

**Significant Changes** since prior Reserve Study

- Line Item 4.040, Asphalt Pavement
- Line Item 4.082, Bridge, Wood, Pedestrian
- Line Item 4.110, Concrete Curbs and Gutters
- Line Item 4.140, Concrete Sidewalks
- Line Item 4.141, Dock, Beach House
- Line Item 4.830, 4.860 and 4.861, Tennis and Basketball Courts, Skating Rink
- Line Item 5.200, Building Services Equipment
- Line Item 5.201, Decks, Beach House

Long-Lived Property Elements do not have predictable Remaining Useful Lives. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements

from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from reserve funding at this time.

- Bridge Structure, Cachet Isle
- Foundations
- Pipes, Interior Building, Water and Sewer
- Structural Frames

The operating budget provides money for the repair and replacement of certain Reserve Components. Operating Budget Funded Repairs and Replacements relate to:

- General Maintenance to the Common Elements
- Expenditures less than \$10,000 (*These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.*)
- Asphalt Pavement, Crack Repair and Patch
- Awnings
- Basketball Backstops
- Bleacher, Skating Rink
- Border, Skating Rink
- Electrical Systems
- Fences, Basketball Court, Skate Rink and Landscape Yard
- Fountains, Gate Houses and Ponds
- Furniture, Outdoor, Beach House
- Intercom Panel, Cachet Isle
- Irrigation System, Controllers and Pumps
- Lake and Ponds, Erosion Control
- Lights, Accent
- Lights, Coach, Front Entrances
- Paint Finishes, Touch Up
- Pavers, Resetting (*We recommend Cory Lake periodically revisit the budgeted paver expenses as the pavers continue to age.*)
- Pumps, Lift Station
- Railings, Bridge, Cachet Isle
- Railing, Beach House
- Security System, Exercise Room
- Signage
- Tennis Standards
- Trash Cans
- Volleyball Net
- Walls, Stucco, Paint Finishes and Capital Repairs
- Other Repairs normally funded through the Operating Budget



Property Maintained by Homeowners relates to unit:

- Bulkheads
- Concrete Sidewalks, Right of Way
- Decks and Docks
- Homes and Lots

Property Maintained by Others relates to:

- Fence, Vinyl (Arbor Green Community Development District)
- Hydrants (City of Tampa)
- Lift Stations, 136, 141 and 627 (City of Tampa)
- Light Poles and Fixtures (Teco)
- Pipes, Subsurface Utilities, Water and Sewer (City of Tampa)

## **RESERVE EXPENDITURES and FUNDING PLAN**

The tables following this introduction present:

### **Reserve Expenditures**

- Line item numbers
- Total quantities replaced during the next 30 years
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of replacement
- Life analysis showing
  - useful life
  - remaining useful life
- Unit cost of replacement
- 2012 local cost of replacement
- Total future costs of replacement anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

### **Reserve Funding Plan**

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

RESERVE EXPENDITURES

for  
Cory Lakes Community  
Development District, Inc.  
Tampa, Florida

Explanatory Notes:

- 1) 0.7% is the estimated future Inflation Rate for estimating Future Replacement Costs.  
2) FY 2012 is Fiscal Year beginning January 1 and ending December 31.

Quantities:				Estimated 1st Year of Replacement	Life Analysis, Years		Unit Cost, \$	2012 Cost of Replacement per Phase, \$	Total Future Costs of Replacement, \$	(See Notes 1 & 2)																								
Line Item	30-Year Total	Per Phase	Units		Useful	Remaining				RUL = 0 FY2012	1 2013	2 2014	3 2015	4 2016	5 2017	6 2018	7 2019	8 2020	9 2021	10 2022	11 2023	12 2024	13 2025	14 2026	15 2027	16 2028	17 2029	18 2030	19 2031	20 2032				
Reserve Component Inventory																																		
Property Site Elements																																		
4.040	5,100	5,100	Square Yards	Asphalt Pavement, Mill and Overlay	2030	15 to 20	18	12.50	63,750	72,279																				72,279				
4.081	1	1	Each	Boat Ramp	2016	to 25	4	20,000.00	20,000	20,566																				20,566				
4.082	4,750	2,375	Square Feet	Bridge, Wood, Pedestrian	2013	15 to 20	1	30.00	71,250	154,239	71,749																							
4.100	3	1	Allowance	Catch Basins and Pond Structures, Capital Repairs	2020	to 10	8	60,000.00	60,000	204,412																				63,443	68,027			
4.110	13,740	4,580	Linear Feet	Concrete Curbs and Gutters, Partial Replacements	2020	to 65	8	20.00	91,600	312,070																				96,857	103,855			
4.140	16,260	2,710	Square Feet	Concrete Sidewalks, Partial Replacements	2015	to 65	3	6.00	16,260	108,892																				16,604	17,193	17,803	18,435	
4.141	2,000	1,000	Square Feet	Dock, Beach House	2026	15 to 20	14	20.00	20,000	46,536																				22,052				
4.220	2,550	1,275	Linear Feet	Fence, Chain Link, Cory Lake Drive	2021	to 30	9	22.00	28,050	64,206																				29,867				
4.320	72	24	Each	Gate Operators and Swing Arms	2015	8 to 12	3	2,500.00	60,000	197,406																				61,269	65,695			
4.330	14	14	Each	Gates	2025	to 20	13	3,000.00	42,000	45,987																				45,987				
4.420	6	1	Allowance	Irrigation System, Phased Replacements	2013	35 to 40	1	97,500.00	97,500	643,908	98,183																				101,667	105,276	109,012	
4.500	6	1	Allowance	Landscape, Partial Replacements	2013	to 5	1	100,000.00	100,000	660,418	100,700																				104,274	107,975	111,808	
4.550	1	1	Allowance	Lift Station, Renovation	2037	to 30	25	20,000.00	20,000	23,810																								
4.640	2	2	Each	Playground Equipment (2007)	2023	15 to 20	11	15,000.00	30,000	32,393																				32,393				
4.641	1	1	Each	Playground Equipment, Beach House	2029	15 to 20	17	45,000.00	45,000	50,666																				50,666				
4.810	38	19	Each	Signage	2016	to 25	4	3,500.00	66,500	149,792																				68,382				
4.830	22,200	3,700	Square Yards	Tennis and Basketball Courts, Skating Rink, Color Coat	2012	4 to 6	0	6.50	24,050	157,905	24,050																				24,731	26,150	26,890	27,651
4.850	34	17	Each	Tennis and Basketball Courts, Skating Rink, Light Poles and Fixtures	2016	to 25	4	1,800.00	30,600	68,666																				31,466				
4.860	7,400	3,700	Square Yards	Tennis and Basketball Courts, Skating Rink, Surface Replacement	2020	20 to 25	8	24.00	88,800	201,850																				93,896				
4.861	900	450	Linear Feet	Tennis Courts, Fences	2020	15 to 25	8	30.00	13,500	30,687																				14,275				
4.862	3	1	Each	Utility Vehicle, Gator	2021	to 10	9	13,000.00	13,000	44,599																				13,842	14,842			
Beach House and Gate Houses Elements																																		
5.200	2	1	Allowance	Building Services Equipment	2023	12 to 18	11	25,000.00	25,000	56,345																				26,994				
5.201	1,400	700	Square Feet	Decks, Beach House	2026	15 to 20	14	15.00	10,500	24,431																				11,577				
5.202	6	1	Allowance	Exercise Equipment, Phased Replacements	2013	to 10	1	20,000.00	20,000	132,084	20,140																				20,855	21,595	22,362	
5.500	11,400	5,700	Square Feet	Interior Renovations, Complete	2021	to 20	9	15.50	88,350	202,233																				94,074				
5.510	22,800	5,700	Square Feet	Interior Renovations, Partial	2013	to 10	1	4.20	23,940	107,260	24,108																							
5.600	136	136	Squares	Roofs, Tile	2021	to 30	9	900.00	122,400	130,331																				130,331				
5.800	2,020	2,020	Square Feet	Windows and Doors	2026	to 35	14	45.00	90,900	100,225																				100,225				
		1	Allowance	Reserve Study Update with Site Visit	2014	2	2	3,500.00	3,500	3,500																				3,500				
Anticipated Expenditures, By Year										\$4,047,696	24,050	314,880	3,500	77,873	145,145	0	226,796	0	285,664	268,114	0	294,233	26,150	129,485	133,854	0	270,072	50,666	262,596	14,842	55,175			

Reserve Advisors, Inc.

**RESERVE EXPENDITURES**

for  
**Cory Lakes Community  
 Development District, Inc.**  
 Tampa, Florida

Line Item	Reserve Component Inventory	21 2033	22 2034	23 2035	24 2036	25 2037	26 2038	27 2039	28 2040	29 2041	30 2042
<b><u>Property Site Elements</u></b>											
4.040	Asphalt Pavement, Mill and Overlay										
4.081	Boat Ramp										
4.082	Bridge, Wood, Pedestrian	82,490									
4.100	Catch Basins and Pond Structures, Capital Repairs								72,942		
4.110	Concrete Curbs and Gutters, Partial Replacements								111,358		
4.140	Concrete Sidewalks, Partial Replacements			19,090					19,767		
4.141	Dock, Beach House									24,484	
4.220	Fence, Chain Link, Cory Lake Drive									34,339	
4.320	Gate Operators and Swing Arms			70,442							
4.330	Gates										
4.420	Irrigation System, Phased Replacements	112,882					116,888				
4.500	Landscape, Partial Replacements	115,776					119,885				
4.550	Lift Station, Renovation					23,810					
4.640	Playground Equipment (2007)										
4.641	Playground Equipment, Beach House										
4.810	Signage									81,410	
4.830	Tennis and Basketball Courts, Skating Rink, Color Coat				28,433						
4.850	Tennis and Basketball Courts, Skating Rink, Light Poles and Fixtures								37,200		
4.860	Tennis and Basketball Courts, Skating Rink, Surface Replacement								107,954		
4.861	Tennis Courts, Fences								16,412		
4.862	Utility Vehicle, Gator									15,915	
<b><u>Beach House and Gate Houses Elements</u></b>											
5.200	Building Services Equipment			29,351							
5.201	Decks, Beach House									12,854	
5.202	Exercise Equipment, Phased Replacements	23,155					23,977				
5.500	Interior Renovations, Complete									108,159	
5.510	Interior Renovations, Partial	27,717	27,911								
5.600	Roofs, Tile										
5.800	Windows and Doors										
<b><u>Reserve Study Update with Site Visit</u></b>											
<b>Anticipated Expenditures, By Year</b>		362,020	27,911	118,883	28,433	23,810	260,750	0	365,633	277,161	0

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS Cory Lakes Community Development District, Inc. Tampa, Florida		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
		FY2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Reserves at Beginning of Year (Note 1)	697,385	755,535	544,305	645,099	672,284	632,891	739,377	619,760	727,633	550,608	391,765	501,812	318,389	403,800	386,710	366,032
	Total Recommended Reserve Contributions (Note 2)	81,595	103,000	103,700	104,400	105,100	105,800	106,500	107,200	108,000	108,800	109,600	110,400	111,200	112,000	112,800	113,600
Plus	Estimated Interest Earned, During Year (Note 3)	605	650	594	658	652	686	679	673	639	471	447	410	361	395	376	423
Less	Anticipated Expenditures, By Year	(24,050)	(314,880)	(3,500)	(77,873)	(145,145)	0	(226,796)	0	(285,664)	(268,114)	0	(294,233)	(26,150)	(129,485)	(133,854)	0
	Anticipated Reserves at Year End	<u>\$755,535</u>	<u>544,305</u>	<u>645,099</u>	<u>672,284</u>	<u>632,891</u>	<u>739,377</u>	<u>619,760</u>	<u>727,633</u>	<u>550,608</u>	<u>391,765</u>	<u>501,812</u>	<u>318,389</u>	<u>403,800</u>	<u>386,710</u>	<u>366,032</u>	<u>480,055</u>

(continued)		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
	Reserves at Beginning of Year	480,055	324,785	389,676	243,396	345,648	408,450	165,117	256,617	257,991	350,662	448,852	310,982	434,755	193,736	41,893
	Total Recommended Reserve Contributions	114,400	115,200	116,000	116,800	117,600	118,400	119,200	120,000	120,800	121,600	122,500	123,400	124,300	125,200	126,100
Plus	Estimated Interest Earned, During Year	402	357	316	294	377	287	211	257	304	400	380	373	314	118	105
Less	Anticipated Expenditures, By Year	(270,072)	(50,666)	(262,596)	(14,842)	(55,175)	(362,020)	(27,911)	(118,883)	(28,433)	(23,810)	(260,750)	0	(365,633)	(277,161)	0
	Anticipated Reserves at Year End	<u>324,785</u>	<u>389,676</u>	<u>243,396</u>	<u>345,648</u>	<u>408,450</u>	<u>165,117</u>	<u>256,617</u>	<u>257,991</u>	<u>350,662</u>	<u>448,852</u>	<u>310,982</u>	<u>434,755</u>	<u>193,736</u>	<u>41,893</u> (NOTE 5)	<u>168,098</u> (NOTE 4)

Explanatory Notes:

- 1)
- Year 2012 reserves are as of February 29, 2012; FY 2012 starts January 1 and ends December 31.
- 2)
- Reserve Contributions for 2012 are the remaining budgeted 10 months; 2013 is the first year of recommended contributions.
- 3)
- 0.1% is the estimated annual rate of return on invested reserves; 2012 is a partial year of interest earned.
- 4)
- Accumulated year 2042 ending reserves consider the age, size, overall condition and complexity of the property.
- 5)
- Threshold Funding Year (reserve balance at critical point).

### **Additions**

We added four Reserve Components since our last Reserve Study. A Reserve Component is a property element of 1) Association responsibility; 2) with limited Useful Life expectancy; and 3) predictable Remaining Useful Life expectancy. This Update uses a 30-year Reserve Component forecast and Cash Flow Analysis to project and illustrate the Reserve Funding Plan. Property additions, the 30-year analysis and aging of the common elements have resulted in the following additions to the inventory of Reserve Components. We discuss these additions in the following narratives.

**Catch Basins and Pond Structures** - The 176 catch basins and various pond structures throughout the community were previously considered operating budget expenses per the Board. However, based on the quantity, we suggest Cory Lake budget for periodic capital repairs to the catch basins and pond structures through reserves. The catch basins and pond structures are in good overall condition at their age of up to 23 years. We recommend that Cory Lake anticipate capital repairs to the catch basins and pond structures every 10 years. Based on their age and condition, we recommend Cory Lake budget for capital repairs by 2020 and every 10 years thereafter. We note this addition on Line Item 4.100 of *Reserve Expenditures*.

**Irrigation System** - Cory Lake maintains an irrigation system that comprises approximately 3,900 heads. Irrigation repairs and replacements were previously considered operating budget expenses per the Board. However, based on the quantity, we suggest Cory Lake budget for periodic partial replacements to the irrigation system through reserves. The irrigation system is original and in reported fair overall condition. An irrigation system has a useful life of

35- to 40-years. Based on the age and condition, we recommend Cory Lake budget for phased replacements of up to seventeen percent (17%) of the irrigation system in conjunction with landscaping in 2013 and every five years thereafter. We note this addition on Line Item 4.420 of ***Reserve Expenditures***. We also suggest that Cory Lake continue to budget for repairs and replacements of the controllers and pumps through the operating budget.

**Lift Station** - Cory Lake maintains a lift station located at phase six. The lift station at phase six was previously considered an operating budget expense per the Board. However, based on the cost to renovate the lift station, we suggest Cory Lake budget for these renovations through reserves. The lift station is in reported good overall condition at an age of five years. We recommend that Cory Lake anticipate renovation of the lift station every 30 years. Based on the age and reported condition, we recommend Cory Lake budget to renovate the lift station by 2037. We note this addition on Line Item 4.550 of ***Reserve Expenditures***. We suggest that Cory Lake replace the pumps through the operating budget as needed.

**Utility Vehicle, Gator** - Cory Lake added a utility vehicle since our last Reserve Study. The utility vehicle is in good condition at an age of one year. Utility vehicles of this type have a useful life of up to 10 years. Based on the age and condition, we recommend Cory Lake budget to replace the utility vehicle by 2021 and every 10 years thereafter. We note this addition on Line Item 4.862 of ***Reserve Expenditures***.

### **Significant Changes**

All remaining Reserve Components experienced changes in estimated future costs of replacement due to inflation. Several remaining Reserve Components experienced changes with respect to the times or anticipated quantities at the time of replacement. We discuss the more significant changes in the following narratives.

**Asphalt Pavement** - Cory Lake maintains approximately 5,100 square yards of asphalt pavement. Approximately 4,750 square yards of pavement at Cory Lake Drive are in good condition at an age of one year. The remaining pavement is in fair overall condition. The exact age is unknown. We recommend Cory Lake budget for milling and overlaying of the pavement by 2030. We note this significant change on Line Item 4.040 of *Reserve Expenditures*. We suggest that Cory Lake fund interim replacements and repairs through the operating budget as needed.

**Bridge, Wood, Pedestrian** - Our previous Reserve Study recommended replacement of the wood bridge in 2011. Cory Lake did not replace the wood bridge since our last Reserve Study. Therefore, we recommend Cory Lake budget for near term replacement in 2013 and again by 2033. We note this timing change on Line Item 4.082 of *Reserve Expenditures*.

**Concrete Curbs and Gutters** - There are approximately 91,600 linear feet of concrete curbs and gutters that line the streets at Cory Lake. The curbs and gutters remain in good overall condition. We estimate up to fifteen percent (15%) of the concrete curbs and gutters be replaced over the next 30 years. We recommend that Cory Lake budget for replacement of 4,580 linear

feet of concrete curbs and gutters by 2020 and every 10 years thereafter. We note this significant change on Line Item 4.110 of ***Reserve Expenditures***.

**Concrete Sidewalks** - There are approximately 65,000 square feet of concrete sidewalks that line the streets at Cory Lake. The sidewalks are in good overall condition. We estimate up to twenty-five percent (25%) of the concrete sidewalks be replaced over the next 30 years. We recommend that Cory Lake budget for replacement of 2,710 square feet of concrete sidewalks by 2015 and every five years thereafter. We note this significant change on Line Item 4.140 of ***Reserve Expenditures***.

**Dock, Beach House** - The beach house docks comprise 1,000 square feet and are in good condition at an age of one year. Therefore, we recommend Cory Lake budget for replacements by 2026 and again by 2041. We note this timing change on Line Item 4.141 of ***Reserve Expenditures***.

**Tennis and Basketball Courts, Skating Rink, Color Coat** - The color coat surfaces for the skating rink, tennis and basketball courts at Cory Lake comprise approximately 3,700 square yards. The color coat is in fair to poor overall condition. Based on the observed condition of the courts and rink, we recommend Cory Lake budget for their near term application of the color coat in 2012 and every four years thereafter except when replacement occurs. We note this significant change on Line Item 4.830 of ***Reserve Expenditures***.

**Tennis and Basketball Courts, Skating Rink, Surface Replacement** - The surface at the skating rink, tennis and basketball courts is in fair to good overall condition. Therefore based on the observed condition of the surfaces, we recommend Cory Lake defer replacement until 2020 and again by 2040. We note this timing change on Line Item 4.860 of *Reserve Expenditures*.

**Tennis Courts, Fences** - We included the skate rink, tennis and basketball court fences in our previous Reserve Study. However, Management informs us that Cory Lake replaced and or repaired the basketball court and skate rink fences through the operating budget. We suggest that Cory Lake continue to fund these fences through the operating budget as needed. We include only the tennis court fences in this Reserve Study Update. The tennis courts fences comprise 450 linear feet. The tennis courts fences are original and in good overall condition. Based on the observed condition of the tennis courts fences, we recommend Cory Lake budget for their replacements by 2020 and again by 2040 in conjunction with surface replacements. We note this significant change on Line Item 4.861 of *Reserve Expenditures*.

**Building Services Equipment** - The building services equipment at the beach house is in good condition at an age of one year. Based on the age of the building services equipment, we recommend Cory Lake budget for replacements by 2023 and again by 2035. We note this timing change on Line Item 5.200 of *Reserve Expenditures*. We suggest that Cory Lake fund replacements of the guard house building services equipment through the operating budget.

**Decks, Beach House** - The beach house decks comprise 700 square feet and are in good condition at an age of one year. Therefore, we recommend Cory Lake budget for replacements by 2026 and again by 2041. We note this timing change on Line Item 5.201 of *Reserve Expenditures*.

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

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

Periodic updates incorporate these variable changes since the last Reserve Study or Update.

Cory Lake can expense the fee for an Update with site visit from the reserve account. This fee is included in the Reserve Funding Plan. We base this budgetary amount on updating the same property components and quantities of this Reserve Study report. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

## PHOTOGRAPHS

*Photographs* document the conditions of various property components as of the date of our visual inspection, March 16, 2012. The Condition Assessment contains references to these photographs.

The following is an overview image of the subject property:



The next pages contain the photographs related to Section 4 - Condition Assessment



Cory Lake Drive asphalt  
pavement



Asphalt pavement adjacent to  
Cory Lake Drive  
*Maintain through the  
Operating Budget*



Boat ramp



Wood bridge



Drainage structure



Drainage structure



Catch basin



Concrete curb and gutter - Note drainage issue



Concrete sidewalk



Dock



Chain link fence



Gates and operators



Lift station



Monument



Paver overview  
*Maintain through the  
Operating Budget*



Paver settlement  
*Maintain through the  
Operating Budget*



Playground equipment along Cory  
Lake Drive



Playground equipment along Cory  
Lake Drive



Tennis court



Tennis court fence



Light poles and fixtures at courts



Basketball court



Skating rink



Utility vehicle



Beach house



East gate house



West gate house



Beach house building services



Building services at gate house



Beach house deck



Exercise equipment



Beach house interior



Gate house interior



Beach house tile roof



Beach house windows and doors



## SUPPLEMENTARY INFORMATION FOR FINANCIAL STATEMENTS

The Reserve Funding Plan uses the Cash Flow Method to determine an appropriate funding plan with the following unaudited financial information furnished by Cory Lake.

The *Audit and Accounting Guide for Common Interest Realty Associations* presents recommendations on Supplementary Information on Future Major Repairs and Replacements in end of fiscal year Audits of Financial Statements for community associations<sup>1</sup>. Accountants use discretion and judgment on how to present the Supplementary Information on Future Major Repairs and Replacements. However, the Supplementary Information on Future Major Repairs and Replacements often references and includes excerpts from our Reserve Studies. The following table excerpts significant unaudited information from the Reserve Expenditures about Reserve Component categories and estimated current and future replacement costs based on inflation at an annual rate of 0.7%.

Unaudited Supplemental Information on Future Major Repairs and Replacements				
<i>Reserve Component Categories</i>	<i>Total Current Replacement Costs</i>	<i>Total Future or Inflated Replacement Costs</i>	<i>% of Total Future Replacements</i>	<i>Component of Projected 2012 YE Fund Balance</i>
Property Site Elements	\$2,958,810	\$3,291,287	81.3%	\$614,345
Beach House and Gate House	\$676,760	\$752,909	18.6%	\$140,537
Reserve Study Update	\$3,500	\$3,500	0.1%	\$653
<b>Totals</b>	<b>\$3,639,070</b>	<b>\$4,047,696</b>	<b>100%</b>	<b>\$755,535</b>

The information included in the table above may be included as part of the Supplementary Information on Future Major Repairs and Replacements. *However, Reserve*

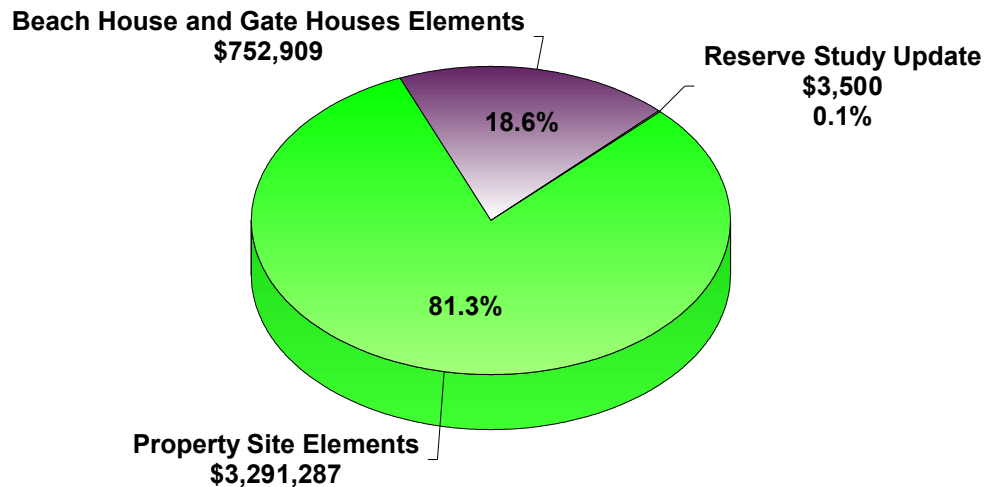
<sup>1</sup> American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide - *Common Interest Realty Associations*; American Institute of Certified Public Accountants, Inc.; 2003



*Advisors, Inc. does not certify that the information in the table will fully satisfy the recommendations of the AICPA guideline.*

The most important category of Reserve Components noted in *Reserve Expenditures* is the Property Site Elements. The following chart illustrates the relative importance of the Reserve Expenditures and relative funding during the next 30 years.

### **Future Expenditures Relative Cost Illustration Cory Lakes Community Development District, Inc.**



## METHODOLOGY

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

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

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

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



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

Information Furnished by the Association	
February 29, 2012 unaudited Cash Status of the Reserve Fund	\$697,385
Remaining 2012 Budgeted Reserve Contributions	\$81,595
Anticipated Interest on Reserve Fund	\$605
Less Anticipated Reserve Expenditures	(\$24,050)
Projected 2012 Year-End Reserve Balance	\$755,535

The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan

Local<sup>2</sup> costs of material, equipment and labor

Current and future costs of replacement for the Reserve Components

Costs of demolition as part of the cost of replacement

Local economic conditions and a historical perspective to arrive at our estimate of long term future inflation for *construction costs* in Tampa, Florida at an annual inflation rate of 0.7%. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

The past and current maintenance practices of Cory Lake and their effects on remaining useful lives

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

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



The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components

The anticipated effects of appreciation of the reserves over time in accord with an anticipated future return or yield on investment of your cash equivalent assets at an annual rate of 0.1% (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income)

Interest rates on reserves are steady or increasing in concert with the certificates of deposit and money market rates. Slight increases exist in the savings rates of one, two or three-year CDs. Without significant differences in these savings rates, shorter term investments are the choice of many investors. We recommend consultation with a professional investment adviser before investing reserves to determine an appropriate investment strategy to maximize a safe return on reserve savings. The following table summarizes rates of inflation and key rates for government securities, generally considered as safe investment alternatives.

Interest Rate and Inflation Data								
Average or Last Actual = (A)	<u>2010:1 (A)</u>	<u>2010:2 (A)</u>	<u>2010:3 (A)</u>	<u>2010:4 (A)</u>	<u>2011:1 (A)</u>	<u>2011:2 (A)</u>	<u>2011:3 (A)</u>	<u>2011:4 (E)</u>
90-Day Treasury Bill	0.050%	0.10%	0.10%	0.15%	0.05%	0.40%	0.2%	0.2%
1-Year Treasury Bill	0.30	0.34	0.26	0.22	0.30	0.15	0.10	0.10
10-Year Treasury Note	3.50	3.30	2.67	2.50	2.50	2.25	2.20	1.85
30-Year Treasury Bond	4.50	4.20	3.79	3.90	4.50	4.50	3.60	2.80
Consumer Price Index (annualized rate)	0.01	1.2%	1.2%	0.8%	2.1%	4%	4%	3%
Residential Construction Inflation, Bureau of Labor Statistics (2-year ave.)			\$0	2.2%	2.9%	2.7%	4.1%	3.0%
National Market Savings Rates as found	0.10%	for Money Market Savings			0.8%	for 2-Year Certificate of Deposit		
in <a href="http://www.bankrate.com">http://www.bankrate.com</a>	0.4%	for 1-Year Certificate of Deposit			1.2%	for 3-Year Certificate of Deposit		
Estimated Near Term Yield Rate for Reserve Savings . . . . .				0.1%				
Estimated Near Term Inflation Rate for Future Capital Expenditures . . . . .				0.7%				
11/18/2011								

Updates to this Reserve Study will continue to monitor historical facts and trends concerning the external market conditions.

## DEFINITIONS<sup>1</sup>

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

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

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

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

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

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

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

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

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

**Reserve Component** - Property elements with: 1) Cory Lake responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

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

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

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

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

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

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

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

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<sup>1</sup> Definitions are derived from the standards set forth by the Community Associations Institute (CAI) representing America's 305,000 condominium and homeowners associations and cooperatives, and the Association of Professional Reserve Analysts, setting the standards of care for reserve study practitioners.



## **CONDITIONS OF OUR SERVICE ASSUMPTIONS**

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, we make no guarantee nor assume liability for the accuracy of any data, opinions, or estimates identified as furnished by others that we used in formulating this analysis.

We did not make any soil analysis or geological study with this report; nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated.

Substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials could, if present, adversely affect the validity of this study. Unless otherwise stated in this report, the existence of hazardous substance, that may or may not be present on or in the property, was not considered. Our opinions are predicated on the assumption that there are no hazardous materials on or in the property. We assume no responsibility for any such conditions. We are not qualified to detect such substances, quantify the impact, or develop the remedial cost.

We have made a visual inspection of the property and noted visible physical defects, if any, in our report. Our inspection and analysis was made by employees generally familiar with real estate and building construction; however, we did not do any invasive testing. Accordingly, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

Our opinions of the remaining useful lives of the property elements do not represent a guarantee or warranty of performance of the products, materials and workmanship.



## PROFESSIONAL SERVICE CONDITIONS

**Our Services** - Reserve Advisors, Inc. will perform its services as an independent contractor in accordance with our professional practice standards. Our compensation is not contingent upon our conclusions.

Our inspection and analysis of the subject property is limited to visual observations and is noninvasive. We will inspect sloped roofs from the ground. We will inspect flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a “snapshot in time” at the moment of our observation. Conditions can change between the time of inspection and the issuance of the report. Reserve Advisors does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, structural, latent or hidden defects which may or may not be present on or within the property. Our opinions of estimated costs and remaining useful lives are not a guarantee of the actual costs of replacement, a warranty of the common elements or other property elements, or a guarantee of remaining useful lives.

We assume, without independent verification, the accuracy of all data provided to us. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement, because of any false, misleading or incomplete information which we have relied upon as supplied by you or others under your direction, or which may result from any improper use or reliance on the report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any controlling person of Reserve Advisors, Inc., including any director, officer, employee, affiliate, or agent. Liability of Reserve Advisors, Inc. and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

**Report** - Reserve Advisors, Inc. will complete the services in accordance with the Proposal. We will consider any additional information made available to us in the interest of promptly issuing a Final Report (if requested). However, the Report represents a valid opinion of our findings and recommendations and is deemed complete and final if no Final Report or changes are requested within six months of our inspection. We retain the right to withhold the Report or Final Report if payment for services is not rendered in a timely manner. All files, work papers or documents developed by us during the course of the engagement remains our property.

**Your Obligations** - You agree to provide us access to the subject property during our on-site visual inspection and tour. You will provide to us to the best of your ability and if reasonably available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete our Study. You agree to pay our actual attorneys' fees and any other costs incurred in the event we have to initiate litigation to collect on any unpaid balance for our services.

**Use of Our Report and Your Name** - Use of our Report(s) is limited to only the purpose stated herein. Any use or reliance for any other purpose, by you or third parties, is invalid. Our Reserve Study Report in whole or part ***is not and can not be used as a design specification, design engineering services or an appraisal.*** You may show our report in its entirety to those third parties who need to review the information contained herein. The Client and other third parties viewing this report should not reference our name or our report, in whole or in part, in any document prepared and/or distributed to third parties without our written consent. ***This report*** contains intellectual property developed by Reserve Advisors, Inc. specific to this engagement and ***can not be reproduced or distributed to those who conduct reserve studies without the written consent of Reserve Advisors, Inc.***



We reserve the right to include our client's name in our client lists, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

**Payment Terms, Due Dates, and Interest Charges** - The retainer payment is due upon authorization and prior to shipment of the report. The final payment of the fee is due immediately upon receipt of the Report. Subsequent changes to the report can be made for up to six months from the initial report date. Any outstanding balance after 30 days of the invoice date is subject to an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court in the State of Wisconsin.



## CREDENTIALS

### HISTORY AND DEPTH OF SERVICE

**Founded in 1991**, Reserve Advisors, Inc. is the leading provider of reserve studies, insurance appraisals, developer turnover transition studies, expert witness services, and other engineering consulting services. Clients include community associations, resort properties, hotels, clubs, non-profit organizations, apartment building owners, religious and educational institutions, and office/commercial building owners in 48 states, Canada and throughout the world.

The **architectural engineering consulting firm** was formed to take a leadership role in helping fiduciaries, boards, and property managers manage their property like a business with a long range master plan known as a Reserve Study.

Reserve Advisors employs the **largest staff of Reserve Specialists** with bachelors degrees in engineering dedicated to Reserve Study services. Our principals are founders of Community Associations Institute's (CAI) Reserve Committee, that developed national standards for reserve study providers. One of our principals is a Past President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and a historical analyses are keys to determining accurate remaining useful life estimates of building components.

**No Conflict of Interest** - As consulting specialists, our **independent opinion** eliminates any real or perceived conflict of interest because we do not conduct or manage capital projects.

### TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, Inc., and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. Each Team Review requires the attendance of several engineers, a Review Coordinator, Director of Quality Assurance and other participatory peers. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

### OUR GOAL

To help our clients fulfill their fiduciary responsibilities to maintain property in good condition.

### VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors, Inc. has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500 square-foot day care center to the 100-story John Hancock Center in Chicago. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety security systems.

We're familiar with all types of building exteriors as well. Our well versed staff regularly identifies optimal repair and replacement solutions for such building exterior surfaces such as adobe, brick, stone, concrete, stucco, EIFS, wood products, stained glass and aluminum siding, and window wall systems.

### OLD TO NEW

Reserve Advisors experience includes ornate and vintage buildings as well as modern structures. Our specialists are no strangers to older buildings. We're accustomed to addressing the unique challenges posed by buildings that date to the 1800's. We recognize and consider the methods of construction employed into our analysis. We recommend appropriate replacement programs that apply cost effective technologies while maintaining a building's character and appeal.



**THEODORE J. SALGADO, P.E., PRA**  
**Principal**

Theodore J. Salgado is a co-founder of Reserve Advisors, Inc., which is dedicated to serving community associations, city and country clubs, religious organizations, educational facilities, and public and private entities throughout the United States. He is responsible for the production, management, review, and quality assurance of all reserve studies, defect identification transition studies, and consulting services for a nationwide portfolio of more than 5,000 clients. Under his direction, the firm conducts reserve study services for apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings.



**PRIOR RELEVANT EXPERIENCE**

Before founding Reserve Advisors, Inc. in 1991, Mr. Salgado, a professional engineer registered in the State of Wisconsin, served clients for over 15 years through American Appraisal Associates, the world's largest full service valuation firm. Mr. Salgado conducted facilities analyses of hospitals, steel mills and various other large manufacturing and petrochemical facilities and casinos.

He has served clients throughout the United States and in foreign countries, and frequently acted as project manager on complex valuation, and federal and state tax planning assignments. His valuation studies led to negotiated settlements on property tax disputes between municipalities and property owners.

Mr. Salgado has authored articles on the topic of reserve studies and facilities maintenance. He also co-authored "Reserves", an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and maintaining appropriate reserves. Mr. Salgado has also written in-house computer applications manuals and taught techniques relating to valuation studies.

**EXPERT WITNESS**

Mr. Salgado has testified successfully before the Butler County Board of Tax Revisions in Ohio. His depositions in pretrial discovery proceedings relating to reserve studies of Crestview Estates Condominium Association in Wauconda, Illinois and the North Shore Club Associations in South Bend, Indiana have successfully assisted the parties in arriving at out of court settlements.

**EDUCATION**

**Milwaukee School of Engineering** - B.S. Architectural Engineering

**PROFESSIONAL AFFILIATIONS/DESIGNATIONS**

**American Association of Cost Engineers** - Past President, Wisconsin Section

**Association of Construction Inspectors** - Senior Designated Member and Certified Construction Inspector

**Association of Professional Reserve Analysts** - Past President, and Professional Reserve Analyst (PRA)

**Community Associations Institute** - Member and Volunteer Leader of multiple chapters throughout the United States

**Concordia Seminary, St. Louis** - Member, National Steering Committee

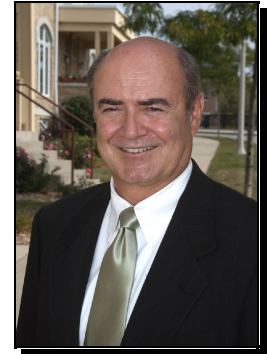
**Milwaukee School of Engineering** - Member, Corporation Board

**Professional Engineer, Wisconsin** - Registered in 1982

**JOHN P. POEHLMANN, RS**  
**Principal**

John P. Poehlmann is a co-founder of Reserve Advisors, Inc. He is responsible for the finance, accounting, marketing, and overall administration of Reserve Advisors, Inc. He also regularly participates in internal Quality Control Team Reviews of Reserve Study reports.

Mr. Poehlmann directs corporate marketing, including business development, advertising, press releases, conference exhibiting, and direct mail promotions. He frequently speaks throughout the country at seminars and workshops on the benefits of future planning and budgeting for capital repairs and replacements of building components and other assets.



Mr. Poehlmann served on the national Board of Trustees of Community Associations Institute. Community Associations Institute (CAI) is a national, nonprofit 501(c)(6) trade association created in 1973 to provide education and resources to America's 305,000 residential condominium, cooperative and homeowner associations and related professionals and service providers. The Institute is dedicated to fostering vibrant, responsive, competent community associations that promote harmony, community, and responsible leadership.

He is a founding member of the Institute's Reserve Committee. The Reserve Committee developed national standards and the Reserve Specialist (RS) Designation Program for Reserve Study providers. Mr. Poehlmann has authored numerous articles on the topic of Reserve Studies, including Planning for Replacement of Property Doesn't Have to Be Like a Trip to the Dentist, Reserve Studies for the First Time Buyer, Sound Association Planning Parallels Business Concepts, and Reserve Studies Minimize Liability. He has worked with a variety of publications, including the Chicago Tribune, The Milwaukee Journal/Sentinel, Common Ground, Common Interest, and Condo Management. He also co-authored "Reserves", an educational videotape produced by Reserve Advisors on the subject of Reserve Studies and the benefits of maintaining appropriate reserves. The videotape is available through Reserve Advisors or CAI's website, [www.caionline.org](http://www.caionline.org) and libraries in the State of Virginia.

#### **INDUSTRY SERVICE AWARDS**

CAI National Rising Star Award - To an individual whose leadership abilities and professional contributions have earmarked them for even greater accomplishments in the future.

CAI Michigan Chapter Award - "Given to the individual who contributed their time, expertise, and resources toward improving the quality of services offered by the chapter. Mr. Poehlmann was unanimously selected as the winner of the CAI Michigan Chapter Award."

#### **EDUCATION**

University of Wisconsin-Milwaukee - Master of Science Management  
University of Wisconsin - Bachelor of Business Administration

#### **PROFESSIONAL AFFILIATIONS**

**Community Associations Institute (CAI)** - Founding member of Reserve Committee; former member of National Board of Trustees; Reserve Specialist (RS) designation; Member of multiple chapters

**Association of Condominium, Townhouse, & Homeowners Associations (ACTHA)** - member



## QUALIFICATIONS

**MICHELLE A. STEPHANS, P.E., RS, PRA**

**Associate Director of Quality Assurance**

### CURRENT CLIENT SERVICES

Michelle Stephans, a graduate of Milwaukee School of Engineering, is an Advisor for *Reserve Advisors, Inc.* Ms. Stephans is responsible for the inspection and analysis of the property's current condition, applying principles of engineering to prolong the lives of the building components, forecasting capital expenditures for the repair and/or replacement of the property components, and preparing technical Reserve Study reports on assignments. She is responsible for conduction Life Cycle Cost Analysis and Capital Replacement Forecast services for apartments, townhomes, high rise condominium towers, planned unit developments, and religious and educational facilities. Michelle Stephans also serves as the Associate Director of Quality Assurance and the Director of Minnesota Operations.

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

**The Fordham** Upscale postmodern 52-story apartment style condominium located in the Cathedral District of downtown Chicago. Amenities include 11th floor rooftop plaza, wine cellar, indoor pool and fitness room.

**City Bella on Lyndale** A multi-use cooperative property located in Richfield, Minnesota. This community comprises 144 units in one four-story and one 15-story building, and includes an indoor pool, subsurface parking garage and various community rooms.

**Sunset Ridge Condominium** Recently renovated as a Housing Improvement Area through the city of Saint Louis Park, Minnesota, this apartment style condominium includes 240 unit in 20 buildings.

**Le Marin Condominiums and Marina** Townhome style development in Port Clinton, Ohio comprising 117 units in 22 buildings. This lakeside community offers a 117 slip marina, tennis courts, indoor pool and clubhouse.

**The John Thomas Dye School** Located in the hills of Bel Air, Los Angeles, California, this independent primary school consists of 320 students. The campus includes various classroom buildings, a main hall, athletic field and gymnasium.

**Grand Sierra Hotel Condominium** This community of 824 units occupies the top 11 floors within the Grand Sierra Resort and Casino in Reno, Nevada.

**Franciscan Ministries of Illinois** Seven housing properties located throughout Suburban Chicago, including unit interiors and common amenities.

**Village of Glenview** Municipal buildings owned by the Village of Glenview, including two police stations, the village hall, three public works buildings, five fire stations, two parking garages, two pavilions, and two train stations.

### PRIOR RELEVANT EXPERIENCE

Before joining *Reserve Advisors, Inc.*, Ms. Stephans was a Mechanical Engineer at Affiliated Engineers, Inc. in the State of Wisconsin. She was responsible for the design of heating, ventilating and air conditioning systems for research and development laboratories throughout the United States, including Bayer Pharmaceuticals and University of Illinois-Chicago. Ms. Stephans also worked at Monroe Equipment, Inc. where she designed heating, ventilating and air conditioning systems for commercial buildings.

### EDUCATION

Milwaukee School of Engineering - B.S. Architectural Engineering

### PROFESSIONAL AFFILIATIONS/DESIGNATIONS

*Professional Engineering Licenses* - Wisconsin 2004, Illinois 2008, Minnesota 2009

*Reserve Specialist (RS)* - Community Associations Institute

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

*American Society of Heating, Refrigeration and Air Conditioning Engineers (ASHRAE)*

*Minnesota Multi Housing Association/CIC Midwest*



**QUALIFICATIONS**  
**Paul J. Grifoni, PRA, RS**  
**Responsible Advisor**

**CURRENT CLIENT SERVICES**

Paul J. Grifoni, a civil engineer, is an Advisor for *Reserve Advisors, Inc.* Mr. Grifoni is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowners associations. Paul Grifoni frequently serves as the *Quality Assurance Review Coordinator* for Recreational, Townhome, Mid-Rise communities.

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

**Avery Ranch** Located in Austin, Texas, large homeowners association with three amenity centers.

**Bingham Station** Located in Garner, North Carolina, made up of a clubhouse, tennis court and playgrounds.

**Caroline Pines** Located in Ruther Glen, Virginia, 22 mile of streets, earth dam.

**Islandwalk** Located in Naples, Florida, has full Town Center including car wash, post office, bank, and cafe.

**Metropolitan** Located in West Palm Beach, Florida, ten story mid rise with rooftop pool built in 2006.

**The Palms** Located in Jacksonville, Florida, apartment conversion on the beach.

**Pelican Landing** Located in Bonita Springs Florida, has its own private island, tennis center.

**Pueblo Encantado** Located in Santa Fe, New Mexico, pool, clubhouse, unpaved streets.

**Sterling Woods** Located in Danbury, Connecticut, 358 townhome units.

**University Place** Located in suburban Sarasota, has 16 ponds, gate house, perimeter walls and fencing, entrance monuments, streets and drainage system.

**Valdosta Loundes** Located in Valdosta, Georgia. This property is a commercial conference center.

**Vista Lakes** This multi community located in Orlando, Florida has an olympic size pool with waterslide, clubhouse and playgrounds.

**PRIOR RELEVANT EXPERIENCE**

Before joining *Reserve Advisors, Inc.*, Mr. Grifoni was a Field Engineer for Heavy Civil Projects in New England. He also was a supervisor for a custom home building company based in Florida.

**EDUCATION** - University of Massachusetts, Lowell - B.S. Civil Engineering

**PROFESSIONAL AFFILIATIONS / DESIGNATIONS**

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

**Reserve Specialist (RS)** - Community Associations Institute



**QUALIFICATIONS**  
**Jeffrey B. Dow, P.E., PRA, RS**  
**Review Coordinator**

**CURRENT CLIENT SERVICES**

Jeffrey B. Dow, a Civil engineer, is an Advisor for **Reserve Advisors, Inc.** Mr. Dow is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations. Mr. Dow frequently serves as the **Quality Assurance Review Coordinator** for Recreational, Townhome and Mid Rise communities.

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

**Alson Court Condominium Owners Association, Inc.** This historic Charlotte, NC building was constructed in 1939 and comprises all-brick construction and a clay tile roof. The unique layout of the building, which includes a number of entrances and lobbies, allows for two picturesque courtyards. The property includes two detached garages.

**Le Club at Old Cutler Condominium Association, Inc.** This condominium community comprises 334 units in 14 buildings in Miami, FL. Amenities of this property include a large pond with a lighted lake walk, large clubhouse with fitness room, pool, sauna, playground and tennis courts.

**Marco Towers Club, Inc.** Located on exclusive Marco Island just south of Naples, FL, this 8-story mid-rise features solid concrete construction and was the designated hurricane shelter for its community for many years. It houses 57 condominiums with balconies offering views of the adjacent intercoastal waterway. The property also includes a party room, office and detached garages.

**Mountaintop Community Association** This mountain golf community is located in Highlands, NC and comprises high-end residential units. The community includes a wastewater treatment plant, lift stations, two domestic water wells, three bridges and asphalt pavement roadways.

**The Academy at Ocean Reef** Located in Key Largo, FL, this private institution serves kindergarten through the eighth grade and includes offices, a science lab, a music room, a television production room, six classrooms, an atrium and other learning facilities.

**PRIOR RELEVANT EXPERIENCE**

Before joining Reserve Advisors, Inc., Mr. Dow successfully completed the bachelors program in Civil Engineering from Florida State University. He also has four years of experience as a land development engineer in the Washington, D.C. area and Tampa, FL, where he gained knowledge in the design of residential and commercial property, utility layout and stormwater detention.

**EDUCATION**

**Florida State University - B.S. Civil Engineering, Cum Laude**

**PROFESSIONAL AFFILIATIONS**

**Professional Engineer (P.E.) - State of Florida, 2008**

**Reserve Specialist (RS) - 2009**

**Professional Reserve Analyst (PRA) - 2011**

## RESOURCES

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

**Association of Construction Inspectors**, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at <http://www.iami.org>. Several advisors and a Principal of Reserve Advisors, Inc. hold Senior Memberships with ACI.

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

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

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

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

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