RESERVE STUDY INSTITUTE, LLC

Traditional Reserve Study
For
Wiggins Bay Foundation Inc.
Naples, Florida
September 18, 2025

Report Number: 2026.09.18.412

Table of Contents

REPORT SUMMARY

As a member of the Association's Board of Directors, you are responsible for maintaining common areas of the Association's physical property. This report is intended to assist you in the development of the Association's capital budget for current and future reserve fund contributions. The goal of the study is to assist you in maintaining the Association's reserve above an adequate, but not excessive, threshold during one or more years of significant expenditures.

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

- **Executive Summary** – Provides a snapshot of the Association's reserve study, highlighting significant findings and conclusions.
- **Physical Analysis –** Includes list of the reserve components, useful life, remaining useful life, and a schedule of items excluded from the study.
- **Financial Analysis –** Includes the percent funded, 30-year reserve expense forecast, and the recommended funding plan.
- **Photographs** – Schedule of photographs of components taken during site visit.
- **Methodology** – Details the process of developing the Reserve Study, which includes descriptions of the methods, materials, and guidelines used in preparation of physical and financial analysis of the study.
- **Statement of Limitations and Assumptions** – Describes the limitations and assumptions made when conducting this study and in preparation of this report.
- **Professional Experience –** Contains the professional experience of the individuals who prepared this study.
- **Glossary** – Contains definitions of terms used in the Reserve Study.

Executive Summary

General Information

Association Name: Wiggins Bay Foundation Inc. (Wiggins Bay)

Location: Naples, FL

Project Description: HOA

Type of Study: Level 1

Site Visit: June 13, 2025

Number of Units: 613

Project Summary

Funding Strategy Recommended: The Funding Goal of this Reserve Study is to maintain reserve above an adequate, not excessive threshold during years of significant expenditures.

Inflation Rate[1]	*2.55%*
Interest Rate[2]	*3.93%*
Cash Status of the Reserve Fund Balance[3]	*$257,992*
Full Funded Balance	*$374,055*
Percent Funded	*69%*
For Fiscal Year End	*December 31, 2026*

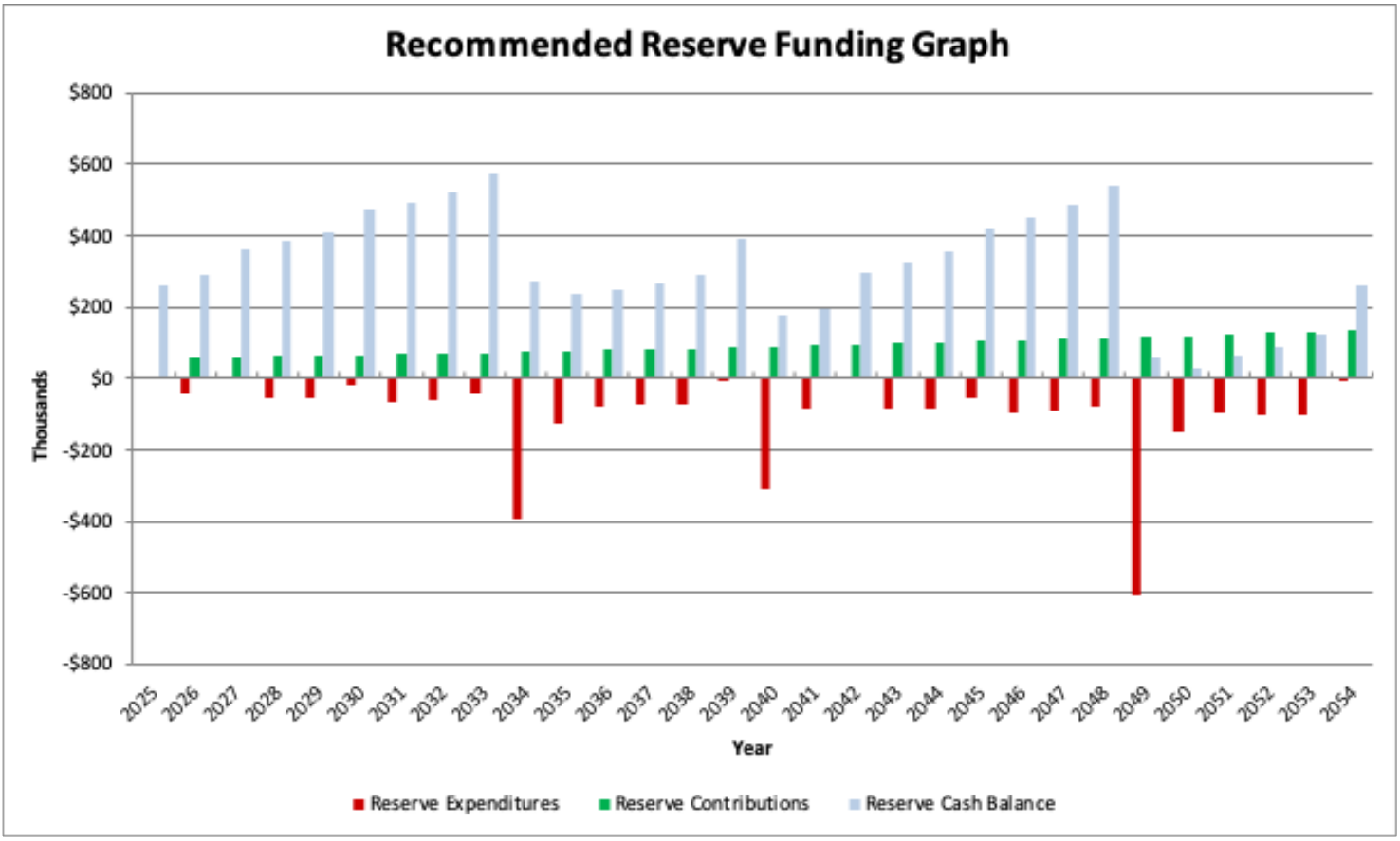
[1] Inflation rate is based upon the average annual increase of the Consumer Price Index (CPI) over the last 30-years as published by the US Bureau of Labor Statistics (www.labor.gov).

[2] Interest rate is based on 3-year Treasury Note as published by the U.S. Treasury (www.treasury.gov).

[3] Information in relation to the association's finances were supplied by the association's representative and is not audited. Balance as of July 31, 2025.

Recommended Reserve Funding: The Association budgeted $43,046 for reserve contributions in 2025. We recommend that the Association adopt reserve contributions of $59,106 in 2026 with steady annual increases of 3% annually thereafter. The Association will have funded the most significant anticipated expenditures related to asphalt pavement, mill and overlay, asphalt pavement, crack repair, seal and coat and rebuild concrete wall, partial. The goal of this particular reserve funding plan is to prevent the year end reserve balance from falling below $61,049 during threshold funding years. The recommended year 2026 reserve contribution of $59,106 is equivalent to an average monthly contribution of $8.04 per owner.

Recommended Reserve Funding Table								
Year	Reserve Contributions ($)	Reserve Cash Balance ($)	Year	Reserve Contributions ($)	Reserve Cash Balance ($)	Year	Reserve Contributions ($)	Reserve Cash Balance ($)
2025	-	262,270	2035	77,120	235,289	2045	103,643	423,743
2026	59,106	289,491	2036	79,434	246,859	2046	106,752	450,455
2027	60,879	362,943	2037	81,817	268,099	2047	109,955	489,505
2028	62,706	383,818	2038	84,271	292,178	2048	113,253	543,291
2029	64,587	407,035	2039	86,799	389,193	2049	116,651	61,100
2030	66,524	473,519	2040	89,403	178,742	2050	120,150	30,770
2031	68,520	494,249	2041	92,085	193,981	2051	123,755	62,092
2032	70,576	523,389	2042	94,848	298,316	2052	127,467	89,678
2033	72,693	576,933	2043	97,693	326,059	2053	131,292	121,523
2034	74,874	272,088	2044	100,624	357,302	2054	135,230	259,853



Respectfully submitted on September 18, 2025, by
RESERVE STUDY INSTITUTE, LLC

Angel E. Gamez, Jr.

Angel E. Gamez, Jr., Reserve Analyst
Visual Inspection and Report by: Angel E. Gamez, Jr.

PHYSICAL ANALYSIS

The Physical Analysis section details the reserve components and provides information about items excluded from the reserve study. Our recommendation is but one scenario and is not intended to represent the only means of achieving the association's goals. We recommend that the Board of Directors use the following information as a guide in planning for their future objectives.

Identification of Reserve Components

We have segregated classes of property from our review of the information provided by the Association and through conversations with Management and the Board. These classes of property:

- Reserve Components
- Excluded Components
- Repairs and Replacements Funded from Operating Budget
- Property Maintained by Owners
- Property Maintained by Others

Reserve Components

The following table identifies all Reserve Components that meet the criteria to be included in the study that we identified.

RESERVE COMPONENT INVENTORY

Category	Component	Quantity Total	Per Phase	Unit of Measure	Useful Life	Remaining Useful Life	Unit Cost	Current Cost	Current Fully Funded Balance
Building Elements	Painting and Waterproofing	1,464	1,464	Square Feet	15	14	$1.40	$2,050	$137
Building Elements	Roof, Metal	12	12	Squares	25	24	$1,000.00	$12,000	$480
Building Elements	Security Building Renovation, Allowance	1	1	Each	25	24	$6,000.00	$6,000	$240
Building Elements	Security Building, HVAC 1.5 Ton	1	1	Each	12	11	$3,000.00	$3,000	$250
General Site Elements	Asphalt Pavement, Crack Repair, Seal and Coat	15,513	15,513	Square Yards	3 to 5	4	$3.30	$51,193	$10,239
General Site Elements	Asphalt Pavement, Mill and Overlay	15,513	15,513	Square Yards	15 to 20	9	$17.00	$263,721	$145,047
General Site Elements	Concrete Wall, Painting and Waterproofing	29,650	29,650	Square Feet	12	11	$1.40	$41,510	$3,459
General Site Elements	Concrete Wall, Rebuild, Partial	14,825	741	Square Feet	up to 65	3	$30.00	$22,230	$21,204
General Site Elements	Entrance Signs	1	1	Each	30	20	$1,600.00	$1,600	$533
General Site Elements	Exterior Lighting	43	43	Each	30	15	$2,000.00	$86,000	$43,000
General Site Elements	Irrigation, Allowance	1	1	Each	15	10	$30,000.00	$30,000	$10,000
General Site Elements	Pavers, Brick, Partial	16,870	844	Square Feet	65	3	$14.00	$11,816	$11,271
General Site Elements	Pond, Shoreline Restoration	1	1	Each	30	15	$75,000.00	$75,000	$37,500
General Site Elements	Road Gutters and Curbs, Concrete, Partial	12,068	603	Linear Feet	50	3	$30.00	$18,090	$17,005
General Site Elements	Security System, Allowance	1	1	Each	15	5	$15,000.00	$15,000	$11,250
General Site Elements	Stormwater, Inspection	1	1	Each	5	1	$5,000.00	$5,000	$4,000
General Site Elements	Stormwater, Repair and Maintenance	1	1	Each	25	1	$35,000.00	$35,000	$33,600
General Site Elements	Landscaping, Allowance	1	1	Allowance	10	10	$15,000.00	$15,000	$0
General Site Elements	Pond Fountain	1	1	Each	15	11	$9,000.00	$9,000	$2,400
General Site Elements	Builkhead Replacement, Allowance	1	1	Each	25	8	$33,000.00	$33,000	$22,440
Other Elements	Reserve Study Update	1	1	Each	1	1	$1,500.00	$1,500	$0
							TOTALS	$737,710	$374,055

Excluded Components

Excluded Components do not have predictable Remaining Useful Lives within the scope of this study – i.e., within 30 years. The Board should budget for infrequent repairs for these items from the Operating Fund. We identify the following Excluded Elements as excluded from reserve funding at this time.

- **Pipes, Subsurface Utilities, Lateral** – Subsurface pipes and other elements have a useful life that is greater than 30 years and is generally unpredictable as to when repairs and replacement will be required.

- **Rebuild Concrete Wall, Replacement** – Rebuild Concrete Wall has a useful life expectancy of up to 65 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.

- **Brick Pavers, Replacement** – Brick Pavers have a useful life expectancy of up to 65 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.

- **Concrete Road Gutters and Curbs, Replacement** – Concrete Road Gutters and Curbs have a useful life expectancy of up to 50 years. Although the replacement costs are not included in this study, we have included periodic repairs and maintenance and made an adjustment for premature failure to be conservative since the costs are significant.

Repairs and Replacement Funded from Operating Budget

- General Maintenance to the Common Elements
- Expenditures less than $10,000 (except for reserve study expense)
- Landscaping
- Light Fixtures, Exterior
- Irrigation Repairs and Maintenance
- Paint Finishes, Touch Up
- Pipes, Subsurface Utilities, Laterals, Inspections
- Tree Trimming
- Roof, Repairs
- Security Building, Repairs
- Entrance Sign, Repairs
- Other Repairs Normally Funded Through the Operating Budget

Property Maintained by Owners

- Homes and Driveways

Property Maintained by Others

- None Noted

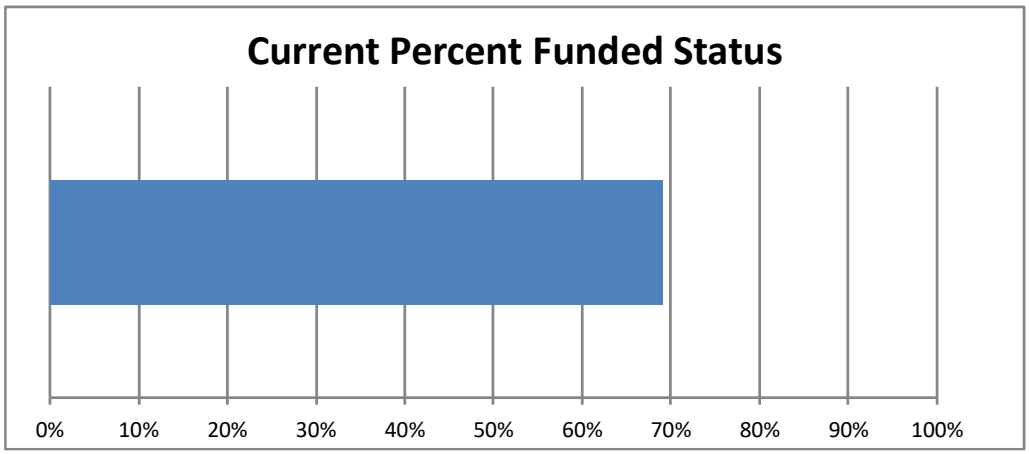
FINANCIAL ANALYSIS

This section of the report is intended to provide the association with the awareness to adequately plan for the ongoing major maintenance, repair and replacement of their common property components. Our recommendation is but one scenario and is not intended to represent the only means of achieving the association's goals. We recommend that the Board of Directors use the following information as a guide in planning for their future objectives.

Percent Funded

Percent Funded measures the strength of the Reserve Fund at the beginning of each fiscal year. Percent Funded is the industry measure of how well prepared an association is to meet its current and future repair and replacement obligations and how likely the Association is to require a special assessment to fund major repairs and replacements. Percent funded ranges from weak to strong as follows:

- Less than 30% funded is considered weak
- Between 30% and 70% funded is considered fair
- Greater than 70% funded is considered strong
- 100% or more is considered ideal



The Association's Current Percent Funded Status is 69% funded, which indicates that the Association is starting with what is considered a fair level of reserve funds. However, we recommend increased budgeted reserve assessments such that the current percentage funded is at least 100%.

Reserve Expenditures

		Years 1 - 10									
Category	Component	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Building Elements	Painting and Waterproofing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Building Elements	Roof, Metal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Building Elements	Security Building Renovation, Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Building Elements	Security Building, HVAC 1.5 Ton	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Asphalt Pavement, Crack Repair, Seal and Coat	$0	$0	$0	$0	$56,610	$0	$0	$61,046	$0	$0
General Site Elements	Asphalt Pavement, Mill and Overlay	$0	$0	$0	$0	$0	$0	$0	$0	$0	$330,703
General Site Elements	Concrete Wall, Painting and Waterproofing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Concrete Wall, Rebuild, Partial	$0	$0	$0	$23,972	$0	$0	$25,850	$0	$0	$27,876
General Site Elements	Entrance Signs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Exterior Lighting	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Irrigation, Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Pavers, Brick, Partial	$0	$0	$0	$12,742	$0	$0	$13,740	$0	$0	$14,817
General Site Elements	Pond, Shoreline Restoration	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Road Gutters and Curbs, Concrete, Partial	$0	$0	$0	$19,508	$0	$0	$21,036	$0	$0	$22,685
General Site Elements	Security System, Allowance	$0	$0	$0	$0	$0	$17,010	$0	$0	$0	$0
General Site Elements	Stormwater, Inspection	$0	$5,127	$0	$0	$0	$0	$5,814	$0	$0	$0
General Site Elements	Stormwater, Repair and Maintenance	$0	$35,891	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Landscaping, Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Pond Fountain	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Builkhead Replacement, Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$40,354	$0
Other Elements	Reserve Study Update	$0	$1,500	$0	$0	$0	$0	$0	$0	$0	$0
	TOTALS	$0	$42,518	$0	$56,222	$56,610	$17,010	$66,440	$61,046	$40,354	$396,081

		Years 11 - 20									
Category	Component	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Building Elements	Painting and Waterproofing	$0	$0	$0	$0	$2,915	$0	$0	$0	$0	$0
Building Elements	Roof, Metal	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Building Elements	Security Building Renovation, Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Building Elements	Security Building, HVAC 1.5 Ton	$0	$3,956	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Asphalt Pavement, Crack Repair, Seal and Coat	$65,830	$0	$0	$70,989	$0	$0	$76,552	$0	$0	$82,550
General Site Elements	Asphalt Pavement, Mill and Overlay	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Concrete Wall, Painting and Waterproofing	$0	$54,738	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Concrete Wall, Rebuild, Partial	$0	$0	$30,061	$0	$0	$32,416	$0	$0	$34,956	$0
General Site Elements	Entrance Signs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Exterior Lighting	$0	$0	$0	$0	$0	$125,407	$0	$0	$0	$0
General Site Elements	Irrigation, Allowance	$38,578	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Pavers, Brick, Partial	$0	$0	$15,978	$0	$0	$17,230	$0	$0	$18,581	$0
General Site Elements	Pond, Shoreline Restoration	$0	$0	$0	$0	$0	$109,367	$0	$0	$0	$0
General Site Elements	Road Gutters and Curbs, Concrete, Partial	$0	$0	$24,462	$0	$0	$26,379	$0	$0	$28,446	$0
General Site Elements	Security System, Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Stormwater, Inspection	$0	$6,593	$0	$0	$0	$0	$7,477	$0	$0	$0
General Site Elements	Stormwater, Repair and Maintenance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Landscaping, Allowance	$19,289	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Pond Fountain	$0	$11,868	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Builkhead Replacement, Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Elements	Reserve Study Update	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	TOTALS	$123,697	$77,155	$70,501	$70,989	$2,915	$310,799	$84,029	$0	$81,983	$82,550

		Years 21 - 30									
Category	Component	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Building Elements	Painting and Waterproofing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,250
Building Elements	Roof, Metal	$0	$0	$0	$0	$21,943	$0	$0	$0	$0	$0
Building Elements	Security Building Renovation, Allowance	$0	$0	$0	$0	$10,972	$0	$0	$0	$0	$0
Building Elements	Security Building, HVAC 1.5 Ton	$0	$0	$0	$5,350	$0	$0	$0	$0	$0	$0
General Site Elements	Asphalt Pavement, Crack Repair, Seal and Coat	$0	$0	$89,019	$0	$0	$95,995	$0	$0	$103,517	$0
General Site Elements	Asphalt Pavement, Mill and Overlay	$0	$0	$0	$0	$482,238	$0	$0	$0	$0	$0
General Site Elements	Concrete Wall, Painting and Waterproofing	$0	$0	$0	$74,020	$0	$0	$0	$0	$0	$0
General Site Elements	Concrete Wall, Rebuild, Partial	$0	$37,696	$0	$0	$40,650	$0	$0	$43,835	$0	$0
General Site Elements	Entrance Signs	$2,646	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Exterior Lighting	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Irrigation, Allowance	$0	$0	$0	$0	$0	$56,255	$0	$0	$0	$0
General Site Elements	Pavers, Brick, Partial	$0	$20,037	$0	$0	$21,607	$0	$0	$23,300	$0	$0
General Site Elements	Pond, Shoreline Restoration	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Road Gutters and Curbs, Concrete, Partial	$0	$30,675	$0	$0	$33,079	$0	$0	$35,671	$0	$0
General Site Elements	Security System, Allowance	$24,804	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Stormwater, Inspection	$0	$8,479	$0	$0	$0	$0	$9,615	$0	$0	$0
General Site Elements	Stormwater, Repair and Maintenance	$0	$0	$0	$0	$0	$0	$67,302	$0	$0	$0
General Site Elements	Landscaping, Allowance	$24,804	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Site Elements	Pond Fountain	$0	$0	$0	$0	$0	$0	$17,306	$0	$0	$0
General Site Elements	Builkhead Replacement, Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Elements	Reserve Study Update	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	TOTALS	$52,254	$96,887	$89,019	$79,370	$610,489	$152,250	$94,223	$102,806	$103,517	$4,250

Reserve Funding Plan

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Beginning Balance	$257,992	$262,270	$289,491	$362,943	$383,818	$407,035	$473,519	$494,249	$523,389	$576,933
Recommended Reserve Contribution	$0	$59,106	$60,879	$62,706	$64,587	$66,524	$68,520	$70,576	$72,693	$74,874
Estimated Interest Earned	$4,278	$10,633	$12,573	$14,391	$15,241	$16,969	$18,650	$19,611	$21,205	$16,362
Special Assessments / Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Anticipated Reserve Expenditures	$0	($42,518)	$0	($56,222)	($56,610)	($17,010)	($66,440)	($61,046)	($40,354)	($396,081)
Ending Balance	$262,270	$289,491	$362,943	$383,818	$407,035	$473,519	$494,249	$523,389	$576,933	$272,088

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Beginning Balance	$272,088	$235,289	$246,859	$268,099	$292,178	$389,193	$178,742	$193,981	$298,316	$326,059
Recommended Reserve Contribution	$77,120	$79,434	$81,817	$84,271	$86,799	$89,403	$92,085	$94,848	$97,693	$100,624
Estimated Interest Earned	$9,778	$9,292	$9,924	$10,797	$13,131	$10,945	$7,183	$9,487	$12,033	$13,169
Special Assessments / Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Anticipated Reserve Expenditures	($123,697)	($77,155)	($70,501)	($70,989)	($2,915)	($310,799)	($84,029)	$0	($81,983)	($82,550)
Ending Balance	$235,289	$246,859	$268,099	$292,178	$389,193	$178,742	$193,981	$298,316	$326,059	$357,302

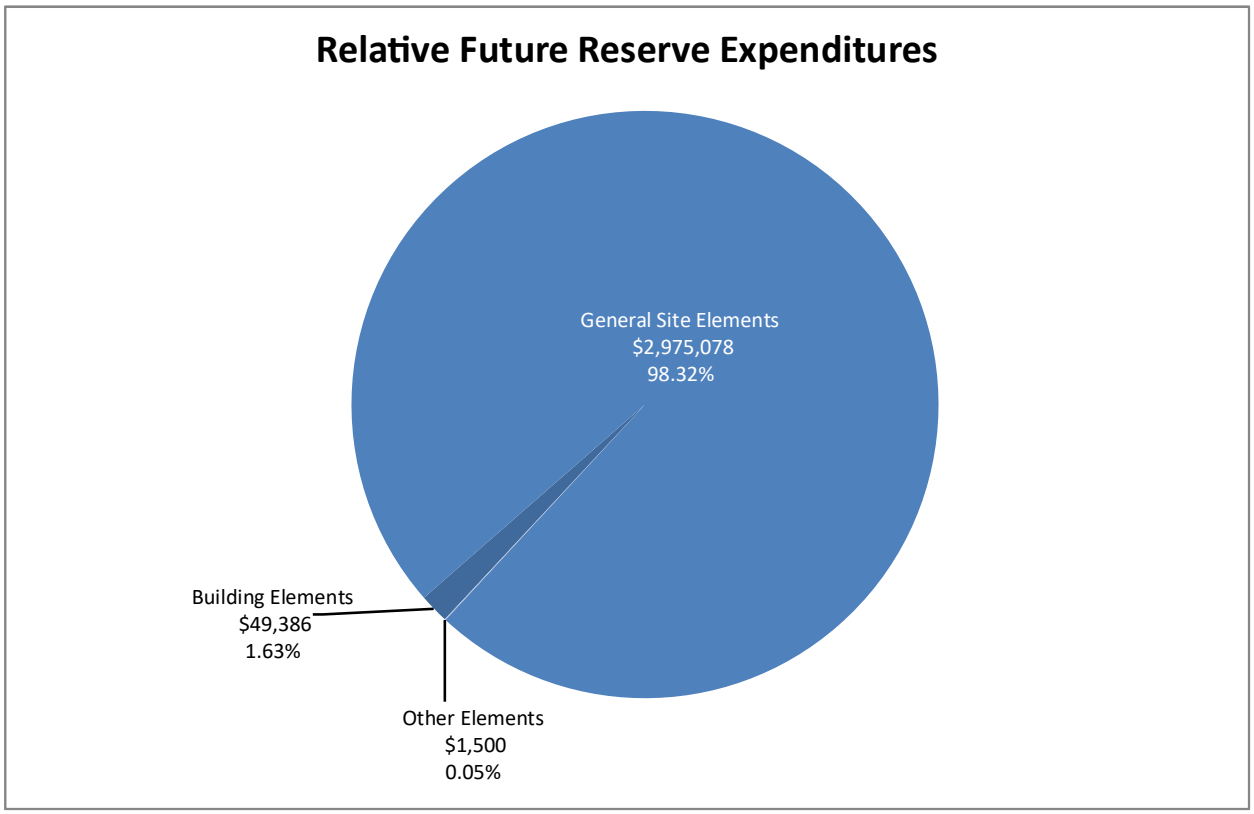
	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Beginning Balance	$357,302	$423,743	$450,455	$489,505	$543,291	$61,100	$30,770	$62,092	$89,678	$121,523
Recommended Reserve Contribution	$103,643	$106,752	$109,955	$113,253	$116,651	$120,150	$123,755	$127,467	$131,292	$135,230
Estimated Interest Earned	$15,052	$16,847	$18,114	$19,903	$11,647	$1,770	$1,790	$2,925	$4,070	$7,350
Special Assessments / Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Anticipated Reserve Expenditures	($52,254)	($96,887)	($89,019)	($79,370)	($610,489)	($152,250)	($94,223)	($102,806)	($103,517)	($4,250)
Ending Balance	$423,743	$450,455	$489,505	$543,291	$61,100	$30,770	$62,092	$89,678	$121,523	$259,853

Notes:

(1) Beginning balance of reserve was provided by management and includes reserve fund balances as of July 31, 2025.
(2) Inflation rate of 2.55% and interest rate on Investments of 3.93% were used for this study.
(3) 2025 reserve contribution was budgeted by the Association.
(4) 2049 is threshold funding year due to significant expenditures.

Major Expenditures

The relative cost of total reserve expenses is summarized in the chart below to give the Board perspective on the relative size and importance of key reserve items.



As illustrated above, the Association's largest future expense is general site elements of which $2,975,078 is needed for the repair or replacement of components in this category. The next highest priority categories are the building elements and other elements, respectively. The following are the cost of the major components that must be replaced:

Major Expenditures as a Percent of Total Expenditures

Rank	Component	Quantity Total	Unit of Measure	Future Expenditures ($)	% of Total
1	Asphalt Pavement, Mill and Overlay	15,513	Square Yards	$ 812,941	26.9%
2	Asphalt Pavement, Crack Repair, Seal and Coat	15,513	Square Yards	$ 702,108	23.2%
3	Concrete Wall, Rebuild, Partial	14,825	Square Feet	$ 297,312	9.8%
4	Road Gutters and Curbs, Concrete, Partial	12,068	Linear Feet	$ 241,941	8.0%
5	Pavers, Brick, Partial	16,870	Square Feet	$ 158,032	5.2%
6	All Other Components	N/A	N/A	$ 813,630	26.9%
			TOTAL	**$ 3,025,964**	**100.0%**

The Association may be able to mill and overlay the asphalt pavement prior to replacement. Milling and overlaying asphalt pavement is significantly less expensive than replacement, with approximately the same useful life if the asphalt pavement is maintained properly.

We recommend the Association carefully plan for these expenses and advise us promptly of any changes to the Association's budget plans related to both the timing of these items and the cost of these items so that we can incorporate the necessary adjustments into future studies for the Association to assist the Board in its capital budget process. We also recommend that the Association obtain third-party quotes from qualified vendors or contractors on at least the major components not less than annually and update their study if estimated costs or timing of these expenditures change. The Association should also pay special attention to potential upgrades or alternatives to these components in discussions with their vendor or contractor as they have the most significant impact on funding.

Condition Assessment

The following is a condition assessment of certain reserve components:

Building Elements

- **Painting and Waterproofing** – There is approximately 1,464 square feet of exterior painting and waterproofing for the security building. It is in good condition.
- **Roof, Metal** – There is approximately 12 squares of metal roofing. It is in great condition.
- **Security Building Renovation, Allowance** – This is an allowance for the interior renovations of the security building. It is in great condition.
- **Security Building, HVAC 1.5 Ton** – There is one 1.5-ton mini split HVAC system for the security building. It is in great condition.

General Site Elements

- **Asphalt Pavement, Crack Repair, Seal and Coat** – There is approximately 15,513 square yards of asphalt pavement seal and coat. It is in fair condition.
- **Asphalt Pavement, Mill and Overlay** – There is approximately 15,513 square yards of asphalt pavement mill and overlay. It is in fair condition.
- **Concrete Wall, Painting and Waterproofing** – There is approximately 29,650 square feet of painting and waterproofing for the concrete walls. It is in great condition.
- **Concrete Wall, Rebuild, Partial** – There is approximately 14,825 square feet of concrete wall. It is in good condition. The estimated remaining useful life is 65 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.
- **Entrance Signs** – This is an allowance for the maintenance and repair of the entrance signs. They are in good condition.
- **Exterior Lighting** – This is an allowance for the general maintenance of the property lighting including light poles and fixtures. They are in good condition.
- **Irrigation, Allowance** – This is an allowance for the irrigation system. We recommend getting a third-party vendor to give you a quote for more accurate pricing. No condition assessment is available due to the component being underground.
- **Pavers, Brick, Partial** – There is approximately 16,870 square feet of brick pavers. It is in good condition. The estimated remaining useful life is 65 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.
- **Pond, Shoreline Restoration** – This is an allowance for the shoreline restoration of the ponds. We recommend getting a third-party vendor to give you a quote for more accurate pricing. It is in good condition.
- **Road Gutters and Curbs, Concrete, Partial** – There are approximately 12,068 linear feet of concrete road gutters and curds. Overall, it is in fair condition with some areas showing cracks.

The estimated remaining useful life is 50 years and so the total replacement cost is excluded from the study. A periodic failure rate of 5% every 3 years is included in the study as the estimated costs are significant.

- **Security System, Allowance** – This is an allowance for the repair and replacement of the security systems. This includes cameras, barrier arm gates, and access panels. They are in good condition.
- **Stormwater, Inspection** – This is an allowance for the inspection of the stormwater drain systems. We recommend getting a third-party vendor to give you a quote for more accurate pricing. No condition assessment available since it is underground.
- **Stormwater, Repair and Maintenance** – This is an allowance for the repair and maintenance of the stormwater drain systems. We recommend getting a third-party vendor to give you a quote for more accurate pricing. No condition assessment available since it is underground.
- **Landscaping, Allowance** – This is an allowance for landscaping expenditures included at the direction of the Board of Directors.
- **Pond Fountain** – There is one pond fountain. It is in good condition.
- **Bulkhead Replacement, Allowance** – This is an allowance for the repair and replacement of the bulkhead.

Other Elements

- **Reserve Study Update** – Reserve study is a snapshot in time that will require annual updates because factors and assumptions of the study can result in overfunding or underfunding of reserves. These factors include additions or disposals of reserve components, changes in inflation rate, changes in interest rate on investment income, and acceleration or deceleration of capital projects at the discretion of the Board.

PHOTOGRAPHS

ID: 1

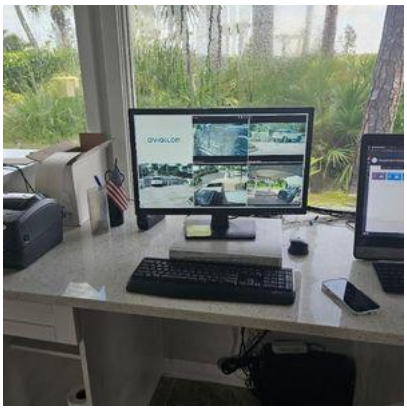
Item Description:

Wall, concrete

ID: 2

Item Description:

Security cameras



ID: 3

Item Description:

Asphalt pavement

ID: 4

Item Description:

Exterior lighting

ID: 5

Item Description:

Road gutters, concrete

ID: 6

Item Description:

Barrier arm operator

ID: 7

Item Description:

HVAC unit

ID: 8

Item Description:

Security building

ID: 9

Item Description:

Brick pavers

ID: 10

Item Description:

Metal roof

METHODOLOGY

This Reserve Study has been prepared to provide guidance to the Board of Directors to adequately prepare the Association to meet financial obligations with major maintenance, repair, and replacement of common element components. These financial obligations are best met through periodic contributions gradually instead of raising large sums of money through alternative means.

The Association can fund repairs and replacements in any combination of the following:

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

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of level monthly reserve assessments with relatively minor annual adjustments for the following reasons:

- Ensuring an equitable funding plan such that owners pay their “fair share” of the weathering and aging of the commonly owned property each year
- Level reserve assessments preserve the property
- Preservation of the market value of owners’ properties
- Compliance with governing documents, statutes, mortgages, and the like
- Reduction (but not elimination) of risk of need for loans or special assessments

A reserve study is composed of two parts: physical analysis and financial analysis. The physical analysis is a result of the onsite visit in which a visual observation of the property is conducted to collect data and review of data specific to the property’s reserve components, common areas, and limited common areas. Through this site visit and the use of source materials, we have quantified and established the reserve component inventory and assessed the physical condition of the Association’s reserve components. This information from the physical analysis is used to estimate the timing and cost of future anticipated expenses.

The financial analysis evaluates the condition of the Association’s reserve fund in relation to its income and anticipated expenses. To adequately forecast these expenditures over the 30-year projection period, current costs, projected inflation, and interest rates must be established. Recommendations are

then provided to establish a reserve fund that addresses anticipated expenses, without having to resort to special assessments.

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 consider the following factors in our analysis.

- The Cash Flow Method to compute, project, and illustrate the 30-year Reserve Funding Plan.
- Local costs of materials, 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 historic perspective to arrive at our estimate of long-term future inflation for construction costs in Naples, Florida at an annual inflation rate of 2.55%. 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 the Association and their effects on remaining useful lives.
- 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.

Physical Analysis

The Physical Analysis is the foundation of this Reserve Study, and the methods we used to conduct the Physical Analysis are outlined below.

Identification of Reserve Components

We identified major classes of property and then identified common elements that are likely to require capital repair or replacement for inclusion in the Financial Analysis. We identified reserve components from the Association's Declaration and reviewed information provided to us and from conversations with Association's management and the Board. We identified the following classes of property:

1) **Reserve Components** – Reserve components are elements that meet the Component Criteria in this section and are included in the Reserve Funding Plan of this study.

2) **Excluded Property Components** – These elements are the responsibility of the Association but are excluded from the study because they may require infrequent repairs and replacements, have unpredictable useful lives, or have useful lives that are greater than the scope of this study.

The Association budget for the repairs and replacements of these items from the operating budget.

3) **Operating Budget Funded Repairs and Replacements** – Operating budget provides funds for the repair and replacement of some items that meet the criteria of a Reserve Component, but the Board has indicated will be funded from operations. These items are excluded from the Reserve Funding Plan of this study. If the Board elects to fund these items through the reserve budget, then we should be notified to include them in a future study.

4) **Property Maintained by Owners** – Certain items have been designated as being the responsibility of the owners are excluded from the Reserve Funding Plan of this study

5) **Property Maintained by Others** – Certain items that are the responsibility of other entities (ex., municipalities and local governments) are excluded from the Reserve Funding Plan of this Study.

The Board should conduct an annual review of these classes of property to confirm its policy concerning the manner of funding from reserves or from the operating budget.

Site Visit

A site visit is conducted to assess the general condition of the property and its common areas. The onsite observation is visual in nature; no invasive or destructive testing is conducted. Sloped roofs, if any, are inspected from the ground for the safety or our personnel. Observations are recorded using a representative sampling of the Association's common areas and reserve components. The component inventory and associated field measurements are also substantiated as part of the site visit. A site visit is only conducted for Level 1 and Level 2 studies.

Component Criteria

The components assessed in this study must meet four criteria to be included:

1. The components must be the responsibility of the Association for repair and maintenance

2. Replacement cost above a minimum threshold

3. The component must have a limited and predictable useful life

4. The useful life of the component must be within the projection period (i.e., not more than 30 years)

Damage to components associated with settlement, fire, earthquakes, flooding, extreme weather, other natural disasters and events, and misuse is not considered predictable or measurable, and are thus not included or allowed for in this study.

Determining Useful Life

The useful life of a reserve component relates to the number of years it is expected to last assuming reasonable care and maintenance. The prediction of reserve and building component life can be considered no more than an informed estimate based upon information made available at the time of preparation of this report. The useful life is estimated based on information from various sources which include:

- Historical data and information provided by the Association
- Consultation with management groups and construction industry professionals
- Manufacturer recommendations and industry guidelines
- Published service life data
- Manufacturers' and suppliers' data

Determining Remaining Useful Life

The remaining useful life of a reserve component relates to the number of years it is anticipated to be functional or useful. The remaining useful life is estimated based on information from various sources which include:

- Age or years in service
- Physical condition
- Frequency and quality of care and maintenance
- Environmental and weather affects
- Design and quality of materials used

In addition to deterioration or anticipated failure of components, the remaining useful lives may be impacted by obsolesces. The accuracy of the estimate is contingent upon reliable information made available at the time of the report's development. It is important to note that even with the highest degree of diligence and experience, outcomes will vary, and no guarantee can be given as to the timing or service life of the reserve components. All service life assessments in this report are based on the assumption that installation is carried out in accordance with manufacturer's recommendations and installation instructions, together with industry standards of workmanship. Consideration is given to visible design and signs of improper installation of components that will have an impact upon the anticipated service life of the component.

Maintenance Assumptions

The Board has some flexibility in choosing to pay for repairs and replacements from the operating or reserve funds. For items the Association has elected to pay from the operating fund as represented by the Association's management, we have excluded these items from this study.

Financial Analysis

The Financial Analysis is based on the information gathered during the Physical Analysis and represents the long-term capital funding plan the Board can use to determine the level of reserve assessments for the Association. The methods we used to conduct the Financial Analysis are outlined below.

Determining Replacement Costs

Determining the replacement costs of components is accomplished in several ways which include:

- Consulting with local vendors, manufacturers, and contractors
- Comparisons can also be made to other associations of similar size and geographic location
- Using collaborative efforts by construction industry professionals

Once the current repair or replacement cost of each asset is estimated, it must be adjusted for future costs. Future costs include inflation and account for some market variability and represent the anticipated cost of the asset at the end of its useful life when it is scheduled for repair or replacement.

Inflation Rate

The effect of inflation on the cost of reserve components is a key factor in the financial projections. We have used the 30-year average annual increase in the Consumer Price Index (CPI) as published by the U.S. Bureau of Labor Statistics. This rate reflects a realistic appreciation of future costs for reserve components and assists the Association in adequately budgeting for increasing cost.

Interest Rate

The interest rate used in this report is formulated on a conservative rate of return based on the rate of return of three-year U.S. Treasury bill. We offer no guarantee or opinion in relation to investment decisions made by the Association, or the rate of return achieved.

Current Reserve Balance

The analysis, recommendations, and financial projections made within this report are heavily reliant on information provided by the Association and its representatives. The starting reserve fund balance (current or projected) and member contribution totals are supplied by these sources. This information has not been audited nor have the financial projections or recommendations.

Percent Funded

Percent funded is calculated by dividing the Association's current reserve fund balance by the fully funded balance. The percent funded measures how well prepared an Association is to meet its current and future repair and replacement obligations. Percent funded highlights the strength of the association's reserve account in relation to the anticipated costs of repair and replacement.

Recommended Funding Plan

We recommend a funding plan that maintains reserve above an adequate, though not excess threshold during years of significant expenditures. We recommend regular reserve fund contributions and gradual increasing reserves over time to fund expenses for future repairs and replacements whenever possible. Sometimes we adjust reserve assessments up or down to account for items that include, but are not limited to, catching up reserves that are not fully funded or to prepare the Association adequately from one or more years of significant expenses. The reserve funding recommendation is designed to distribute the anticipated costs of maintaining common property components equitable to all owners over the 30-year projection period to the extent reasonable possible.

STATEMENT OF LIMITATIONS AND ASSUMPTIONS

As a guideline for establishing and spending reserves, we assumed that the Reserve Study will be regularly updated to account for the Association's changing physical, financial, technological, and regulatory conditions. As such, this report is valid at the date shown and Reserve Study Institute, LLC, cannot be held responsible for subsequent changes including, but not limited to, physical, chemical, economic, technological, or regulatory conditions over which we have no control.

This Reserve Study is based on non-invasive visual observation of the Association's property. No invasive or destructive testing, or testing of materials was conducted during the inspections, or at any other time during the preparation of this report. Accordingly, we do not opine on, nor are we responsible for, the structure 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. Also, it is assumed that all building and ancillary components have been designed and constructed properly and that life cycles will approximate normal industry performance standards. Reserve Study Institute, LLC shall not be responsible for accurate determination of remaining life expectancies of components that may have been improperly designed and constructed. 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.

The cost estimates used represent a preliminary opinion only and are neither a quote nor a warranty of actual costs that may be incurred. These estimates are based on typical cost data that may not fully characterize the scope of the underlying property conditions. It should be anticipated that actual cost outcomes will be impacted by varying physical and economic conditions, maintenance practices, changes in technology, and future regulatory actions.

The projected values and recommendations included in this study are strictly estimated representations of true values. The more distant the year, the lower the probability the values are accurate. The model is sensitive to initial expenses – especially when inflated over 30 years – thus, depending on the economic climate, the recommended reserve assessments may need to be increased or decreased.

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, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials, if present, adversely affect the validity of this study. 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 condition. We are not qualified to detect such substances, quantify the impact, or develop the remedial cost.

We make no representation or warranty, expressed or implied, with respect to the contents of this report or any part thereof and cannot accept any legal responsibility or liability for any inaccuracies, errors or omissions contained in this report or any part thereof. Our best professional judgment has

been used, however certain facts forming the basis of this report are subject to professional interpretation and differing conclusions could be reached.

We have relied on the Association's management and the Board of Directors to disclose the pertinent financial status of the Association. Assumptions regarding interest earned and inflation have been made according to the current financial trends and rates. Component and material quantities were determined by observation during the site visit.

This reserve study should be reviewed carefully as it may not include, nor are our methods designed to include, all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. We have relied on the Association's management and/or the Board of Directors to disclose to us any and all reserve components or assets that are the responsibility of the Association to maintain during the onsite visit. The failure to include a component may, under some circumstances, require the Board to levy a special assessment for owners' shares of common expenses for the cost of major maintenance, repair, or replacement of a reserve component.

We assume, without independent verification, the accuracy of all data provided to us. We performed no procedures to detect false, misleading, or incomplete information, or violations of any rules, regulations, or laws.

Level 2 and Level 3 studies are updates of a previous reserve study and rely on a previous study's component list, quantities, and measurements. We assume this information to be accurate without independent verification.

Additionally, statutory requirements, particularly in the context of reserve studies, are relatively new and subject to interpretation. Acknowledging uncertainty, we recommend the Association to consider consulting a qualified attorney for specific guidance on compliance with these statutory requirements. The responsibility for making decisions regarding statutory interpretations and compliance rests with the Association in its specific situation. We recommend the Association stay informed about changing regulations and seek legal counsel to navigate any uncertainties. We are not licensed attorneys, and nothing in this report should be construed as legal advice.

Restricted Use of Our Report – This report is intended for use by the Association's management and the Board of Directors and is limited to only the purpose stated herein. Any use or reliance for any other purpose, by the Association's management, the Board of Directors, or third parties, is invalid. The Association's management and Board of Directors, or any 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. This report contains intellectual property developed by Reserve Study Institute, LLC specific to this engagement and cannot be reproduced or distributed to those who conduct reserve studies without the expressed written consent of Reserve Study Institute, LLC.

Client Confidentiality – We will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative processes or proceedings, though we reserve the right to include the Association's name in our client lists.

CONFLICTS OF INTEREST

To the best of our knowledge, we are not aware of any conflicts of interest to the best of my knowledge, there are currently no conflicts of interest that could impact the services provided to you at the time of the preparation of this report.

PROFESSIONAL EXPERIENCE

Angel E. Gamez, Jr.
Reserve Analyst

Angel E. Gamez, Jr. is a reserve analyst at the Reserve Study Institute, LLC. He is responsible for preparing both the physical analysis and financial analysis of Reserve Studies. Mr. Gamez is also responsible for the inspection and analysis of the condition of clients' properties and recommending solutions to prolong the lives of the components. He also forecasts capital expenditures for the repairs or replacement of the property components and prepares technical reports on assignments for condominiums, townhomes, homeowners' associations, other associations, and properties.

Professional Experience

Before joining Reserve Study Institute, LLC, Mr. Gamez worked in construction development for large-scale road infrastructure projects with Sacyr, Inc. Mr. Gamez also worked as a property manager and property inspector.

The following highlights some of his professional experience:

- Documented findings with professional reports, correspondence, and corrective actions
- Investigated alleged violations of property licenses and permits to determine the extent of issues and necessary remedies.
- Maintained up-to-date knowledge of inspection techniques, codes, ordinances, and regulations.
- Performed inspections of current construction, refurbishment, and repair projects.
- Evaluated whether work was in accordance with applicable city, state, and federal guidelines, as well as applicable discipline-specific codes.

Education
Florida International University, Bachelor of Science

GLOSSARY

Cash Flow Method – A method of calculating Reserve contributions to the reserve fund 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 – Also referred to as an "Asset." Individual line items in the Reserve Study developed or updated in the physical analysis. Components typically meet four requirements: 1) Association's responsibility, 2) limited useful lives, 3) predictable useful lives, and 4) above a minimum threshold cost.

Component Inventory – The task of selecting and quantifying reserve components, which can be accomplished through on-site visual observations, review of Association design and organizational documents, a review of established association precedents, and discussion with appropriate Association representatives.

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

Current Cost of Replacement – The 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.

Deficit – An actual or projected reserve balance that is less than the fully funded balance.

Effective Age – The difference between Useful Life (UL) and Remaining Useful Life (RUL)

Financial Analysis – The portion of the Reserve Study where current status of the reserves (measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived, and the projected reserve income and expenses over time is presented.

.

Fully Funded Balances – The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement costs 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 Costs of Replacement – Reserve Expenditure derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor, and equipment.

Long-Lived Property Component – Property component of the Association 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 in time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Physical Analysis – The portion of the Reserve Study where the component evaluation, condition assessment, and life and valuation estimate tasks are performed.

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

Reserve Balance – Actual or projected funds as of a particular point in time (typically the beginning and ending of the fiscal year) that the Association has identified for use to defray the future repair or replacement of those major components that the Association is obligated to maintain. Reserve balance is also commonly referred to as "reserves," "reserve accounts", or "cash reserves." In this report, the reserve balance is based on information provided by management and is not audited.

Reserve Component – Property elements with: 1) the Association's 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 Funding Plan – The portion of Reserve Study identifies the Cash Flow Analysis and contains the recommended Reserve Contributions and projected annual expenditures, interest earned, and reserve balances.

Reserve Study – A budget planning tool that identifies both the current status of the reserve fund and a stable and equitable Funding Plan designed to offset the anticipated future major common area expenditures. The Reserve Study consists of two parts: 1) Physical Analysis and 2) Financial Analysis.

Special Assessment – An assessment levied on the members of an Association by the Board of Directors in addition to regular assessments.

Surplus – An actual or projected reserve balance that is greater than the fully funded balance.

Useful Life (UL) – The estimated total time, in years, that a Reserve Component is expected to serve its intended function in its present application or installation.