FULL RESERVE STUDY

Winterport Cluster

Reston, Virginia

June 16, 2016

RESERVE™ ADVISORS

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CORPORATE OFFICE
Reserve Advisors, Inc.
735 N. Water Street, Suite 175
Milwaukee, WI 53202

Reserve Study Update

July 26, 2016

The Reserve Study for Winterport Cluster
Was submitted on …….July 26, 2016

To maintain the most accurate and cost-effective replacement schedule and funding plan for your property elements, this study should be updated on or about .....**Third Quarter, 2018**
…but no later than……**Third Quarter, 2019**

As a valued client, we are pleased to offer a future reserve study update with site visit for**……$2,400**
For a Reserve Study Update with Site visit as noted above.
This future update fee is based on the same property components that were contained in your last Reserve Advisors' reserve study or update. We are pleased to include property additions for an additional fee.

To initiate your Reserve Study Update, please sign this authorization and fax or mail to the number below. Upon receipt of this authorization we will contact you to schedule your site visit and invoice for the Reserve Study Update Service.

Sign this contract below and fax to **414-272-3663.** Or mail to
Reserve Advisors, Inc.
735 N. Water St., Suite 175
Milwaukee, WI 53202

Delivery options for your Reserve Study Update Report, Please check one of the following:

____ 1-Full color printed copy PLUS Electronic Report, FREE

____ 2-Full color printed copies PLUS Electronic Report, $100

For: Reserve Advisors, Inc.

Signature: Michelle Baldry

Michelle Baldry
Director of Client Services - Northeast Region
MBaldry@reserveadvisors.com
Ref. # 101614
(844) 701-9884

For Winterport Cluster

Name:_____

Title:_____

Date:_____

Phone:_____

Agent or Manager: John Yandziak

Management Firm:

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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Winterport Cluster (Winterport Cluster)
Location: Reston, Virginia
Reference: 101614

Property Basics: Winterport Cluster is a townhome style development of 79 units in 13 buildings. The development was built from 1978 to 1980 and contains asphalt pavement parking areas, concrete curbs and gutters, a tot lot and timber and masonry retaining walls.

Reserve Components Identified: 12 Reserve Components.

Inspection Date: June 16, 2016. We conducted the original Reserve Study on June 9, 2010.

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 these threshold funding years in 2022 and 2042 due to asphalt repaving.

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
- 1.00% requested annual rate of return on invested reserves
- 2.0% 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: $99,358 as of June 4, 2016.

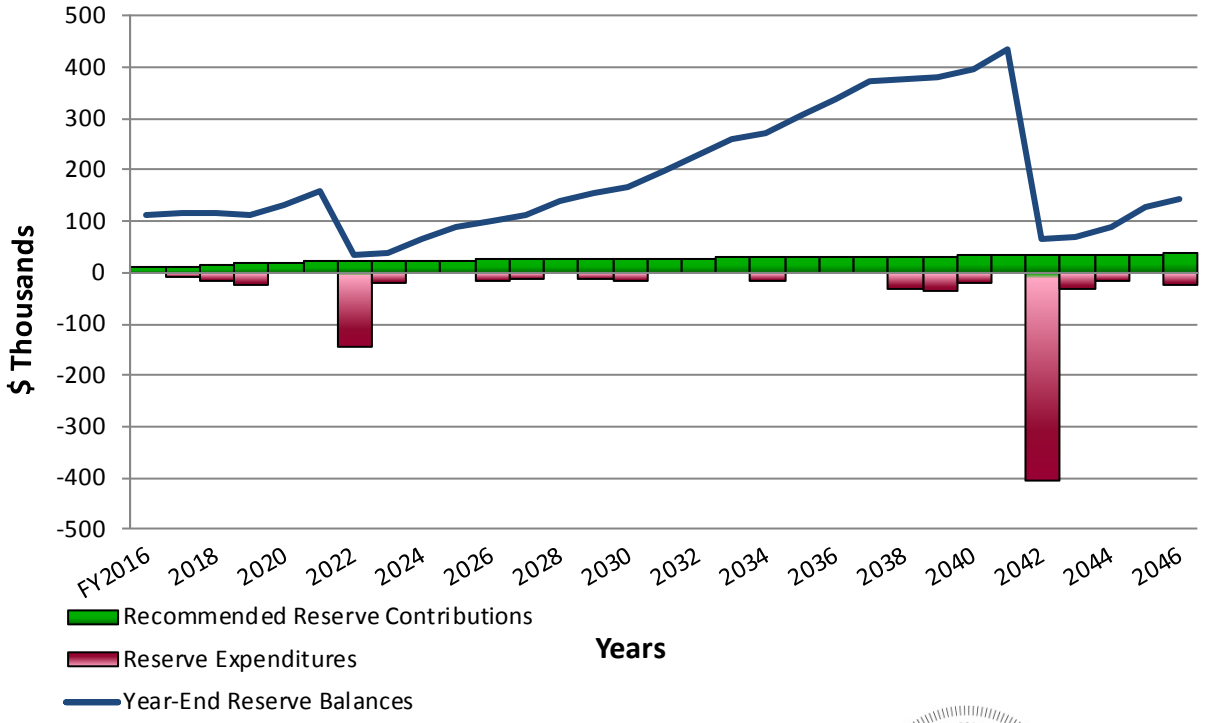
Recommended Reserve Funding: The Association budgeted $10,000 for Reserve Contributions in 2016[1]. We recommend the Association budget annual phased increases in Reserve Contributions of $2,500 from 2017 through 2021. Afterwards, the Association should budget gradual annual increases in reserve funding that in part consider the effects of inflation through 2046, the limit of this study's Cash Flow Analysis. The initial adjustment in Reserve Contributions of $2,500 represents about a three percent (2.5%) adjustment in the 2016 total Operating Budget of $100,255. This initial adjustment of $2,500 is equivalent to an increase of $31.65 in the annual contributions per homeowner.

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

[1] The Fiscal Year (FY 2016) for Winterport Cluster began October 1, 2015 and ends September 30, 2016. For brevity, we refer to the Fiscal Year by its ending year, i.e. Fiscal Year 2015-2016 is FY 2016 or simply 2016.

Winterport Cluster
Recommended Reserve Funding Table and Graph

Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)	Year	Reserve Contributions ($)	Reserve Balances ($)
2017	12,500	115,868	2027	25,500	112,484	2037	31,100	373,723
2018	15,000	116,798	2028	26,000	139,739	2038	31,700	377,856
2019	17,500	112,090	2029	26,500	155,288	2039	32,300	379,231
2020	20,000	133,311	2030	27,000	167,626	2040	32,900	395,720
2021	22,500	157,257	2031	27,500	196,940	2041	33,600	433,445
2022	23,000	35,519	2032	28,100	227,150	2042	34,300	64,586
2023	23,500	39,174	2033	28,700	258,265	2043	35,000	70,216
2024	24,000	63,686	2034	29,300	272,596	2044	35,700	89,999
2025	24,500	88,945	2035	29,900	305,371	2045	36,400	127,481
2026	25,000	99,854	2036	30,500	339,077	2046	37,100	143,596



Respectfully submitted on July 26, 2016 by
RESERVE ADVISORS, INC.

Alan M. Ebert, PRA[1], RS[2], Director of Quality Assurance
Reviewed by: Matthew P. Ksionzyk, PRA, RS, Associate Director of Quality Assurance
Visual Inspection and Report by: Matthew D. Casey

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

2. RESERVE STUDY REPORT

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

Winterport Cluster

Reston, Virginia

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 16, 2016. We conducted the original Reserve Study on June 9, 2010.

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, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology -** Lists the national standards, methods and procedures used, 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
- **Professional Service Conditions -** Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY

Winterport Cluster is a townhome style development of 79 units in 13 buildings. The development was built from 1978 to 1980 and contains asphalt pavement parking areas, concrete curbs and gutters, a tot lot and timber and masonry retaining walls. We identify 12 major reserve components that are likely to require capital repair or replacement during the next 30 years.

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 the Association and through conversations with the Board. These classes of property include:

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

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

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

- Winterport Cluster responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

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.

- Electrical Systems, Common
- Irrigation System (Installed within the Last Five Years)
- Pipes, Subsurface Utilities

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 $3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Concrete Sidewalks
- Irrigation System Controllers
- Landscape
- Light Poles and Fixtures, Metal
- Paint Finishes, Touch Up
- Shoreline, Erosion Control
- Signage
- Other Repairs normally funded through the Operating Budget

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to:

- Homes and Lots

Certain items have been designated as the responsibility of others to repair or replace. Property Maintained by Others relates to:

- Asphalt Walking Path (Reston Association)
- Concrete Light Poles and Fixtures (Dominion Virginia Power)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
  - useful life
  - remaining useful life
- Unit cost of replacement
- 2016 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

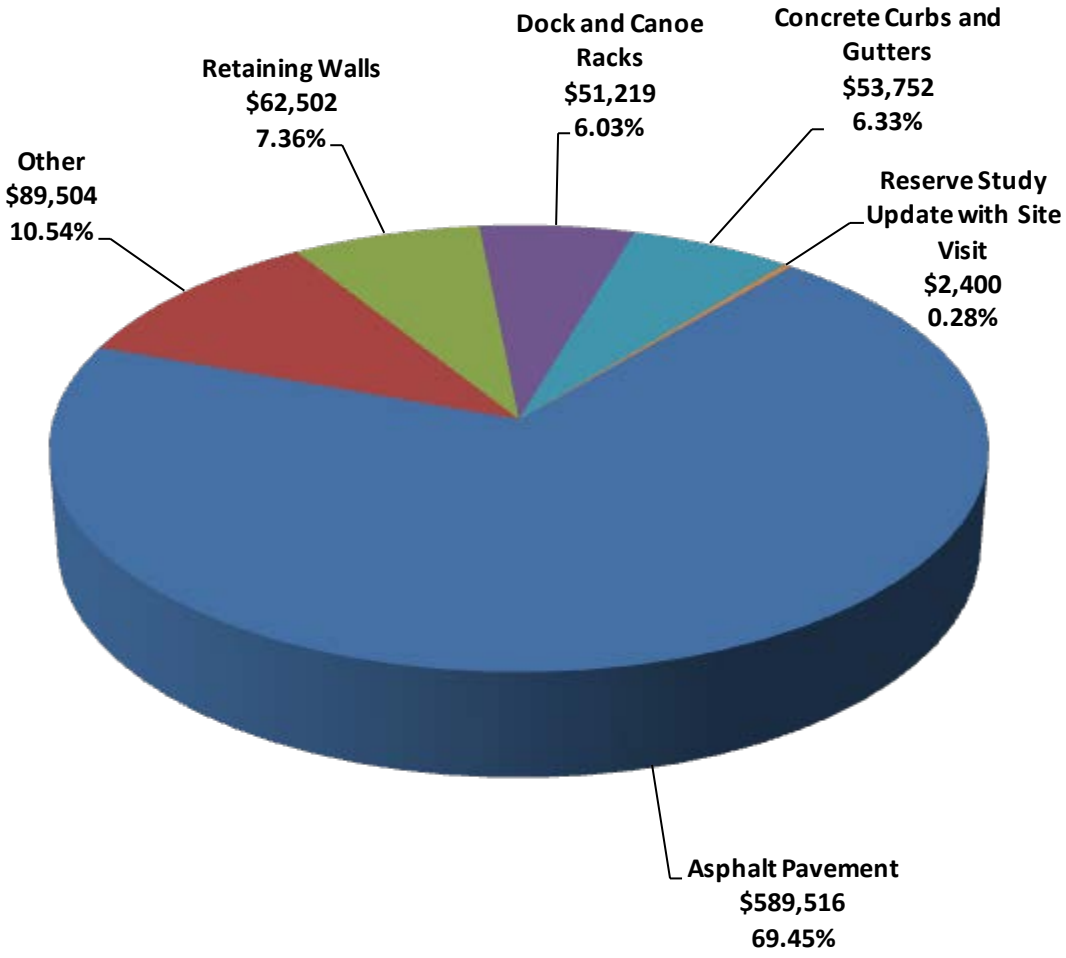
Reserve Funding Plan

- 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

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

The following chart illustrates the relative importance of the categories noted in ***Reserve Expenditures*** and relative funding during the next 30 years.

Winterport Cluster
Future Expenditures Relative Cost Illustration



RESERVE EXPENDITURES

Explanatory Notes:

1) 2.0% is the estimated future Inflation Rate for estimating Future Replacement Costs.

2) FY2016 is Fiscal Year beginning October 1, 2015 and ending September 30, 2016.

Winterport Cluster
Reston, Virginia

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2016)	Per Phase (2016)	Total (2016)	30-Year Total (Inflated)	RUL = 0 FY2016	1 2017	2 2018	3 2019	4 2020	5 2021	6 2022	7 2023	8 2024	9 2025	10 2026	11 2027	12 2028	13 2029	14 2030	15 2031
4.020	6,850	6,850	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2018	3 to 5	2	1.80	12,330	12,330	103,133			12,828								15,030				16,269	
4.040	6,850	6,850	Square Yards	Asphalt Pavement, Mill and Overlay	2022	15 to 20	6	15.50	106,175	106,175	119,570							119,570									
4.045	6,850	6,850	Square Yards	Asphalt Pavement, Total Replacement	2042	15 to 20	26	32.00	219,200	219,200	366,813																
4.080	4	4	Each	Canoe Racks	2029	10 to 15	13	2,400.00	9,600	9,600	29,133														12,419		
4.100	5	5	Each	Catch Basins, Inspections and Capital Repairs	2022	15 to 20	6	800.00	4,000	4,000	11,199							4,505									
4.110	4,000	600	Linear Feet	Concrete Curbs and Gutters, Partial	2022	to 65	6 to 30+	32.00	19,200	128,000	53,752							21,622									
4.200	320	320	Square Feet	Dock, Partial Replacement	2017	15 to 20	1	25.00	8,000	8,000	8,160		8,160														
4.220	320	320	Square Feet	Dock, Total Replacement	2027	45 to 50	11	35.00	11,200	11,200	13,926												13,926				
4.600	7	7	Each	Mailbox Stations	2040	to 25	24	1,800.00	12,600	12,600	20,266																
4.745	180	180	Square Feet	Retaining Walls, Masonry	2038	to 35	22	44.00	7,920	7,920	12,244																
4.760	400	400	Square Feet	Retaining Walls, Timber	2023	15 to 20	7	44.00	17,600	17,600	50,258								20,217								
4.830	1	1	Allowance	Tot Lot	2019	15 to 20	3	22,000.00	22,000	22,000	58,039				23,347												
		1	Allowance	Reserve Study Update with Site Visit	2018	2	2	2,400.00	2,400	2,400	2,400			2,400													
				Anticipated Expenditures, By Year							$848,893	0	8,160	15,228	23,347	0	0	145,697	20,217	0	0	15,030	13,926	0	12,419	16,269	0

RESERVE EXPENDITURES

Winterport Cluster

Reston, Virginia

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2016)	Per Phase (2016)	Total (2016)	30-Year Total (Inflated)	16 2032	17 2033	18 2034	19 2035	20 2036	21 2037	22 2038	23 2039	24 2040	25 2041	26 2042	27 2043	28 2044	29 2045	30 2046
4.020	6,850	6,850	Square Yards	Asphalt Pavement, Crack Repair, Patch and Seal Coat	2018	3 to 5	2	1.80	12,330	12,330	103,133			17,610				19,062								22,334
4.040	6,850	6,850	Square Yards	Asphalt Pavement, Mill and Overlay	2022	15 to 20	6	15.50	106,175	106,175	119,570															
4.045	6,850	6,850	Square Yards	Asphalt Pavement, Total Replacement	2042	15 to 20	26	32.00	219,200	219,200	366,813											366,813				
4.080	4	4	Each	Canoe Racks	2029	10 to 15	13	2,400.00	9,600	9,600	29,133													16,714		
4.100	5	5	Each	Catch Basins, Inspections and Capital Repairs	2022	15 to 20	6	800.00	4,000	4,000	11,199											6,694				
4.110	4,000	600	Linear Feet	Concrete Curbs and Gutters, Partial	2022	to 65	6 to 30+	32.00	19,200	128,000	53,752											32,130				
4.200	320	320	Square Feet	Dock, Partial Replacement	2017	15 to 20	1	25.00	8,000	8,000	8,160															
4.220	320	320	Square Feet	Dock, Total Replacement	2027	45 to 50	11	35.00	11,200	11,200	13,926															
4.600	7	7	Each	Mailbox Stations	2040	to 25	24	1,800.00	12,600	12,600	20,266									20,266						
4.745	180	180	Square Feet	Retaining Walls, Masonry	2038	to 35	22	44.00	7,920	7,920	12,244							12,244								
4.760	400	400	Square Feet	Retaining Walls, Timber	2023	15 to 20	7	44.00	17,600	17,600	50,258												30,041			
4.830	1	1	Allowance	Tot Lot	2019	15 to 20	3	22,000.00	22,000	22,000	58,039								34,692							
		1	Allowance	Reserve Study Update with Site Visit	2018	2	2	2,400.00	2,400	2,400	2,400															
				Anticipated Expenditures, By Year							$848,893	0	0	17,610	0	0	0	31,306	34,692	20,266	0	405,637	30,041	16,714	0	22,334

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS

Winterport Cluster
Reston, Virginia

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Reserves at Beginning of Year (Note 1)	99,358	110,402	115,868	116,798	112,090	133,311	157,257	35,519	39,174	63,686	88,945	99,854	112,484	139,739	155,288	167,626
	Total Recommended Reserve Contributions (Note 2)	10,000	12,500	15,000	17,500	20,000	22,500	23,000	23,500	24,000	24,500	25,000	25,500	26,000	26,500	27,000	27,500
Plus	Estimated Interest Earned, During Year (Note 3)	1,044	1,126	1,158	1,139	1,221	1,446	959	372	512	759	939	1,056	1,255	1,468	1,607	1,814
Less	Anticipated Expenditures, By Year	0	(8,160)	(15,228)	(23,347)	0	0	(145,697)	(20,217)	0	0	(15,030)	(13,926)	0	(12,419)	(16,269)	0
	Anticipated Reserves at Year End	$110,402	$115,868	$116,798	$112,090	$133,311	$157,257	$35,519 (NOTE 5)	$39,174	$63,686	$88,945	$99,854	$112,484	$139,739	$155,288	$167,626	$196,940

(continued)

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

		2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
	Reserves at Beginning of Year	196,940	227,150	258,265	272,596	305,371	339,077	373,723	377,856	379,231	395,720	433,445	64,586	70,216	89,999	127,481
	Total Recommended Reserve Contributions	28,100	28,700	29,300	29,900	30,500	31,100	31,700	32,300	32,900	33,600	34,300	35,000	35,700	36,400	37,100
Plus	Estimated Interest Earned, During Year	2,110	2,415	2,641	2,875	3,206	3,546	3,739	3,767	3,855	4,125	2,478	671	797	1,082	1,349
Less	Anticipated Expenditures, By Year	0	0	(17,610)	0	0	0	(31,306)	(34,692)	(20,266)	0	(405,637)	(30,041)	(16,714)	0	(22,334)
	Anticipated Reserves at Year End	$227,150	$258,265	$272,596	$305,371	$339,077	$373,723	$377,856	$379,231	$395,720	$433,445	$64,586 (NOTE 5)	$70,216	$89,999	$127,481	$143,596 (NOTE 4)

Explanatory Notes:

1) Year 2016 starting reserves are as of June 4, 2016; FY2016 starts October 1, 2015 and ends September 30, 2016.
2) Reserve Contributions for 2016 are budgeted; 2017 is the first year of recommended contributions.
3) 1.00% is the estimated annual rate of return on invested reserves; 2016 is a partial year of interest earned.
4) Accumulated year 2046 ending reserves consider the age, size, overall condition and complexity of the property.
5) Threshold Funding Years (reserve balance at critical point).

4. CONDITION ASSESSMENT

The Condition Assessment of this *Full Reserve Study* includes *Enhanced Solutions and Procedures* for select significant components. These narratives describe the Reserve Components, document specific problems and conditions, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service*.

Asphalt Pavement, Crack Repair, Patch and Seal Coat - Asphalt pavement comprises 6,850 square yards of parking areas throughout the community. The pavement is in good to fair overall condition at an age of 12 years. We note cracks and deterioration. The Board informs us the Association applied a seal coat and conducted pavement repairs in 2014. The Association should plan future applications and repairs every three- to five-years. These activities reduce water infiltration and the effects of inclement weather. We elaborate on solutions and procedures necessary for the optimal maintenance of asphalt pavement in the following discussion.

We recommend periodic seal coat applications, crack repairs and patching to maintain the pavement. These activities minimize the damaging effects of vehicle fluids, maintain a uniform and positive appearance, and maximize the useful life of the pavement. Asphalt pavement is susceptible to isolated areas of accelerated deterioration in areas that experience freeze-thaw cycles, at the centerlines of streets and at high traffic areas such as intersections. Depressions often appear at areas where vehicles park such as driveways and parking areas. Isolated areas of

depressions, cracks and deterioration indicate the need for crack repairs and patching. The contractor should patch areas that exhibit potholes, alligator or spider web pattern cracks, and areas of pavement that are severely deteriorated from oil and gasoline deposits from parking vehicles. Area patching requires total replacement of isolated areas of pavement. The contractor should mechanically rout and fill all cracks with hot emulsion. Crack repair minimizes the chance of the cracks transmitting through the pavement.

There are four main types of seal coats available: fog coat, acrylic sealer, chip seals and asphaltic emulsion. A fog coat is a simple mixture of water and asphalt. Acrylic sealers include an acrylic additive to the water and asphalt mixture for greater resistance to abrasion. Fog coats and acrylic sealers are typically spray applied and are only for aesthetic purposes. Chip seal is the most substantial type of seal coat which involves placement of oil and aggregate on the driving surface. Either a roller or normal vehicular traffic works the gravel into the oil. Asphaltic emulsions combine a sharp sand mixture or mineral fibers, and an emulsifying agent with the water and asphalt mixture. Asphaltic emulsions are typically hand applied with squeegees to ensure that the sealer fills surface abrasions and minor cracks. This prevents the infiltration of water through cracks into the underlying pavement base. Seal coats therefore minimize the damaging effects of water from expansion and contraction. We regard asphaltic emulsions as the most effective and economical type of seal coat.

Winterport Cluster should repair any isolated areas of deteriorated pavement prior to seal coat applications. Proposals for seal coat applications should include crack repairs and patching. The contractor should only apply seal coat applications after repairs are completed. A seal coat does not bridge or close cracks, therefore, unrepaired cracks render the seal coat applications useless. Our future estimates of cost include an allowance for repair activities.

We recommend Winterport Cluster plan the next application of seal coat by 2018 and subsequent applications every four years thereafter except when repaving occurs. Line Item 4.020 of ***Reserve Expenditures*** notes our estimate of future costs and anticipated times of these activities.

Asphalt Pavement, Repaving – As stated in the previous narrative, asphalt pavement comprises 6,850 square yards of parking areas throughout the community. The pavement is in good to fair overall condition at an age of 12 years. We note cracks and deterioration.

Asphalt pavement overview

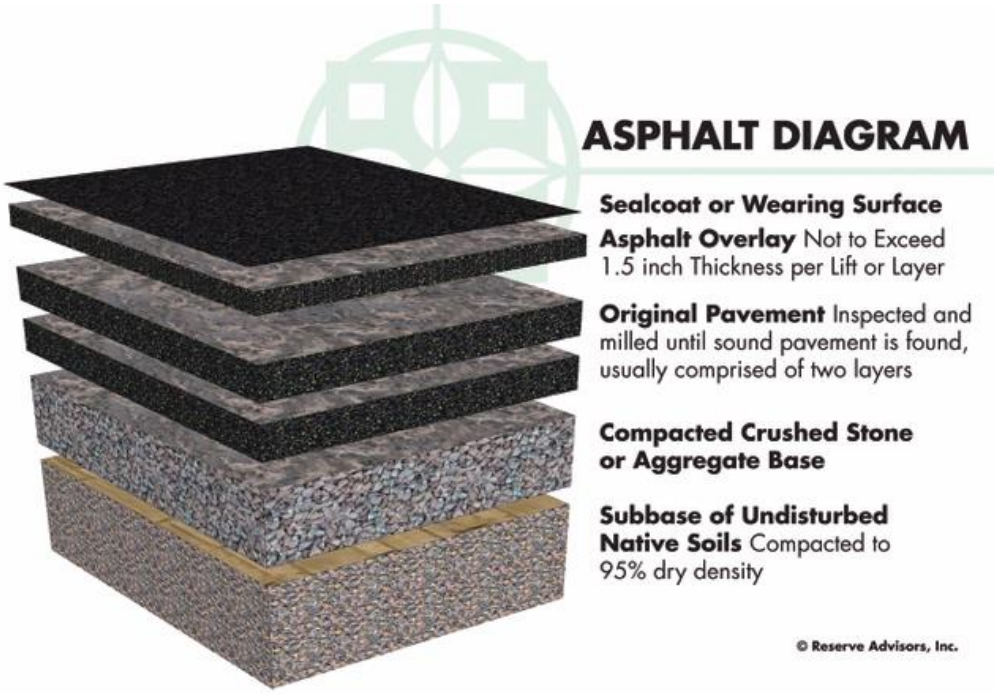
Pavement overview

Pavement cracks

Pavement deterioration

The useful life of pavement in Reston is from 15- to 20-years. We include the following repaving solutions and procedures for the benefit of the present and future board members.

Components of asphalt pavement include native soil, aggregate and asphalt. First the contractor creates a base course of aggregate or crushed stone and native soil. The base course is individually compacted to ninety-five percent (95%) dry density prior to the application of the asphalt. Compaction assures a stable base for the asphalt that reduces the possibility of settlement. For parking area systems, the initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish. The following diagram depicts these components:



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

A variety of repairs are necessary to deteriorated pavement prior to the application of an overlay. The contractor should use a combination of area patching, crack repair and milling before the overlayment. Properly milled pavement removes part of the existing pavement and permits the overlay to match the elevation of adjacent areas not subject to repaving. Milling also allows the contractor to make adjustments to the slope of the pavement to ensure proper drainage. The contractor should clean the milled pavement to ensure proper bonding of the new overlayment. We recommend an overlayment thickness that averages 1½ inches (not less than one inch or more than two inches). Variable thicknesses are often necessary to create an adequate slope for proper drainage. The contractor should identify and quantify areas of pavement that require area patching, crack repair and milling to help the Association compare proposed services.

Total replacement requires the removal of all existing asphalt. For area patching, we recommend the contractor use a rectangular saw cut to remove the deteriorated pavement. For larger areas such as entire parking areas or driveways, we recommend the contractor grind, mill or pulverize the existing pavement to remove it. The contractor should then augment and compact the existing aggregate and native soil to create a stable base. Finally the contractor should install the new asphalt in at least two lifts.

The time of replacement is dependent on the useful life, age and condition of the pavement. The useful life is dependent in part on the maintenance applied to the pavement, the amounts and concentration of auto solvents that penetrate the pavement, the exposure to sunlight and detrimental effects of inclement weather. Winterport Cluster should repair any isolated areas of deteriorated pavement concurrent with periodic seal coat applications. We recommend the Association plan for a milling and overlayment of the pavement with area patching of up to ten percent (10%) by 2022. We recommend the Association plan for total replacement by 2042. We depict this information on Line Items 4.040 and 4.045 of ***Reserve Expenditures***. The Association should coordinate asphalt repaving with related activities such as partial replacement of concrete curbs and gutters, and capital repairs to catch basins.

Canoe Racks - Winterport Cluster maintains four canoe racks near shoreline and dock. The canoe racks are in good condition at an age of seven years.

Typical canoe rack

These elements have a useful life of 10- to 15-years. We recommend the Association budget for replacement by 2029 and again by 2044. We depict this information on Line Item 4.080 of ***Reserve Expenditures***. Our estimate of cost is based on historical cost for complete replacement of the canoe racks.

Catch Basins - The five concrete catch basins collect storm water from the pavement and conduct it into the storm water system. The overall condition of the catch basins is good without settlement visually apparent.

Catch basin

The useful life of catch basins is indeterminate with proper maintenance which includes interim capital repairs or partial replacements every 15- to 20-years. The Association should anticipate the occasional displacement or failure of a catch basin and the surrounding pavement from erosion. Erosion causes settlement around the collar of catch basins. Left unrepaired, the entire catch basin will shift and need replacement. Winterport Cluster should plan to repair or replace any displaced or failed catch basins concurrently with the surrounding pavement, and curbs and gutters. The exact times and amount of capital repairs or replacements are dependent upon variable natural forces. Based on the age and condition of the catch basins, we recommend the Association anticipate the inspection, capital repair or partial replacement of the five catch basins in conjunction with each repaving event. We include this information on Line Item 4.100 of ***Reserve Expenditures***.

Concrete Curbs and Gutters - The Association maintains 4,000 linear feet of concrete curbs and gutters throughout the community. The curbs and gutters are in fair overall condition. We note settlement and damage.

Concrete curb and gutter settlement

Curb and gutter damage

These applications of concrete have useful lives of up to 65 years although isolated deterioration of limited areas of concrete is common. Inclement weather, inadequate subsurface preparation and improper concrete mixtures or finishing techniques can result in premature deterioration such as settlement, chips, cracks and spalls. Variable conditions like these result in the need to plan for periodic partial replacements of the concrete curbs and gutters throughout the next 30 years.

We estimate that up to 1,200 linear feet of concrete sidewalks, or thirty percent (30%) of the total, will require replacement during the next 30 years. We recommend the Association budget for replacement of up to 600 linear feet in conjunction with each repaving event. Line Item 4.110 of ***Reserve Expenditures*** notes our estimate of future costs and anticipated times of replacements. We base our estimate of replacement on 3,000 psi (pounds per square inch) concrete with 6x6 - W1.4xW1.4 steel reinforcing mesh. The times and costs of these replacements may vary. However, the estimated expenditures detailed in ***Reserve Expenditures*** are sufficient to budget appropriate reserves.

Dock - Winterport Cluster maintains a wood dock at the shoreline comprising approximately 320 square feet. The wood dock sits atop wood pilings. The wood dock and pilings are in fair condition at an age of 22 years. The pilings and structure have a useful life of 45- to 50-years and the deck boards have a useful life of 15- to 20-years. We note a split board.

Dock overview

Split board at dock

We recommend the Association anticipate partial replacement of the wood dock by 2017. Partial replacement should include replacement of the deck boards and partial repairs and/or replacement of the wood structure and pilings. Winterport cluster should plan for complete replacement of the dock and pilings by 2027. We depict this information on line items 4.200 and 4.220 of ***Reserve Expenditures***.

Mailbox Stations - The Association maintains seven metal mailbox stations throughout the property that serve the residents of Winterport Cluster. The mailbox stations are in good condition at an age of one year and have a useful life of up to 25 years.

Mailbox stations

Winterport Cluster should budget for replacement of the mailbox stations by 2040. We depict this information on Line Item 4.600 of ***Reserve Expenditures***. The Association should verify the new mailboxes meet the specifications of the *United States Postal Service*.

Retaining Walls, Masonry - The Association maintains four retaining walls which comprises approximately 180 square feet of interlocking dry-set masonry at the entrance sign and at the south parking area. The retaining walls are in good to fair overall condition at an age of 10 years. We note lean.

Masonry retaining wall overview

Retaining wall lean

Interlocking masonry retaining walls have useful lives of up to 35 years. We recommend the Association plan for replacement by 2038. We depict this information on Line Item 4.745 of ***Reserve Expenditures***. The Association should fund for repairs or partial replacements through the operating budget.

Retaining Walls, Timber - The Association maintains approximately 400 square feet of wood timber retaining walls throughout the Association. The retaining walls are in fair overall condition at various ages of up to 11 years.

Timber retaining wall overview

Retaining wall overview

Timber retaining walls have a useful life of 15- to 20-years. We recommend the Association anticipate replacement by 2023 and again by 2043. We advise Winterport Cluster replace with a modular, interlocking dry-set masonry retaining wall system. We include the following cost analysis table to illustrate the cost benefits of replacement with interlocking masonry:

Retaining Wall Material Material	Wood Timber	Interlocking Masonry
Cost in 2016 Dollars	$17,600	$17,600
Divided by its Useful Life (Years)	20	35
Approximate Annual Cost of Ownership (2016 dollars)	**$880**	**$500**

[1] Cost of Ownership is a method to describe the direct and indirect costs to purchase and maintain an element through its entire useful life.

As shown in the cost analysis table above, the cost of dry-set masonry retaining walls is similar to the cost of timber walls. However, dry-set masonry retaining walls offer a longer useful life of up to 35 years making this type of retaining wall the less expensive option by about $380 dollars in annual cost of ownership. We include this information on Line Item 4.760 of ***Reserve Expenditures***.

Tot Lot - The Association maintains a tot lot near the center of the community. The playground equipment includes a tire swing and a playset. The playground equipment is in fair condition at an age of 15 years.

Tot lot playset

Safety is the major purpose for maintaining playground equipment. We recommend an annual inspection of the playground equipment to identify and repair as normal maintenance

loose connections and fasteners or damaged elements. We suggest the Association learn more about the specific requirements of playground equipment at PlaygroundSafety.org. We recommend the use of a specialist for the design or replacement of the playground equipment environment. Playground equipment of this type has a useful life of 15- to 20-years. We recommend replacement of the playground equipment at the tot lot by 2019 and again by 2039. We include this information on Line Item 4.830 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.

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

5. METHODOLOGY

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

Winterport Cluster 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 annual reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

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

This Reserve Study is in compliance with and exceeds the National standards[1] set forth by the 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

[1] Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".

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	
2016 unaudited Cash Status of the Reserve Fund	99,358
2016 Budgeted Reserve Contribution	10,000
Anticipated Interest on Reserve Fund	1,044
Less Anticipated Reserve Expenditures	0
Projected 2016 Year-End Reserve Balance	$110,402

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

Local[2] costs of material, equipment and labor

Current and future costs of replacement for the Reserve Components

Costs of demolition as part of the cost of replacement

Local economic conditions and a historical perspective to arrive at our estimate of long term future inflation for construction costs in Reston, Virginia at an annual inflation rate of 2.0%. 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 Winterport Cluster 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.

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 1.00% (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.

[2] See Credentials for addition information on our use of published sources of cost data.

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	2015				2016			
Average or Last Actual = (A)	2015:1 (A)	2015:2 (A)	2015:3 (A)	2015:4 (A)	2016:1 (A)	2016:2 (E)	2016:3 (E)	2016:4 (E)
1-Year Treasury Bill	0.25%	0.27%	0.30%	0.65%	0.60%	0.55%	0.60%	0.65%
10-Year Treasury Note	1.90%	2.50%	2.70%	2.25%	1.80%	1.80%	1.85%	1.90%
30-Year Treasury Bond	2.55%	3.20%	3.40%	3.00%	2.65%	2.60%	2.60%	2.65%
Consumer Price Index (annualized rate)	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%	0.00%	0.00%
Although past indicators are not predictive of future inflation in "building" construction, minimal inflation exists for past 2 years April, 2014 to Ap								
Savings Rates Results RANGE as found in http://www.bankrate.com	0.02 to 1.11% Money Market Savings				0.15 to 1.45% for 2-Year Certificate of Deposit			
	0.1 to 1.25% 1-Year Certificate of Deposit				0.15 to 1.50% for 3-Year Certificate of Deposit			
Actual Near Term Yield Rate for Reserve Savings 1.00%								
Est. Near Term Local Inflation Rate for Future Capital Expenditures 2.0%								05/05/2016

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

6. DEFINITIONS

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

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

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

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

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

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

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

Long-Lived Property Component - Property component of Winterport Cluster 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) Winterport Cluster 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.

7. 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. The Report represents a valid opinion of our findings and recommendations and is deemed complete. However, we will consider any additional information made available to us in the interest of promptly issuing a Revised Report if changes are requested within six months of receiving the Report. We retain the right to withhold a Revised 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 this Report 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 cannot 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 cannot 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.

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.

8. 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 bachelor's 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 historical analyses are keys to determining accurate remaining useful life estimates of building components.

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

TOTAL STAFF INVOLVEMENT

Several staff members participate in each assignment. The responsible advisor involves the staff through a Team Review, exclusive to Reserve Advisors, and by utilizing the experience of other staff members, each of whom has served hundreds of clients. We conduct Team Reviews, an internal quality assurance review of each assignment, including: the inspection; building component costing; lifing; and technical report phases of the assignment. 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 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 2,600,000-square foot 98-story Trump International Hotel and Tower 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 and security systems.

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

OLD TO NEW

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

QUALIFICATIONS
THEODORE J. SALGADO
Principal Owner

CURRENT CLIENT SERVICES

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, property inspection services and consulting services for a nationwide portfolio of more than 6,000 clients. Under his direction, the firm conducts reserve study services for community associations, apartment complexes, churches, hotels, resorts, office towers and vintage architecturally ornate buildings.

PRIOR RELEVANT EXPERIENCE

Before founding Reserve Advisors, Inc. with John P. Poehlmann 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, Rivers Point Row Property Owners Association, Inc. in Charleston, South Carolina 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 - Certified Construction Inspector
Association of Professional Reserve Analysts - Past President & Professional Reserve Analyst (PRA)
Community Associations Institute - Member and Volunteer Leader of multiple chapters
Concordia Seminary, St. Louis - Member, National Steering Committee
Milwaukee School of Engineering - Member, Corporation Board
Professional Engineer, Wisconsin (1982) and North Carolina (2014)

Ted continually maintains his professional skills through American Society of Civil Engineers, ASHRAE, Association of Construction Inspectors, and continuing education to maintain his professional engineer licenses.

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 and trade show exhibiting, and electronic marketing campaigns. 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.

PRIOR RELEVANT EXPERIENCE

Mr. Poehlmann served on the national Board of Trustees of Community Associations Institute. An international organization, Community Associations Institute (CAI) is a nonprofit 501(c)(3) trade association created in 1973 to provide education and resources to America's 335,000 residential condominium, cooperative and homeowner associations and related professionals and service providers.

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 Reserve Studies for the First Time Buyer, Minimizing Board Liability, Sound Association Planning Parallels Business Concepts, and Why Have a Professional Reserve Study. He is also a contributing author in Condo/HOA Primer, a book published for the purpose of sharing a wide background of industry knowledge to help boards in making informed decisions about their communities.

INDUSTRY SERVICE AWARDS

CAI Wisconsin Chapter Award
CAI National Rising Star Award
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

ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with hundreds of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License - Wisconsin, North Carolina
Reserve Specialist (RS) - Community Associations Institute
Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts

MATTHEW P. KSIONZYK, PRA, RS
Associate Director of Quality Assurance

CURRENT CLIENT SERVICES

Matthew P. Ksionzyk, a Civil Engineer, is an Associate Director of Quality Assurance for Reserve Advisors. Mr. Ksionzyk is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients. Mr. Ksionzyk has been involved with hundreds of Reserve Study assignments. The following is a partial list of clients served by Matthew Ksionzyk demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Four Seasons Place - Located next to Boston Common, this condominium shares many common elements with the Four Seasons Hotel Boston. Built in 1985, this 16-story high-rise building includes 88 unique units with a brick masonry façade, flat roof systems, a health club and a parking garage.

Saint Mary's Catholic Church - This Jesuit parish is located in Lancaster, Pennsylvania and includes church/sacristy, rectory and school/convent buildings. Established in 1741, the present-day buildings were built from the mid-19th - to early 20th-centuries and comprise brick masonry façades and sloped slate and asphalt shingle roofs.

Azure - This 32-story high-rise was constructed from 2004 to 2007 and is located in Dallas, Texas. The building exterior comprises balconies, flat roofs, glass/metal curtain walls and a panelized stone masonry façade. The development includes plaza decks, a pool, water features and a subterranean parking garage.

Skyline Plaza - Located in northern Virginia, this community includes 957 units in twin 27-story buildings. Constructed from 1972 to 1977, the exteriors comprise balconies, flat roofs and masonry façades. The community includes common social/recreation rooms, a plaza deck, a pool and a parking garage.

Ronald McDonald House Toronto - Established in 1981, this Ronald McDonald House provides a "home away from home" for seriously ill children and their families. The current building was constructed from 2009 to 2011 and includes 81 guest suites. The four-story building comprises a flat roof, fiber cement siding, brick masonry, extensive interior common areas, a school and playground equipment.

Linden - This five-story, mixed-use residential/commercial property is located in Hartford, Connecticut, was constructed from 1892 to 1893, and was converted to a condominium from 1979 to 1981. The development includes a brick and brownstone masonry façade, flat roofs, detached garage buildings, asphalt pavement and an elevated garden.

Guard Hill - This townhome-style development is located in Westchester County, New York and consists of 212 units in 45 buildings. The buildings comprise asphalt shingle roofs, wood balconies and wood siding. This community includes private roads, three ponds, tennis and basketball courts, and a pool.

The Village of Kiln Creek - Located in southeast Virginia, this large-scale master association is responsible for the common elements shared by 31 subsidiary associations that comprise 2,918 residences. The community was built from 1988 to 2001 and consists of a clubhouse, pools, recreation facilities, maintenance facilities, an administrative office, asphalt walking paths, an irrigation system and lakes.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Ksionzyk attended Clarkson University, in Postdam, New York, where he specialized in Infrastructure Engineering. After college, he was commissioned as an officer in the U.S. Army and served four years on active duty, including a 13-month deployment to Iraq in 2004 and 2005. While in the Army, Mr. Ksionzyk served as a branch detailed infantry officer and a logistical transportation officer.

EDUCATION

Clarkson University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Engineer In Training (E.I.T.) Registration - New York
Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts
Reserve Specialist (RS) - Community Associations Institute

MATTHEW D. CASEY
Responsible Advisor

CURRENT CLIENT SERVICES

Matthew D. Casey, a Civil Engineer, is an Advisor for Reserve Advisors. Mr. Casey 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 homeowner associations.

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

Stonegate West Village Homes - This expansive property consists of 221 single family homes situated in Aurora, Illinois. The development contains retaining walls, fences, walking paths and a playground. There are also five ponds including three manicured ponds and two natural retention ponds.

Bristol Commons Condominiums Located in Williamsburg, Virginia, this community was built in 2000 and contains 110 units in 11 buildings. The buildings include asphalt shingle roofs and vinyl siding walls. Residents enjoy a clubhouse including a kitchen, party room and meeting area as well as an expansive composite deck. There are also asphalt pavement streets and parking areas throughout the community.

Old Farm Condominium, Inc. Located in Frederick, Maryland, this community includes 144 units in 12 three story buildings. This complex includes private balconies and shared stairwells at the entrances to the units. The site contains concrete patios, sidewalks and curbs and gutters.

Bay Crossing Homeowners Association An upscale homeowners association located in Lewes, Delaware comprised of 241 townhomes and single family homes. Residents enjoy amenities such as a bocce court, pool and clubhouse. The clubhouse includes a game room, banquet room, commercial kitchen and fitness center. The site contains asphalt pavement streets and parking areas as well as four ponds.

Willow Wood Condominium This condominium style development contains 252 units in nine buildings located in Gaithersburg, Maryland. The development features an on-site manager’s office as well as open air breezeways housing common stairways. The site contains concrete balconies, metal fences, and trash corrals.

The Arbors Condominium Trust Nestled in a wooded area of Dracut, Massachusetts this attractive community includes a total of 45 townhomes in 15 buildings. The development contains elevated wood balconies, a life safety system, and an extensive irrigation system.

The Council of Unit Owners of Spring Meadows Condominiums This community of 310 townhomes in 44 buildings is located in Severn, Maryland. The buildings comprise brick masonry, aluminum siding and asphalt shingle roofs. The development contains a pool with a pool house as well as a basketball court.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Casey attended the University of Connecticut in Storrs, Connecticut where he attained his Bachelor of Science degree in Civil Engineering. His studies focused on transportation engineering and environmental engineering. Mr. Casey also worked as an intern for Fay, Spofford and Thorndike Engineers where he took part in design of small municipal infrastructure projects in Connecticut and Massachusetts.

EDUCATION

University of Connecticut - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS

Engineer in Training (E.I.T.)

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 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 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 www. marshallswift.com.

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

Reserve Advisors, 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.

RESERVE ADVISORS
Long-term thinking. Everyday commitment.

CORPORATE OFFICE
Reserve Advisors, Inc.
735 N. Water Street, Suite 175
Milwaukee, WI 53202

Reserve Study Update

July 26, 2016

The Reserve Study for Winterport Cluster
Was submitted on …….July 26, 2016

To maintain the most accurate and cost-effective replacement schedule and funding plan for your property elements, this study should be updated on or about .....**Third Quarter, 2018**
…but no later than……**Third Quarter, 2019**

As a valued client, we are pleased to offer a future reserve study update with site visit for**……$2,400**
For a Reserve Study Update with Site visit as noted above.
This future update fee is based on the same property components that were contained in your last Reserve Advisors' reserve study or update. We are pleased to include property additions for an additional fee.

To initiate your Reserve Study Update, please sign this authorization and fax or mail to the number below. Upon receipt of this authorization we will contact you to schedule your site visit and invoice for the Reserve Study Update Service.

Sign this contract below and fax to **414-272-3663.** Or mail to
Reserve Advisors, Inc.
735 N. Water St., Suite 175
Milwaukee, WI 53202

Delivery options for your Reserve Study Update Report, Please check one of the following:

____ 1-Full color printed copy PLUS Electronic Report, FREE

____ 2-Full color printed copies PLUS Electronic Report, $100

For: Reserve Advisors, Inc.

Signature: Michelle Baldry

Michelle Baldry
Director of Client Services - Northeast Region
MBaldry@reserveadvisors.com
Ref. # 101614
(844) 701-9884

For Winterport Cluster

Name:_____

Title:_____

Date:_____

Phone:_____

Agent or Manager: John Yandziak

Management Firm: