

**STRUCTURAL INTEGRITY
RESERVE STUDY**

Grand Panama Beach Resort Condominium Association, Inc.

Panama City Beach, FL • November 12, 2024



Grand Panama Beach Resort Condominium Association, Inc.
Panama City Beach, Florida

Dear Board of Directors of Grand Panama Beach Resort Condominium Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Structural Integrity Reserve Study* of Grand Panama Beach Resort Condominium Association, Inc. in Panama City Beach, Florida and submit our findings in this report. The effective date of this study is November 12, 2024.

This *Structural Integrity Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a “Level III Reserve Study Update, No Site Visit.”

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this *Structural Integrity Reserve Study* in one- to two-years. We look forward to continuing to help Grand Panama Beach Resort Condominium Association, Inc. plan for a successful future.

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

Respectfully submitted on November 18, 2024 by

Reserve Advisors, LLC

Analysis and Report by: Tamara S. Samhouri, RS¹

Review by: Alan M. Ebert, RS, PRA², Director of Quality Assurance



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

² PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at <http://www.apra-usa.com>.





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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Grand Panama Beach Resort Condominium Association, Inc. (Grand Panama Beach Resort)

Location: Panama City Beach, Florida

Reference: 110761

Property Basics: Grand Panama Beach Resort Condominium Association, Inc. is a condominium style development which consists of 299 residential units and six non-residential units in two buildings. The buildings were built from 2005 to 2007. The date of occupancy for the buildings is 2007.

Reserve Components Identified:

- 24 Structural Integrity Reserve Components.
- 32 Non-Structural Reserve Components.

Assessment Date: November 12, 2024. We conducted previous inspections in 2017 and 2023.

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

- Current and future local costs of replacement
- 2.7% anticipated annual rate of return on invested reserves
- 3.3% future Inflation Rate for estimating Future Replacement Costs

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

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the **Reserve Expenditures** tables and include a **Five-Year Outlook** table following the **Reserve Funding Plan** in Section 3. We recommend the Association prioritize the following projects in the next five years:

- Structural Integrity - Waterproof coating applications and repairs to the breezeways to limit water infiltration
- Structural Integrity - Inspections and capital repairs of the waterproof membrane at the plaza deck
- Structural Integrity - Traffic coating applications at the remaining levels of the tower garage
- Non-Structural - Replacement of the elevator cab finishes
- Non-Structural - Traffic coating application at the detached garage

At the request of Management and the Board, we have run two funding scenarios for the Association. One scenario uses the "Reserve Cash" as the starting balance and one scenario uses the "Reserve Equity" as the starting balance. The "Reserve Equity" starting balance assumes that a lump sum of surplus funds will be transferred to the Reserves, whereas the "Reserve Cash" starting balance depicts the current Reserve balances available for use without inclusion of any surpluses. Both funding scenarios incorporate the expenditure changes highlighted below. However, our recommendations for funding vary based on the starting balance used.

Structural Integrity Expenditure Changes: We note the following significant changes that were made to near term expenditures in the **Reserve Expenditures** tables below:

- Line Item 1.160 (Breezeways, Concrete, Repairs and Waterproof Coating Applications (Incl. Carpet Removal)) – Based on conversations with Management and the Board, we have deferred our first event to 2026.
- Line Item 1.460 (Roofs, Metal, Remaining (Incl. Gutters and Downspouts)) – Based on our newest interpretation of the mandate requirements, we consider gutters and downspouts a structural item. Because of this, we have removed the gutters and downspouts from the exclusions list and have included an allowance for replacement of the gutters and downspouts with metal roof replacements. Coordinated replacement will result in the most economical unit price and minimize the possibility of damage to other roof components as compared to separate replacements.
- Line Items 1.460 and 1.461 (Roofs, Metal) - Management and the Board inform us that the skywalk roof was replaced in 2023 for approximately \$195,600. Based on conversations with Management and the Board, and due to the varying history of the roofs, we have created a new line item for the skywalk roof. Our estimate of cost for Line Item 1.461 is based on information provided by the Association. We opine this historical cost appears to be high based on the access difficulties and the small project scope. Therefore, we have provided an estimated project cost for Line Item 1.460.
- Line Item 1.621 (Skywalk, Metal Components, Paint Finishes) – Management and the Board inform us that the Association completed this project in 2023 for \$38,000. We have adjusted our schedule and unit cost based on the information provided by the Association.
- Line Item 1.625 (Structural Members, Inspection, Milestone) – Per Florida Bill SB 4-D, condominium and cooperative buildings three stories or more in height require milestone inspections 30 years after initial occupancy. Subsequent milestone inspections are required every 10 years thereafter. Based on our newest interpretation of the mandate requirements, we have deferred the first event to 2037, which is 30 years after initial occupancy for the Association.
- Line Item 1.955 (Waterproof Membrane, Inspection and Capital Repairs, Plaza Deck) – Based on conversations with Management and the Board, we have accelerated our first event to 2026.
- Line Items 6.810 and 6.811 (Pool Finishes, Plaster and Tile, Plaza Deck) - Based on our newest interpretation of the mandate requirements, we consider pool finishes at an elevated plaza deck a structural item. Because of this, we have moved the Tower 2 pool finish line items to the Structural expenditures.
- Line Item 7.800 (Traffic Coating, Elevated Floors, Towers) – Management and the Board inform us that the P2 and a portion of the P5 levels of the Tower 2 parking garage were coated in 2024 for \$335,000. This project included \$25,000 worth of concrete repairs and sloping repairs. Based on conversations with Management and the Board, we have scheduled traffic coatings at P3, P4, and the remaining ninety percent (90%) of P5 in the near term. Our schedule includes coating of one floor every two years, beginning with the remainder of P5 in 2026, using a \$300,000 project cost per floor. We have updated our schedule and unit cost based on the information provided by the Association. Furthermore, based on our newest interpretation of the mandate requirements, we consider traffic coatings at an elevated tower garage a structural item. Because of this, we have included the tower traffic coating line item in the Structural expenditures.
- Last Line Item (2024 Reserve Expenditures) – Management and the Board inform us that the Association has \$4,159.29 of remaining budgeted expenditures in 2024. These expenditures relate to partial emergency device replacements, control panel repairs, and backflow prevention valve repairs for the fire suppression system.

- Subsequent timing of expenditures may be updated based on near term adjustments, and to maintain proper coordination of related work
- Unless noted otherwise, all unit costs were nominally increased by the future inflation rate
- We have phased out the major exterior projects based on the unlikelihood of being able to complete these projects in a single year.

Non-Structural Expenditure Changes: We note the following significant changes that were made to near term expenditures in the **Reserve Expenditures** tables below:

- Line Item 2.100 (Elevator Cab Finishes) - Based on conversations with Management and the Board, we have deferred our first event to 2027.
- Line Item 2.185 (Exercise Room, Renovation, Partial) – Management and the Board inform us that our scheduled event in 2025 is still an appropriate timeline. Therefore, we have maintained the schedule for partial renovation in 2025.
- Line Item 2.240 (Floor Coverings, Tile, Lobbies (Incl. Breezeway)) – Based on the typical life expectancy of tile floor coverings in Panama City Beach, we have accelerated the first event to be more in-line with the stated useful life.
- Line Item 2.605 (Lobby and Meeting Room, Renovation, Partial) – Based on conversations with Management and the Board, we have accelerated our first event to 2025.
- Line Item 3.070 (Air Handling and Condensing Units, Split Systems) - Based on conversations with Management and the Board, we have deferred our first event to 2025 and increased our unit cost to \$14,000.
- Line Items 3.360 and 3.365 (Elevators, Traction) - Based on the typical life expectancy of elevator equipment in Panama City Beach, we have accelerated the first events to be more in-line with the stated useful lives. We have also phased out the modernization events based on the varying history of construction, and the reality of modernization projects.
- Line Item 6.500 (Furniture, Ground Level) - Management and the Board inform us that our scheduled event in 2025 is still an appropriate timeline. Therefore, we have maintained the schedule for ground level furniture replacement in 2025.
- Line Item 6.600 (Mechanical Equipment, Both Pools) - Management and the Board inform us that our scheduled event in 2025 is still an appropriate timeline. Therefore, we have maintained the schedule for partial mechanical equipment replacements in 2025.
- Line Item 6.501 (Furniture, Plaza Deck) - Management and the Board inform us that our scheduled event in 2025 is still an appropriate timeline. Therefore, we have maintained the schedule for plaza deck furniture replacement in 2025.
- Line Item 7.801 (Traffic Coating, Elevated Floors, Detached Garage) – Based on conversations with Management, we have included traffic coating at the elevated floor of the detached garage in the near term. Our estimate of cost is based on the information provided by the Association. Furthermore, based on our newest interpretation of the mandate requirements, we consider traffic coatings at detached garages a non-structural item. Because of this, we have included the detached garage traffic coating line item to the Non-Structural expenditures.
- Last Line Item (Structural Integrity Reserve Study Update with Site Visit) – Management and the Board inform us that the remaining \$1,725 balance for this study is going to be paid out from Reserves in 2024. Therefore, we have shown the remaining budgeted payment in 2024.
- Subsequent timing of expenditures may be updated based on near term adjustments, and to maintain proper coordination of related work
- Unless noted otherwise, all unit costs were nominally increased by the future inflation rate



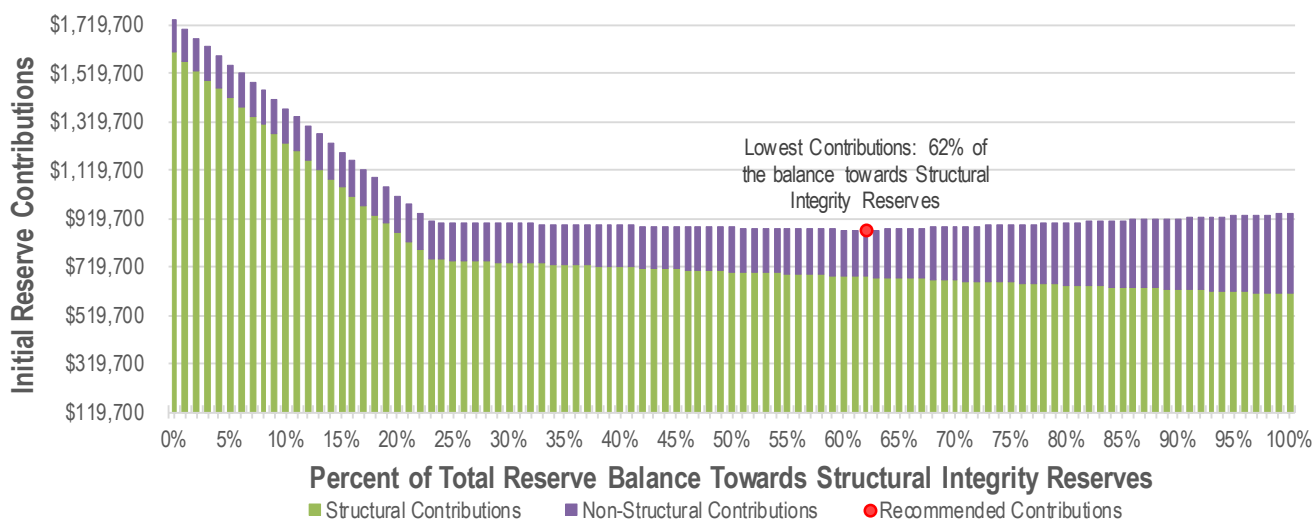
Reserve Cash Analysis

Unaudited Cash Status of Reserve Fund:

- \$2,756,265 as of September 30, 2024 based on the “Reserve Cash” balance
- \$754,200 in budgeted 2024 reserve contributions, and \$780,600 in budgeted 2025 reserve contributions (\$969,150 remaining)
- \$162,900 in estimated remaining 2024 and 2025 reserve expenses
- We project a 2025 Reserve End Balance of \$3,659,464.

As part of our Cash Flow method we analyzed future expenditures and identified the reserve balance split to produce the lowest overall required contributions. Due to the statutory restrictions on structural integrity reserve funds, we recommend the Association maintain separate funds for Structural Integrity reserves and Non-Structural reserves. However, the existing reserve funds are not split. We, therefore, analyzed future expenditures and identified the starting reserve balance split that produces the lowest overall reserve contributions. We recommend the Association allocate \$2,268,868, or 62% of the 2025 Projected Reserve End Balance to the Structural Integrity Reserve Fund and \$1,390,596, or 38% to the Non-Structural Fund to minimize the total combined contributions to the statutory Structural Integrity Fund and the recommended Non-Structural Fund. A vote of the membership may be required to allocate funds in this manner. The following chart depicts the analysis of future expenditures and the reserve balance split to produce the lowest overall required contributions.

Starting Cash Flow - Optimized Reserve Balance Split



Cash Flow - Existing Reserve Balance and Contribution Split	FY2024		2025		Structural Integrity		Non-Structural	
					2026		2026	
Beginning Reserve Balance as of September 30, 2024	2,756,265	2,958,130			2,268,868		1,390,596	
Budgeted Reserve Contributions:	188,550	780,600			680,000		192,000	
Estimated Interest Earned:	19,200	77,750	62%					
Anticipated Structural Expenditures:	(4,159)	0	38%					
Anticipated Non-Structural Expenditures:	(1,725)	(157,016)						
Anticipated Reserves at Year End:	<u>\$2,958,130</u>	<u>\$3,659,464</u>						

Structural Integrity

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 2044 due to the inspections and repairs of the façade and replacement of the railings and in 2045 due to the inspections and repairs of the garage concrete surfaces and replacement of the traffic coatings and fire suppression system. In addition, the Reserve Funding Plan recommends 2054 year end accumulated reserves of approximately \$1,983,200. We judge this amount of accumulated reserves in 2054 necessary to fund the continued replacement of the traffic coatings and breezeway waterproof coating applications after 2054. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2054 year end reserves.

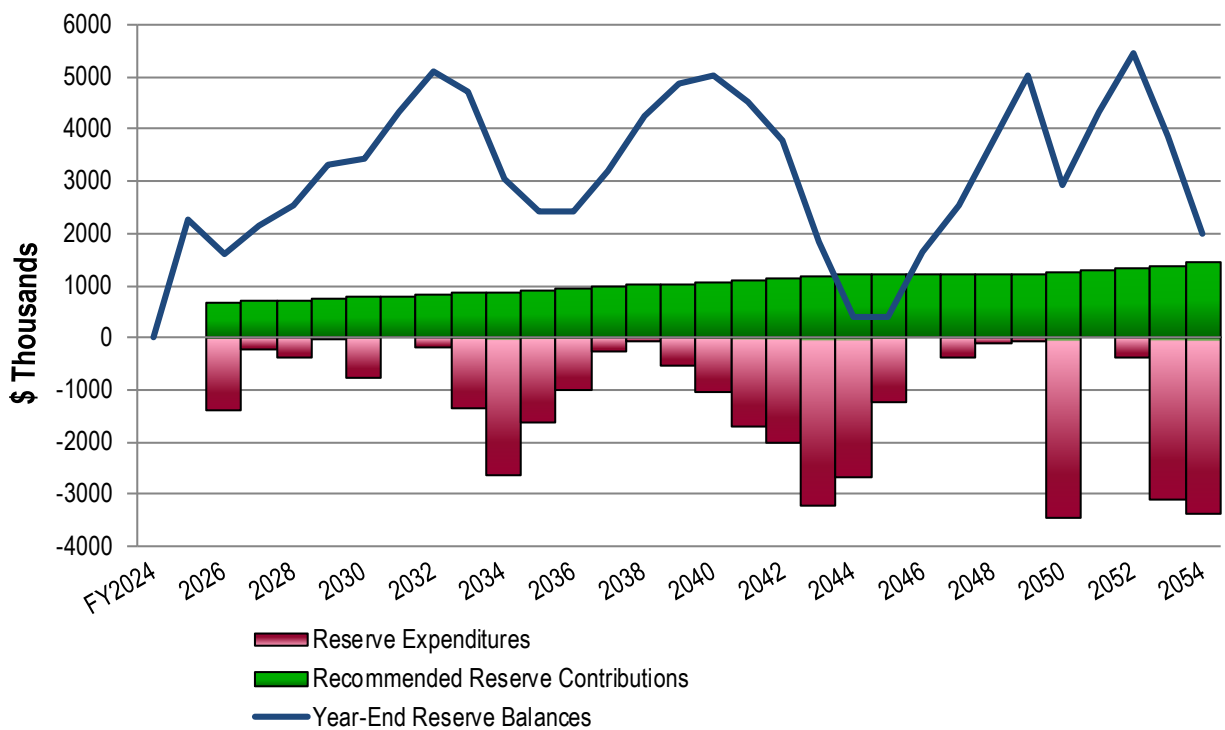
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Allocate \$2,268,868 of the Anticipated 2025 Year End Reserve balance to the Structural Integrity Reserve Fund.
- Increase Reserve Contributions to \$680,000 in 2026
- Inflationary increases from 2027 through 2044
- Stable contributions of \$1,219,700 from 2045 through 2049
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$680,000 is equivalent to an average monthly contribution of \$186 per owner.
- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items for budgets adopted after December 31, 2024.



Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2025	N/A (Budgeted)	2,268,868	2035	910,700	2,406,890	2045	1,219,700	390,589
2026	680,000	1,602,928	2036	940,800	2,407,871	2046	1,219,700	1,637,301
2027	702,400	2,139,345	2037	971,800	3,193,796	2047	1,219,700	2,552,400
2028	725,600	2,540,125	2038	1,003,900	4,233,612	2048	1,219,700	3,769,114
2029	749,500	3,330,655	2039	1,037,000	4,865,169	2049	1,219,700	5,034,932
2030	774,200	3,425,123	2040	1,071,200	5,012,707	2050	1,260,000	2,936,571
2031	799,700	4,328,097	2041	1,106,500	4,537,142	2051	1,301,600	4,335,030
2032	826,100	5,090,613	2042	1,143,000	3,771,111	2052	1,344,600	5,448,060
2033	853,400	4,713,151	2043	1,180,700	1,822,290	2053	1,389,000	3,851,555
2034	881,600	3,060,467	2044	1,219,700	412,860	2054	1,434,800	1,983,244





Non-Structural

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2035 due to the modernization of the traction elevators. In addition, the Reserve Funding Plan recommends 2054 year end accumulated reserves of approximately \$3,847,200. We judge this amount of accumulated reserves in 2054 necessary to fund the likely subsequent modernization of the traction elevators after 2054. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2054 year end reserves.

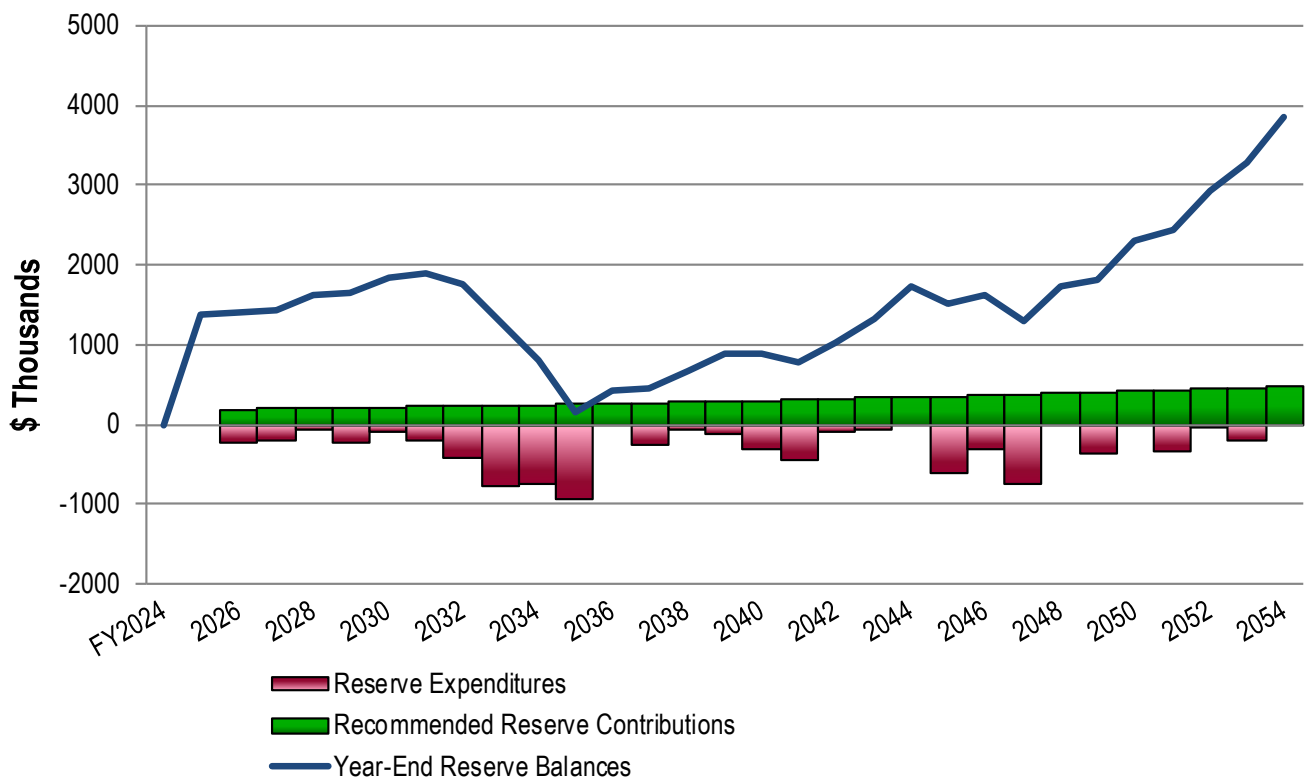
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Allocate \$1,390,596 of the Anticipated 2025 Year End Reserve balance to the Non-Structural Reserve Fund.
- Increase Reserve Contributions to \$192,000 in 2026
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$192,000 is equivalent to an average monthly contribution of \$52 per owner.
- Florida Statute 718.112 provides for a majority of the voting interest to waive or reduce reserve for Non-Structural items. Consult legal counsel or your property management company for further guidance.



Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2025	N/A (Budgeted)	1,390,596	2035	257,200	144,149	2045	356,100	1,523,269
2026	192,000	1,403,128	2036	265,700	417,328	2046	367,900	1,633,967
2027	198,300	1,431,623	2037	274,500	440,877	2047	380,000	1,298,021
2028	204,800	1,618,408	2038	283,600	680,333	2048	392,500	1,730,866
2029	211,600	1,659,594	2039	293,000	876,076	2049	405,500	1,825,722
2030	218,600	1,834,794	2040	302,700	889,602	2050	418,900	2,299,572
2031	225,800	1,899,943	2041	312,700	778,205	2051	432,700	2,450,691
2032	233,300	1,770,795	2042	323,000	1,024,033	2052	447,000	2,933,418
2033	241,000	1,286,393	2043	333,700	1,337,674	2053	461,800	3,275,368
2034	249,000	809,960	2044	344,700	1,723,145	2054	477,000	3,847,242





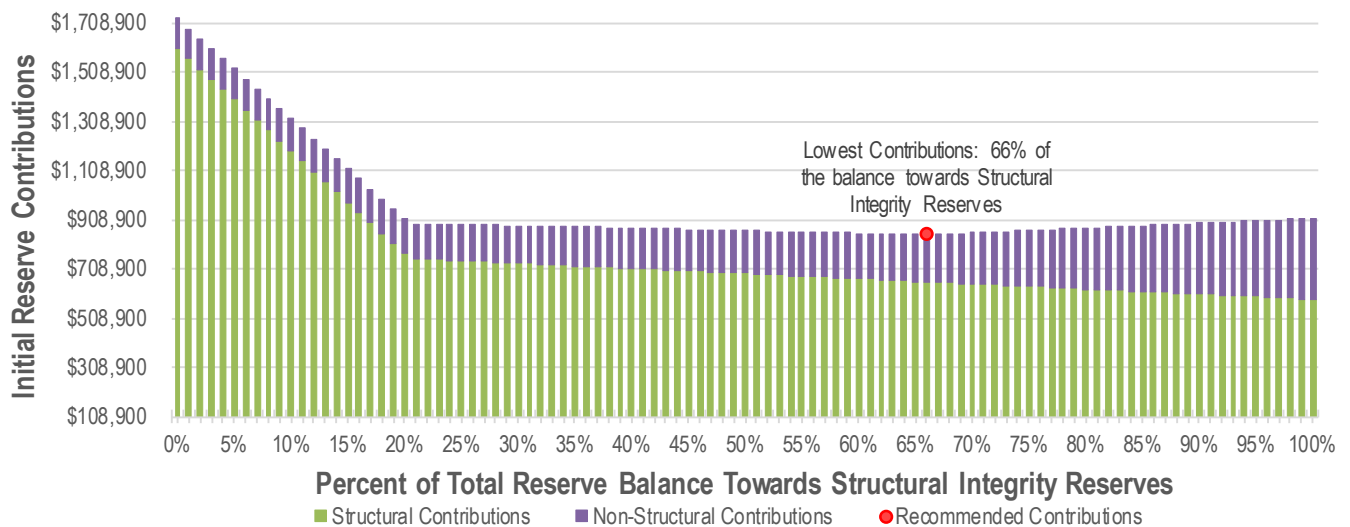
Reserve Equity Analysis

Unaudited Cash Status of Reserve Fund:

- \$3,201,275 as of September 30, 2024 based on the “Reserve Equity” balance
- \$754,200 in budgeted 2024 reserve contributions, and \$780,600 in budgeted 2025 reserve contributions (\$969,150 remaining)
- \$162,900 in estimated remaining 2024 and 2025 reserve expenses
- We project a 2025 Reserve End Balance of \$4,119,571.

As part of our Cash Flow method we analyzed future expenditures and identified the reserve balance split to produce the lowest overall required contributions. Due to the statutory restrictions on structural integrity reserve funds, we recommend the Association maintain separate funds for Structural Integrity reserves and Non-Structural reserves. However, the existing reserve funds are not split. We, therefore, analyzed future expenditures and identified the starting reserve balance split that produces the lowest overall reserve contributions. We recommend the Association allocate \$2,718,917, or 66% of the 2025 Projected Reserve End Balance to the Structural Integrity Reserve Fund and \$1,400,654, or 34% to the Non-Structural Fund to minimize the total combined contributions to the statutory Structural Integrity Fund and the recommended Non-Structural Fund. A vote of the membership may be required to allocate funds in this manner. The following chart depicts the analysis of future expenditures and the reserve balance split to produce the lowest overall required contributions.

Starting Cash Flow - Optimized Reserve Balance Split



Cash Flow - Existing Reserve Balance and Contribution Split	FY2024		2025		Structural Integrity		Non-Structural	
					2026		2026	
Beginning Reserve Balance as of September 30, 2024		3,201,275		3,406,141		2,718,917		1,400,654
Budgeted Reserve Contributions:		188,550		780,600		657,000		192,000
Estimated Interest Earned:		22,200		89,846	66%			
Anticipated Structural Expenditures:		(4,159)		0	34%			
Anticipated Non-Structural Expenditures:		(1,725)		(157,016)				
Anticipated Reserves at Year End:		<u>\$3,406,141</u>		<u>\$4,119,571</u>				

Structural Integrity

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 2044 due to the inspections and repairs of the façade and replacement of the railings and in 2045 due to the inspections and repairs of the garage concrete surfaces and replacement of the traffic coatings and fire suppression system. In addition, the Reserve Funding Plan recommends 2054 year end accumulated reserves of approximately \$1,480,000. We judge this amount of accumulated reserves in 2054 necessary to fund the continued replacement of the traffic coatings and breezeway waterproof coating applications after 2054. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2054 year end reserves.

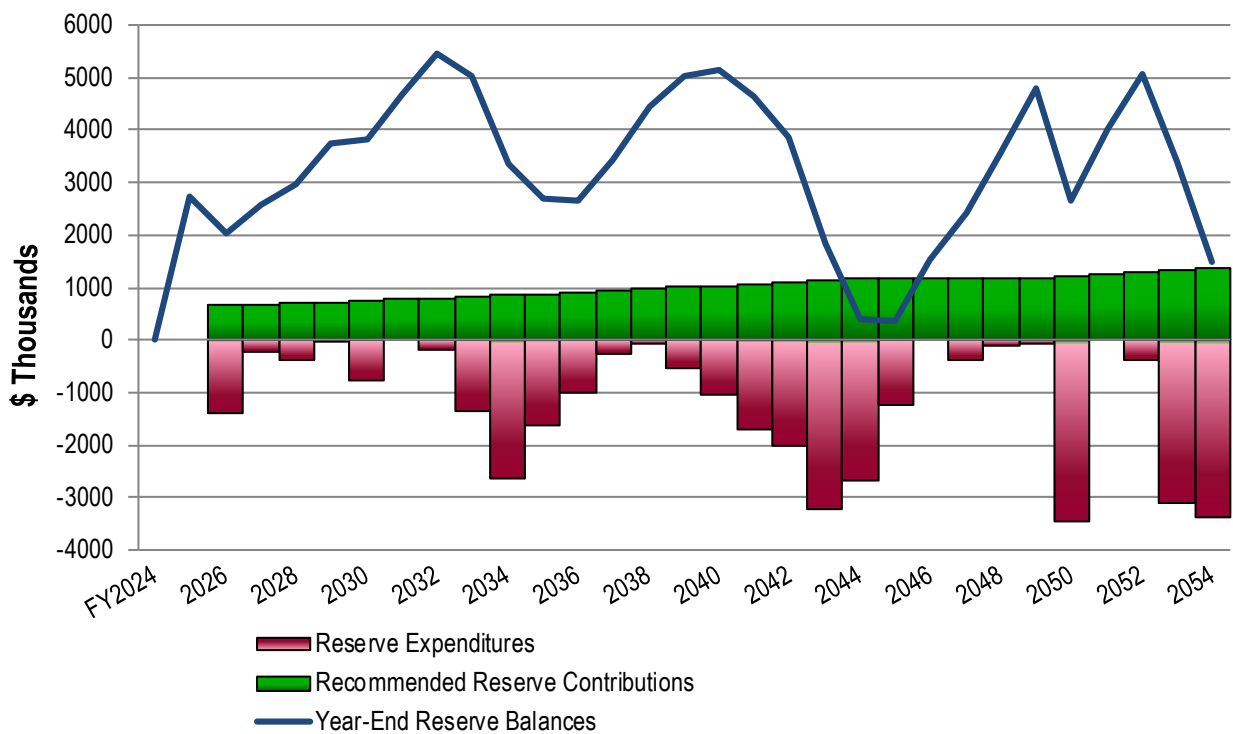
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Allocate \$2,718,917 of the Anticipated 2025 Year End Reserve balance to the Structural Integrity Reserve Fund.
- Increase Reserve Contributions to \$657,000 in 2026
- Inflationary increases from 2027 through 2044
- Stable contributions of \$1,178,500 from 2045 through 2049
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$657,000 is equivalent to an average monthly contribution of \$180 per owner.
- Florida Statute 718.112 prohibits waiving or reducing reserves for Structural Integrity items for budgets adopted after December 31, 2024.



Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2025	N/A (Budgeted)	2,718,917	2035	879,900	2,690,881	2045	1,178,500	342,237
2026	657,000	2,041,818	2036	908,900	2,667,200	2046	1,178,500	1,545,887
2027	678,700	2,566,065	2037	938,900	3,426,783	2047	1,178,500	2,416,761
2028	701,100	2,953,536	2038	969,900	4,438,431	2048	1,178,500	3,588,056
2029	724,200	3,729,586	2039	1,001,900	5,039,945	2049	1,178,500	4,807,229
2030	748,100	3,808,373	2040	1,035,000	5,155,512	2050	1,217,400	2,659,545
2031	772,800	4,694,432	2041	1,069,200	4,646,000	2051	1,257,600	4,005,930
2032	798,300	5,438,664	2042	1,104,500	3,843,889	2052	1,299,100	5,063,962
2033	824,600	5,041,410	2043	1,140,900	1,856,696	2053	1,342,000	3,409,451
2034	851,800	3,367,386	2044	1,178,500	406,438	2054	1,386,300	1,480,048



Non-Structural

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2035 due to the modernization of the traction elevators. In addition, the Reserve Funding Plan recommends 2054 year end accumulated reserves of approximately \$3,869,000. We judge this amount of accumulated reserves in 2054 necessary to fund the likely subsequent modernization of the traction elevators after 2054. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2054 year end reserves.

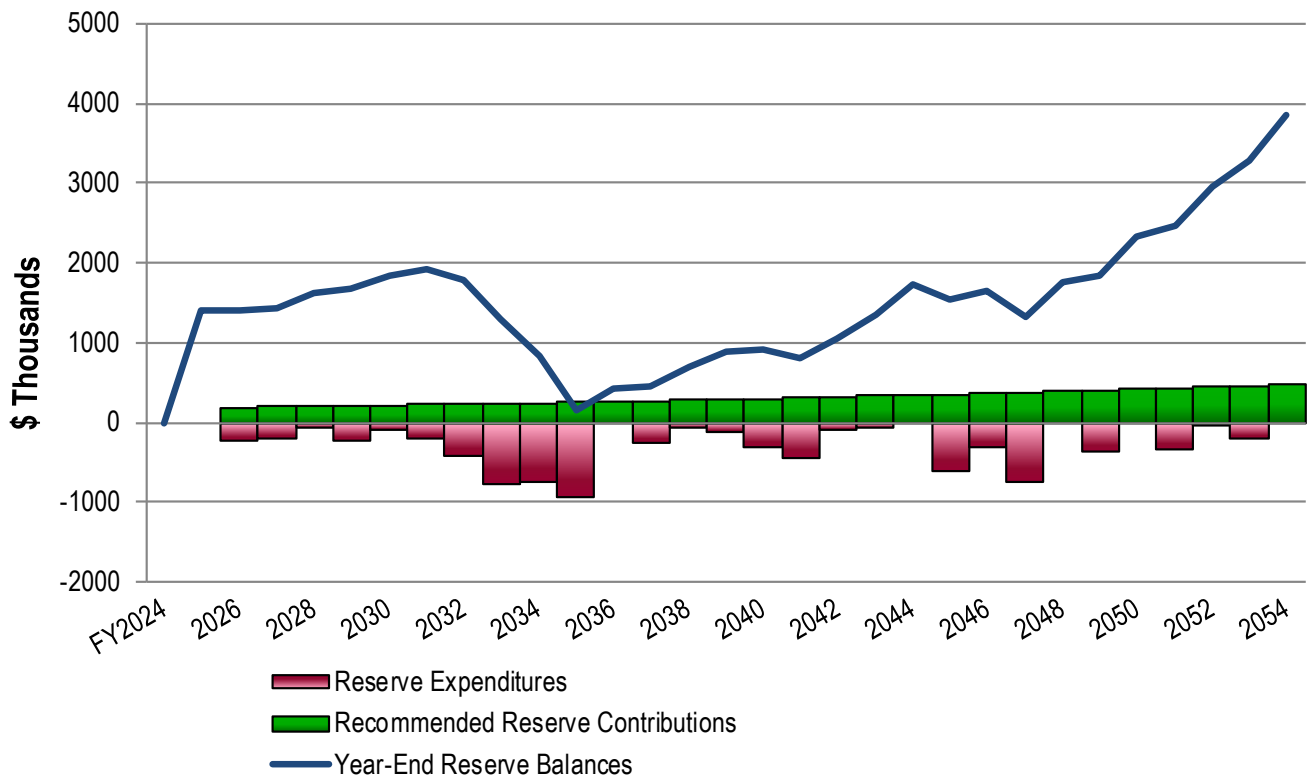
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Allocate \$1,400,654 of the Anticipated 2025 Year End Reserve balance to the Non-Structural Reserve Fund.
- Increase Reserve Contributions to \$192,000 in 2026
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- 2026 Reserve Contribution of \$192,000 is equivalent to an average monthly contribution of \$52 per owner.
- Florida Statute 718.112 provides for a majority of the voting interest to waive or reduce reserve for Non-Structural items. Consult legal counsel or your property management company for further guidance.



Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2025	N/A (Budgeted)	1,400,654	2035	257,200	157,278	2045	356,100	1,540,404
2026	192,000	1,413,456	2036	265,700	430,811	2046	367,900	1,651,565
2027	198,300	1,442,231	2037	274,500	454,724	2047	380,000	1,316,093
2028	204,800	1,629,302	2038	283,600	694,554	2048	392,500	1,749,426
2029	211,600	1,670,781	2039	293,000	890,680	2049	405,500	1,844,784
2030	218,600	1,846,284	2040	302,700	904,600	2050	418,900	2,319,148
2031	225,800	1,911,744	2041	312,700	793,608	2051	432,700	2,470,796
2032	233,300	1,782,915	2042	323,000	1,039,853	2052	447,000	2,954,067
2033	241,000	1,298,841	2043	333,700	1,353,920	2053	461,800	3,296,575
2034	249,000	822,744	2044	344,700	1,739,829	2054	477,000	3,869,022





2. RESERVE STUDY REPORT

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

Grand Panama Beach Resort Condominium Association, Inc.

Panama City Beach, Florida

and submit our findings in this report. The effective date of this study is, November 12, 2024. We conducted previous inspections in 2017 and 2023.

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

- **Identification of Property** - Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures** - Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan** - Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five-Year Outlook** - Identifies reserve components and anticipated reserve expenditures during the first five years
- **Methodology** - Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions** - Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY



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

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

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



We advise the Board to 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. Reserve Components are defined by CAI as property elements with:

- Grand Panama Beach Resort responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Structural Integrity Reserve Expenditures - At the direction of the Board that recognizes their fiduciary responsibility and as required by Florida Statute 718.103 (25), we have conducted a *Structural Integrity Reserve Study* of Grand Panama Beach Resort Condominium Association, Inc.. A *Structural Integrity Reserve Study* states the estimated remaining useful life, the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected and provides a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area. Specifically, as per Florida Statute 718.112(2)(g), we have investigated the structural integrity and safety of common elements within the following:

- Roof
- Load Bearing Walls or Other Primary Structural Members
- Exterior Doors
- Fireproofing and Fire Protection Elements
- Plumbing
- Electrical Systems
- Structure
- Waterproofing and Exterior Painting
- Windows
- Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the items listed above

Items Excluded from Structural Integrity Reserve Expenditures - We exclude expenditures for the elements below for one or more of the following categories of reasons:

- Remaining useful lives or their replacement may occur beyond the 30-year scope of the study
- Current condition does not warrant predictable maintenance expenditures
- Issue applies to a unit owner maintained element

We discuss specific exclusions for the following elements:

- Structure and Primary Structural Members - We anticipate a useful life of up to and beyond 100 years and consider full replacement unlikely and cost prohibitive. Management and the Board report no history of water infiltration or repairs to the foundations. Based on the reported current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Fire Protection and Plumbing Pipes - We anticipate a useful life of up to and beyond 80 years. Based on the reported current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Electrical Systems - We anticipate a useful life of up to and beyond 70 years. Based on the reported current condition, we do not anticipate the need for replacement, repair or maintenance expenditures through reserves within the 30-year scope of this study. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Pool Structure, Tower 2, Complete Replacement - The pool structure at Tower 2 is located on the elevated plaza deck. Based on this construction method, we anticipate an indefinitely long useful life for complete replacement, with the benefit of periodic maintenance, and consider full replacement unlikely and cost prohibitive. We include an allowance for periodic maintenance as a part of Line Items 1.955 and 1.960, ***“Waterproof Membrane, Plaza Deck”***. Future updates of this Reserve Study may incorporate costs for remediation based on historical data if they become significant enough to require reserve funding.
- Windows and Doors – Maintained and replaced by the owners

The following tables depict the items excluded from the Reserve Expenditure plan:

Excluded Components

for

**Grand Panama Beach Resort
Condominium Association, Inc.**

Panama City Beach, Florida

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than \$10,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds.

- Audio System, Speakers¹
- Catch Basins, Interim Capital Repairs
- Compressors
- Concrete Sidewalks¹
- Duct Cleaning
- Dune Walkover, Wood²
- Exercise Equipment²
- Fence, Chain Link, Separate Garage Structure
- Landscape
- Light Fixtures, Bollards, Paint Finishes
- Light Fixtures, Building Exteriors²
- Light Fixtures, Garages²
- Motors
- Paint Finishes, Touch Up
- Pool Shower
- Pumps Less Than Five-HP (horsepower)
- Security System²
- Serving Doors, Tiki Bar, Interim Repairs and Replacements
- Signage, Property Identification²
- Signage, Street and Traffic
- Site Furniture¹
- Stairwells, Finishes and Fixtures¹
- Storage and Mechanical Areas, Finishes and Fixtures
- Storage Tanks, Water
- Sump Pumps
- Trash Chute Doors, Interim Replacements
- Valves, Small Diameter¹
- Walls, Stone Veneer, Gate House
- Water Heaters, Common

¹ Replacement as-needed in lieu of an aggregate replacement

² At the request of Management and the Board

Excluded Components

for
**Grand Panama Beach Resort
 Condominium Association, Inc.**
Panama City Beach, Florida

Long-Lived Components		
These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.	Useful Life	Estimated Cost
• Electrical Systems, Common	to 70+	N/A
• Foundations ¹	Indeterminate	N/A
• Pipes, Interior Building, Domestic Water, Sanitary Waste, Vent, Sprinkler and Fire Standpipes,	to 80+	N/A
• Pipes, Subsurface Utilities	to 85+	N/A
• Pool Structure, Tower 1, Complete Replacement	to 60	N/A
• Pool Structure, Tower 2, Complete Replacement ²	Indeterminate	N/A
• Railings, Aluminum, Stairwells	Indeterminate	N/A
• Structural Frames ¹	Indeterminate	N/A
• Trash Chutes	to 65	N/A
• Valves, Large Diameter	Indeterminate	N/A
¹ We anticipate a useful life of up to and beyond 100 years and consider full replacement unlikely and cost prohibitive. ² The pool structure at Tower 2 is located at the elevated plaza deck. Based on this construction method, we anticipate an indefinitely long useful life for complete replacement, with the benefit of periodic maintenance, and consider full replacement unlikely and cost prohibitive. We include an allowance for periodic maintenance as a part of Line Items 1.955 and 1.960.		

Owners Responsibility Components
Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.
<ul style="list-style-type: none"> • Electrical Systems (Including Circuit Protection Panels) • Heating, Ventilating and Air Conditioning (HVAC) Units • Interiors • Pipes (Within Units) • Windows and Doors (Includes Storage Unit Doors)

Others Responsibility Components
Certain items have been designated as the responsibility of Others to repair or replace.
<ul style="list-style-type: none"> • Light Poles and Fixtures, Street¹ • Retail Offices, Interiors² • Trash Compactors¹
¹ Leased
² Separate Owners

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
- 2024 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Five-Year Outlook

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

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

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

Structural
RESERVE EXPENDITURES

**Grand Panama Beach Resort
Condominium Association, Inc.**
Panama City Beach, Florida

Explanatory Notes:

- 1) **3.3%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2024** is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																	
Exterior Building Elements																											
1.060	44,600	22,300	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications, Phased	2033	8 to 12	9 to 10	13.00	289,900	579,800	10.2%										388,285	401,099					
1.100	8,250	4,125	Linear Feet	Balconies and Breezeways, Railings, Aluminum, Capital Repairs, Phased	2033	to 10	9 to 10	20.00	82,500	165,000	2.0%										110,499	114,145					
1.105	8,250	4,125	Linear Feet	Balconies and Breezeways, Railings, Aluminum, Replacement, Phased	2043	to 40	19 to 20	120.00	495,000	990,000	5.6%																
1.160	48,950	48,950	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications (Incl. Carpet Removal)	2026	8 to 12	2	19.00	930,050	930,050	18.4%		992,446									1,286,795					
1.180	430	86	Each	Doors, Metal, Common (Incl. Overhead Doors), Phased	2027	to 25	3 to 23	1,300.00	111,800	559,000	3.5%			123,237						144,959				170,508			
1.460	340	170	Squares	Roofs, Metal, Remaining (Incl. Gutters and Downspouts), Phased	2035	to 30	11 to 12	4,000.00	680,000	1,360,000	5.9%										971,880	1,003,952					
1.461	25	25	Squares	Roofs, Metal, Skywalk	2053	to 30	29	7,850.00	196,250	196,250	1.5%																
1.530	1,700	1,700	Square Feet	Roofs, Thermoplastic	2041	15 to 20	17	60.00	102,000	102,000	0.5%																
1.621	1	1	Allowance	Skywalk, Metal Components, Paint Finishes	2028	4 to 6	4	40,000.00	40,000	40,000	1.3%				45,547						53,575				63,018		
1.625	1	1	Allowance	Structural Members, Inspection, Milestone	2037	to 10	13	25,000.00	25,000	25,000	0.3%													38,128			
1.880	503,400	251,700	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Phased	2033	8 to 10	9 to 10	2.40	604,080	1,208,160	21.3%										809,091	835,791					
1.955	13,700	13,700	Square Feet	Waterproof Membrane, Inspection and Capital Repairs, Plaza Deck	2026	15 to 20	2	8.00	109,600	109,600	0.4%		116,953														
1.960	13,700	6,850	Square Feet	Waterproof Membrane, Replacement and Concrete Structure Repairs, Plaza Deck, Phased	2040	25 to 35	16 to 17	85.00	582,250	1,164,500	6.0%																
1.980	3,200	3,200	Square Feet	Windows and Doors, Aluminum Frames, Common	2050	45 to 55	26	120.00	384,000	384,000	2.7%																
Building Services Elements																											
3.440	2	2	Each	Generators, Emergency, 400-kW (Incl. Transfer Switches)	2035	to 30	11	210,000.00	420,000	420,000	1.8%										600,279						
3.555	1	1	Allowance	Life Safety System, Control Panels	2027	to 15	3	50,000.00	50,000	50,000	0.4%			55,115													
3.560	5	1	Allowance	Life Safety System, Emergency Devices, Phased	2027	to 25	3 to 23	34,000.00	34,000	170,000	1.1%			37,478						44,084				51,854			
3.770	1	1	Each	Pump, Fire Suppression, 125-HP (Incl. Controller and Jockey Pump)	2050	to 50	26	130,000.00	130,000	130,000	0.9%																
Tower 2 Pool Elements																											
6.810	1,475	1,475	Square Feet	Pool Finishes, Plaster, Plaza Deck	2029	8 to 12	5	16.00	23,600	23,600	0.4%						27,760								38,408		
6.811	200	200	Linear Feet	Pool Finishes, Tile, Plaza Deck	2029	15 to 25	5	40.00	8,000	8,000	0.1%						9,410										
Garage Elements																											
7.300	93,500	93,500	Square Feet	Concrete, Elevated Floors, Inspections and Capital Repairs, Towers	2030	10 to 15	6	3.00	280,500	280,500	2.7%							340,828									
7.360	20,100	603	Square Feet	Concrete, On-grade (Incl. Driveway), Towers, Partial	2030	to 90	6 to 30+	12.50	7,538	251,250	0.1%							9,159									
7.500	113,600	22,720	Square Feet	Fire Suppression System, Towers, Phased	2030	35 to 45	6 to 26	2.00	45,440	227,200	1.2%							55,213			64,944						
7.800	93,500	23,375	Square Feet	Traffic Coating, Elevated Floors, Towers (Near Term is Remaining), Phased	2026	10 to 15	2 to 15	12.83	300,000	1,200,000	11.9%			288,114	341,604		364,522									488,232	
	1	1	Allowance	2024 Reserve Expenditures	2024	N/A	0	4,159.29	4,159	4,159	0.0%	4,159															
Anticipated Expenditures, By Year (\$33,226,265 over 30 years)												4,159	0	1,397,513	215,831	387,151	37,170	769,721	0	189,043	1,361,450	2,637,830	1,637,103	1,003,952	260,491	63,018	526,639

Structural
RESERVE EXPENDITURES

**Grand Panama Beach Resort
Condominium Association, Inc.**
Panama City Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																
Exterior Building Elements																										
1.060	44,600	22,300	Square Feet	Balconies, Concrete, Repairs and Waterproof Coating Applications, Phased	2033	8 to 12	9 to 10	13.00	289,900	579,800	10.2%				537,223	554,951								743,289	767,817	
1.100	8,250	4,125	Linear Feet	Balconies and Breezeways, Railings, Aluminum, Capital Repairs, Phased	2033	to 10	9 to 10	20.00	82,500	165,000	2.0%												211,526	218,506		
1.105	8,250	4,125	Linear Feet	Balconies and Breezeways, Railings, Aluminum, Replacement, Phased	2043	to 40	19 to 20	120.00	495,000	990,000	5.6%				917,300	947,571										
1.160	48,950	48,950	Square Feet	Breezeways, Concrete, Repairs and Waterproof Coating Applications (Incl. Carpet Removal)	2026	8 to 12	2	19.00	930,050	930,050	18.4%			1,668,446								2,163,290				
1.180	430	86	Each	Doors, Metal, Common (Incl. Overhead Doors), Phased	2027	to 25	3 to 23	1,300.00	111,800	559,000	3.5%			200,562				235,912					277,492			
1.460	340	170	Squares	Roofs, Metal, Remaining (Incl. Gutters and Downspouts), Phased	2035	to 30	11 to 12	4,000.00	680,000	1,360,000	5.9%															
1.461	25	25	Squares	Roofs, Metal, Skywalk	2053	to 30	29	7,850.00	196,250	196,250	1.5%													503,175		
1.530	1,700	1,700	Square Feet	Roofs, Thermoplastic	2041	15 to 20	17	60.00	102,000	102,000	0.5%		177,136													
1.621	1	1	Allowance	Skywalk, Metal Components, Paint Finishes	2028	4 to 6	4	40,000.00	40,000	40,000	1.3%				74,125				87,190					102,558		
1.625	1	1	Allowance	Structural Members, Inspection, Milestone	2037	to 10	13	25,000.00	25,000	25,000	0.3%							52,753								
1.880	503,400	251,700	Square Feet	Walls, Stucco, Paint Finishes and Capital Repairs, Phased	2033	8 to 10	9 to 10	2.40	604,080	1,208,160	21.3%				1,119,439	1,156,381								1,548,830	1,599,942	
1.955	13,700	13,700	Square Feet	Waterproof Membrane, Inspection and Capital Repairs, Plaza Deck	2026	15 to 20	2	8.00	109,600	109,600	0.4%															
1.960	13,700	6,850	Square Feet	Waterproof Membrane, Replacement and Concrete Structure Repairs, Plaza Deck, Phased	2040	25 to 35	16 to 17	85.00	582,250	1,164,500	6.0%	978,847	1,011,149													
1.980	3,200	3,200	Square Feet	Windows and Doors, Aluminum Frames, Common	2050	45 to 55	26	120.00	384,000	384,000	2.7%												893,181			
Building Services Elements																										
3.440	2	2	Each	Generators, Emergency, 400-kW (Incl. Transfer Switches)	2035	to 30	11	210,000.00	420,000	420,000	1.8%															
3.555	1	1	Allowance	Life Safety System, Control Panels	2027	to 15	3	50,000.00	50,000	50,000	0.4%			89,697												
3.560	5	1	Allowance	Life Safety System, Emergency Devices, Phased	2027	to 25	3 to 23	34,000.00	34,000	170,000	1.1%			60,994				71,744					84,389			
3.770	1	1	Each	Pump, Fire Suppression, 125-HP (Incl. Controller and Jockey Pump)	2050	to 50	26	130,000.00	130,000	130,000	0.9%												302,379			
Tower 2 Pool Elements																										
6.810	1,475	1,475	Square Feet	Pool Finishes, Plaster, Plaza Deck	2029	8 to 12	5	16.00	23,600	23,600	0.4%												53,140			
6.811	200	200	Linear Feet	Pool Finishes, Tile, Plaza Deck	2029	15 to 25	5	40.00	8,000	8,000	0.1%												18,014			
Garage Elements																										
7.300	93,500	93,500	Square Feet	Concrete, Elevated Floors, Inspections and Capital Repairs, Towers	2030	10 to 15	6	3.00	280,500	280,500	2.7%						554,676									
7.360	20,100	603	Square Feet	Concrete, On-grade (Incl. Driveway), Towers, Partial	2030	to 90	6 to 30+	12.50	7,538	251,250	0.1%						14,905									
7.500	113,600	22,720	Square Feet	Fire Suppression System, Towers, Phased	2030	35 to 45	6 to 26	2.00	45,440	227,200	1.2%	76,391					89,856					105,693				
7.800	93,500	23,375	Square Feet	Traffic Coating, Elevated Floors, Towers (Near Term is Remaining), Phased	2026	10 to 15	2 to 15	12.83	300,000	1,200,000	11.9%		520,987		555,939		593,237								794,568	
	1	1	Allowance	2024 Reserve Expenditures	2024	N/A	0	4,159.29	4,159	4,159	0.0%															
Anticipated Expenditures, By Year (\$33,226,265 over 30 years)												1,055,238	1,709,271	2,019,697	3,204,026	2,658,903	1,252,674	0	360,409	87,190	71,153	3,464,543	0	361,882	3,109,377	3,380,833

RESERVE FUNDING PLAN

Structural - Reserve Cash Balance

CASH FLOW ANALYSIS Grand Panama Beach Resort Condominium Association, Inc.

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Panama City Beach, Florida		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	(Note 1)	N/A	N/A	2,268,868	1,602,928	2,139,345	2,540,125	3,330,655	3,425,123	4,328,097	5,090,613	4,713,151	3,060,467	2,406,890	2,407,871	3,193,796	4,233,612
Total Recommended Reserve Contributions	(Note 2)	N/A	N/A	680,000	702,400	725,600	749,500	774,200	799,700	826,100	853,400	881,600	910,700	940,800	971,800	1,003,900	1,037,000
Estimated Interest Earned, During Year	(Note 3)	N/A	N/A	51,573	49,848	62,331	78,200	89,988	103,274	125,459	130,588	103,546	72,826	64,133	74,615	98,934	121,197
Anticipated Expenditures, By Year		N/A	N/A	(1,397,513)	(215,831)	(387,151)	(37,170)	(769,721)	0	(189,043)	(1,361,450)	(2,637,830)	(1,637,103)	(1,003,952)	(260,491)	(63,018)	(526,639)
Anticipated Reserves at Year End		<u>N/A</u>	<u>\$2,268,868</u>	<u>\$1,602,928</u>	<u>\$2,139,345</u>	<u>\$2,540,125</u>	<u>\$3,330,655</u>	<u>\$3,425,123</u>	<u>\$4,328,097</u>	<u>\$5,090,613</u>	<u>\$4,713,151</u>	<u>\$3,060,467</u>	<u>\$2,406,890</u>	<u>\$2,407,871</u>	<u>\$3,193,796</u>	<u>\$4,233,612</u>	<u>\$4,865,169</u>

(continued)

		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Reserves at Beginning of Year		4,865,169	5,012,707	4,537,142	3,771,111	1,822,290	412,860	390,589	1,637,301	2,552,400	3,769,114	5,034,932	2,936,571	4,335,030	5,448,060	3,851,555
Total Recommended Reserve Contributions		1,071,200	1,106,500	1,143,000	1,180,700	1,219,700	1,219,700	1,219,700	1,219,700	1,219,700	1,219,700	1,260,000	1,301,600	1,344,600	1,389,000	1,434,800
Estimated Interest Earned, During Year		131,575	127,206	110,667	74,505	29,773	10,702	27,012	55,808	84,204	117,271	106,182	96,859	130,312	123,873	77,721
Anticipated Expenditures, By Year		(1,055,238)	(1,709,271)	(2,019,697)	(3,204,026)	(2,658,903)	(1,252,674)	0	(360,409)	(87,190)	(71,153)	(3,464,543)	0	(361,882)	(3,109,377)	(3,380,833)
Anticipated Reserves at Year End		<u>\$5,012,707</u>	<u>\$4,537,142</u>	<u>\$3,771,111</u>	<u>\$1,822,290</u>	<u>\$412,860</u>	<u>\$390,589</u>	<u>\$1,637,301</u>	<u>\$2,552,400</u>	<u>\$3,769,114</u>	<u>\$5,034,932</u>	<u>\$2,936,571</u>	<u>\$4,335,030</u>	<u>\$5,448,060</u>	<u>\$3,851,555</u>	<u>\$1,983,244</u>

(NOTE 5) (NOTE 5)

(NOTE 4)

Explanatory Notes:

- 1) Year 2025 Ending Reserves are projected as of December 31, 2025, and exclude funds in the Non-Structural Reserve Funding Plan. FY2024 starts January 1, 2024 and ends December 31, 2024.
- 2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves; 2024 is a partial year of interest earned.
- 4) Accumulated year 2054 ending reserves consider the need to fund for continued replacement of the traffic coatings and breezeway waterproof coating applications shortly after 2054, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

RESERVE FUNDING PLAN

Structural - Reserve Equity Balance

CASH FLOW ANALYSIS

Grand Panama Beach Resort
Condominium Association, Inc.

Panama City Beach, Florida

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	(Note 1)	N/A	N/A	2,718,917	2,041,818	2,566,065	2,953,536	3,729,586	3,808,373	4,694,432	5,438,664	5,041,410	3,367,386	2,690,881	2,667,200	3,426,783	4,438,431
Total Recommended Reserve Contributions	(Note 2)	N/A	N/A	657,000	678,700	701,100	724,200	748,100	772,800	798,300	824,600	851,800	879,900	908,900	938,900	969,900	1,001,900
Estimated Interest Earned, During Year	(Note 3)	N/A	N/A	63,414	61,378	73,522	89,020	100,407	113,259	134,975	139,596	112,007	80,697	71,371	81,173	104,766	126,254
Anticipated Expenditures, By Year		N/A	N/A	(1,397,513)	(215,831)	(387,151)	(37,170)	(769,721)	0	(189,043)	(1,361,450)	(2,637,830)	(1,637,103)	(1,003,952)	(260,491)	(63,018)	(526,639)
Anticipated Reserves at Year End		<u>N/A</u>	<u>\$2,718,917</u>	<u>\$2,041,818</u>	<u>\$2,566,065</u>	<u>\$2,953,536</u>	<u>\$3,729,586</u>	<u>\$3,808,373</u>	<u>\$4,694,432</u>	<u>\$5,438,664</u>	<u>\$5,041,410</u>	<u>\$3,367,386</u>	<u>\$2,690,881</u>	<u>\$2,667,200</u>	<u>\$3,426,783</u>	<u>\$4,438,431</u>	<u>\$5,039,945</u>

(continued)

		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Reserves at Beginning of Year		5,039,945	5,155,512	4,646,000	3,843,889	1,856,696	406,438	342,237	1,545,887	2,416,761	3,588,056	4,807,229	2,659,545	4,005,930	5,063,962	3,409,451
Total Recommended Reserve Contributions		1,035,000	1,069,200	1,104,500	1,140,900	1,178,500	1,178,500	1,178,500	1,178,500	1,178,500	1,178,500	1,217,400	1,257,600	1,299,100	1,342,000	1,386,300
Estimated Interest Earned, During Year		135,805	130,558	113,087	75,933	30,145	9,972	25,150	52,783	79,985	111,827	99,459	88,785	120,813	112,867	65,129
Anticipated Expenditures, By Year		(1,055,238)	(1,709,271)	(2,019,697)	(3,204,026)	(2,658,903)	(1,252,674)	0	(360,409)	(87,190)	(71,153)	(3,464,543)	0	(361,882)	(3,109,377)	(3,380,833)
Anticipated Reserves at Year End		<u>\$5,155,512</u>	<u>\$4,646,000</u>	<u>\$3,843,889</u>	<u>\$1,856,696</u>	<u>\$406,438</u>	<u>\$342,237</u>	<u>\$1,545,887</u>	<u>\$2,416,761</u>	<u>\$3,588,056</u>	<u>\$4,807,229</u>	<u>\$2,659,545</u>	<u>\$4,005,930</u>	<u>\$5,063,962</u>	<u>\$3,409,451</u>	<u>\$1,480,048</u>
							(NOTE 5)	(NOTE 5)								(NOTE 4)

Explanatory Notes:

- 1) Year 2025 Ending Reserves are projected as of December 31, 2025, and exclude funds in the Non-Structural Reserve Funding Plan. FY2024 starts January 1, 2024 and ends December 31, 2024.
- 2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves; 2024 is a partial year of interest earned.
- 4) Accumulated year 2054 ending reserves consider the need to fund for continued replacement of the traffic coatings and breezeway waterproof coating applications shortly after 2054, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

Structural FIVE-YEAR OUTLOOK

Grand Panama Beach Resort Condominium Association, Inc. Panama City Beach, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029
Exterior Building Elements							
1.160	Breezeways, Concrete, Repairs and Waterproof Coating Applications (Incl. Carpet Removal)			992,446			
1.180	Doors, Metal, Common (Incl. Overhead Doors), Phased				123,237		
1.621	Skywalk, Metal Components, Paint Finishes					45,547	
1.955	Waterproof Membrane, Inspection and Capital Repairs, Plaza Deck			116,953			
Building Services Elements							
3.555	Life Safety System, Control Panels				55,115		
3.560	Life Safety System, Emergency Devices, Phased				37,478		
Tower 2 Pool Elements							
6.810	Pool Finishes, Plaster, Plaza Deck						27,760
6.811	Pool Finishes, Tile, Plaza Deck						9,410
Garage Elements							
7.800	Traffic Coating, Elevated Floors, Towers (Near Term is Remaining), Phased			288,114		341,604	
	2024 Reserve Expenditures	4,159					
Anticipated Expenditures, By Year (\$33,226,265 over 30 years)		4,159	0	1,397,513	215,831	387,151	37,170

**Non-Structural
RESERVE EXPENDITURES**

**Grand Panama Beach Resort
Condominium Association, Inc.**
Panama City Beach, Florida

Explanatory Notes:

- 1) **3.3%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2024** is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																	
Exterior Building Elements																											
1.020	990	990 Square Feet	Awnings, Aluminum		2037	to 30	13	46.00	45,540	45,540	0.9%																69,454
1.361	1	1 Allowance	Pergolas, Aluminum		2037	to 30	13	15,000.00	15,000	15,000	0.3%																22,877
Interior Building Elements																											
2.100	6	6 Each	Elevator Cab Finishes		2027	to 20	3	19,000.00	114,000	114,000	4.6%				125,663												
2.180	1	1 Allowance	Exercise Room, Renovation, Complete		2040	to 30	16	36,500.00	36,500	36,500	0.8%																
2.185	1	1 Allowance	Exercise Room, Renovation, Partial		2025	to 15	1	13,500.00	13,500	13,500	0.2%	13,946															
2.240	3,760	3,760 Square Feet	Floor Coverings, Tile, Lobbies (Incl. Breezeway)		2035	to 30	11	15.00	56,400	56,400	1.0%											80,609					
2.600	1	1 Allowance	Lobby and Meeting Room, Renovation, Complete		2040	to 30	16	135,000.00	135,000	135,000	2.8%																
2.605	1	1 Allowance	Lobby and Meeting Room, Renovation, Partial		2025	to 15	1	27,000.00	27,000	27,000	0.4%	27,891															
2.700	10	10 Each	Mailbox Stations		2037	to 35	13	2,100.00	21,000	21,000	0.4%																32,028
2.900	2	2 Each	Rest Rooms, Renovation, Tiki Bar		2028	to 25	4	18,500.00	37,000	37,000	1.7%					42,131											
Building Services Elements																											
3.070	9	3 Each	Air Handling and Condensing Units, Split Systems, Phased		2025	10 to 15	1 to 9	14,000.00	42,000	126,000	7.2%	43,386					49,403				56,254					64,055	
3.360	6	2 Each	Elevators, Traction, Controls and Call Buttons, Phased		2033	to 25	9 to 11	265,000.00	530,000	1,590,000	27.6%										709,870	733,296	757,494				
3.365	6	2 Each	Elevators, Traction, Hoists and Motors, Phased		2045	to 40	21 to 23	66,000.00	132,000	396,000	10.2%																
3.700	5	3 Each	Pumps, Domestic Water, Phased		2029	to 20	5 to 14	15,000.00	37,500	75,000	2.3%						44,110									59,079	
Property Site Elements																											
4.020	6,650	6,650 Square Yards	Asphalt Pavement, Patch, Seal Coat, and Striping		2027	3 to 5	3	2.00	13,300	13,300	1.4%				14,661							19,009					21,645
4.040	6,650	6,650 Square Yards	Asphalt Pavement, Mill and Overlay		2031	15 to 20	7	18.50	123,025	123,025	5.6%																154,417
4.110	2,700	410 Linear Feet	Concrete Curbs and Gutters, Partial		2031	to 65	7 to 30+	50.00	20,500	135,000	0.9%																25,731
4.200	160	160 Linear Feet	Fence, Aluminum		2031	to 25	7	60.00	9,600	9,600	0.2%																12,050
4.285	620	620 Linear Feet	Fence, Wood		2029	15 to 20	5	45.00	27,900	27,900	1.2%						32,818										
4.745	940	940 Square Feet	Retaining Wall, Masonry		2042	to 35	18	60.00	56,400	56,400	1.3%																
Tower 1 Pool Elements																											
6.200	13,000	13,000 Square Feet	Deck, Pavers (Incl. Entrance Areas)		2032	to 25	8	20.00	260,000	260,000	4.2%																337,113
6.400	465	465 Linear Feet	Fence, Aluminum		2032	to 25	8	50.00	23,250	23,250	0.4%																30,146
6.500	1	1 Allowance	Furniture, Ground Level		2025	to 12	1	34,000.00	34,000	34,000	1.9%	35,122															48,594
6.950	61	61 Each	Light Fixtures, Bollards		2027	to 20	3	1,000.00	61,000	61,000	2.5%				67,240												
6.600	5	1 Allowance	Mechanical Equipment, Both Pools, Phased		2025	to 15	1 to 13	14,500.00	14,500	72,500	3.0%	14,979			16,511			18,200				20,062				22,114	
6.800	3,700	3,700 Square Feet	Pool Finishes, Plaster		2029	8 to 12	5	16.00	59,200	59,200	3.8%							69,634									96,344
6.801	385	385 Linear Feet	Pool Finishes, Tile		2029	15 to 25	5	40.00	15,400	15,400	0.7%							18,114									

**Non-Structural
RESERVE EXPENDITURES**

**Grand Panama Beach Resort
Condominium Association, Inc.**
Panama City Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054			
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																			
<u>Exterior Building Elements</u>																													
1.020	990	990	Square Feet	Awnings, Aluminum	2037	to 30	13	46.00	45,540	45,540	0.9%																		
1.361	1	1	Allowance	Pergolas, Aluminum	2037	to 30	13	15,000.00	15,000	15,000	0.3%																		
<u>Interior Building Elements</u>																													
2.100	6	6	Each	Elevator Cab Finishes	2027	to 20	3	19,000.00	114,000	114,000	4.6%															240,554			
2.180	1	1	Allowance	Exercise Room, Renovation, Complete	2040	to 30	16	36,500.00	36,500	36,500	0.8%	61,362																	
2.185	1	1	Allowance	Exercise Room, Renovation, Partial	2025	to 15	1	13,500.00	13,500	13,500	0.2%																		
2.240	3,760	3,760	Square Feet	Floor Coverings, Tile, Lobbies (Incl. Breezeway)	2035	to 30	11	15.00	56,400	56,400	1.0%																		
2.600	1	1	Allowance	Lobby and Meeting Room, Renovation, Complete	2040	to 30	16	135,000.00	135,000	135,000	2.8%	226,955																	
2.605	1	1	Allowance	Lobby and Meeting Room, Renovation, Partial	2025	to 15	1	27,000.00	27,000	27,000	0.4%																		
2.700	10	10	Each	Mailbox Stations	2037	to 35	13	2,100.00	21,000	21,000	0.4%																		
2.900	2	2	Each	Rest Rooms, Renovation, Tiki Bar	2028	to 25	4	18,500.00	37,000	37,000	1.7%															94,866			
<u>Building Services Elements</u>																													
3.070	9	3	Each	Air Handling and Condensing Units, Split Systems, Phased	2025	10 to 15	1 to 9	14,000.00	42,000	126,000	7.2%		72,938				83,053								94,571	107,686			
3.360	6	2	Each	Elevators, Traction, Controls and Call Buttons, Phased	2033	to 25	9 to 11	265,000.00	530,000	1,590,000	27.6%																		
3.365	6	2	Each	Elevators, Traction, Hoists and Motors, Phased	2045	to 40	21 to 23	66,000.00	132,000	396,000	10.2%							261,024	269,638	278,536									
3.700	5	3	Each	Pumps, Domestic Water, Phased	2029	to 20	5 to 14	15,000.00	37,500	75,000	2.3%															79,130			
<u>Property Site Elements</u>																													
4.020	6,650	6,650	Square Yards	Asphalt Pavement, Patch, Seal Coat, and Striping	2027	3 to 5	3	2.00	13,300	13,300	1.4%															24,647	28,065		
4.040	6,650	6,650	Square Yards	Asphalt Pavement, Mill and Overlay	2031	15 to 20	7	18.50	123,025	123,025	5.6%																295,598		
4.110	2,700	410	Linear Feet	Concrete Curbs and Gutters, Partial	2031	to 65	7 to 30+	50.00	20,500	135,000	0.9%															49,256			
4.200	160	160	Linear Feet	Fence, Aluminum	2031	to 25	7	60.00	9,600	9,600	0.2%																		
4.285	620	620	Linear Feet	Fence, Wood	2029	15 to 20	5	45.00	27,900	27,900	1.2%															62,822			
4.745	940	940	Square Feet	Retaining Wall, Masonry	2042	to 35	18	60.00	56,400	56,400	1.3%															101,178			
<u>Tower 1 Pool Elements</u>																													
6.200	13,000	13,000	Square Feet	Deck, Pavers (Incl. Entrance Areas)	2032	to 25	8	20.00	260,000	260,000	4.2%																		
6.400	465	465	Linear Feet	Fence, Aluminum	2032	to 25	8	50.00	23,250	23,250	0.4%																		
6.500	1	1	Allowance	Furniture, Ground Level	2025	to 12	1	34,000.00	34,000	34,000	1.9%															67,233			
6.950	61	61	Each	Light Fixtures, Bollards	2027	to 20	3	1,000.00	61,000	61,000	2.5%															128,717			
6.600	5	1	Allowance	Mechanical Equipment, Both Pools, Phased	2025	to 15	1 to 13	14,500.00	14,500	72,500	3.0%	24,377														26,870	29,619	32,649	35,990
6.800	3,700	3,700	Square Feet	Pool Finishes, Plaster	2029	8 to 12	5	16.00	59,200	59,200	3.8%																133,300		
6.801	385	385	Linear Feet	Pool Finishes, Tile	2029	15 to 25	5	40.00	15,400	15,400	0.7%																34,676		

**Non-Structural
RESERVE EXPENDITURES**

**Grand Panama Beach Resort
Condominium Association, Inc.**
Panama City Beach, Florida

Explanatory Notes:

- 1) **3.3%** is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) **FY2024** is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039	
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																		
<u>Tower 2 Pool Elements</u>																												
6.501	1	1 Allowance		Furniture, Plaza Deck	2025	to 12	1	21,000.00	21,000	21,000	1.2%	21,693															30,014	
<u>Garage Elements</u>																												
7.301	21,500	21,500 Square Feet		Concrete, Elevated Floors, Inspections and Capital Repairs, Detached Garage	2030	10 to 15	6	3.00	64,500	64,500	2.6%																78,372	
7.361	25,400	762 Square Feet		Concrete, On-grade, Detached Garage, Partial	2030	to 90	6 to 30+	12.50	9,525	317,500	0.4%																11,574	
7.460	2	1 Allowance		Exhaust System, Fans, Louvers and Automation System, Phased	2032	to 35	8 to 13	34,000.00	34,000	68,000	1.2%																44,084	51,854
7.801	21,500	21,500 Square Feet		Traffic Coating, Elevated Floors, Detached Garage	2026	10 to 15	2	10.00	215,000	215,000	7.3%			206,482														
	1	1 Allowance		Structural Integrity Reserve Study Update with Site Visit (2024 is Budgeted Remaining)	2024	to 2	0 to 2	10,200.00	10,200	10,200	0.1%	1,725		10,200														
Anticipated Expenditures, By Year (\$7,968,636 over 30 years)												1,725	157,016	216,682	207,564	58,642	214,078	89,946	210,398	411,343	766,124	753,357	935,720	0	262,382	59,079	117,989	

**Non-Structural
RESERVE EXPENDITURES**

**Grand Panama Beach Resort
Condominium Association, Inc.**
Panama City Beach, Florida

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																
<u>Tower 2 Pool Elements</u>																										
6.501	1	1 Allowance		Furniture, Plaza Deck	2025	to 12	1	21,000.00	21,000	21,000	1.2%						41,527									
<u>Garage Elements</u>																										
7.301	21,500	21,500 Square Feet		Concrete, Elevated Floors, Inspections and Capital Repairs, Detached Garage	2030	10 to 15	6	3.00	64,500	64,500	2.6%						127,546									
7.361	25,400	762 Square Feet		Concrete, On-grade, Detached Garage, Partial	2030	to 90	6 to 30+	12.50	9,525	317,500	0.4%						18,835									
7.460	2	1 Allowance		Exhaust System, Fans, Louvers and Automation System, Phased	2032	to 35	8 to 13	34,000.00	34,000	68,000	1.2%															
7.801	21,500	21,500 Square Feet		Traffic Coating, Elevated Floors, Detached Garage	2026	10 to 15	2	10.00	215,000	215,000	7.3%		373,374													
	1	1 Allowance		Structural Integrity Reserve Study Update with Site Visit (2024 is Budgeted Remaining)	2024	to 2	0 to 2	10,200.00	10,200	10,200	0.1%															
Anticipated Expenditures, By Year (\$7,968,636 over 30 years)												312,693	446,312	101,178	51,517	0	599,219	299,257	755,001	0	358,018	0	344,855	35,990	202,552	0

RESERVE FUNDING PLAN

Non-Structural - Reserve Cash Balance

CASH FLOW ANALYSIS Grand Panama Beach Resort Condominium Association, Inc.

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Panama City Beach, Florida		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	(Note 1)	N/A	N/A	1,390,596	1,403,128	1,431,623	1,618,408	1,659,594	1,834,794	1,899,943	1,770,795	1,286,393	809,960	144,149	417,328	440,877	680,333
Total Recommended Reserve Contributions	(Note 2)	N/A	N/A	192,000	198,300	204,800	211,600	218,600	225,800	233,300	241,000	249,000	257,200	265,700	274,500	283,600	293,000
Estimated Interest Earned, During Year	(Note 3)	N/A	N/A	37,213	37,759	40,627	43,664	46,546	49,747	48,895	40,722	27,924	12,709	7,479	11,431	14,935	20,732
Anticipated Expenditures, By Year		N/A	N/A	(216,682)	(207,564)	(58,642)	(214,078)	(89,946)	(210,398)	(411,343)	(766,124)	(753,357)	(935,720)	0	(262,382)	(59,079)	(117,989)
Anticipated Reserves at Year End		N/A	\$1,390,596	\$1,403,128	\$1,431,623	\$1,618,408	\$1,659,594	\$1,834,794	\$1,899,943	\$1,770,795	\$1,286,393	\$809,960	\$144,149	\$417,328	\$440,877	\$680,333	\$876,076

(NOTE 5)

(continued)

		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
		2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Reserves at Beginning of Year		876,076	889,602	778,205	1,024,033	1,337,674	1,723,145	1,523,269	1,633,967	1,298,021	1,730,866	1,825,722	2,299,572	2,450,691	2,933,418	3,275,368
Total Recommended Reserve Contributions		302,700	312,700	323,000	333,700	344,700	356,100	367,900	380,000	392,500	405,500	418,900	432,700	447,000	461,800	477,000
Estimated Interest Earned, During Year		23,519	22,215	24,006	31,458	40,771	43,243	42,055	39,055	40,345	47,374	54,950	63,274	71,717	82,702	94,874
Anticipated Expenditures, By Year		(312,693)	(446,312)	(101,178)	(51,517)	0	(599,219)	(299,257)	(755,001)	0	(358,018)	0	(344,855)	(35,990)	(202,552)	0
Anticipated Reserves at Year End		\$889,602	\$778,205	\$1,024,033	\$1,337,674	\$1,723,145	\$1,523,269	\$1,633,967	\$1,298,021	\$1,730,866	\$1,825,722	\$2,299,572	\$2,450,691	\$2,933,418	\$3,275,368	\$3,847,242

(NOTE 4)

Explanatory Notes:

- 1) Year 2025 Ending Reserves are projected as of December 31, 2025, and exclude funds in the Structural Integrity Reserve Funding Plan. FY2024 starts January 1, 2024 and ends December 31, 2024.
- 2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves; 2024 is a partial year of interest earned.
- 4) Accumulated year 2054 ending reserves consider the need to fund for subsequent modernization of the traction elevators shortly after 2054, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

RESERVE FUNDING PLAN

Non-Structural - Reserve Equity Balance

CASH FLOW ANALYSIS Grand Panama Beach Resort Condominium Association, Inc.

Panama City Beach, Florida	Individual Reserve Budgets & Cash Flows for the Next 30 Years																
	FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	
Reserves at Beginning of Year	(Note 1)	N/A	N/A	1,400,654	1,413,456	1,442,231	1,629,302	1,670,781	1,846,284	1,911,744	1,782,915	1,298,841	822,744	157,278	430,811	454,724	694,554
Total Recommended Reserve Contributions	(Note 2)	N/A	N/A	192,000	198,300	204,800	211,600	218,600	225,800	233,300	241,000	249,000	257,200	265,700	274,500	283,600	293,000
Estimated Interest Earned, During Year	(Note 3)	N/A	N/A	37,484	38,038	40,913	43,958	46,848	50,058	49,214	41,050	28,260	13,054	7,833	11,795	15,309	21,116
Anticipated Expenditures, By Year		N/A	N/A	(216,682)	(207,564)	(58,642)	(214,078)	(89,946)	(210,398)	(411,343)	(766,124)	(753,357)	(935,720)	0	(262,382)	(59,079)	(117,989)
Anticipated Reserves at Year End		N/A	\$1,400,654	\$1,413,456	\$1,442,231	\$1,629,302	\$1,670,781	\$1,846,284	\$1,911,744	\$1,782,915	\$1,298,841	\$822,744	\$157,278	\$430,811	\$454,724	\$694,554	\$890,680

(NOTE 5)

(continued)

	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	
Reserves at Beginning of Year	890,680	904,600	793,608	1,039,853	1,353,920	1,739,829	1,540,404	1,651,565	1,316,093	1,749,426	1,844,784	2,319,148	2,470,796	2,954,067	3,296,575	
Total Recommended Reserve Contributions	302,700	312,700	323,000	333,700	344,700	356,100	367,900	380,000	392,500	405,500	418,900	432,700	447,000	461,800	477,000	
Estimated Interest Earned, During Year	23,913	22,620	24,422	31,885	41,209	43,693	42,518	39,530	40,833	47,876	55,464	63,803	72,260	83,260	95,447	
Anticipated Expenditures, By Year	(312,693)	(446,312)	(101,178)	(51,517)	0	(599,219)	(299,257)	(755,001)	0	(358,018)	0	(344,855)	(35,990)	(202,552)	0	
Anticipated Reserves at Year End	\$904,600	\$793,608	\$1,039,853	\$1,353,920	\$1,739,829	\$1,540,404	\$1,651,565	\$1,316,093	\$1,749,426	\$1,844,784	\$2,319,148	\$2,470,796	\$2,954,067	\$3,296,575	\$3,869,022	

(NOTE 4)

Explanatory Notes:

- 1) Year 2025 Ending Reserves are projected as of December 31, 2025, and exclude funds in the Structural Integrity Reserve Funding Plan. FY2024 starts January 1, 2024 and ends December 31, 2024.
- 2) Reserve Contributions are budgeted through 2025. Anticipated Reserves at Year End include these budgeted contributions and the anticipated Reserve Expenditures. 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves; 2024 is a partial year of interest earned.
- 4) Accumulated year 2054 ending reserves consider the need to fund for subsequent modernization of the traction elevators shortly after 2054, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

Non-Structural FIVE-YEAR OUTLOOK

Grand Panama Beach Resort Condominium Association, Inc. Panama City Beach, Florida

Line Item	Reserve Component Inventory	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029
<u>Interior Building Elements</u>							
2.100	Elevator Cab Finishes				125,663		
2.185	Exercise Room, Renovation, Partial		13,946				
2.605	Lobby and Meeting Room, Renovation, Partial		27,891				
2.900	Rest Rooms, Renovation, Tiki Bar					42,131	
<u>Building Services Elements</u>							
3.070	Air Handling and Condensing Units, Split Systems, Phased		43,386				49,403
3.700	Pumps, Domestic Water, Phased						44,110
<u>Property Site Elements</u>							
4.020	Asphalt Pavement, Patch, Seal Coat, and Striping				14,661		
4.285	Fence, Wood						32,818
<u>Tower 1 Pool Elements</u>							
6.500	Furniture, Ground Level		35,122				
6.950	Light Fixtures, Bollards				67,240		
6.600	Mechanical Equipment, Both Pools, Phased		14,979			16,511	
6.800	Pool Finishes, Plaster						69,634
6.801	Pool Finishes, Tile						18,114
<u>Tower 2 Pool Elements</u>							
6.501	Furniture, Plaza Deck		21,693				
<u>Garage Elements</u>							
7.801	Traffic Coating, Elevated Floors, Detached Garage					206,482	
	Structural Integrity Reserve Study Update with Site Visit (2024 is Budgeted Remaining)	1,725			10,200		
Anticipated Expenditures, By Year (\$7,968,636 over 30 years)		1,725	157,016	216,682	207,564	58,642	214,078

4. 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.

Grand Panama Beach Resort can fund capital repairs and replacements in any combination of the following:

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

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Owners 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 standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level III Reserve Study Update, No Site Visit." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local² 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 Panama City Beach, Florida at an annual inflation rate³. Isolated or regional markets of

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

² See Credentials for additional information on our use of published sources of cost data.

³ Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

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

- The past and current maintenance practices of Grand Panama Beach Resort and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

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



5. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to a 2,600,000-square foot 98-story highrise. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

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

OLD TO NEW

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

TAMARA S. SAMHOURI, E.I., RS
Responsible Advisor

CURRENT CLIENT SERVICES

Tamara Samhouri, a Civil Engineer, is an Advisor for **Reserve Advisors**. Mrs. Samhouri is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations.



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

North Lake at Tarpon Springs Homeowners Association Located in Tarpon Springs, Florida, this single family development consists of 122 homes built in 1999. The Association maintains the asphalt pavement street systems, ponds, gates, signage, & a boardwalk and dock assembly.

Talon Bay Property Owners Association This Homeowners Association located in North Port, Florida is comprised of 233 single unit homes. The clubhouse in this community includes a fitness center, kitchen, rest rooms, and a patio leading to a pool deck. The clubhouse and gate house were constructed with stucco façade and a metal roof assembly. The Association maintains asphalt pavement street systems, tennis and shuffleboard courts, and gates.

Lake Highlander Resident Owned Association This Cooperative style development located in Dunedin, Florida is comprised of 293 homes built in the 1960s. The community maintains amenities, such as a laundry room, pool hall, library, office, and clubhouse. The Cooperative maintains the subsurface pipes, electric meter panels, and bridges throughout the community.

Royal Pointe at Majestic Palms Recreation Association and Condominium Associations The Recreation Association is responsible for the elements shared by five condominium buildings. The Recreation Association maintains the pool amenities & asphalt pavement street systems. The Condominium Associations are responsible for their building exteriors comprised of concrete tile roofs, balconies, breezeways, & staircases. The Condominium Associations maintain the building service elements, including life safety systems, & domestic water pumps.

Hudson Crossing Condominium Association This condominium style development, located in Sarasota, Florida consists of 12 units. This building was constructed with fiber cement siding, asphalt shingle & flat roofs, & terraces. The Association also maintains the irrigation system, lift stations, windows & doors, hydraulic elevators, life safety system, backflow preventers, on-grade concrete garage, exhaust system, docks & seawall located on the property.

PRIOR RELEVANT EXPERIENCE

Before joining **Reserve Advisors**, Mrs. Samhouri successfully completed the bachelors program in Civil Engineering from The University of South Florida. She has experience as a Transportation Planning Intern at AECOM, the world's premier infrastructure consulting firm, where she gained knowledge on the safety and design of specialized roadway networks. Mrs. Samhouri has an expertise in transportation and geotechnical engineering infrastructure.

EDUCATION

University of South Florida - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Engineering Intern (E.I.) – Florida, 2021-present

American Society of Civil Engineers (A.S.C.E.) – Florida, 2015-present

Institute of Transportation Engineers (I.T.E.) – Florida, 2015-present

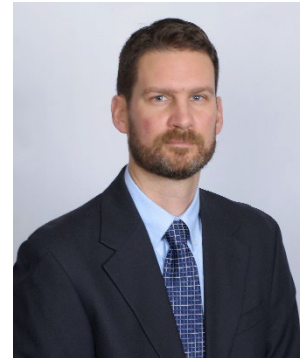
Reserve Specialist (RS) - Community Association Institute (CAI)

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

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

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



RESOURCES

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

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

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

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

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

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

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

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 Grand Panama Beach Resort 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) Grand Panama Beach Resort 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, LLC ("RA") performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our structural integrity reserve study ("SIRS") is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan, to create reserves for anticipated future replacement expenditures of the subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. Our energy benchmarking services with respect to the subject property is limited to collecting energy and utility data and summarizing such data in the form of an Energy Star Portfolio Manager Report or any other similar report, and hereby expressly excludes any recommendations with respect to the results of such energy benchmarking services or the accuracy of the energy information obtained from utility companies and other third-party sources with respect to the subject property. SIRS and any energy benchmarking report (i.e., any Energy Star Portfolio Manager Report) (including any subsequent revisions thereto pursuant to the terms hereof, collectively, the "Report") are based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. Other than the visual inspection conducted in connection with the SIRS (which visual inspection shall be conducted by a licensed architect or engineer (in RA's sole discretion)) (the "SIRS Visual Inspection"), the study will be performed by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA during the SIRS Visual Inspection, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

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

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

Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. RA retains the right to withhold



a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

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

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

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

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

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