

## Reserve Advisors, Inc.

### **ASSUMPTIONS**

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

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

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

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

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

### **PROFESSIONAL SERVICE CONDITIONS**

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

Our inspection and analysis of the subject property is limited to visual observations and is noninvasive. We will inspect sloped roofs from the ground. We will inspect flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. Reserve Advisors does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, structural, latent or hidden defects which may or may not be present on or within the property. Our opinions of estimated costs and remaining useful lives are not a guarantee of the actual costs of replacement, a warranty of the common elements, or guarantee of remaining useful lives.

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

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

**Your Obligations** - You agree to provide us access to the subject property during our on site visual inspection and tour. You will provide to us to the best of your ability and if reasonably available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete our Study. You agree to abide by the payment schedule for our services in accordance with the Reserve Study Proposal.

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

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

## **FIRM'S QUALIFICATIONS**

### **HISTORY AND DEPTH OF SERVICE TO AMERICA**

**Founded in 1991**, Reserve Advisors, Inc. is the leading provider of reserve studies and independent property consulting services, serving community associations, clubs, non-profit organizations, apartment building owners, religious institutions and educational facilities, office and commercial building owners, and other entities in over 40 states and Canada.

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 engineering and financial master plan known as a Reserve Study.

Reserve Advisors has the **largest staff of engineers**, architects, and other specialists dedicated to Reserve Study services. Our principals are founders of Community Associations Institute's (CAI) Reserve Committee. Also, one of our principals serves as President of the Association of Professional Reserve Analysts (APRA). Our vast experience with a variety of building types and ages, on-site examination and a historical analyses are keys to our determining accurate remaining useful life estimates of building components.

**No Conflict of Interest** - As specialists, our **independent engineering 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 Peer Review, exclusive to Reserve Advisors, Inc., and by utilizing the experience of other staff gained from serving hundreds of other clients. A peer review is an internal quality assurance review of an assignment including the inspection, costing, lifing and technical report phases of the assignment. Each peer review requires the attendance of at least five staff including a Principal of the Firm, a Review Coordinator and other participatory peers. Due to our extensive experience with building components, we do not have a need to utilize subcontractors.

### **OUR GOAL**

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

### **VAST EXPERIENCE WITH A VARIETY OF BUILDINGS**

Reserve Advisors, Inc. has conducted Reserve Studies for a variety of different communities and building types. Our clients include institutional governmental entities, master associations, clubs, schools and religious organizations. We've analyzed thousands of buildings, from as small as a 3,500 square-foot day care center to the 100-story John Hancock Center in Chicago. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety security systems.

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

### **OLD TO NEW**

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

**Reserve Advisors, Inc.**

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

**CURRENT CLIENT SERVICES**

Theodore J. Salgado is a co-founder of Reserve Advisors, Inc., which is dedicated to serving community associations, city and country clubs, religious organizations, educational facilities, and public and private entities throughout the United States. He is responsible for the production, management, review, and quality assurance of all reserve studies, defect identification transition studies, engineering and financial planning services for a nationwide portfolio of more than 1,500 clients.



**PRIOR RELEVANT EXPERIENCE**

Before founding Reserve Advisors, Inc. in 1991, Mr. Salgado, a professional engineer, served clients for over 15 years through American Appraisal Associates, the world's largest full service valuation firm. He was also directly responsible for reserve study services, the supervision of appraisals of apartment complexes, churches, hotels, casinos, resorts, office towers, and architecturally ornate public buildings. Mr. Salgado conducted a hospital facilities analysis of St. Joseph Mercy Hospital in Detroit, Michigan and toured the McLaren Regional Medical Center in Flint, Michigan pertaining to real estate tax valuation.

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

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

**EXPERT WITNESS**

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

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

**PROFESSIONAL AFFILIATIONS/DESIGNATIONS**

American Association of Cost Engineers - 1982, President, Wisconsin Section - 1988  
Association of Construction Inspectors - Senior Designated Member  
Certified Construction Inspector, Association of Construction Inspectors  
Professional Engineer (**PE**), Registered in 1982  
Community Associations Institute - Member, multiple chapters throughout USA  
Association of Professional Reserve Analysts - Board President, and Professional Reserve Analyst (**PRA**). Mr. Salgado serves as President of the Association of Professional Reserve Analysts. APRA's mission is to develop and maintain national standards, terminology, and Certification Program for reserve study providers.

## Reserve Advisors, Inc.

### JOHN P. POEHLMANN, RS Principal

#### CURRENT CLIENT SERVICES

John P. Poehlmann is a *co-founder of Reserve Advisors, Inc.*, which is dedicated to serving condominium and homeowner associations, cooperatives, planned developments, city and country clubs, yacht clubs, not-for-profit organizations/charities, religious institutions and schools, residential health care facilities, commercial property owners, and governmental entities in over 40 States and Canada. He is responsible for the finance, accounting, marketing, and overall administration of Reserve Advisors, Inc.



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

Mr. Poehlmann also serves on the national Board of Trustees of Community Associations Institute. Community Associations Institute (CAI) is a national, nonprofit 501(c)(6) trade association created in 1973 to provide education and resources to America's nearly 250,000 residential condominium, cooperative and homeowner associations and related professionals and service providers. The Institute is dedicated to fostering vibrant, responsive, competent community associations that promote harmony, community, and responsible leadership.

He is a founding member of the Institute's *Reserve Professionals Committee*. The Reserve Professionals Committee developed national standards and the Reserve Specialist (RS) Designation Program for Reserve Study Providers.

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

#### EDUCATION

University of Wisconsin-Milwaukee - Master of Science

University of Wisconsin - Bachelor of Business Administration

#### PROFESSIONAL AFFILIATIONS

##### *Community Associations Institute (CAI)*

Serving national Board of Trustees

Reserve Professionals Committee, founding member

Reserve Specialist (RS) designation

Member of multiple chapters

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

*United Condominium Owners of Michigan (UCOM)*, member

## **Reserve Advisors, Inc.**

### **RESOURCES WE USE IN OUR ANALYSIS**

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

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

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

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

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

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

**Reserve Advisors, Inc.** library of numerous periodicals relating to engineering disciplines, 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.