

**Reserve Study Update
for
The Jonathan
Association
Chaska, Minnesota
April 25, 2013**





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RESERVE STUDY EXECUTIVE SUMMARY

Client: The Jonathan Association (The Jonathan)

Location: Chaska, Minnesota

Reference: 090700

Property Basics: The Jonathan Association is a master association which is responsible for the common elements shared by approximately 3,000 units. The Association was built beginning in the 1960's through approximately 2011. The development contains walking paths, mail pavilions, playgrounds and signage.

Reserve Components Identified: 95 Reserve Components.

Inspection Date: April 25, 2013. We conducted the original Reserve Study on October 30, 2009.

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 2019 due to replacement of trees and in 2029 due to replacement of playground equipment at Clover.

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

- current and future *local* costs of replacement
- 1.2% annual rate of return on invested reserves
- 1.9% future Inflation Rate for estimating Future Replacement Costs

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

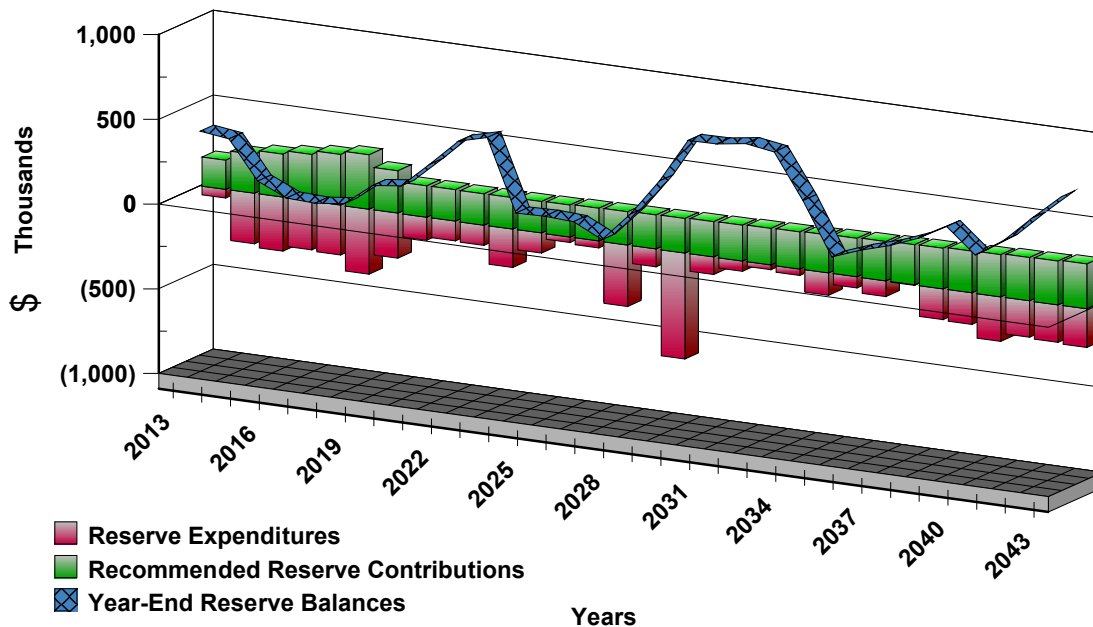
Cash Status of Reserve Fund: \$122,936 as of February 28, 2013.

Recommended Reserve Funding: The Association budgeted \$206,184 for Reserve Contributions in 2013. We recommend that the Association budget annual phased increases in Reserve Contributions of approximately \$23,000 from 2014 through 2018, due to replacement of ash trees, \$250,000 in 2019 and \$185,000 from 2020 through 2024. Afterwards, the Association should budget gradual annual increases in reserve funding, that in part consider the effects of inflation. The recommended year 2014 Reserve Contribution of \$229,200 is \$23,016 more than the prior budgeted amount and represents about a three percent (2.9%) adjustment in the 2013 total Operating Budget of \$796,513. This initial adjustment of \$23,016 is equivalent to an average monthly increase of \$0.64 per unit owner.

Certification: This *Reserve Study Update with Site Visit* exceeds the Community Associations Institute (CAI) and Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II Update with Site Visit Study."

The Jonathan Recommended Reserve Funding Table and Graph

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2014	229,200	179,412	2024	185,000	251,392	2034	223,300	826,306
2015	252,200	114,000	2025	188,500	411,091	2035	227,500	998,679
2016	275,200	102,691	2026	192,100	568,160	2036	231,800	1,150,330
2017	298,200	107,908	2027	195,700	406,562	2037	236,200	1,397,010
2018	321,200	46,389	2028	199,400	505,821	2038	240,700	1,472,997
2019	250,000	31,152	2029	203,200	87,525	2039	245,300	1,549,747
2020	185,000	81,637	2030	207,100	192,423	2040	250,000	1,555,460
2021	185,000	151,779	2031	211,000	345,874	2041	254,800	1,614,044
2022	185,000	220,541	2032	215,000	538,407	2042	259,600	1,672,486
2023	185,000	182,140	2033	219,100	726,712	2043	264,500	1,729,308



Respectfully submitted on May 6, 2013 by
RESERVE ADVISORS, INC.



Alan M. Ebert, PRA¹, RS², Associate Director of Quality Assurance
Visual Inspection and Report by: Justin J. Maier, PRA, RS



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

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



RESERVE STUDY REPORT

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

The Jonathan Association

Chaska, Minnesota

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, April 25, 2013. We conducted the original Reserve Study on October 30, 2009.

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
- **Supplementary Information for Financial Statements** - Contains significant unaudited information about existing reserves from the Reserve Components and Expenditures, and estimated current and future replacement costs
- **Methodology** - Lists the national standards, methods and procedures used, financial information relied upon for the Financial Analysis of the Reserve Study
- **Definitions** - Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Conditions of our Service** - Describes Assumptions and Professional Service Conditions
- **Credentials**
- **Resources**

IDENTIFICATION OF PROPERTY

The Jonathan Association is a master association which is responsible for the common elements shared by approximately 3,000 units. The Association was built beginning in the 1960's through approximately 2011. The development contains walking paths, mail pavilions, playgrounds and signage. We identify 95 major reserve components that are likely to require capital repair or replacement during the next 30 years.

We documented both *external market changes* and *internal property changes* through discussions with Management, a review of financial information about reserves and historical Reserve Expenditures, an analysis of market trends since our previous Reserve Study, and our visual inspection of the property on April 25, 2013. External market changes reflect historical and current rates of inflation and yield on reserve savings. Internal property changes reflect additions to and deletions from the list of Reserve Components likely to require future expenditures for major replacements or repairs during the next 30 years. Other internal property changes may involve changes to the Remaining Useful Lives of the Reserve Components based on observed or reported condition. We first comment on the external market changes at The Jonathan.

EXTERNAL MARKET CHANGES

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



The cost of construction materials, labor and equipment in Chaska has increased due to normal inflation, the growth of the local economy and demand for construction related services. Our original forecast for inflation was an annual rate of 3.4%. The most recent financial and historical information available suggests a future sustained near term inflation rate of 1.9%.

INTERNAL PROPERTY CHANGES

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

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

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



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

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

Deletions from prior Reserve Study

- Line Items 1, 2, 9, 10, 13, 14, 18, 19, 25, 26, 28, 29, 36, 37, 43, 44, 50, 51, 56, 57, 63, 64, 71, 72, 86 and 87, Asphalt Pavement, Walking Paths (now noted together on Line Item 84)
- Line Items 102 through 107, Eitel House
- Line Item 115, Windmills

Additions to this Reserve Study Update

- Line Item 4, Pond, Aerators
- Line Item 19, Signage, Alexander Circle
- Line Item 71, Mailboxes (Oak Valley)
- Line Item 72, Signage (Oak Valley)
- Line Items 83 and 84, Asphalt Pavement, Walking Paths
- Line Item 85, Benches and Trash Receptacles
- Line Item 87, Landscape, Ash Trees
- Line Item 89, Silo, Paint Finish
- Line Item 90, Doors, Garage
- Line Items 92 through 94, Maintenance Equipment
- Line Item 95, Roof, Asphalt Shingles (Storage Facility)

Significant Changes since prior Reserve Study

- Line Items 5, 7, 10, 15, 19, 26, 30, 35, 39 and 78, Signage
- Line Item 6, Mailbox Station, Metal (Neighborhood #2)
- Line Item 14, Playground Equipment (Neighborhood #4)
- Line Item 18, Playground Equipment (Neighborhood #5)
- Line Item 29, Playground Equipment (Neighborhood #7)
- Line Item 47, Playground Equipment (Neighborhood #11)
- Line Item 73, Asphalt Pavement (Karen House)
- Line Item 75, Interior Renovations
- Line Item 77, Roof, Asphalt Shingles (Karen House)
- Line Item 80, Retaining Walls, Lake Grace Pavilion
- Line Item 88, Pavers, Brick, Resetting and Partial Replacements

In addition to the internal property changes listed above, we list the following Long-Lived Property Elements, defined as those items without predictable Remaining Useful Life expectancies:

- Foundations, Common
- Pipes, Subsurface Utilities
- Retaining Wall, Masonry, Neighborhood #1 (replaced in 2011)
- Structural Frames, Common
- Walls, Fiber Cement Siding, Storage Facility (constructed in 2011)
- Walls, Wood Siding, Lake Grace Pavilion (assumed replaced in 2013 or 2014 as a volunteer project by the Boy Scouts)

Long-Lived Property Elements (without predictable Remaining Useful Lives) may require infrequent repairs due to abuse, normal wear and tear or unknown construction defects. The Jonathan should fund the cost of these infrequent replacements from the operating budget. Funding untimely or unexpected replacements from reserves will necessitate adjustments to future Reserve Contributions. An update of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan.

The operating budget provides money for the repair and replacement of certain Reserve

Components. Operating Budget Funded Repairs and Replacements relate to:

- General Maintenance to the Common Elements
- Expenditures less than \$2,400 (*These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.*)
- Asphalt Pavement, Crack Repair, Patch and Seal Coat, Karen House
- Eitel House
- Electrical and Plumbing Systems, Karen House
- Facade, Porch, Sidewalks and Railings, Karen House
- Irrigation Systems (Clover Neighborhood)
- Landscape, Annual Maintenance
- Light Fixtures, Silo
- Paint Finishes, Mailbox Pavilions
- Paint Finishes, Touch Up
- Pavilion, Interiors, Steps, and Windows and Doors
- Ponds (maintenance and dredging)
- Windmills
- Other Repairs normally funded through the Operating Budget

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

- Homes and Lots
- Retaining Wall (Neighborhood #7 along Innsbruck Drive)

Certain items have been designated as the responsibility of others to repair or replace.

Property Maintained by Others relates to:

- Art and Sculptures (Municipality)
- Obelisk (Municipality)
- Light Poles and Fixtures (Municipality)
- Retaining Walls, except those maintained by The Jonathan (Municipality and Sub Associations)
- Roadway Underpass Structures (Municipality)
- Signage, Sub Association (Sub Associations)
- Walking Paths, except those maintained by The Jonathan (Municipality)

RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities replaced during the next 30 years
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of replacement
- Life analysis showing
 - useful life
 - remaining useful life
- Unit cost of replacement
- 2013 local cost of replacement
- Total future costs of replacement anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

RESERVE EXPENDITURES

for
The Jonathan
Association
Chaska, Minnesota

Explanatory Notes:

- 1) 1.9% is the estimated future Inflation Rate for estimating Future Replacement Costs.
2) FY 2013 is Fiscal Year beginning January 1 and ending December 31.

Quantities:				Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis, Years		Unit Cost, \$	2013 Cost of Replacement per Phase, \$	Total Future Costs of Replacement, \$	(See Notes 1 & 2)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
Line Item	30-Year Total	Per Phase	Units			Useful	Remaining				RUL = 0 FY2013	1 2014	2 2015	3 2016	4 2017	5 2018	6 2019	7 2020	8 2021	9 2022	10 2023	11 2024	12 2025	13 2026	14 2027	15 2028	16 2029	17 2030	18 2031	19 2032	20 2033																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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1	1	1 Each	Bus Shelter, Wood, Refurbishment	2027	to 20	14	3,000.00	3,000	3,904																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									</

RESERVE EXPENDITURES

for
The Jonathan
Association
Chaska, Minnesota

Explanatory Notes:

- 1) 1.9% is the estimated future Inflation Rate for estimating Future Replacement Costs.
2) FY 2013 is Fiscal Year beginning January 1 and ending December 31.

Line Item	Quantities:			Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis, Years		Unit Cost, \$	2013 Cost of Replacement per Phase, \$	Total Future Costs of Replacement, \$	(See Notes 1 & 2)																					
	30-Year Total	Per Phase	Units			Useful	Remaining				RUL = 0 FY2013	1 2014	2 2015	3 2016	4 2017	5 2018	6 2019	7 2020	8 2021	9 2022	10 2023	11 2024	12 2025	13 2026	14 2027	15 2028	16 2029	17 2030	18 2031	19 2032	20 2033	
58	19	19	Sets	Mailboxes, Metal, Cluster	2023	to 20	10	850.00	16,150	19,495										19,495												
59	6	6	Each	Playground Equipment	2029	15 to 25	16	25,500.00	153,000	206,766																		206,766				
60	2	2	Each	Signage, Entrance, Masonry, Refurbishment	2024	15 to 20	11	3,100.00	6,200	7,626										7,626												
61	1	1	Each	Signage, Entrance, Wood	2024	15 to 20	11	5,300.00	5,300	6,519										6,519												
62	2	1	Allowance	Trellis, Columns and Pavers, Refurbishment	2017	15 to 20	4	20,000.00	20,000	51,824				21,564																		
Autumn Woods Elements																																
63	3	3	Each	Mail Pavilions, Masonry and Wood, Refurbishment	2027	to 20	14	3,000.00	9,000	11,713																11,713						
64	4	4	Each	Mailboxes, Metal	2027	to 25	14	1,500.00	6,000	7,809																7,809						
65	4	4	Each	Mailboxes, Metal with Wood Frame	2027	to 25	14	2,400.00	9,600	12,494																12,494						
66	4	4	Each	Mailboxes, Metal with Masonry Pedestals	2036	to 25	23	1,750.00	7,000	10,792																						
67	2	2	Sets	Mailboxes, Metal, Cluster	2027	to 20	14	850.00	1,700	2,213																2,213						
68	2	2	Each	Playground Equipment (Includes Basketball Court)	2027	15 to 25	14	32,000.00	64,000	83,295																83,295						
69	4	1	Each	Pond, Aerators, Phased	2020	10 to 15	7	6,000.00	6,000	34,433						6,845										7,957						
70	12	6	Each	Signage, Entrance, Refurbishment	2023	15 to 20	10	4,500.00	27,000	78,326										32,592												
Oak Valley Elements																																
71	1	1	Allowance	Mailboxes	2029	to 25	16	25,000.00	25,000	33,785																	33,785					
72	1	1	Each	Signage	2032	15 to 20	19	5,000.00	5,000	7,150																				7,150		
Karen House Elements																																
73	1,400	1,400	Square Yards	Asphalt Pavement, Parking Areas, Total Replacement	2031	15 to 20	18	26.00	36,400	51,078																			51,078			
74	2	1	Allowance	Building Services Equipment	2018	12 to 18	5	5,800.00	5,800	14,823						6,372															8,451	
75	6	1	Allowance	Interior Renovations, Phased	2015	to 20	2	6,500.00	6,500	51,901			6,749					7,415				8,147					8,951					
76	6	2	Each	Light Poles and Fixtures, Phased	2015	to 25	2	2,100.00	4,200	17,019			4,361														5,676					
77	24	12	Squares	Roof, Asphalt Shingles (includes gutters and downspouts)	2013	15 to 20	0	1,000.00	12,000	29,485	12,000																				17,485	
78	1	1	Allowance	Signage, Entrance (replace wood with masonry)	2014	N/A	1	5,000.00	5,000	5,095		5,095																				
79	11	11	Square Feet	Windows, Remaining	2019	to 35	6	800.00	8,800	9,852						9,852																
Lake Grace Pavilion Elements																																
80	340	340	Square Feet	Retaining Walls, Timber, Subsequent	2038	to 25	25	30.00	10,200	16,329																						
81	50	25	Squares	Roof, Asphalt Shingles	2024	15 to 20	11	300.00	7,500	22,170										9,225												
82	12,300	2,050	Square Feet	Walls, Wood Siding, Paint Finish Applications	2018	4 to 6	5	1.65	3,383	28,578					3,716					4,083						4,486					4,929	
Property Site Elements																																
83	222,300	17,100	Linear Feet	Asphalt Pavement, Walking Paths, Crack Repair and Patch	2013	3 to 5	0	0.30	5,130	87,293	5,130	5,227	5,327							6,192	6,310	6,430				6,803	6,933	7,064		7,475		
84	100,000	8,333	Linear Feet	Asphalt Pavement, Walking Paths, Total Replacement	2018	to 20	5	12.00	100,000	1,698,641					109,868	111,955	114,083	116,250	118,459	120,710												
85	39	13	Each	Benches and Trash Receptacles	2013	to 15	0	700.00	9,100	37,174	9,100															12,069						
86	1	1	Each	Gazebo	2024	15 to 25	11	11,300.00	11,300	13,899										13,899												
87	2,000	400	Each	Landscape, Ash Trees, Phased	2014	N/A	1	600.00	240,000	1,270,158		244,560	249,207	253,942	258,766	263,683																
88	15,800	7,900	Square Feet	Pavers, Brick, Resetting and Partial Replacements	2019	10 to 15	6	7.50	59,250	154,306							66,334															

RESERVE EXPENDITURES

for
The Jonathan
Association
Chaska, Minnesota

Explanatory Notes:
1) 1.9% is the estimated future Inflation Rate for estimating Future Replacement Costs.
2) FY 2013 is Fiscal Year beginning January 1 and ending December 31.

Quantities:				Reserve Component Inventory	Estimated 1st Year of Replacement	Life Analysis,		Unit Cost, \$	2013 Cost of Replacement per Phase, \$	Total Future Costs of Replacement, \$	(See Notes 1 & 2)																									
30-Year	Per		Years			2013 Cost of	Total Future				RUL = 0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20					
Item	Total	Phase	Units			Useful	Remaining				per Phase, \$	Replacement, \$	FY2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033			
89	3	1	Allowance	Silo, Paint Finishes	2014	to 10	1	6,000.00	6,000	22,403	6,114																			7,380						
Storage Facility Elements																																				
90	3	3	Each	Doors, Garage, Sectional	2036	to 25	23	1,500.00	4,500	6,938																										
91	1	1	Each	Maintenance Vehicles, Bobcat	2028	to 20	15	50,000.00	50,000	66,311																					66,311					
92	3	1	Each	Maintenance Vehicles, Golf Cart	2016	to 10	3	7,000.00	7,000	27,140																				7,407		8,941				
93	3	1	Each	Maintenance Vehicles, Pick-up Truck	2016	to 10	3	25,000.00	25,000	96,925																				26,452		31,930				
94	1	1	Each	Maintenance Vehicles, Trailer	2030	to 20	17	5,000.00	5,000	6,885																							6,885			
95	23	23	Squares	Roof, Asphalt Shingles	2031	15 to 20	18	300.00	6,900	9,682																								9,682		
		1	Allowance	Reserve Study Update with Site Visit	2015	2	2	4,500.00	4,500	4,500	4,500																									
				Anticipated Expenditures, By Year						\$5,603,471	51,230	297,680	319,362	287,801	294,239	383,639	265,699	135,188	116,250	118,459	225,803	118,334	32,752	40,871	363,111	105,583	625,035	103,872	60,760	27,741	38,340					

Reserve Advisors, Inc.

RESERVE EXPENDITURES

for
**The Jonathan
 Association**
 Chaska, Minnesota

Line Item	Reserve Component Inventory	21 2034	22 2035	23 2036	24 2037	25 2038	26 2039	27 2040	28 2041	29 2042	30 2043
<u>Neighborhood #1 Elements</u>											
1	Bus Shelter, Wood, Refurbishment										
2	Mailbox Stations										
3	Playground Equipment										
4	Pond, Aerators, Phased		9,078								10,553
5	Signage, Entrance (replace wood with masonry)										
6	Mailbox Station			3,700							
7	Signage, Entrance (replace wood with masonry)										
8	Mail Pavilion, Wood, Refurbishment										
9	Mailboxes										
10	Signage, Entrance (replace wood with masonry)										
11	Mail Pavilion, Wood, Refurbishment										
12	Mailboxes									18,123	
13	Mailboxes, Metal with Wood Frame									4,143	
14	Playground Equipment										
15	Signage, Entrance (replace wood with masonry)										
16	Mail Pavilion, Wood, Refurbishment										
17	Mailboxes									12,945	
18	Playground Equipment										
19	Signage, Entrance (replace wood with masonry)										
20	Asphalt Pavement, Basketball Court, Total Replacemnet			22,201				23,937			
21	Mail Pavilions and Bus Shelters, Wood, Refurbishment										
22	Mailbox Stations, Bavarian Court and Alexander Circle										
23	Mailbox Stations, NH #6										
24	Playground Equipment										
25	Signage, Alexander Circle, Masonry, Refurbishment										
26	Signage, Entrance (replace wood with masonry)										
27	Mail Pavilions, Wood, Refurbishment										

Reserve Advisors, Inc.

RESERVE EXPENDITURES

for
**The Jonathan
 Association**
 Chaska, Minnesota

Line Item	Reserve Component Inventory	21 2034	22 2035	23 2036	24 2037	25 2038	26 2039	27 2040	28 2041	29 2042	30 2043
28	Mailboxes							44,881			
29	Playground Equipment										
30	Signage, Entrance (replace wood with masonry)										
31	Mail Pavilions, Wood, Refurbishment										
32	Mailboxes										
33	Playground Equipment										
34	Retaining Wall, Stone Masonry (replace with interlocking masonry)										
35	Signage, Entrance (replace wood with masonry)										
36	Mail Pavilion, Wood, Refurbishment										
37	Mailboxes							9,974			
38	Playground Equipment										
39	Signage, Entrance (replace wood with masonry)										
40	Mail Pavilions, Wood, Refurbishment										
41	Mailboxes										
42	Playground Equipment										
43	Signage, Entrance, Stucco, Refurbishment										
44	Mail Pavilions, Wood, Refurbishment										
45	Mailboxes										
46	Mailbox Stations				4,713						
47	Playground Equipment										
48	Retaining Walls, Masonry	7,127									
49	Signage, Entrance, Masonry, Refurbishment										
50	Mail Pavilions, Wood, Refurbishment										
51	Mailboxes										
52	Playground Equipment										
53	Signage, Entrance, Masonry, Refurbishment										
54	Concrete Walking Paths, Partial	21,344						23,450			
55	Mail Pavilions and Bus Shelters, Wood, Refurbishment										

Reserve Advisors, Inc.

RESERVE EXPENDITURES

for
**The Jonathan
 Association**
 Chaska, Minnesota

Line Item	Reserve Component Inventory	21 2034	22 2035	23 2036	24 2037	25 2038	26 2039	27 2040	28 2041	29 2042	30 2043
56	Mailboxes, Metal										
57	Mailboxes, Metal with Wood Frame										
58	Mailboxes, Metal, Cluster										
59	Playground Equipment										
60	Signage, Entrance, Masonry, Refurbishment										
61	Signage, Entrance, Wood										
62	Trellis, Columns and Pavers, Refurbishment		30,260								
63	Mail Pavilions, Masonry and Wood, Refurbishment										
64	Mailboxes, Metal										
65	Mailboxes, Metal with Wood Frame										
66	Mailboxes, Metal with Masonry Pedestals			10,792							
67	Mailboxes, Metal, Cluster										
68	Playground Equipment (Includes Basketball Court)										
69	Pond, Aerators, Phased		9,078								10,553
70	Signage, Entrance, Refurbishment							45,734			
<u>Oak Valley Elements</u>											
71	Mailboxes										
72	Signage										
73	Asphalt Pavement, Parking Areas, Total Replacement										
74	Building Services Equipment										
75	Interior Renovations, Phased		9,834					10,805			
76	Light Poles and Fixtures, Phased							6,982			
77	Roof, Asphalt Shingles (includes gutters and downspouts)										
78	Signage, Entrance (replace wood with masonry)										
79	Windows, Remaining										
80	Retaining Walls, Timber, Subsequent					16,329					
81	Roof, Asphalt Shingles									12,945	
82	Walls, Wood Siding, Paint Finish Applications					5,415					5,949
83	Asphalt Pavement, Walking Paths, Crack Repair and Patch	7,617	7,762								9,023
84	Asphalt Pavement, Walking Paths, Total Replacement					160,086	163,128	166,228	169,386	172,604	175,884
85	Benches and Trash Receptacles										16,005

RESERVE EXPENDITURES

for
**The Jonathan
 Association**
 Chaska, Minnesota

Line Item	Reserve Component Inventory	21 2034	22 2035	23 2036	24 2037	25 2038	26 2039	27 2040	28 2041	29 2042	30 2043
86	Gazebo										
87	Landscape, Ash Trees, Phased										
88	Pavers, Brick, Resetting and Partial Replacements	87,972									
89	Silo, Paint Finishes	8,909									
90	Doors, Garage, Sectional			6,938							
91	Maintenance Vehicles, Bobcat										
92	Maintenance Vehicles, Golf Cart			10,792							
93	Maintenance Vehicles, Pick-up Truck			38,543							
94	Maintenance Vehicles, Trailer										
95	Roof, Asphalt Shingles										
Reserve Study Update with Site Visit											
Anticipated Expenditures, By Year		132,969	66,012	92,966	4,713	181,830	186,578	262,807	215,120	220,760	227,967

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
The Jonathan Association																	
Chaska, Minnesota		FY2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Reserves at Beginning of Year (Note 1)		122,936	245,359	179,412	114,000	102,691	107,908	46,389	31,152	81,637	151,779	220,541	182,140	251,392	411,091	568,160	406,562
Total Recommended Reserve Contributions (Note 2)		171,820	229,200	252,200	275,200	298,200	321,200	250,000	185,000	185,000	185,000	185,000	185,000	188,500	192,100	195,700	199,400
Plus	Estimated Interest Earned, During Year (Note 3)	1,832	2,533	1,750	1,292	1,256	920	462	673	1,392	2,221	2,402	2,586	3,951	5,840	5,813	5,442
Less	Anticipated Expenditures, By Year	(51,230)	(297,680)	(319,362)	(287,801)	(294,239)	(383,639)	(265,699)	(135,188)	(116,250)	(118,459)	(225,803)	(118,334)	(32,752)	(40,871)	(363,111)	(105,583)
Anticipated Reserves at Year End		<u>\$245,359</u>	<u>179,412</u>	<u>114,000</u>	<u>102,691</u>	<u>107,908</u>	<u>46,389</u>	<u>31,152</u>	<u>81,637</u>	<u>151,779</u>	<u>220,541</u>	<u>182,140</u>	<u>251,392</u>	<u>411,091</u>	<u>568,160</u>	<u>406,562</u>	<u>505,821</u>
		(NOTE 5)															

(continued)		Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
		2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Reserves at Beginning of Year		505,821	87,525	192,423	345,874	538,407	726,712	826,306	998,679	1,150,330	1,397,010	1,472,997	1,549,747	1,555,460	1,614,044	1,672,486	
Total Recommended Reserve Contributions		203,200	207,100	211,000	215,000	219,100	223,300	227,500	231,800	236,200	240,700	245,300	250,000	254,800	259,600	264,500	
Plus	Estimated Interest Earned, During Year	3,539	1,670	3,211	5,274	7,545	9,263	10,885	12,817	15,193	17,117	18,028	18,520	18,904	19,602	20,289	
Less	Anticipated Expenditures, By Year	(625,035)	(103,872)	(60,760)	(27,741)	(38,340)	(132,969)	(66,012)	(92,966)	(4,713)	(181,830)	(186,578)	(262,807)	(215,120)	(220,760)	(227,967)	
Anticipated Reserves at Year End		<u>87,525</u>	<u>192,423</u>	<u>345,874</u>	<u>538,407</u>	<u>726,712</u>	<u>826,306</u>	<u>998,679</u>	<u>1,150,330</u>	<u>1,397,010</u>	<u>1,472,997</u>	<u>1,549,747</u>	<u>1,555,460</u>	<u>1,614,044</u>	<u>1,672,486</u>	<u>1,729,308</u>	
		(NOTE 5)														(NOTE 4)	

Explanatory Notes:

- 1)
- Year 2013 reserves are as of February 28, 2013; FY 2013 starts January 1 and ends December 31.
- 2)
- Reserve Contributions for 2013 are the remaining budgeted 10 months; 2014 is the first year of recommended contributions.
- 3)
- 1.2% is the estimated annual rate of return on invested reserves; 2013 is a partial year of interest earned.
- 4)
- Accumulated year 2043 ending reserves consider the age, size, overall condition and complexity of the property.
- 5)
- Threshold Funding Years (reserve balances at critical point).

Deletions

We deleted 33 Reserve Components from our last Reserve Study. We discuss these deletions in the following narratives.

Asphalt Pavement, Walking Paths - The Jonathan maintains the asphalt walking paths as an overall project rather than by individual neighborhoods. Therefore, we created Line Items 83 and 84 for the walking paths and eliminate Line Items 1, 2, 9, 10, 13, 14, 18, 19, 25, 26, 28, 29, 36, 37, 43, 44, 50, 51, 56, 57, 63, 64, 71, 72, 86 and 87.

Eitel House - The Association will not fund for renovations and replacements of components at the Eitel House through reserves. Therefore, we note renovations and replacements of the Eitel House as an operating expense and eliminate Line Items 102 through 107 from our previous Reserve Study in this 2013 Reserve Study Update.

Windmills - The Association maintains a windmill at Karen and Eitel House. We recommend the Association fund maintenance and replacement of these decorative components through the operating budget. Therefore, we note the windmills as an operating expense and eliminate Line Items 115 from our previous Reserve Study in this 2013 Reserve Study Update.

Additions

We added 16 Reserve Components since our last Reserve Study. A Reserve Component is a property element of 1) Association responsibility; 2) with limited Useful Life expectancy; and 3) predictable Remaining Useful Life expectancy. This Update uses a 30-year Reserve Component forecast and Cash Flow Analysis to project and illustrate the Reserve Funding Plan. Property additions, the 30-year analysis and aging of the common elements have resulted in the following additions to the inventory of Reserve Components. We discuss these additions in the following narratives.

Pond, Aerators - The Association maintains one pond with two aerators near Neighborhood #1 near Pioneer Trail, and one pond with two aerators in Autumn Woods. The Jonathan replaced two aerators from 2011 to 2012 and the age of the other two aerators is not known. The four aerators are in satisfactory operational condition and have useful lives of 10- to 15-years. We recommend the Association budget for phased replacement of two aerators by 2020, 2028 and every 15 years thereafter. We note this addition on Line Items 4 and 69 in the Exhibit of ***Reserve Expenditures***.

Signage, Alexander Circle - The Jonathan maintains a masonry sign at Alexander Circle of Neighborhood #6. The sign is in good condition. We recommend the Association budget for repairs to the masonry every 15- to 20-years, or by 2025. We note this addition on Line Item 25 in the Exhibit of ***Reserve Expenditures***.

Mailboxes (Oak Valley) - The Association replaced the mailboxes at Oak Valley in 2004. The mailboxes have a useful life of up to 25 years. We recommend The Jonathan budget for their subsequent replacement by 2029. We note this addition on Line Item 71 in the Exhibit of *Reserve Expenditures*.

Signage (Oak Valley) - The Jonathan maintains one sign at Oak Valley. The Association replaced the sign in 2012. The signage has a useful life of 15- to 20-years. We recommend the Association budget for replacement by 2032. We note this addition on Line Item 72 in the Exhibit of *Reserve Expenditures*.

Asphalt Pavement, Walking Paths - Asphalt pavement comprises approximately 51,300 linear feet of walking paths, or approximately 10 miles, or approximately 31,400 square yards, throughout the community. This quantity includes the small amount of parking area at the Neighborhood #8 playground. The ages and conditions of the pavement vary. We note cracks and settlement deterioration throughout the property. Pages 5.13 through 5.16 of *Photographs* depict these conditions. We detail the neighborhoods and related quantities of walking paths in the following table:

Neighborhood	Quantity (LF)	Neighborhood	Quantity (LF)
1	12,100	8	3,700
2	300	9	3,100
3	2,100	10	2,600
4	500	11	8,100
5	1,400	12	1,500

6	4,600	Autumn Woods	3,800
7	7,500	Total:	51,300

We recommend the Association budget for crack repairs and patches to the paths every three- to five-years. We include an allowance for repairs beginning in 2013, concluding by 2015 and every five years thereafter except when replacement occurs. We note this addition on Line Item 83 in the Exhibit of *Reserve Expenditures*.

The walking path pavement has a useful life of up to 20 years. The Jonathan should budget for a phased replacement of the paths beginning by 2018 and concluding by 2023. A subsequent phased replacement is likely beginning by 2038 and concluding by 2043. We note this addition on Line Item 84 in the Exhibit of *Reserve Expenditures*.

Benches and Trash Receptacles - The Association will replace approximately 13 benches and trash receptacles throughout property in 2013. We anticipate a useful life of up to 15 years for these elements and recommend the Association budget for a subsequent replacement by 2028 and 2043. We note this addition on Line Item 85 in the Exhibit of *Reserve Expenditures*.

Landscape, Ash Trees - We estimate that The Jonathan maintains approximately 2,000 ash trees. Ash trees are susceptible to the Emerald ash borer which will ultimately kill the trees. Timing of replacement is difficult to determine. For budgetary purposes, we include an allowance for a phased replacement of the ash trees beginning in 2014 and concluding by 2018. We note this addition on Line Item 87 in the Exhibit of *Reserve Expenditures*. We recommend

the Association have their landscape contractor determine the quantity of ash trees at the common property.

Silo, Paint Finish - The Jonathan maintains a concrete stave silo at the main entrance to the property that serves as an identification to the property. The paint finish on the silo is in poor condition with peeling paint evident. Page 5.18 of *Photographs* depicts this condition. We estimate a useful life of up to 10 years for the finish and include an allowance for paint applications in 2014 and every 10 years thereafter. We note this addition on Line Item 89 in the Exhibit of *Reserve Expenditures*.

Doors, Garage - The Association maintains the three sectional garage doors at the storage facility. The Jonathan constructed the storage facility in 2011. The garage doors are original and in good overall condition. The garage doors have a useful life of up to 25 years. We recommend the Association anticipate replacement of the garage doors by 2036. We note this addition on Line Item 90 of *Reserve Expenditures*.

Maintenance Equipment - The Association maintains four major pieces of maintenance equipment including a *Bobcat* utility vehicle, *Pug* golf car, pick-up truck and a trailer. The equipment is reported in satisfactory condition. The ages of the vehicles vary and their useful lives vary from 10- to 20-years. We recommend the Association budget for the following replacements:

- *Bobcat* by 2028
- Golf cart by 2016 and every 10 years thereafter
- Pick-up truck by 2016 and every 10 year thereafter
- Trailer by 2030

We note these additions on Line Items 91 through 94 in the Exhibit of ***Reserve Expenditures***.

Roof, Asphalt Shingles (Storage Facility) - The storage facility roof comprises 23 squares of asphalt shingles. The Jonathan constructed the storage facility in 2011. The roof is original and in good condition. The useful life of an asphalt shingle roof is from 15- to 20-years. We recommend the Association anticipate complete replacement of the storage facility roof by 2031. We note this addition on Line Item 95 of ***Reserve Expenditures***.

Significant Changes

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

Signage - The Association will install 10 new property identifications in Neighborhoods One through Nine and Karen House from 2013 to 2014. The scope of the project is not yet determined, but will likely include replacement of the wood signs with masonry signs. In addition, each neighborhood will only have one sign. We note these significant changes on Line Items 5, 7, 10, 15, 19, 26, 30, 35, 39 and 78 in the Exhibit of ***Reserve Expenditures***. Updates of this reserve study will include future repairs or replacements of the new signs.

Mailbox Station, Metal (Neighborhood #2) - The Jonathan replaced the mailbox station in Neighborhood #2 in approximately 2011. The mailbox station is in good condition and has a useful life of up to 25 years. We recommend the Association budget for a subsequent replacement by 2036. We note this change on Line Item 6 in the Exhibit of ***Reserve Expenditures***.

Playground Equipment (Neighborhood #4) - The Association replaced the playground equipment at Neighborhood #4 in 2012. The playground equipment is in good condition and has a useful life of 15- to 25-years. We recommend The Jonathan budget for a subsequent replacement by 2030. We note this change on Line Item 14 in the Exhibit of ***Reserve Expenditures***.

Playground Equipment (Neighborhood #5) - The Jonathan replaced the playground equipment at Neighborhood #5 in 2012. The playground equipment is in good condition and has a useful life of 15- to 25-years. We recommend the Association budget for a subsequent replacement by 2030. We note this change on Line Item 18 in the Exhibit of ***Reserve Expenditures***.

Playground Equipment (Neighborhood #7) - The Jonathan replaced one set of playground equipment at Neighborhood #7 in 2011 and the other set is relatively new. The playground equipment is in good condition and has a useful life of 15- to 25-years. We recommend the Association budget for a subsequent replacement of both playgrounds by 2029. We note this change on Line Item 29 in the Exhibit of ***Reserve Expenditures***.

Playground Equipment (Neighborhood #11) - The Association replaced one set of playground equipment at Neighborhood #11 in 2012 and the other set is relatively new. The playground equipment is in good condition and has a useful life of 15- to 25-years. We recommend The Jonathan budget for a subsequent replacement of both playgrounds by 2029. We note this change on Line Item 47 in the Exhibit of *Reserve Expenditures*.

Asphalt Pavement (Karen House) - The Association replaced the 1,400 square yards of asphalt pavement at the Karen House in 2011 and it is in good condition. The asphalt pavement has a useful life of 15- to 20-years. The Jonathan should budget for total replacement of the pavement by 2031. We note this change in timing and quantity on Line Item 73 in the Exhibit of *Reserve Expenditures*.

Interior Renovations - The Jonathan renovated the Karen House rest room in 2011 and it is in good condition. We note carpet wear throughout the house. Based on historical practices, we include an allowance for phased renovations of up to twenty-five percent (25%) of the Karen House every five years beginning by 2015. We note this change in timing on Line Item 75 in the Exhibit of *Reserve Expenditures*.

Roof, Asphalt Shingles (Karen House) - The Association will replace the approximately 12 squares of asphalt shingles at the Karen House in 2013. We estimate a useful life of 15- to 20-years for the shingles and recommend The Jonathan budget for a subsequent replacement by 2033. We base our cost on Line Item 77 in the Exhibit of *Reserve Expenditures* on the Association's bid cost.

Retaining Walls, Lake Grace Pavilion - Management informs us that the local Boy Scouts will volunteer to replace the approximately 340 square feet of wood retaining wall at the Lake Grace pavilion in either 2013 or 2014. We anticipate a useful life of up to 25 years for wood retaining walls and recommend The Jonathan budget for a subsequent replacement by 2038. We note this change in timing on Line Item 80 in the Exhibit of *Reserve Expenditures*.

Pavers, Brick, Resetting and Partial Replacements - The Association maintains approximately 7,900 square feet of brick pavers at the roundabout on Hundertmark Drive and at the gazebo. The brick pavers are original and in fair condition. We note settlement at the gazebo. Page 5.17 of *Photographs* depicts this condition. We advise the Association budget for complete resetting of the brick pavers every 10- to 15-years. Based on their condition, we include expenditures for brick paver resetting, including partial replacement of up to ten percent (10%), by 2019 and again by 2034. We note this change in timing on Line Item 88 in the Exhibit of *Reserve Expenditures*. The Association should fund interim repairs through the operating budget.

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

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate



- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

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

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

PHOTOGRAPHS

Photographs document the conditions of various property components as of the date of our visual inspection, April 25, 2013. The Condition Assessment contains references to these photographs.

The following is an overview image of the subject property:



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



Bus shelter at Neighborhood 1



Mailbox stations at Neighborhood 1



Playground equipment at Neighborhood 1



Wood retaining wall deterioration
at Neighborhood 1



Recently constructed common
area at Neighborhood 1



Signage deterioration at
Neighborhood 1



Mailbox station at Neighborhood
2



Mail pavilion at Neighborhood 3



Signage deterioration at
Neighborhood 4



Mail pavilion at Neighborhood 7



Playground at Neighborhood 7



Playground equipment at
Neighborhood 8



Retaining wall deterioration at
Neighborhood 8



Mail pavilion at Neighborhood 9



Playground equipment at
Neighborhood 9



Signage at Neighborhood 12



Concrete walking paths at Clover



Bus shelter at Clover



Mail pavilion at Clover



Playground equipment at Clover



Trellis at Clover



Delaminated masonry - fund repairs through the operating budget



Playground equipment at Autumn Woods



Basketball court at Autumn Woods



Signage at Autumn Woods



Karen House



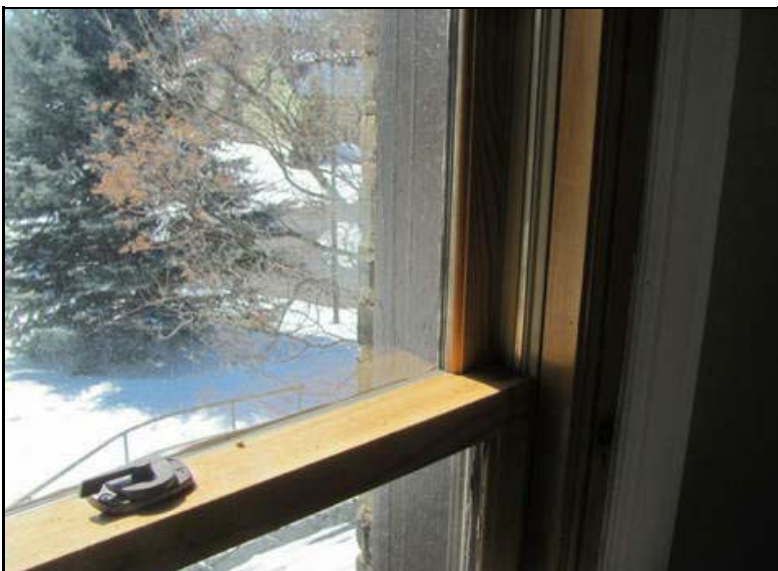
Recently replaced pavement



Furnace



Carpet stains



Dated window



Shingles in poor condition



Eitel House - the Association will fund repairs and replacements through the operating budget



Lake Grace pavilion



Cracks in walking path at
Neighborhood 1



Cracks in walking path at
Neighborhood 1



Walking path deterioration at
Neighborhood 2



Walking path deterioration at
Neighborhood 2



Walking path at Neighborhood 3



Walking path deterioration at
Neighborhood 8



Walking path deterioration at
Neighborhood 8



Walking path deterioration at
Neighborhood 9



Walking path deterioration at
Neighborhood 9



Walking path deterioration at
Neighborhood 9



Walking path deterioration at
Neighborhood 9



Walking path at Autumn Woods



Gazebo at Clover



Paver settlement at gazebo



Paver settlement at gazebo



Silo



Peeling paint



Storage facility



Maintenance vehicle



Maintenance vehicle



SUPPLEMENTARY INFORMATION FOR FINANCIAL STATEMENTS

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

Unaudited Supplemental Information on Future Major Repairs and Replacements

<i>Reserve Component Categories</i>	<i>Total Current Replacement Costs</i>	<i>Total Future or Inflated Replacement Costs</i>	<i>% of Total Future Replacements</i>	<i>Component of Projected 2013 YE Fund Balance</i>
Neighborhood 1-9 Elements	\$815,900	\$1,065,906	19.0%	\$46,673
Clover Elements	\$382,225	\$506,970	9.0%	\$22,199
Autumn Woods Elements	\$175,300	\$241,075	4.3%	\$10,556
Oak Valley Elements	\$30,000	\$40,935	0.7%	\$1,792
Karen House Elements	\$137,400	\$179,253	3.2%	\$7,849
Lake Grace Pavilion Elements	\$45,495	\$67,077	1.2%	\$2,937
Property Site Elements	\$2,641,790	\$3,283,874	58.6%	\$143,791
Storage Facility Elements	\$162,400	\$213,881	3.8%	\$9,365
Reserve Study Update	\$4,500	\$4,500	0.1%	\$197
Totals	\$4,395,010	\$5,603,471	100%	\$245,359

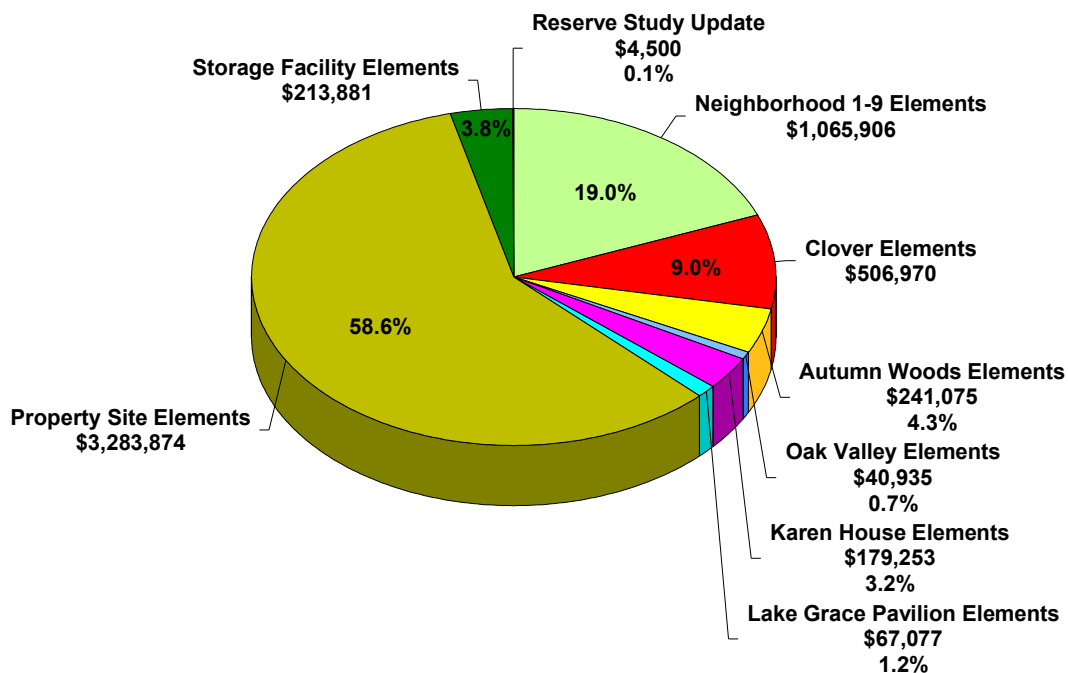
The *Audit and Accounting Guide for Common Interest Realty Associations* presents recommendations on Supplementary Information on Future Major Repairs and Replacements in end of fiscal year Audits of Financial Statements for community associations¹. Accountants use discretion and judgment on how to present the Supplementary Information on Future Major Repairs and Replacements. However, the Supplementary Information on Future Major Repairs and Replacements often references and includes excerpts from our Reserve Studies. The following table excerpts significant unaudited information from the Reserve Expenditures about Reserve Component categories and estimated current and future replacement costs based on inflation at an annual rate of 1.9%.

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

The information included in the table above may be included as part of the Supplementary Information on Future Major Repairs and Replacements. *However, Reserve Advisors, Inc. does not certify that the information in the table will fully satisfy the recommendations of the AICPA guideline.*

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

Future Expenditures Relative Cost Illustration The Jonathan Association



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.

The Jonathan 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 homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.



This Reserve Study is in compliance with and exceeds the National standards¹ set forth by Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a “Reserve Study Update with 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:

Information Furnished by the Association	
February 28, 2013 unaudited Cash Status of the Reserve Fund	\$122,936
Remaining 2013 Budgeted Reserve Contributions	\$171,820
Anticipated Interest on Reserve Fund	\$1,832
Less Anticipated Reserve Expenditures	(\$51,230)
Projected 2013 Year-End Reserve Balance	\$245,359

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 Chaska, Minnesota at an annual inflation rate of 1.9%. Isolated or regional markets of greater construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

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

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

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



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

The anticipated effects of appreciation of the reserves over time in accord with an anticipated future return or yield on investment of your cash equivalent assets at an annual rate of 1.2% (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income)

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

Interest Rate and Inflation Data								
Average or Last Actual = (A)	<u>2011:1 (A)</u>	<u>2011:2 (A)</u>	<u>2011:3 (A)</u>	<u>2011:4 (E)</u>	<u>2012:1 (A)</u>	<u>2012:2 (A)</u>	<u>2012:3 (A)</u>	<u>2012:4 (E)</u>
90-Day Treasury Bill	0.050%	0.40%	0.20%	0.20%	0.05%	0.10%	0.1%	0.1%
1-Year Treasury Bill	0.30	0.15	0.10	0.10	0.30	0.19	0.18	0.18
10-Year Treasury Note	2.50	2.25	2.20	1.85	2.50	1.50	1.45	1.70
30-Year Treasury Bond	4.50	4.50	3.60	2.80	4.50	2.55	2.50	2.90
Consumer Price Index (annualized rate)	0.02	3.6%	3.8%	3.2%	2.1%	2%	2%	2%
"Residential Construction" Producer Price Index-Inflation Rate, Bureau of Labor Statistics (BLS - 12 months)								2.3%
National Market Savings Rates as found in	0.10%	for Money Market Savings			0.8%	for 2-Year Certificate of Deposit		
http://www.bankrate.com	0.4%	for 1-Year Certificate of Deposit			1.2%	for 3-Year Certificate of Deposit		
Estimated Near Term Yield Rate for Reserve Savings				1.2%				
Est. Near Term Local Inflation Rate for Future Capital Expenditures				1.9%				
10/17/2012								

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

DEFINITIONS¹

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 The Jonathan 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) The Jonathan 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.

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



CONDITIONS OF OUR SERVICE ASSUMPTIONS

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

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

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

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

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



PROFESSIONAL SERVICE CONDITIONS

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

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

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

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

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

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



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

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



CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

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

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

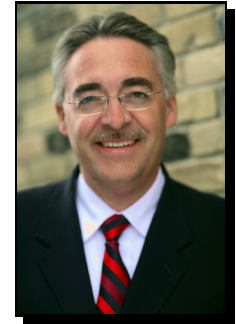
OLD TO NEW

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



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

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



PRIOR RELEVANT EXPERIENCE

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

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

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

EXPERT WITNESS

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

EDUCATION

Milwaukee School of Engineering - B.S. Architectural Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

American Association of Cost Engineers - Past President, Wisconsin Section

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

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

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

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

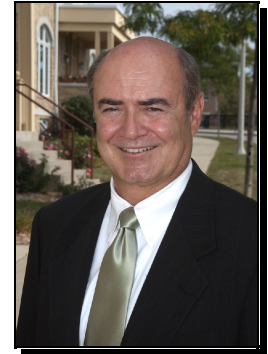
Milwaukee School of Engineering - Member, Corporation Board

Professional Engineer, Wisconsin - Registered in 1982

JOHN P. POEHLMANN, RS
Principal

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

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



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

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

INDUSTRY SERVICE AWARDS

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

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS

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

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



QUALIFICATIONS
Alan M. Ebert, P.E., PRA, RS
Associate Director of Quality Assurance

CURRENT CLIENT SERVICES

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

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, Inc., 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

Reserve Specialist (RS)- Community Associations Institute

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

Professional Engineering License - Wisconsin 2012



QUALIFICATIONS
Justin J. Maier, P.E., RS, PRA
Responsible Advisor

CURRENT CLIENT SERVICES

Justin Maier, an Architectural / Structural Engineer, is an Advisor for *Reserve Advisors, Inc.* Mr. Maier is responsible for the inspection and analysis of the common property's current condition, recommending engineering solutions to prolong the lives of building components, forecasting capital expenditures for the repair and/or replacement of the property components, and technical report preparation on assignments. Justin Maier frequently serves as the *Quality Assurance Review Coordinator* for all types of developments.

The following is a partial list of clients served by Justin Maier demonstrating his breadth of experiential knowledge of community associations in architecture, civil construction and related buildings systems.

Park Row at Burnham Place Elegant, historicist townhome development exemplifying the city's redevelopment efforts in the South Loop of Chicago. Part of the Mayor's effort to "cul-de-sac the city."

Valley Ranch Home of the Dallas Cowboys and Dallas Stars, Valley Ranch has almost 4,000 single family homes and 21 apartment communities. Residents of this attractive community enjoy nearly five miles of lushly landscaped canal walkways, association parks and an extravagant irrigation system.

Crystal Mountain Resort Family resort development of 232 condominiums, townhomes and hotel suites within 33 buildings. Multiple building styles, materials and functions. Resort Property located in the shadow of Crystal Mountain in Northern Michigan.

St. Andrews Located in the heart of the St. Andrews Country Club in Delray Beach, Florida, this multiple Association development embraces both townhomes and condominium units. Homes boast views of either the intercoastal waterway or the Atlantic Ocean.

Shaker Courts Historic development from the early 1940's within walking distance of Cleveland's historic Shaker Square. Stately buildings with elegant rooftop gardens and first floor garage parking.

Whitehall Community of exclusive townhomes and high rise buildings overlooking a swimming pool located within the northwest Washington, D.C. Beltway. Homes are conditioned by centralized boilers and cooling towers.

Fishhawk Lake Recreation Club, Inc. Located in Northwest Oregon, this man-made lake development includes 305 platted lots on approximately 300 acres of land. Components of the property maintained by the Association include a sewage treatment plant, potable water treatment plant, earthen dam and site amenities.

860-880 Lake Shore Drive Designed by Ludwig Mies van der Rohe and built between 1949 and 1951, this twin 26-story Chicago Landmark is said to have set the standard by which all subsequent glass and steel high rises are judged.

Southwood Shores Quiet luxury on the man-made Lake of the Ozarks. Fronted by a seawall, this development prizes townhomes, multiple swimming pools, a clubhouse, boat docks, recreational facilities and maintains its own lift stations, water treatment plant and water softener equipment.

PRIOR RELEVANT EXPERIENCE

Before joining *Reserve Advisors, Inc.*, Mr. Maier was an Assistant Engineer for Crest Consulting Engineers, P.C., in Oak Brook, Illinois. He was responsible for the evaluation and analysis of construction defects, design of remedial construction repairs and implementation of the repairs by the contractor. Mr. Maier has designed structural and architectural repairs for projects throughout the greater Chicago area.

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

PROFESSIONAL AFFILIATIONS

Professional Engineering License - WI, MI, IL, PA, VA, OH, MD, NY, DC, MN, TX

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

Reserve Specialist (RS) - Community Associations Institute



QUALIFICATIONS
Christopher C. DeWall, PRA, RS
Review Coordinator

CURRENT CLIENT SERVICES

Christopher C. DeWall, a Mechanical Engineer, is an Advisor for *Reserve Advisors, Inc.* Mr. DeWall is responsible for the inspection and analysis of the condition of clients' property, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowner associations. Christopher DeWall frequently serves as the *Quality Assurance Review Coordinator* for all types of developments.

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

Shad Row Condominium located in the Old Town portion of Alexandria, Virginia a suburb of Washington D.C., consists of 24 units in four historic brick buildings. The building components include asphalt shingle roofs and brick veneer while site improvements include brick pavers, breezeways, an elevated courtyard and a parking garage.

North Beach Condominium Association consists of 40 townhome units in six buildings situated at the edge of a stunning 115 acre pond in Bethany Beach, Delaware just minutes from the Atlantic Ocean. The development contains a boardwalk, pool house and pool.

Private Quarters Club is a gated portion of the Geneva National Golf Course in Lake Geneva, Wisconsin. The club maintains four units within two buildings. The units include asphalt shingle roofs, wood siding and brick veneer along with a section of the garage specifically designed for a golf cart.

Plantation Lakes Property Owners Association is an exclusive community located just east of the Atlantic Ocean in Myrtle Beach, South Carolina. This unique association maintains the common elements for 748 single family lot owners. Plantation Lakes is located throughout pockets of wetlands, winding lakes and South Carolina wildlife.

Ashburn Professional Park This five building, 25 unit professional park is located in Ashburn, Virginia. The professional park includes businesses ranging from a dentist to a daycare. The development features asphalt shingle roofs, vinyl siding and asphalt pavement.

Fieldpoint Community Association is an upper scale community that consists of 101 townhomes and 63 single family homes in three sub-associations. Located just north of New York City, this development contains a clubhouse, playground and two separate pools.

Seven Lakes Landowners Association is a large planned unit development located in West End, North Carolina. The Association consists of 1,507 single family homes and includes a clubhouse, stable, on-site office, maintenance buildings, lakes, ponds, pools, sports courts and approximately 25 miles of roads.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Inc., Mr. DeWall attended the University of Wisconsin in Madison, Wisconsin where he attained his Bachelor of Science degree in Mechanical Engineering. At the University of Wisconsin, Mr. DeWall helped design and fabricate a wheelchair with a seat capable of raising and lowering to and from the ground. Mr. DeWall is also the proud owner of a patent for a trigger lock on a pressure washer gun he developed while interning at Briggs and Stratton Power Products.

EDUCATION - University of Wisconsin - B.S. Mechanical Engineering

PROFESSIONAL AFFILIATIONS

Reserve Specialist (RS) - Community Associations Institute

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

RESOURCES

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

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

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

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

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

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

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