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December 6, 2024

Pointe Towers Board of Directors
Pointe Towers Condominium, Inc.

RE: Pointe Towers Condominium, Inc.
555 Gulf Way
St. Pete Beach, Florida 33706
KEG File #24RP-0079: Structural Integrity Reserve Study

Dear Board of Directors:

Karins Engineering (KEG) has agreed to render professional engineering services in connection with a Structural Integrity Reserve Study per F.S. 718.112(2)(g) at **Pointe Towers Condominium** (hereinafter called the "Project"), located at **555 Gulf Way, St. Pete Beach, Florida 33706**, for **Pointe Towers Condominium, Inc.** (hereinafter called the "Client"), on February 19th, 2024. KEG completed limited condition observations and evaluations of the current conditions and construction over the course of several projects, including but not limited to a Building Envelope that completed primary repair work in September of 2023.

Our observations were limited to visible surfaces of accessible exterior building components and included visual observations of accessible building components referenced specifically herein. Our observations were of a general nature intended to identify significant deficiencies, problems or on-going maintenance concerns that are related to the building structures and are visible at the time of our observations. Neither our observations nor this report is intended to cover hidden defects, mechanical, electrical, architectural features, code compliance or other areas of the building not specifically mentioned. The intent of our review was to provide our professional opinion of the existing condition of the identified components.

KEG review of design documents was not to be exhaustive or intended to detect all design deficiencies, omissions or conflicts. We did not attempt to verify the adequacy of the original design or to supplant the responsibilities of the original Architect / Engineer of Record. Due to the limited scope of this investigation, we cannot attest to the structure's compliance with building codes or accepted construction techniques, except as noted herein.

Executive Summary:

The purpose of this report is to summarize our observations and provide our opinion of recommendations, as it relates to F.S. 718.112(2)(g) – Structural Integrity Reserve Study (SIRS), of the association-owned common elements, components, or items. Specifically, as they relate to the *"structural integrity and safety of the building."*[1]

The purpose of a reserve study, as defined by the 2023 Community Association Institute (CAI) Reserve Study Standards is, "a budget planning tool which identifies the components that a community association is responsible to maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset the anticipated future major common area expenditures."[2]

Generally, reserve studies applied to an association's capital expenditures and deferred maintenance expenses for components which required timely and inevitable replacement / maintenance required to support proper function of an association's common elements. Typically, these included the minimum items as defined by F.S. 718 and any other items defined in the association By-Laws. Other items were included at the discretion of the professional or association. However, funding could be waived by a majority vote of the association and reserve accounts were not required to be maintained.

Due to the harrowing events at the Champlain Towers of Surfside Florida on June 24th, 2021, the Florida Legislature has elected to mandate the funding of reserve accounts for most applicable associations. The required funding is defined by the Florida Statue which includes a general outline of the relevant components. Ultimately, it has become the responsibility of the professional to reasonably define the relevant components and recommend a comprehensive funding plan which the association must adopt.

SUMMARY OF FINDINGS

KEG did not identify any of the typical deficiencies for a building of this type of constructions, such as spalls and debonding stucco, due to a recently completed building envelope project. For further information, please refer to the Milestone Survey and associated Summary, KEG File #22RP-1034 Signed and Sealed on 3/25/24 by Thomas Buffington, PE.

Following the issuing of the milestone report, but prior to the completion of this one, Hurricanes Helene and Milton impacted the building due to storm surge flooding and wind damage to the roof. The client informed KEG that the elements affected by these storms (roof, fire pump and parking area) are to be funded by assessment.

SUMMARY OF RECOMMENDATIONS

KEG recommends regular maintenance on the building continue as it has been performed, including roof and building envelope work. KEG also noted that the association would need to begin planning for a replacement of the ICCP system for the building if they desired to continue with that type of protective measure. For further information, please refer to the Milestone Survey and associated Summary, KEG File #22RP-1034 Signed and Sealed on 3/25/24 by Thomas Buffington, PE.

As noted above, the items affected by the hurricanes shall be evaluated and repaired by qualified professionals. Once the work is completed, KEG recommends the reserve study be reviewed to account for the expenditures, new extended lifespans and remaining funds in the reserve.

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[1] Appendix B.
[2] Appendix C.

Statute Summary:

The purpose of this section is to summarize our interpretation of the relevant provisions of Florida Statute 718 – *Condominiums*, Part I – *General Provisions*, F.S. 718.112 – *Bylaws*. Specifically, paragraph (f) – *Annual budget* and paragraph (g) – *Structural integrity reserve study*, as they relate to this report.

An associations "*annual budget*" or **budget** is defined as a "*proposed annual budget of estimated revenues and expenses*," and "*must show amounts budgeted by accounts and expense classifications*." The minimum expenses are defined in F.S. 718.504(21). Further, multi condominium associations must adopt "*a separate budget of common expenses for each condominium*" and "*a separate budget of common expenses for the association*." Additionally, for limited common elements as defined in 718.113(1), the budget "*must show the amount budgeted for this maintenance*." The budget associated with these costs is referred to as the "*annual operating expenses*" or **operating expenses**.

As is further defined, "*in addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance*." These accounts or **items** are to include, at a minimum: "*roof replacement, building painting, and pavement resurfacing*," and "*any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000*." The amount to be reserved "*must be computed using a formula based upon estimated **remaining useful life** and estimated **replacement cost** or **deferred maintenance** expense*."

Historically, "*unit-owner-controlled*" associations could vote to "*provide no reserve or less reserves than required*" by majority. However, a "*budget adopted on or after December 31, 2024, the members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not determine to provide no reserves or less reserves than required*." Unless an "*alternative funding method has been approved by the division*" for a multi condominium association.

A residential condominium association must obtain a **Structural Integrity Reserve Study** or **SIRS** for "*each building on the condominium property that is three stories or higher in height*." At a minimum, the Study is to include building elements "*as related to the structural integrity and safety of the building.*" These items are defined as follows:

"***a.** Roof. **b.** Structure, including load-bearing walls and other primary structural members and primary structural systems… **c.** Fireproofing and fire protection systems. **d.** Plumbing. **e.** Electrical systems. **f.** Waterproofing and exterior painting. **g.** Windows and exterior doors. **h.** Any other item that has a deferred maintenance expense or replacement cost that exceeds $10,000 and the failure to replace or maintain such item negatively affects the items listed...*"

A SIRS must "*identify each item of the condominium property being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of each item*," and "*provide a reserve funding schedule with a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each item … by the end of the estimated remaining useful life of the item.*"

A SIRS may recommend that "*reserves do not need to be maintained for any item for which an estimate of useful life and an estimate of replacement cost cannot be determined.*" Or, "*reserves for replacement costs do not need to be maintained for any item with an estimated remaining useful life of great than 25 years.*" However, the SIRS may recommend a "*deferred maintenance expense amount for such item*" or items.

Lastly, if a Milestone Inspection per F.S. 553.899 was "performed within the past 5 years and meets the requirements…", the inspection "may be used in place of the visual inspection portion" of the SIRS.

References:

Documents:

In preparation of this report, KEG reviewed the following documentation:

- Letter of Agreement, Signed November Feb. 19th, 2024.
- KEG site imagery, taken on various dates between December 14th, 2022 and March 20th, 2024. Imagery taken during Construction Observation and Milestone Survey Inspections
- Association Reserve Information, including but not limited to Replacement Schedules, Costs and Existing Reserves.
- Proposal for work to be performed as a result of the damage caused by Hurricanes Helene and Milton

Unless noted otherwise, KEG did not review every subsection of these documents, make attempts to acquire public records, and assess the full history of the building. Furthermore, historical or association documents may have been provided by the Client. However, KEG reviewed all past internal documentation in relevance to this report and shall be noted as necessary. Updates to this edition can be made if further information is provided.

Contacts:

In preparation of this report, KEG procured correspondence with the following parties:

- Ms. Theresa Shefstad
- Mr. Jim Malanos

Vendors:

In preparation of this report, KEG was informed following vendors were under contract or agreement:

- N/A

General Information:

KEG was provided with a limited set of plans for the building. The structure is composed of reinforced concrete columns and beams supporting conventionally reinforced concrete slabs with infill concrete masonry unit walls. The property appraiser lists the structure as constructed in 1970, which means that the building is 54 years old. The structure is used for multi-unit condominium residences (Florida Building Occupancy Class Residential, Risk Category II). The building consists of 7 floors of residences with covered ground floor parking. The estimated total actual building areas for all floors is approximately 25,000 square feet (3,600 square feet for each floor).

Pointe Towers Condominium Building

Scope of Observations:

Observations were made on the following date(s): Construction Observation Inspections between December 14th, 2022 and September 15, 2023, and Milestone Survey Inspections on January 16th, 18th and March 20th, 2024.

Observations were visual in nature, only. No destructive observations were made, nor were any elements moved or altered. Elements not observed were either out of the scope of this report or not accessible. Observations may have included qualitative soundings at select elements to investigate for delamination and spalling that may not be observed visually or to assess extent thereof. Unless noted otherwise, sounds were not formally documented.

For the purposes of determining which components to include and exclude, we use CAI's three-part test:

1. The association has the obligation to maintain or replace the existing element.
2. The need and schedule for this project can be reasonably anticipated.
3. The total cost for the project is material to the association, can be reasonably estimated, and includes all direct and related costs.

This three-part test limits components to major and predictable expense. KEG does not include unpredictable expenses such as damage due to fire, flood, or earthquakes.

The following elements, components, and items are included in the SIR section of the reserve study:

- Primary Structural System
- Main Roof
- Painting & Waterproofing
- Doors & Windows including Entry Doors
- Railing Replacement
- Electrical Systems
- Plumbing Systems
- Fire Protection Systems
- Items in excess of $10k

The following elements, components, and items are included in the capital (pooled) section of the reserve study:

- Security System Components (Gates, Call Box)
- Irrigation
- Site Paving
- Elevator Systems
- ICCP System
- Parking Awnings

The following elements, components, and items were not observed (exclusions):

- Condominium Association
  - Storm drainage system
  - Storage rooms
  - Scuppers and downspouts
  - Vents
  - Expansion tanks and air separators
  - Interiors / finishes
  - Interior doors and windows
  - Storage rooms at common areas
  - HVAC Equipment
  - Water Heaters
- Government or Entity
  - Main potable water line and system
  - Main sewer line and system
  - FDC line and system
  - Fire hydrants.
  - Meters (Electrical, Water)
  - Streetlights
  - Trash dumpsters.
  - Transformers and switchgear
  - Telecommunication equipment
- Items less than $10,000:
  - Benches and picnic tables
  - Curbs / wheel stops
  - Trash and recycling containers.
  - Signage.
  - Mailboxes

Terminology:

Physical Analysis:

In order to accurately and consistently categorize component conditions, KEG utilizes an adapted scale developed by the American Society of Civil Engineers (ASCE) for the purposes of this report:

- **Very Good** – Fit for Purpose: The infrastructure in the system or network is generally in excellent condition, typically new or recently rehabilitated, and meets capacity needs for the future. Few, if any, elements show signs of general deterioration that require attention.
- **Good** – Adequate for Now: The infrastructure in the system or network is in good to excellent condition; some elements show signs of general deterioration that require attention. A few elements exhibit significant deficiencies. Safe and reliable, with minimal capacity issues and minimal risk.
- **Fair** – Mediocre, Requires Attention: The infrastructure in the system or network is in fair to good condition; it shows general signs of deterioration and requires attention. Some elements exhibit significant deficiencies in conditions and functionality, with increasing vulnerability to risk.
- **Poor** – At Risk: The infrastructure is in poor to fair condition and mostly below standard, with many elements approaching the end of their service life. A large portion of the system exhibits significant deterioration. Condition and capacity are of serious concern with a strong risk of failure.
- **Very Poor** – Failing/Critical, Unfit for Purpose: The infrastructure in the system is in unacceptable condition with widespread advanced signs of deterioration. Many of the components of the system exhibit signs of imminent failure.

Financial Analysis:

The following terms are typical to Reserve Studies:

- **Reserve Component**: An individual line item in a reserve study, developed or updated in the physis analysis. Components are the building blocks on which this reserve study is built.
- **Component Method (Pooled)**: A method of developing reserve funding plan in which the total contribution is based on the sum of contributions for individual components.
- **Remaining Useful Life**: The estimated time in years for which a reserve component can be expected to continue to serve its intended function. Components of projects planned for the initial year have 0 remaining useful life.
- **Replacement Cost**: The estimated cost of replacing, repairing, or restoring a reserve component to its original functional condition. The current replacement cost would be the cost to replace, repair, or restore the component during that particular year.
- **Deferred maintenance**: Deferred maintenance means any maintenance or repair that: will be performed less frequently than yearly and will result in maintaining the useful life of an asset.
- **Capital Improvements**: Additions to common elements that previously did not exist; the cost of construction should not be absorbed by reserve fund. However, future replacement of components should be included.
- **Funding Goals**:
  - Baseline: Reserves never below zero during cash-flow projections.
  - Threshold: Reserves never below specified dollar amount.
  - Full: Reserve balance is equal to fully funded balance.
    - Fully Funded Balance: current cost X effective age / useful life.
    - Basically, reserve equates to current cost of replacement at each instance component ages.
- **Fully Funded Balance**: the ratio, at a particular point in time, of the actual Reserve Balance to the Fully Funded Balance. Simply, Percent Funded compares what you have (Reserve Account Balance) to what you should have (Fully Funded Balance) and expresses this in the form of a percentage.
- **Percent Funded**: ratio of reserve balance to fully funded balance.

Physical Analysis – Part 1:

Primary Structural Systems (Foundation, Bearing Walls, Framing, Floor Systems):

- Component Condition: Good
- Commentary: The primary structural system at Pointe Towers is in good working condition. A number of concrete repairs had been identified and addressed as part of the building envelope project and at the time of completion no additional areas were observed.
- Recommendations: Perform regular maintenance projects consisting of repainting and resealing as well as concrete repairs.
- Refer to Milestone Survey and associated Summary, KEG File #22RP-1034 Signed and Sealed on 3/25/24 by Thomas Buffington, PE. for photographic documentation.

Roof System:

- Component Condition: Poor
- Commentary: During the initial inspection, Ponding was noted on the roof which was composed of a modified bitumen sheet system, as well significant granule loss and minor cracking of the roof membrane. Patches were also observed on the roof, indicating repairs being performed. However, following the effects of Hurricanes Helene and Milton, the roof was damaged and will need to be replaced. The client has informed KEG that the work has been scheduled and a temporary roof has been installed.
- Recommendations: Following replacement of the roofing system, KEG recommends regular ongoing maintenance and inspections as recommended by the manufacturer.
- Refer to Milestone Survey and associated Summary, KEG File #22RP-1034 Signed and Sealed on 3/25/24 by Thomas Buffington, PE. for photographic documentation of pre-storm condition of the roof.

Windows, Storefronts and Doors:

- Component Condition: Good
- Commentary: The framing and glazing (glass) systems appeared to be in good condition. Sealants were brand new, having been replaced as part of the building envelope project.
- Recommendations: Regular maintenance and inspections.
- Refer to Milestone Survey and associated Summary, KEG File #22RP-1034 Signed and Sealed on 3/25/24 by Thomas Buffington, PE. for photographic documentation.

Coating Systems:

- Component Condition: Good
- Commentary: The coating systems observed on the site, which include paint and balcony coatings, had been recently applied as part of a building envelope project.
- Recommendations: Regular cleaning of the coating systems and landscaping to limit contact from branches and leaves, which can cause wear of the paint coatings.
- Refer to Milestone Survey and associated Summary, KEG File #22RP-1034 Signed and Sealed on 3/25/24 by Thomas Buffington, PE. for photographic documentation.

Fire Systems:

- Component Condition: Fair to Good
- Commentary: The fire suppression systems observed appeared to be in working order and showing signs of oxidation. The fire panel is reported to be reaching the end of service life with limited accessibility to replacement parts being the primary concern. The client alerted KEG that the fire pump was damaged as a result of storm surge from Hurricane Helene and has scheduled replacement with their maintenance company.
- Recommendations: Following replacement of the fire pump, regular ongoing maintenance and inspections until the control systems are scheduled to be replaced.

Fire Suppression Piping Installed in Storage Room

Electrical Systems:

- Component Condition: Fair to Good
- Commentary: The client did not report any specific concerns with the electrical systems on the property and they visually appeared to be in fair condition.
- Recommendations: KEG recommends regular inspections by qualified professionals and replacement or repair as needed.

Electrical Systems Installed

Plumbing Systems:

- Component Condition: Fair
- Commentary: Observation of the plumbing systems was limited due to the systems being hidden behind interior finishes. The client reported that the pipes had been relined in 2017 but that the laterals had been the responsibility of the individual owners. KEG observed what appeared damage to Unit 4S's bathroom finishes as a result of apparent leaks from the lateral above.
- Recommendations: Regular inspections and repairs as necessary, starting with Unit 5S's lateral piping system.
- Limited photographic evidence could be obtained due to finishes. Refer to Milestone Survey and associated Summary, KEG File #22RP-1034 Signed and Sealed on 3/25/24 by Thomas Buffington, PE. for photographic documentation.

Financial Analysis – Part 2:

General:

The following parameter were utilized for the purposes of determining Useful Life and Remaining Useful Life:

1. Visual observations.
2. Past project records of similar projects.
3. Client history regarding installation dates and maintenance.
4. Contractor / Supplier / Vendor / Manufacturer evaluation and recommendations.

The follow parameters were utilized for the purposes of determining Replacement Costs:

1. Client's cost history and / or current proposals.
2. Local comparisons to previous reports.
3. National industry cost estimating guidebooks.
4. Contractor / Supplier / Vendor / Manufacturer evaluation and recommendations.

Replacement Cost assumes complete replacement of the component, including material and labor for removal and installation, unless indicated otherwise. System (SYS) pricing and project phasing may be included to ensure the methodology is more realistic.

Take-off quantities were sourced from visual observations, google earth measurements and available plans, unless indicated otherwise.

Research was conducted using current construction cost data, quotes provided by local contractors, and comparison to similar projects. KEG makes no warranty, expressed or implied, as to the accuracy of reported costs as compared to any bids received or the actual costs of the work as described. Cost information herein is not a construction estimate or contract value, but our professional opinion based on historical data on similar, though not identical, buildings and projects. Actual bid costs may vary materially based on project specific considerations, market conditions or other unforeseen items.

Schedule:

The Schedule is attached to this report as Appendix A.

In the attached Excel Workbook, we calculate the replacement year for three cycles of replacement for each line item in order to include multiple replacements of relatively short lived assets. Even shorter lived items have been added manually to account for replacement beyond three cycles and use red text for ease in identification and future manual modification. The current workbook is broken into two sheets, to account for the different requirements and accounting methods between the capital/pooled reserves and the Structural Integrity reserves.

The capital/pooled reserves uses formulas in the matrix of future years and asset items place the replacement cost for each line item in the cell for the appropriate year in the future. The column for each year is summed over all asset items to obtain the projected capital expenditure for that year.

The Structural Integrity Reserves (SIR) are broken into line-item expressions of the required yearly values needed to meet the estimated financial requirements at the estimated end of service life for the given system.

Each of the sheets either contains or expresses the data necessary to set up straight line accumulations for each line item. Additional line items can be added to the spreadsheet for estimation purposes if required.

On the capital reserve, the salmon and yellow fields, in Rows 11 and 12 of the spreadsheet are data entry fields for your use in setting starting and annual contributions to the reserve fund. Row 11 is used to enter your current reserve fund balance. Row 12 is used to set an amount the fixed annual amount that is reserved starting in 2025 and extending through the year in Cell E12. This allows the Association to adjust the annual contribution if necessary.

On the SIR sheet, when necessary KEG transformed pooled reserves into line-item reserves so that they could be appropriately distributed. To do this, KEG used the provided reserve information from the client and multiplied that by the percentage of each line item as a part of the total reserve value and the result was used as the value in column H. All of the values that were manually input are in the salmon cells of Columns B (Quantity), D (Typical Useful Life), E (Last Replacement), G (Est. Unit Cost), H (Current Itemized Reserves).

Assumptions:

Based upon our observations, the following assumptions were made to form the basis of our report:

- Structural Repairs:
  - Line item assumes work is being done at the same time as other maintenance projects
  - There is an Impressed Cathodic Current Protection system currently installed on the balconies and associated columns of the building. The system is approaching the end of it's life but it has not been included in the Structural Integrity Reserve section of the report due to the ability to perform ongoing repairs and client concerns over cost of what is primarily a supplemental system.
- Roof:
  - Pricing estimates include 10% substrate repair, underlayment, penetrations, and access equipment such as crane operation.
  - Repair of the roof will occur in 2025 and is the result of storm damage. Replacement timelines and funding were adjusted in order to maintain consistency and accuracy over the length of the study. Client has informed KEG that funding for the repair is to be completed through assessment.
- Building Envelope:
  - Section includes Exterior painting, railing replacement, balcony/walkway waterproofing and sealants as individual line items.
  - Painting pricing includes painting of balcony ceiling but does not include railings. Stucco and concrete repairs are assumed to be part of the structural repairs line item. Access equipment, such as swing stages or lifts are included in the estimates.
  - Sealants are based on the windows and doors installed on site. This system has been separated due to the different expected lifespans of paint and sealant systems.
- Windows & Doors:
  - Conversations with the association noted that the association has taken on the responsibility of replacement of the windows when they reach the end of their lifespan.
- Plumbing Systems:
  - Potable water stacks are expected to have a longer remaining life span due to the lack of interior face oxygen exposure.
- Fire Protection Systems:
  - Per the client, replacement of the existing suppression detection system is expected to be performed in the near future due to difficulties sourcing parts for the existing system.
  - Repair of the fire pump will occur in 2025 and is the result of storm damage. Replacement timelines and funding were adjusted in order to maintain consistency and accuracy over the length of the study. Client has informed KEG that funding for the repair is to be completed through assessment.
- Items in excess of 10k:
  - N/A

Disclaimers:

- Operating / maintenance budget not reviewed. Out of scope of this report.
- Fully funded computations out of scope of this report.
- Baseline Funding only considered.

Recommendations:

Several items are not included in the reserves due to their expected lifespans being, effectively, the lifespan of the building. These items include the foundations and roof slab for the building. There may be repairs at some point in the building's lifespan but it is unlikely to consist of a significant portion of the foundation or truss systems. As a result, these items are not included as individual items.

This reserve study was completed utilizing the **Cash-Flow (Line-Item) Methodology** for a **30-year period** with a minimum of **Baseline Funding Goal**. No adjustments were included for inflation or cost increases due to the unpredictability of inflation and cost rises over the time period documented. However, KEG recommends regular increases to contribution in order to prevent a shortfall due to those financial realities. No capital gains interest was considered for yearly reserve account balances.

KEG recommendation for a fully funded reserve is to **have an estimated minimum contribution of $115,921.14 in 2025**. The necessary contribution is expected to decrease over time as items identified in the structural integrity reserve are replaced and funding is spaced out over the full life of the item. Otherwise, special assessments may need to be levied against each unit owner to adequately fund future components replacement and projects.

Conclusion:

Reserve studies generally account for any item for which the deferred maintenance expense or replacement cost exceeds $10,000. Florida statute requires reserves for roofs, painting, and pavement regardless of the value.

Items of less value than those reserved may be budgeted by expense classifications such as maintenance and covered under the "day to day" operating expense budget.

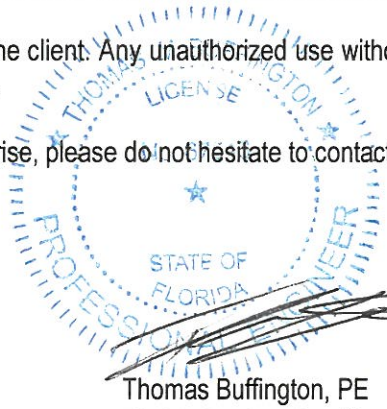
Karins recommends that this report is reviewed and adjusted annually with on-site condition observations performed approximately every three years. If elements or quantities need to be verified a full study may be necessary.

This report has been prepared for the sole benefit of the client. Any unauthorized use without our permission shall result in no liability or legal exposure to Karins Engineering, Inc.

We trust this information is helpful. Should questions arise, please do not hesitate to contact us!

Sincerely,
Karins Engineering

Craig Van Collie, PE
Project Manager & Engineer
Karins Engineering Group, Inc.



12/4/24

Thomas Buffington, PE
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St. Petersburg Area Manager
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