

**HOPKINS CITY COUNCIL
AGENDA
Tuesday, August 19, 2025
6:30 pm**

**THIS AGENDA IS SUBJECT TO CHANGE
UNTIL THE START OF THE CITY COUNCIL MEETING**

I. CALL TO ORDER

II. ADOPT AGENDA

III. PRESENTATIONS

1. Introduction and Oath of Office for Police Lieutenant and Sergeant; Johnson/Domeier
2. Green Line Extension Project Update; Elverum/Alexander

IV. CONSENT AGENDA

1. Approval of Minutes of August 4, 2025, Regular Meeting Proceedings; Domeier
2. Approval of Minutes of August 4, 2025, Closed Meeting Proceedings; Domeier
3. Approval of Development Agreement with Summit Condominium Association for Summit on 7 Housing Improvement Area; Needham

V. PUBLIC HEARINGS

VI. OLD BUSINESS

VII. NEW BUSINESS

1. Resolution Awarding the Sale of \$4,155,000 General Obligation Housing Improvement Area Bonds, Series 2025B; Kvilvang

VIII. PUBLIC COMMENT

IX. ANNOUNCEMENTS

- Next City Council Regular Meeting: Tuesday, September 2 and 16 at 6:30 p.m.

X. ADJOURN



CITY OF HOPKINS

**Police Department
Administration Department**

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Brent Johnson, Police Chief
Amy Domeier, City Clerk

Date: August 19, 2025

Subject: Introduction and Oath of Office for Police Lieutenant and Sergeant

PURPOSE

Introduction of new police lieutenant and sergeant and oath ceremony.

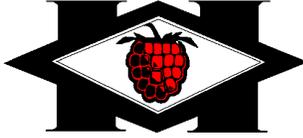
INFORMATION

Police Chief Johnson will introduce Hopkins Police Lieutenant Kevin Frederick and Sergeant Andrew Roeder. Following Mr. Johnson's presentation, City Clerk Domeier will issue the Oath of Office.

Together we will thank Kevin and Andrew for maintaining our commitment to excellence to Inspire, Educate, Involve and Communicate.

FUTURE ACTION

N/A



CITY OF HOPKINS

**Planning & Economic
Development**

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Kersten Elverum, Director of Planning & Development

Date: August 19, 2025

Subject: Green Line Extension Project Update

PURPOSE

To hear a presentation on the Green Line Extension Project.

INFORMATION

The METRO Green Line Extension (also known as the Southwest light rail project, or SWLRT) is a generational investment in our region's transit system that adds 14.5 miles to the existing METRO Green Line, which connects downtown Minneapolis, downtown Saint Paul, and places in between. The new segment adds more stations in Minneapolis, plus St. Louis Park, Hopkins, Minnetonka, and Eden Prairie. 16 new stations are under construction, with three in Hopkins (Blake, Downtown, and Shady Oak). Construction began in 2019 and is nearly complete. Testing of the system is scheduled to occur in 2026. The light rail is scheduled to open in 2027, connecting one city to the next, creating jobs for people from across Minnesota, building homegrown economies, and providing reliable transportation for thousands of residents.

Jim Alexander, Project Director for the Green Line LRT Extension at MetroTransit, will share an update on the project.

FUTURE ACTION

N/A

**HOPKINS CITY COUNCIL
REGULAR MEETING PROCEEDINGS
AUGUST 4, 2025**

CALL TO ORDER

Pursuant to due call and notice thereof a regular meeting of the Hopkins City Council was held on Monday, August 4, 2025, at 6:31 p.m. in the Council Chambers at City Hall, 1010 1st Street South.

Mayor Hanlon called the meeting to order with Council Members Garrido, Goodlund, Hunke and Kuznia attending. Others attending included City Manager Mornson, Assistant City Manager Casella, City Clerk Domeier, Special Projects and Initiatives Manager Imihy, Director of Planning and Development Elverum, Director of Public Works Pavcek, City Engineer Klingbeil, Finance Director Bishop, Police Chief Johnson, Fire Chief Specken, City Planner Krzos, Sustainability Coordinator Larson, Young Adult Programs Specialist Arangure and City Attorney Riggs.

ADOPT AGENDA

Motion by Hunke. **Second** by Kuznia.

Motion to Adopt the Agenda.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. **Motion carried.**

PRESENTATIONS

III.1. Introduction and Oath of Office for Firefighters; Specken/Domeier

Fire Chief Specken introduced Hopkins Firefighters Adam Knight, Ryan Hoffman, Thomas Kylo, Andrew Smith, Lizzie Wittrock and Jake Nelson. Following Mr. Specken's presentation, City Clerk Domeier issued the Oaths of Office.

III.2. 2025 Ace Program Review; Arangure

Young Adult Programs Specialist Arangure provided an overview of the 2025 Ace Program. Program participants shared their summer experiences.

III.3. Central Park Renovation – Funding Analysis; Bishop

Finance Director Bishop provided an update on funding for the Central Park Renovation project. City Council discussion held debate about the proposed funding and ultimately still supported the renovations without implementing a tax levy.

CONSENT AGENDA

Motion by Hunke. **Second** by Kuznia.

Motion to Approve the Consent Agenda.

1. Approval of Minutes of July 15, 2025, Regular Meeting Proceedings; Domeier
2. Approval of Temporary Liquor License for Team Tucker Family Foundation Event; Domeier
3. Approval of Temporary Liquor License for St. Gabriel the Archangel Church Event; Domeier
4. Ratify Checks Issued in July, 2025; Bishop
5. Resolution Identifying the Need for Livable Communities Demonstration Account Funding and Authorizing Application for Grant Funds for 501 Mainstreet; Needham

**HOPKINS CITY COUNCIL
REGULAR MEETING PROCEEDINGS
AUGUST 4, 2025**

6. Resolution for the Application to the Point Source Implementation Grant Program through the Minnesota Public Facilities Authority; Imihy
7. Resolution Ordering Improvement to Central Park and Companion Resolution stating the City's intent to reimburse itself using bonds; Imihy

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia
Nays: None. Motion carried.

NEW BUSINESS

VII.1. Review of Kaleidoscope – Brighter Living LLC Concept Plan for Lot 800 (102 10th Ave. N.); Krzos

City Planner Krzos and Kaleidoscope representatives asked City Council to review the concept plan and provide initial comments prior to a formal land use application. The City Council generally supported the concept plan and looked forward to seeing the next site plans.

VII.2. Resolution Adopting the Hopkins Climate Solutions Plan; Larson

Sustainability Specialist Larson summarized City Council Report 2025-126. The Hopkins Climate Solutions Plan is a short-range document guiding work to mitigate greenhouse gas emissions while increasing resilience in the Hopkins community. The City Council thanked Ms. Larson for developing the plan.

Motion by Hunke. **Second** by Garrido.

Motion to adopt Resolution 2025-048, adopting the Hopkins Climate Solutions Plan.

Ayes: Garrido, Hanlon, Hunke, Kuznia
Nays: Goodlund. Motion carried.

Council Member Goodlund preferred the \$125,000 go towards public safety funding.

VII.3. 2026 General Fund Budget and Tax Levy; Bishop

Finance Director Bishop asked City Council for input and guidance for the 2026 General Fund Budget and Tax Levy.

The City Council shared their views about the proposed budget including staffing, attending conferences and training, youth programming, climate solution fund, the target for 4, 6 and 8 percent budget options while maintaining existing programming and public safety staffing. Most of the City Council supported maintaining the climate solution fund.

The City Council directed staff to come back with budget options for 4, 6 and 8 percent tax levy increases.

PUBLIC COMMENT

Lynn Bialick, 320 5th Avenue N., Hopkins, commented that Mayor Hanlon should not have political signs up in Hopkins per the Secretary of State rules.

**HOPKINS CITY COUNCIL
REGULAR MEETING PROCEEDINGS
AUGUST 4, 2025**

Brian Smoliak, 219 9th Avenue North, Hopkins, expressed his support for the Climate Action Solution Fund.

Dennis Guillame, 2070 Mainstreet, expressed his support for the Climate Action Solution Fund.

Amy Schneider, 315 13th Avenue N., Hopkins expressed her support for the Climate Action Solution Fund.

Joanne Lynch, 321 12th Avenue North, Hopkins, expressed her support for the Climate Action Solution Fund. She encouraged the City Council to consider how lucky we are to have the things we have in Hopkins when looking at the budget.

Billee Kraut, 140 11th Avenue North, requested a solar garden in south Hopkins and zero waste options be pursued in Hopkins. She also commented on Council Member Goodlund's dissenting votes related to municipal elections and the mayor's office term which would have led to cost savings.

Brooke Roper, 1030 Feltl Court, Hopkins, expressed her support for the Climate Action Solution Fund.

Will Kessler, 1328 North Lake Street, Apt. 131, Hopkins, expressed his support for the Climate Action Solution Plan.

ANNOUNCEMENTS

Mayor Hanlon shared the City Council meeting schedule.

ADJOURNMENT

There being no further business to come before the City Council, and upon motion by Hunke, second by Goodlund, the meeting was unanimously adjourned at 9:02 p.m.

Respectfully Submitted,



Amy Domeier, City Clerk

**HOPKINS CITY COUNCIL
CLOSED MEETING PROCEEDINGS
AUGUST 4, 2025**

CALL TO ORDER

Pursuant to due call and notice thereof a closed meeting of the Hopkins City Council was held on Monday, August 4, 2025, at 9:17 p.m. in the Raspberry Room at City Hall, 1010 1st Street South.

Mayor Hanlon called the meeting to order with Council Members Garrido, Goodlund, Hunke and Kuznia attending. Others attending included City Manager Mornson, Deputy City Clerk Baker, Director of Planning and Development Elverum, Finance Director Bishop, City Attorney Riggs, City Attorney Alsop, and Ehlers Advisor Kvilvang.

Motion by Kuznia. **Second** by Hunke.

Motion to go into closed session pursuant to Minnesota Statutes, Sections 13D.05, subdivision 3(b), to conduct a closed session pursuant to the attorney-client privilege to engage in confidential attorney-client communications and litigation strategy related to a pending litigation matter: Alatus Development LLC vs. Minnehaha Creek Watershed District, Hennepin County District Court File No. 27-CV-25-8066.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. Motion carried.

Motion by Hunke. **Second** by Garrido.

Motion to go out of closed session.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. Motion carried.

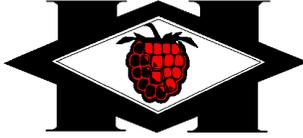
ADJOURNMENT

There being no further business to come before the City Council, and upon motion by Hunke, second by Hanlon, the meeting was unanimously adjourned at 9:47 p.m.

Respectfully Submitted,



Amy Domeier, City Clerk



CITY OF HOPKINS

Planning & Economic
Development

City Council Report 2025-131

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Revée Needham, Community Development Manager

Date: August 19, 2025

Subject: Approve Development Agreement with Summit Condominium Association
for Summit on 7 Housing Improvement Area

RECOMMENDED ACTION

MOTION TO Approve Development Agreement with Summit Condominium Association, Inc. for Summit on 7 Housing Improvement Area.

OVERVIEW

The City Council held a public hearing and first reading on April 15, 2025 establishing the Summit on 7 Housing Improvement Area (HIA). On May 6, 2025, the City Council approved the second reading of the HIA Ordinance and adopted the resolution to set the HIA fees. Afterwards, a summary of the ordinance was mailed to the homeowners with information on how to object and how to prepay the HIA fee. No objections were received. On July 15, 2025, the City Council approved a resolution to authorize City staff to work with its municipal advisor Ehlers and Associates to prepare for the bond sale. There is a separate item on the August 19, 2025 agenda for the sale of bonds. The City accepted prepayments of the housing improvement area fees until July 21, 2025. Six prepayments were received. Additional information on the Summit on 7 HIA can be found in the linked Council Reports

The Development Agreement was drafted by Kennedy and Graven, and reviewed by City staff and the Association. The Development Agreement outlines the roles and responsibilities of the Association and protections for the City. These include, but are not limited to:

- The City will issue bonds to finance the costs of the improvements
- The funds will be repaid by the homeowners over a period of 20 years
- The requirements for disbursements of the bond funds to the contractor
- The Association and homeowners must cover the administrative costs of the City related to the housing improvement area
- The required insurance that the Association must obtain
- The required ongoing financial reporting the Association must complete each year
- The Association must do its best to educate buyers of units about the housing improvement fee
- The remedies for any default

Full details are included within the attached Development Agreement.

SUPPORTING INFORMATION

- Development Agreement
- [Hyperlink to July 15, 2025 Council Packet](#)
- [Hyperlink to May 6, 2025 Council Packet](#)
- [Hyperlink to April 15, 2025 Council Packet](#)
- [Hyperlink to March 18, 2025 Council Packet](#)

DEVELOPMENT AGREEMENT

between

CITY OF HOPKINS, MINNESOTA

and

SUMMIT CONDOMINIUM ASSOCIATION, INC.,

Dated _____, 2025

This document was drafted by:
Kennedy & Graven, Chartered (SBK)
150 South Fifth Street, Suite 700
Minneapolis, Minnesota 55402-1299
Telephone: (612) 337-9300

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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT is made on _____, 2025 (the “Agreement”), between the City of Hopkins, Minnesota, a Minnesota municipal corporation and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State of Minnesota (the “City”), and The Summit Condominium Association, Inc., a Minnesota nonprofit corporation (the “Association”).

WITNESSETH:

WHEREAS, the City is authorized under Minnesota Statutes, Chapter 428A, Sections 11 through 21, as amended (the “Act”), to establish by ordinance a housing improvement area within which housing improvements are made or constructed and the costs of the improvements are paid in whole or in part from fees imposed within the area; and

WHEREAS, by Ordinance No. 2025-1226, adopted on May 6, 2025 (the “Enabling Ordinance”), the City Council of the City established the Summit on 7 Housing Improvement Area (the “Housing Improvement Area”) in order to facilitate certain improvements to property known as the Summit on 7, which property is legally described in Exhibit A attached hereto and is hereafter referred to as the “Property”; and

WHEREAS, by Resolution No. 2025-031, adopted on May 6, 2025 (the “Fee Resolution”) the City Council imposed a housing improvement fee on Housing Units (as hereinafter defined) in the Housing Improvement Area in order to finance certain housing improvements in that area; and

WHEREAS, prior to adoption of the Fee Resolution by the City Council, the Association submitted to the City a financial plan in accordance with the Act that provides for the Association to finance maintenance and operation of the common elements in the Association and a long-range plan to conduct and finance capital improvements therein; and

WHEREAS, the City believes that development of the improvements to the Property pursuant to this Agreement, and fulfillment generally of this Agreement, are in the vital and best interests of the City and health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the Housing Improvement Area has been undertaken.

NOW, THEREFORE, in consideration of the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

(The remainder of this page is intentionally left blank.)

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Act” means Minnesota Statutes, Sections 428A.11 through 428A.21, as amended.

“Administrative Costs” means the costs of legal and fiscal consultants’ fees, administration of the City Obligation, city staff services, and inspection fees related to the Housing Improvements.

“Agreement” means this Development Agreement, as the same may be from time to time modified, amended, or supplemented.

“Assignment” has the meaning given such term is Section 6.7 hereof.

“Association” means The Summit Condominium Association, Inc., a Minnesota nonprofit corporation, or its permitted successors and assigns.

“Association’s Authorized Representative” means the Association President, Vice President, or Treasurer or any successor designated by written notice from the Association to the City.

“Certificate of Completion” means the certification provided to the Association, pursuant to Section 4.4 hereof.

“City” means the City of Hopkins, Minnesota.

“City Building Official” means the City’s chief building inspector.

“City Council” means the City Council of the City.

“City Obligation” means any general obligation bonds or other obligations issued by the City under Section 3.1 hereof to finance the Housing Improvements pursuant to the Act, and any bonds or other obligations issued to refund any such debt obligation issued by the City pursuant to Section 428A.16 of the Act, the par amount of which is estimated to be \$4,155,000 based on the Construction Contract amount, bond costs, soft costs, contingency, city administrative costs and net of prepaid Fees of \$437,473.

“City Obligation Resolution” means the resolution to be approved by the City Council awarding the sale and establishing the terms of the City Obligation.

“City’s Authorized Representative” means the City Manager or a person designated in writing by said person.

“Completion Date” means the date of actual completion of the Housing Improvements as certified by the City Building Official pursuant to Section 4.4 hereof.

“Construction Contract” means the construction contract between the Association and the Contractor which shall not exceed \$4,260,000.

“Construction Manager” has the meaning provided in Section 4.3(b) hereof.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by the Association on the Property which shall be as detailed as the City may reasonably request to allow it to ascertain the nature and quality of the proposed construction work.

“Contractor” means any person, including subcontractors, who shall be engaged to work on, or to furnish materials and supplies for the Housing Improvements.

“County” means Hennepin County, Minnesota.

“Enabling Ordinance” means Ordinance No. 2025-1226, adopted by the City Council on May 6, 2025, which establishes the Housing Improvement Area.

“Event of Default” means an action by the Association listed in Article VII hereof.

“Fee” means the housing improvement fee imposed on all Housing Units in the Housing Improvement Area pursuant to the Fee Resolution the allocation of which to each of 62 units is based on the Common Interest Community No. 1422 (Condominium) The Summit Condominiums Restated Declaration.

“Fee Resolution” means Resolution No. 2025-031, adopted by the City Council on May 6, 2025, which imposes the Fee.

“Fee Revenues” means all proceeds of the Fee payable to the City.

“Financial Plan” means a plan prepared by an independent third party that provides the Association’s plan to finance maintenance and operation of the common elements of the Property and a long-range plan to conduct and finance capital improvements to the Property through the Maturity Date. The Financial Plan prepared by Superior Reserve Engineering & Consulting, an independent third party, dated August 16, 2022, is set forth in Exhibit C attached hereto.

“Fiscal Year” means any year commencing January 1 and ending December 31.

“Housing Improvement Area” means the real property located within the Summit on 7 Housing Improvement Area.

“Housing Improvements” has the meaning provided in the Enabling Ordinance and set forth in Exhibit B attached hereto.

“Housing Unit” means a Unit, as described in Minnesota Statutes, Chapter 515B, or a Unit as described in the Common Interest Community No. 1422 (Condominium) The Summit Condominiums Restated Declaration.

“Independent,” when used with reference to an attorney, engineer, architect, certified public accountant, or other professional person, means a person who (i) is in fact independent; (ii) does not have any material financial interest in the Association or the transaction to which his or her certificate or opinion relates (other than the payment to be received for professional services rendered); and (iii) is not connected with the City or the Association as an officer, director or employee.

“Inspecting Architect” means a professional representative hired by the Association for services in conjunction with enforcement of this Agreement.

“Management Consultant” means a person or entity, experienced in the study and management of condominium housing and having a favorable reputation throughout the United States or the State for skill and experience in such work and, unless otherwise specified herein, retained or employed by the Association and acceptable to the City whose acceptance shall not be unreasonably withheld.

“Maturity Date” means the date the City Obligation has been fully repaid, defeased or redeemed in accordance with their terms.

“Net Revenues Available for Debt Service” means, as of the date of calculation, the Fee Revenues received by the City in the six (6) month period prior to the relevant Payment Date, together with the balance of Fee Revenues previously received by the City in excess of the amounts needed to pay all prior payments on the City Obligation.

“Payment Date” means when principal of or interest on the City Obligation is due; the Payment Dates are currently expected to be each February 1 and August 1, commencing August 1, 2026, and continuing through the Maturity Date.

“Property” means the real property described in Exhibit A attached hereto.

“Property Manager” means Westport Properties, Inc., a Minnesota corporation, or another entity approved and designated by the City.

“Replacement Reserve Fund” means the reserve fund to be maintained by the Association in accordance with Section 6.5 hereof.

“State” means the State of Minnesota.

“Unavoidable Delays” means delays beyond the reasonable control of the party seeking to be excused as a result thereof which are the direct result of strikes, pandemics, other labor troubles, fire or other casualty to the Housing Improvements, litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays, or acts of any federal, state or local governmental unit (other than the City in exercising its rights under this Agreement) which directly result in delays. Unavoidable Delays shall not include delays in the Association’s obtaining of permits or governmental approvals necessary to enable construction of the Housing Improvements by the dates such construction is required under Section 4.3 hereof, unless such approvals are within the sole control of the City.

(The remainder of this page is intentionally left blank.)

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the City. The City makes the following representations as the basis for the undertakings on its part herein contained:

(a) The City is a Minnesota municipal corporation and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State and has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The undertakings of the Housing Improvements are authorized by the Act.

(c) On May 6, 2025, after receipt of petitions by owners of at least seventy five percent (75%) of the Housing Units in the Housing Improvement Area and due publication and mailing of notice of hearing, the City Council held a public hearing on the adoption of the Enabling Ordinance and on the adoption of the Fee Resolution, and approved the second reading of the Enabling Ordinance and the Fee Resolution.

(d) The periods for veto of both the Enabling Ordinance and the Fee Resolution have expired without objection by owners of at least forty-five percent (45%) of the Housing Units in the Housing Improvement Area, all in accordance with the Act.

(e) There is no litigation pending or, to the best of its knowledge, threatened against the City relating to the Housing Improvements or to the City Obligation or questioning the powers or authority of the City under the Act, or questioning the corporate existence or boundaries of the City or the title of any of the present officers of the City to their respective offices.

(f) The execution, delivery and performance of this Agreement do not violate any agreement or any court order or judgment in any litigation to which the City is a party or by which it is bound.

Section 2.2. Representations and Warranties by the Association. The Association represents and warrants that:

(a) The Association is a nonprofit corporation, duly organized and in good standing under the laws of the State; is not in violation of any provisions of its articles of incorporation, bylaws or the laws of the State; is duly authorized to transact business within the State; has power to enter into this Agreement; and has duly authorized the execution, delivery and performance of this Agreement by proper action of its board of directors.

(b) The Association will construct, operate and maintain the Housing Improvements in accordance with the terms of this Agreement, the Financial Plan, and all local, State and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations, the City stormwater management plan and watershed district requirements).

(c) The Association has received no notice or communication from any local, State or federal official that the activities of the Association or the City in the Housing Improvement Area may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). The Association is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, State or federal environmental law, regulation or review procedure. The City and the Association understand and agree that the Housing Improvements, as defined in Exhibit B attached hereto, are intended to improve certain physical conditions within the Association, and

that the Association makes no representations and warranties pursuant to this subsection (c) regarding any conditions within the Housing Improvement Area or which may be discovered within the Housing Improvement Area, and which the Housing Improvements are intended to cure.

(d) The Association will construct the Housing Improvements in accordance with all local, State or federal energy-conservation laws or regulations.

(e) The Association will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, State and federal laws and regulations which must be obtained or met before the Housing Improvements may be lawfully constructed.

(f) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Association is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(g) Whenever any Event of Default occurs and if the City shall employ attorneys, financial advisors or other consultants, or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Association under this Agreement, the Association agrees that it shall, within ten (10) days of written demand by the City pay to the City the reasonable fees of such attorneys, financial or municipal advisors or consultants, and such other expenses so incurred by the City.

(The remainder of this page is intentionally left blank.)

ARTICLE III

City Obligation; Disbursement of Proceeds

Section 3.1. Financing.

(a) In order to provide financing for the Housing Improvements, the City will issue the City Obligation pursuant to the Act. The City will issue the City Obligation in the principal amount that will produce an amount sufficient to finance the costs of issuance of the City Obligation.

(b) The City will sell the City Obligation on or about August 19, 2025, subject to:

(i) the conditions precedent set forth in Section 3.2 hereof, ;

(ii) Unavoidable Delays; and

(iii) the City's ability to sell the City Obligation under existing laws and market conditions.

(c) At the time the City Obligation is issued, it will be secured by the Fee Revenues and further secured by the City's full faith and credit and taxing power. The parties agree and understand that interest on any general obligation bonds issued by the City to provide financing for the Housing Improvements will be includable in the gross income of bondholders for purposes of federal and state income taxes, and the City makes no warranty or representation that the City Obligation will be tax exempt under federal or State law. The interest rate on a general obligation bond will be determined by market conditions. The City shall also have the option to purchase its taxable general obligation bond. If the City chooses to buy the taxable general obligation bond or if the City chooses to use internal funding, the interest rate will be no more than the interest rates of publicly sold similarly situated bond issues (based on market information provided by the City's municipal advisor).

(d) The City will loan the proceeds of the City Obligation to the Association. The parties agree and understand that the City Obligation will be repaid from Fee Revenues. The Fee will be payable in accordance with the Fee Resolution, and will include the principal amount of the City Obligation allocated to each unit, interest on the City Obligation, and a City administrative fee of \$10.00 per Housing Unit per year and a County administrative fee of \$2.50 per Housing Unit per year, which fee may change from time to time.

(e) The City Obligation Resolution will establish a Project Fund, a Debt Service Fund, a Cost of Issuance Fund, and a Surplus Fund. At closing on the issuance of the City Obligation, proceeds will be applied as follows: into the Debt Service Fund will be deposited accrued interest on the City Obligation (if any); into the Cost of Issuance Fund will be deposited amounts necessary to pay costs of issuance of the City Obligation (including, but not limited to, rating agency fees, the City's bond issuance fee set forth in Section 3.8 hereof, financial advising fees, bond counsel fee, municipal advisor fee, consulting fees, and other costs directly related to the issuance of the City Obligation); and into the Project Fund will be deposited the balance of proceeds of the City Obligation together with all prepaid Fee Revenues.

(f) Under the City Obligation Resolution, on each Payment Date, all Fee Revenues in excess of the amount necessary to pay, when due, one hundred five percent (105%) of the principal of, interest and redemption premium, if any, on the City Obligation will be applied for deposit in the Surplus Fund established under the City Obligation Resolution and maintained by the City until the Maturity Date. Subject to the prior pledge of Fee Revenues to payment of principal and interest on the City Obligation, the City may at its sole discretion apply funds in the Surplus Fund: (i) to pay registrar and paying agent fees, if any, in

connection with the City Obligation; (ii) to pay other Administrative Costs in connection with the City Obligation or the Housing Improvement Area; (iii) to pay costs in connection with enforcement by the City of the Association's obligations under this Agreement (provided that nothing in this Section 3.1(f) shall be construed to require the City to pay costs of enforcement in the first instance as provided herein); and (iv) in accordance with Section 3.7 hereof.

(g) The City and Association agree, and the City Obligation Resolution shall so provide, that interest earnings on funds in the Debt Service Fund will be credited to the Debt Service Fund. Interest earnings on all other funds and accounts will be credited to the Surplus Fund described in subsection (f) above.

(h) Following the issuance of the City Obligation, no prepayment of Fee Revenues by Housing Units will be allowed.

(i) The City may at any time, in its sole discretion, refinance the City Obligation through issuance of a refunding City Obligation issued under the Act.

Section 3.2. Conditions Precedent to Financing. The obligation of the City to issue the City Obligation hereunder shall be subject to the following conditions precedent:

(a) The City has received a copy of the Construction Plans, approved by the City Building Official in accordance with Section 4.2 hereof, certified by the City Building Official and the Association.

(b) The City has received copies of the Construction Contracts, and such subcontracts as may be reasonably requested from time to time by the City.

(c) The City has received a sworn construction statement duly executed by the Contractors for the Housing Improvements showing estimates of all anticipated Contractors' contract or subcontracts for specific portions of the work on the Housing Improvements and the amounts anticipated to become due each such Contractor, including all costs and expenses of any kind incurred and to be incurred in construction the Housing Improvements.

(d) The City has received a total project cost statement, incorporating estimates of the construction costs as shown on the sworn construction statement described in clause (c) above and setting forth all other costs and expenses of any kind anticipated to be incurred in completion of the Housing Improvements and sworn to by the Association to be a true, complete and accurate account of all costs actually incurred and a reasonably accurate estimate of all costs to be incurred in the future.

(e) The City has received a copy of the executed contract with the Construction Manager, approved by the City under Section 4.3(b) hereof.

(f) If the maximum annual Fee Revenues authorized by the City Council pursuant to the Fee Resolution will not support debt service on the City Obligation in an amount adequate to produce net bond proceeds sufficient to pay costs of issuance of the City Obligation, then the Association will first provide to the City, a cash deposit sufficient to pay the amount of the difference between the City Obligation supported by Fee Revenues and the amount needed to pay off the Construction Financing and pay costs of issuance of the City Obligation.

(g) The City has received an opinion letter addressed to the City from the Association's attorney opining that (i) all legal requirements have been complied with in the formation of the Association; (ii) all legal requirements have been completed that are necessary for the Association's execution of all documents

relating to the financing and the Housing Improvements; and (iii) all of the documents relating to the financing and the Housing Improvements are fully enforceable against the Association, subject to reasonable exceptions and qualifications.

Section 3.3. Conditions Precedent to Disbursements. The obligation of the City to make disbursements hereunder and each subsequent disbursement hereunder shall be subject to the condition precedent that the Association shall be in compliance with all conditions set forth in Section 3.1. hereof, and the further condition precedent that on the date of such disbursement:

(a) The City has received a written statement from the Association's Authorized Representative certifying with respect to each payment: (i) that none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Project Fund; (ii) that each item for which the payment is proposed to be made is or was necessary in connection with the Housing Improvements; (iii) that following such proposed payment sufficient moneys will remain on deposit in the Project Fund to provide for payment in full of all remaining costs estimated to be incurred in order to complete the Housing Improvements, and (iv) that the current balance in the Replacement Reserve Fund meets the requirements in Section 6.5. In the case of any contract providing for the retention of a portion of the contract price, there shall be paid from the Project Fund only the net amount remaining after deduction of any such portion.

(b) No Event of Default under this Agreement or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

(c) No determination shall have been made by the City's Authorized Representative that the amount of undisbursed moneys, together with expected earnings thereon and any amount of other funds deposited in the Project Fund by the Association or to be deposited under Section 3.6 hereof, are insufficient to pay expenses of any kind which reasonably may be anticipated in connection with the completion of the Housing Improvements; or if such a determination has been made and notice thereof sent to the Association, the Association has deposited the necessary funds with the City in accordance with Section 3.6 hereof.

(d) The disbursement requirements set forth in Section 3.4 hereof have been satisfied.

(e) If requested by the City's Authorized Representative, the City shall be furnished with a statement of the Association and of any Contractor, in form and substance satisfactory to the City's Authorized Representative setting forth the names, addresses and amounts due or to become due as well as the amounts previously paid to every Contractor, subcontractor, person, firm or corporation furnishing materials or performing labor entering into the construction of any part of the Housing Improvements.

(f) No license or permit necessary for the construction of the Housing Improvements shall have been revoked or the issuance thereof subjected to challenge before any court or other governmental authority having or asserting jurisdiction thereover.

Section 3.4. Requests for Disbursement. (a) Whenever the Association desires a disbursement to be made hereunder, which shall be no more often than four times, the Association shall submit to the City a Draw Request, duly executed on behalf of the Association, setting forth the information requested therein. The City reserves the right to allow more than four disbursement requests at its discretion. Each Draw Request shall be limited to amounts equal to (i) the total of such costs actually incurred and owing (or previously paid) by the Association to the date of such Draw Request for work performed on and materials used in the Housing Improvements, plus (ii) the cost of materials and equipment not incorporated in the Property, but delivered to and suitably stored at the Property; less, (iii) (a) a minimum of five percent, and (b)

at all times less prior disbursements. Notwithstanding anything herein to the contrary, no disbursements for materials stored at the Property will be authorized unless the Association shall provide adequate security for such storage. Each Draw Request shall constitute a representation and warranty by the Association that all representations and warranties set forth in this Agreement are true and correct as of the date of such Draw Request.

(b) At the time of submission of each Draw Request, the Association shall submit the following to the City's Authorized Representative:

- (i) A written lien waiver from each Contractor for work done and materials supplied by it which were paid for pursuant to the next preceding Draw Request.
- (ii) Such other supporting evidence as may be requested by the City to substantiate all payments which are to be made out of the relevant Draw Request and/or to substantiate all payments then made with respect to the Housing Improvements.

(c) If on the date a disbursement is desired, the Association has performed all of its agreements and complied with all requirements theretofore to be performed or complied with hereunder, including satisfaction of all applicable conditions precedent contained in Article III hereof, the City's Authorized Representative shall make a disbursement to the Association in the amount of the requested disbursement, or such lesser amount as shall be approved.

Section 3.5. Conditions Precedent to the Final Disbursement. The making of the final disbursement by the City from the Project Fund shall be subject to the condition precedent that the Association shall be in compliance with all conditions set forth in Sections 3.2 through 3.4 hereof and, further, that the following conditions shall have been satisfied prior to the Completion Date:

(a) The Housing Improvements have been substantially completed in accordance with the Construction Plans and Article IV hereof, and the City shall have received a certificate of completion from the Association's Authorized Representative and the City Building Official, certifying that to the best of their knowledge (i) work on the Housing Improvements has been completed in accordance with the Construction Plans and all other labor, services, materials and supplies used in such work have been paid for; (ii) the completed Housing Improvements conform with all applicable building laws and regulations of the governmental authorities having jurisdiction over the Housing Improvements; and (iii) lien waivers submitted to the City under Section 3.5(c) cover all labor, services materials and supplies in connection with the Housing Improvements.

(b) The City's Authorized Representative shall have received satisfactory evidence that all work requiring inspection by municipal or other governmental authorities having jurisdiction has been duly inspected and approved by such authorities and by the bureau, corporation or office having jurisdiction, and that all requisite certificates of occupancy and other approvals have been issued.

(c) The City's Authorized Representative shall have received a lien waiver from each Contractor for all work done and for all materials furnished by it for the Housing Improvements.

(d) The Housing Improvements have been substantially completed in accordance with the Construction Plans and Article IV hereof, and the City shall have received a Certificate of Completion from the Association's Authorized Representative and the City Building Official, certifying that to the best of their knowledge (i) work on the Housing Improvements has been completed in accordance with the Construction Plans and all other labor, services, materials and supplies used in such work have been paid for; (ii) the completed Housing Improvements conform with all applicable building laws and regulations of the

governmental authorities having jurisdiction over the Housing Improvements; and (iii) lien waivers submitted to the City under Section 3.5 hereof cover all labor, services materials and supplies in connection with the Housing Improvements.

(e) The City has received a written statement from the Association's Authorized Representative certifying that the current balance in the Replacement Reserve Fund meets the requirements in Section 6.5 hereof.

(f) No Event of Default under this Agreement or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

Section 3.6. Deposit of Funds by Association. If the City's Authorized Representative shall at any time in good faith determine that the amount of funds then on deposit in the Project Fund, together with expected earnings thereon, is less than the amount required to pay all costs and expenses of any kind which reasonably may be anticipated in connection with the completion of the Housing Improvements and shall thereupon send written notice thereof to the Association specifying the additional amount required to be deposited by the Association to provide sufficient funds to complete the Housing Improvements, the Association agrees that it will, within ten (10) calendar days of receipt of any such notice, deposit with the City the amount of funds specified in the notice and shall authorize the City's Authorized Representative to disburse such funds prior to disbursement of any additional proceeds of the City Obligation.

Section 3.7. Application of Balances.

(a) In the event that at any time before the Maturity Date, the City has available to it Fee Revenues (excluding amounts allocated to City or County administrative costs), together with amounts on hand in any fund or accounts under the City Obligation Resolution, in an amount sufficient to pay in full the principal and interest on the City Obligation in advance of their maturity (as determined by the City's municipal advisor), the City may, in its sole discretion:

(i) apply such excess Fee Revenues or fund balance to prepay the City Obligation and cancel any remaining fees; or

(ii) by resolution of the City Council, disburse all or any portion of such excess Fee Revenues or fund balance, as the case may be, to the Association for deposit into the replacement reserve fund maintained by the Association. The Association shall establish and maintain a separate subaccount in the Replacement Reserve Fund (the "Excess Revenue Subaccount") in which excess Fee Revenues or any fund balance deposited hereunder, together with interest earnings thereon, shall be maintained. Amounts in the Excess Revenue Subaccount of the Replacement Reserve Fund shall be expended only for Housing Improvements (as defined in the Enabling Ordinance); provided that before making any disbursement of funds from the Excess Revenue Subaccount, the Association shall submit written plans and cost estimates for such Housing Improvements to the City's Authorized Representative, which plans shall be deemed approved unless rejected in writing by the City's Authorized Representative within 30 days after receipt thereof; or

(iii) any combination of clauses (i) and (ii) above.

(b) In the event that, at any time before the Maturity Date the City has available to it Fee Revenues (excluding amounts allocated to City or County administrative costs), together with amounts on

hand in any fund or accounts under the City Obligation Resolution in an amount sufficient to pay in full the principal and interest on the City Obligation in advance of its maturity (as determined by the City's municipal advisor), the City will apply such excess Fee Revenues and fund balances to prepay the City Obligation.

(c) Any balance remaining after the Maturity Date in the Debt Service Fund or any other fund into which Fee Revenues have been deposited shall be transferred by the City to the Association for deposit into the Excess Revenue Subaccount of the Replacement Reserve Fund. Expenditures from the Excess Revenue Subaccount shall be subject to the conditions described in clause (a)(ii) above. All covenants and obligations of the Association under this Section shall survive the Maturity Date.

Section 3.8. City Administrative and Consulting Costs. The parties agree and understand that the Association paid an application fee of \$1,000 to the City upon commencement of the process to form a housing improvement area under the Act. The parties agree and understand that the Association paid an escrow fee of \$7,500 to the City upon commencement of the process to cover City consulting fees. The parties agree and understand that if the City Obligation is issued, a fee of one percent (1%) of the par amount of the City Obligation will be paid to the City to cover any administrative expense and that the City Obligation includes an additional \$57,800 in soft costs to cover City consulting fees and on-going City Obligation expenses. The Association agrees and understands that a \$10.00 per Housing Unit surcharge will be assessed as part of the Fees to cover day to day costs of the City associated with managing the assessments. The Association agrees and understands that to the extent the \$7,500 escrow and \$57,800 in soft costs is not adequate to pay the City's consulting fees, the City will use funds from the Project Fund to cover these expenses.

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ARTICLE IV

Construction of Housing Improvements

Section 4.1. Construction of Housing Improvements. The Association agrees that it will construct the Housing Improvements on the Property in accordance with the approved Construction Plans and at all times prior to the Maturity Date will operate and maintain, preserve and keep the Housing Improvements or cause the Housing Improvements to be maintained, preserved and kept with the appurtenances and every part and parcel thereof, in good repair and condition, all in accordance with Article VI hereof.

Section 4.2. Construction Plans.

(a) Before the commencement of construction of the Housing Improvements, the Association shall submit the Construction Plans to the City Building Official, who shall review such plans on behalf of the City. The Construction Plans shall provide for the construction of the Housing Improvements and shall be in conformity with this Agreement, and all applicable State and local laws and regulations. The City Building Official will approve the Construction Plans in writing if: (i) the Construction Plans conform to the terms and conditions of this Agreement; (ii) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (iii) the Construction Plans are adequate to provide for construction of the Housing Improvements; and (iv) no Event of Default has occurred. No approval by the City Building Official shall relieve the Association of the obligation to comply with the terms of this Agreement, applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Housing Improvements in accordance therewith. No approval by the City Building Official shall constitute a waiver of an Event of Default. If approval of the Construction Plans is requested by the Association in writing at the time of submission, such Construction Plans shall be deemed approved unless rejected in writing by the City Building Official, in whole or in part. Such rejections shall set forth in detail the reasons therefore, and shall be made within thirty (30) days after the date of their receipt by the City Building Official. If the City Building Official rejects any Construction Plans in whole or in part, the Association shall submit new or corrected Construction Plans within thirty (30) days after written notification to the Association of the rejection. The provisions of this Section relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City Building Official. The City Building Official's approval shall not be unreasonably withheld. Said approval shall constitute a conclusive determination that the Construction Plans (and the Housing Improvements, constructed in accordance with said plans) comply to the City Building Official's satisfaction with the provisions of this Agreement relating thereto.

(b) If the Association desires to make any material change in the Construction Plans after their approval by the City Building Official, the Association shall submit the proposed change to the City Building Official for approval. For the purposes of this Section, a "material change" means any change that (i) increases or decreases the total cost of the Housing Improvements by more than \$25,000 or (ii) involves any change in construction materials or design that reasonably requires review for compliance with state and local laws and regulations. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 with respect to such previously approved Construction Plans, the City Building Official shall approve the proposed change and notify the Association in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the City Building Official unless rejected, in whole or in part, by written notice by the City Building Official to the Association, setting forth in detail the reasons therefor. Such rejection shall be made within ten (10) days after receipt of the notice of such change. The City Building Official's approval of any such change in the Construction Plans will not be unreasonably withheld.

Section 4.3. Commencement and Completion of Construction.

(a) Subject to Unavoidable Delays, the Association shall complete the construction of the Housing Improvements by September 1, 2026. All work with respect to the Housing Improvements to be constructed or provided by the Association on the Property shall be in conformity with the Construction Plans as submitted by the Association and approved by the City. If the completion of the construction of the Housing Improvements is delayed due to unexpected conditions or Unavoidable Delays, the City will work cooperatively with the Association to extend the completion date.

(b) Prior to commencement of construction, the Association shall retain a professional construction manager (the "Construction Manager") to supervise construction of the Housing Improvements. Before executing a contract with the Construction Manager, the Association shall submit the name of entity and a proposed scope of work and budget. The City's Authorized Representative shall, within ten (10) days after receipt, approve the Construction Manager and the scope of work or provide reasons for rejection.

(c) The Association agrees for itself, its successors and assigns, and every successor in interest to the Property, or any part thereof, that the Association, and such successors and assigns, shall promptly begin and diligently prosecute to completion the construction of the Housing Improvements thereon, and that such construction shall in any event be commenced and completed within the period specified in this Section 4.3. Until construction of the Housing Improvements has been completed, the Association shall make reports, in such commercially reasonable detail and at such times as may reasonably be requested by the City as to the actual progress of the Association with respect to such construction.

Section 4.4. Certificate of Completion.

(a) Promptly after substantial completion of the Housing Improvements in accordance with those provisions of the Agreement relating solely to the obligations of the Association to construct the Housing Improvements (including the dates for beginning and completion thereof), the City will furnish the Association with an appropriate instrument so certifying. Such certification by the City shall be a conclusive determination of satisfaction and termination of the agreements and covenants in the Agreement with respect to the obligations of the Association, and its successors and assigns, to construct the Housing Improvements and the dates for the beginning and completion thereof. Such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of the Association under Article VI hereof.

(b) The certificate provided for in this Section 4.4 shall be in such form as will enable it to be recorded in the proper office for the recordation of deeds and other instruments pertaining to the Property. If the City shall refuse or fail to provide any certification in accordance with the provisions of this Section 4.4, the City shall, within thirty (30) days after written request by the Association, provide the Association with a written statement, indicating in adequate detail in what respects the Association has failed to complete the Housing Improvements in accordance with the provisions of the Agreement, or is otherwise in default, and what measures or acts it will be necessary, in the opinion of the City, for the Association to take or perform in order to obtain such certification.

(c) The construction of the Housing Improvements shall be deemed to be substantially completed as determined by the City Building Official, who may execute the certificate of completion on behalf of the City.

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ARTICLE V

Insurance

Section 5.1. Insurance.

(a) The Association will provide and maintain or cause to be provided and maintained at all times during the process of constructing the Housing Improvements an All Risk Broad Form Basis Insurance Policy and, from time to time during that period, at the request of the City, furnish the City with proof of payment of premiums on policies covering the following:

(i) In lieu of a Builder's Risk Policy, a Contractors' Installation Floater Policy which includes an endorsement covering construction of the Housing Improvements up to \$500,000 at any one time during construction, based on the provided work schedule that no more than \$250,000 of materials will be on site at any given time. The Policy will name the City and Association as additional insured. The interest of the City shall be protected in accordance with a clause in form and content satisfactory to the City.

(ii) During construction of the Housing Improvements the Association shall maintain, or cause to be maintained, at its cost and expense, insurance against loss and/or damage to the Property and the Housing Improvements under a policy or policies covering such risks as are ordinarily insured against by similar condominium associations and that names the City as an additional insured. The interest of the City shall be protected in accordance with a clause in form and content satisfactory to the City.

(iii) Comprehensive general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) together with an Owner's Contractor's Policy with limits against bodily injury and property damage of not less than \$1,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used) and that names the City as an additional insured.

(iv) Workers' compensation insurance provided by all Contractors.

(b) Upon completion of construction of the Housing Improvements and prior to the Maturity Date, the Association shall maintain, or cause to be maintained, at its cost and expense, at the request of the City but no more often than annually shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Property and the Housing Improvements under a policy or policies covering such risks as are ordinarily insured against by similar condominium associations, and that names the City as an additional insured.

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the amount for each occurrence and for each year of \$1,000,000, and names the City as additional insured.

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Association, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Association may be self-insured with respect to all or any part of its liability for workers' compensation.

(c) All insurance required in this Article V shall be taken out and maintained in responsible insurance companies selected by the Association which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Association will deposit annually with the City policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Association and the City at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Association may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Association shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Housing Improvements.

(d) The Association agrees to notify the City immediately in the case of damage exceeding \$100,000 in amount to, or destruction of, the Property, the Housing Improvements or any portion thereof resulting from fire or other casualty. In such event the Association will forthwith repair, reconstruct and restore the Housing Improvements to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Association will apply the net proceeds of any insurance (the "Net Proceeds") relating to such damage received by the Association to the payment or reimbursement of the costs thereof.

The Association shall complete the repair, reconstruction and restoration of the Housing Improvements and the Property, whether or not the Net Proceeds of insurance received by the Association for such purposes are sufficient to pay for the same. Any Net Proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Association.

(e) The Association and the City agree that all of the insurance provisions set forth in this Article V shall terminate upon the earlier of the Maturity Date or termination of this Agreement.

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ARTICLE VI

Special Covenants

Section 6.1. No Warranty of Condition or Suitability, Indemnification.

(a) The City does not make any warranty, either express or implied, as to the design or capacity of the Housing Improvements, as to the suitability for operation of the Housing Improvements or that they will be suitable for the Association's purposes or needs. The Association releases the City from, agrees that the City shall not be liable for, and agrees to hold the City, its City Council and its respective officers and employees, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Housing Improvements or the Property or the use thereof, except for those that arise from the actions of the City.

(b) The Association further agrees to indemnify and hold harmless the City, its officers and employees against any and all losses, claims, damages or liability to which the City, its officers and employees may become subject under any law arising out of any act, omission, representation or misrepresentation of the Association in connection with the City Obligation and the carrying out of the transactions contemplated by this Agreement, and to reimburse the City, its officers and employees for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the City, its officers and employees, in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions relating thereto. The City agrees, at the request and expense of the Association, to cooperate in the making of any investigation in defense of any such claim and promptly to assert any or all of the rights and privileges and defenses which may be available to the City. The provisions of this Section shall survive the Maturity Date.

(c) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City in the individual capacity thereof.

Section 6.2. Financial Statements. The Association shall provide a copy of its annual audited financial statements for the preceding Fiscal Year, including a balance sheet and operating statements, audited by an Independent certified public accountant to the City, by no later than May 1 of each year, commencing May 1, 2026 and until the later of the Maturity Date or the date all excess Fee Revenues and fund balances, if any, have been expended in accordance with Section 3.7 hereof. Such financial statements shall be accompanied by a separate written statement from such Independent certified public accountant preparing such report that such Independent accountant has obtained no knowledge of any default by the Association in the fulfillment of any of the terms, covenants, provisions or conditions of this Agreement or if such accountant shall have obtained knowledge of any such default the accountant shall disclose in such statement the default and the nature thereof, but such accountant shall not be liable directly or indirectly to any party for failure to obtain knowledge of any default. The Association and the City agree and understand that compliance with this Section constitutes compliance with Section 6.01 of the Enabling Ordinance.

Section 6.3. Financial Plan; Annual Reports. The Association agrees to furnish the following to the City, by no later than March 1 of each year commencing March 1, 2026, and until the later of the Maturity Date or the date all excess Fee Revenues and fund balances, if any, have been expended in accordance with Section 3.7 hereof:

(a) an updated Financial Plan for the Property prepared by a Management Consultant or another property management professional acceptable to the City, in substantially the form of the Financial Plan set forth in Exhibit C attached hereto;

(b) a written report by an Independent engineer or another property management professional acceptable to the City, describing the physical condition of the Property and the Housing Improvements as of the end of the preceding Fiscal Year, with detail sufficient to enable the City to evaluate adequacy of compliance with the Association's obligations under this Agreement; and

(c) a certificate certifying compliance with the requirements of subsection (b) above.

Section 6.4. Records and Inspection. The Association shall maintain (i) copies of federal, State, municipal and other licenses and permits obtained by the Association relating to the operation of the Property and the Housing Improvements; (ii) financial books and records reflecting the operations of the Property and the Housing Improvements; and (iii) all other documents, instruments, reports and records required by any provision of this Agreement or the Financial Plan or by law relating to the Property or the affairs of the Association. The City shall have the right to inspect all such materials, except any materials made private or confidential by federal or State law or regulation, and the Property at all reasonable times and to make such copies and extracts as it may desire. At the request of the City the Association shall furnish to the City, at the Association's expense, a copy of any such materials which are required by the City in the performance of its duties under this Agreement, the Enabling Ordinance, the Fee Resolution, or the Act.

Section 6.5. Maintenance of Property; Replacement Reserve Fund.

(a) The Association agrees that prior to the Maturity Date, the Association will keep or cause to be kept the Property and the Housing Improvements in good repair and good operating condition at its own cost.

(b) The Association shall maintain, at all times prior to the Maturity Date, a Replacement Reserve Fund, the moneys in which shall be available to pay the costs of maintenance and repair of the Property and to make any other payment that may be required under this Agreement, including without limitation any payment to the City under Section 6.6 hereof. Prior to issuing the City Obligation under Section 3.1 hereof, as of December 31, 2024, the balance in the Replacement Reserve Fund was \$207,739.98. By December 31, 2025 and by December 31 of each year thereafter through the Maturity Date, the balance in the Replacement Reserve Fund shall increase in accordance with the Replacement Reserve Fund cash flow projection (set forth in Exhibit C attached hereto). The Association shall provide documentation showing compliance with these requirements at the time that the Financial Plan and Annual Reports are furnished to the City as described in Section 6.3 hereof.

Section 6.6. Covenant to Maintain Net Revenues Available for Debt Service.

(a) In the event that, ten (10) business days before any Payment Date, the Net Revenues Available For Debt Service are less than one hundred and five percent (105%) of the total principal and interest due on the City Obligation (from all unit owners in the aggregate) on such Payment Date, the City will provide written notice to the Association of such fact and the amount of the deficiency. Within ten (10) days after receipt of such notice of deficiency in Net Revenues Available for Debt Service, the Association shall be liable for and shall pay the City such deficiency. Failure on the part of the City to provide the notice of the deficiency at the time specified herein shall not relieve the Association of its obligation to make the required payment ten (10) days after the actual notice of the deficiency is provided by the City to the Association. Failure on the part of the Association to make the required payment under this Section within

ten (10) days after receipt of notice thereof shall entitle the City to exercise its remedies under this Agreement, notwithstanding any cure period provided in Article VII hereof.

(b) In the event that the Association makes any payment to the City under subsection (a) above and, ten (10) business days before any Payment Date thereafter the City determines that Net Revenues Available for Debt Service, excluding the amount of all prior payments by the Association under subsection (a) above, are at least one hundred five percent (105%) of the total principal and interest due on the City Obligation on such Payment Date, the City shall promptly return to the Association the amount of the Net Revenues Available for Debt Service in excess of the amount due on the City Obligation on that Payment Date. Nothing in this subsection (b) shall be construed to relieve the obligation of the Association to make any payment required under subsection (a) above.

Section 6.7. Assignment of Association Assets.

(a) As security for the Association's obligations under Section 6.6 hereof, the Association does hereby bargain, sell, assign and set over unto the City, all the fees and assessments and other income of any type owing to the Association from owners of Housing Units in the Property, together with all cash, investments and securities of any type held by the Association now or hereafter in any operating or reserve accounts (the "Accounts"). The fees, assessments, and Accounts are referred to collectively as the "Association Assets." This assignment (the "Assignment") shall constitute a perfected, absolute and present assignment, provided that the Association may, so long as no Event of Default with respect to Section 6.6 hereof occurs, collect, retain, and make appropriate payment from, of all Association Assets.

The provisions of this Section 6.7 are intended to be a mere license in favor of the Association and a mere deferral of the City's exercise of its perfected, absolute and present rights hereunder, and shall not be construed to be a future assignment thereof.

(b) Other than as described in subsection (f) below, the Association hereby covenants and warrants to the City that the Association has not executed any prior assignments of any Association Assets, nor has it performed any act or executed any other instrument that might prevent the Association from operating under any of the terms and conditions of this assignment or that would limit the Association in such operation.

(c) Except as otherwise described in subsection (f) below, the Association hereby agrees that, so long as the Association's obligations under Section 6.6 hereof remain outstanding the Association will not, without the written consent of the City, make any other assignment, pledge or other disposition of any of the Association Assets, or consent in any assignment of same; and any such acts, if done without the written consent of the City, shall be null and void.

(d) Upon the occurrence of an Event of Default with respect to Section 6.6 hereof, the City shall have the right to withdraw funds from, and liquidate any securities in any Accounts, and collect the fees and assessments from the owners of Housing Units, and apply the same for deposit in the Bond Fund. This assignment shall be binding upon the owners of Housing Units in the Property from the date of filing by the City in the office or offices where this Agreement is filed that an Event of Default under Section 6.6 hereof has occurred and is continuing and service of a copy of the notice upon the owners of the Housing Units. The expenses, including any attorneys' fees, and financial consultants' fees reasonably incurred pursuant to the powers herein contained shall be deemed to be immediately due and payable by the Association to the City and shall be secured hereby. The City shall not be liable to account to the Association for any action taken pursuant hereto other than to account for any Association Assets actually received by the City.

(e) The City shall not be obligated to perform or discharge, nor does it undertake to perform or discharge, any obligation, duty or liability under any agreement between the Association and owners of Housing Units in the Property, and the Association hereby agrees to defend and indemnify the City and hold it harmless for any and all liability, loss or damage which it may or might incur under or by reason of this assignment and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms or covenants contained in any agreement by and among the Association and the owners of Housing Units in the Property, except such claims and demands that arise out of the negligence or willful misconduct of the City, its officers, employees and agents. Should the City incur any such liability, loss or damage under or by reason of this assignment, or in the defense against any such claims or demands arising out of this assignment, the amount thereof, including costs, expenses and reasonable attorneys' fees, together with interest thereon at the rate of interest on the City Obligation, shall be secured hereby, and the Association shall reimburse the City therefore immediately upon demand.

Section 6.8. Association to Maintain Its Existence; Conditions Under Which Exceptions Permitted. The Association agrees that, until the Maturity Date, it will maintain its existence as a nonprofit corporation under the laws of the State; will not dissolve or otherwise dispose of all or substantially all of its assets; will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it.

Section 6.9. Prohibition Against Assignment of Agreement. The Association represents and agrees that prior to the Maturity Date the Association has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or any trust or power, or transfer in any other mode or form of or with respect to the Association's rights, interests or obligations under this Agreement or any part thereof, or any contract or agreement to do any of the same, without the prior written approval of the City. Any assignment agreement must be approved by the City Council.

Section 6.10. Notice of Fee Upon Transfer of Housing Units. The Association agrees that it will use its best efforts to ensure that owners of each Housing Unit upon which a Fee is imposed under the Fee Resolution provide notice of the Fee to prospective buyers or transferees upon any sale or transfer of the Housing Unit. Such efforts by the Association shall include, but are not limited to ensuring that Housing Unit owners include a description of the Fee in each disclosure certificate provided to the purchaser as required under Minnesota Statutes, Section 515B.4-107 or any successor statute.

Section 6.11. Experienced Property Manager. At all times prior to the Maturity Date, the Association agrees to maintain "experienced professional property management" for the Property. For purposes of this subsection, "experienced professional management" shall mean the Property Manager, or another property manager acceptable to the City who meets the following criteria:

- (a) has demonstrated knowledge of accounting, financial reporting, budgeting and related issues; and
- (b) does not have an ownership interest in any Housing Unit and is not the spouse, child, parent or sibling of anyone who has an ownership interest.

Section 6.12. Change in Association's Bylaws. Until the later of the Maturity Date or the date all excess Fee Revenues and fund balances, if any, have been expended in accordance with Section 3.7 hereof, any changes to the Association's bylaws must be approved by the City Council prior to approval and adoption of the changes to the bylaws.

Section 6.13. Overdue Association Dues. At any time twenty percent (20%) or more of the Association dues are past due, the Association shall notify the City with thirty (30) days.

(The remainder of this page is intentionally left blank.)

ARTICLE VII

Events of Default

Section 7.1. Events of Default Defined. The following will be “Events of Default” under this Agreement and the term “Event of Default” means, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides thirty (30) days’ written notice to the defaulting party of the event, but only if the event has not been cured within said thirty (30) days or, if the event is by its nature incurable within thirty (30) days, the defaulting party does not, within the thirty (30) day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) Failure by the Association or the City to observe or perform any covenant, condition, obligation, or agreement on its part to be observed or performed under this Agreement; or

(b) The Association:

(i) files any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law;

(ii) makes an assignment for benefit of its creditors;

(iii) admits in writing its inability to pay its debts generally as they become due; or

(iv) is adjudicated as bankrupt or insolvent.

Section 7.2. Remedies on Default. Whenever any Event of Default referred to in Section 7.1 hereof occurs, the non-defaulting party may exercise its rights under this Section 7.2 after providing thirty (30) days’ written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said thirty (30) days or, if the Event of Default is by its nature incurable within thirty (30) days, the defaulting party does not provide assurances reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under the Agreement until it receives assurances that the defaulting party will cure its default and continue its performance under the Agreement.

(b) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

(c) The City may exercise its remedies pursuant to Section 6.7 hereof.

(d) The City may seek specific performance of the obligations of the Association pursuant to this Agreement, including without limitation payments due from the Association hereunder, or seek damages to the extent otherwise set forth herein as to any obligation, agreement, or covenant of the Association under this Agreement.

Section 7.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or Association is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or

now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article VII.

Section 7.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

(The remainder of this page is intentionally left blank.)

ARTICLE VIII

Additional Provisions

Section 8.1. Conflict of Interests; City Representatives Not Individually Liable. The City and the Association, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the City shall be personally liable to the Association, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Association or successor or on any obligations under the terms of the Agreement.

Section 8.2. Equal Employment Opportunity. The Association, for itself and its successors and assigns, agrees that during the construction of the Housing Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 8.3. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 8.4. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 8.5. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Association, is addressed to or delivered personally to the Association at 1502 5th St N, Hopkins, MN 55305; and

(b) in the case of the City, is addressed to or delivered personally to the City at 1010 1st Street South, Hopkins, MN 55343, Attention: City Manager;

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 8.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 8.7. Recording. Either party may record this Agreement and any amendments thereto with the County Recorder or Registrar of Titles. The Association shall pay all costs for recording.

Section 8.8. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City and the Association and their respective successors, heirs and assigns.

Section 8.9. Amendment. This Agreement may be amended only by written agreement of the parties hereto.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the City and the Association have caused this Development Agreement to be executed in their respective names and behalf as of the date and year first written above.

CITY OF HOPKINS, MINNESOTA

By _____
Patrick Hanlon, Mayor

By _____
Mike Mornson, City Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Patrick Hanlon, the Mayor of the City of Hopkins, Minnesota, a Minnesota municipal corporation and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State of Minnesota, on behalf of the City.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF HENNEPIN)

The foregoing instrument was acknowledged before me this ____ day of _____, 2025, by Amy Domeier, the City Clerk of the City of Hopkins, Minnesota, a Minnesota municipal corporation and political subdivision duly organized and existing under its Charter and the Constitution and laws of the State of Minnesota, on behalf of the City.

Notary Public

EXHIBIT A

DESCRIPTION OF PROPERTY

Original Underlying Description. The Original Declaration established Common Interest Community No. 1422, Hennepin County, Minnesota, under the name The Summit Condominiums. It is a condominium (and not a planned community or cooperative), and is not subject to a master association. The underlying real estate included within this CIC was legally described in the Original Declaration as follows:

Lot 1, Block 1, Crossroads, Hennepin County, Minnesota.

Present Description. The real estate included in this CIC is now legally described as follows:

Units 200 through 205, inclusive, 207 through 213, inclusive;

Units 300 through 305, inclusive, 307 through 313, inclusive;

Units 401 through 405, inclusive, 407 through 413, inclusive;

Units 500 through 505, inclusive, 508 through 513, inclusive;

Units 600 through 605, inclusive;

Units 700 through 705, inclusive,

The Summit Condominiums, Common Interest Community No. 1422, Hennepin County, Minnesota.

EXHIBIT B

HOUSING IMPROVEMENTS

Housing Improvements: The ordinance specifies the “Housing Improvements” that will be constructed in the Housing Improvement Area and financed with the Housing Improvement Fee. Those improvements are defined as follows:

- (a) roof replacement,
- (b) façade and siding replacement,
- (c) renovation of balconies,
- (d) replacement of windows,
- (e) replacement of doors, and
- (f) if all the contingency is not used, the following improvements may be completed: replacement of common area carpeting, repainting of common areas, replacement of the driveway and parking lot pavement.

EXHIBIT C
RESERVE STUDY FINANCIAL PLAN



ENGINEERING & CONSULTING

888-688-4560

www.superiorreserve.com

Full Reserve Study Update

The Summit Condominiums Association, Inc.



Hopkins, Minnesota

August 16, 2022

Reference Number: 160193

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Reserve Component List		Engineering Data Section	Replacement Year (red font if in 5 years or less)	Age (N/A = not available)	Useful Life (years)	Remaining Useful Life (years)	Replacement Cost without Inflation	% Included (blue font if less than 100%)	\$ Included	Flexibility
Exterior Building Components										
Lighting - Building Exterior	2.381	2029	original	25	7	\$11,900	100%	\$11,900	deferrable	
Masonry Restoration	2.421	2024	original	20	2	\$14,000	100%	\$14,000	deferrable	
Painting - Fiber Cement Siding (!)	2.431	2023	original	10	1	\$91,000	100%	\$91,000	firm	
Roof - East	2.461	2025	original	20	3	\$244,000	100%	\$244,000	firm	
Roof - West (!)	2.462	2026	original	20	4	\$213,600	100%	\$213,600	firm	
Roof - East Storage	2.463	2022	original	20	0	\$70,900	100%	\$70,900	firm	
Roofs - Lobby and Northwest Terraces	2.464	2024	original	20	2	\$33,600	100%	\$33,600	firm	
Metal Siding Restoration (!)	2.767	2023	original	10	1	\$15,000	100%	\$15,000	deferrable	
Windows - Common	2.981	2044	original	40	22	\$7,000	100%	\$7,000	deferrable	
Window Guards	2.982	2054	original	50	32	\$22,000	100%	\$22,000	deferrable	
Interior Building Components										
Carpet - Hallways and Misc. Common Areas (!)	3.101	2023	N/A	15	1	\$57,000	100%	\$57,000	deferrable	
Carpet - Stairs and Elevator Lobbies	3.102	2029	2021	8	7	\$37,000	100%	\$37,000	deferrable	
Ceiling Tiles, Grid and Lighting - Interior Common Areas	3.141	2044	original	40	22	\$37,400	100%	\$37,400	deferrable	
Elevator Cab Finishes (!)	3.181	2032	varies	25	10	\$19,000	100%	\$19,000	deferrable	
Exercise Equipment (33% every 5 years)	3.221	2025	varies	5	3	\$6,400	33%	\$2,112	discretionary	
Lighting - Interior Common Areas (!)	3.421	2045	2015	30	23	\$15,000	100%	\$15,000	deferrable	
Mailboxes	3.541	2054	original	50	32	\$14,260	100%	\$14,260	deferrable	
Painting - Interior Common Areas (!)	3.601	2023	N/A	10	1	\$48,000	100%	\$48,000	discretionary	
Painting - Stairs (!)	3.602	2026	2014	12	4	\$19,500	100%	\$19,500	discretionary	
Party Room Renovation	3.662	2034	original	30	12	\$37,000	100%	\$37,000	deferrable	
Rest Room Renovation (!)	3.701	2034	original	30	12	\$9,000	100%	\$9,000	deferrable	
Tile - Foyer and Lobby	3.781	2044	original	40	22	\$9,600	100%	\$9,600	deferrable	
Building System Components										
Air Handling Units - Package Units (common areas)	4.181	2029	original	25	7	\$14,400	100%	\$14,400	deferrable	
Air Handling Units - Package Units (hallways)	4.182	2029	original	25	7	\$31,800	100%	\$31,800	deferrable	
Elevator Traction Controls and Equipment	4.401	2039	original	35	17	\$225,000	100%	\$225,000	deferrable	
Fire Alarm System	4.421	2034	original	30	12	\$40,300	100%	\$40,300	firm	
Generator	4.431	2034	original	30	12	\$52,000	100%	\$52,000	deferrable	
Intercom and Entry System	4.501	2050	2020	30	28	\$9,900	100%	\$9,900	deferrable	
Lighting - Exit	4.561	2034	original	30	12	\$3,520	100%	\$3,520	deferrable	
Pumps - Domestic Water	4.641	2024	original	20	2	\$36,600	100%	\$36,600	deferrable	
Fire Suppression System - Controls	4.661	2034	original	30	12	\$32,000	100%	\$32,000	deferrable	
Fire Suppression System - Pump	4.661	2064	original	60	42	\$106,000	100%	\$106,000	firm	
Surveillance System - Cameras	4.701	2027	varies	12	5	\$15,000	100%	\$15,000	discretionary	
Water Heaters (!)	4.801	2037	2017	20	15	\$17,000	100%	\$17,000	firm	

Reserve Component List

	Engineering Data Section	Replacement Year (red font if in 5 years or less)	Age (N/A = not available)	Useful Life (years)	Remaining Useful Life (years)	Replacement Cost without Inflation	% Included (blue font if less than 100%)	\$ Included	Flexibility
Garage Components									
Air Handling Unit - Garage	5.107	2044	original	40	22	\$54,000	100%	\$54,000	deferrable
On-Grade Concrete Floor Renovation	5.321	2034	original	30	12	\$25,000	100%	\$25,000	discretionary
Doors and Operators - Main (1 of 2 every 10 years)	5.371	2024	varies	10	2	\$13,400	50%	\$6,700	deferrable
Door and Operator - 2 Stall	5.372	2034	original	30	12	\$20,000	100%	\$20,000	deferrable
Exhaust System - Garage Sensors	5.421	2034	2014	20	12	\$4,000	100%	\$4,000	deferrable
Exhaust System - Garage Fans and Louvers	5.421	2044	original	40	22	\$10,000	100%	\$10,000	deferrable
Heaters - Garage (!)	5.491	2044	original	40	22	\$7,800	100%	\$7,800	deferrable
Lighting - Garage (!)	5.521	2044	2014	30	22	\$6,600	100%	\$6,600	deferrable
Site Components									
Concrete Curbs and Gutters (20% with repaving)	6.121	2028	original	25	6	\$25,000	20%	\$5,000	deferrable
Concrete Sidewalks and Aprons	6.181	2044	original	40	22	\$27,000	100%	\$27,000	deferrable
Irrigation System	6.521	2044	original	40	22	\$18,000	100%	\$18,000	discretionary
Landscape (5% every 5 years)	6.541	2024	original	5	2	\$49,000	5%	\$2,450	discretionary
Light Poles and Fixtures	6.601	2044	original	40	22	\$32,000	100%	\$32,000	deferrable
Pavement - Crack Repair and Patch	6.641	2024	2020	4	2	\$3,300	100%	\$3,300	firm
Pavement - Seal Coat and Stripe (!)	6.641	2024	2020	4	2	\$5,700	100%	\$5,700	discretionary
Pavement Replacement - Parking Areas	6.661	2028	original	25	6	\$112,000	100%	\$112,000	deferrable
Retaining Wall - Masonry	6.901	2039	original	50	17	\$7,700	100%	\$7,700	deferrable

The Summit Condominiums Association, Inc.

Property and Service Summary

Location:	Hopkins, Minnesota
Property type:	multi story condominium
Number of residential buildings:	2 joined buildings
Number of homes:	62
Number of stories:	7 (east) and 5 (west)
Year of construction:	2004 (structure of east building is older "Hopkins House")
Date of inspection:	August 16, 2022
Date of previous inspection:	December 5, 2016
Type of service:	reserve study update
Level of service:	Update Study with Site Visit
Length of analysis:	30 years
2022 budgeted reserve contribution:	\$73,434
2023 recommended reserve contribution:	\$118,400 = increase of \$44,966 (\$60.44 per home per month)
Exterior features:	balconies, metal siding, fiber cement siding, masonry veneer, multiple roof levels
Interior features:	hallways, lobby, party room, exercise room, rest room, garage parking
Building system features:	water heaters, elevator
Site features:	asphalt parking areas, landscape
Completed projects:	replacement of carpet in elevator lobbies and stairs
Upcoming projects:	painting (and repairs) of fiber cement siding, replacement of hallway carpet, replacement of roofs



west building



east building



hallway



garage

Property Engineering Review

During our inspection of your property, we identify the following repairs and improvements that the property should consider:

Actionable recommendations - near term actions on these items will minimize future costs and maintain the comfort and security (See “Pages with Engineering Data” for more information where applicable):

We observed “tenting” of the west roof membrane, or shrinking of the roof membrane over time. This dimensional change in the membrane creates additional forces on roof seams and flashing details resulting in failure when the forces become too great. The property should monitor these conditions and repair the roof if/when failure occurs.

We observed that the metal siding flashing is not lapped which allows for water penetration through the butt joint. Remediation requires a short piece of flashing to lap the butt joint. Also, the channel at the base of the metal siding traps water. Its only escape is to flow through the joints at the ends. Clogging of the channel with debris could result in flooding and potential leaks. We recommend drilling drain holes in the channel to allow the water out.

The light level in the interiors is low. For safety reasons, the property should consider increasing the lighting level by installing higher output bulbs (verify the fixtures are designed appropriately). See the following website for a recommendation of appropriate lighting levels:
<https://www.gsa.gov/node/82715>.

We observed damaged interior hallway and stair paint and walls at the corners. The property could install metal corner guards to minimize damage to the finishes.

Caulk is missing in the rest room between the sink backsplash and wall. Caulk at this location would minimize the potential for water damage to the wall. The property should caulk the backsplash.

Package shelving is obstructing access to the lobby HVAC unit. In addition, the space in front of the unit in the closet is being used for storage. These conditions inhibit maintenance of the unit which will decrease its useful life. The property should remove the items in the closet and install a package shelving unit with wheels.

The heater in the east mechanical room that houses the water heater, fire pump, etc. was running during our inspection in August. Operation of the heater was not necessary and was causing overheating of the roof, which in turn resulting in the exhaust fan running. The property should either replace or install a thermostat on the heater.

The exhaust flue for the garage gas heaters should have an upward rise of ¼” per foot to allow for proper flow and minimize safety hazards from dangerous fumes. The exhaust flues in the garages are

sloped downward. This condition creates a hazardous situation for users of the garages and accelerates deterioration of the ductwork. The property should adjust the exhaust to slope upward. At a minimum, the property should install sensors near the exhaust to detect carbon monoxide leaks and inspect the flues monthly for corrosion.



Green ideas - Opportunities for energy efficiency and best practices for sustainability. Acting on these recommendations will provide significant cost savings (See “Pages with Engineering Data” for more information where applicable):

The elevator cab lights operate continuously. Install occupancy sensors to eliminate light operation when not in operation (potential savings of 80% on elevator cab light usage). The following link provides additional information: <http://www.eciamerica.com>

The property could install touchless sensors on mechanical and exercise room light switches (or on the lights themselves) to minimize fixture operation. Touchless sensors minimize the spread of germs, and minimize soiled and scuffed wall surfaces. Touchless sensors are inexpensive:
<http://www.homedepot.com/b/Electrical-Dimmers-Switches-Outlets-Motion-Sensors/N-5yc1vZc32r/Ntk-Extended/Ntt-light+switch?Ntx=mode+matchpartialmax&NCNI-5>.

The interior common area lights operate continuously. Consider installing occupancy sensors to minimize fixture operation or installing light dimmers to minimize energy use during off peak hours. For safety reasons, maintain a minimum light level at all times. Our experience indicates properties typically have one out of two lights operate continuously and the remaining are on sensors. Check with local code for specific requirements. The following manufacturer provides these products:
<http://www.xeleum.com/stairwell-low-occupancy-1>.

Consider the following efficiencies for the rest room: Install a motion sensor on the light switch to minimize fixture operation. Replace the faucet with an automatic shut off to use up to 70% less water. Automatic shut offs also minimize the spreading of germs. Install a low flow aerator on the faucet to use approximately 30% less water.

The property could install high-performance doors (HPD) in the garage. These doors operate faster resulting in minimized heat loss and maximize security of the building.

The light level in the garage is excessive. For energy efficiency, the property should consider decreasing the lighting levels by installing lower output bulbs. See the following website for a recommendation of appropriate lighting levels: <https://www.gsa.gov/node/82715>.

The property has seal coated the asphalt pavement in the past. It is our professional opinion that seal coating asphalt pavement does not extend the useful life of the pavement. Seal coats do not add structural strength to the pavement. Seal coating is also a source of environmental contamination. Many properties opt to save money by *not* seal coating their pavement. If the property decides to

seal coat for aesthetic reasons, avoid the use of coal tar based pavement seal coats as they pollute waterways. Instead, consider a slurry coat of asphaltic emulsion to provide a sacrificial wearing surface to the pavement. Also, if the property chooses to seal coat, we recommend applying the seal coat in the spring rather than the fall. Snow removal equipment wears the seal coat. Application in the spring will provide the maximum visual enjoyment from a fresh seal coat.

The following address provides links to incentives and rebates for energy conservation in your area:
<http://www.dsireusa.org/>

Engineering solutions - reference this information for proper scope of work and best outcome on upcoming projects (See “Pages with Engineering Data” for more information where applicable):

The property reports a history of leaks at the façade, including at unit 505. We did not have access to any of the unit interiors or balconies to observe these conditions. The normal life cycle of a multi-story building requires periodic and normal maintenance including painting, replacement of caulk, repairs and partial replacements of components that have experienced accelerated deterioration. The reserve study from 2016 noted loose panels, loose fasteners and paint deterioration, metal siding flashing that is not lapped and metal siding channels that trap water. The reserve study at that time did not report leaks. That reserve study recommended painting of the façade and related repairs in 2018. It is our understanding that the property has not conducted that recommended work. During our most recent inspection we observed loose panels, loose fasteners, paint, caulk and siding deterioration, and lack of flashing atop horizontal surfaces. Siding deterioration is most notable at horizontal intersections with metal siding. Manufacturers of fiber cement siding often recommend gaps of approximately two inches from horizontal surfaces. In many locations the siding is in direct contact with the horizontal surface, prolonging contact with moisture resulting in accelerated deterioration. The property could trim the siding at these locations to adhere to the clearance guidelines of the manufacturer. Horizontal trim pieces atop the fiber cement panels rely on caulk rather than metal flashing to prevent water penetration behind the joint. We observed deterioration of this caulk joint that greatly increases the potential for water infiltration. Installation of flashing at these locations is likely not feasible. Instead, the property should plan for periodic replacement of the caulk at these joints.

Prior to an invasive inspection to determine the cause of the leaks, we recommend the property first conduct normal maintenance to the building including painting, replacement of caulk, repairs, partial replacements of components that have experienced accelerated deterioration and reasonable modifications to the original installation to improve upon component longevity, such as trimming the siding at horizontal surfaces. Once this normal, periodic and planned work is complete, it is possible that a percentage of the leaks will subside. At that time, the property could conduct an invasive inspection, such as a water test and/or removal of façade components in the vicinity of the leak, knowing confidently that the cause of the leaks is not due to deferred maintenance. Approaching the resolution to the leaks in this order (first conducting normal maintenance followed by an invasive investigation for those leaks that might continue) is more reasonable than to first conduct an invasive

investigation and then conduct the normal maintenance as it is possible that the invasive investigation could identify the cause of the leaks to be deferred maintenance.

It is our understanding that the balconies are the responsibility of the homeowners. The metal components of the balconies include galvanized steel framing and prefinished metal railings. Neither of these components require periodic painting. We did observe that the welded connections of the galvanized steel framing exhibits rust, likely due to the loss of the protective coating during the welding process. Homeowners could have the balcony connections painted to prevent continued rusting.



Figure 1: Rust at welded connection

Replacement of all the metal siding is not likely during the next 30 years. Instead, we recommend periodic restorations to include inspections and minor repairs.

The carpet is deteriorated and at the end of its useful life. For carpet replacement: 1) Use a nylon fiber as it is durable, resilient and stain resistant. 2) Berber (loop) or angle cut piles with woven patterns are ideal for high traffic areas. 3) Mid tone colors are ideal to hide traffic patterns and stains.

Implementation of these repairs and improvements could increase the useful life of the components, minimize operating costs and provide guidance at the time of component replacement.

Reserve Study Overview

This reserve study is a *physical and financial analysis* of your property that determines what components of your property will eventually require either major repairs or restoration, or complete replacement. Large, one-time contributions (special assessments) for these projects can be eliminated with development of a *reserve* through relatively smaller annual contributions. The physical analysis determines the existing quantities, conditions, useful lives and costs of the components. The financial analysis determines the existing financial situation of your property and the reserves necessary to offset the future expenses.

Reserve Component

Components in this reserve study meet the following requirements:

- responsibility of the property
- limited useful life expectancy
- predictable *remaining* useful life expectancy
- above a minimum threshold cost

Components that do not fulfill the above requirements are not included in this study.

30 Year Analysis

The analysis for this reserve study encompasses the next 30 years. The components of the property age each year. Those who enjoy the use of each component are financially responsible for what they enjoyed. This length of an analysis is necessary to analyze the aging of nearly all the major components of the property. The expectation is not that the current Owners, Board of Directors and/or Management will be present at the property in 30 years. Rather, the future analysis aids in determining the most accurate *current* contribution for the aging components.

Funding Method

The funding method of this reserve study utilizes the *cash flow method*. With the cash flow method, contributions to the reserve fund are designed to offset variable annual expenditures. We experiment with different contribution scenarios until an ideal scenario is discovered to offset reserve expenditures. All expenses and contributions are *pooled* together. Our experience indicates that the cash flow method typically results in lower overall contributions than the *component method*, which typically segregates funds.

Funding Goal

The funding goal of this reserve study is to maintain a reserve balance above a minimum *threshold* during the years of major expenditures. We assume a contingency reserve balance of not less than

approximately ten percent (10%) of the expenditures in the **threshold funding year** (The year the reserve balance is at its lowest point. See Funding Plan Page 1.401 for the identification of this year). The property can determine if they prefer a higher or lower contingency.

The ideal situation is when the threshold funding year is in the last year of the analysis. This provides the maximum amount of time that the property can save up for major expenses. A critical situation is when the threshold funding year is in the first few years of the analysis. This situation requires major initial reserve contributions to offset near term expenditures.

Funding

This reserve study assumes an ideal situation where all future costs are offset by annual contributions to the reserve fund. *We understand that this is not always possible.* Our experience suggests that major projects are funded through multiple means such as partially through the reserve fund and partial through either additional assessments or bank loans. The specific funding of the projects is determined by the property at the time of the event (this is not something we can forecast). The goal of the property should be to follow the recommended funding plan outlined in this reserve study. If the recommended reserve contributions are not feasible as determined by the Board of Director's judgment, this reserve study should then be used, at a minimum, to justify the need for an *increase* over the *current* reserve fund contribution.

Flexibility

The time of replacement for each component involves a varying degree of deduction. To help understand the criticality of each replacement time, we provide the following replacement flexibility guide:

firm - Replacement time has little, if any, flexibility. Deferring the replacement time would have an adverse effect on the property.

deferrable - Replacement time has limited flexibility. Continually deferring the replacement time would eventually have an adverse effect on the property and raise aesthetic concerns.

discretionary - Replacement time has flexibility. Continually deferring the replacement time would either raise aesthetic concerns or the component does not affect the functionality of the property. The replacement costs for certain discretionary expenses can vary greatly as they are subject to improvements and expansions as desired by the property.

Reserve Study Requirements

Property Declarations occasionally define reserve study requirements. The state legislature may also define reserve study requirements. The following is a link to state reserve study requirements (the property should be aware more recent or pending legislation may exist since the date of this report):

<https://www.caionline.org/Advocacy/Priorities/ReserveStudy/Pages/default.aspx>

It is our intention that this reserve study complies with these requirements. The property should consult with their attorney on discrepancies between reserve study requirements. Contact us for any revision necessary to the reserve study to fulfill these requirements.

Cost estimates

We obtain the cost estimates for replacements from the following sources:

- published sources (*RS Means* based on standard union labor rate)
- historical costs
- proprietary information

Our estimates are not guarantees of actual replacement costs. We base our estimates on our calculation of expected market rate for your specific location and specific situation. Multiple contractor bids will result in multiple cost estimates. *Multiple* contractor estimates will inevitably vary from our *single* estimate. The property should verify the scope of work in the contractor's estimate is similar to what is noted on the Engineering Data page (Engineering Data pages are all the data pages subsequent to "Limiting Conditions", Page 1.701). Common reasons for cost discrepancies include varying scopes of work and improvements over the existing components. Technological improvements also cause cost discrepancies - what may have been current technology at the time of the study could be obsolete at the time of replacement. If the property receives an estimate that is higher than the estimate in this reserve study for the same scope of work, the property should use this study as a tool to negotiate a lower cost. If the property receives an estimate that is lower than the estimate in this reserve study for the same scope of work - the estimate is below the expected market rate.

Long Lived Components

There exists components at the property that will not require replacement during the 30 year analysis. Although these long lived components will eventually require replacement, they do not fall within the scope of the analysis. Periodic updates of the study will eventually include their replacement. Frequent updates of the study will ensure the property has up to 30 years to plan for their eventual replacement. The following is a list of **common** long lived components for the property:

- doors and windows at main entrance
- electrical systems

- fiber cement siding
- fire suppression system
- foundations
- metal siding
- pipes within the building walls and subsurface
- rooftop ductwork
- structural frames
- trash chute and doors
- valves with large diameters

Operating Budget

The operating budget provides funds necessary for the daily operation of the property. In general, the operating budget includes expenses that repeat from year to year, such as administrative expenses and cleaning. All the property components require maintenance. *This reserve study does not include maintenance costs that would traditionally fall under an operating budget.* We assume the property will fund normal annual maintenance through the operating budget. We also assume that the property will fund replacement of components below an estimated minimum threshold cost of

\$2,000

through the operating budget. The following is a list of components that we assume the property will fund through the operating budget:

- common doors
- electric heaters
- exhaust fans (excluding large fan in garage)
- landscape annual maintenance
- lettering for property identification
- painting in the garage
- pumps with a capacity of less than five horsepower
- recessed light fixtures
- storage rooms
- valves with small diameters
- water softeners (leased)

The items in the list above have a minimal (if any) impact on our recommended reserve fund contribution. If the property chooses to fund these expenses through reserves, updates of this reserve study would account for these expenses.

Owner Responsibility

The property's Declaration assigns the responsibility of certain components to the owners. These are typically components where the use is solely enjoyed by the owner. The following is a list of components that are the responsibility of the owners as described to us during our meeting at the property:

- balconies
- electrical systems within the individual homes
- heating, ventilating and air conditioning (HVAC) units serving the individual homes
- interiors of the individual homes
- pavers at rooftop
- pipes that branch off the common pipes to the individual home plumbing fixtures
- windows and doors

We do not provide an opinion on the accuracy of this list. Historical practices for repairs and replacements occasionally conflict with what is stated in the Declaration. The property should consult with their attorney to verify the accuracy of the information in this list provided to us.

Although these components are maintained by the owners, Declarations typically allow the Board of Directors to have *architectural control* over replacement. This aids in keeping a uniform appearance throughout the property. Owner replacement projects with a high dollar value can be managed by the property but the expenses charged back to the owners. This simplifies complex projects by having one contractor and further ensures a uniform appearance.

Additional Assessments

The objective of properly planned operating budgets and reserve contributions is to avoid additional assessments. However, additional assessments are necessary for unplanned costs such as code change requirements, unobservable conditions, property improvements, etc. *We do not* recommend the property fund these expenses through reserves. The property should consult with an attorney to determine if the property Bylaws have a provision for these types of expenses.

Definitions and Supporting Information

Community Associations Institute (CAI) and the Association of Professional Reserve Analysts (APRA) are national organizations that provide requirements for reserve studies. The property should refer to these organizations for reserve study definitions and supporting information. The following are links to these organizations:

<http://www.caionline.org>

<http://www.apra-usa.com/>

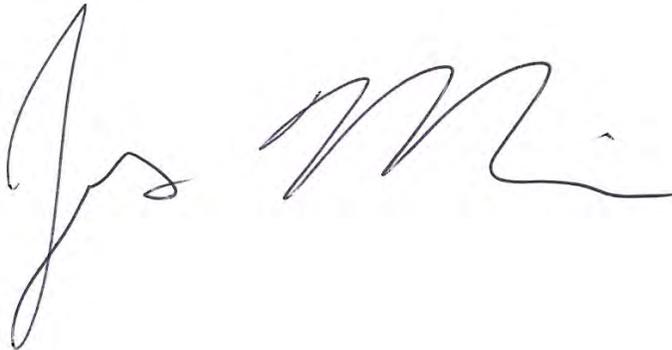
Reserve Fund Status

If the property were to fund all expenditures identified in this study through reserves, an increase in the reserve contributions is necessary. See Funding Plan Page 1.401 for our recommended reserve funding plan.

Updates

The reserve study is a static snap shot in time based on the date of the inspection. However, costs, inflation rates, interest rates and weather conditions are dynamic in that they are always changing. This necessitates periodic *updates* of the reserve study. An update is less costly than the original reserve study since there is less labor involved in gathering information on your property. We suggest updating the reserve study every three to six years. Factors that can determine when an update should occur are an upcoming major project, completion of a major project, major change to the property, known change in the interest and/or inflation rates compared to the last reserve study, etc. Please contact us for a reserve study update proposal when necessary.

Sincerely,



Justin J. Maier, RS
Partner
Superior Reserve Engineering & Consulting
justin@superiorreserve.com
888-688-4560
Report submitted on: August 29, 2022



Recommended Reserve Funding Plan

The Summit Condominiums Association, Inc.

Year	Inflated expenditures (2.9% annual)	Recommended reserve contributions	Ending reserve balance	Average \$ per home per month (62 homes)**	\$ increase per month from previous year	% increase from previous year
2022*	(\$70,900)	\$73,434	\$145,859	\$99	-	-
2023	(\$217,119)	\$118,400	\$49,070	\$159	\$60	61.2%
2024	(\$108,372)	\$163,400	\$105,629	\$220	\$60	38.0%
2025	(\$268,151)	\$208,400	\$47,394	\$280	\$60	27.5%
***2026	(\$261,339)	\$253,400	<u>\$40,323</u>	\$341	\$60	21.6%
2027	(\$17,305)	\$162,000	\$187,271	\$218	-\$123	-36.1%
2028	(\$138,892)	\$162,000	\$214,355	\$218	\$0	0.0%
2029	(\$119,161)	\$162,000	\$261,909	\$218	\$0	0.0%
2030	(\$2,655)	\$162,000	\$428,086	\$218	\$0	0.0%
2031	\$0	\$162,000	\$600,268	\$218	\$0	0.0%
2032	(\$37,266)	\$162,000	\$738,255	\$218	\$0	0.0%
2033	(\$210,906)	\$162,000	\$703,625	\$218	\$0	0.0%
2034	(\$326,901)	\$162,000	\$551,146	\$218	\$0	0.0%
2035	(\$3,063)	\$162,000	\$722,696	\$218	\$0	0.0%
2036	(\$13,429)	\$162,000	\$887,206	\$218	\$0	0.0%
2037	(\$82,913)	\$162,000	\$984,828	\$218	\$0	0.0%
2038	(\$120,867)	\$162,000	\$1,046,069	\$218	\$0	0.0%
2039	(\$406,688)	\$162,000	\$819,855	\$218	\$0	0.0%
2040	(\$18,590)	\$162,000	\$981,096	\$218	\$0	0.0%
2041	\$0	\$162,000	\$1,164,338	\$218	\$0	0.0%
2042	(\$125,590)	\$162,000	\$1,224,399	\$218	\$0	0.0%
2043	(\$280,701)	\$162,000	\$1,129,000	\$218	\$0	0.0%
2044	(\$584,716)	\$162,000	\$724,637	\$218	\$0	0.0%
2045	(\$575,351)	\$162,000	\$321,645	\$218	\$0	0.0%
2046	(\$424,200)	\$162,000	\$63,256	\$218	\$0	0.0%
2047	\$0	\$162,000	\$228,141	\$218	\$0	0.0%
2048	(\$18,925)	\$162,000	\$377,210	\$218	\$0	0.0%
2049	(\$5,301)	\$162,000	\$543,020	\$218	\$0	0.0%
2050	(\$70,163)	\$162,000	\$646,636	\$218	\$0	0.0%
2051	(\$34,367)	\$162,000	\$788,478	\$218	\$0	0.0%
2052	(\$21,218)	\$162,000	\$946,437	\$218	\$0	0.0%

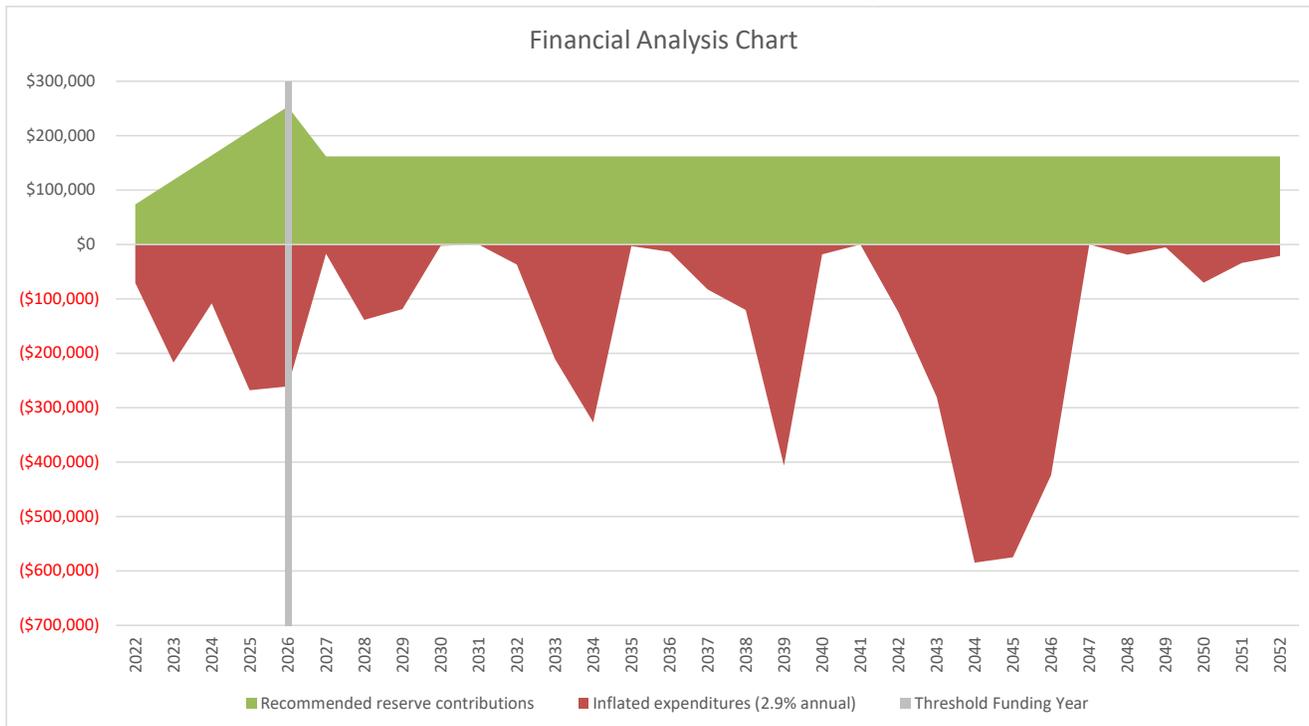
* reserve contributions are budgeted

**The costs in this column represent an AVERAGE \$ only and is only intended to put the \$ into perspective.

***2026 is the THRESHOLD FUNDING YEAR (the year the reserve balance is at its lowest point)



The Summit Condominiums Association, Inc.



30 Year Expenditure Summary

These summary pages depict the INFLATED reserve expenses during the next 30 years. The costs on these pages SHOULD NOT be compared to current bid costs as these costs are inflated.

1.403



The Summit Condominiums Association, Inc.

Fiscal year	2022	2023	2024	2025	threshold funding year	2026	2027	2028	2029
	Construction inflation rate (30 year average)	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Compounded construction inflation	100.0%	102.9%	105.9%	109.0%	112.1%	115.4%	118.7%	122.2%	
Beginning balance (May 31, 2022)	\$172,194	\$145,859	\$49,070	\$105,629	\$47,394	\$40,323	\$187,271	\$214,355	\$214,355
Inflated expenditures (2.9% annual)	(\$70,900)	(\$217,119)	(\$108,372)	(\$268,151)	(\$261,339)	(\$17,305)	(\$138,892)	(\$119,161)	
Recommended reserve contributions (remaining amount for 2022)	\$42,837	\$118,400	\$163,400	\$208,400	\$253,400	\$162,000	\$162,000	\$162,000	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate)	\$1,728	\$1,930	\$1,532	\$1,515	\$868	\$2,253	\$3,976	\$4,715	
Ending reserve balance	\$145,859	\$49,070	\$105,629	\$47,394	\$40,323	\$187,271	\$214,355	\$261,909	

Reserve Component List

Exterior Building Components

Lighting - Building Exterior									14,536
Masonry Restoration			14,824						
Painting - Fiber Cement Siding (!)		93,639							
Roof - East				265,850					
Roof - West (!)					239,476				
Roof - East Storage	70,900								
Roofs - Lobby and Northwest Terraces			35,577						
Metal Siding Restoration (!)		15,435							
Windows - Common									
Window Guards									

Interior Building Components

Carpet - Hallways and Misc. Common Areas (!)		58,653							
Carpet - Stairs and Elevator Lobbies									45,197
Ceiling Tiles, Grid and Lighting - Interior Common Areas									
Elevator Cab Finishes (!)									
Exercise Equipment (33% every 5 years)				2,301					
Lighting - Interior Common Areas (!)									
Mailboxes									
Painting - Interior Common Areas (!)		49,392							
Painting - Stairs (!)					21,862				
Party Room Renovation									
Rest Room Renovation (!)									
Tile - Foyer and Lobby									

Building System Components

Air Handling Units - Package Units (common areas)									17,590
Air Handling Units - Package Units (hallways)									38,845
Elevator Traction Controls and Equipment									
Fire Alarm System									
Generator									
Intercom and Entry System									
Lighting - Exit									
Pumps - Domestic Water			38,754						
Fire Suppression System - Controls									
Fire Suppression System - Pump									
Surveillance System - Cameras							17,305		
Water Heaters (!)									

30 Year Expenditure Summary

These summary pages depict the INFLATED reserve expenses during the next 30 years. The costs on these pages SHOULD NOT be compared to current bid costs as these costs are inflated.

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The Summit Condominiums Association, Inc.

Fiscal year	2022	2023	2024	2025	threshold	2027	2028	2029
					funding year			
Construction inflation rate (30 year average)	2.9%	2.9%	2.9%	2.9%	2026	2.9%	2.9%	2.9%
Compounded construction inflation	100.0%	102.9%	105.9%	109.0%	112.1%	115.4%	118.7%	122.2%
Beginning balance (May 31, 2022)	\$172,194	\$145,859	\$49,070	\$105,629	\$47,394	\$40,323	\$187,271	\$214,355
Inflated expenditures (2.9% annual)	(\$70,900)	(\$217,119)	(\$108,372)	(\$268,151)	(\$261,339)	(\$17,305)	(\$138,892)	(\$119,161)
Recommended reserve contributions (remaining amount for 2022)	\$42,837	\$118,400	\$163,400	\$208,400	\$253,400	\$162,000	\$162,000	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate)	\$1,728	\$1,930	\$1,532	\$1,515	\$868	\$2,253	\$3,976	\$4,715
Ending reserve balance	\$145,859	\$49,070	\$105,629	\$47,394	\$40,323	\$187,271	\$214,355	\$261,909

Reserve Component List

Garage Components

Air Handling Unit - Garage	
On-Grade Concrete Floor Renovation	
Doors and Operators - Main (1 of 2 every 10 years)	7,094
Door and Operator - 2 Stall	
Exhaust System - Garage Sensors	
Exhaust System - Garage Fans and Louvers	
Heaters - Garage (!)	
Lighting - Garage (!)	

Site Components

Concrete Curbs and Gutters (20% with repaving)		5,936
Concrete Sidewalks and Aprons		
Irrigation System		
Landscape (5% every 5 years)	2,594	2,993
Light Poles and Fixtures		
Pavement - Crack Repair and Patch	3,494	
Pavement - Seal Coat and Stripe (!)	6,035	
Pavement Replacement - Parking Areas		132,957
Retaining Wall - Masonry		

30 Year Expenditure Summary

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The Summit Condominiums Association, Inc.

Fiscal year	2030	2031	2032	2033	2034	2035	2036	2037
Construction inflation rate (30 year average)	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Compounded construction inflation	125.7%	129.3%	133.1%	137.0%	140.9%	145.0%	149.2%	153.5%
Beginning balance (May 31, 2022)	\$261,909	\$428,086	\$600,268	\$738,255	\$703,625	\$551,146	\$722,696	\$887,206
Inflated expenditures (2.9% annual)	(\$2,655)	\$0	(\$37,266)	(\$210,906)	(\$326,901)	(\$3,063)	(\$13,429)	(\$82,913)
Recommended reserve contributions (remaining amount for 2022)	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate)	\$6,832	\$10,182	\$13,253	\$14,276	\$12,423	\$12,612	\$15,940	\$18,535
Ending reserve balance	\$428,086	\$600,268	\$738,255	\$703,625	\$551,146	\$722,696	\$887,206	\$984,828

Reserve Component List

Exterior Building Components

Lighting - Building Exterior	
Masonry Restoration	
Painting - Fiber Cement Siding (!)	124,627
Roof - East	
Roof - West (!)	
Roof - East Storage	
Roofs - Lobby and Northwest Terraces	
Metal Siding Restoration (!)	20,543
Windows - Common	
Window Guards	

Interior Building Components

Carpet - Hallways and Misc. Common Areas (!)	
Carpet - Stairs and Elevator Lobbies	56,811
Ceiling Tiles, Grid and Lighting - Interior Common Areas	
Elevator Cab Finishes (!)	25,288
Exercise Equipment (33% every 5 years)	2,655
Lighting - Interior Common Areas (!)	
Mailboxes	
Painting - Interior Common Areas (!)	65,737
Painting - Stairs (!)	
Party Room Renovation	52,142
Rest Room Renovation (!)	12,683
Tile - Foyer and Lobby	

Building System Components

Air Handling Units - Package Units (common areas)	
Air Handling Units - Package Units (hallways)	
Elevator Traction Controls and Equipment	
Fire Alarm System	56,792
Generator	73,280
Intercom and Entry System	
Lighting - Exit	4,961
Pumps - Domestic Water	
Fire Suppression System - Controls	45,096
Fire Suppression System - Pump	
Surveillance System - Cameras	
Water Heaters (!)	26,102

30 Year Expenditure Summary

These summary pages depict the INFLATED reserve expenses during the next 30 years. The costs on these pages SHOULD NOT be compared to current bid costs as these costs are inflated.

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The Summit Condominiums Association, Inc.

Fiscal year	2030	2031	2032	2033	2034	2035	2036	2037
Construction inflation rate (30 year average)	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Compounded construction inflation	125.7%	129.3%	133.1%	137.0%	140.9%	145.0%	149.2%	153.5%
Beginning balance (May 31, 2022)	\$261,909	\$428,086	\$600,268	\$738,255	\$703,625	\$551,146	\$722,696	\$887,206
Inflated expenditures (2.9% annual)	(\$2,655)	\$0	(\$37,266)	(\$210,906)	(\$326,901)	(\$3,063)	(\$13,429)	(\$82,913)
Recommended reserve contributions (remaining amount for 2022)	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate)	\$6,832	\$10,182	\$13,253	\$14,276	\$12,423	\$12,612	\$15,940	\$18,535
Ending reserve balance	\$428,086	\$600,268	\$738,255	\$703,625	\$551,146	\$722,696	\$887,206	\$984,828

Reserve Component List

Garage Components

Air Handling Unit - Garage	
On-Grade Concrete Floor Renovation	35,231
Doors and Operators - Main (1 of 2 every 10 years)	9,442
Door and Operator - 2 Stall	28,185
Exhaust System - Garage Sensors	5,637
Exhaust System - Garage Fans and Louvers	
Heaters - Garage (!)	
Lighting - Garage (!)	

Site Components

Concrete Curbs and Gutters (20% with repaving)	
Concrete Sidewalks and Aprons	
Irrigation System	
Landscape (5% every 5 years)	3,453
Light Poles and Fixtures	
Pavement - Crack Repair and Patch	4,392
Pavement - Seal Coat and Stripe (!)	7,586
Pavement Replacement - Parking Areas	8,505
Retaining Wall - Masonry	

30 Year Expenditure Summary

These summary pages depict the INFLATED reserve expenses during the next 30 years. The costs on these pages SHOULD NOT be compared to current bid costs as these costs are inflated.

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The Summit Condominiums Association, Inc.

Fiscal year	2038	2039	2040	2041	2042	2043	2044	2045
Construction inflation rate (30 year average)	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Compounded construction inflation	158.0%	162.6%	167.3%	172.1%	177.1%	182.3%	187.6%	193.0%
Beginning balance (May 31, 2022)	\$984,828	\$1,046,069	\$819,855	\$981,096	\$1,164,338	\$1,224,399	\$1,129,000	\$724,637
Inflated expenditures (2.9% annual)	(\$120,867)	(\$406,688)	(\$18,590)	\$0	(\$125,590)	(\$280,701)	(\$584,716)	(\$575,351)
Recommended reserve contributions (remaining amount for 2022)	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate)	\$20,108	\$18,474	\$17,831	\$21,242	\$23,651	\$23,301	\$18,353	\$10,359
Ending reserve balance	\$1,046,069	\$819,855	\$981,096	\$1,164,338	\$1,224,399	\$1,129,000	\$724,637	\$321,645

Reserve Component List

Exterior Building Components

Lighting - Building Exterior								
Masonry Restoration							26,258	
Painting - Fiber Cement Siding (!)						165,869		
Roof - East								470,916
Roof - West (!)								
Roof - East Storage					125,590			
Roofs - Lobby and Northwest Terraces							63,020	
Metal Siding Restoration (!)						27,341		
Windows - Common								13,129
Window Guards								

Interior Building Components

Carpet - Hallways and Misc. Common Areas (!)	90,058							
Carpet - Stairs and Elevator Lobbies								71,409
Ceiling Tiles, Grid and Lighting - Interior Common Areas							70,147	
Elevator Cab Finishes (!)								
Exercise Equipment (33% every 5 years)			3,533					4,076
Lighting - Interior Common Areas (!)								28,950
Mailboxes								
Painting - Interior Common Areas (!)						87,491		
Painting - Stairs (!)	30,809							
Party Room Renovation								
Rest Room Renovation (!)								
Tile - Foyer and Lobby								18,006

Building System Components

Air Handling Units - Package Units (common areas)								
Air Handling Units - Package Units (hallways)								
Elevator Traction Controls and Equipment		365,800						
Fire Alarm System								
Generator								
Intercom and Entry System								
Lighting - Exit								
Pumps - Domestic Water							68,647	
Fire Suppression System - Controls								
Fire Suppression System - Pump								
Surveillance System - Cameras		24,387						
Water Heaters (!)								

30 Year Expenditure Summary

These summary pages depict the INFLATED reserve expenses during the next 30 years. The costs on these pages SHOULD NOT be compared to current bid costs as these costs are inflated.

1.403



The Summit Condominiums Association, Inc.

Fiscal year	2038	2039	2040	2041	2042	2043	2044	2045
Construction inflation rate (30 year average)	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Compounded construction inflation	158.0%	162.6%	167.3%	172.1%	177.1%	182.3%	187.6%	193.0%
Beginning balance (May 31, 2022)	\$984,828	\$1,046,069	\$819,855	\$981,096	\$1,164,338	\$1,224,399	\$1,129,000	\$724,637
Inflated expenditures (2.9% annual)	(\$120,867)	(\$406,688)	(\$18,590)	\$0	(\$125,590)	(\$280,701)	(\$584,716)	(\$575,351)
Recommended reserve contributions (remaining amount for 2022)	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate)	\$20,108	\$18,474	\$17,831	\$21,242	\$23,651	\$23,301	\$18,353	\$10,359
Ending reserve balance	\$1,046,069	\$819,855	\$981,096	\$1,164,338	\$1,224,399	\$1,129,000	\$724,637	\$321,645

Reserve Component List

Garage Components

Air Handling Unit - Garage	101,282
On-Grade Concrete Floor Renovation	
Doors and Operators - Main (1 of 2 every 10 years)	12,566
Door and Operator - 2 Stall	
Exhaust System - Garage Sensors	
Exhaust System - Garage Fans and Louvers	18,756
Heaters - Garage (!)	14,630
Lighting - Garage (!)	12,379

Site Components

Concrete Curbs and Gutters (20% with repaving)	
Concrete Sidewalks and Aprons	50,641
Irrigation System	33,761
Landscape (5% every 5 years)	3,983
Light Poles and Fixtures	60,019
Pavement - Crack Repair and Patch	5,521
Pavement - Seal Coat and Stripe (!)	9,536
Pavement Replacement - Parking Areas	
Retaining Wall - Masonry	12,518

30 Year Expenditure Summary

These summary pages depict the INFLATED reserve expenses during the next 30 years. The costs on these pages SHOULD NOT be compared to current bid costs as these costs are inflated.

1.403



The Summit Condominiums Association, Inc.

Fiscal year	2046	2047	2048	2049	2050	2051	2052
Construction inflation rate (30 year average)	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Compounded construction inflation	198.6%	204.4%	210.3%	216.4%	222.7%	229.1%	235.8%
Beginning balance (May 31, 2022)	\$321,645	\$63,256	\$228,141	\$377,210	\$543,020	\$646,636	\$788,478
Inflated expenditures (2.9% annual)	(\$424,200)	\$0	(\$18,925)	(\$5,301)	(\$70,163)	(\$34,367)	(\$21,218)
Recommended reserve contributions (remaining amount for 2022)	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate)	\$3,811	\$2,885	\$5,994	\$9,111	\$11,779	\$14,209	\$17,177
Ending reserve balance	\$63,256	\$228,141	\$377,210	\$543,020	\$646,636	\$788,478	\$946,437

Reserve Component List

Exterior Building Components

Lighting - Building Exterior	
Masonry Restoration	
Painting - Fiber Cement Siding (l)	
Roof - East	
Roof - West (l)	424,200
Roof - East Storage	
Roofs - Lobby and Northwest Terraces	
Metal Siding Restoration (l)	
Windows - Common	
Window Guards	

Interior Building Components

Carpet - Hallways and Misc. Common Areas (l)	
Carpet - Stairs and Elevator Lobbies	
Ceiling Tiles, Grid and Lighting - Interior Common Areas	
Elevator Cab Finishes (l)	
Exercise Equipment (33% every 5 years)	4,702
Lighting - Interior Common Areas (l)	
Mailboxes	
Painting - Interior Common Areas (l)	
Painting - Stairs (l)	43,418
Party Room Renovation	
Rest Room Renovation (l)	
Tile - Foyer and Lobby	

Building System Components

Air Handling Units - Package Units (common areas)	
Air Handling Units - Package Units (hallways)	
Elevator Traction Controls and Equipment	
Fire Alarm System	
Generator	
Intercom and Entry System	22,043
Lighting - Exit	
Pumps - Domestic Water	
Fire Suppression System - Controls	
Fire Suppression System - Pump	
Surveillance System - Cameras	34,367
Water Heaters (l)	

30 Year Expenditure Summary

These summary pages depict the INFLATED reserve expenses during the next 30 years. The costs on these pages SHOULD NOT be compared to current bid costs as these costs are inflated.

1.403



The Summit Condominiums Association, Inc.

Fiscal year	2046	2047	2048	2049	2050	2051	2052
Construction inflation rate (30 year average)	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Compounded construction inflation	198.6%	204.4%	210.3%	216.4%	222.7%	229.1%	235.8%
Beginning balance (May 31, 2022)	\$321,645	\$63,256	\$228,141	\$377,210	\$543,020	\$646,636	\$788,478
Inflated expenditures (2.9% annual)	(\$424,200)	\$0	(\$18,925)	(\$5,301)	(\$70,163)	(\$34,367)	(\$21,218)
Recommended reserve contributions (remaining amount for 2022)	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate)	\$3,811	\$2,885	\$5,994	\$9,111	\$11,779	\$14,209	\$17,177
Ending reserve balance	\$63,256	\$228,141	\$377,210	\$543,020	\$646,636	\$788,478	\$946,437

Reserve Component List

Garage Components

Air Handling Unit - Garage	
On-Grade Concrete Floor Renovation	
Doors and Operators - Main (1 of 2 every 10 years)	
Door and Operator - 2 Stall	
Exhaust System - Garage Sensors	
Exhaust System - Garage Fans and Louvers	
Heaters - Garage (!)	
Lighting - Garage (!)	

Site Components

Concrete Curbs and Gutters (20% with repaving)	
Concrete Sidewalks and Aprons	
Irrigation System	
Landscape (5% every 5 years)	5,301
Light Poles and Fixtures	
Pavement - Crack Repair and Patch	6,939
Pavement - Seal Coat and Stripe (!)	11,986
Pavement Replacement - Parking Areas	
Retaining Wall - Masonry	



ENGINEERING & CONSULTING

2022

Hybrid Reserve Expenditures and Funding Plan

January 1, 2022 through December 31, 2022

Year of forecast:	0
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2022:	100.0%
Unaudited, provided, beginning reserve balance as of May 31, 2022:	\$172,194
Budgeted reserve contribution (7 remaining months of \$73,434 contribution): +	\$42,837
Estimated interest earned (7 months of remaining interest at 2.0% yield rate): +	\$1,728
Total remaining contributions: =	<u>\$44,565</u>

The Summit Condominiums Association, Inc.

2022 Expenditures

	Flexibility	Engineering Data Section	
Roof - East Storage	firm	2.463	(\$70,900)
Total expenditures:			(\$70,900)
		Ending reserve balance:	<u>\$145,859</u>



2023

Hybrid Reserve Expenditures and Funding Plan

January 1, 2023 through December 31, 2023

Year of forecast:	1
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2023:	102.9%

Beginning reserve balance: \$145,859

Recommended reserve contribution: + \$118,400

Estimated interest earned (2.0% PROJECTED yield rate): + \$1,930

Total contributions: = \$120,330

The Summit Condominiums Association, Inc.

2023 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Painting - Fiber Cement Siding (!)	firm	2.431	(\$93,639)
Metal Siding Restoration (!)	deferrable	2.767	(\$15,435)
Carpet - Hallways and Misc. Common Areas (!)	deferrable	3.101	(\$58,653)
Painting - Interior Common Areas (!)	discretionary	3.601	(\$49,392)

Total expenditures: (\$217,119)

Ending reserve balance: \$49,070



2024

Hybrid Reserve Expenditures and Funding Plan

January 1, 2024 through December 31, 2024

Year of forecast:	2
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2024:	105.9%

Beginning reserve balance: \$49,070

Recommended reserve contribution: + \$163,400
 Estimated interest earned (2.0% PROJECTED yield rate): + \$1,532

Total contributions: = \$164,932

The Summit Condominiums Association, Inc.

2024 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Masonry Restoration	deferrable	2.421	(\$14,824)
Roofs - Lobby and Northwest Terraces	firm	2.464	(\$35,577)
Pumps - Domestic Water	deferrable	4.641	(\$38,754)
Doors and Operators - Main (1 of 2 every 10 years)	deferrable	5.371	(\$7,094)
Landscape (5% every 5 years)	discretionary	6.541	(\$2,594)
Pavement - Crack Repair and Patch	firm	6.641	(\$3,494)
Pavement - Seal Coat and Stripe (!)	discretionary	6.641	(\$6,035)
Total expenditures:			(\$108,372)
		Ending reserve balance:	<u>\$105,629</u>



2025

Hybrid Reserve Expenditures and Funding Plan

January 1, 2025 through December 31, 2025

Year of forecast: 3
 Annual CONSTRUCTION inflation rate (30 year average): 2.9%
 Compounded CONSTRUCTION inflation in 2025: 109.0%

Beginning reserve balance: \$105,629

Recommended reserve contribution: + \$208,400
 Estimated interest earned (2.0% PROJECTED yield rate): + \$1,515

Total contributions: = \$209,915

The Summit Condominiums Association, Inc.

2025 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Roof - East	firm	2.461	(\$265,850)
Exercise Equipment (33% every 5 years)	discretionary	3.221	(\$2,301)
Total expenditures:			(\$268,151)
		Ending reserve balance:	<u>\$47,394</u>



2026 (Threshold)

Hybrid Reserve Expenditures and Funding Plan

January 1, 2026 through December 31, 2026

Year of forecast:	4
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2026 (Threshold):	112.1%

Beginning reserve balance: \$47,394

Recommended reserve contribution: + \$253,400

Estimated interest earned (2.0% PROJECTED yield rate): + \$868

Total contributions: = \$254,268

The Summit Condominiums Association, Inc.

2026 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Roof - West (!)	firm	2.462	(\$239,476)
Painting - Stairs (!)	discretionary	3.602	(\$21,862)
Total expenditures:			(\$261,339)

Ending reserve balance: \$40,323



2027

Hybrid Reserve Expenditures and Funding Plan

January 1, 2027 through December 31, 2027

Year of forecast:	5
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2027:	115.4%

Beginning reserve balance: \$40,323

Recommended reserve contribution: +	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate): +	<u>\$2,253</u>

Total contributions: = \$164,253

The Summit Condominiums Association, Inc.

2027 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Surveillance System - Cameras	discretionary	4.701	<u>(\$17,305)</u>
Total expenditures:			<u>(\$17,305)</u>
		Ending reserve balance:	<u>\$187,271</u>



2028

Hybrid Reserve Expenditures and Funding Plan

January 1, 2028 through December 31, 2028

Year of forecast: 6
 Annual CONSTRUCTION inflation rate (30 year average): 2.9%
 Compounded CONSTRUCTION inflation in 2028: 118.7%

Beginning reserve balance: \$187,271

Recommended reserve contribution: + \$162,000
 Estimated interest earned (2.0% PROJECTED yield rate): + \$3,976

Total contributions: = \$165,976

The Summit Condominiums Association, Inc.

2028 Expenditures (inflated)

Concrete Curbs and Gutters (20% with repaving)

Pavement Replacement - Parking Areas

Total expenditures:

Flexibility	Engineering Data Section	
deferrable	6.121	(\$5,936)
deferrable	6.661	(\$132,957)
		Ending reserve balance: <u>\$214,355</u>



2029

Hybrid Reserve Expenditures and Funding Plan

January 1, 2029 through December 31, 2029

Year of forecast:	7
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2029:	122.2%

Beginning reserve balance: \$214,355

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$4,715

Total contributions: = \$166,715

The Summit Condominiums Association, Inc.

2029 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Lighting - Building Exterior	deferrable	2.381	(\$14,536)
Carpet - Stairs and Elevator Lobbies	deferrable	3.102	(\$45,197)
Air Handling Units - Package Units (common areas)	deferrable	4.181	(\$17,590)
Air Handling Units - Package Units (hallways)	deferrable	4.182	(\$38,845)
Landscape (5% every 5 years)	discretionary	6.541	(\$2,993)
Total expenditures:			(\$119,161)
		Ending reserve balance:	<u>\$261,909</u>



2030

Hybrid Reserve Expenditures and Funding Plan

January 1, 2030 through December 31, 2030

Year of forecast:	8
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2030:	125.7%

Beginning reserve balance: \$261,909

Recommended reserve contribution: +	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate): +	\$6,832

Total contributions: = \$168,832

The Summit Condominiums Association, Inc.

2030 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Exercise Equipment (33% every 5 years)	discretionary	3.221	(\$2,655)
Total expenditures:			(\$2,655)
		Ending reserve balance:	<u>\$428,086</u>



2031

Hybrid Reserve Expenditures and Funding Plan

January 1, 2031 through December 31, 2031

Year of forecast: 9
 Annual CONSTRUCTION inflation rate (30 year average): 2.9%
 Compounded CONSTRUCTION inflation in 2031: 129.3%

Beginning reserve balance: \$428,086

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$10,182

Total contributions: = \$172,182

The Summit Condominiums Association, Inc.

2031 Expenditures (inflated)

Total expenditures:

Flexibility	Engineering Data Section	
		\$0
	Ending reserve balance:	<u>\$600,268</u>



2032

Hybrid Reserve Expenditures and Funding Plan

January 1, 2032 through December 31, 2032

Year of forecast:	10
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2032:	133.1%

Beginning reserve balance: \$600,268

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$13,253

Total contributions: = \$175,253

The Summit Condominiums Association, Inc.

2032 Expenditures (inflated)

Elevator Cab Finishes (!)

Pavement - Crack Repair and Patch

Pavement - Seal Coat and Stripe (!)

Total expenditures:

Flexibility	Engineering Data Section	
deferrable	3.181	(\$25,288)
firm	6.641	(\$4,392)
discretionary	6.641	(\$7,586)
		(\$37,266)
Ending reserve balance:		\$738,255



2033

Hybrid Reserve Expenditures and Funding Plan

January 1, 2033 through December 31, 2033

Year of forecast:	11
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2033:	137.0%

Beginning reserve balance: \$738,255

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$14,276

Total contributions: = \$176,276

The Summit Condominiums Association, Inc.

2033 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Painting - Fiber Cement Siding (!)	firm	2.431	(\$124,627)
Metal Siding Restoration (!)	deferrable	2.767	(\$20,543)
Painting - Interior Common Areas (!)	discretionary	3.601	(\$65,737)
Total expenditures:			(\$210,906)
		Ending reserve balance:	<u>\$703,625</u>



ENGINEERING & CONSULTING

2034

Hybrid Reserve Expenditures and Funding Plan

January 1, 2034 through December 31, 2034

Year of forecast:	12
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2034:	140.9%

Beginning reserve balance: \$703,625

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$12,423

Total contributions: = \$174,423

The Summit Condominiums Association, Inc.

2034 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Party Room Renovation	deferrable	3.662	(\$52,142)
Rest Room Renovation (!)	deferrable	3.701	(\$12,683)
Fire Alarm System	firm	4.421	(\$56,792)
Generator	deferrable	4.431	(\$73,280)
Lighting - Exit	deferrable	4.561	(\$4,961)
Fire Suppression System - Controls	deferrable	4.661	(\$45,096)
On-Grade Concrete Floor Renovation	discretionary	5.321	(\$35,231)
Doors and Operators - Main (1 of 2 every 10 years)	deferrable	5.371	(\$9,442)
Door and Operator - 2 Stall	deferrable	5.372	(\$28,185)
Exhaust System - Garage Sensors	deferrable	5.421	(\$5,637)
Landscape (5% every 5 years)	discretionary	6.541	(\$3,453)
Total expenditures:			(\$326,901)
		Ending reserve balance:	<u>\$551,146</u>



2035

Hybrid Reserve Expenditures and Funding Plan

January 1, 2035 through December 31, 2035

Year of forecast:	13
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2035:	145.0%

Beginning reserve balance: \$551,146

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$12,612

Total contributions: = \$174,612

The Summit Condominiums Association, Inc.

2035 Expenditures (inflated)

Exercise Equipment (33% every 5 years)

Total expenditures:

Flexibility	Engineering Data Section	
discretionary	3.221	(\$3,063)

Ending reserve balance: \$722,696



2036

Hybrid Reserve Expenditures and Funding Plan

January 1, 2036 through December 31, 2036

Year of forecast:	14
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2036:	149.2%

Beginning reserve balance: \$722,696

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$15,940

Total contributions: = \$177,940

The Summit Condominiums Association, Inc.

2036 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Pavement - Crack Repair and Patch	firm	6.641	(\$4,924)
Pavement - Seal Coat and Stripe (!)	discretionary	6.641	(\$8,505)
Total expenditures:			(\$13,429)
		Ending reserve balance:	<u>\$887,206</u>



2037

Hybrid Reserve Expenditures and Funding Plan

January 1, 2037 through December 31, 2037

Year of forecast:	15
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2037:	153.5%

Beginning reserve balance: \$887,206

Recommended reserve contribution: +	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate): +	<u>\$18,535</u>

Total contributions: = \$180,535

The Summit Condominiums Association, Inc.

2037 Expenditures (inflated)

Carpet - Stairs and Elevator Lobbies

Water Heaters (!)

Total expenditures:

	Flexibility	Engineering Data Section	
	deferrable	3.102	(\$56,811)
	firm	4.801	(\$26,102)
			(\$82,913)
			Ending reserve balance: <u>\$984,828</u>



2038

Hybrid Reserve Expenditures and Funding Plan

January 1, 2038 through December 31, 2038

Year of forecast:	16
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2038:	158.0%

Beginning reserve balance: \$984,828

Recommended reserve contribution: +	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate): +	<u>\$20,108</u>

Total contributions: = \$182,108

The Summit Condominiums Association, Inc.

2038 Expenditures (inflated)

Carpet - Hallways and Misc. Common Areas (!)

Painting - Stairs (!)

Total expenditures:

Flexibility	Engineering Data Section	
deferrable	3.101	(\$90,058)
discretionary	3.602	(\$30,809)
		(\$120,867)
Ending reserve balance:		<u>\$1,046,069</u>



2039

Hybrid Reserve Expenditures and Funding Plan

January 1, 2039 through December 31, 2039

Year of forecast:	17
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2039:	162.6%

Beginning reserve balance: \$1,046,069

Recommended reserve contribution: + \$162,000
 Estimated interest earned (2.0% PROJECTED yield rate): + \$18,474

Total contributions: = \$180,474

The Summit Condominiums Association, Inc.

2039 Expenditures (inflated)

Elevator Traction Controls and Equipment
 Surveillance System - Cameras
 Landscape (5% every 5 years)
 Retaining Wall - Masonry

Flexibility	Engineering Data Section	
deferrable	4.401	(\$365,800)
discretionary	4.701	(\$24,387)
discretionary	6.541	(\$3,983)
deferrable	6.901	(\$12,518)

Total expenditures: (\$406,688)

Ending reserve balance: \$819,855



2040

Hybrid Reserve Expenditures and Funding Plan

January 1, 2040 through December 31, 2040

Year of forecast:	18
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2040:	167.3%

Beginning reserve balance: \$819,855

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$17,831

Total contributions: = \$179,831

The Summit Condominiums Association, Inc.

2040 Expenditures (inflated)

Exercise Equipment (33% every 5 years)

Pavement - Crack Repair and Patch

Pavement - Seal Coat and Stripe (!)

Total expenditures:

Flexibility	Engineering Data Section	
discretionary	3.221	(\$3,533)
firm	6.641	(\$5,521)
discretionary	6.641	(\$9,536)
		(\$18,590)
Ending reserve balance:		\$981,096



2041

Hybrid Reserve Expenditures and Funding Plan

January 1, 2041 through December 31, 2041

Year of forecast:	19
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2041:	172.1%

Beginning reserve balance: \$981,096

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$21,242

Total contributions: = \$183,242

The Summit Condominiums Association, Inc.

2041 Expenditures (inflated)

Total expenditures:

Flexibility	Engineering Data Section	
		\$0
	Ending reserve balance:	<u>\$1,164,338</u>



2042

Hybrid Reserve Expenditures and Funding Plan

January 1, 2042 through December 31, 2042

Year of forecast:	20
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2042:	177.1%

Beginning reserve balance: \$1,164,338

Recommended reserve contribution: + \$162,000
 Estimated interest earned (2.0% PROJECTED yield rate): + \$23,651

Total contributions: = \$185,651

The Summit Condominiums Association, Inc.

2042 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Roof - East Storage	firm	2.463	(\$125,590)
Total expenditures:			(\$125,590)
		Ending reserve balance:	<u>\$1,224,399</u>



2043

Hybrid Reserve Expenditures and Funding Plan

January 1, 2043 through December 31, 2043

Year of forecast:	21
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2043:	182.3%

Beginning reserve balance: \$1,224,399

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$23,301

Total contributions: = \$185,301

The Summit Condominiums Association, Inc.

2043 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Painting - Fiber Cement Siding (!)	firm	2.431	(\$165,869)
Metal Siding Restoration (!)	deferrable	2.767	(\$27,341)
Painting - Interior Common Areas (!)	discretionary	3.601	(\$87,491)
Total expenditures:			(\$280,701)
		Ending reserve balance:	\$1,129,000



ENGINEERING & CONSULTING

2044

Hybrid Reserve Expenditures and Funding Plan

January 1, 2044 through December 31, 2044

Year of forecast:	22
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2044:	187.6%

Beginning reserve balance: \$1,129,000

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$18,353

Total contributions: = \$180,353

The Summit Condominiums Association, Inc.

2044 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Masonry Restoration	deferrable	2.421	(\$26,258)
Roofs - Lobby and Northwest Terraces	firm	2.464	(\$63,020)
Windows - Common	deferrable	2.981	(\$13,129)
Ceiling Tiles, Grid and Lighting - Interior Common Areas	deferrable	3.141	(\$70,147)
Tile - Foyer and Lobby	deferrable	3.781	(\$18,006)
Pumps - Domestic Water	deferrable	4.641	(\$68,647)
Air Handling Unit - Garage	deferrable	5.107	(\$101,282)
Doors and Operators - Main (1 of 2 every 10 years)	deferrable	5.371	(\$12,566)
Exhaust System - Garage Fans and Louvers	deferrable	5.421	(\$18,756)
Heaters - Garage (!)	deferrable	5.491	(\$14,630)
Lighting - Garage (!)	deferrable	5.521	(\$12,379)
Concrete Sidewalks and Aprons	deferrable	6.181	(\$50,641)
Irrigation System	discretionary	6.521	(\$33,761)
Landscape (5% every 5 years)	discretionary	6.541	(\$4,595)
Light Poles and Fixtures	deferrable	6.601	(\$60,019)
Pavement - Crack Repair and Patch	firm	6.641	(\$6,189)
Pavement - Seal Coat and Stripe (!)	discretionary	6.641	(\$10,691)
Total expenditures:			(\$584,716)
		Ending reserve balance:	<u>\$724,637</u>



2045

Hybrid Reserve Expenditures and Funding Plan

January 1, 2045 through December 31, 2045

Year of forecast:	23
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2045:	193.0%

Beginning reserve balance: \$724,637

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$10,359

Total contributions: = \$172,359

The Summit Condominiums Association, Inc.

2045 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Roof - East	firm	2.461	(\$470,916)
Carpet - Stairs and Elevator Lobbies	deferrable	3.102	(\$71,409)
Exercise Equipment (33% every 5 years)	discretionary	3.221	(\$4,076)
Lighting - Interior Common Areas (!)	deferrable	3.421	(\$28,950)
Total expenditures:			(\$575,351)

Ending reserve balance: \$321,645



2046

Hybrid Reserve Expenditures and Funding Plan

January 1, 2046 through December 31, 2046

Year of forecast: 24
 Annual CONSTRUCTION inflation rate (30 year average): 2.9%
 Compounded CONSTRUCTION inflation in 2046: 198.6%

Beginning reserve balance: \$321,645

Recommended reserve contribution: + \$162,000
 Estimated interest earned (2.0% PROJECTED yield rate): + \$3,811

Total contributions: = \$165,811

The Summit Condominiums Association, Inc.

2046 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Roof - West (!)	firm	2.462	(\$424,200)
Total expenditures:			(\$424,200)
		Ending reserve balance:	<u>\$63,256</u>



ENGINEERING & CONSULTING

2047

Hybrid Reserve Expenditures and Funding Plan

January 1, 2047 through December 31, 2047

Year of forecast:	25
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2047:	204.4%

Beginning reserve balance: \$63,256

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$2,885

Total contributions: = \$164,885

The Summit Condominiums Association, Inc.

2047 Expenditures (inflated)

Flexibility	Engineering Data Section
--------------------	---------------------------------

Total expenditures:

\$0

Ending reserve balance: \$228,141



2048

Hybrid Reserve Expenditures and Funding Plan

January 1, 2048 through December 31, 2048

Year of forecast:	26
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2048:	210.3%

Beginning reserve balance: \$228,141

Recommended reserve contribution: +	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate): +	\$5,994

Total contributions: = \$167,994

The Summit Condominiums Association, Inc.

2048 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Pavement - Crack Repair and Patch	firm	6.641	(\$6,939)
Pavement - Seal Coat and Stripe (!)	discretionary	6.641	(\$11,986)
Total expenditures:			(\$18,925)
		Ending reserve balance:	<u>\$377,210</u>



2049

Hybrid Reserve Expenditures and Funding Plan

January 1, 2049 through December 31, 2049

Year of forecast:	27
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2049:	216.4%

Beginning reserve balance: \$377,210

Recommended reserve contribution: +	\$162,000
Estimated interest earned (2.0% PROJECTED yield rate): +	\$9,111

Total contributions: = \$171,111

The Summit Condominiums Association, Inc.

2049 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Landscape (5% every 5 years)	discretionary	6.541	(\$5,301)
Total expenditures:			(\$5,301)
		Ending reserve balance:	<u>\$543,020</u>



2050

Hybrid Reserve Expenditures and Funding Plan

January 1, 2050 through December 31, 2050

Year of forecast:	28
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2050:	222.7%

Beginning reserve balance: \$543,020

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$11,779

Total contributions: = \$173,779

The Summit Condominiums Association, Inc.

2050 Expenditures (inflated)

Exercise Equipment (33% every 5 years)

Painting - Stairs (!)

Intercom and Entry System

Total expenditures:

Flexibility	Engineering Data Section	
discretionary	3.221	(\$4,702)
discretionary	3.602	(\$43,418)
deferrable	4.501	(\$22,043)
		(\$70,163)
Ending reserve balance:		<u>\$646,636</u>



2051

Hybrid Reserve Expenditures and Funding Plan

January 1, 2051 through December 31, 2051

Year of forecast:	29
Annual CONSTRUCTION inflation rate (30 year average):	2.9%
Compounded CONSTRUCTION inflation in 2051:	229.1%

Beginning reserve balance: \$646,636

Recommended reserve contribution: + \$162,000

Estimated interest earned (2.0% PROJECTED yield rate): + \$14,209

Total contributions: = \$176,209

The Summit Condominiums Association, Inc.

2051 Expenditures (inflated)

Surveillance System - Cameras

Flexibility	Engineering Data Section	
discretionary	4.701	(\$34,367)

Total expenditures: (\$34,367)

Ending reserve balance: \$788,478



2052

Hybrid Reserve Expenditures and Funding Plan

January 1, 2052 through December 31, 2052

Year of forecast: 30
 Annual CONSTRUCTION inflation rate (30 year average): 2.9%
 Compounded CONSTRUCTION inflation in 2052: 235.8%

Beginning reserve balance: \$788,478

Recommended reserve contribution: + \$162,000
 Estimated interest earned (2.0% PROJECTED yield rate): + \$17,177

Total contributions: = \$179,177

The Summit Condominiums Association, Inc.

2052 Expenditures (inflated)

	Flexibility	Engineering Data Section	
Pavement - Crack Repair and Patch	firm	6.641	(\$7,780)
Pavement - Seal Coat and Stripe (!)	discretionary	6.641	(\$13,438)
Total expenditures:			(\$21,218)
		Ending reserve balance:	<u>\$946,437</u>

Summit Condominium Association

1.501

Budget

Fiscal year: 2022

	Prior Actual	Actual YTD	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Operating Income															
Association Income															
42000 - Assessment Income	\$234,855	\$131,520	\$263,038	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920	\$21,920
42800 - Parking Stall Income	\$11,594	\$5,797	\$12,173	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014	\$1,014
43300 - Cell Tower Income	\$28,600	\$11,617	\$28,600	\$2,383	\$2,383	\$2,383	\$2,383	\$2,383	\$2,383	\$2,383	\$2,383	\$2,383	\$2,383	\$2,383	\$2,383
43310 - Cable Income	\$43,846	\$21,948	\$43,896	\$3,658	\$3,658	\$3,658	\$3,658	\$3,658	\$3,658	\$3,658	\$3,658	\$3,658	\$3,658	\$3,658	\$3,658
44000 - Interest Income	\$11	\$5	\$0	-	-	-	-	-	-	-	-	-	-	-	-
Total Association Income	\$318,906	\$170,886	\$347,707	\$28,976											
Non-Budgeted GLs															
42600 - Late Fee Income	\$250	\$250	\$0	-	-	-	-	-	-	-	-	-	-	-	-
42650 - NSF Fee Income	(\$5)	\$25	\$0	-	-	-	-	-	-	-	-	-	-	-	-
43400 - Move In/Out Income	\$1,950	\$300	\$0	-	-	-	-	-	-	-	-	-	-	-	-
43700 - Work Order Income	\$60	\$60	\$0	-	-	-	-	-	-	-	-	-	-	-	-
44300 - Misc. Income	\$1,433	\$60	\$0	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Budgeted GLs	\$3,688	\$695	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Income	\$322,593	\$171,581	\$347,707	\$28,976											

Summit Condominium Association

1.501

Budget

Fiscal year: 2022

	Prior Actual	Actual YTD	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Operating Expense															
Utilities															
60000 - Common Electric	\$28,401	\$19,020	\$28,840	\$2,403	\$2,403	\$2,403	\$2,403	\$2,403	\$2,403	\$2,403	\$2,403	\$2,403	\$2,403	\$2,403	\$2,403
60150 - Gas	\$8,140	\$9,629	\$8,300	\$692	\$692	\$692	\$692	\$692	\$692	\$692	\$692	\$692	\$692	\$692	\$692
60200 - Water/Sewer	\$22,326	\$10,572	\$22,000	\$1,833	\$1,833	\$1,833	\$1,833	\$1,833	\$1,833	\$1,833	\$1,833	\$1,833	\$1,833	\$1,833	\$1,833
60300 - Trash-Residential	\$12,175	\$6,488	\$12,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
60400 - Softner Salt	\$1,539	\$554	\$2,300	\$192	\$192	\$192	\$192	\$192	\$192	\$192	\$192	\$192	\$192	\$192	\$192
Total Utilities	\$72,580	\$46,263	\$73,440	\$6,120											
Maintenance and Repair															
60500 - Repairs and Maintenance (General)	\$45,039	\$20,661	\$45,000	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
61000 - Boiler/HVAC Repair	\$822	\$1,075	\$2,000	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167	\$167
61100 - Landscaping	\$4,450	\$931	\$1,500	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125
61450 - Additional Janitorial	-	-	\$500	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42
Total Maintenance and Repair	\$50,311	\$22,666	\$49,000	\$4,083											
Material Supplies															
62800 - Pet Waste Supplies	-	-	\$400	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33
62900 - Snow/Ice Melt Additional	-	-	\$0	-	-	-	-	-	-	-	-	-	-	-	-
Total Material Supplies	-	-	\$400	\$33											
Contracted Maintenance Services															
63500 - Grounds Maintenance	\$6,316	\$4,658	\$11,000	\$917	\$917	\$917	\$917	\$917	\$917	\$917	\$917	\$917	\$917	\$917	\$917
63550 - Elevator	\$6,426	\$2,869	\$6,800	\$567	\$567	\$567	\$567	\$567	\$567	\$567	\$567	\$567	\$567	\$567	\$567
63650 - Janitorial	\$22,400	\$7,629	\$20,000	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667
63750 - Security and Emergency	-	-	\$2,500	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208	\$208
63800 - Irrigation	-	\$259	\$1,400	\$117	\$117	\$117	\$117	\$117	\$117	\$117	\$117	\$117	\$117	\$117	\$117
64000 - Extermination	-	-	\$500	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42
Total Contracted Maintenance Services	\$35,141	\$15,414	\$42,200	\$3,517											
Professional Services															
65150 - Accounting Services	\$1,019	\$1,219	\$1,500	-	-	\$1,500	-	-	-	-	-	-	-	-	-
65250 - Legal Counsel (Attorney Fees)	-	-	\$1,000	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83
65350 - Management Fees	\$23,130	\$12,027	\$24,055	\$2,005	\$2,005	\$2,005	\$2,005	\$2,005	\$2,005	\$2,005	\$2,005	\$2,005	\$2,005	\$2,005	\$2,005

Summit Condominium Association

1.501

Budget

Fiscal year: 2022

	Prior Actual	Actual YTD	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Total Professional Services	\$24,149	\$13,246	\$26,555	\$2,088	\$2,088	\$3,588	\$2,088	\$2,088	\$2,088	\$2,088	\$2,088	\$2,088	\$2,088	\$2,088	\$2,088
Insurance															
66600 - Insurance Expense	\$19,204	\$12,244	\$24,938	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078
Total Insurance	\$19,204	\$12,244	\$24,938	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078	\$2,078
Association G&A															
68700 - Misc. G&A	\$2,553	\$1,554	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
69250 - Federal Tax	-	-	\$0	-	-	-	-	-	-	-	-	-	-	-	-
Total Association G&A	\$2,553	\$1,554	\$5,000	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417	\$417
Communications															
69650 - Telephone Expense	\$2,828	\$1,158	\$4,500	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375	\$375
69700 - Cable/Satellite	\$49,846	\$20,724	\$48,240	\$4,020	\$4,020	\$4,020	\$4,020	\$4,020	\$4,020	\$4,020	\$4,020	\$4,020	\$4,020	\$4,020	\$4,020
Total Communications	\$52,673	\$21,882	\$52,740	\$4,395	\$4,395	\$4,395	\$4,395	\$4,395	\$4,395	\$4,395	\$4,395	\$4,395	\$4,395	\$4,395	\$4,395
Capital Improvements and Expenditures															
70300 - Reserve Expense-Unspecified	-	\$32,876	\$0	-	-	-	-	-	-	-	-	-	-	-	-
70400 - Reserve Expense-Concrete	-	-	\$0	-	-	-	-	-	-	-	-	-	-	-	-
70750 - Reserve Expense (Contra)	(\$25,560)	(\$54,458)	\$0	-	-	-	-	-	-	-	-	-	-	-	-
70800 - Reserve Contribution	\$51,676	\$30,598	\$73,434	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120
Total Capital Improvements and Expenditures	\$26,116	\$9,015	\$73,434	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120	\$6,120
Non-Budgeted GLs															
61110 - Irrigation Maintenance	\$1,106	\$385	\$0	-	-	-	-	-	-	-	-	-	-	-	-
61550 - Additional Extermination	\$105	\$537	\$0	-	-	-	-	-	-	-	-	-	-	-	-
63510 - Snow Removal	\$4,730	-	\$0	-	-	-	-	-	-	-	-	-	-	-	-
63600 - Life Safety	\$5,762	\$7,270	\$0	-	-	-	-	-	-	-	-	-	-	-	-
65450 - Engineering	\$800	-	\$0	-	-	-	-	-	-	-	-	-	-	-	-
65900 - Bank Service Charges	\$40	\$30	\$0	-	-	-	-	-	-	-	-	-	-	-	-
66500 - Miscellaneous Expenses	\$99	-	\$0	-	-	-	-	-	-	-	-	-	-	-	-
70570 - Reserve Expense-Flooring	\$25,560	-	\$0	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Budgeted GLs	\$38,203	\$8,221	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expense	\$320,930	\$150,506	\$347,707	\$28,851	\$28,851	\$30,351	\$28,851	\$28,851	\$28,851	\$28,851	\$28,851	\$28,851	\$28,851	\$28,851	\$28,851

Summit Condominium Association

1.502

Balance Sheet as of 5/31/2022

Assets	Operating	Reserve	Total
Assets			
CIT Checking	\$4,307.15		\$4,307.15
Rental Deposits	\$1,640.24		\$1,640.24
CIT Reserve MMA		\$172,194.22	\$172,194.22
Total Assets	\$5,947.39	\$172,194.22	\$178,141.61
Accounts Receivable			
Assessments Receivable	\$1,815.08		\$1,815.08
Total Accounts Receivable	\$1,815.08		\$1,815.08
Total Assets	\$7,762.47	\$172,194.22	\$179,956.69
Liabilities / Equity	Operating	Reserve	Total
Current Liabilities			
Prepaid Owner Assessments	\$8,898.41		\$8,898.41
Rental Deposit	\$15,103.34		\$15,103.34
Total Current Liabilities	\$24,001.75		\$24,001.75
Equity			
Replacement Reserves		\$202,053.19	\$202,053.19
Replacement Reserves- Interest		\$120.70	\$120.70
Replacement Reserves-Expense		(\$54,457.83)	(\$54,457.83)
Reserve Contributions		\$24,478.16	\$24,478.16
Retained Earnings	(\$7,023.69)		(\$7,023.69)
Current Year Net Income/Loss	(\$9,215.59)		(\$9,215.59)
Total Equity	(\$16,239.28)	\$172,194.22	\$155,954.94
Total Liabilities / Equity	\$7,762.47	\$172,194.22	\$179,956.69

Summary of Qualifications

Justin J. Maier, P.E., RS
Partner

Services

Justin J. Maier is a partner and co-founder of Superior Reserve Engineering and Consulting. Justin J. Maier provides *expert* reserve and transition studies, and property engineering reviews. Properties that have benefited from his experience include townhome associations, condominium associations, planned unit developments, marinas, resorts, hotels, churches and country clubs. These properties vary from complex high rise buildings to vintage buildings of historical significance. He has provided these services to *more than 2,100* properties throughout the United States and worldwide.



Prior Experience

Prior to co-founding Superior Reserve with Nik J. Clark, Mr. Maier had conducted reserve and transition studies with Reserve Advisors for 14 years. During this time, he was the Director of Product Development where he oversaw the development, improvement and production efficiency of reserve and transition studies for the firm. He was the leading producer of reserve and transition studies. Mr. Maier was instrumental in improving the quality of reports both in content, clarity and appearance. Reserve Advisors experienced tremendous success based on the standard of reserve and transition study quality that he implemented.

Mr. Maier was a structural engineer for Wausau Window and Wall Systems. There he analyzed stresses in horizontal and vertical components of aluminum frame curtain wall window systems in projects throughout the United States for both wind pressure and suction loads. He was involved in field work to correct improperly installed system components.

Mr. Maier was an Assistant Engineer for Crest Consulting Engineers. His services required on-site field investigation of architectural and structural failures, analysis of the preexisting design and conditions, and determination of the design shortfalls or owner modifications that caused the failures. He designed remedial repairs, produced cost estimates for the repairs, prepared the specifications and oversaw the implementation of the repairs.

Expert Witness

Through the expert witness of Mr. Maier, the Villages at Cumberland Trail in Columbus, Ohio and The Retreat Homeowners Association in Indianapolis, Indiana were able to successfully negotiate a settlement for their construction defects.

Education

Milwaukee School of Engineering (MSOE) - Bachelors of Science in Architectural Engineering

Professional Affiliations

Professional Engineer (P.E.) - licenses held in WI, IL, OH, NY, TX, DC, VA, MD, MI, MN, PA
Reserve Specialist (RS) - credential awarded by Community Association's Institute (CAI)
Certified Pool / Spa Operator - issued by the National Swimming Pool Foundation

Terms, Conditions and Limitations

- 1) Superior Reserve Engineering & Consulting (SREC) will perform a visual inspection of the property. While due diligence will be exercised during the onsite inspection, we make no representations regarding latent or hidden defects not observable from a visual inspection. We do not conduct invasive or destructive testing nor provide an exhaustive review of building code compliance. Material testing, core sampling, performance testing of building or site elements and equipment is not part of the scope of work.
- 2) 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.
- 3) SREC may rely on information provided to us, by the client named in this contract, in our report. We assume information provided to us by the client to be correct and assume no liability for the accuracy of information provided to us by the client. 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.
- 4) Our Reserve Study Report in whole or part is not and cannot be used as a design specification, design engineering services or an appraisal.
- 5) 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.
- 6) In the event of errors in our report, SREC's liability is limited to the cost of this study.

Lighting - Building Exterior

Age: original Useful life: 25 Replacement year: 2029

Material: metal

Screw-in light bulbs: yes

Bulb types: incandescent, fluorescent and LED

Number of bulbs per fixture: 1

Daylight sensors: not utilized (energy inefficient)

Overall condition: good to fair

Specific condition: weathering

Quantity (each): 70

Cost (\$ each): \$170

Current total cost: \$11,900 (\$192 per home)

Assumptions: reuse of existing wiring and access for replacement is from the interior



metal light fixture



overview of fixture



metal fixture



weathering of fixture

Masonry Restoration

Restoration age: original Frequency: 20 Restoration year: 2024

Construction: 2.5 by 8 inch masonry units
 concrete block
 running bond pattern
 mortar joints are tooled concave (ideal)
 lintel (note 1) weeps are visible

Overall condition: good to fair

Specific conditions: efflorescence (note 2) is evident
 masonry units exhibit cracks
 mortar deterioration is evident
 spalled masonry is not evident
 lintel paint is in good condition
 caulking is in good condition
 previous repairs are evident

Quantity (square feet): 7,500 (121 per home)

Cost (\$/square foot): \$1.90

Current total cost: \$14,000 (\$226 per home)

Anticipated work: mobilization
 paint lintels
 repoint (note 3) masonry (5%)
 replace masonry (limited amount)
 caulk windows, doors and joints (100%)



caulk joint



weeps at door head



efflorescence at block



cracks in block at east elevation

(note 1) Structural supports above openings in masonry that transfer the above weight onto the main structural system.

(note 2) White, powdery deposit of soluble salts carried to the surface of masonry by moisture. The moisture evaporates, leaving the residue.

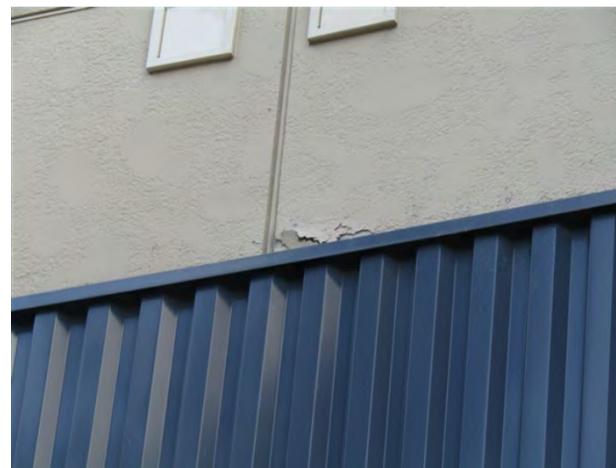
(note 3) Raking and cutting out defective mortar to a depth of not less than 1/2 inch nor more than 3/4 inch and replacing it with new mortar. Face grouting is the process of placing mortar over top of the existing mortar. We advise against face grouting. Compact the new mortar in two lifts/layers.

Painting - Fiber Cement Siding

Paint age: original Frequency: 10 Painting year: 2023

Material to paint:	fiber cement siding
Color scheme:	single tone
Overall condition:	poor
Specific condition:	loose panels and fasteners, and paint, caulk and siding deterioration
Current total cost:	\$91,000 (\$1,468 per home)
Assumptions:	two coats (primer for bare areas and paint)
Operating expenses:	touch up painting
Components to paint:	fiber cement siding common metal doors
Components to replace:	fiber cement siding (20%) caulk at windows and doors (50%)

Engineering solutions: [See the Property Engineering Review \(Section 1.201\)](#) for our observations on the condition of the fiber cement siding.



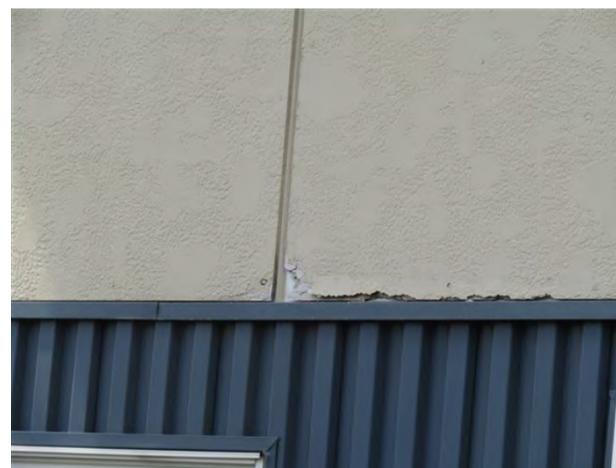
siding deterioration where it is in contact with horizontal surface



siding deterioration where it is in contact with horizontal surface



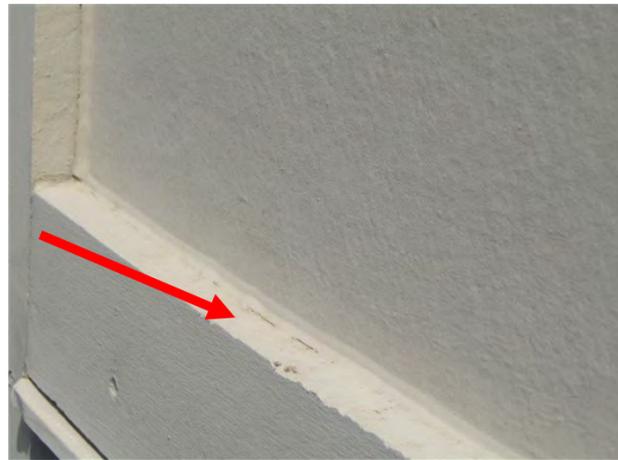
damaged siding



siding deterioration where it is in contact with horizontal surface



missing nails - potential leaks



caulk deterioration at horizontal surface (metal flashing would have been more appropriate at this location)



trim deterioration



trim deterioration



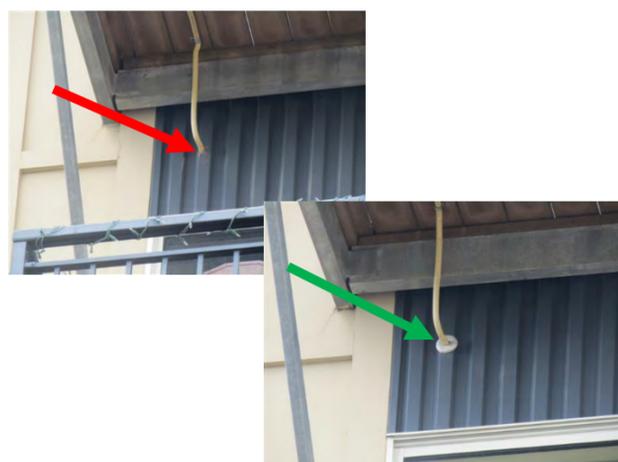
appropriate use of flashing above window



finish deterioration



leaks at unit 505



missing cover at 505 gas line penetration (red arrow) and existing cover (green arrow) at adjacent unit



caulk deterioration at joint



deterioration of siding at horizontal joint



missing metal flashing at all horizontal surfaces - replacement of caulk is imperative to prevent leaks



coating deterioration



siding deterioration



appropriate gap between siding and horizontal surface - note siding is in good condition



caulk deterioration



loose nail - potential leaks

Roof - East

Age: original Useful life: 20 Replacement year: 2025

Material: EPDM

Height of roof (stories): 7

Construction details: plumbing vent height 6" or greater (proper)
metal perimeter flashing
cast iron drain screens (ideal)
rubber flashing at vent pipes w/ hose clamps
manufactured by *Firestone*

Scheduled inspections: recommended semiannually

Overall condition: fair

Specific condition: minor wrinkles, poor drainage and vegetative growth

Leaks: no known leaks

Quantity in squares(note 1): 80

Cost (\$/square): \$3,050

Current total cost: \$244,000 (\$3,935 per home)

Operating expenses: semiannual inspections and repairs

Anticipated expenses: remove existing roofing (note 2)
replace roof insulation (see building code)
replace flashing
manufacturer inspection upon completion
consulting fees
45 mils sheet EPDM roofing
height/access difficulties



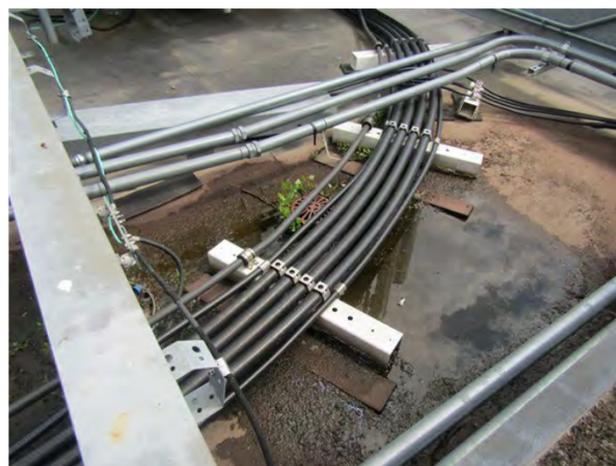
EPDM roof overview



minor wrinkles



cast iron drain screens



poor drainage and vegetative growth

(note 1) One square equals 100 square feet.

(note 2) Benefits of total replacement (rather than overlay) include: 1) repairs to any damage to the underlying substrate, correction of standing water, and proper flashing at penetrations and roof perimeters 2) ensuring the new roofing material will lay properly 3) ensuring the useful life of the new roofing will not be diminished due to continued deterioration of underlying roofing 4) cost of removal will not be deferred to future budgets

Roof - West

Age: original Useful life: 20 Replacement year: 2026

Material: EPDM

Height of roof (stories): 5

Construction details: plumbing vent height 6" or greater (proper)
metal perimeter flashing
cast iron drain screens (ideal)
rubber flashing at vent pipes w/ hose clamps
manufactured by *Firestone*

Scheduled inspections: recommended semiannually

Overall condition: fair

Specific condition: poor drainage, tenting and wrinkles in membrane

Leaks: no known leaks

Quantity in squares(note 1): 80

Cost (\$/square): \$2,670

Current total cost: \$213,600 (\$3,445 per home)

Operating expenses: semiannual inspections and repairs

Anticipated expenses: remove existing roofing (note 2)
replace roof insulation (see building code)
replace flashing
manufacturer inspection upon completion
consulting fees
45 mils sheet EPDM roofing
height/access difficulties

Actionable recommendations: We observed "tenting" of the west roof membrane, or shrinking of the roof membrane over time. This dimensional change in the membrane creates additional forces on roof seams and flashing details resulting in failure when the forces become too great. The property should monitor these conditions and repair the roof if/when failure occurs.

(note 1) One square equals 100 square feet.

(note 2) Benefits of total replacement (rather than overlay) include: 1) repairs to any damage to the underlying substrate, correction of standing water, and proper flashing at penetrations and roof perimeters 2) ensuring the new roofing material will lay properly 3) ensuring the useful life of the new roofing will not be diminished due to continued deterioration of underlying roofing 4) cost of removal will not be deferred to future budgets



EPDM roof overview



poor drainage



tenting



wrinkles in membrane

Roof - East Storage

Age: original Useful life: 20 Replacement year: 2022

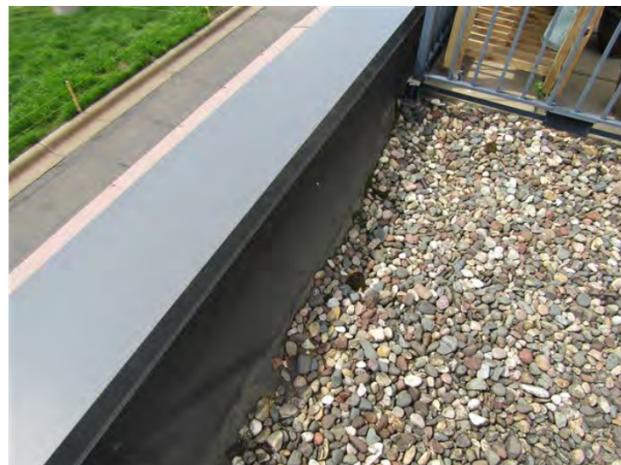
Material:	EPDM
Height of roof (stories):	1
Construction details:	stone ballast metal perimeter flashing rubber flashing & hose clamps at penetrations
Scheduled inspections:	recommended semiannually
Overall condition:	poor
Specific condition:	tenting, vegetative growths and scheduled for replacement
Leaks:	active leaks
Quantity in squares(note 1):	30
Cost (\$/square):	\$2,350
Current total cost:	\$70,900 (\$1,144 per home)
Operating expenses:	semiannual inspections and repairs
Homeowner responsibility:	patio pavers
Anticipated expenses:	remove existing roofing (note 2) replace roof insulation (see building code) replace flashing manufacturer inspection upon completion consulting fees 45 mils sheet EPDM roofing replace downspouts and scuppers (50 l.f.)



EPDM roof overview



rubber flashing and hose clamps at penetrations



tenting of roofing



downspout and scupper

(note 1) One square equals 100 square feet.

(note 2) Benefits of total replacement (rather than overlay) include: 1) repairs to any damage to the underlying substrate, correction of standing water, and proper flashing at penetrations and roof perimeters 2) ensuring the new roofing material will lay properly 3) ensuring the useful life of the new roofing will not be diminished due to continued deterioration of underlying roofing 4) cost of removal will not be deferred to future budgets

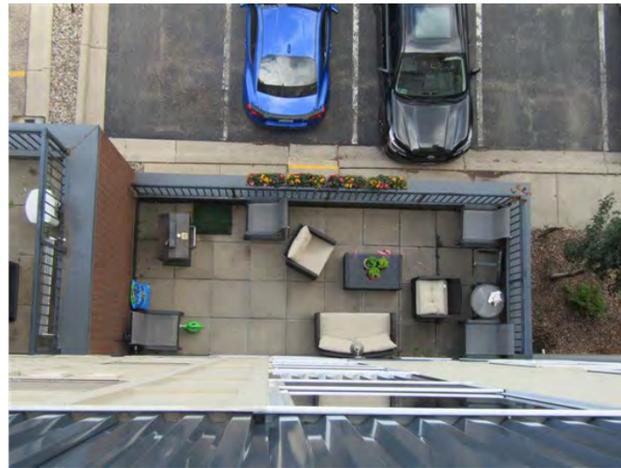
Roofs - Lobby and Northwest Terraces

Age: original Useful life: 20 Replacement year: 2024

Material:	EPDM
Height of roof (stories):	1-2
Construction details:	stone ballast metal perimeter flashing cast iron drain screens (ideal)
Scheduled inspections:	recommended semiannually
Overall condition:	fair
Specific condition:	weathering and vegetative growths
Leaks:	no known leaks
Quantity in squares(note 1):	10
Cost (\$/square):	\$3,360
Current total cost:	\$33,600 (\$542 per home)
Operating expenses:	semiannual inspections and repairs
Homeowner responsibility:	pavers
Anticipated expenses:	remove existing roofing (note 2) replace roof insulation (see building code) replace flashing manufacturer inspection upon completion consulting fees 45 mils sheet EPDM roofing replace downspouts and scuppers (30 l.f.)



northwest terraces



terrace overview



overview of terrace



lobby roof

(note 1) One square equals 100 square feet.

(note 2) Benefits of total replacement (rather than overlay) include: 1) repairs to any damage to the underlying substrate, correction of standing water, and proper flashing at penetrations and roof perimeters 2) ensuring the new roofing material will lay properly 3) ensuring the useful life of the new roofing will not be diminished due to continued deterioration of underlying roofing 4) cost of removal will not be deferred to future budgets

Metal Siding Restoration

Age: original Frequency: 10 Replacement year: 2023

Material: corrugated metal

Overall condition: good to fair

Specific condition: normal weathering

Quantity (square feet): 4,900

Current total cost: \$15,000 (\$242 per home)

Anticipated expenses: inspections
minor repairs
mobilization

Actionable recommendations: We observed that the metal siding flashing is not lapped which allows for water penetration through the butt joint. Remediation requires a short piece of flashing to lap the butt joint. Also, the channel at the base of the metal siding traps water. Its only escape is to flow through the joints at the ends. Clogging of the channel with debris could result in flooding and potential leaks. We recommend drilling drain holes in the channel to allow the water out.

Engineering solutions: Replacement of all the metal siding is not likely during the next 30 years. Instead, we recommend periodic restorations to include inspections and minor repairs.



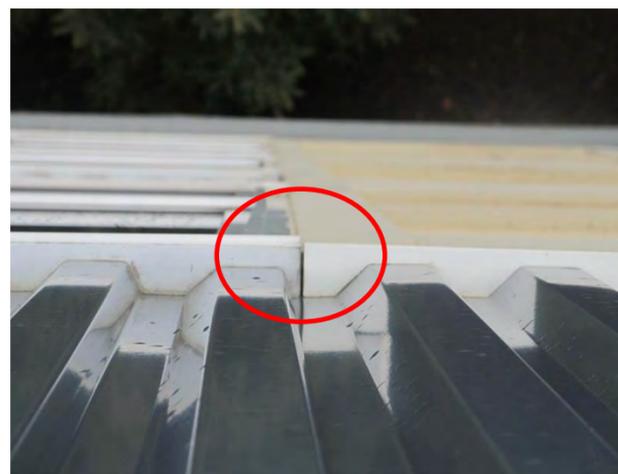
metal siding



siding overview



appropriate use of flashing above window



flashing is not lapped resulting in potential leaks

Windows - Common

Age: original Useful life: 40 Replacement year: 2044

Characteristics: aluminum window frames
 dual pane glass
 sweep-type weatherstripping
 double hung windows
 screens
 no decorative components

Overall condition: good to fair

Specific condition: normal weathering

Quantity (square feet): 100

Quantity (openings): 5

Locations of common windows: stairwells, exercise room and party room

Cost (\$/square foot): \$70

Average cost (\$/openings): \$1,400

Current total cost: \$7,000 (\$113 per home)

Operating expenses: replacement of hardware, clearing of weep holes



aluminum frame, dual pane glass, double hung windows



stairwell window



aluminum frame



aluminum frames

Window Guards

Age: original **Useful life:** 50 **Replacement year:** 2054

Material: metal

Overall condition: good to fair

Specific condition: normal weathering

Quantity (linear feet): 130

Connection: bolted

Cost to replace (\$/foot): \$169

Current replacement cost: \$22,000

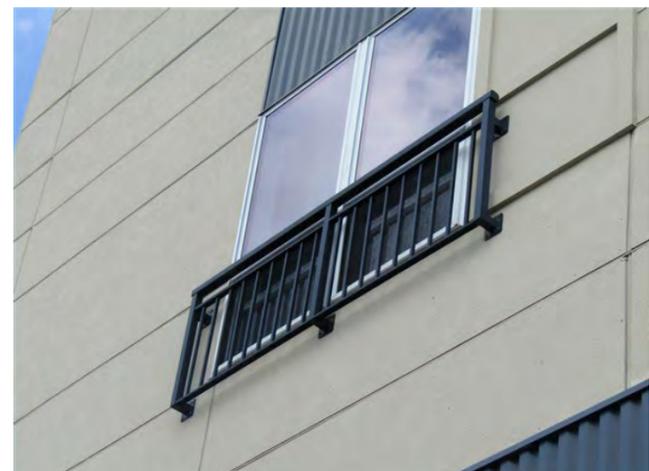
Operating expenses: securing of loose connections, touch up painting



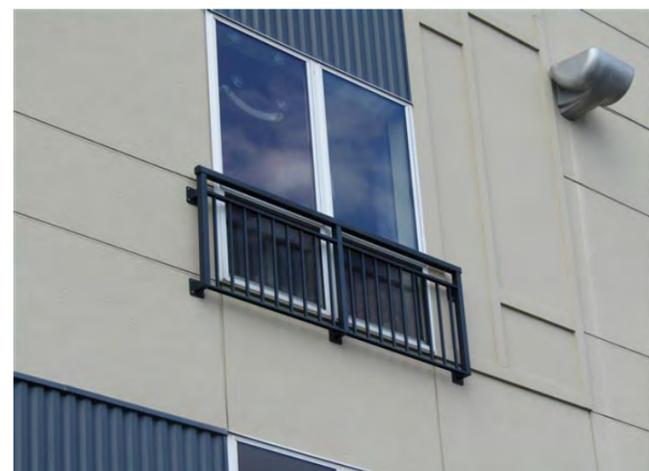
window guard



overview of guard



window guard



window guard

Carpet - Hallways and Misc. Common Areas

Age: N/A Useful life: 15 Replacement year: 2023

Locations:	exercise room, hallways, trash rooms and lobby
Description:	broadloom loop pile carpet
Patterned layout:	yes
Carpet pad:	no
Overall condition:	poor
Specific condition:	stains and frays
Quantity (square yards):	860 (14 per home)
Cost (\$/square yard):	\$67
Current total cost:	\$57,000 (\$919 per home)
Operating expenses:	vacuuming, spot removal and periodic cleanings
Assumptions:	medium traffic weight nylon carpet with 36 ounces of fiber per square yard

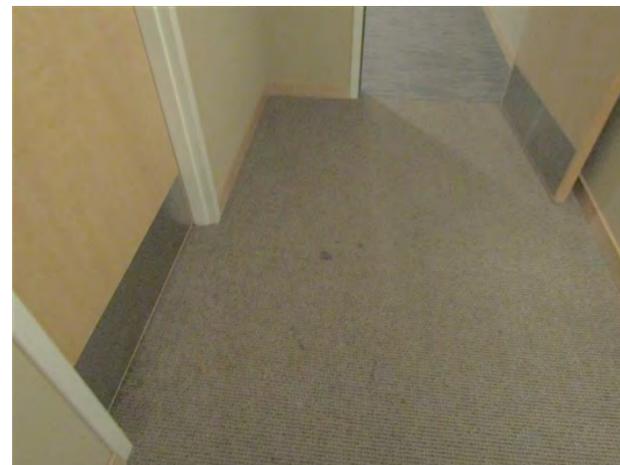
Engineering solutions: The hallway carpet is deteriorated and at the end of its useful life. For carpet replacement: 1) Use a nylon fiber as it is durable, resilient and stain resistant. 2) Berber (loop) or angle cut piles with woven patterns are ideal for high traffic areas. 3) Mid tone colors are ideal to hide traffic patterns and stains.



broadloom loop pile carpet



carpet stains



stains in carpet



carpet frays

Carpet - Stairs and Elevator Lobbies

Age: 2021 Useful life: 8 Replacement year: 2029

Locations:	stairs and elevator lobbies
Description:	broadloom loop pile carpet and loop pile carpet tiles
Patterned layout:	no
Carpet pad:	no
Overall condition:	good
Specific condition:	no visible deterioration
Quantity (square yards):	480
Cost (\$/square yard):	\$76
Current total cost:	\$37,000 (\$597 per home)
Operating expenses:	vacuuming, spot removal and periodic cleanings
Assumptions:	medium traffic weight nylon carpet with 36 ounces of fiber per square yard



carpet at stairs



carpet at elevator lobby



elevator lobby carpet



carpet in stairs

Ceiling Tiles, Grid and Lighting - Interior Common Areas

Age: original Useful life: 40 Replacement year: 2044

Locations: 6th floor east building and entire west building

Tile size: two-foot by two-foot

Profile: fissured

Overall condition: good

Specific condition: no visible deterioration

Quantity (square feet): 3,900

Cost (\$/square foot): \$9.60

Current total cost: \$37,400 (\$603 per home)

Operating expenses: interim replacements of damaged tiles

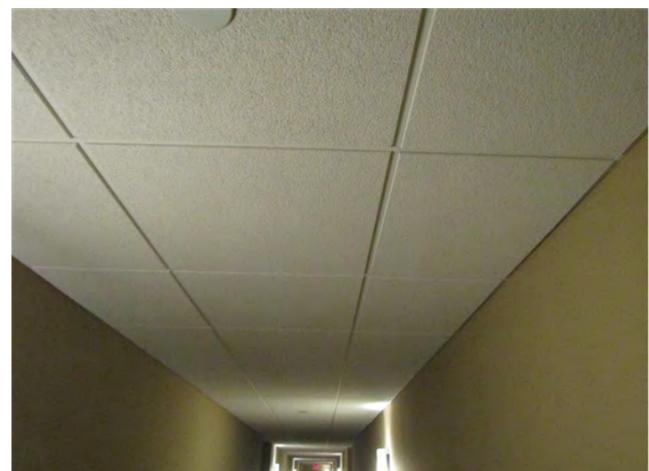
Anticipated costs: remove existing
install 5/8 inch thick fiberglass ceiling board
install new grid
replace lighting



two-foot by two-foot ceiling tiles, grid & lighting with a fissured profile



tile overview



overview of ceiling



tiles and grid

Elevator Cab Finishes

Age: varies **Useful life:** 25 **Renovation year:** 2032

Materials: carpet flooring
laminated walls
acrylic ceiling

Overall condition: good to fair

Specific condition: minor scuffs and carpet stains

Average light level (lux): 250 (200 is ideal)

Quantity (each): 1

Current total cost: \$19,000 (\$306 per home)

Operating expenses: interim replacements, refinishing of hardware and metal surfaces

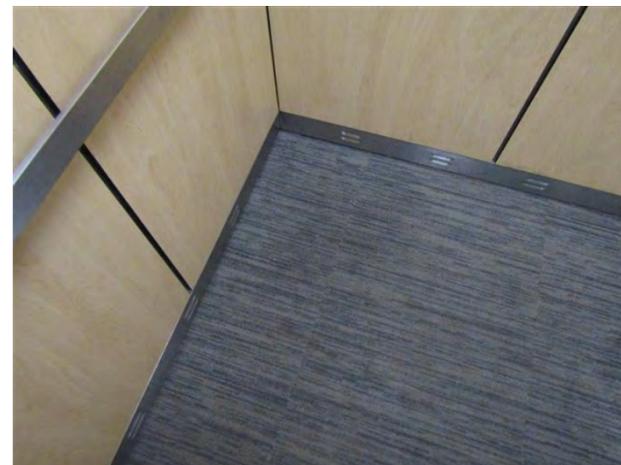
Green ideas: The elevator cab lights operate continuously. Install occupancy sensors to eliminate light operation when not in operation (potential savings of 80% on elevator cab light usage). The following link provides additional information: <http://www.eciamerica.com>



elevator cab finishes



minor scuffs



carpet stains

Exercise Equipment

Age: varies Frequency: 5 Replacement year: 2025

Manufacturers: *Precor and Livestrong*

Overall condition: satisfactory

Current total cost (note 1): \$6,400 (\$103 per home)

Operating expenses: repairs and interim replacements

Equipment:
ellipticals (2)
stationary cycle (1)
television (1)

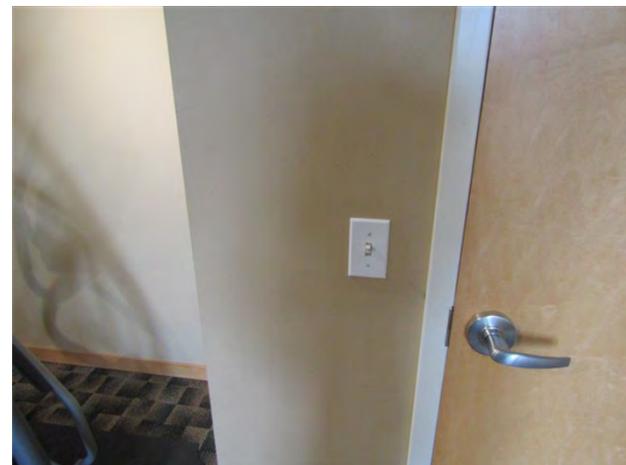
Green ideas: The property could install touchless sensors on exercise room light switches (or on the lights themselves) to minimize fixture operation. Touchless sensors minimize the spread of germs, and minimize soiled and scuffed wall surfaces. Touchless sensors are inexpensive:
<http://www.homedepot.com/b/Electrical-Dimmers-Switches-Outlets-Motion-Sensors/N-5yc1vZc32r/Ntk-Extended/Ntt-light+switch?Ntx=mode+matchpartialmax&NCNI-5>.



exercise equipment



exercise equipment



manual light switch

(note 1) Replacement of all the equipment during a single event is unlikely. Instead, we assume periodic partial replacements.

Lighting - Interior Common Areas

Age: 2015 Useful life: 30 Replacement year: 2045

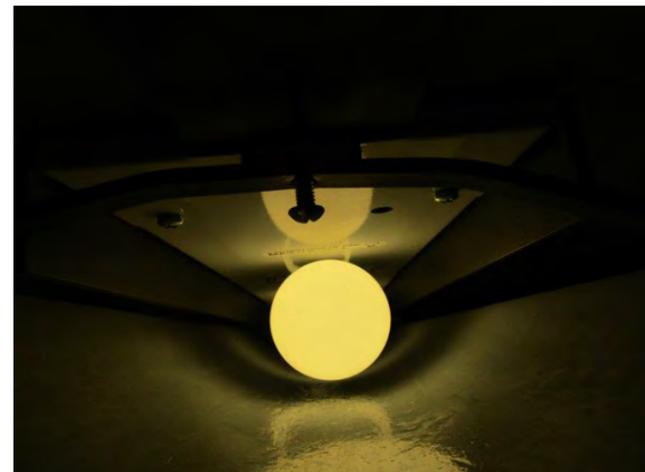
Location:	interior common areas
Mounted on:	wall and ceiling
Bulb type:	LED
Overall condition:	satisfactory
Average light level (lux):	40 (200 is ideal)
Quantity (each):	150
Cost (\$ each):	\$100
Current total cost:	\$15,000 (\$242 per home)
Assumptions:	reuse of existing wiring
Operating expenses:	bulb replacement, recessed light fixtures

Actionable recommendations: The light level in the interiors is low. For safety reasons, the property should consider increasing the lighting level by installing higher output bulbs (verify the fixtures are designed appropriately). See the following website for a recommendation of appropriate lighting levels: <https://www.gsa.gov/node/82715>.

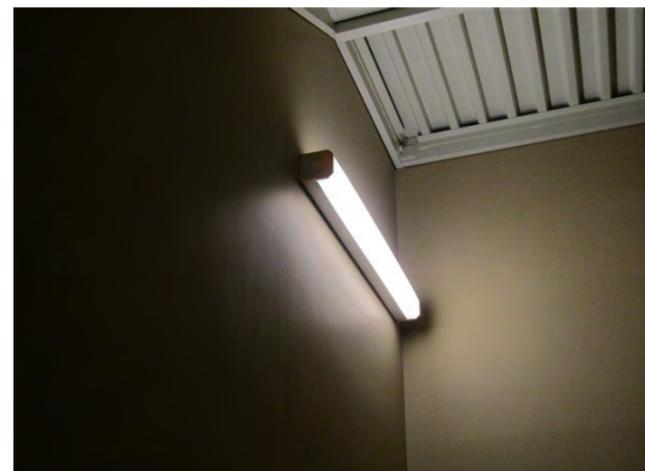
Green ideas: The interior common area lights operate continuously. Consider installing occupancy sensors to minimize fixture operation or installing light dimmers to minimize energy use during off peak hours. For safety reasons, maintain a minimum light level at all times. Our experience indicates properties typically have one out of two lights operate continuously and the remaining are on sensors. Check with local code for specific requirements. The following manufacturer provides these products: <http://www.xeum.com/stairwell-low-occupancy-1>.



typical lighting



LED bulb



stairwell light



light in stairwell

Mailboxes

Age: original **Useful life:** 50 **Replacement year:** 2054

Location: lobby

Size: 6 inches x 5 inches

Overall condition: good to fair

Specific condition: undersized and minor wear

Quantity (each): 62

Cost (\$/box): \$230

Current total cost: \$14,260 (\$230 per home)

Operating expenses: lock replacement, refinishing

Comments:

The mailboxes do not comply with United States Postal Service STD-4C, 12w x 15d x 3h. Replacement boxes must comply with this standard and will likely require wall modifications.



mailboxes



minor wear

Painting - Interior Common Areas

Age: N/A Frequency: 10 Painting year: 2023

Locations: foyer, exercise room, hallways, trash rooms, lobby and elevator lobbies

Surfaces: walls and portions of the ceilings

Color scheme: two tone

Overall condition: **fair to poor**

Specific condition: damage and scuffs

Quantity (square feet): 32,000 (520 per home)

Cost (\$/square foot): \$1.50

Current total cost: \$48,000 (\$774 per home)

Operating expenses: interim paint touch ups and wall repairs

Assumptions: two coats of paint

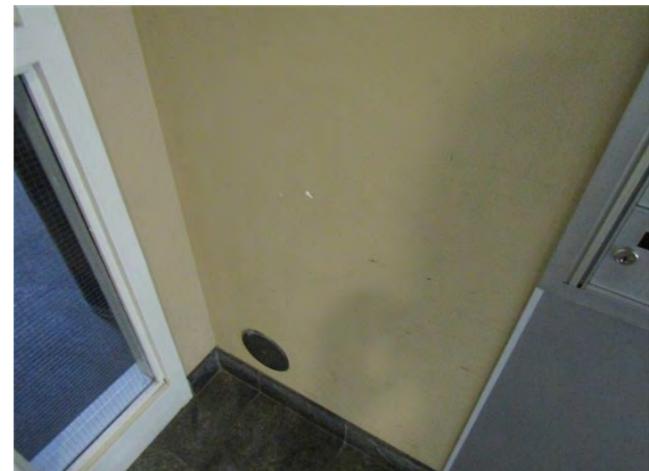
Actionable recommendations: We observed damaged interior hallway paint and walls at the corners. The property could install metal corner guards to minimize damage to the finishes.



Painted surfaces



Damage at corner



Paint damage in lobby



Paint scuffs

Painting - Stairs

Age: 2014 Frequency: 12 Painting year: 2026

Location: stairs

Surfaces: walls and ceilings

Color scheme: two tone

Overall condition: fair

Specific condition: damage and scuffs

Quantity (square feet): 13,000

Cost (\$/square foot): \$1.50

Current total cost: \$19,500 (\$315 per home)

Operating expenses: interim paint touch ups and wall repairs

Assumptions: two coats of paint

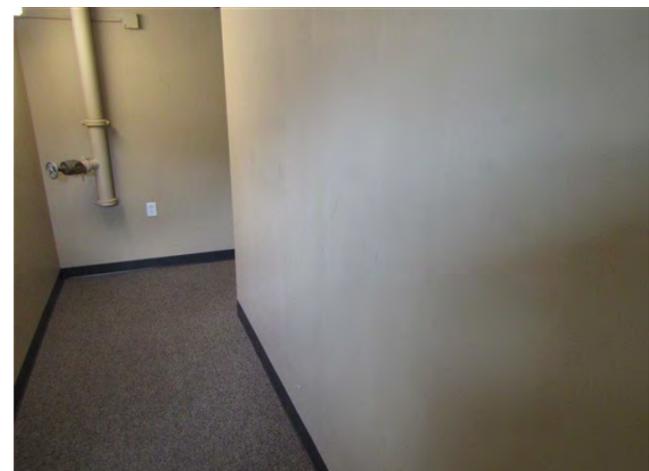
Actionable recommendations: We observed damaged interior stair paint and walls at the corners. The property could install metal corner guards to minimize damage to the finishes.



two tone paint finish typical of the stairs



damage



paint scuffs



overview of painted surfaces

Party Room Renovation

Age: original Useful life: 30 Renovation year: 2034

Area (square feet): 400

Overall condition: good to fair

Specific condition: wall damage

Average light level (lux): 260 (500 is ideal)

Faucet hot water temp. (F): 110 (120 is ideal to wash away dirt and bacteria, and is comfortable to most)

Cost per square foot: \$93

Current total cost: \$37,000 (\$597 per home)

Operating expenses: interim replacements, painting

Anticipated expenses: tile (40 square yards)
 paint (1,000 square feet)
 lighting
 countertops (22 linear feet)
 cabinets (38 linear feet)
 dishwasher
 microwave
 refrigerator
 sink and faucet
 stove
 garbage disposal
 electric and plumbing allowance
 bar stools
 chairs
 folding chairs
 folding tables
 tables



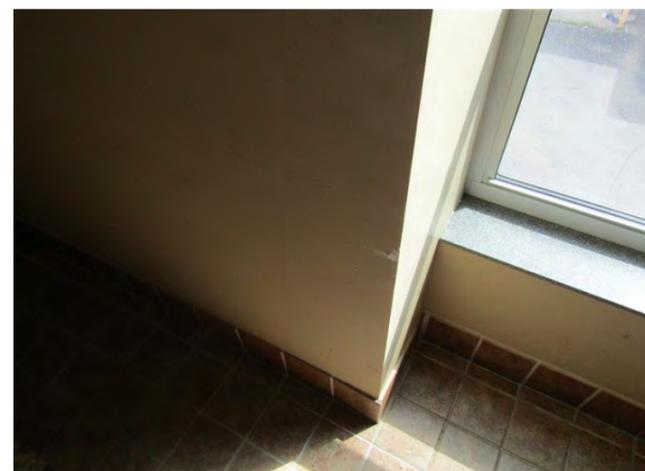
kitchen



cabinets and countertop



island



wall damage

Rest Room Renovation

Age: original Useful life: 30 Renovation year: 2034

Rest rooms (each):	1
Area (square feet):	70
Overall condition:	good to fair
Specific condition:	cracks in tile
Average light level (lux):	80 (200 is ideal)
Faucet hot water temp. (F):	121 (120 is ideal to wash away dirt and bacteria, and is comfortable to most)
Cost per square foot:	\$129
Current total cost:	\$9,000 (\$145 per home)
Operating expenses:	interim replacements, painting
Anticipated expenses:	tile (20 square yards) paint (200 square feet) lighting toilet (1 each) sink and faucet (1 each) urinal (1 each) exhaust fan mirror electric and plumbing allowance

Actionable recommendations: Caulk is missing in the rest room between the sink backsplash and wall. Caulk at this location would minimize the potential for water damage to the wall. The property should caulk the backsplash.

Green ideas: Consider the following efficiencies for the rest room: Install a motion sensor on the light switch to minimize fixture operation. Replace the faucet with an automatic shut off to use up to 70% less water. Automatic shut offs also minimize the spreading of germs. Install a low flow aerator on the faucet to use approximately 30% less water.



rest room



missing caulk at backsplash



manual faucet



cracks in tile

Tile - Foyer and Lobby

Age: original Useful life: 40 Replacement year: 2044

Locations: foyer and lobby

Tile size: 12 inch by 12 inch

Floor to wall transition: tile

Overall condition: good

Specific condition: no visible deterioration

Quantity (square yards): 30

Cost (\$/square yard): \$320

Current total cost: \$9,600 (\$155 per home)

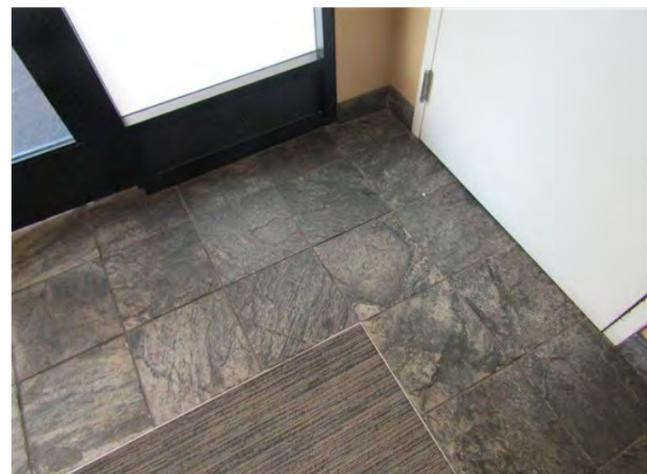
Operating expenses: regrouting



12 inch by 12 inch tile typical of the lobby with tile transition at floor to wall



foyer tile



tile overview



overview of tile

Air Handling Units - Package Units (common areas)

Age: original Useful life: 25 Replacement year: 2029

Manufacturer:	<i>Armstrong</i>
Quantity (each):	2
Location served:	exercise room, party room, lobby
Location of units:	exercise room and lobby closets
Heating source:	gas-fired
Heating capacity in MBH (note 1):	36, 26
Cooling capacity (tons):	3, 4
Refrigerant:	R-22 (replacement will require alternative refrigerant)
Operational condition:	satisfactory
Specific condition:	thermostat in party room requires battery replacement
Replacement accessibility:	relatively easy
Cost per unit:	\$7,200
Current total cost:	\$14,400 (\$232 per home)
Operating expenses:	interim replacements of coils, motors, bearings and filters, annual, semi annual and quarterly maintenance
Cost includes:	remove existing units install new units economizers (free cooling) dry bulb temperature controls



Armstrong 36 MBH gas-fired package air handling unit in the exercise room closet



thermostat in party room requires battery replacement



space in front of lobby unit used for storage

Actionable recommendations: Package shelving is obstructing access to the lobby HVAC unit. In addition, the space in front of the unit in the closet is being used for storage. These conditions inhibit maintenance of the unit which will decrease its useful life. The property should remove the items in the closet and install a package shelving unit with wheels.

(note 1) thousand British Thermal Units per hour

Air Handling Units - Package Units (hallways)

Age: original Useful life: 25 Replacement year: 2029

Manufacturer:	<i>Carrier</i>
Quantity (each):	2
Location served:	hallways
Location of units:	rooftops
Heating source:	gas-fired
Heating capacity in MBH (note 1):	74, 115
Cooling capacity (tons):	4, 5
Efficiency:	80%
Refrigerant:	R-22 (replacement will require alternative refrigerant)
Operational condition:	satisfactory
Specific condition:	normal weathering
Replacement accessibility:	relatively easy
Cost per unit:	\$15,900
Current total cost:	\$31,800 (\$513 per home)
Operating expenses:	interim replacements of coils, motors, bearings and filters, annual, semi annual and quarterly maintenance
Cost includes:	remove existing units install new units economizers (free cooling) dry bulb temperature controls crane to position units



Carrier gas-fired package air handling unit serving the east building



unit serving the west building

(note 1) thousand British Thermal Units per hour

Elevator Traction Controls and Equipment

Age: original Useful life: 35 Replacement year: 2039

Control manufacturer: *Kone*

Quantity (each): 1

Type of hoist mechanism: traction

Control type: computerized elevator controls

Machine type: machine roomless (MRL)

Car capacity (lbs.): 3,000

Number of stops: 7

Operational condition: satisfactory

Specific condition: no known deficiencies

Temperature setting on thermostat (F): 70 (55-90 is ideal)

Government inspect date: 12/15/2021

Results of inspection: passed

Current total cost: \$225,000 (\$3,629 per home)

Cost includes: computerized elevator controls
cab buttons (1 panel per cab)
call buttons (1 panel per floor)
door operators (1 total)
machine and hoist
elevator consultant fees

Assumptions: cabs and shafts will not require replacement

Operating expenses: cables, interim upgrades and replacements



Kone computerized elevator controls



call button



cab buttons

Fire Alarm System

Age: original Useful life: 30 Replacement year: 2034

Manufacturer: *Mircom*

Location of main panel: hallway closet on second floor

Status of system: *System Normal*

Operational condition: satisfactory

Current device cost: \$33,900

Current control panel cost: \$6,400

Current total cost: \$40,300 (\$650 per home)

Operating expenses: testing of devices

Assumptions: Reuse of existing wiring, replacement cost includes only that amount necessary to recreate the same functionality. An upgrade would result in a higher replacement cost.

Unit responsibility: We assume the units are responsible for the emergency devices within their residences. We assume the units will be back-charged for the cost to replace their components when the components in the common areas are replaced.

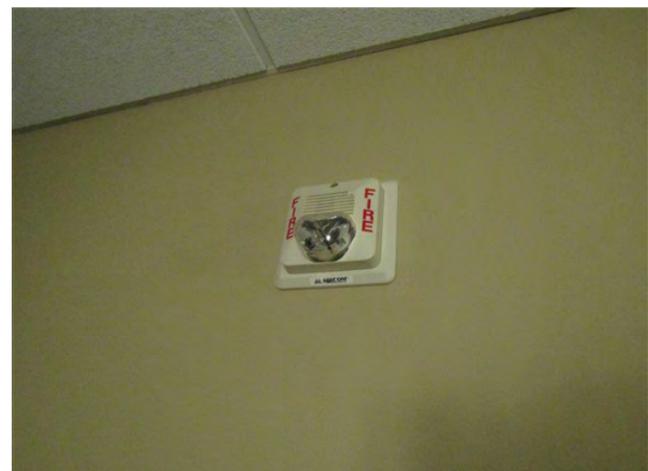
Types of devices: smoke/heat detectors (17)
pull stations (1)
audio/visual fixtures (53)
door holders/closers (14)
control panel
sub panels (2)



Mircom fire alarm panel



detector



audio/visual fixture



door holder/closer

Generator

Age: original **Useful life:** 30 **Replacement year:** 2034

Manufacturer: *Generac*

Quantity (each): 1

Transfer switches (each): 1

Location: rear parking area

Capacity (kilowatts): 100

Fuel type: natural gas

Primary function: emergency use only

Operational condition: satisfactory

Specific condition: no visible deterioration

Replacement accessibility: *relatively easy*

Current total cost: \$52,000 (\$839 per home)

Operating expenses: testing, replacement of batteries, fluids, belts, etc.

Cost includes: removing existing generator
installing new generator
replacing transfer switch

Supplies power to: critical building equipment and lighting



Generac 100 kW natural gas generator



transfer switch



cabinet interior

Intercom and Entry System

Age: 2020 Useful life: 30 Replacement year: 2050

Operational condition: satisfactory

Specific condition: no known deficiencies

Current total cost: \$9,900 (\$160 per home)

Cost includes: card reader system (5 access points)
intercom entry panel (1 each)
control panels (2 each)



intercom panel



card reader access point



card reader access point



control panels

Lighting - Exit

Age: original Useful life: 30 Replacement year: 2034

Exit lights (each): 32

Operational condition: satisfactory

Cost per fixture: \$110

Current total cost: \$3,520 (\$57 per home)

Operating expenses: testing of devices, replacement of bulbs

Assumptions: reuse of existing wiring



exit light fixture



exit light fixture

Pumps - Domestic Water

Age: original Useful life: 20 Replacement year: 2024

Purpose: distribute cold water

Motor manufacturer: Baldor

Quantity (each): 2

Type: centrifugal

Capacity (horsepower): 5

Location: east mechanical room

Operational condition: satisfactory

Specific condition: corrosion

Variable frequency drive (VFD): yes

Controls: yes

Cost per pump: \$18,300

Current total cost: \$36,600 (\$590 per home)

Operating expenses: rebuilding and component replacements

Cost also includes: VFD's, controls, pressurization tank



5 HP pumps with Baldor motors to distribute cold water



various motor ages

Fire Suppression System - Pump and Controls

Control age: original Useful life: 30 Replacement year: 2034

Pump age: original Useful life: 60 Replacement year: 2064

Manufacturer: *Marathon Electric*

Quantity (each): 1

Capacity (horsepower): 75

Location: east mechanical room

Power source: electric

Operational condition: satisfactory

Specific condition: corrosion

Control panel cost: \$32,000

Pump and backflow cost: \$106,000

Current total cost: \$138,000 (\$2,226 per home)

Cost also includes: backflow prevention assembly and controls

Operating expenses: testing, interim component replacements



75 HP electric fire suppression pump with Marathon Electric motor



fire pump controls



backflow valves



corrosion

Surveillance System - Cameras

Age: varies Useful life: 12 Replacement year: 2027

Operational condition: satisfactory

Location of recorder: second floor storage room

Current total cost: \$15,000 (\$242 per home)

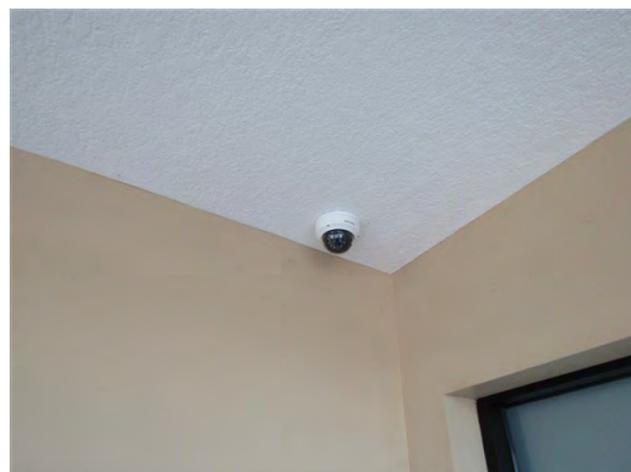
Operating expenses: interim replacements

Assumptions: The replacement cost includes only that amount necessary to recreate the same functionality of the existing system. The cost is only to swap older components for new components and assumes reuse of the existing wiring. Surveillance system electronics rapidly change. An adequate system by today's standard may be antiquated in a few years. It is possible that the existing system will be expanded in the future; however, the scope of the expansion is indeterminate and therefore the expansion cost above the current replacement cost is not a budgetable item. In addition, the increased cost for an improvement and more functional system (above what currently exists) is most appropriately born by future residents after the installation/improvement who will enjoy enhanced functionality. Future reserve study updates can capture and appropriately adjust reserve recommendations so residents who enjoy enhanced functionality will bear the cost of the enhancement (while prior homeowners had contributed appropriately for the consumption of useful life and replacement of the prior system).

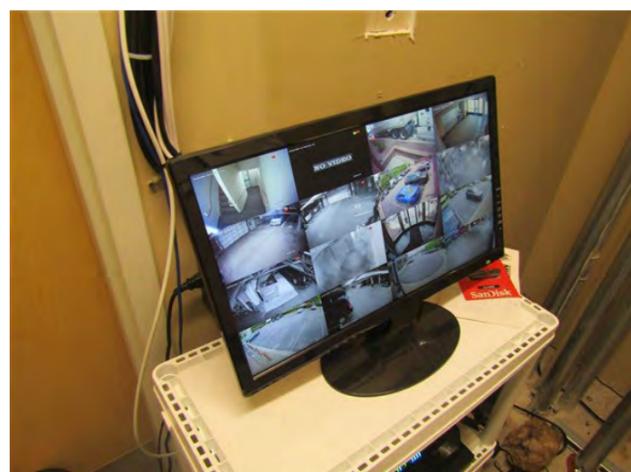
Types of devices: cameras (16)
 monitor (1)
 recorder (1)



camera



camera



monitor



camera

Water Heaters

Age: 2017 Useful life: 20 Replacement year: 2037

Manufacturer: State

Quantity (each): 2

Purpose: domestic hot water

Location: east mechanical room

Energy source: gas-fired

Capacity (gallons): 100

Heating input capacity in MBH (note 1): 390, 399

MBH per home: 13 (capacity of 12 MBH or more per home is adequately designed)

Operational condition: satisfactory

Specific condition: no visible deterioration

Replacement accessibility: relatively easy

Cost each: \$8,500

Current total cost: \$17,000 (\$274 per home)

Actionable recommendations: The heater in the east mechanical room that houses the water heater, fire pump, etc. was running during our inspection in August. Operation of the heater was not necessary and was causing overheating of the roof, which in turn resulting in the exhaust fan running. The property should either replace or install a thermostat on the heater.



State 100 gallon, 390 MBH domestic water heaters



pipng



base of tank in good condition



exhaust fan and heater running at the time of our inspection

(note 1) thousand British Thermal Units per hour

Air Handling Unit - Garage

Age: original Useful life: 40 Replacement year: 2044

Manufacturer:	<i>Titan</i>
Quantity (each):	1
Locations served:	garage
Location of unit:	garage
Heating source:	gas-fired
Heating capacity in MBH (note 1):	1,245
CFM (note 1):	13,500
Operational condition:	satisfactory
Specific condition:	no visible deterioration
Replacement accessibility:	relatively easy
Current total cost:	\$54,000 (\$871 per home)
Operating expenses:	interim replacements of coils, motors, bearings and filters, annual, semi annual and quarterly maintenance
Cost includes:	remove existing install new unit controls install variable frequency drive



Titan air handling unit serving the garage



motor and fan



controls

(note 1) thousand British Thermal Units per hour

(note 2) cubic feet per minute

On-Grade Concrete Floor Renovation

Renovation age: original **Frequency:** 30 **Renovation year:** 2034

Floor type: on-grade concrete

Overall condition: good to fair

Specific condition: worn concrete

Floor area (square feet): 17,000

Current total cost (note 1): \$25,000 (\$403 per home)

Operating expenses: sealer application (only if desired), interim repairs, cleaning

Anticipated expenses: concrete crack repairs
replace on-grade concrete (2%)
floor drain replacement (1 of 7)
drain pipe replacement (10%)
stripe parking areas



on-grade concrete



worn concrete



concrete wear



deterioration of concrete

(note 1) On-grade garage concrete has a useful life of up to 100 years. Replacement of all the concrete during a single event is unlikely. Instead, we assume periodic replacements of limited quantities.

Doors and Operators - Main

Age: varies **Frequency:** 10 **Replacement year:** 2024

Doors (each):	2
Door type:	panel
Door material:	metal
Operator manufacturers:	<i>Micanan and LiftMaster</i>
Operational condition:	good to fair
Physical condition:	dented panels
Cost each:	\$6,700
Current total cost:	\$13,400 (\$216 per home)
Operating expenses:	interim operator and panel replacements

Green ideas: The property could install high-performance doors (HPD) in the garage. These doors operate faster resulting in minimized heat loss and maximize security of the building.



metal panel garage door



door operator



garage door



dented panels

Door and Operator - 2 Stall

Age: original Useful life: 30 Replacement year: 2034

Doors (each): 1

Door type: rolling

Door material: metal

Operator manufacturer: *Cornell*

Operational condition: satisfactory

Physical condition: no visible deterioration

Current total cost: \$20,000 (\$323 per home)

Operating expenses: interim operator replacements



metal rolling 2 stall door



Cornell door operator

Exhaust System - Garage

Sensor age: 2014 Useful life: 20 Replacement year: 2034

Fan and louver age: original Useful life: 40 Replacement year: 2044

Exhaust fan type: wall mounted

Exhaust fan manufacturer: *Breidert*

CO (note 1) sensors: 5

Operational condition: satisfactory

Physical condition: no visible deterioration

Current sensor cost: \$4,000

Current fan and louver cost: \$10,000

Total exhaust system cost: \$14,000 (\$226 per home)

Assumptions: reuse of existing wiring

Operating expenses: interim belt, bearing, motor and sensor replacements

Anticipated expenses:
gas sensors (5 each)
louvers (30 square feet)
fan (1 each)



Breidert wall mounted exhaust fan



louver



gas sensor

Heaters - Garage

Age: original **Useful life:** 40 **Replacement year:** 2044

Manufacturer: *Reznor*

Quantity (each): 3

Heat source: gas-fired

Exhaust slope: downward (safety concern)

Operational condition: good to fair

Physical condition: corrosion of ductwork

Cost each: \$2,600

Current total cost: \$7,800 (\$126 per home)

Actionable recommendations: The exhaust flue for the garage gas heaters should have an upward rise of ¼" per foot to allow for proper flow and minimize safety hazards from dangerous fumes. The exhaust flues in the garages are sloped downward. This condition creates a hazardous situation for users of the garages and accelerates deterioration of the ductwork. The property should adjust the exhaust to slope upward. At a minimum, the property should install sensors near the exhaust to detect carbon monoxide leaks and inspect the flues monthly for corrosion.



Reznor gas-fired garage heater



garage heater



corrosion of exhaust ductwork

Lighting - Garage

Age: 2014 Useful life: 30 Replacement year: 2044

Lamp type:	LED
Quantity (each):	20
Operational condition:	satisfactory
Physical condition:	no visible deterioration
Illumination level (lux):	250 (50 is ideal)
Cost each:	\$330
Current total cost:	\$6,600 (\$106 per home)
Assumptions:	reuse of existing wiring
Operating expenses:	bulb replacement



LED garage light



garage light

Green ideas: The garage lights operate continuously. Consider installing occupancy sensors to minimize fixture operation or installing light dimmers to minimize energy use during off peak hours. For safety reasons, maintain a minimum light level at all times. Our experience indicates properties typically have one out of two lights operate continuously and the remaining are on sensors. Check with local code for specific requirements. The following manufacturer provides these products: <http://www.xeleum.com/stairwell-low-occupancy-1>.

Green ideas: The light level in the garage is excessive. For energy efficiency, the property should consider decreasing the lighting levels by installing lower output bulbs. See the following website for a recommendation of appropriate lighting levels: <https://www.gsa.gov/node/82715>.

Curbs and Gutters

Age: original Frequency: 25 Replacement year: 2028

Material: concrete

Size (inches): 18

Overall condition: good to fair

Specific condition: cracked lengths

Locations: lining the parking areas

Quantity (linear feet): 1,100

Cost (\$/linear foot): \$23

Current total cost (note 1): \$25,000

Coordinate with: repaving parking areas

Assumptions: 3,500 psi replacement concrete



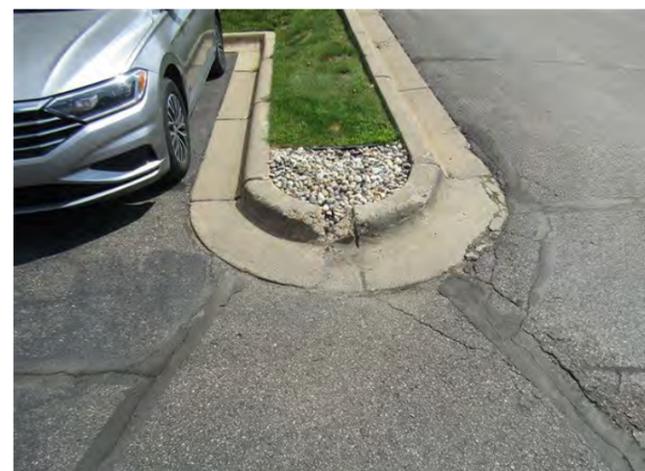
crack in concrete



minor crack



concrete cracks



damaged concrete

(note 1) Concrete curbs and gutters have a useful life of up to 60 years. Replacement of all the curbs and gutters during a single event is unlikely. Instead, we assume periodic replacements of limited quantities.

Sidewalks and Aprons

Age: original **Useful life:** 40 **Replacement year:** 2044

Material:	concrete
Finish:	plain
Overall condition:	good to fair
Specific condition:	cracks and trip hazards
Locations:	throughout property
Length (linear feet):	300
Quantity (square feet):	2,000 (32 per home)
Cost (\$/square foot):	\$13.60
Current total cost:	\$27,000
Operating expenses:	marking of trip hazards, interim replacements of deteriorated sections, slab jacking (pumping grout under sections to lift them)
Anticipated expenses:	remove concrete compact and augment gravel base install 4-inch thick, 3,000 psi concrete 6x6 - W1.4xW1.4 steel reinforcing mesh plain finish



crack in concrete



concrete apron



sidewalk overview



cracked concrete

Irrigation System

Age: original Useful life: 40 Replacement year: 2044

Location served: entire site

Operational condition: satisfactory

Specific condition: no known deficiencies

Water source: municipality

Control panel location: east mechanical room

Control panel manufacturer: *Hunter*

Irrigated acreage: 0.4

Area (square feet): 16,000 (258 per home)

Cost (\$/square foot): \$1.10

Current total cost: \$18,000 (\$290 per home)

Operating expenses: interim component and small section replacements

Anticipated costs: pipes
 drip line
 heads
 valves
 control panels
 rain sensors



drip line



irrigation system head



rain sensor



control panel

Landscape

Age: original Frequency: 5 Replacement year: 2024

Location served:	entire site
Landscaped acreage:	0.4
Overall condition:	good to poor
Specific condition:	sparse, dying and overgrown landscape
Estimated cost (note 1):	\$49,000 (\$790 per home)
Operating expenses:	mowing, trimming, flowers, sod, mulch, etc.
Assumptions:	We base our tree replacement cost on removal of the existing tree and replacement with a balled and burlapped tree, 8'-10' in height, 1" caliper.
Components:	trees bushes

Engineering solutions: Landscape replacement timing is discretionary. Annual operating budgets should include funds for mowing, trimming, flowers and replacement of a limited amount of dead landscape. We include an allowance for periodic partial replacements of landscape to include replacement of overgrown bushes or trees as the property sees necessary. Overgrown bushes and trees can cause damage to exterior building components or site elements such as roots causing damage to sidewalks or driveways and branches causing damage to roofs or siding. Although unpredictable, this allowance could also be used for any landscape that has died from drought, disease, etc.



overgrown trees



landscape overview



landscape



sparse and dying landscape at north side of building

(note 1) Replacement of all the landscape in a single event is unlikely. Instead, we include an allowance for periodic partial replacements.

Light Poles and Fixtures

Age: original Useful life: 40 Replacement year: 2044

Pole material:	metal
Quantity of poles (each):	10
Pole height (feet):	10-20
Fixture material:	metal
Footings:	concrete
Quantity of fixtures (each):	10
Overall condition:	good to fair
Specific condition:	finish deterioration
Location:	parking areas
Average cost (\$/each):	\$3,200
Current total cost:	\$32,000 (\$516 per home)
Assumptions:	reuse of existing subterranean electrical supply wiring and footings
Operating expenses:	painting, bulb replacement
Cost includes:	remove existing install new light poles and fixtures



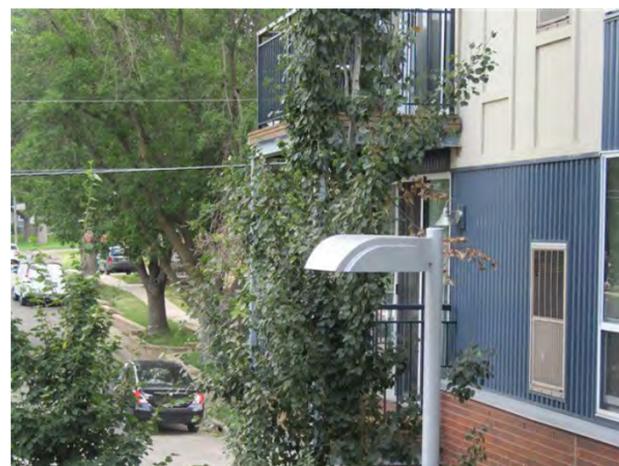
metal light pole with metal light fixture



finish deterioration



light pole and fixture



light fixture

Pavement - Crack Repair, Patch, Seal Coat and Stripe

Repair age: 2020 Frequency: 4 Event year: 2024

Seal coat and stripe age: 2020 Frequency: 4 Event year: 2024

Location: parking areas

Overall condition: fair

Specific condition: cracks, settlement and seal coat wear

Quantity (square yards): 2,200

Repair cost (\$/square yard): \$1.50

Current repair cost: \$3,300 (\$53 per home)

Seal coat and stripe cost (\$/sy): \$2.60

Seal coat and stripe cost: \$5,700 (\$92 per home)

Assumptions: asphaltic emulsions type seal coat, repair all open cracks (1/8 to 1 inch wide) and patch deteriorated pavement

Anticipated costs: crack repair
patch (1%)
seal coat
stripe parking areas
repairs to catch basins (5 each)

Green ideas: The property has seal coated the asphalt pavement in the past. It is our professional opinion that seal coating asphalt pavement does not extend the useful life of the pavement. Seal coats do not add structural strength to the pavement. Seal coating is also a source of environmental contamination. Many properties opt to save money by *not* seal coating their pavement. If the property decides to seal coat for aesthetic reasons, avoid the use of coal tar based pavement seal coats as they pollute waterways. Instead, consider a slurry coat of asphaltic emulsion to provide a sacrificial wearing surface to the pavement. Also, if the property chooses to seal coat, we recommend applying the seal coat in the spring rather than the fall. Snow removal equipment wears the seal coat. Application in the spring will provide the maximum visual enjoyment from a fresh seal coat.



pavement overview



repaired cracks



overview of pavement



pavement at garage doors

Pavement Replacement - Parking Areas

Age: original Useful life: 25 Paving year: 2028

Material:	asphalt
Location:	parking areas
Overall condition:	fair
Specific condition:	cracks and settlement
Typical traffic type:	residential vehicles and garbage trucks
Quantity (square yards):	2,200
Quantity of catch basins:	5
Square yards of pavement per catch basin:	400 (reasonable amount of pavement per drain)
Repaving method:	replacement
Cost (\$/square yard):	\$51
Current total cost:	\$112,000 (\$1,806 per home)
Coordinate with:	partial replacements of concrete curbs and gutters
Anticipated costs:	remove pavement regrade and augment base (3") install 4 inches of new pavement repairs to catch basins (5 each) stripe parking areas



cracks in pavement



pavement overview



crack repairs



pavement overview

Retaining Wall - Masonry

Age: original **Useful life:** 50 **Replacement year:** 2039

Material: masonry

Size of blocks (inches): 8 by 18

Drainage system: does not exist to relieve hydrostatic pressure behind the wall

Location: northeast parking area

Overall condition: good to fair

Specific condition: leaning wall

Number of walls (each): 1

Length (linear feet): 60

Quantity (square feet): 180

Cost (\$/square foot): \$43

Current total cost: \$7,700 (\$124 per home)

Operating expenses: resetting of loose blocks

Anticipated costs:
remove wall
install new wall tapered into retained soil
install drainage system
install horizontal geogrid
backfill with non-compressing fill
separate fill from soil with fabric
install cap stones



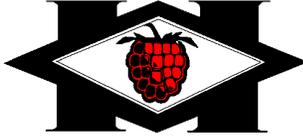
masonry retaining wall



leaning wall



masonry retaining wall



Finance Department

CITY OF HOPKINS

City Council Report 2025-132

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director
Stacie Kvilvang; Senior Municipal Advisor

Date: August 19, 2025

Subject: Award the Sale of \$4,155,000 General Obligation Housing Improvement Area Bonds, Series 2025B

RECOMMENDED ACTION

MOTION TO Adopt Resolution No. 2025-050: Awarding the Sale of General Obligation Bonds, Series 2025A, in the original aggregate principal amount of \$4,155,000; fixing their form and specification; directing their execution and delivery; and providing for their payment.

OVERVIEW

The Series 2025B bonds will be used to finance improvements to the Summit on 7 building located at 1502 5th St. N. The bonds are general obligations of the City, however they will be paid from Housing Improvement Area fees applied to each unit. There is no tax levy required for the bonds. All costs are paid by the owners of Summit on 7. This method of financing has been well-tested in the Twin Cities and has not had negative impacts on bond ratings or resulted in any cash flow issues for bond payments.

On August 14, 2025, Standard & Poor's reaffirmed the City's AA+ bond rating with a stable outlook. The rating report is being finalized and will be sent to City Council by email and included in City Council Agenda archives.

At the July 15, 2025 Council Meeting the City Council authorized the sale of \$4,615,000 General Obligation Housing Improvement Area bonds. The value of the bonds has been reduced for prepayments received. The bond bids will be accepted until 10:00 AM on August 19, 2025 at which time they will be reviewed and the recommendation incorporated into Resolution 2024-050.

Stacie Kvilvang (Ehlers, Senior Municipal Advisor) will present information on the bond sale and be available for any questions. Finance Director Bishop will not be in attendance.

SUPPORTING INFORMATION

- Resolution 2024-050 (preliminary version, will be updated on August 19th)

RESOLUTION 2025-050 AWARDING THE SALE OF TAXABLE GENERAL OBLIGATION HOUSING IMPROVEMENT AREA BONDS, SERIES 2025B, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$4,155,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT

BE IT RESOLVED by the City Council (the “Council”) of the City of Hopkins, Hennepin County, Minnesota (the “City”) as follows:

Section 1. Findings, Determinations; Sale of Bonds.

1.01. Background. It is hereby determined that:

(a) The City has established the Summit on 7 Housing Improvement Area (the “Housing Improvement Area”) in order to facilitate certain housing improvements (the “Housing Improvements”) to a property known as the Summit on 7 Condominiums, which is governed by the Summit Condominium Association (the “Association”). The Council has imposed a housing improvement fee (the “Housing Fees”) on housing units located in the Housing Improvement Area in order to finance the Housing Improvements.

(b) Pursuant to Minnesota Statutes, Chapter 475, as amended (the “Act”), and Minnesota Statutes, Sections 428A.11 through 428A.21, as amended (the “Housing Act”), the City is authorized to issue general obligation bonds in the amount necessary to defray the costs of the Housing Improvements, which costs are payable primarily from the Housing Fees and may be further secured by the pledge of the City’s full faith and credit and taxing power.

(c) On July 15, 2025, the Council adopted a resolution (the “Intent Resolution”) stating the intention of the City to issue and sell its Taxable General Obligation Housing Improvement Area Bonds, Series 2025B (the “Bonds”), in the original aggregate principal amount of approximately \$4,615,000, pursuant to the Act and the Housing Act, in order to defray the costs of the Housing Improvements.

(d) The City is authorized by Section 475.60, subdivision 2(9), of the Act to sell the Bonds other than pursuant to a competitive sale because the City has retained Ehlers and Associates, Inc, (the “Municipal Advisor”) to serve as the City’s independent municipal advisor in connection with the sale of the Bonds. The actions of the City staff and the Municipal Advisor in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

1.02. Award to the Purchaser and Interest Rates. The proposal of _____ [., as syndicate manager] (the “Purchaser”), to purchase the Bonds of the City is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$ _____ (par amount of \$4,155,000, plus original issue premium of \$ _____, less original issue discount of \$ _____, less an underwriter’s discount of \$ _____), plus accrued interest, if any, as set forth in the Purchase Agreement (defined below), to date of delivery for Bonds bearing interest as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2027	0.000%	2037	0.000%
2028	0.000%	2038	0.000%
2029	0.000%	2039	0.000%
2030	0.000%	2040	0.000%
2031	0.000%	2041	0.000%
2032	0.000%	2042	0.000%
2033	0.000%	2043	0.000%
2034	0.000%	2044	0.000%
2035	0.000%	2045	0.000%
2036	0.000%	2046	0.000%

*[*Term Bonds]*

True interest cost: _____%

1.03. Purchase Agreement. The execution and delivery of a proposal form, dated as of August 19, 2025 (the “Purchase Agreement”), between the City and the Purchaser, is hereby ratified and confirmed in the form set forth in EXHIBIT A to this resolution (the “Resolution”). The Bonds shall be issued and delivered in accordance with the terms and conditions of the Purchase Agreement and this Resolution. The amount proposed by the Purchaser in excess of the minimum bid, if any, shall be credited to the Debt Service Fund hereinafter created or deposited in the Construction Fund hereinafter created, as determined by the Finance Director in consultation with the Municipal Advisor. The Municipal Advisor is directed to receive and retain the good faith payment of the Purchaser in accordance with the terms of the Purchase Agreement, pending completion of the sale of the Bonds. The Mayor and City Manager are authorized and directed to execute a contract with the Purchaser on behalf of the City.

1.04. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Act and the Housing Act in the original aggregate principal amount of \$4,155,000, originally dated September 9, 2025, in fully registered form and in denominations of \$5,000 each or any integral multiple thereof, numbered No. R-1 upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2027	\$0.00	2037	\$0.00
2028	\$0.00	2038	\$0.00
2029	\$0.00	2039	\$0.00
2030	\$0.00	2040	\$0.00
2031	\$0.00	2041	\$0.00
2032	\$0.00	2042	\$0.00
2033	\$0.00	2043	\$0.00
2034	\$0.00	2044	\$0.00
2035	\$0.00	2045	\$0.00
2036	\$0.00	2046	\$0.00

*[*Term Bonds]*

2.03. Registration. The City shall appoint a bond registrar (the “Registrar”), authenticating agent (the “Authenticating Agent”), and paying agent (the “Paying Agent”). Except as specifically provided otherwise in Section 7 hereof, the effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register (the “Bond Register”) in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred, or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner’s attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the Bond Register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner’s order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees, and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen, or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen, or lost the Registrar shall deliver a new Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen, or lost upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen, or lost, upon filing with the Registrar evidence satisfactory to it that the Bond was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance, and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar shall be

cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen, or lost Bond has already matured or been called for redemption in whole in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed shall be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the Bond Register and, if publication of the notice of redemption is required by law, by publishing the notice of redemption as required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, shall not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption shall cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar, Paying Agent, and Authenticating Agent. The City appoints Bond Trust Services Corporation, Minneapolis, Minnesota, as the initial Registrar, Paying Agent, and Authenticating Agent with respect to the Bonds. The Mayor and the City Manager are authorized to execute and deliver, on behalf of the City, a contract with Bond Trust Services Corporation, as the initial Registrar, Paying Agent, and Authenticating Agent with respect to the Bonds. Upon merger or consolidation of the Registrar, Paying Agent, and Authenticating Agent with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar, Paying Agent, and Authenticating Agent. The City agrees to pay the reasonable and customary charges of the Registrar, Paying Agent, and Authenticating Agent for the services performed. The City reserves the right to remove the Registrar, Paying Agent, or Authenticating Agent upon thirty (30) days' notice and upon the appointment of a successor Registrar, Paying Agent, or Authenticating Agent, in which event the predecessor Registrar, Paying Agent, or Authenticating Agent must deliver all cash and Bonds in its possession to the successor Registrar, Paying Agent, or Authenticating Agent and the Registrar must deliver the Bond Register to the successor Registrar. On or before three (3) business days prior to each principal or interest due date, without further order of the Council, the Finance Director must transmit to the Paying Agent money sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication, and Delivery. The Bonds shall be prepared under the direction of the City Manager and executed on behalf of the City by the signatures of the Mayor and the City Manager, provided that those signatures may be printed, engraved, or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Authenticating Agent. Certificates of authentication on different Bonds need not be signed by the same representative of the Authenticating Agent. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so prepared, executed, and authenticated the City Manager shall deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form set forth in EXHIBIT B.

3.02. Approving Legal Opinion. The City Manager is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, and cause the opinion to be printed on or accompany each Bond.

Section 4. Payment; Security; Funds; Pledges and Covenants.

4.01. Housing Fund Established. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security for the Purchaser and any other purchasers and holders of the Bonds from time to time, there is hereby created a separate special fund of the City to be known as the Summit Condominium Association's Housing Improvement Area Fund (the "Housing Fund"), which fund will be continued and maintained as a permanent fund of the City until all the Bonds are paid. Within the Housing Fund, separate funds will be established and maintained as follows:

(a) Project Fund. Proceeds of the Bonds in the amount of \$_____ will be deposited into the Project Fund. Upon issuance of the Bonds, the City shall also deposit into the Project Fund prepaid Housing Fees in the amount of \$_____, which Housing Fees were levied on property within the Housing Improvement Area and were prepaid pursuant to the resolution levying the Housing Fees. A portion of the amount deposited in the Project Fund will be disbursed to (i) reimburse the Association for costs it incurred for the Housing Improvements made to the Summit on 7 Condominiums; and (2) pay a portion of the administrative costs of the Housing Improvement Area, including any rebate of prepaid Housing Fees. Interest earnings from moneys in the Project Fund shall be credited to the Surplus Fund hereinafter created.

(b) Cost of Issuance Fund. Proceeds of the Bonds in the amount of \$_____ will be deposited into the Cost of Issuance Fund, which amount will be used solely for the purpose of paying the costs of issuance of the Bonds. Any balance remaining in the Costs of Issuance Fund after all disbursements for issuance expenses shall be transferred to the Project Fund. Interest earnings from moneys in the Costs of Issuance Fund shall be credited to the Surplus Fund hereinafter created.

(c) Debt Service Fund. Housing Fees for the payment of debt service on the Bonds are hereby pledged to the Debt Service Fund. Interest earnings from moneys in the Debt Service Fund shall be credited to the Debt Service Fund. There is also appropriated to the Debt Service Fund amounts over the minimum purchase price paid by the Purchaser, to the extent designated for deposit in the Debt Service Fund in accordance with Section 1.03 hereof.

(d) Surplus Fund. Housing Fees in excess of the amounts required to be deposited into the Debt Service Fund and the Project Fund will be deposited into the Surplus Fund. Amounts in the Surplus Fund shall be applied and disbursed in accordance with the Development Agreement. Interest earnings from moneys in the Surplus Fund shall be credited to the Surplus Fund.

4.02. Deposit of Funds. Money in the funds created by this Resolution will be kept separate from other municipal funds and deposited only in a bank or banks which are members of the Federal Deposit Insurance Corporation (FDIC"). Deposits which cause the aggregate deposits of the City in any one bank to be in excess of the amount insured by FDIC must be continuously secured in the manner provided by law for the investment of municipal funds. In the event excess moneys are held in any of the funds created pursuant to Section 4.01 hereof, such excess moneys shall be applied and disbursed in accordance with the Development Agreement.

4.03 Covenants Regarding Housing Improvements. The City hereby covenants with the holders from time to time of the Bonds as follows:

(a) The City has caused or will cause the Housing Fees for the Housing Improvements in the Housing Improvement Area to be promptly levied against housing units in the Housing Improvement Area so that the first installment will be collectible not later than 2025 and will take all steps necessary to assure prompt collection. The City Council will cause to be taken with due diligence all further actions that are required under the Development Agreement for the construction of the Housing Improvements financed wholly or partly from the proceeds of the Bonds, and will take all further actions necessary for the final and valid levy of the Housing Fees and the appropriation of any other funds needed to pay the Bonds and interest thereon when due.

(b) In the event of any current or anticipated deficiency in Housing Fees for the payment of the Bonds (after taking into account any revenues collected or anticipated to be collected under the Development Agreement), the City Council will levy ad valorem taxes in the amount of the current or anticipated deficiency.

(c) The City will keep complete and accurate books and records showing receipts and disbursements in connection with the Housing Improvements, Housing Fees levied therefor, and other funds appropriated for their payment, collections thereof and disbursements therefrom, and monies on hand.

4.04. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith and credit and taxing powers of the City are hereby irrevocably pledged. If a payment of principal of or interest on the Bonds becomes due when there is not sufficient money in the Debt Service Fund to pay the same, the Finance Director must pay such principal or interest from the general fund of the City which are available for such purpose, and the general fund shall be reimbursed for those advances out of the proceeds of the taxes levied herein, when collected.

4.05. No Tax Levy Required. It is determined that the Housing Fees for the Housing Improvements in the Housing Improvement Area shall produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest on the Bonds and that no ad valorem tax levy is needed at this time. In the event of any deficiency of Housing Fees pledged, ad valorem taxes shall be levied on all taxable property in the City, which taxes may be levied without limitation as to rate or amount. Said tax levies shall be irrevocable as long as any of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by the Act (specifically, Section 475.61 of the Act).

4.06. Registration of Resolution. The Finance Director is authorized and directed to file a certified copy of this Resolution with the County Auditor/Treasurer of Hennepin County, Minnesota and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits, and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, shall be deemed representations of the City as to the facts stated therein.

5.02. Certification as to Official Statement. The Mayor, the City Manager and the Finance Director, or any of their authorized designees, are authorized and directed to certify that they have examined the final Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the final Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the final Official Statement and further that said final Official Statement did not (as of the date of the final Official Statement) and does not contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the final Official Statement is to be used, or which is necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

5.03. Other Certificates. The Mayor, the City Manager and the Finance Director, or any of their authorized designees, are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor, the City Manager and the Finance Director shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the Finance Director shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Payment of Costs of Issuance. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Wells Fargo Bank, National Association on the closing date for further distribution as directed by the Municipal Advisor.

5.05. Electronic Signatures. The electronic signatures of the Mayor, the City Manager and the Finance Director, or any of their authorized designees, to this Resolution and any document or certificate authorized to be executed hereunder shall be as valid as an original signature of such party and shall be effective to bind the City thereto. For purposes hereof, (i) "electronic signature" means: (a) a manually signed original signature that is then transmitted by electronic means or (b) a signature obtained through DocuSign or Adobe or a similarly digitally auditable signature gathering process; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

Section 6. [Intentionally Omitted].

Section 7. Book-Entry System; Limited Obligation of City.

7.01. DTC. The Bonds shall be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each Bond shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns ("DTC"). Except as provided in this section, all of the outstanding Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the City, the Registrar, and the Paying Agent shall have no responsibility or obligation to any broker-dealers, banks, and other financial institutions from time to time for which DTC holds Bonds as securities depository (the "Participants") or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds; (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption; or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds,

of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar, and the Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments shall be valid and effectual to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the Bond Register, shall receive a certificated Bond evidencing the obligation of this Resolution. Upon delivery by DTC to the City Manager of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words "Cede & Co." shall refer to such new nominee of DTC; and upon receipt of such a notice, the City Manager shall promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the "Representation Letter") which shall govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds shall agree to take all action necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City shall notify DTC, whereupon DTC shall notify the Participants, of the availability through DTC of Bond certificates. In such event the City shall issue, transfer, and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this Resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City shall issue and the Registrar shall authenticate Bond certificates in accordance with this resolution and the provisions hereof shall apply to the transfer, exchange, and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this Resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond shall be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. For purposes of this Section, "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Mayor and City Manager and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 9. Defeasance. When all of the Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants, and other rights granted by this resolution to the holders of the Bonds shall cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds shall remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

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The motion for the adoption of the foregoing resolution was duly seconded by Member _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A
PURCHASE AGREEMENT

EXHIBIT B
FORM OF BOND

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF HENNEPIN
CITY OF HOPKINS

TAXABEL GENERAL OBLIGATION HOUSING IMPROVEMENT AREA BONDS
SERIES 2025B

No. R-____ \$_____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
0.000%	February 1, 20__	June __, 2025	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS

The City of Hopkins, a duly organized and existing municipal corporation in Hennepin County, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the Principal Amount specified above, on the Maturity Date specified above, with interest thereon from the date hereof at the annual rate specified above (calculated on the basis of a 360 day year of twelve 30 day months), payable February 1 and August 1 in each year, commencing August 1, 2026, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check, draft or wire by Bond Trust Services Corporation, Roseville, Minnesota, as Bond Registrar, Paying Agent, and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2035, and on any day thereafter to prepay Bonds due on or after February 1, 2036. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City shall notify The Depository Trust Company ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant shall then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments shall be at a price of par plus accrued interest to the date of optional redemption.

[The Bonds maturing on February 1, 20___, shall hereinafter be referred to collectively as the “Term Bonds.” The Term Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts as follows:

Mandatory Sinking Fund Redemptions

February 1, 20___ Term Bond	
Year	Principal Amount

* *Maturity*

The principal amount of Term Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Term Bond credited against future mandatory sinking fund redemptions of such Term Bonds in such order as the City shall determine.]

This Bond is one of an issue in the aggregate principal amount of \$4,155,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on August 19, 2025 (the “Resolution”), for the purpose of providing money to aid in financing a portion of the various housing improvements within a housing improvement area in the City, pursuant to and in full conformity with the home rule charter of the City and the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 475, as amended, and Minnesota Statutes, Sections 428A.11 to 428A.21, as amended. The principal hereof and interest hereon are payable primarily from certain housing improvement fees levied on property within the housing improvement area in which the housing improvements are located, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy ad valorem taxes on all taxable property in the City in the event of any deficiency in housing improvement fees pledged, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

IT IS HEREBY CERTIFIED AND RECITED that in and by the Resolution, the City has covenanted and agreed that it will continue to own and operate the sewer system, water system, and storm sewer system free from competition by other like municipal utilities; that adequate insurance on said systems and suitable fidelity bonds on employees will be carried; that proper and adequate books of account will be kept showing all receipts and disbursements relating to the Sewer Fund, the Water Fund, and the Storm Sewer Fund, into which it will pay all of the gross revenues from the sewer system, water system, and storm sewer system, respectively; that it will also create and maintain a Utility Improvements Account within the Taxable General Obligation Improvement Area Bonds, Series 2025B Debt Service Fund, into which it will pay, out of the net revenues from the sewer system, water system, and storm sewer system, a sum sufficient to pay principal of the Utility Revenue Bonds (as defined in the Resolution) and interest on the Utility Revenue Bonds when due; and that it will provide, by ad valorem tax levies, for any deficiency in required net revenues of the sewer system, water system, and storm sewer system.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner

hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the home rule charter of the City and the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, charter, or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Hopkins, Hennepin County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Manager and has caused this Bond to be dated as of the date set forth below.

Dated: September 9, 2025

CITY OF HOPKINS, MINNESOTA

(Facsimile)
Mayor

(Facsimile)
City Manager

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

BOND TRUST SERVICES CORPORATION

By _____
Authorized Representative

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STEMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

The Registrar will not transfer this Bond unless the information concerning the assignee requested below is provided.

Name and Address: _____

(Include information for all joint owners if this Bond is held by joint account.)

Please insert federal identification or other identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Officer of Registrar</u>
September 9, 2025	Cede & Co. Federal ID #13-2555119	<hr/>

STATE OF MINNESOTA)
)
COUNTY OF HENNEPIN) ss.
)
CITY OF HOPKINS)

I, the undersigned, being the duly qualified and acting City Clerk of the City of Hopkins, Hennepin County, Minnesota (the “City”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on May 20, 2025 with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City’s Taxable General Obligation Improvement Area Bonds, Series 2025B, in the original aggregate principal amount of \$4,155,000.

WITNESS My hand officially as such City Clerk this _____ day of August, 2025.

Clerk of the City Council
City of Hopkins, Hennepin County, Minnesota