



Building Envelope
Consultants & Structural Engineers

RJH & Associates, Inc.
12590 Emerald Coast Pkwy., Unit B
Miramar Beach, FL 32550
Tel: (850) 608-6221

College Apartments

28 and 30 Garden Lane
Niceville, FL



2020 Reserve Fund Study

PREPARED BY
RJH & Associates, Inc.

Property Statistics – 28 Garden Lane

Owners Name	Northwest Florida State College Foundation
Location	Niceville, Florida
Year One	June 1, 2020 to May 31, 2021
Current Annual Contribution	\$305,797.00

Component Funding (Pooled)

Beginning Reserve Balance for Year One	\$180,000.00
Recommended Annual Contribution	\$305,797.00
Projected Monthly Contribution	N/A

Property Statistics – 30 Garden Lane

Owners Name	Northwest Florida State College Foundation
Location	Niceville, Florida
Year One	June 1, 2020 to May 31, 2021
Current Annual Contribution	\$270,000.00

Component Funding (Pooled)

Beginning Reserve Balance for Year One	\$180,000.00
Recommended Annual Contribution	\$270,000.00
Projected Monthly Contribution	N/A



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July 24, 2020

North West Florida College
100 College Boulevard
Niceville, FL
32578

Attention: **Cristie Kedroski, VP of College Advancement**
Shiri Brandenburg, Foundation Accountant & Operations Manager

Project: **College Courtyard Apartments & Raider Student Housing**
Niceville, Florida

Regarding: **Reserve Fund Study Update**

Dear Ms. Kedroski,

RJH & Associates, Inc. (RJH) has recently performed an on-site review of the roof, exterior walls, exterior painting, the roofs and private roads at the above mentioned property located in Niceville, FL. RJH also included an interior, non-specialist review of the HVAC and water heater as well as a visual review of the floor coverings, cabinets, countertops and bathroom fixtures at 28 Garden Lane only. Our site visit was performed on June 2 and 5, 2020. This was performed with the assistance of the property management staff; who provided access to the areas for review and provided a general history of the items. This report and attachments shall serve to outline our observations, recommendations and budgets for consideration.

1.0. Purpose and Scope

- 1.1 The purpose of our site visit and review was to review the items requiring reserves to evaluate and provide a recommendation for the individual components and to determine their current conditions and establish estimated replacement or maintenance values.
- 1.2 RJH reviews the items in place, as is, the information provided by the client with regard to budgets, maintenance and operating manuals, and any drawings to develop our opinions regarding the condition, quantities and calculate estimates. Attached to our report is a spreadsheet indicating a 20-year outlook that identifies the optimum time to replace or repair/restore each component.
- 1.3 Estimates for the following replacement, retrofit and/or maintenance costs can vary greatly depending on factors beyond reasonable expectations. All estimates of cost within this report represent our opinion of the expected cost, which is associated with the various items listed. These projections may vary substantially based on availability of materials, the level of construction activity in the area and other contributing factors. We do not guarantee that the actual cost will be within the amounts budgeted or estimated. In final budgeting, allowances should be added to address all contingencies listed above along with inflation.

We have also given no consideration to any cost related insurance expenses, permits, taxes, and other local fees that may occur.

- 1.4 For the purpose of this report, RJH has combined the observations of both properties. It was explained to RJH that the financial accounts for both properties are separate and as such RJH has provided two separate cash flow tables. Based on the age of both buildings and the fact that each account contains the same balance and the same annual contribution, the cash flow tables are nearly, if not entirely, identical.
- 1.5 Calculation of the projected annual contribution is necessary to maintain a sufficient amount of funding within the reserve balance account. RJH utilizes the annual contribution provided by the Client as the starting point for the contributions in the cash flow tables. If the proper amount of funding is reserved annually, the Client will be capable of replacing or retrofitting the components outlined in this report and the annual contribution will likely remain the same. If the proper amount of funding is not reserved annually, the reserve fund will enter a negative balance position. RJH will provide a reserve contribution to prevent a negative balance from occurring.
- 1.6 Information provided to RJH by NWFC is as follows:
 - 1.6.1 The current reserve fund balance for 28 Garden Lane is \$180,000.
 - 1.6.2 The current reserve fund balance for 30 Garden Lane is \$180,000.
 - 1.6.3 The current annual contribution for 28 Garden Lane is \$305,797.
 - 1.6.4 The current annual contribution for 30 Garden Lane is \$270,000.
 - 1.6.5 The above annual contributions include interest and principal for loans as provided by NWFC.
 - 1.6.6 The annual turnover cost for the student housing units is \$12,000.00 as per NWFC.
 - 1.6.7 RJH has made every attempt to include as many items affecting the balance and/or contribution of the Reserves for both properties.

2.0 General Observations

- 2.1 **Building Exterior Components:** As part of this survey, we conducted a visual review of the siding, asphalt shingle roofs and exterior painting (where present).
 - A. RJH observed the **asphalt shingles** at both properties to be in fair condition. Reportedly the shingles are original to the building construction, and in RJH's professional opinion, are nearing the end of their serviceable life. No areas of shingle blow-off or shingle damage were observed however heavy granule lose was evident from observations. Granule loss indicates that the shingle is at or nearing the end of its serviceable life as the granules provide protection to the bitumen based portion of the shingle (Reference Photo Exhibit No. 6-18).
 - B. On the student housing buildings, RJH observed the roof truss "lines" through the asphalt shingles. This typically indicates that the wood decking has settled/sagged over

time. While not an immediate concern this should be investigated further to ensure that the trusses have not failed on a structural level

- C. RJH observed select locations where the gutter was observed to have sustained damage. The source of the damage is unknown.
- D. On the rear elevation of Building 4, RJH observed large amounts of debris in the gutter. There is a tree in very close proximity to the structure and leaves/twigs/branches that fall off of the tree have ended up in the gutter.
- E. RJH has included costs in the cash flow tables for replacement of all roofs at the same time. Cost savings can be expected if paying for both roofs at the same time, rather than each roof individually and/or each property individually. Costs do not include replacement of the gutters and downspouts.
- F. The **siding** was also observed to be in fair condition. RJH observed a high number of cracks in the vinyl siding at both the student housing and the apartment units. Cracks and/or damage lead to water infiltration, which in turn can contribute to failure of other building components (Reference Photo Exhibit No. 19-24).
- G. RJH did not perform any destructive investigation and no reports of leaks were forwarded to us during our site visit. Based on the age of the siding RJH believes there is at least 5+ years, barring any significant storm events and/or other weather events that could cause further damage and pre-mature failure.
- H. Additionally, on building 4 of the student housing, RJH also observed creeping vines extending from the ground, up the side of the north elevation. This type of growth is detrimental to the siding and will pre-maturely cause failure. Staining and weathering was also observed throughout the siding that has been installed.
- I. Also observed at the siding was a lack of weather resistant barrier behind the siding. At various damaged locations it was observed that there was no “house wrap” such as Tyvek or weather resistant barrier. It is unknown whether this is an isolated issue or a systemic issue.
- J. RJH observed various components that require **exterior painting**, most notably the exterior stairs on the front of each building. It is expected that costs will be incurred annually or bi-annually for painting touch ups and/or paint restoration (Reference Photo Exhibit No. 25-30).
- K. At the student housing, RJH was informed by maintenance personnel on site that routine maintenance includes touch ups and/or re-painting the metal stair components.
- L. At the rental property, RJH observed large areas of chipped or damaged coating that has been applied to the metal railing components. As mentioned above, exterior coating work on metal components such as these can be expected annually or every few years.

2.2 **Building Interior Components:** as part of this survey, we conducted a visual review of the kitchen components, bathroom components, flooring and hot water heaters within select units of 28 Garden Lane. This was an additional service selected by the client per our proposal.

- A. RJH observed the **kitchen components** to be in fair condition but dated. The stoves, refrigerators and dishwashers all varied between the units visited and RJH has assumed a useful life of 9 – 10 years. The countertops appeared to be a particle core wood with a vinyl wrap. The useful life of these components is highly variable and highly dependent on care and treatment by the residents. Student housing will typically incur costs more frequently than more mature or older residences (Reference Photo Exhibit No. 31-36).
- B. The **bathroom components** were observed to be in fair condition. No major items were observed or reported to RJH. In unit 311, RJH observed what appears to be significant wood rot behind the toilet. This should be addressed as water could be leaking into the unit below and/or damaging the flooring components. The useful life of these components is highly variable and depends greatly on the treatment and care of the residents (Reference Photo Exhibit No. 37, 38 and 39).
- C. RJH observed the **unit flooring** to be in fair condition. The flooring observed in all of the units was an adhered thin vinyl tile in the kitchen and carpet in the bedrooms. RJH observed minor damage to the flooring as well as various levels of gaps between the pieces of tiles. RJH was informed by maintenance personnel on site that the flooring is original to the construction. The Environmental Protection Agency and the Occupational Safety and Health Administration mandate that any substances that are to be worked on shall be surveyed prior to removal from any site. Typically flooring of this nature is applied using an adhesive. Sometimes the adhesive is an Asbestos-Containing Material (ACM). RJH recommends retaining an environmental consultant to perform testing of the material to confirm whether it is asbestos containing or not prior to its removal. RJH did not perform testing nor has any knowledge of the materials currently installed (Reference Photo Exhibit No. 40, 41 and 42).
- D. The costs in the cash flow tables do not account for any type of asbestos abatement and assume that the tiles are replaced with like in kind. Consideration may be given to installing a more durable, plank style, flooring.

2.3 **Mechanical Systems:** As part of this survey, we conducted a non-specialist review of the exterior condensing units and interior air handling units at 28 Garden Lane. RJH also reviewed the hot water heaters.

- A. The exterior, ground mounted **air conditioners** (condensing units) were observed to be 1-1/2 Ton 13 seer, high efficiency heat pumps. The brands of condensing units on site varied. RJH frequently observed NuTone, Gibson and Payne units. The interior Air Handling Units (AHU) all appeared to be in good condition. The service life of both the interior and exterior units is dependent on maintenance (Reference Photo Exhibit No. 43, 44 and 45).
- B. Minor surface corrosion was observed on the unit housing, but no reports of any current issues were forwarded to RJH. One conduit appeared to be disconnected, however no reports of any issues were forwarded to RJH. Typically for a property this size, a mechanical contractor has a maintenance contract in effect. Varying brands of these units were observed. RJH has assumed a useful life of 9-10 years for these mechanical units.
- C. The **hot water heaters** at 28 Garden Lane were observed to be in good-to-fair condition. Various brands (AO Smith and Rheem) were observed to be installed. AO Smith as a brand has been known to have issues after 5+ years. Because only one AO Smith unit

was observed, RJH has utilized a useful service life of 15 years for the water heaters. This component and its serviceable life is dependent on care and treatment by the owners as well as continued maintenance as required. RJH was not informed whether the hot water heaters are rentals or owned by the property, so the cash flow tables reflect complete ownership rather than rental (Reference Photo Exhibit No. 46, 47 and 48).

2.4 Asphalt Pavement: As part of this survey, we conducted a visual survey of the asphalt paved roads throughout the property

- A. Drawings provided indicate a 3” asphalt pavement installed at the property.
- B. RJH observed the asphalt pavement to be in fair/poor condition. Throughout the property RJH observed areas of rutting, minor settlement and loss of fines. Fine material is smaller aggregate such as sand or small gravel that typically makes up the top coat of asphalt. Loss of fines indicates that this smaller aggregate has aged to a point where it is non-existent and/or not serving its intended design function. I.e. when the parking lot is not smooth. This typically occurs at areas where lots of turning, parking and/or oil leaks occur (Reference Photo Exhibit No. 49-66).
- C. While not an immediate concern, loss of fines can contribute to accelerated failure of the asphalt as a whole. Vehicle oil, spills and leaks can contribute to pre-mature failure and accelerated degradation of asphalt bitumen.
- D. RJH also observed large cracking extending the length of the parking lot in front of the student housing.
- E. RJH observed the storm water catch basins to be filled with debris. This can contribute to overland flooding if the storm sewers cannot drain properly and should be addressed.

3.0 Conclusions and Recommendations

3.1 Building Exterior Components

- A. Based on the age and condition of the shingle roofing, RJH recommends considering replacement of the asphalt shingles in 2-5 years. The cash flow tables for both properties include replacement in year 2. Cost savings in efficiency are potentially available if both properties are completed at the same time. RJH recommends retaining a design professional such as a Professional Engineer or Registered Roof Consultant to provide drawings, details and specifications for the roof replacement project when it occurs.
- B. RJH recommends performing a roof truss condition assessment to verify the condition of the roof trusses and wood deck at the roof of all the student housing buildings.
- C. Based on our observations, RJH recommends replacing the siding within 10 years. Due to the lack of weather resistant barrier, there could be concealed issues that will not be apparent until the siding is removed. Based on the age of the siding RJH recommends repairing the areas where damage was observed in the near future (0-1 year). These repairs are necessary in order for the siding to maintain its performance on the exterior of the building. Consideration may be given to performing core cuts to determine the existence of the weather resistant barrier beneath the siding.

- D. RJH recommends performing touch ups as required for the painting. Allowances annually have been included in the cash flow tables for touch-ups to the metal railing and other components that may require painting in the future.

3.2 **Building Interior Components**

- A. The lifetime of the building interior components at 28 Garden Lane is highly variable and depends greatly on the care and treatment of the residents. RJH has been provided with the annual costs associated with turning over a unit and/or performing cleaning/touchups within a unit and these have been implemented. The cash flow table reflects these recurring costs.

3.3 **Asphalt Pavement:**

- A. Based on our visual observations and the existing conditions of the asphalt pavement RJH believes there is 0-2 years of estimated life remaining before undertaking an asphalt restoration project. Because of the rutting and settlement observed, RJH has not included allowances for base repairs to the base material. RJH also recommends retaining a Professional Engineer specializing in asphalt to design, specify and provide technical drawings for the new asphalt when the time comes for replacement/restoration.

- 3.4 For items that may have previously been projected for future consideration or for different costs, the annual budget and reserve considerations could change significantly. For significant repair or replacement items, competitive bids should be obtained on behalf of the Client and regular updates to the reserves should be carried out to ensure proper evaluation of the components and adjustments based on market trends, material costs, labor and construction costs.

- 3.5 Based on the results of the analysis, as depicted in the Cash Flow tables, the current annual contribution to the reserve fund appears to be sufficient to address repair/replacement of the common element components as outlined herein.

We appreciate the opportunity to provide our services for this project. Should you have any questions or wish to discuss the information addressed within the attached report, please contact our Destin, FL office.

Sincerely,
RJH & Associates, Inc.

Anthony Travaglini, P.Eng
Senior Associate

Robért Hinojosa, PE
President & CEO

Attachments: Photo Exhibits
Description of Reserve Fund Tables
Reserve Spreadsheets

Description of Reserve Fund Component Table Columns (Table 1)

Column	Column Title	Description
(A)	No	Reference number for items included in the reserve fund study. Only the items considered as common elements are included in this study. These items included in the study represent a substantial list of all major common element items not otherwise included in maintenance or service contracts.
(B)	Component	A short descriptive name for items included in the reserve fund study.
(C)	Date of Installation/Last major Upgrade	The year of commissioning or start of use or completion of construction of the items. It is assumed that the item is new at the time of acquisition.
(D)	Current Replacement Cost	The estimated cost to carry out the repair/replacement work as described in Tables in Appendix A. The values are based on present-day estimates of cost to perform the required work.
(E)	Percent of Total Cost	For some items only a partial repair or replacement is required. In such situations this column provides the percentage of replacement costs to be included in the reserve.
(F)	Corrected Cost	Corrected cost allowance in present value. It is calculated as: Column D x (Column E/100).
(G)	Typical Life Span Range	This column provides the estimated normal life of the item after which the major repair/replacement will be required. The numbers shown indicate the industry 'norm' for that component with the average value shown in the middle. For example, <i>Roof Shingles: 15 – 20 – 25 +</i> indicates that the average life expectancy for roof shingles is approximately 20 years, with a deviation of approximately ± 5 years depending upon variables such as material quality, standard of installation and level of preventative maintenance.
(H)	Yearly Contribution	The required annual contribution of the current year. This is obtained by dividing the replacement cost (Column F) by the estimated life span (Column G). This is a straight-line analysis which does not consider interest and inflation.
(J)	Required Reserve to Date	The amount of money that should presently be in the fund based on the straight-line analysis. This is obtained by multiplying the present age (Column K) by the yearly contribution (Column H).
(K)	Present Age	The present age of the item at the end of the current fiscal year. The present age of the item is generally the chronological age. However, it may be different from the chronological age for several reasons, e.g., excessive use, inadequate maintenance, etc.
(L)	Estimated Basic Remaining Life	Number of years until replacement of the item is required (Column G - Column K). Due to extenuating circumstances, the remaining life is sometimes adjusted to reflect an anticipated extended or reduced life.

Description of Cash Flow Table Rows (Table 2)

Line	Row Title	Description
L	Total Expenditure – Future Cost Value	The sum of replacement/repair costs in the year they are required, as defined in Table 1. This item accounts for the future value of the replacement/repair costs defined in Table 1.
M	Forecast Annual Contribution	The total amount of money put into the reserve fund each fiscal year. It has been assumed that the funds are contributed in 12 equal monthly payments. As noted above, sometimes the annual contribution for the first year of the study is reduced to reflect the remaining contribution for the year when the beginning balance supplied by the Property Manager is supplied within the current fiscal year.
N & P	Special Assessment or Loan Repayment	Additional funds that may be required during the first several years of the study to account for an inadequate reserve fund. It is assumed that the funds are contributed in 12 equal monthly payments.
AA	Beginning Balance	The total amount of money in the reserve fund at the start of a given fiscal year. The Beginning Balance is obtained from the Ending Balance from the previous fiscal year. In some cases, the beginning balance for the first year of the study has been provided in the middle of the current fiscal year. In these cases, the annual contribution is adjusted to reflect the contribution for the remainder of the fiscal year.
AB	Ending Balance	The total amount of money in the reserve fund at the end of the fiscal year. The Ending Balance is the sum of the Beginning Balance and the Total Revenue minus the Expenditure.
AD	Annual Contribution % Increase	The percentage increase in the annual contribution, in percent, of the current year's contribution over the previous year's contribution.

College Courtyard Apartments – Niceville, FL
PHOTOGRAPHIC EXHIBITS
REPORT DATE 7/30/2020



Photo Exhibit No. 1
College Courtyard Apartments



Photo Exhibit No. 4
Laundry facility located at student housing.



Photo Exhibit No. 2
Overall of typical apartment building at the rental property.



Photo Exhibit No. 5
Typical student housing building, overall.



Photo Exhibit No. 3
Overall of typical apartment building at rental property.



Photo Exhibit No. 6
Typical student housing building, overall.

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Photo Exhibit No. 7
Asphalt shingle roof on apartment building in fair condition.



Photo Exhibit No. 10
Minor granule loss on asphalt shingles of apartment building.



Photo Exhibit No. 8
Ridge venting of apartment building is in fair condition.



Photo Exhibit No. 11
Apartment roof shingles in fair condition.



Photo Exhibit No. 9
Asphalt shingle roofing in fair condition at apartment building.



Photo Exhibit No. 12
Apartment ridge venting in fair condition.

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Photo Exhibit No. 13
Truss lines visible through asphalt shingles at student housing.



Photo Exhibit No. 16
Shingle deterioration and corrosion present on student housing roof.



Photo Exhibit No. 14
Heavy buildup of debris in gutter on student housing building.



Photo Exhibit No. 17
Corrosion on metal components as well as truss lines visible through shingles.



Photo Exhibit No. 15
Large amount of corrosion on shingle starter at student housing roof.



Photo Exhibit No. 18
Corrosion on metal roofing components on the student housing roof.

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Photo Exhibit No. 19
Vegetation is growing up the side of this student housing building.



Photo Exhibit No. 22
Large hole in siding, no WRB visible beneath.



Photo Exhibit No. 20
Wood sheathing is visible beneath siding. No WRB present.



Photo Exhibit No. 23
Large area of staining on siding.



Photo Exhibit No. 21
Large crack in siding.



Photo Exhibit No. 24
Siding beneath this window was poorly installed.

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Photo Exhibit No. 25
Coating on railing needs to be touched up.



Photo Exhibit No. 28
Corrosion and minor paint failure on metal landing post.



Photo Exhibit No. 26
Corrosion on metal stair component should be touched up.



Photo Exhibit No. 29
Corrosion and paint failure on railing.

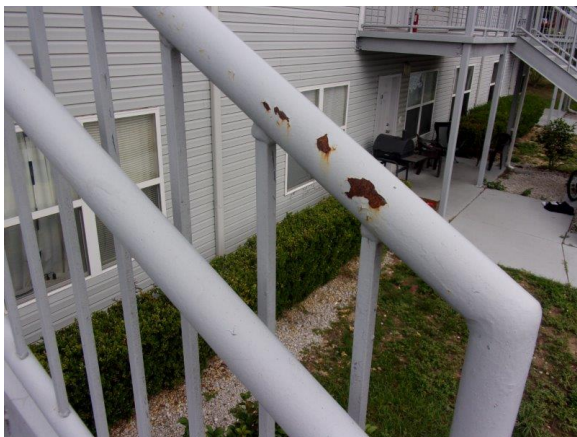


Photo Exhibit No. 27
Corrosion and paint failure on metal railing components.



Photo Exhibit No. 30
Corrosion and coating failure on stair riser.

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Photo Exhibit No. 31
Overall of typical kitchen.



Photo Exhibit No. 34
Refrigerator appears to be operating well and in fair condition.



Photo Exhibit No. 32
Typical laminate countertop.



Photo Exhibit No. 35
Overall of kitchen counter, and appliances.



Photo Exhibit No. 32
Typical laminate counter and sink appear to be in fair condition.



Photo Exhibit No. 36
Typical stove appears to be in fair condition.

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Photo Exhibit No. 37
Typical bathroom vanity appears to be in fair condition.



Photo Exhibit No. 40
Vinyl tile in kitchen. Appears to be in fair condition.



Photo Exhibit No. 38
Shower components in fair condition, throughout.



Photo Exhibit No. 41
Typical carpet style in bedrooms. Appears to be in fair condition.

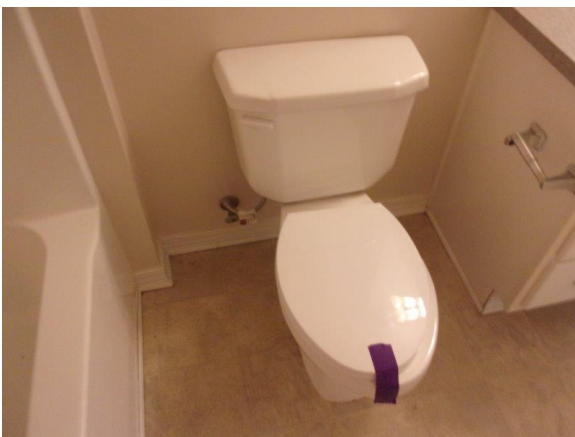


Photo Exhibit No. 39
Typical unit toilet. Fair condition.



Photo Exhibit No. 42
Damage at tile in kitchen.

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Photo Exhibit No. 43
Interior Carrier air handling unit appears to be working well.



Photo Exhibit No. 46
Water heater appears to be in good condition.



Photo Exhibit No. 44
Exterior mounted units appear to be working well.



Photo Exhibit No. 47
Water heater appears to be in good condition.



Photo Exhibit No. 45
Exterior units appear to be in good condition, minor housing corrosion observed.



Photo Exhibit No. 48
Water heater appears to be in good condition.

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Photo Exhibit No. 49
Overall of asphalt parking lot looking north.



Photo Exhibit No. 52
Overall of asphalt drive lane at property entrance looking north.



Photo Exhibit No. 51
Overall of asphalt parking lot looking south.



Photo Exhibit No. 53
Overall of asphalt drive lane at property entrance looking north.



Photo Exhibit No. 51
Overall of asphalt drive lane at parking lot entrance.



Photo Exhibit No. 54
Large amount of debris in catch basin.

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Photo Exhibit No. 55
Large amount of sand in catch basin.



Photo Exhibit No. 58
Large crack runs entire length of parking lot in front of student housing.



Photo Exhibit No. 56
Large amount of sand in catch basin and visible within pipe as well.



Photo Exhibit No. 59
Large crack runs entire length of parking lot in front of student housing.



Photo Exhibit No. 57
Large cracking in asphalt that has become overgrown.



Photo Exhibit No. 60
Large crack extending from perimeter into field of parking lot.

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Photo Exhibit No. 61
Large crack extending length of parking lot.



Photo Exhibit No. 64
Vehicle oils/liquids cause pre-mature failure of asphalt bitumen.



Photo Exhibit No. 62
Large crack runs entire length of parking lot Infront of student housing.



Photo Exhibit No. 65
Loss of fines and exposed aggregate.



Photo Exhibit No. 63
Alligator cracking within main drive lane.



Photo Exhibit No. 66
Loss of fines and exposed aggregate.