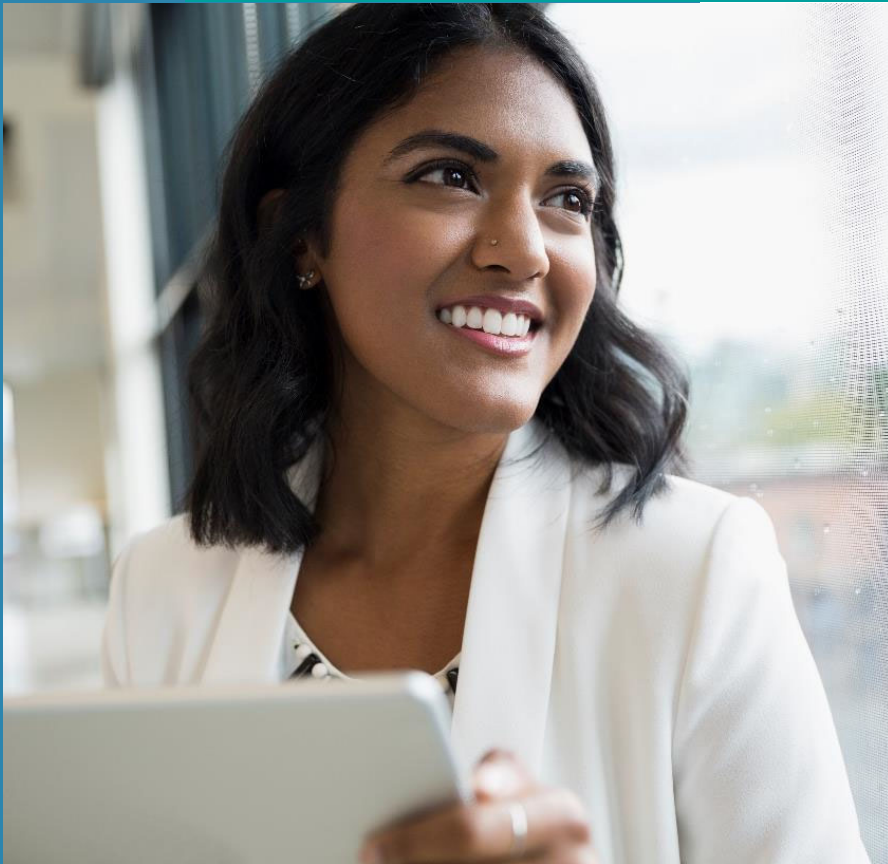




# Aging Infrastructure: Knowing What's at Stake

An overview for Condominiums Co-ops  
and HOAs in Florida



## Overview

- Aging Infrastructure – Common Challenge
- How Reserve Studies Differ from Engineering Inspections
- Reserve Study Best Practices Standards and Types
- Current Legal Requirements
- Proposed Changes to Requirements



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# Aging Infrastructure - Common Challenge

- Recent Examples of Unsafe Structures:

- Champlain Towers Collapse
- Crestview Towers owners evacuated
- Devon Apts, Miami (2 floors)
- Villa Bianca, Coral Springs
- Oak Park, Chicago (7 floors)
- Horizon West, Waukesha (6 floors)
- Holmes Beach 4plex (rental)



- Immediate Steps:

- Initial review to determine priorities
  - Emergency mitigation
  - Concrete restoration
  - Fire/Life Safety
- Create strategic plan to address all areas in disrepair
- Financial plan (special assessment, reserves, loan, reevaluating expenses)



## How did we get here?

- Lack of government oversight?
  - Construction defects
  - Code inspectors / existing structures
  - Absence of reserve study mandate
- Insufficient understanding of building/property maintenance?
  - Maintenance manuals or protocols
  - Failure to collect reserves to address component lifecycle

- Demands & Pressures
  - Demand to keep maintenance fees low
  - Piecemeal repairs & patches
  - Beautification or amenity enhancements
- Lack of Intergenerational Equity
  - Average 13-16 years for houses; only 5-8 years for condominiums
  - Age of owners

# Reserve Study

- Budget Planning Tool
- Identifies components that will require replacement or maintenance
- Provides a STABLE and EQUITABLE funding plan
- Relatively inexpensive

VS.



# Engineering Study

- Confirms structural capacities
- Excludes non-structural and cyclical projects
- Identifies immediate repairs and replacements
- More expensive

# Reserve Study

## Professional Designations

- Community Associations Institute's (CAI's) Reserve Specialist designation (RS)
- Association of Professional Reserve Analysts' (APRAs) Professional Reserve Analyst designation (PRA)

## Standards

- National Reserve Study Standards (NRSS)

VS.



# Engineering Study

## Professional Designations

- Professional Engineers (PE)
- Architects
- Special Inspectors of Threshold Buildings (SI)

## Standards

- SEI/ASCE 11-99, Guideline for Structural Condition Assessment of Existing Buildings



# Engineering Studies

**Determine if the structure was constructed in accordance with the original contract documents and confirm loads to ensure structural strength**

**Use careful sampling and testing protocols to identify failure, damage, water penetration, deterioration due to durability and load-related conditions, concrete durability and exposure to aggressive environments.**

**Identify and confirm level of deterioration and the underlying causes of structural distress and deterioration**

**Identify the extent of structural repairs required to address deterioration and/or non-conformant construction**

**Specifications for corrective/remedial repairs to ensure the integrity of the building/component.**





# Reserve Studies



## Condition Assessment

IDENTIFY and QUANTIFY the components

Review maintenance, use & repair history

Discuss with building engineer and other personnel

No destructive testing or design/defect analysis



## Cost and Life Valuations

Bids, historical costs and data - comps

Consider age, materials and conditions

Location, access and environment

# What structural and life safety components are included?



## Structural restoration

Balconies, railings, plaza deck membranes, facades, sealants and waterproofing



## Plumbing

Domestic water, sanitary, HVAC and drainage



## Electrical

Distribution equipment, wiring, emergency generators, elevators, emergency lighting



## Life Safety Systems

Fire alarm control panels and equipment, suppression systems, fire pumps, smoke evacuation, security

## What can a Reserve Study tell us?

- An inventory of ALL major common components
- A regular physical exam or “checkup” - an early detector
- Projection of reserve income and expenses
- A consistent, stable and continuous plan despite turnover and change



- Documentation of historical conditions
- First line of defense on when to call in the specialists
- A path to better financial health

# Current Legal Requirements

## Condos and Co-ops:

Budget as adopted by board MUST contain reserves for roof, paint, paving AND any other capital expense or deferred maintenance expense over \$10,000

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## HOAs:

Budget may contain reserves but generally not required unless approved by a majority of the voting interests or required by governing documents

No requirement to use a professional to assist with compiling the schedule.

Can be waived entirely with a majority of a quorum

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Condo & Co-op owners may vote to waive funding reserves indefinitely.

Vote must include statutory warning notice

Can be calculated using pooled or straight-line methodology

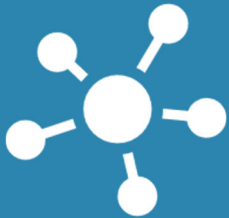
(aka Cash flow method vs component method)

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# Proposed Legislative Changes



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SB 1702 will create mandatory inspections for multifamily buildings.

Inspection designed to ensure buildings are structurally sound & safe.

Milestone Inspection for buildings > 3 stories.

Initial 30 years with updates every 10 years.

Coastal buildings initial 20 years with updates every 7 years.



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Engineer to furnish board and local building official with report.

Board must distribute report to all owners.

Report becomes official record subject to inspection.

A copy of the milestone and subsequent reports must be furnished to prospective buyers by the selling unit owner.



## Conclusion



- Regular reserve studies can identify physical issues and prepare a board to financially accomplish remediation.
- This ultimately leads to lower costs over the life of the association
- Funding reserves is the most equitable way for all owners to understand and share in the true cost of ownership – Pay as you go.
- More expansive and intrusive engineering studies as buildings age
- No substitute for professional studies – too much liability



Thank you



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