RESERVE STUDY

Pheasant Creek
Homeowners Association, Inc.

Sugar Land, Texas
February 12, 2021

RESERVE™ ADVISORS
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Corporate Office
Reserve Advisors, LLC
735 N. Water Street, Suite 175
Milwaukee, WI 53202

Pheasant Creek Homeowners Association, Inc.
Sugar Land, Texas

Dear Board of Directors of Pheasant Creek Homeowners Association, Inc.:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Pheasant Creek Homeowners Association, Inc. in Sugar Land, Texas and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, February 12, 2021.

This *Reserve Study* exceeds the Association of Professional Reserve Analysts (APRA) standards fulfilling the requirements of a "Level II Reserve Study Update."

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Pheasant Creek Homeowners Association, Inc. plan for a successful future.

As part of our long-term thinking and everyday commitment to our clients, we are available to answer any questions you may have regarding this study.

Respectfully submitted on March 19, 2021 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jaison T. Thomas, RS[1]
Review by: Nicole L. Lowery, RS, PRA[2], Associate Director of Quality Assurance

[1] RS (Reserve Specialist) is the reserve provider professional designation of the Community Associations Institute (CAI) representing America's more than 300,000 condominium, cooperative and homeowners associations.
[2] PRA (Professional Reserve Analyst) is the professional designation of the Association of Professional Reserve Analysts. Learn more about APRA at http://www.apra-usa.com.

RESERVE
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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: Pheasant Creek Homeowners Association, Inc. (Pheasant Creek)
Location: Sugar Land, Texas
Reference: 181518

Property Basics: Pheasant Creek Homeowners Association, Inc. is a homeowners association which consists of 756 single family homes. Construction of the community began in the early 1980's.

Reserve Components Identified: 28 Reserve Components.

Inspection Date: February 12, 2021. We conducted the original inspection on October 1, 2018.

Funding Goal: The Funding Goal of this Reserve Study is to maintain reserves above an adequate, not excessive threshold during one or more years of significant expenditures. Our recommended Funding Plan recognizes this threshold funding year in 2050 due to total replacement of the pool structure and deck.

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

- Current and future local costs of replacement
- 0.9% anticipated annual rate of return on invested reserves
- 2.0% future Inflation Rate for estimating Future Replacement Costs

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

Unaudited Cash Status of Reserve Fund:

- $139,254 as of January 31, 2021
- 2021 budgeted Reserve Contributions of $53,634
- Management informs us the Association will transfer the 2020 Reserve Contribution of $100,000 to the reserves in February, 2021

Project Prioritization: We note anticipated Reserve Expenditures for the next 30 years in the ***Reserve Expenditures*** tables and include a ***Five-Year Outlook*** table following the ***Reserve Funding Plan*** in Section 3. We recommend the Association prioritize the following projects in the next five years based on the conditions identified:

- Replacement of the concrete parking areas due to evidence of extensive cracking and damage
- Partial replacement of the concrete sidewalks due to evidence of cracks and damage
- Repairs and coating application to the pool deck as proposed by Management
- Replacement of the pool plaster finish due to age

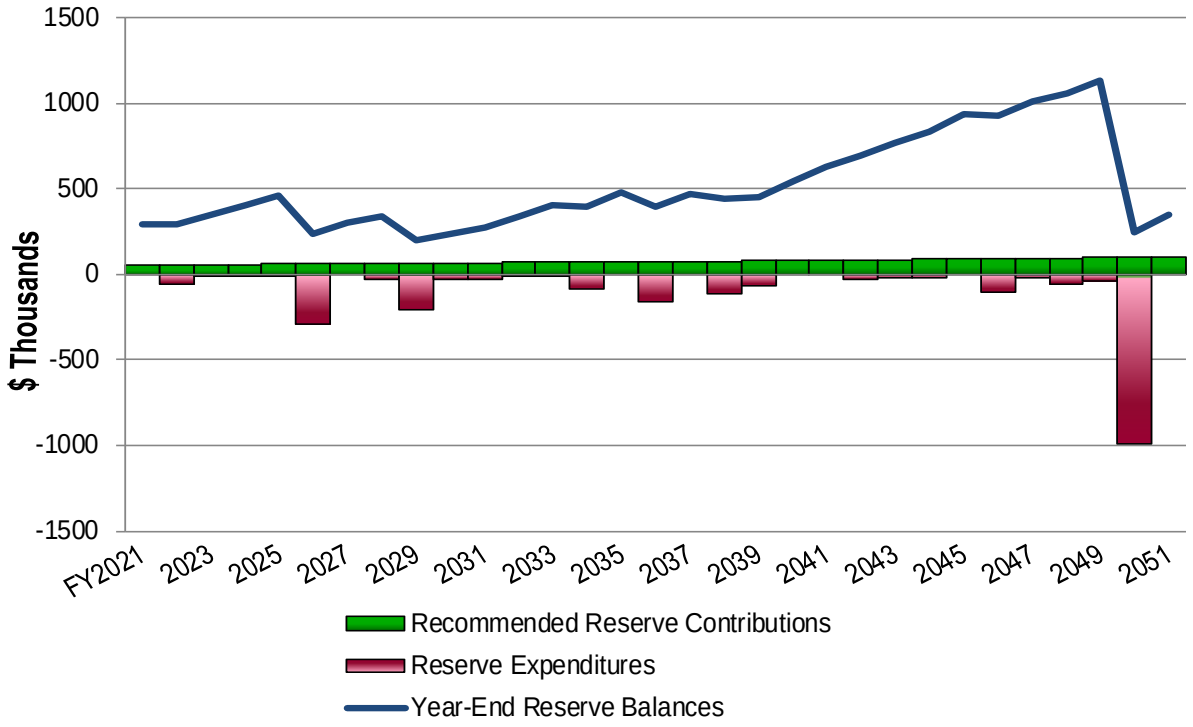
Recommended Reserve Funding: We recommend the following in order to achieve a stable and equitable Funding Plan:

- Increase to $56,500 in 2022
- Inflationary increases through 2051, the limit of this study's Cash Flow Analysis
- Initial adjustment of $2,866 is equivalent to an increase of $3.79 in the annual contributions per homeowner.

Pheasant Creek

Recommended Reserve Funding Table and Graph

Year	Contributions ($)	Reserve Balances ($)	Year	Contributions ($)	Reserve Balances ($)	Year	Contributions ($)	Reserve Balances ($)
2022	56,500	297,018	2032	68,900	339,913	2042	84,000	690,767
2023	57,600	352,116	2033	70,300	406,964	2043	85,700	764,590
2024	58,800	404,462	2034	71,700	398,232	2044	87,400	838,300
2025	60,000	460,218	2035	73,100	475,245	2045	89,100	935,346
2026	61,200	237,306	2036	74,600	390,875	2046	90,900	930,937
2027	62,400	302,123	2037	76,100	470,835	2047	92,700	1,011,001
2028	63,600	337,690	2038	77,600	437,433	2048	94,600	1,059,060
2029	64,900	200,535	2039	79,200	455,541	2049	96,500	1,127,970
2030	66,200	234,984	2040	80,800	540,804	2050	98,400	244,867
2031	67,500	277,572	2041	82,400	628,442	2051	100,400	347,923



2. RESERVE STUDY REPORT

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

Pheasant Creek Homeowners Association, Inc.

Sugar Land, Texas

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, February 12, 2021. We conducted the original inspection on October 1, 2018.

We present our findings and recommendations in the following report sections and spreadsheets:

- **Identification of Property -** Segregates all property into several areas of responsibility for repair or replacement
- **Reserve Expenditures -** Identifies reserve components and related quantities, useful lives, remaining useful lives and future reserve expenditures during the next 30 years
- **Reserve Funding Plan -** Presents the recommended Reserve Contributions and year-end Reserve Balances for the next 30 years
- **Five-Year Outlook -** Identifies reserve components and anticipated reserve expenditures during the first five years
- **Reserve Component Detail -** Describes the reserve components, includes photographic documentation of the condition of various property elements, describes our recommendations for repairs or replacement, and includes detailed solutions and procedures for replacements for the benefit of current and future board members
- **Methodology -** Lists the national standards, methods and procedures used to develop the Reserve Study
- **Definitions -** Contains definitions of terms used in the Reserve Study, consistent with national standards
- **Professional Service Conditions -** Describes Assumptions and Professional Service Conditions
- **Credentials and Resources**

IDENTIFICATION OF PROPERTY

Our investigation includes Reserve Components or property elements as set forth in your Declaration. The Expenditure tables in Section 3 list the elements contained in this study. Our analysis begins by segregating the property elements into several areas of responsibility for repair and replacement.

Our process of identification helps assure that future boards and the management team understand whether reserves, the operating budget or Homeowners fund certain replacements and assists in preparation of the annual budget. We derive these segregated classes of property from our review of the information provided by the Association and through conversations with Management. These classes of property include:

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

We advise the Board conduct an annual review of these classes of property to confirm its policy concerning the manner of funding, i.e., from reserves or the operating budget. The Reserve Study identifies Reserve Components as set forth in your Declaration or which were identified as part of your request for proposed services. Reserve Components are defined by CAI as property elements with:

- Pheasant Creek responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

Long-Lived Property Elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the 30-year scope of the study. The operating budget should fund infrequent repairs. Funding untimely or unexpected replacements from reserves will necessitate increases to Reserve Contributions. Periodic updates of this Reserve Study will help determine the merits of adjusting the Reserve Funding Plan. We identify the following Long-Lived Property Elements as excluded from the 30-year Reserve Expenditures at this time:

- Foundations, Pool House and Pavilion
- Structural Frames, Pool House and Pavilion
- Windows, Pool House (2019)

Recently replaced windows at the pool house

The operating budget provides money for the repair and replacement of certain Reserve Components. The Association may develop independent criteria for use of operating and reserve funds. For purposes of calculating appropriate Reserve Contributions, we identify the following list of Operating Budget Funded Repairs and Replacements:

- General Maintenance to the Common Elements
- Expenditures less than $3,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)
- Baseball Backstop
- Diving Board (Management informs us the Association plans to remove the diving board)
- Doors, Metal, Pool House
- Electrical Systems, Common
- Irrigation System

- Landscape
- Light Poles and Fixtures, Amenity Center Parking Area
- Paint Finishes, Touch Up
- Pipes, Interior Building, Domestic Water, Sanitary Waste and Vent, Pool House
- Pipes, Subsurface Utilities, Amenity Center Area
- Playground Equipment, Surface (Mulch) Replacement/Replenishment, Interim
- Signage, Informational
- Storage Shed
- Volleyball Court
- Walls, Masonry, Pool House, Inspections and Repairs
- Other Repairs normally funded through the Operating Budget

Informational signage

Diving board

Exterior masonry walls at the pool house

Certain items have been designated as the responsibility of the homeowners to repair or replace at their cost. Property Maintained by Homeowners, including items billed back to Homeowners, relates to unit:

- Fences at Lot Lines
- Homes and Lots
- Mailboxes

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

- Light Poles and Fixtures, Streets (Center Point Energy)
- Pipes, Subsurface Utilities (Excludes Amenity Area) (Municipal Utility District)
- Sidewalks, Parallel to Streets (Fort Bend County)
- Street Systems (Fort Bend County)

3. RESERVE EXPENDITURES and FUNDING PLAN

The tables following this introduction present:

Reserve Expenditures

- Line item numbers
- Total quantities
- Quantities replaced per phase (in a single year)
- Reserve component inventory
- Estimated first year of event (i.e., replacement, application, etc.)
- Life analysis showing
  - useful life
  - remaining useful life
- 2021 local cost of replacement
  - Per unit
  - Per phase
  - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Five-Year Outlook

- Line item numbers
- Reserve component inventory of only the expenditures anticipated to occur within the first five years
- Schedule of estimated future costs for each reserve component anticipated to occur within the first five years

The purpose of a Reserve Study is to provide an opinion of reasonable annual Reserve Contributions. Prediction of exact timing and costs of minor Reserve Expenditures typically will not significantly affect the 30-year cash flow analysis. Adjustments to the times and/or costs of expenditures may not always result in an adjustment in the recommended Reserve Contributions.

Financial statements prepared by your association, by you or others might rely in part on information contained in this section. For your convenience, we have provided an electronic data file containing the tables of ***Reserve Expenditures*** and ***Reserve Funding Plan***.

Years 2021 to 2036

RESERVE EXPENDITURES

Pheasant Creek
Homeowners Association, Inc.
Sugar Land, Texas

Explanatory Notes:

1) 2.0% is the estimated Inflation Rate for estimating Future Replacement Costs.

2) FY2021 is Fiscal Year beginning January 1, 2021 and ending December 31, 2021.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2021)	Per Phase (2021)	Total (2021)	Percentage of Future Expenditures	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028	8 2029	9 2030	10 2031	11 2032	12 2033	13 2034	14 2035	15 2036
				Property Site Elements																							
4.120	17,000	17,000	Square Feet	Concrete Parking Areas	2026	to 65	5	11.00	187,000	187,000	8.7%						206,463										
4.140	6,700	560	Square Feet	Concrete Sidewalks, Partial	2022	to 65	1 to 30+	10.00	5,600	67,000	2.6%		5,712				6,183				6,693				7,244		
4.200	280	280	Linear Feet	Fences, Aluminum, Amenity Center Parking Area	2042	to 25	21	45.00	12,600	12,600	0.8%																
4.590	17	17	Squares	Pavilion, Roof Replacement	2047	to 30	26	750.00	12,750	12,750	0.9%																
4.660	1	1	Allowance	Playground Equipment, Exercise Stations (Incl. Rubber Surfaces)	2036	15 to 20	15	25,000.00	25,000	25,000	1.4%																33,647
4.661	1	1	Allowance	Playground Equipment, Playsets and Swing Sets (Incl. Border)	2036	15 to 20	15	96,000.00	96,000	96,000	5.4%																129,203
4.810	1	1	Allowance	Signage, Entrance Monument	2028	to 30	7	15,000.00	15,000	15,000	0.7%								17,230								
4.820	3	1	Allowance	Site Furniture, Phased	2023	12 to 18	2 to 12	5,200.00	5,200	15,600	1.8%			5,410					5,973					6,595			
4.830	13,250	13,250	Square Feet	Tennis Court, Color Coat	2024	4 to 6	3	0.70	9,275	9,275	2.8%				9,843										11,998		
4.840	460	460	Linear Feet	Tennis Court, Fence	2029	to 35	8	36.00	16,560	16,560	0.8%									19,403							
4.850	4	4	Each	Tennis Court, Light Poles and Fixtures	2039	to 35	18	3,500.00	14,000	14,000	0.8%																
4.860	13,250	13,250	Square Feet	Tennis Court, Surface Replacement	2029	to 50	8	11.00	145,750	145,750	7.2%									170,769							
				Pool House Elements																							
5.450	1	1	Each	HVAC Equipment, Split System	2028	12 to 18	7	6,700.00	6,700	6,700	0.8%								7,696								
5.500	1	1	Allowance	Interior Renovations, Club Room	2026	to 25	5	18,500.00	18,500	18,500	2.2%						20,425										
5.510	2	2	Each	Rest Rooms, Renovations	2030	to 20	9	6,800.00	13,600	13,600	1.7%										16,253						
5.600	20	20	Squares	Roof, Asphalt Shingles	2030	15 to 20	9	450.00	9,000	9,000	1.1%										10,756						
				Pool Elements																							
6.200	6,100	6,100	Square Feet	Concrete Deck, Coating Applications, Inspections, Partial Replacements and Repairs	2022	8 to 12	1	6.90	42,090	42,090	7.0%		42,932												54,448		
6.400	360	360	Linear Feet	Fence, Steel, Paint Finishes	2026	6 to 8	5	11.00	3,960	3,960	1.0%						4,372										
6.405	360	360	Linear Feet	Fence, Steel, Replacement	2031	to 30	10	62.00	22,320	22,320	1.1%											27,208					
6.500	1	1	Allowance	Furniture	2022	to 12	1	8,000.00	8,000	8,000	1.3%		8,160												10,349		
6.600	2	1	Allowance	Mechanical Equipment, Phased	2025	to 15	4 to 11	7,500.00	7,500	15,000	1.7%					8,118							9,325				
6.800	4,100	4,100	Square Feet	Pool Finishes, Plaster	2026	8 to 12	5	11.00	45,100	45,100	4.7%						49,794										
6.801	620	620	Linear Feet	Pool Finishes, Tile	2038	15 to 25	17	36.00	22,320	22,320	1.3%																
6.890	600	600	Square Feet	Shade Structure, Canvas, 2019	2029	8 to 10	8	7.00	4,200	4,200	0.5%									4,921							
6.891	400	400	Square Feet	Shade Structure, Canvas, Old	2039	8 to 10	18	7.00	2,800	2,800	0.2%																
6.892	600	600	Square Feet	Shade Structure, Total Replacement, 2019	2039	15 to 20	18	20.00	12,000	12,000	0.7%																
6.893	400	400	Square Feet	Shade Structure, Total Replacement, Old	2029	15 to 20	8	20.00	8,000	8,000	1.0%									9,373							
6.900	4,100	4,100	Square Feet	Structure and Deck, Total Replacement	2050	to 60+	29	130.00	533,000	533,000	39.8%																
				Anticipated Expenditures, By Year ($2,379,374 over 30 years)								0	56,804	5,410	9,843	8,118	287,237	0	30,899	204,466	33,702	27,208	9,325	6,595	84,039	0	162,850

RESERVE EXPENDITURES

Pheasant Creek
Homeowners Association, Inc.
Sugar Land, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years Useful	Remaining	Costs, $ Unit (2021)	Per Phase (2021)	Total (2021)	Percentage of Future Expenditures	16 2037	17 2038	18 2039	19 2040	20 2041	21 2042	22 2043	23 2044	24 2045	25 2046	26 2047	27 2048	28 2049	29 2050	30 2051
				Property Site Elements																						
4.120	17,000	17,000	Square Feet	Concrete Parking Areas	2026	to 65	5	11.00	187,000	187,000	8.7%															
4.140	6,700	560	Square Feet	Concrete Sidewalks, Partial	2022	to 65	1 to 30+	10.00	5,600	67,000	2.6%		7,842				8,488				9,188				9,945	
4.200	280	280	Linear Feet	Fences, Aluminum, Amenity Center Parking Area	2042	to 25	21	45.00	12,600	12,600	0.8%						19,097									
4.590	17	17	Squares	Pavilion, Roof Replacement	2047	to 30	26	750.00	12,750	12,750	0.9%											21,336				
4.660	1	1	Allowance	Playground Equipment, Exercise Stations (Incl. Rubber Surfaces)	2036	15 to 20	15	25,000.00	25,000	25,000	1.4%															
4.661	1	1	Allowance	Playground Equipment, Playsets and Swing Sets (Incl. Border)	2036	15 to 20	15	96,000.00	96,000	96,000	5.4%															
4.810	1	1	Allowance	Signage, Entrance Monument	2028	to 30	7	15,000.00	15,000	15,000	0.7%															
4.820	3	1	Allowance	Site Furniture, Phased	2023	12 to 18	2 to 12	5,200.00	5,200	15,600	1.8%		7,281					8,039					8,876			
4.830	13,250	13,250	Square Feet	Tennis Court, Color Coat	2024	4 to 6	3	0.70	9,275	9,275	2.8%			13,247					14,626					16,148		
4.840	460	460	Linear Feet	Tennis Court, Fence	2029	to 35	8	36.00	16,560	16,560	0.8%															
4.850	4	4	Each	Tennis Court, Light Poles and Fixtures	2039	to 35	18	3,500.00	14,000	14,000	0.8%			19,995												
4.860	13,250	13,250	Square Feet	Tennis Court, Surface Replacement	2029	to 50	8	11.00	145,750	145,750	7.2%															
				Pool House Elements																						
5.450	1	1	Each	HVAC Equipment, Split System	2028	12 to 18	7	6,700.00	6,700	6,700	0.8%							10,358								
5.500	1	1	Allowance	Interior Renovations, Club Room	2026	to 25	5	18,500.00	18,500	18,500	2.2%												31,577			
5.510	2	2	Each	Rest Rooms, Renovations	2030	to 20	9	6,800.00	13,600	13,600	1.7%														24,151	
5.600	20	20	Squares	Roof, Asphalt Shingles	2030	15 to 20	9	450.00	9,000	9,000	1.1%												15,362			
				Pool Elements																						
6.200	6,100	6,100	Square Feet	Concrete Deck, Coating Applications, Inspections, Partial Replacements and Repairs	2022	8 to 12	1	6.90	42,090	42,090	7.0%										69,053					
6.400	360	360	Linear Feet	Fence, Steel, Paint Finishes	2026	6 to 8	5	11.00	3,960	3,960	1.0%		5,545						6,245						7,032	
6.405	360	360	Linear Feet	Fence, Steel, Replacement	2031	to 30	10	62.00	22,320	22,320	1.1%															
6.500	1	1	Allowance	Furniture	2022	to 12	1	8,000.00	8,000	8,000	1.3%										13,125					
6.600	2	1	Allowance	Mechanical Equipment, Phased	2025	to 15	4 to 11	7,500.00	7,500	15,000	1.7%			10,712							12,305					
6.800	4,100	4,100	Square Feet	Pool Finishes, Plaster	2026	8 to 12	5	11.00	45,100	45,100	4.7%		63,151													
6.801	620	620	Linear Feet	Pool Finishes, Tile	2038	15 to 25	17	36.00	22,320	22,320	1.3%		31,253													
6.890	600	600	Square Feet	Shade Structure, Canvas, 2019	2029	8 to 10	8	7.00	4,200	4,200	0.5%													7,312		
6.891	400	400	Square Feet	Shade Structure, Canvas, Old	2039	8 to 10	18	7.00	2,800	2,800	0.2%			3,999												
6.892	600	600	Square Feet	Shade Structure, Total Replacement, 2019	2039	15 to 20	18	20.00	12,000	12,000	0.7%			17,139												
6.893	400	400	Square Feet	Shade Structure, Total Replacement, Old	2029	15 to 20	8	20.00	8,000	8,000	1.0%													13,928		
6.900	4,100	4,100	Square Feet	Structure and Deck, Total Replacement	2050	to 60+	29	130.00	533,000	533,000	39.8%														946,525	
				Anticipated Expenditures, By Year ($2,379,374 over 30 years)								0	115,072	65,092	0	0	27,585	18,397	20,871	0	103,671	21,336	55,815	37,388	987,653	0

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
Pheasant Creek
Homeowners Association, Inc.
Sugar Land, Texas

Individual Reserve Budgets & Cash Flows for the Next 30 Years

		FY2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Reserves at Beginning of Year	*(Note 1)*	139,254	294,671	297,018	352,116	404,462	460,218	237,306	302,123	337,690	200,535	234,984	277,572	339,913	406,964	398,232	475,245
Recommended Reserve Contributions		53,634	56,500	57,600	58,800	60,000	61,200	62,400	63,600	64,900	66,200	67,500	68,900	70,300	71,700	73,100	74,600
2020 Reserve Contributions		100,000															
Total Recommended Reserve Contributions	*(Note 2)*	153,634	56,500	57,600	58,800	60,000	61,200	62,400	63,600	64,900	66,200	67,500	68,900	70,300	71,700	73,100	74,600
Estimated Interest Earned, During Year	*(Note 3)*	1,783	2,651	2,908	3,389	3,874	3,125	2,417	2,866	2,411	1,951	2,296	2,766	3,346	3,607	3,913	3,880
Anticipated Expenditures, By Year		0	(56,804)	(5,410)	(9,843)	(8,118)	(287,237)	0	(30,899)	(204,466)	(33,702)	(27,208)	(9,325)	(6,595)	(84,039)	0	(162,850)
Anticipated Reserves at Year End		$294,671	$297,018	$352,116	$404,462	$460,218	$237,306	$302,123	$337,690	$200,535	$234,984	$277,572	$339,913	$406,964	$398,232	$475,245	$390,875

(continued)

Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued

	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051
Reserves at Beginning of Year	390,875	470,835	437,433	455,541	540,804	628,442	690,767	764,590	838,300	935,346	930,937	1,011,001	1,059,060	1,127,970	244,867
Total Recommended Reserve Contributions	76,100	77,600	79,200	80,800	82,400	84,000	85,700	87,400	89,100	90,900	92,700	94,600	96,500	98,400	100,400
Estimated Interest Earned, During Year	3,860	4,069	4,000	4,463	5,238	5,910	6,520	7,181	7,946	8,361	8,700	9,274	9,798	6,150	2,656
Anticipated Expenditures, By Year	0	(115,072)	(65,092)	0	0	(27,585)	(18,397)	(20,871)	0	(103,671)	(21,336)	(55,815)	(37,388)	(987,653)	0
Anticipated Reserves at Year End	$470,835	$437,433	$455,541	$540,804	$628,442	$690,767	$764,590	$838,300	$935,346	$930,937	$1,011,001	$1,059,060	$1,127,970	$244,867	$347,923
														(NOTE 5)	*(NOTE 4)*

Explanatory Notes:

1) Year 2021 starting reserves are as of January 31, 2021; FY2021 starts January 1, 2021 and ends December 31, 2021.

2) Management informs us the Association will transfer $100,000 (2020 Reserve Contribution) to Reserves by February of 2021; Reserve Contributions for 2021 are budgeted; 2022 is the first year of recommended contributions.

3) 0.9% is the estimated annual rate of return on invested reserves; 2021 is a partial year of interest earned.

4) Accumulated year 2051 ending reserves consider the age, size, overall condition and complexity of the property.

5) Threshold Funding Year (reserve balance at critical point).

*Refer to the Reserve Expenditures pages for the full list of reserve elements

FIVE-YEAR OUTLOOK

Pheasant Creek
Homeowners Association, Inc.
Sugar Land, Texas

Line Item	Reserve Component Inventory	RUL = 0 FY2021	1 2022	2 2023	3 2024	4 2025	5 2026
	Property Site Elements						
4.120	Concrete Parking Areas						206,463
4.140	Concrete Sidewalks, Partial		5,712				6,183
4.820	Site Furniture, Phased			5,410			
4.830	Tennis Court, Color Coat				9,843		
	Pool House Elements						
5.500	Interior Renovations, Club Room						20,425
	Pool Elements						
6.200	Concrete Deck, Coating Applications, Inspections, Partial Replacements and Repairs		42,932				
6.400	Fence, Steel, Paint Finishes						4,372
6.500	Furniture		8,160				
6.600	Mechanical Equipment, Phased					8,118	
6.800	Pool Finishes, Plaster						49,794
	Anticipated Expenditures, By Year ($2,379,374 over 30 years)	0	56,804	5,410	9,843	8,118	287,237

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Reserve Study* includes enhanced solutions and procedures for select significant components. This section describes the Reserve Components, documents specific problems and condition assessments, and may include detailed solutions and procedures for necessary capital repairs and replacements for the benefit of current and future board members. We advise the Board use this information to help define the scope and procedures for repair or replacement when soliciting bids or proposals from contractors. *However, the Report in whole or part is not and should not be used as a design specification or design engineering service*.

Property Site Elements

Concrete Parking Areas

Line Item: 4.120

Quantity: Approximately 17,000 square feet of concrete comprising the parking areas at the amenity area

Condition: Fair to poor overall with significant concrete cracks, damage, exposed reinforcement steel and settlement evident

Concrete parking lot – Note cracks

Concrete cracks

Damaged concrete and exposed reinforcement steel

Settlement at parking area

Displaced concrete wheel stop

Useful Life: Up to 65 years although interim deterioration of areas is common

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
  - Inspect and repair major cracks, spalls and trip hazards
  - Mark with orange safety paint prior to replacement or repair
  - Repair or perform concrete leveling in areas in immediate need of repair or possible safety hazard

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We depict total replacement of the parking lots by 2026.

Concrete Sidewalks

Line Item: 4.140

Quantity: Approximately 6,700 square feet at the amenity area

Condition: Fair overall with concrete cracks and spalling evident

Concrete cracks

Concrete cracks by the pavilion

Concrete cracks

Concrete cracks and spalling

Useful Life: Up to 65 years although interim deterioration of areas is common

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair major cracks, spalls and trip hazards
    - Mark with orange safety paint prior to replacement or repair
    - Repair or perform concrete leveling in areas in immediate need of repair or possible safety hazard

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We estimate that up to 3,360 square feet of concrete sidewalks, or fifty percent (50.1%) of the total, will require replacement during the next 30 years.

Fences, Aluminum

Line Item: 4.200

Quantity: Approximately 280 linear feet at the amenity area parking lots

History: Installed in 2018

Condition: Good overall

Fence overview

Useful Life: Up to 25 years (The useful life of the finish is indeterminate. Future updates of this Reserve Study will again consider the need to refinish the railings based on condition.)

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair loose fasteners or sections, and damage
    - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Pavilion, Roof, Metal

Line Item: 4.590

Quantity: Approximately 17 *squares*[1]

History: Original to construction in 2018

Condition: Good overall

Pavilion overview

Useful Life: Up to 30 years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Playground Equipment

Line Items: 4.660 and 4.661

Quantity: Playground equipment includes the following elements:

- Swing sets
- Playsets
- Exercise stations
- Poured-in-rubber surfaces at the exercise stations
- Surface, Wood-chip
- Border, Plastic

[1] We quantify the roof area in squares where one square is equal to 100 square feet of surface area.

History: Original to installation in 2018

Condition: Good overall

Playset

Plastic border and safety surface at the playground

Exercise equipment and safety surface

Useful Life: 15- to 20-years

Component Detail Notes: Safety is the major purpose for maintaining playground equipment. We recommend an annual inspection of the playground equipment to identify and repair as normal maintenance loose connections and fasteners or damaged elements. We suggest the Association learn more about the specific requirements of playground equipment at PlaygroundSafety.org. We recommend the use of a specialist for the design or replacement of the playground equipment environment.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:

- Inspect and repair loose connections and fasteners or damaged elements
- Inspect for safety hazards and adequate coverage of ground surface cover

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We include an allowance in the unit cost for replacement of the safety surfaces and border.

Signage, Entrance Monument

Line Item: 4.810

Quantity: One monument by Pheasant Creek Drive and Old Richmond Road.

History: Exact age unknown

Condition: Good overall

Entrance monument

Useful Life: Up to 30 years

Component Detail Notes: Community signage contributes to the overall aesthetic appearance of the property to owners and potential buyers. Renovation or replacement of community signs is often predicated upon the desire to "update" the perceived identity of the community rather than for utilitarian concerns. Therefore, the specific times for replacement or renovation are discretionary.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
  - Inspect and repair damage, vandalism and loose components

- Verify lighting is working properly
- Touch-up paint finish applications if applicable

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Site Furniture

Line Item: 4.820

Quantity: The Association maintains furniture and fixtures at the amenity area

History: Varies in age

Condition: Varies in condition

Benches

Damaged bench

Useful Life: 12- to 18-years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Due to the varied ages of the furniture, we depict replacement in a phased manner.

Tennis Courts, Color Coat

Line Item: 4.830

Quantity: Approximately 13,250 square feet of concrete comprising two tennis courts

History: Color coated in 2018

Condition: Good overall

Tennis courts

Useful Life: Four- to six-years

Component Detail Notes: Prior to the application of the color coat, the Association should require the contractor to rout and fill all cracks with hot emulsion. This deters water infiltration and further deterioration of the asphalt playing surface.

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. The estimate of cost is based on historical cost.

Tennis Courts, Fence

Line Item: 4.840

Quantity: Approximately 460 linear feet

History: Exact age is unknown

Condition: Fair overall with rust evident. We recommend the Association fund near term repairs and coating application through the operating budget.

Fence overview

Rust at fence

Rust at gate

Useful Life: Up to 35 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Tennis Courts, Light Poles and Fixtures

Line Item: 4.850

Quantity: Four each

History: The light fixtures were replaced in 2019. The poles are likely original.

Condition: Good overall

Light pole and fixtures

Useful Life: Up to 35 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Tennis Courts, Surface

Line Item: 4.860

Quantity: Approximately 13,250 square feet of concrete comprising two tennis courts

History: Likely original

Condition: Good overall

Useful Life: Up to 50 years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair large cracks, trip hazards and possibly safety hazards
    - Verify gate and fencing is secure
    - Verify lighting is working properly if applicable
    - Inspect and repair standards and windscreens as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Pool House Elements

HVAC Equipment, Split System

Line Item: 5.450

Quantity: One split system with a capacity of 3-Tons

History: Dates to 2013

Condition: Reported satisfactory

External condensing unit

Useful Life: 12- to 18-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Interior Renovations

Line Item: 5.500

Quantity: The components of the clubhouse interior include:

- Tile floor coverings
- Acoustical tile ceiling at the storage room
- Paint finishes on the walls and ceiling
- Plumbing fixtures
- Kitchen cabinets and countertops
- Various appliances including a stove, refrigerator and microwave

History: The interior finishes vary in age. The interior was painted and light fixtures were replaced in recent years.

Condition: Good overall

Interior overview

Kitchen equipment

Damaged ceiling tile at the storage room

Useful Life: Up to every 25 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association fund interim paint finishes and interim replacement of the appliances as needed through the operating budget.

Rest Rooms

Line Item: 5.510

Quantity: Two common rest rooms located at the pool house. The rest room components include:

- Paint finishes on the walls and ceiling
- Light fixtures
- Plumbing fixtures
- Metal partitions

History: The partitions were recently replaced

Condition: Good overall

Rest room

Useful Life: Renovation up to every 20 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Roof, Asphalt Shingles

Line Item: 5.600

Quantity: 20 *squares* [2]

History: Exact age unknown

Condition: Good overall with minor discoloration evident. Management does not report any recent leaks or repairs.

[2] We quantify the roof area in squares where one square is equal to 100 square feet of surface area.

Asphalt shingle roof – Note minor discoloration

Asphalt shingle roof

Useful Life: 15- to 20-years

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Pool Elements

Concrete Deck

Line Item: 6.200

Quantity: 6,100 square feet

History: Management informs us the Association plans to conduct repairs and coat the deck in 2022 for approximately $42,000. We depict this expenditure in 2022 as requested by Management. Future Reserve Study updates will consider the need to adjust timing based on actual installation of the coating.

Condition: Good to fair overall with concrete cracks evident at the time of our inspection

Concrete deck – Note cracks

Concrete cracks

Previously repaired concrete cracks

Useful Life: The useful life of a concrete pool deck is up to 60 years or more with timely repairs. We recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years.

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
    - Inspect and repair large cracks, trip hazards, and possible safety hazards
    - Inspect and repair pool coping for cracks, settlement, heaves or sealant deterioration
    - coating repairs in areas with delamination and concrete spalling
    - Schedule periodic pressure cleanings as needed

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for the following per event:

- Selective cut out and replacements of up to ten percent (10%) of concrete
- Crack repairs as needed
- Mortar joint repairs
- Caulk replacement
- Coating replacement

Fence, Steel

Line Items: 6.400 and 6.405

Quantity: Approximately 360 linear feet

History: Likely original. The fence was painted in 2020.

Condition: Good overall

Pool fence overview

Pool fence overview

Useful Life: Up to 30 years with the benefit of paint finishes and repairs every six- to eight-years

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
    - Inspect and repair loose fasteners or sections, and damage
    - Repair leaning sections and clear vegetation from fence areas which could cause damage

Priority/Criticality: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Furniture

Line Item: 6.500

Quantity: The pool furniture includes the following:

- Chairs
- Lounges
- Tables
- Ladders and life safety equipment

History: Exact age unknown. Based on discussion with Management, we depict replacement in 2022.

Condition: Fair overall

Pool furniture

Useful Life: Up to 12 years

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend interim re-strapping, refinishing, and other repairs to the furniture as normal maintenance to maximize its useful life.

Mechanical Equipment

Line Item: 6.600

Quantity: The mechanical equipment includes the following:

- Automatic chlorinators
- Controls
- Filters
- Interconnected pipe, fittings and valves
- Pumps

History: Replaced as needed

Condition: Reported satisfactory

Pool mechanical equipment

Useful Life: Up to 15 years

Preventative Maintenance Notes: We recommend the Association maintain a maintenance contract with a qualified professional and follow the manufacturer's specific recommended maintenance and local, state and/or federal inspection guidelines.

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Failure of the pool mechanical equipment as a single event is unlikely. Therefore, we include replacement of up to fifty percent (50%) of the equipment per event. We consider interim replacement of motors and minor repairs as normal maintenance.

Pool Finishes, Plaster and Tile

Line Items: 6.800 and 6.801

Quantity: 4,100 square feet of plaster based on the horizontal surface area and approximately 620 linear feet of tile. This quantity also includes the wading pool.

History: The plaster finish was replaced in approximately 2016. Exact age of the tiles are unknown.

Condition: Good to fair overall based on our visual inspection

Pool overview

Pool plaster and tile finishes – Note algae

Wading pool

Useful Life: 8- to 12-years for the plaster and 15- to 25-years for the tile

Preventative Maintenance Notes: We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Semi-annually:
  - Inspect and patch areas of significant plaster delamination, coping damage and structure cracks
  - Inspect main drain connection and anti-entrapment covers, pressure test circulation piping and valves
  - Test handrails and safety features for proper operation

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. We recommend the Association budget for full tile and

coping replacement every other plaster replacement event. Removal and replacement of the finish provides the opportunity to inspect the pool structures and to allow for partial repairs of the underlying concrete surfaces as needed. To maintain the integrity of the pool structures, we recommend the Association budget for the following:

- Removal and replacement of the plaster finishes
- Partial replacements of the scuppers and coping as needed
- Replacement of tiles as needed
- Replacement of joint sealants as needed
- Concrete structure repairs as needed

Shade Structures

Line Items: 6.890 through 6.893

Quantity: Approximately 1,000 square feet comprising two shade structures at the pool area

History: The shade structure by the wading pool is original to construction in 2019. Exact age of the older shade structure is unknown. The canvas at the older shade structure was replaced in 2019.

Condition: Good overall

Recently installed shade structure

Older shade structure

Useful Life: Six- to eight-years to replace the canvas and 15- to 20-years for total replacement

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Structure and Deck

Line Item: 6.900

Quantity: Approximately 4,100 square feet of horizontal surface area

History: Original

Conditions: Visually appear in good condition. The concrete floor and walls have a plaster finish. This finish makes it difficult to thoroughly inspect the concrete structure during a noninvasive visual inspection.

Useful Life: 60+ years

Component Detail Notes: The need to replace a pool structure depends on the condition of the concrete structure, the condition of the embedded or concealed water circulation piping, possible long term uneven settlement of the structure, and the increasing cost of repair and maintenance. Deterioration of any one of these component systems could result in complete replacement of the pool. For example, deferral of a deteriorated piping system could result in settlement and cracks in the pool structure. This mode of failure is more common as the system ages and deterioration of the piping system goes undetected. For reserve budgeting purposes, we recommend Pheasant Creek plan to replace the following components:

- Concrete decks
- Pool structure
- Subsurface piping

Priority/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3.

Reserve Study Update

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

- Deferred or accelerated capital projects based on Board discretion
- Changes in the interest rates on reserve investments
- Changes in the *local* construction inflation rate
- Additions and deletions to the Reserve Component Inventory
- The presence or absence of maintenance programs
- Unusually mild or extreme weather conditions
- Technological advancements

Periodic updates incorporate these variable changes since the last Reserve Study or Update. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. Budgeting for an Update demonstrates the Board's objective to continue fulfilling its fiduciary responsibility to maintain the commonly owned property and to fund reserves appropriately.

5. METHODOLOGY

Reserves for replacement are the amounts of money required for future expenditures to repair or replace Reserve Components that wear out before the entire facility or project wears out. Reserving funds for future repair or replacement of the Reserve Components is also one of the most reliable ways of protecting the value of the property's infrastructure and marketability.

Pheasant Creek can fund capital repairs and replacements in any combination of the following:

1. Increases in the operating budget during years when the shortages occur
2. Loans using borrowed capital for major replacement projects
3. Level annual reserve assessments annually adjusted upward for inflation to increase reserves to fund the expected major future expenditures
4. Special assessments

We do not advocate special assessments or loans unless near term circumstances dictate otherwise. Although loans provide a gradual method of funding a replacement, the costs are higher than if the Association were to accumulate reserves ahead of the actual replacement. Interest earnings on reserves also accumulate in this process of saving or reserving for future replacements, thereby defraying the amount of gradual reserve collections. We advocate the third method of *Level Monthly Reserve Assessments* with relatively minor annual adjustments. The method ensures that Homeowners pay their "fair share" of the weathering and aging of the commonly owned property each year. Level reserve assessments preserve the property and enhance the resale value of the homes.

This Reserve Study is in compliance with and exceeds the National standards[1] set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level II Reserve Study Update." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- Local[2] costs of material, equipment and labor
- Current and future costs of replacement for the Reserve Components
- Costs of demolition as part of the cost of replacement
- Local economic conditions and a historical perspective to arrive at our estimate of long term future inflation for construction costs in Sugar Land, Texas at an annual inflation rate[3]. Isolated or regional markets of greater

[1] Identified in the APRA "Standards - Terms and Definitions" and the CAI "Terms and Definitions".
[2] See Credentials for additional information on our use of published sources of cost data.
[3] Derived from Marshall & Swift, historical costs and the Bureau of Labor Statistics.

construction (development) activity may experience slightly greater rates of inflation for both construction materials and labor.

- The past and current maintenance practices of Pheasant Creek and their effects on remaining useful lives
- Financial information provided by the Association pertaining to the cash status of the reserve fund and budgeted reserve contribution
- The anticipated effects of appreciation of the reserves over time in accord with a return or yield on investment of your cash equivalent assets. (We did not consider the costs, if any, of Federal and State Taxes on income derived from interest and/or dividend income).
- The Funding Plan excludes necessary operating budget expenditures. It is our understanding that future operating budgets will provide for the ongoing normal maintenance of Reserve Components.

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

6. CREDENTIALS

HISTORY AND DEPTH OF SERVICE

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

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

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

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

TOTAL STAFF INVOLVEMENT

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

OUR GOAL

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

VAST EXPERIENCE WITH A VARIETY OF BUILDINGS

Reserve Advisors has conducted reserve studies for a multitude of different communities and building types. We've analyzed thousands of buildings, from as small as a 3,500-square foot day care center to the 2,600,000-square foot 98-story Trump International Hotel and Tower in Chicago. We also routinely inspect buildings with various types of mechanical systems such as simple electric heat, to complex systems with air handlers, chillers, boilers, elevators, and life safety and security systems.

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

OLD TO NEW

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

JAISON T. THOMAS
Responsible Advisor

CURRENT CLIENT SERVICES

Jaison T. Thomas, a Mechanical Engineer, is an advisor for Reserve Advisors. Mr. Thomas is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. He also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. He is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for apartments, condominiums, townhomes and homeowner associations.

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

Foresters Pond Condominiums - This condominium association in Houston, Texas containing 118 units in 14 buildings was constructed in the early 1960's. The exteriors of the condominiums comprise of a combination of masonry walls and wood siding construction, asphalt shingle roofs, wood framed balconies with concrete thinset toppings and staircases. The community includes a clubhouse, pool, asphalt parking areas, carports, and perimeter walls.

Seven Meadow's Community Association, Inc. - This single family home community contains over 2,000 residential homes and is located in Katy, Texas. Features of this community include two pools, two pool houses, a combination of panelized concrete and masonry perimeter walls, two tennis courts, ponds, playgrounds and a clubhouse including conference rooms, a fitness room and a theater room.

Easton Park Townhomes Owners Association, Inc. - A townhome community in Charlotte, North Carolina containing 33 units in 11 buildings. The townhomes comprise of a combination of brick walls and fiber cement siding. Features of this property include retention ponds, lift station, asphalt streets, street pavers, masonry perimeter walls and masonry retaining walls.

Villages of Northpointe Community Association, Inc. - Located in Tomball, Texas, Villages of Northpointe comprises 919 single family homes. The community includes a main amenity center with a clubhouse, pool, playground equipment and outdoor exercise stations. Throughout the site, the Association maintains numerous fences, perimeter walls, and landscaped and irrigated areas. The community also includes a gated section which utilizes a separate expenditures and funding plan.

Skyecroft Homeowners Association, Inc. - This single family home community contains 208 residential homes and is located in Waxhaw, North Carolina. The community includes a pool, tennis courts, playground equipment, large quantities of asphalt streets and a clubhouse including a meeting room, library and a bar room. The community also includes an extensive drainage system which utilizes 22 ponds throughout the community.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Thomas completed the bachelors program in Mechanical Engineering from the University of Houston. Following his studies, he worked as a field engineer in refineries and also as a design engineer where he designed heat tracing circuits for piping in refineries and power plants.

EDUCATION

University of Houston - B.S. Mechanical Engineering

PROFESSIONAL AFFILIATIONS

Engineer in Training (E.I.T.) - State of Texas
Reserve Specialist (RS) – Community Associations Institute

ALAN M. EBERT, P.E., PRA, RS
Director of Quality Assurance

CURRENT CLIENT SERVICES

Alan M. Ebert, a Professional Engineer, is the Director of Quality Assurance for Reserve Advisors. Mr. Ebert is responsible for the management, review and quality assurance of reserve studies. In this role, he assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Mr. Ebert has been involved with thousands of Reserve Study assignments. The following is a partial list of clients served by Alan Ebert demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.

Brownsville Winter Haven Located in Brownsville, Texas, this unique homeowners association contains 525 units. The Association maintains three pools and pool houses, a community and management office, landscape and maintenance equipment, and nine irrigation canals with associated infrastructure.

Rosemont Condominiums This unique condominium is located in Alexandria, Virginia and dates to the 1940's. The two mid-rise buildings utilize decorative stone and brick masonry. The development features common interior spaces, multi-level wood balconies and common asphalt parking areas.

Stillwater Homeowners Association Located in Naperville, Illinois, Stillwater Homeowners Association maintains four tennis courts, an Olympic sized pool and an upscale ballroom with commercial-grade kitchen. The community also maintains three storm water retention ponds and a detention basin.

Birchfield Community Services Association This extensive Association comprises seven separate parcels which include 505 townhome and single family homes. This Community Services Association is located in Mt. Laurel, New Jersey. Three lakes, a pool, a clubhouse and management office, wood carports, aluminum siding, and asphalt shingle roofs are a few of the elements maintained by the Association.

Oakridge Manor Condominium Association Located in Londonderry, New Hampshire, this Association includes 104 units at 13 buildings. In addition to extensive roads and parking areas, the Association maintains a large septic system and significant concrete retaining walls.

Memorial Lofts Homeowners Association This upscale high rise is located in Houston, Texas. The 20 luxury units include large balconies and decorative interior hallways. The 10-story building utilizes a painted stucco facade and TPO roof, while an on-grade garage serves residents and guests.

PRIOR RELEVANT EXPERIENCE

Mr. Ebert earned his Bachelor of Science degree in Geological Engineering from the University of Wisconsin-Madison. His relevant course work includes foundations, retaining walls, and slope stability. Before joining Reserve Advisors, Mr. Ebert was an oilfield engineer and tested and evaluated hundreds of oil and gas wells throughout North America.

EDUCATION

University of Wisconsin-Madison - B.S. Geological Engineering

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado
Reserve Specialist (RS) **-** Community Associations Institute
Professional Reserve Analyst (PRA) **-** Association of Professional Reserve Analysts

NICOLE L. LOWERY, PRA, RS
Associate Director of Quality Assurance

CURRENT CLIENT SERVICES

Nicole L. Lowery, a Civil Engineer, is an Associate Director of Quality Assurance for Reserve Advisors. Ms. Lowery is responsible for the management, review and quality assurance of reserve studies. In this role, she assumes the responsibility of stringent report review analysis to assure report accuracy and the best solution for Reserve Advisors' clients.

Ms. Lowery has been involved with hundreds of Reserve Study assignments. The following is a partial list of clients served by Nicole Lowery demonstrating her breadth of experiential knowledge of community associations in construction and related buildings systems.

Amelia Surf & Racquet Club This oceanfront condominium community comprises 156 units in three mid rise buildings. This Fernandina Beach, Florida development contains amenities such as clay tennis courts, two pools and boardwalks.

Ten Museum Park This boutique, luxury 50-story high rise building in downtown Miami, Florida consists of 200 condominium units. The amenities comprise six pools including resistance and plunge pools, a full-service spa and a state-of-the-art fitness center. The property also contains a multi-level parking garage.

3 Chisolm Street Homeowners Association This historic Charleston, South Carolina community was constructed in 1929 and 1960 and comprises brick and stucco construction with asphalt shingle and modified bitumen roofs. The unique buildings were originally the Murray Vocational School. The buildings were transformed in 2002 to 27 high-end condominiums. The property includes a courtyard and covered parking garage.

Lakes of Pine Run Condominium Association This condominium community comprises 112 units in 41 buildings of stucco construction with asphalt shingle roofs. Located in Ormond Beach, Florida, it has a domestic water treatment plant and wastewater treatment plant for the residents of the property.

Rivertowne on the Wando Homeowners Association This exclusive river front community is located on the Wando River in Mount Pleasant, South Carolina. This unique Association includes several private docks along the Wando River, a pool and tennis courts for use by its residents.

Biltmore Estates Homeowners Association This private gated community is located in Miramar, Florida, just northwest of Miami, Florida and consists of 128 single family homes. The lake front property maintains a pool, a pool house and private streets.

Bellavista at Miromar Lakes Condominium Association Located in the residential waterfront resort community of Miromar Lakes Beach & Golf Club in Fort Myers, Florida, this property comprises 60 units in 15 buildings. Amenities include a clubhouse and a pool.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Ms. Lowery was a project manager with Kipcon in New Brunswick, New Jersey and the Washington, D.C. Metro area for eight years, where she was responsible for preparing reserve studies and transition studies for community associations. Ms. Lowery successfully completed the bachelors program in Civil Engineering from West Virginia University in Morgantown, West Virginia.

EDUCATION

West Virginia University - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS / DESIGNATIONS

Reserve Specialist (RS) - Community Associations Institute
Professional Reserves Analyst (PRA) - Association of Professional Reserve Analysts

RESOURCES

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

Association of Construction Inspectors, (ACI) the largest professional organization for those involved in construction inspection and construction project management. ACI is also the leading association providing standards, guidelines, regulations, education, training, and professional recognition in a field that has quickly become important procedure for both residential and commercial construction, found on the web at www.iami.org.

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

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

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

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

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

7. DEFINITIONS

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

Cash Flow Method - A method of calculating Reserve Contributions where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of reserve expenses until the desired funding goal is achieved.

Component Method - A method of developing a Reserve Funding Plan with the total contribution is based on the sum of the contributions for individual components.

Current Cost of Replacement - That amount required today derived from the quantity of a *Reserve Component* and its unit cost to replace or repair a Reserve Component using the most current technology and construction materials, duplicating the productive utility of the existing property at current *local* market prices for *materials*, *labor* and manufactured equipment, contractors' overhead, profit and fees, but without provisions for building permits, overtime, bonuses for labor or premiums for material and equipment. We include removal and disposal costs where applicable.

Fully Funded Balance - The Reserve balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost similar to Total Accrued Depreciation.

Funding Goal (Threshold) - The stated purpose of this Reserve Study is to determine the adequate, not excessive, minimal threshold reserve balances.

Future Cost of Replacement - *Reserve Expenditure* derived from the inflated current cost of replacement or current cost of replacement as defined above, with consideration given to the effects of inflation on local market rates for materials, labor and equipment.

Long-Lived Property Component - Property component of Pheasant Creek responsibility not likely to require capital repair or replacement during the next 30 years with an unpredictable remaining Useful Life beyond the next 30 years.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life - The estimated remaining functional or useful time in years of a *Reserve Component* based on its age, condition and maintenance.

Reserve Component - Property elements with: 1) Pheasant Creek responsibility; 2) limited Useful Life expectancies; 3) predictable Remaining Useful Life expectancies; and 4) a replacement cost above a minimum threshold.

Reserve Component Inventory - Line Items in ***Reserve Expenditures*** that identify a *Reserve Component*.

Reserve Contribution - An amount of money set aside or *Reserve Assessment* contributed to a *Reserve Fund* for future *Reserve Expenditures* to repair or replace *Reserve Components*.

Reserve Expenditure - Future Cost of Replacement of a Reserve Component.

Reserve Fund Status - The accumulated amount of reserves in dollars at a given point in time, i.e., at year end.

Reserve Funding Plan - The portion of the Reserve Study identifying the *Cash Flow Analysis* and containing the recommended Reserve Contributions and projected annual expenditures, interest earned and reserve balances.

Reserve Study - A budget planning tool that identifies the current status of the reserve fund and a stable and equitable Funding Plan to offset the anticipated future major common area expenditures.

Useful Life - The anticipated total time in years that a *Reserve Component* is expected to serve its intended function in its present application or installation.

8. PROFESSIONAL SERVICE CONDITIONS

Our Services - Reserve Advisors, LLC (RA) performs its services as an independent contractor in accordance with our professional practice standards and its compensation is not contingent upon our conclusions. The purpose of our reserve study is to provide a budget planning tool that identifies the current status of the reserve fund, and an opinion recommending an annual funding plan to create reserves for anticipated future replacement expenditures of the property.

Our inspection and analysis of the subject property is limited to visual observations, is noninvasive and is not meant to nor does it include investigation into statutory, regulatory or code compliance. RA inspects sloped roofs from the ground and inspects flat roofs where safe access (stairs or ladder permanently attached to the structure) is available. The report is based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in our report. The inspection is made by employees generally familiar with real estate and building construction but in the absence of invasive testing RA cannot opine on, nor is RA responsible for, the structural integrity of the property including its conformity to specific governmental code requirements for fire, building, earthquake, and occupancy, or any physical defects that were not readily apparent during the inspection.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the report. RA does not investigate, nor assume any responsibility for any existence or impact of any hazardous materials, such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, environmental mold or other potentially hazardous materials or structural defects that are latent or hidden defects which may or may not be present on or within the property. RA does not make any soil analysis or geological study as part of its services; nor does RA investigate water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions. RA assumes no responsibility for any such conditions. The Report contains opinions of estimated costs and remaining useful lives which are neither a guarantee of the actual costs of replacement nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. You agree to indemnify and hold RA 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 supplied by you or others under your direction, or which may result from any improper use or reliance on the Report by you or third parties under your control or direction. Your obligation for indemnification and reimbursement shall extend to any director, officer, employee, affiliate, or agent of RA. Liability of RA and its employees, affiliates, and agents for errors and omissions, if any, in this work is limited to the amount of its compensation for the work performed in this engagement.

Report - RA completes the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations and is deemed complete. RA, however, considers any additional information made available to us within 6 months of issuing the Report if a timely request for a revised Report is made. RA retains the right to withhold a revised Report if payment for services was not tendered in a timely manner. All information received by RA and all files, work papers or documents developed by RA during the course of the engagement shall remain the property of RA and may be used for whatever purpose it sees fit.

Your Obligations - You agree to provide us access to the subject property for an on-site visual inspection You agree to provide RA all available, historical and budgetary information, the governing documents, and other information that we request and deem necessary to complete the Report. You agree to pay actual attorneys' fees and any other costs incurred to collect on any unpaid balance for RA's services.

Use of Our Report and Your Name - Use of this Report is limited to only the purpose stated herein. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and you shall hold RA harmless from any consequences of such use. Use by any unauthorized third party is unlawful. The Report in whole or in part ***is not and cannot be used*** *as a design specification for design engineering purposes or as an appraisal.* You may show our Report in its entirety to the following third parties: members of your organization, your accountant, attorney, financial institution and property manager who need to review the information contained herein. Without the written consent of RA, you shall not disclose the Report to any other third party. The Report contains intellectual property developed by RA and ***shall not be reproduced or distributed to any party that conducts reserve studies without the written consent of RA.***

RA will include your name in our client lists. RA reserves the right to use property information to obtain estimates of replacement costs, useful life of property elements or otherwise as RA, in its sole discretion, deems appropriate.

Payment Terms, Due Dates and Interest Charges - Retainer payment is due upon authorization and prior to inspection. The balance is due net 30 days from the report shipment date. Any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Any litigation necessary to collect an unpaid balance shall be venued in Milwaukee County Circuit Court for the State of Wisconsin.