

The Lakes of South Shore Harbour Community Association

Inspected on: August 20, 2025 • Revised on: May 21, 2026
League City, TX

FULL RESERVE STUDY



THE LAKES
SOUTH SHORE HARBOUR



Long-term thinking. Everyday commitment.

The Lakes of South Shore Harbour Community Association
League City, Texas

Dear Board of Directors of The Lakes of South Shore Harbour Community Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Full Reserve Study* of The Lakes of South Shore Harbour Community Association in League City, Texas and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, August 20, 2025.

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

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 The Lakes of South Shore Harbour Community Association 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 May 21, 2026 by

Reserve Advisors, LLC

Visual Inspection and Report by: Caitlin Tatro

Review by: Casey M. Lewis, RS¹, Regional Engineering Manager

Alan M. Ebert, RS, PRA², 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>.



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1. RESERVE STUDY EXECUTIVE SUMMARY

Client: The Lakes of South Shore Harbour Community Association (Lakes of South Shore Harbour)

Location: League City, Texas

Reference: 080523

Property Basics: The Lakes of South Shore Harbour Community Association is a homeowners association which is responsible for the common elements shared by 1,187 single family homes. The community was built from 2009 to 2019.

Reserve Components Identified: 37 Reserve Components.

Inspection Date: August 20, 2025.

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 2055 due to the partial replacement of the vinyl bulkheads. In addition, the Reserve Funding Plan recommends 2055 year end accumulated reserves of approximately \$1,947,400. We judge this amount of accumulated reserves in 2055 necessary to fund the likely partial replacement of the vinyl bulkheads after 2055. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2055 year end reserves.

Methodology: 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
- 2.7% anticipated annual rate of return on invested reserves
- 3.3% 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:

- \$423,100 as of July 28, 2025
- 2025 budgeted Reserve Contributions of \$204,023
- A potential deficit in reserves might occur by 2038 based upon continuation of the most recent annual reserve contribution of \$204,023 and the identified Reserve Expenditures.

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:

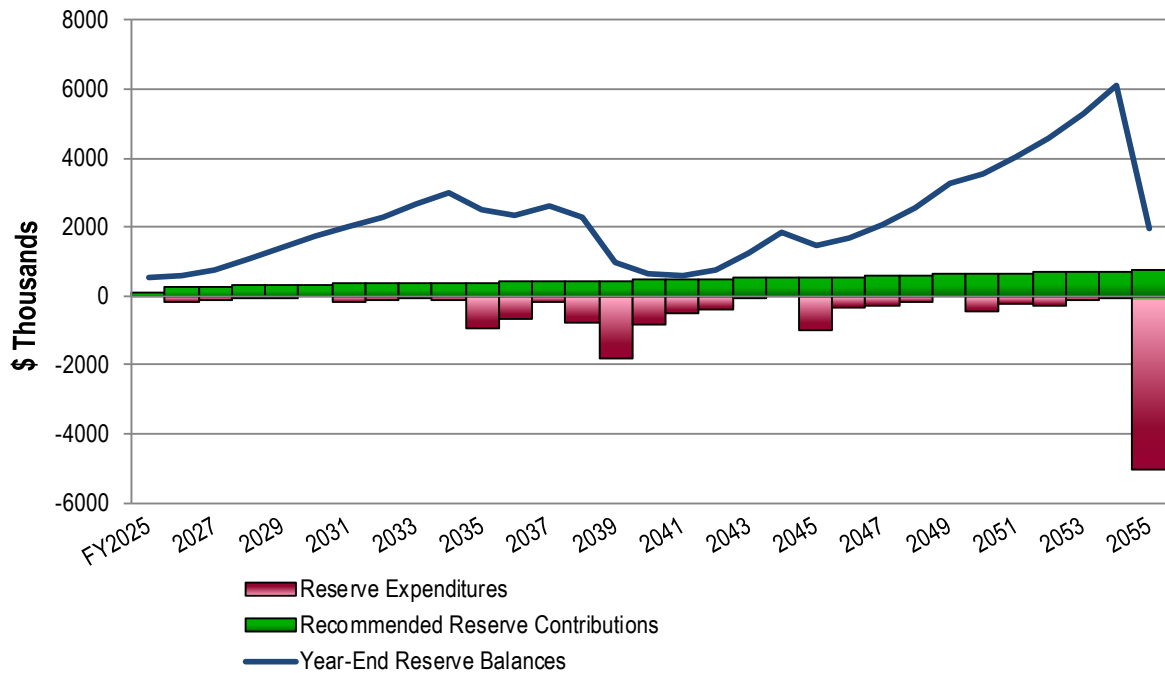
- Stain applications to the wood fencing
- Replacement of 2 lake aerators
- Erosion control at Tucker Road Lake
- Inspections and capital repairs to the concrete perimeter walls
- Repairs to the Monuments

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

- Phased increases of \$36,100 each year, from 2026 through 2028
- Inflationary increases thereafter through 2055, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$36,077 represents an average monthly increase of \$2.53 per owner and about a three percent (3.2%) adjustment in the 2025 Total Budget of \$1,140,298.

**Lakes of South Shore Harbour
Recommended Reserve Funding Table and Graph**

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2026	240,100	595,500	2036	404,800	2,314,287	2046	560,100	1,690,999
2027	276,200	745,797	2037	418,200	2,597,028	2047	578,600	2,044,137
2028	312,300	1,057,090	2038	432,000	2,308,688	2048	597,700	2,552,296
2029	322,600	1,385,466	2039	446,300	989,677	2049	617,400	3,246,943
2030	333,200	1,760,572	2040	461,000	643,241	2050	637,800	3,511,028
2031	344,200	2,006,972	2041	476,200	610,651	2051	658,800	4,032,240
2032	355,600	2,279,593	2042	491,900	753,038	2052	680,500	4,560,004
2033	367,300	2,675,949	2043	508,100	1,260,148	2053	703,000	5,292,225
2034	379,400	2,984,828	2044	524,900	1,826,158	2054	726,200	6,097,060
2035	391,900	2,504,933	2045	542,200	1,444,968	2055	750,200	1,947,432



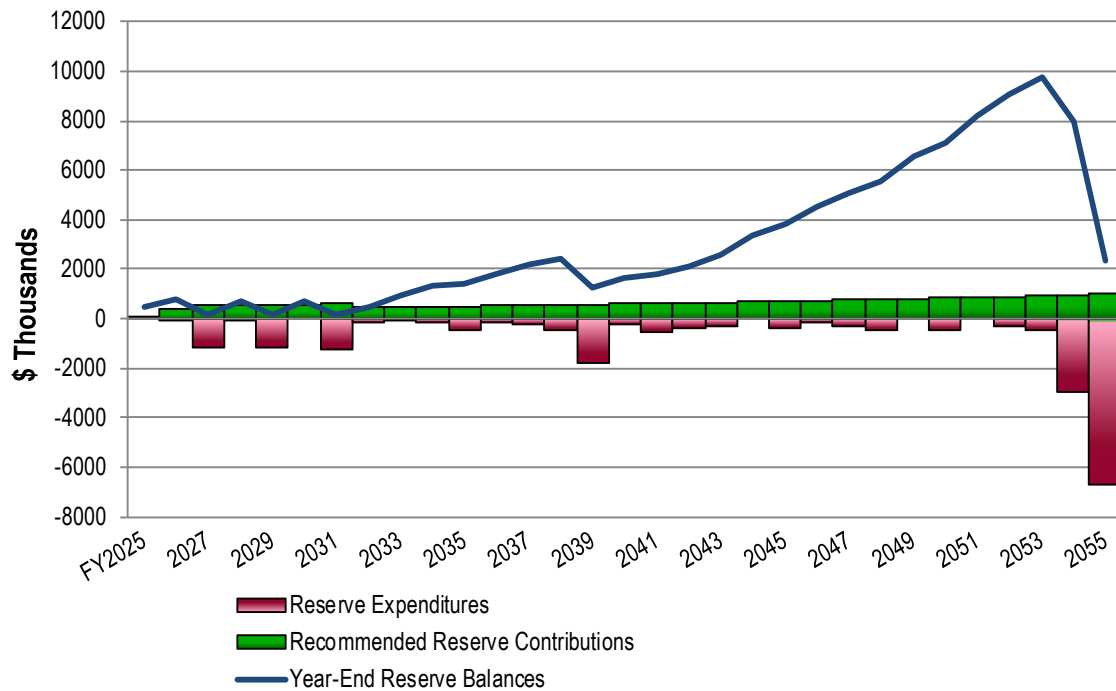


Alternate Reserve Funding: At the request of Management and the Board we have included an alternate funding plan which includes a full replacement of the existing concrete perimeter wall with a masonry perimeter wall. This also includes subsequent interim repairs to the perimeter wall. We recommend the following in order to achieve a stable and equitable Cash Flow Methodology Funding Plan:

- Phased increases of \$160,000 each year, from 2026 through 2027
- Inflationary increases from 2028 through 2031
- Decrease to \$468,000 by 2032 due to fully funding for replacement of the concrete perimeter walls
- Inflationary increases thereafter through 2055, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$159,977 represents an average monthly increase of \$11.23 per owner and about a fourteen percent (14.0%) adjustment in the 2025 Total Budget of \$1,140,298.
- These recommended Reserve Contributions ensure that each owner funds their use of the Association maintained elements annually. The actual Reserve Contributions approved by Management and the Board may vary based on factors external to the Reserve Study such as the financial impact on owners, desire to utilize funding mechanisms other than reserves and the market value of the units. We include stepped or phased annual increases in the Reserve Contribution based on the current financial conditions of the Association, significant recommended Reserve Contributions and the critical Reserve Balances. Any phase in the required Reserve Contribution increase defers the cost burden to future owners. We therefore limit the number of phased increases to limit the deferred cost burden to future owners. We opine this funding method adheres to APRA Standards of Practice which state in part "... any Funding Plan shall meet the Following Funding Principles: Sufficient funds when required, stable contribution rate over the years, evenly distributed contributions over the years, and fiscally responsible."

**Lakes of South Shore Harbour (Alternate)
Recommended Reserve Funding Table and Graph**

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2026	364,000	828,227	2036	532,900	1,827,117	2046	737,500	4,494,303
2027	524,000	183,702	2037	550,500	2,230,790	2047	761,800	5,108,803
2028	541,300	711,910	2038	568,700	2,409,361	2048	786,900	5,566,395
2029	559,200	147,915	2039	587,500	1,236,174	2049	812,900	6,540,562
2030	577,700	737,408	2040	606,900	1,655,920	2050	839,700	7,098,200
2031	596,800	140,059	2041	626,900	1,803,406	2051	867,400	8,168,961
2032	468,000	476,191	2042	647,600	2,135,800	2052	896,000	9,026,826
2033	483,400	941,522	2043	669,000	2,566,958	2053	925,600	9,722,894
2034	499,400	1,325,191	2044	691,100	3,336,696	2054	956,100	7,951,782
2035	515,900	1,381,113	2045	713,900	3,799,773	2055	987,700	2,351,341





2.RESERVE STUDY REPORT

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

The Lakes of South Shore Harbour Community Association

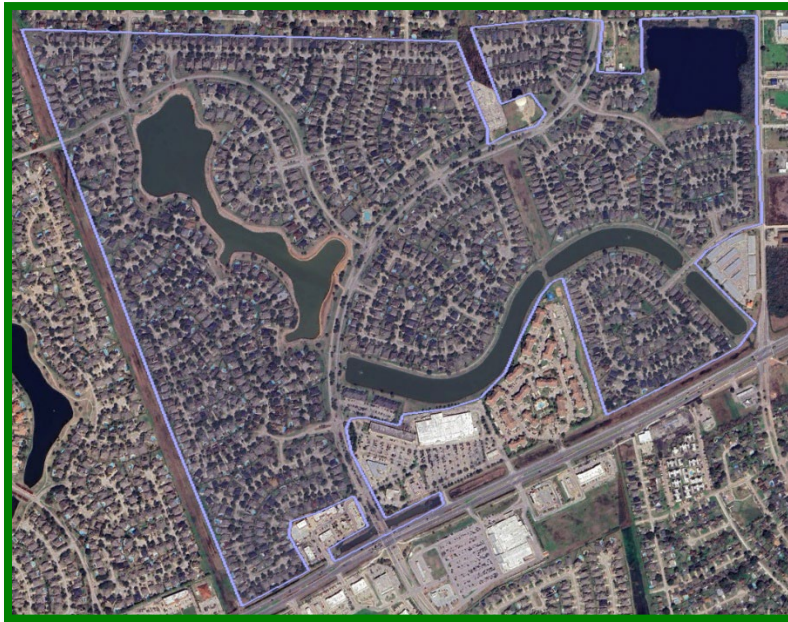
League City, Texas

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, August 20, 2025.

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 or which were identified as part of your request for proposed services. 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 Owners 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 and the Board. These classes of property include:

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

We advise the Board to 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. Reserve Components are defined by CAI as property elements with:

- Lakes of South Shore Harbour responsibility
- Limited useful life expectancies
- Predictable remaining useful life expectancies
- Replacement cost above a minimum threshold

The following tables depict the items excluded from the Reserve Expenditure plan:

Excluded Components

for

**The Lakes of South Shore
Harbour Community Association**

League City, Texas

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than \$5,000 (These relatively minor expenditures have a limited effect on the recommended Reserve Contributions.)

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.

- Catch Basins, Landscape
- Fence, Metal, Paint Finishes, Pool House
- Gazebo, Playground, Island Crossing Lane, Interim Paint Finishes
- Irrigation System, Controls and Maintenance
- Landscape
- Paint Finishes, Touch Up
- Playground Equipment, Mulch Replenishments
- Shade Structures, Paint Finishes
- Shutters, Vinyl (Pool House)
- Signage, Miscellaneous
- Signage, Monuments, Interim Glass Replacements
- Storage Rooms, Interim Paint Finishes and Repairs, Pool House
- Tennis Courts, Windscreens
- Walls, Masonry, Inspections and Repairs, Pool House
- Water Slide, Interim Repairs

Long-Lived Components

These elements may not have predictable Remaining Useful Lives or their replacement may occur beyond the scope of this 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.

	Useful Life	Estimated Cost
• Concrete Inlet/Outlet Structures	to 85+	N/A
• Electrical System, Pool House	to 70+	N/A
• Foundation, Pool House	Indeterminate	N/A
• Pipes, Interior Building, Domestic Water, Sanitary Waste, Vent, Pool House (Replaced all Plumbing in 2023 due to a freeze)	to 85+	N/A
• Pipes, Subsurface Utilities	to 85+	N/A
• Structural Frame, Pool House	Indeterminate	N/A
• Structures and Deck, Total Replacement	to 65	N/A

Excluded Components

for
The Lakes of South Shore
Harbour Community Association
League City, Texas

Owners Responsibility Components

Certain items have been designated as the responsibility of the Owners to repair or replace at their cost, including items billed back.

- Homes and Lots
- Mailbox Stations

Others Responsibility Components

Certain items have been designated as the responsibility of Others to repair or replace.

- Concrete Sidewalks (Exl. Common Areas; League City)
- Fence, Chain Link, 6060 South Shore Blvd (League City Water Production Department)
- Lakes, Bulkheads, Concrete, Inspections and Capital Repairs, East and West Entrance (League City)
- Lakes, Sediment Removal, East and West Entrance (League City)
- Light Poles and Fixtures (Texas New Mexico Power)
- Street Systems (League City)
- Streets, Bridges (Incl. Railings; League City)

Excluded Component Images



Concrete inlet/outlet structure overview



Entrance bulkhead overview

Excluded Components

for
The Lakes of South Shore
Harbour Community Association
League City, Texas

Excluded Component Images (Continued)



Light pole and fixture overview

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
- 2025 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
- Predicted reserves based on current funding level

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***.

RESERVE EXPENDITURES

The Lakes of South Shore
Harbour Community Association
League City, Texas

Explanatory Notes:

- 1) 3.3% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2025 is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040	
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																		
Property Site Elements																												
4.280	6,820	6,820	Linear Feet	Fences, Wood, Paint Finishes	2027	4 to 6	2	10.00	68,200	68,200	3.8%			72,775					85,603						100,690			
4.285	6,820	6,820	Linear Feet	Fences, Wood, Replacement	2041	15 to 20	16	44.00	300,080	300,080	3.4%																	
4.360	1	1	Each	Gazebo, Playground, Island Crossing Lane	2038	30 to 35	13	7,000.00	7,000	7,000	0.1%														10,676			
4.420	650,000	130,000	Square Feet	Irrigation System, Phased	2035	to 40+	10 to 30	1.00	130,000	650,000	8.6%											179,865					211,567	
4.505	7	2	Each	Lakes, Aerators, Phased (2026 Planned)	2026	10 to 15	1 to 11	25,300.00	58,949	177,100	4.6%		52,270						78,955				84,252		89,904			
4.512	16,100	16,100	Linear Feet	Lakes, Bulkheads, Vinyl, Inspections and Capital Repairs, Austin and Kroger Lake	2039	10 to 15	14	70.00	1,127,000	1,127,000	11.9%															1,775,532		
4.513	16,100	8,050	Linear Feet	Lakes, Bulkheads, Vinyl, Replacement, Austin and Kroger Lake, Phased	2055	to 35	30 to 32	150.00	1,207,500	2,415,000	21.5%																	
4.515	3,340	500	Linear Feet	Lakes, Erosion Control, Partial (Excl. Austin and Kroger Lakes)	2028	to 15	3 to 30+	9.00	4,500	30,060	0.1%				4,960													
4.516	229,000	19,085	Square Yards	Lakes, Sediment Removal, Partial	2035	to 30	10 to 30+	17.00	324,445	3,893,000	13.0%											448,895						
4.640	8,900	4,450	Linear Feet	Perimeter Walls, Panelized Concrete, Inspections and Capital Repairs, Phased	2026	8 to 12	1 to 6	23.00	102,350	204,700	4.5%		105,728					124,363										
4.641	8,900	2,967	Linear Feet	Perimeter Walls, Panelized Concrete, Replacement, Phased	2036	to 35	11 to 15	125.00	370,834	1,112,500	11.4%												530,008		565,566		603,509	
4.660	1	1	Allowance	Playground Equipment, Brook Arbor Lane	2035	15 to 20	10	14,000.00	14,000	14,000	0.4%												19,370					
4.661	1	1	Allowance	Playground Equipment, Island Crossing Lane	2038	15 to 20	13	35,000.00	35,000	35,000	0.4%														53,379			
4.662	1	1	Allowance	Playground Equipment, Pool house	2035	15 to 20	10	123,000.00	123,000	123,000	3.3%												170,180					
4.663	1	1	Allowance	Playground Equipment, Woodcock Street	2039	15 to 20	14	11,000.00	11,000	11,000	0.1%															17,330		
4.800	4	1	Allowance	Signage, Monuments, Phased	2027	15 to 20	2 to 17	21,000.00	21,000	84,000	1.4%			22,409					26,359						31,004			
4.820	2	1	Allowance	Site Furniture, Phased	2026	15 to 20	1 to 11	8,250.00	8,250	16,500	0.2%		8,522										11,791					
4.840	480	480	Linear Feet	Tennis Courts, Fence	2031	to 25	6	40.50	19,440	19,440	0.2%								23,621									
4.855	12,000	12,000	Square Feet	Tennis Courts, Surface, Color Coat	2027	4 to 6	2	1.00	12,000	12,000	0.7%			12,805					15,062						17,717			
4.860	12,000	12,000	Square Feet	Tennis Courts, Surface, Replacement	2042	to 40	17	14.00	168,000	168,000	2.0%																	
Pool House Elements																												
5.100	1,780	1,780	Square Feet	Concrete Flooring, Coating Applications	2027	10 to 15	2	4.00	7,120	7,120	0.2%			7,598											10,512			
5.150	22	22	Each	Light Fixtures	2028	to 25	3	100.00	2,200	2,200	0.1%					2,425												
5.580	2	2	Each	Rest Rooms, Renovation, Pool House	2028	to 25	3	8,000.00	16,000	16,000	0.4%				17,637													
5.600	32	32	Squares	Roof Assembly (Incl. Pavilion)	2042	15 to 20	17	710.00	22,720	22,720	0.3%																	
5.720	1	1	Allowance	Security System, Access System	2037	10 to 15	12	10,000.00	10,000	10,000	0.3%													14,764				
5.760	1	1	Allowance	Walls, Siding, Paint Finishes and Capital Repairs (Incl. Soffits and Fascia)	2032	6 o 8	7	10,400.00	10,400	10,400	0.5%								13,054							16,385		
5.770	1	1	Allowance	Water Fountain and Outdoor Shower	2026	10 to 15	1	6,000.00	6,000	6,000	0.2%		6,198												9,151			
5.800	300	300	Square Feet	Windows and Doors	2038	to 35	13	77.00	23,100	23,100	0.2%														35,230			
Pool Elements																												
6.200	8,870	8,870	Square Feet	Concrete Deck, Partial Replacements and Repairs (Incl. Concrete Coping)	2027	8 to 12	2	2.00	17,740	17,740	0.5%			18,930										26,191				
6.400	420	420	Linear Feet	Fence, Metal, Replacement	2038	to 35	13	34.00	14,280	14,280	0.1%														21,779			
6.500	2	1	Allowance	Furniture, Phased	2029	to 12	4 to 11	12,500.00	12,500	25,000	0.7%					14,233							17,865					
6.600	2	1	Allowance	Mechanical Equipment, Phased	2029	to 15	4 to 11	11,000.00	11,000	22,000	0.5%					12,525								15,722				
6.800	3,270	3,270	Square Feet	Pool Finishes, Plaster	2035	8 to 12	10	15.50	50,685	50,685	2.0%											70,127						
6.801	710	710	Linear Feet	Pool Finishes, Tile	2035	15 to 25	10	57.50	40,825	40,825	1.1%												56,485					
6.865	3	3	Each	Shade Structures, Canvas	2027	6 to 8	2	2,890.00	8,670	8,670	0.3%			9,252													14,110	
6.870	3	3	Each	Shade Structures, Replacement	2033	20 to 25	8	9,500.00	28,500	28,500	0.7%								36,953									
6.980	2	2	Each	Water Slide, Replacement	2034	to 25	9	25,000.00	50,000	50,000	0.4%										66,969							
Anticipated Expenditures, By Year (\$14,889,571 over 30 years)												0	172,718	143,769	25,022	26,759	0	147,984	140,077	36,953	145,924	944,921	659,639	200,879	785,685	1,809,246	829,186	

RESERVE EXPENDITURES

The Lakes of South Shore
Harbour Community Association
League City, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055	
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																	
Property Site Elements																											
4.280	6,820	6,820	Linear Feet	Fences, Wood, Paint Finishes	2027	4 to 6	2	10.00	68,200	68,200	3.8%							139,313					163,868				
4.285	6,820	6,820	Linear Feet	Fences, Wood, Replacement	2041	15 to 20	16	44.00	300,080	300,080	3.4%	504,478															
4.360	1	1	Each	Gazebo, Playground, Island Crossing Lane	2038	30 to 35	13	7,000.00	7,000	7,000	0.1%																
4.420	650,000	130,000	Square Feet	Irrigation System, Phased	2035	to 40+	10 to 30	1.00	130,000	650,000	8.6%					248,857					292,719					344,313	
4.505	7	2	Each	Lakes, Aerators, Phased (2026 Planned)	2026	10 to 15	1 to 11	25,300.00	58,949	177,100	4.6%						116,569		124,390		132,735						
4.512	16,100	16,100	Linear Feet	Lakes, Bulkheads, Vinyl, Inspections and Capital Repairs, Austin and Kroger Lake	2039	10 to 15	14	70.00	1,127,000	1,127,000	11.9%																
4.513	16,100	8,050	Linear Feet	Lakes, Bulkheads, Vinyl, Replacement, Austin and Kroger Lake, Phased	2055	to 35	30 to 32	150.00	1,207,500	2,415,000	21.5%															3,198,135	
4.515	3,340	500	Linear Feet	Lakes, Erosion Control, Partial (Excl. Austin and Kroger Lakes)	2028	to 15	3 to 30+	9.00	4,500	30,060	0.1%			8,073													
4.516	229,000	19,085	Square Yards	Lakes, Sediment Removal, Partial	2035	to 30	10 to 30+	17.00	324,445	3,893,000	13.0%					621,080										859,312	
4.640	8,900	4,450	Linear Feet	Perimeter Walls, Panelized Concrete, Inspections and Capital Repairs, Phased	2026	8 to 12	1 to 6	23.00	102,350	204,700	4.5%						202,393				238,065						
4.641	8,900	2,967	Linear Feet	Perimeter Walls, Panelized Concrete, Replacement, Phased	2036	to 35	11 to 15	125.00	370,834	1,112,500	11.4%																
4.660	1	1	Allowance	Playground Equipment, Brook Arbor Lane	2035	15 to 20	10	14,000.00	14,000	14,000	0.4%															37,080	
4.661	1	1	Allowance	Playground Equipment, Island Crossing Lane	2038	15 to 20	13	35,000.00	35,000	35,000	0.4%																
4.662	1	1	Allowance	Playground Equipment, Pool house	2035	15 to 20	10	123,000.00	123,000	123,000	3.3%															325,773	
4.663	1	1	Allowance	Playground Equipment, Woodcock Street	2039	15 to 20	14	11,000.00	11,000	11,000	0.1%																
4.800	4	1	Allowance	Signage, Monuments, Phased	2027	15 to 20	2 to 17	21,000.00	21,000	84,000	1.4%		36,469					42,897					50,458				
4.820	2	1	Allowance	Site Furniture, Phased	2026	15 to 20	1 to 11	8,250.00	8,250	16,500	0.2%						16,314										
4.840	480	480	Linear Feet	Tennis Courts, Fence	2031	to 25	6	40.50	19,440	19,440	0.2%																
4.855	12,000	12,000	Square Feet	Tennis Courts, Surface, Color Coat	2027	4 to 6	2	1.00	12,000	12,000	0.7%							24,513					28,833				
4.860	12,000	12,000	Square Feet	Tennis Courts, Surface, Replacement	2042	to 40	17	14.00	168,000	168,000	2.0%		291,753														
Pool House Elements																											
5.100	1,780	1,780	Square Feet	Concrete Flooring, Coating Applications	2027	10 to 15	2	4.00	7,120	7,120	0.2%							14,544									
5.150	22	22	Each	Light Fixtures	2028	to 25	3	100.00	2,200	2,200	0.1%													5,460			
5.580	2	2	Each	Rest Rooms, Renovation, Pool House	2028	to 25	3	8,000.00	16,000	16,000	0.4%													39,713			
5.600	32	32	Squares	Roof Assembly (Incl. Pavilion)	2042	15 to 20	17	710.00	22,720	22,720	0.3%		39,456														
5.720	1	1	Allowance	Security System, Access System	2037	10 to 15	12	10,000.00	10,000	10,000	0.3%											24,028					
5.760	1	1	Allowance	Walls, Siding, Paint Finishes and Capital Repairs (Incl. Soffits and Fascia)	2032	6 o 8	7	10,400.00	10,400	10,400	0.5%						20,566						25,813				
5.770	1	1	Allowance	Water Fountain and Outdoor Shower	2026	10 to 15	1	6,000.00	6,000	6,000	0.2%										13,510						
5.800	300	300	Square Feet	Windows and Doors	2038	to 35	13	77.00	23,100	23,100	0.2%																
Pool Elements																											
6.200	8,870	8,870	Square Feet	Concrete Deck, Partial Replacements and Repairs (Incl. Concrete Coping)	2027	8 to 12	2	2.00	17,740	17,740	0.5%							36,238									
6.400	420	420	Linear Feet	Fence, Metal, Replacement	2038	to 35	13	34.00	14,280	14,280	0.1%																
6.500	2	1	Allowance	Furniture, Phased	2029	to 12	4 to 11	12,500.00	12,500	25,000	0.7%	21,014						26,377					31,026				
6.600	2	1	Allowance	Mechanical Equipment, Phased	2029	to 15	4 to 11	11,000.00	11,000	22,000	0.5%			19,733							24,769						
6.800	3,270	3,270	Square Feet	Pool Finishes, Plaster	2035	8 to 12	10	15.50	50,685	50,685	2.0%					97,026										134,242	
6.801	710	710	Linear Feet	Pool Finishes, Tile	2035	15 to 25	10	57.50	40,825	40,825	1.1%															108,127	
6.865	3	3	Each	Shade Structures, Canvas	2027	6 to 8	2	2,890.00	8,670	8,670	0.3%						17,710										
6.870	3	3	Each	Shade Structures, Replacement	2033	20 to 25	8	9,500.00	28,500	28,500	0.7%													73,073			
6.980	2	2	Each	Water Slide, Replacement	2034	to 25	9	25,000.00	50,000	50,000	0.4%																
Anticipated Expenditures, By Year (\$14,889,571 over 30 years)												525,492	367,678	27,806	0	966,962	355,841	275,215	150,766	0	463,733	238,065	267,186	102,012	73,073	5,006,982	

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS
The Lakes of South Shore
Harbour Community Association

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
League City, Texas		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	(Note 1)	423,100	513,347	595,500	745,797	1,057,090	1,385,466	1,760,572	2,006,972	2,279,593	2,675,949	2,984,828	2,504,933	2,314,287	2,597,028	2,308,688	989,677
Total Recommended Reserve Contributions	(Note 2)	85,010	240,100	276,200	312,300	322,600	333,200	344,200	355,600	367,300	379,400	391,900	404,800	418,200	432,000	446,300	461,000
Estimated Interest Earned, During Year	(Note 3)	5,238	14,770	17,866	24,015	32,535	41,906	50,184	57,098	66,009	75,403	73,125	64,193	65,420	65,345	43,935	21,751
Anticipated Expenditures, By Year		0	(172,718)	(143,769)	(25,022)	(26,759)	0	(147,984)	(140,077)	(36,953)	(145,924)	(944,921)	(659,639)	(200,879)	(785,685)	(1,809,246)	(829,186)
Anticipated Reserves at Year End		<u>\$513,347</u>	<u>\$595,500</u>	<u>\$745,797</u>	<u>\$1,057,090</u>	<u>\$1,385,466</u>	<u>\$1,760,572</u>	<u>\$2,006,972</u>	<u>\$2,279,593</u>	<u>\$2,675,949</u>	<u>\$2,984,828</u>	<u>\$2,504,933</u>	<u>\$2,314,287</u>	<u>\$2,597,028</u>	<u>\$2,308,688</u>	<u>\$989,677</u>	<u>\$643,241</u>
Predicted Reserves based on 2025 funding level of:	\$204,023	513,347	558,936	635,095	833,660	1,035,826	1,270,571	1,361,672	1,463,246	1,672,079	1,776,108	1,073,164	640,373	660,850	89,179	(1,535,307)	(2,210,364)

(continued)

(continued)	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	
Reserves at Beginning of Year	643,241	610,651	753,038	1,260,148	1,826,158	1,444,968	1,690,999	2,044,137	2,552,296	3,246,943	3,511,028	4,032,240	4,560,004	5,292,225	6,097,060	
Total Recommended Reserve Contributions	476,200	491,900	508,100	524,900	542,200	560,100	578,600	597,700	617,400	637,800	658,800	680,500	703,000	726,200	750,200	
Estimated Interest Earned, During Year	16,702	18,165	26,816	41,110	43,572	41,772	49,753	61,225	77,247	90,017	100,478	114,450	131,233	151,707	107,154	
Anticipated Expenditures, By Year	(525,492)	(367,678)	(27,806)	0	(966,962)	(355,841)	(275,215)	(150,766)	0	(463,733)	(238,065)	(267,186)	(102,012)	(73,073)	(5,006,982)	
Anticipated Reserves at Year End	<u>\$610,651</u>	<u>\$753,038</u>	<u>\$1,260,148</u>	<u>\$1,826,158</u>	<u>\$1,444,968</u>	<u>\$1,690,999</u>	<u>\$2,044,137</u>	<u>\$2,552,296</u>	<u>\$3,246,943</u>	<u>\$3,511,028</u>	<u>\$4,032,240</u>	<u>\$4,560,004</u>	<u>\$5,292,225</u>	<u>\$6,097,060</u>	<u>\$1,947,432</u>	
	(NOTES 4&5)															

- Explanatory Notes:**
- 1) Year 2025 starting reserves are as of July 28, 2025; FY2025 starts January 1, 2025 and ends December 31, 2025.
 - 2) Reserve Contributions for 2025 are the remaining budgeted 5 months; 2026 is the first year of recommended contributions.
 - 3) 2.7% is the estimated annual rate of return on invested reserves; 2025 is a partial year of interest earned.
 - 4) Accumulated year 2055 ending reserves consider the need to fund for partial replacement of the vinyl bulkheads shortly after 2055, and the age, size, overall condition and complexity of the property.
 - 5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK**The Lakes of South Shore
Harbour Community Association**
League City, Texas

Line Item	Reserve Component Inventory	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030
<u>Property Site Elements</u>							
4.280	Fences, Wood, Paint Finishes			72,775			
4.505	Lakes, Aerators, Phased (2026 Planned)		52,270				
4.515	Lakes, Erosion Control, Partial (Excl. Austin and Kroger Lakes)				4,960		
4.640	Perimeter Walls, Panelized Concrete, Inspections and Capital Repairs, Phased		105,728				
4.800	Signage, Monuments, Phased			22,409			
4.820	Site Furniture, Phased		8,522				
4.855	Tennis Courts, Surface, Color Coat			12,805			
<u>Pool House Elements</u>							
5.100	Concrete Flooring, Coating Applications			7,598			
5.150	Light Fixtures				2,425		
5.580	Rest Rooms, Renovation, Pool House				17,637		
5.770	Water Fountain and Outdoor Shower		6,198				
<u>Pool Elements</u>							
6.200	Concrete Deck, Partial Replacements and Repairs (Incl. Concrete Coping)			18,930			
6.500	Furniture, Phased					14,233	
6.600	Mechanical Equipment, Phased					12,525	
6.865	Shade Structures, Canvas			9,252			
Anticipated Expenditures, By Year (\$368,268 over 5 years)		0	172,718	143,769	25,022	26,759	0

Alternate

RESERVE EXPENDITURES

The Lakes of South Shore
Harbour Community Association
League City, Texas

Explanatory Notes:

- 1) 3.3% is the estimated Inflation Rate for estimating Future Replacement Costs.
- 2) FY2025 is Fiscal Year beginning January 1, 2025 and ending December 31, 2025.

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030	6 2031	7 2032	8 2033	9 2034	10 2035	11 2036	12 2037	13 2038	14 2039	15 2040	
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																		
Property Site Elements																												
4.280	6,820	6,820	Linear Feet	Fences, Wood, Paint Finishes	2027	4 to 6	2	10.00	68,200	68,200	2.7%			72,775					85,603						100,690			
4.285	6,820	6,820	Linear Feet	Fences, Wood, Replacement	2041	15 to 20	16	44.00	300,080	300,080	2.5%																	
4.360	1	1	Each	Gazebo, Playground, Island Crossing Lane	2038	to 25	13	7,000.00	7,000	7,000	0.1%														10,676			
4.420	650,000	130,000	Square Feet	Irrigation System, Phased	2035	to 40+	10 to 30	1.00	130,000	650,000	6.2%											179,865					211,567	
4.505	7	2	Each	Lakes, Aerators, Phased (2026 Planned)	2026	10 to 15	1 to 11	25,300.00	58,949	177,100	3.3%		52,270						78,955			84,252		89,904				
4.512	16,100	16,100	Linear Feet	Lakes, Bulkheads, Vinyl, Inspections and Capital Repairs, Austin and Kroger Lake	2039	10 to 15	14	70.00	1,127,000	1,127,000	22.7%																1,775,532	
4.513	16,100	8,050	Linear Feet	Lakes, Bulkheads, Vinyl, Replacement, Austin and Kroger Lake, Phased	2055	to 35	30 to 32	150.00	1,207,500	2,415,000	15.5%																	
4.515	3,340	500	Linear Feet	Lakes, Erosion Control, Partial (Excl. Austin and Kroger Lakes)	2028	to 15	3 to 30+	9.00	4,500	30,060	0.1%				4,960													
4.516	229,000	57,250	Square Yards	Lakes, Sediment Removal, Partial	2055	to 30	30 to 30+	17.00	973,250	3,893,000	12.5%																	
4.638	60,800	30,400	Square Feet	Perimeter Walls, Masonry, Inspections and Capital Repairs, Phased	2038	8 to 12	13 to 18	5.00	152,000	304,000	5.8%														231,818			
4.639	60,800	20,270	Square Feet	Perimeter Walls, Panelized Concrete, Replacement Phased (Replace with Masonry)	2027	N/A	2 to 6	48.00	972,960	2,918,400	16.2%			1,038,235		1,107,889		1,182,216										
4.660	1	1	Allowance	Playground Equipment, Brook Arbor Lane	2035	15 to 20	10	14,000.00	14,000	14,000	0.3%											19,370						
4.661	1	1	Allowance	Playground Equipment, Island Crossing Lane	2038	15 to 20	13	35,000.00	35,000	35,000	0.3%														53,379			
4.662	1	1	Allowance	Playground Equipment, Pool house	2035	15 to 20	10	123,000.00	123,000	123,000	2.4%											170,180						
4.663	1	1	Allowance	Playground Equipment, Woodcock Street	2039	15 to 20	14	11,000.00	11,000	11,000	0.1%															17,330		
4.800	4	1	Allowance	Signage, Monuments, Phased	2027	15 to 20	2 to 17	21,000.00	21,000	84,000	1.0%			22,409					26,359					31,004				
4.820	2	1	Allowance	Site Furniture, Phased	2026	15 to 20	1 to 11	8,250.00	8,250	16,500	0.2%		8,522									11,791						
4.840	480	480	Linear Feet	Tennis Courts, Fence	2031	to 25	6	40.50	19,440	19,440	0.1%							23,621										
4.855	12,000	12,000	Square Feet	Tennis Courts, Surface, Color Coat	2027	4 to 6	2	1.00	12,000	12,000	0.5%			12,805					15,062						17,717			
4.860	12,000	12,000	Square Feet	Tennis Courts, Surface, Replacement	2042	to 40	17	14.00	168,000	168,000	1.4%																	
Pool House Elements																												
5.100	1,780	1,780	Square Feet	Concrete Flooring, Coating Applications	2027	10 to 15	2	4.00	7,120	7,120	0.2%			7,598											10,512			
5.150	22	22	Each	Light Fixtures	2028	to 25	3	100.00	2,200	2,200	0.0%					2,425												
5.580	2	2	Each	Rest Rooms, Renovation, Pool House	2028	to 25	3	8,000.00	16,000	16,000	0.3%					17,637												
5.600	32	32	Squares	Roof Assembly (Incl. Pavilion)	2042	15 to 20	17	710.00	22,720	22,720	0.2%																	
5.720	1	1	Allowance	Security System, Access System	2037	10 to 15	12	10,000.00	10,000	10,000	0.2%													14,764				
5.760	1	1	Allowance	Walls, Siding, Paint Finishes and Capital Repairs (Incl. Soffits and Fascia)	2032	6 o 8	7	10,400.00	10,400	10,400	0.4%							13,054								16,385		
5.770	1	1	Allowance	Water Fountain and Outdoor Shower	2026	10 to 15	1	6,000.00	6,000	6,000	0.1%		6,198													9,151		
5.800	300	300	Square Feet	Windows and Doors	2038	to 35	13	77.00	23,100	23,100	0.2%															35,230		
Pool Elements																												
6.200	8,870	8,870	Square Feet	Concrete Deck, Partial Replacements and Repairs (Incl. Concrete Coping)	2027	8 to 12	2	2.00	17,740	17,740	0.4%			18,930											26,191			
6.400	420	420	Linear Feet	Fence, Metal, Replacement	2038	to 35	13	34.00	14,280	14,280	0.1%														21,779			
6.500	2	1	Allowance	Furniture, Phased	2029	to 12	4 to 11	12,500.00	12,500	25,000	0.5%					14,233							17,865					
6.600	2	1	Allowance	Mechanical Equipment, Phased	2029	to 15	4 to 11	11,000.00	11,000	22,000	0.4%					12,525								15,722				
6.800	3,270	3,270	Square Feet	Pool Finishes, Plaster	2035	8 to 12	10	15.50	50,685	50,685	1.5%											70,127						
6.801	710	710	Linear Feet	Pool Finishes, Tile and Coping	2035	15 to 25	10	57.50	40,825	40,825	0.8%											56,485						
6.865	3	3	Each	Shade Structures, Canvas	2027	6 to 8	2	2,890.00	8,670	8,670	0.2%			9,252													14,110	
6.870	3	3	Each	Shade Structures, Replacement	2033	20 to 25	8	9,500.00	28,500	28,500	0.5%							36,953										
6.980	2	2	Each	Water Slide, Replacement	2034	to 25	9	25,000.00	50,000	50,000	0.3%									66,969								
Anticipated Expenditures, By Year (\$20,588,778 over 30 years)												0	66,990	1,182,004	25,022	1,134,648	0	1,205,837	140,077	36,953	145,924	496,026	129,630	200,879	451,937	1,809,246	225,677	

Alternate

Years 2041 to 2055

RESERVE EXPENDITURES

The Lakes of South Shore
Harbour Community Association
League City, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$			Percentage of Future Expenditures	16 2041	17 2042	18 2043	19 2044	20 2045	21 2046	22 2047	23 2048	24 2049	25 2050	26 2051	27 2052	28 2053	29 2054	30 2055	
						Useful	Remaining	Unit (2025)	Per Phase (2025)	Total (2025)																	
Property Site Elements																											
4.280	6,820	6,820	Linear Feet	Fences, Wood, Paint Finishes	2027	4 to 6	2	10.00	68,200	68,200	2.7%							139,313					163,868				
4.285	6,820	6,820	Linear Feet	Fences, Wood, Replacement	2041	15 to 20	16	44.00	300,080	300,080	2.5%	504,478															
4.360	1	1	Each	Gazebo, Playground, Island Crossing Lane	2038	to 25	13	7,000.00	7,000	7,000	0.1%																
4.420	650,000	130,000	Square Feet	Irrigation System, Phased	2035	to 40+	10 to 30	1.00	130,000	650,000	6.2%					248,857					292,719					344,313	
4.505	7	2	Each	Lakes, Aerators, Phased (2026 Planned)	2026	10 to 15	1 to 11	25,300.00	58,949	177,100	3.3%						116,569		124,390		132,735						
4.512	16,100	16,100	Linear Feet	Lakes, Bulkheads, Vinyl, Inspections and Capital Repairs, Austin and Kroger Lake	2039	10 to 15	14	70.00	1,127,000	1,127,000	22.7%														2,889,570		
4.513	16,100	8,050	Linear Feet	Lakes, Bulkheads, Vinyl, Replacement, Austin and Kroger Lake, Phased	2055	to 35	30 to 32	150.00	1,207,500	2,415,000	15.5%														3,198,135		
4.515	3,340	500	Linear Feet	Lakes, Erosion Control, Partial (Excl. Austin and Kroger Lakes)	2028	to 15	3 to 30+	9.00	4,500	30,060	0.1%			8,073													
4.516	229,000	57,250	Square Yards	Lakes, Sediment Removal, Partial	2055	to 30	30 to 30+	17.00	973,250	3,893,000	12.5%														2,577,710		
4.638	60,800	30,400	Square Feet	Perimeter Walls, Masonry, Inspections and Capital Repairs, Phased	2038	8 to 12	13 to 18	5.00	152,000	304,000	5.8%			272,678					320,738				377,270				
4.639	60,800	20,270	Square Feet	Perimeter Walls, Panelized Concrete, Replacement Phased (Replace with Masonry)	2027	N/A	2 to 6	48.00	972,960	2,918,400	16.2%																
4.660	1	1	Allowance	Playground Equipment, Brook Arbor Lane	2035	15 to 20	10	14,000.00	14,000	14,000	0.3%														37,080		
4.661	1	1	Allowance	Playground Equipment, Island Crossing Lane	2038	15 to 20	13	35,000.00	35,000	35,000	0.3%																
4.662	1	1	Allowance	Playground Equipment, Pool house	2035	15 to 20	10	123,000.00	123,000	123,000	2.4%														325,773		
4.663	1	1	Allowance	Playground Equipment, Woodcock Street	2039	15 to 20	14	11,000.00	11,000	11,000	0.1%																
4.800	4	1	Allowance	Signage, Monuments, Phased	2027	15 to 20	2 to 17	21,000.00	21,000	84,000	1.0%		36,469					42,897					50,458				
4.820	2	1	Allowance	Site Furniture, Phased	2026	15 to 20	1 to 11	8,250.00	8,250	16,500	0.2%						16,314										
4.840	480	480	Linear Feet	Tennis Courts, Fence	2031	to 25	6	40.50	19,440	19,440	0.1%																
4.855	12,000	12,000	Square Feet	Tennis Courts, Surface, Color Coat	2027	4 to 6	2	1.00	12,000	12,000	0.5%							24,513					28,833				
4.860	12,000	12,000	Square Feet	Tennis Courts, Surface, Replacement	2042	to 40	17	14.00	168,000	168,000	1.4%		291,753														
Pool House Elements																											
5.100	1,780	1,780	Square Feet	Concrete Flooring, Coating Applications	2027	10 to 15	2	4.00	7,120	7,120	0.2%							14,544									
5.150	22	22	Each	Light Fixtures	2028	to 25	3	100.00	2,200	2,200	0.0%													5,460			
5.580	2	2	Each	Rest Rooms, Renovation, Pool House	2028	to 25	3	8,000.00	16,000	16,000	0.3%													39,713			
5.600	32	32	Squares	Roof Assembly (Incl. Pavilion)	2042	15 to 20	17	710.00	22,720	22,720	0.2%		39,456														
5.720	1	1	Allowance	Security System, Access System	2037	10 to 15	12	10,000.00	10,000	10,000	0.2%											24,028					
5.760	1	1	Allowance	Walls, Siding, Paint Finishes and Capital Repairs (Incl. Soffits and Fascia)	2032	6 o 8	7	10,400.00	10,400	10,400	0.4%						20,566						25,813				
5.770	1	1	Allowance	Water Fountain and Outdoor Shower	2026	10 to 15	1	6,000.00	6,000	6,000	0.1%										13,510						
5.800	300	300	Square Feet	Windows and Doors	2038	to 35	13	77.00	23,100	23,100	0.2%																
Pool Elements																											
6.200	8,870	8,870	Square Feet	Concrete Deck, Partial Replacements and Repairs (Incl. Concrete Coping)	2027	8 to 12	2	2.00	17,740	17,740	0.4%							36,238									
6.400	420	420	Linear Feet	Fence, Metal, Replacement	2038	to 35	13	34.00	14,280	14,280	0.1%																
6.500	2	1	Allowance	Furniture, Phased	2029	to 12	4 to 11	12,500.00	12,500	25,000	0.5%	21,014							26,377					31,026			
6.600	2	1	Allowance	Mechanical Equipment, Phased	2029	to 15	4 to 11	11,000.00	11,000	22,000	0.4%			19,733							24,769						
6.800	3,270	3,270	Square Feet	Pool Finishes, Plaster	2035	8 to 12	10	15.50	50,685	50,685	1.5%					97,026									134,242		
6.801	710	710	Linear Feet	Pool Finishes, Tile and Coping	2035	15 to 25	10	57.50	40,825	40,825	0.8%														108,127		
6.865	3	3	Each	Shade Structures, Canvas	2027	6 to 8	2	2,890.00	8,670	8,670	0.2%							17,710									
6.870	3	3	Each	Shade Structures, Replacement	2033	20 to 25	8	9,500.00	28,500	28,500	0.5%														73,073		
6.980	2	2	Each	Water Slide, Replacement	2034	to 25	9	25,000.00	50,000	50,000	0.3%																
Anticipated Expenditures, By Year (\$20,588,778 over 30 years)												525,492	367,678	300,483	0	345,882	153,449	275,215	471,504	0	463,733	0	267,186	479,282	2,962,643	6,725,380	

RESERVE FUNDING PLAN

Alternate

CASH FLOW ANALYSIS
The Lakes of South Shore
Harbour Community Association
League City, Texas

This Alternate Funding Plan is provided at the request of Management and the Board and does not represent the recommendation of Reserve Advisors. The Alternate Funding Plan includes replacement of the concrete panelized perimeter walls with Masonry.

		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
		FY2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Reserves at Beginning of Year	(Note 1)	423,100	513,347	828,227	183,702	711,910	147,915	737,408	140,059	476,191	941,522	1,325,191	1,381,113	1,827,117	2,230,790	2,409,361	1,236,174
Total Recommended Reserve Contributions	(Note 2)	85,010	364,000	524,000	541,300	559,200	577,700	596,800	468,000	483,400	499,400	515,900	532,900	550,500	568,700	587,500	606,900
Estimated Interest Earned, During Year	(Note 3)	5,238	17,870	13,479	11,930	11,453	11,793	11,688	8,209	18,884	30,193	36,048	42,734	54,052	61,808	48,559	38,523
Anticipated Expenditures, By Year		0	(66,990)	(1,182,004)	(25,022)	(1,134,648)	0	(1,205,837)	(140,077)	(36,953)	(145,924)	(496,026)	(129,630)	(200,879)	(451,937)	(1,809,246)	(225,677)
Anticipated Reserves at Year End		<u>\$513,347</u>	<u>\$828,227</u>	<u>\$183,702</u>	<u>\$711,910</u>	<u>\$147,915</u>	<u>\$737,408</u>	<u>\$140,059</u>	<u>\$476,191</u>	<u>\$941,522</u>	<u>\$1,325,191</u>	<u>\$1,381,113</u>	<u>\$1,827,117</u>	<u>\$2,230,790</u>	<u>\$2,409,361</u>	<u>\$1,236,174</u>	<u>\$1,655,920</u>
				(NOTE 5)		(NOTE 5)		(NOTE 5)									
Predicted Reserves based on 2025 funding level of:	\$204,023	513,347	666,090	(307,109)	(133,983)												

(continued)

(continued)	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued															
	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	
Reserves at Beginning of Year	1,655,920	1,803,406	2,135,800	2,566,958	3,336,696	3,799,773	4,494,303	5,108,803	5,566,395	6,540,562	7,098,200	8,168,961	9,026,826	9,722,894	7,951,782	
Total Recommended Reserve Contributions	626,900	647,600	669,000	691,100	713,900	737,500	761,800	786,900	812,900	839,700	867,400	896,000	925,600	956,100	987,700	
Estimated Interest Earned, During Year	46,079	52,471	62,642	78,638	95,059	110,479	127,915	142,196	161,267	181,671	203,361	229,051	249,750	235,430	137,239	
Anticipated Expenditures, By Year	(525,492)	(367,678)	(300,483)	0	(345,882)	(153,449)	(275,215)	(471,504)	0	(463,733)	0	(267,186)	(479,282)	(2,962,643)	(6,725,380)	
Anticipated Reserves at Year End	<u>\$1,803,406</u>	<u>\$2,135,800</u>	<u>\$2,566,958</u>	<u>\$3,336,696</u>	<u>\$3,799,773</u>	<u>\$4,494,303</u>	<u>\$5,108,803</u>	<u>\$5,566,395</u>	<u>\$6,540,562</u>	<u>\$7,098,200</u>	<u>\$8,168,961</u>	<u>\$9,026,826</u>	<u>\$9,722,894</u>	<u>\$7,951,782</u>	<u>\$2,351,341</u>	
															(NOTES 4&5)	

Explanatory Notes:

- 1) Year 2025 starting reserves are as of July 28, 2025; FY2025 starts January 1, 2025 and ends December 31, 2025.
- 2) Reserve Contributions for 2025 are the remaining budgeted 5 months; 2026 is the first year of recommended contributions.
- 3) 2.7% is the estimated annual rate of return on invested reserves; 2025 is a partial year of interest earned.
- 4) Accumulated year 2055 ending reserves consider the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Years (reserve balance at critical point).

Alternate
FIVE-YEAR OUTLOOK

**The Lakes of South Shore
Harbour Community Association**
League City, Texas

Line Item	Reserve Component Inventory	RUL = 0 FY2025	1 2026	2 2027	3 2028	4 2029	5 2030
<u>Property Site Elements</u>							
4.280	Fences, Wood, Paint Finishes			72,775			
4.505	Lakes, Aerators, Phased (2026 Planned)		52,270				
4.515	Lakes, Erosion Control, Partial (Excl. Austin and Kroger Lakes)				4,960		
4.639	Perimeter Walls, Panelized Concrete, Replacement Phased (Replace with Masonry)			1,038,235		1,107,889	
4.800	Signage, Monuments, Phased			22,409			
4.820	Site Furniture, Phased		8,522				
4.855	Tennis Courts, Surface, Color Coat			12,805			
<u>Pool House Elements</u>							
5.100	Concrete Flooring, Coating Applications			7,598			
5.150	Light Fixtures				2,425		
5.580	Rest Rooms, Renovation, Pool House				17,637		
5.770	Water Fountain and Outdoor Shower		6,198				
<u>Pool Elements</u>							
6.200	Concrete Deck, Partial Replacements and Repairs (Incl. Concrete Coping)			18,930			
6.500	Furniture, Phased					14,233	
6.600	Mechanical Equipment, Phased					12,525	
6.865	Shade Structures, Canvas			9,252			
Anticipated Expenditures, By Year (\$2,408,664 over 5 years)		0	66,990	1,182,004	25,022	1,134,648	0

4. RESERVE COMPONENT DETAIL

The Reserve Component Detail of this *Full 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

Fences, Wood

Line Items: 4.280 and 4.285

Quantity: The Association maintains approximately 6,820 linear feet of wood fencing around the perimeter of the community.

The aerial imagery below depicts the locations of the wood perimeter fencing highlighted in blue.



History:

- Fence: Replaced in 2021
- Paint finishes: Stain applications in 2022

Condition: The fences are in good to fair overall condition with minor warped wood and the protective finishes are in good to fair overall condition with finish deterioration evident.



Wood fence overview



Wood fence overview



Wood fence overview



Warped wood



Warped wood



Finish deterioration

Useful Life: Four- to six-years for paint finishes and 15- to 20-years for replacement

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

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

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should anticipate periodic partial replacements due to the non-uniform nature of wood deterioration and fund these activities through the operating budget. Our cost estimates are based on historical information provided by Management and the Board.

Gazebo, Playground, Island Crossing Lane

Line Item: 4.360

Quantity: The Association maintains one metal gazebo located at next to the playground at the end of Island Crossing Lane.

History: Original to 2004.

Condition: Good to fair overall with minor debris accumulation evident.



Gazebo overview



Gazebo overview



Debris accumulation at roof

Useful Life: 30- to 35-years with periodic maintenance

Priority: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association budget for paint applications and repairs through the operating budget.

Irrigation System

Line Item: 4.420

Quantity: The Association maintains approximately 650,000 square feet of irrigated area located at the common areas.

History: Mostly original with minor repairs completed through the operating budget.

Condition: Satisfactory operational condition and Management and the Board do not report any deficiencies



Irrigation system head overview



Irrigation system head overview

Useful Life: Up to and sometimes beyond 40 years

Component Detail Notes: Irrigation systems typically include the following components:

- Electronic controls (timer)
- Impact rotors
- Network of supply pipes
- Pop-up heads
- Valves

Lakes of South Shore Harbour should anticipate interim and partial replacements of the system network supply pipes and other components as normal maintenance to maximize the useful life of the irrigation system. The Association should fund these ongoing seasonal repairs through the operating budget.

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

- Semi-annually:
 - Conduct seasonal repairs which include valve repairs, controller repairs, partial head replacements and pipe repairs
 - Blow out irrigation water lines and drain building exterior faucets each fall if applicable

Priority: 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.

Lakes, Aerators

Line Item: 4.505

Quantity: The Association maintains seven aerators with LED lighting located throughout the lakes, excluding Tucker Road Lake, which does not have one.

History: The Association replaced three aerators in 2025, two in 2024 and the remaining are planned to be replaced in 2026.

Condition: Reported satisfactory



Aerator overview



Aerator overview

Useful Life: 10- to 15-years

Component Detail Notes: The use of small pumps, motors and aerators circulates pond water and increases the amount of entrained oxygen in the water, increasing water quality and reducing algae growths.

Priority: 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.

Bulkheads, Vinyl

Line Items: 4.512 and 4.513

Quantity: At the time of inspection, MUD maintained the lakes and had recently completed a full replacement of the vinyl bulkheads around Austin and Kroger Lake. Austin and Kroger Lake consist of approximately 16,100 linear feet of vinyl bulkheads.

History: At the time of inspection, MUD maintained the lakes and had recently completed full concrete bulkhead replacements at Austin and Kroger Lakes.

Conditions: Good overall



Vinyl bulkhead overview



Vinyl bulkhead overview

Useful Life: Up to 35 years for replacement and every 10-to-15 years for inspections and repairs.

Priority: 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. Our cost includes an allowance for replacement of the adjacent walers. Our cost includes allowances for a complete inspection and partial replacement of up to twenty percent (20%) of the bulkheads.

Lakes, Sediment Removal and Erosion Control

Line Items: 4.515 and 4.516

Quantity: The community contains three lakes: Austin Lake (east), Kroger Lake (southeast), and Tucker Road Lake (northeast). At the time of inspection, MUD maintained the lakes and had recently completed sediment removal and bulkhead replacement at Austin and Kroger Lakes. The Association anticipates assuming responsibility for the lakes in the near term. For reserve study purposes, we have included allowances for future sediment removals and erosion control around all three lakes to mitigate the financial impact once the Association takes ownership. Collectively, the lakes encompass approximately 229,000 square yards of water surface area. Tucker Road Lake includes approximately 3,180 linear feet of natural vegetated shoreline and approximately 160 linear feet of stone riprap located at inlet and outlet structures throughout the ponds.

Condition: The table below states the location of the ponds and their current condition at the time of the inspection.

Location	Condition
Austin Lake	Good overall.
Kroger Lake	Good overall.
Tucker Road Lake	Fair overall with erosion evident at the shorelines.



Austin Lake overview



Kroger Lake overview



Kroger Lake overview



Tucker Road Lake



Stone rip rap overview



Tucker Road Lake shoreline overview



Algae evident at surface of Tucker Road Lake



Shoreline erosion at Tucker Road Lake

Useful Life: Based on the visual condition and construction, we recommend the Association anticipate the need to remove pond sediment up to every 30 years.

Shorelines are subject to fluctuations in water levels, increased plant growth and migrating storm and ground water resulting in the need for erosion control measures up to every 15 years.

Component Detail Notes: The gradual build-up of natural debris, including tree leaves, branches and silt, may eventually change the topography of areas of the pond. Silt typically accumulates at inlets, outlets and areas of shoreline erosion. Sediment removal of ponds becomes necessary if this accumulation alters the quality of pond water or the functionality of the ponds as storm water management structures. Sediment removal is the optimal but also the most capital-intensive method of pond management. Excavation equipment used for sediment removal includes clamshells, draglines and suction pipelines. Sediment removal can also include shoreline regrading. Regrading includes removal of collapsed and eroded soil and redefining the shoreline.

The steep shoreline embankments are likely to exacerbate soil movement and erosion. The use and maintenance of landscape, natural vegetation and/or stone rip rap along the pond shorelines will help maintain an attractive appearance and prevent soil erosion.

Shoreline plantings are referred to as buffer zones. Buffer zones provide the following advantages:

- Control insects naturally
- Create an aesthetically pleasing shoreline
- Enhance water infiltration and storage
- Filter nutrients and pollutants
- Increase fish and wildlife habitat
- Reduce lawn maintenance
- Stabilize shoreline and reduce erosion
- Trap sediments

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

- Annually:
 - Inspect and remediate shoreline erosion and areas of sediment accumulation
 - Clear and remove debris and vegetation overgrowth at pond edges, and inlet and outlet structures
 - Inspect for algae blooms and remedy as needed through a chemical treatment program or aeration

Priority: 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 plan to install a combination of plantings and rip rap around the pond along 500 linear feet, or approximately fifteen percent (15%), of the shoreline per event.

For reserve budgeting purposes, we estimate the need to remove an average depth of one yard from approximately twenty-five percent (25%) of the surface area. However, the actual volume of material to remove may vary dependent upon an invasive analysis at the time of removal. A visual inspection of a body of water cannot reveal the amount of accumulated silt. This is especially true on larger bodies of water. It is therefore inaccurate to assume an entire body of water will require sediment removal. It is more cost effective to spot remove in areas of intense silt accumulation as noted through bathymetric surveys. The amount or depth of silt is determined through prodding into the silt until a relatively solid base is found or through bathymetric surveys. A bathymetric survey establishes a base of data about the depth of the body of water over many locations against which the data of future surveys is compared. These invasive procedures are beyond the scope of a Reserve Study and require multiple visits to the site. We recommend Lakes of South Shore Harbour contract with a local engineer for periodic bathymetric surveys. Future updates of the Reserve Study can incorporate future anticipated expenditures based on the results of the bathymetric surveys.

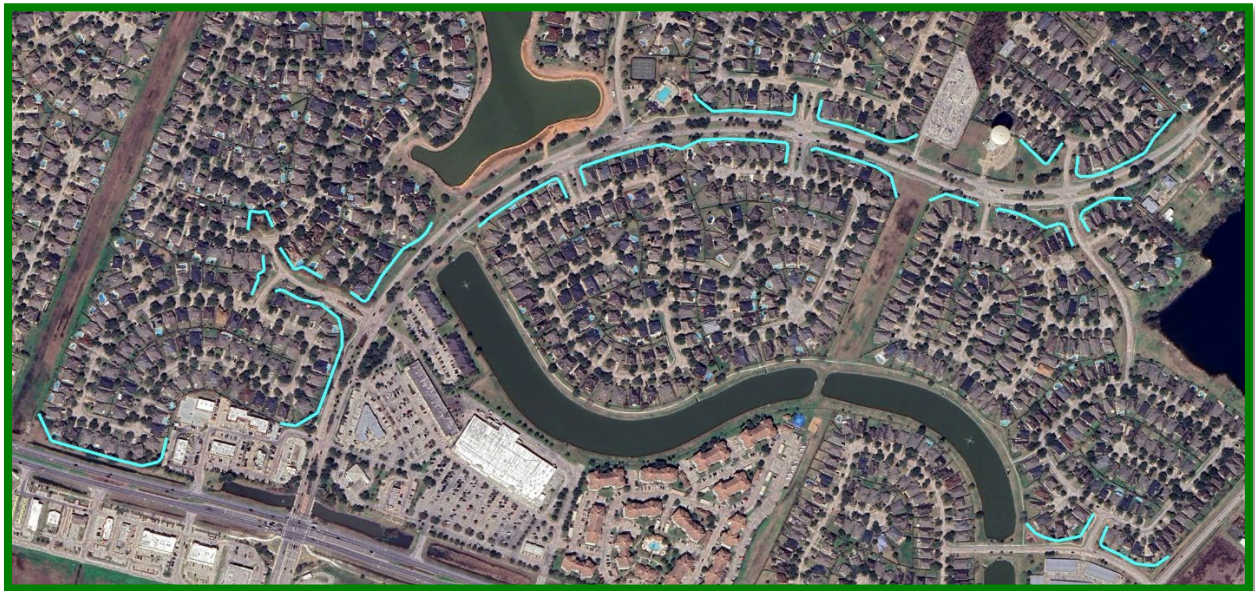
Unit costs per cubic yard to remove can vary significantly based on the type of equipment used, quantity of removed material and disposal of removed material. Sediment removal costs must also include mobilization or getting the equipment to and from the site. Also,

the portion of the overall cost to remove associated with mobilization varies based on the volume removed. Costs for sediment disposal also vary depending on the site. Compact sites will require hauling and in some cases disposal fees.

Perimeter Walls, Panelized Concrete

Line Items: 4.640 and 4.641

Quantity: The Association maintains approximately 60,800 square feet of surface area and approximately 8,950 linear feet of panelized concrete retaining walls throughout the community. The aerial imagery below depicts the locations of the concrete perimeter walls highlighted in blue.



History: Original with previous repairs completed as needed. Based on conversations with management, the Association is currently looking at completing repairs or fully replacing them with masonry perimeter walls.

Condition: Fair overall with periodic cracks, exposed reinforcing steel, previous repairs and replacements, and concrete deterioration evident.



Concrete perimeter wall overview



Concrete perimeter wall overview



Concrete perimeter wall overview



Concrete cracks



Exposed reinforcements and concrete deterioration



Exposed reinforcements



Previous replacement



Concrete cracks



Exposed reinforcements



Concrete cracks and deterioration



Previous repairs



Useful Life: Every 8- to 12-years

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

- As-needed:
 - Inspect for significant damage, spalling and cracks. If these conditions exist, perform near term repairs and remediation, utilizing reserve funds if project scope warrants.
 - Ensure irrigation heads are directed away from the walls and tree roots do not undermine the support columns

Priority: Not recommended to defer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. At this time, inspections and repairs to the concrete walls have been included. We additionally include an alternate funding plan which includes a near-term full replacement of the concrete walls with masonry, followed by ongoing inspections and repairs. Our cost estimates for the wall replacement may vary from the actual replacement costs, as final pricing will depend on site conditions, contractor methods, material availability, and specific design requirements determined at the time of construction. Any changes to scope, timing, or method of replacement will be reviewed and incorporated into future reserve studies to ensure estimates remain accurate and up to date.

Playground Equipment

Line Items: 4.660, 4.661, 4.662, and 4.663

Quantity: Playground equipment includes the following elements:

- Playsets
- Wood surfaces
- Plastic and concrete borders
- Site furniture

The table below depicts the locations of the playgrounds, year of construction and conditions.

Location	Year(s) of Construction	Condition
Brook Arbor Lane	2015	Good to fair overall with rust, organic growth and finish deterioration evident.
Island Crossing Lane	2018	Good to fair overall with finish deterioration and stains evident.
Pool House	2015	Good to fair overall with frame rust and finish deterioration evident.
Woodcock Street	2020; Plastic boarder replaced in 2022	Good overall with minor rust evident.



Playground equipment overview at Brook Arbor Lane



Playground equipment overview at Island Crossing Lane



Playground equipment overview at the pool house



Swings overview at the pool house



Swings overview at Woodcock Street



Playground equipment overview at Woodcock Street



Frame rust at Brook Arbor Lane



Equipment finish deterioration at Brook Arbor Lane



Frame rust and organic growth at Brook Arbor Lane



Equipment finish deterioration at Island Crossing Lane



Equipment stains at Island Crossing Lane



Equipment finish deterioration at Island Crossing Lane



Frame rust at the pool house



Equipment finish deterioration at the pool house



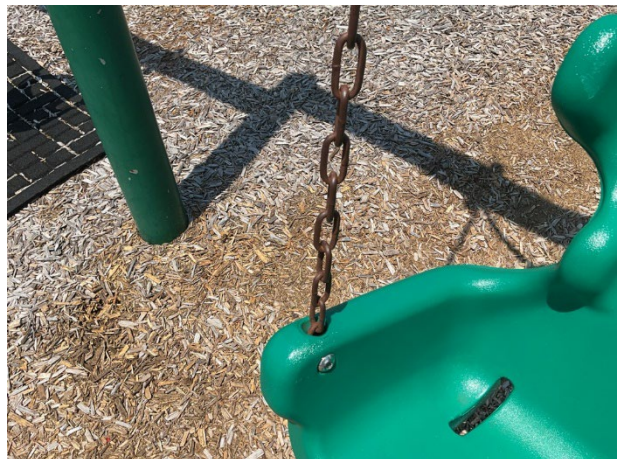
Equipment finish deterioration at the pool house



Minor frame rust and finish deterioration at the pool house



Frame rust at the pool house



Chain rust at Woodcock Street



Frame rust at Woodcock Street

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: 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 surface and plastic borders. Additionally, we include inspections and repairs to the concrete borders.

Signage, Monuments

Line Item: 4.800

Quantity: The Association maintains the monuments throughout the community. The monuments include the following elements:

- Light Fixtures
- Metal Railings
- Stucco, Stone Veneer and or Masonry
- Landscape
- Metal Roofs

History: Vary in age with glass replacements completed as needed through the operating budget.

Condition: The monuments vary from good to fair overall condition with corrosion, rust, cracks, stains, organic growth, detached railings, chipped paint.



Monument overview



Monument overview



Monument overview



Monument overview



Monument overview



Metal railing overview



Metal railing overview



Metal roof and light fixture overview



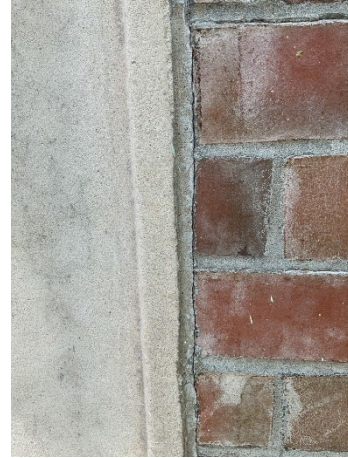
Corrosion at metal roof



Corrosion at metal roof



Rust at roof



Mortar crack



Masonry stain



Concrete crack



Organic growth



Masonry stains



Concrete cracks



Cracked stucco



Concrete crack



Detached railing



Chipped paint

Useful Life: 15- to 20-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: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the ***Reserve Expenditures*** table in Section 3. Our cost for renovation includes repairs to the stucco, masonry, stone veneer and landscaping and replacement light fixtures and metal roofs.

Site Furniture

Line Item: 4.820

Quantity: The Association maintains the benches, trash receptacles and picnic tables at the common areas near the pool house and playgrounds.

History: Likely original

Condition: Fair to poor overall with finish fade, wood rot and weathered wood evident.



Bench overview



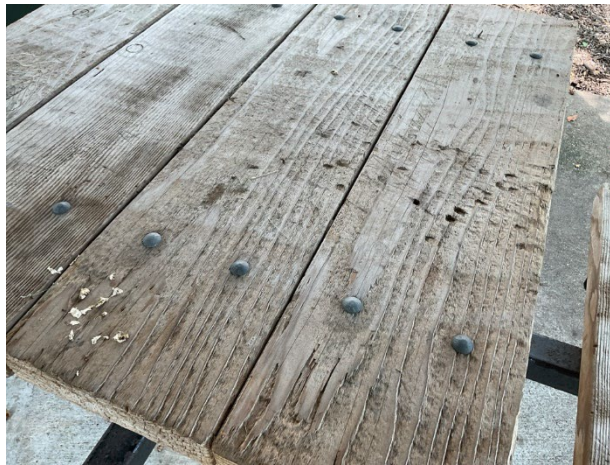
Picnic tables overview



Finish deterioration



Wood rot



Weathered wood

Useful Life: 15- to 25-years

Priority: Per Board discretion

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

Tennis Courts, Fence

Line Item: 4.840

Quantity: The Association maintains 480 linear feet of chain link fencing around the tennis courts.

History: Original to 2003

Condition: Good to fair overall with rust, finish deterioration and minor warped webbing evident.



Chain link fence overview



Chain link fence overview



Chain link fence overview



Post rust and finish deterioration



Finish deterioration



Warped webbing



Finish deterioration

Useful Life: Up to 25 years. We recommend the Association replace the windscreens through the operating budget.

Priority: Per Board discretion

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

Tennis Courts, Surface

Line Items: 4.855 and 4.860

Quantity: The Association maintains approximately 12,000 square feet of concrete comprising two tennis courts

History:

- Color Coat: Recoated in 2022 based on aerial imagery
- Surface: Original

Condition: Good to fair overall with color coat fade evident.



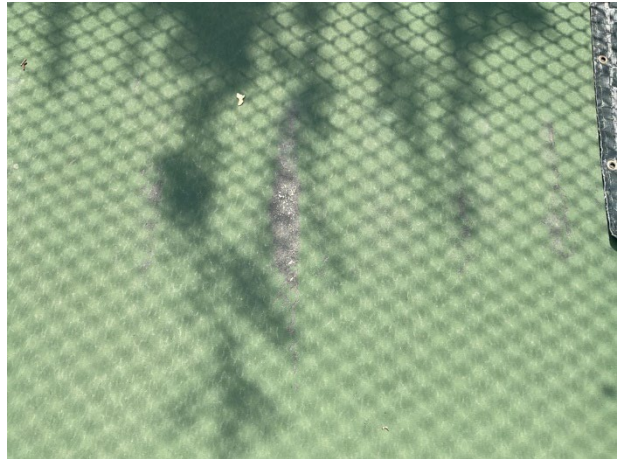
Tennis courts overview



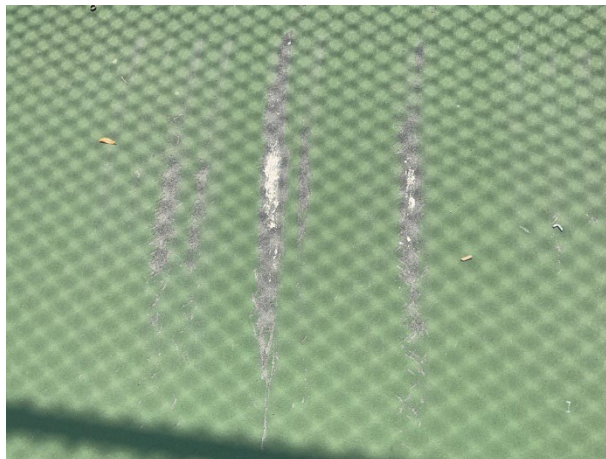
Color coat stain



Tennis courts overview



Color coat fade



Color coat fade

Useful Life: Up to 40 years for replacement of the surface with the benefit of color coat applications and repairs every four- to six-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: 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



Front elevation overview



Rear elevation overview



Side elevation overview

Concrete Flooring, Coating Applications

Line Item: 5.100

Quantity: The Association maintains approximately 1,780 square feet at the pool house. This quantity includes the flooring within the rest rooms.

History: Unknown age at the time of our inspection. Based on conversations with Management and the Board, the Association plans to complete coating applications in the near term.

Condition: Fair overall with stains and chipped coating evident.



Concrete floor overview



Concrete floor overview



Chipped coating



Stains

Useful Life: Refinishing every 10- to 15-years

Priority: Per Board discretion

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

Light Fixtures

Line Item: 5.150

Quantity: The Association maintains 22 light fixtures at the pool house.

History: Unknown age at the time of our inspection.

Condition: Good overall with no visible deterioration



Exterior light fixture overview



Exterior light fixture overview

Useful Life: Up to 25 years

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

- As-needed:
 - Replace burned out bulbs at common fixtures as needed
 - Inspect and repair broken or dislodged fixtures
 - Ensure a waterproof seal between the fixture and building exists

Priority: Per Board discretion

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

Rest Rooms

Line Item: 5.580

Quantity: The rest room components include:

- Paint finishes at the walls and ceilings
- Partitions
- Plumbing fixtures

History: Mostly original with paint finishes and minor repairs completed in the past five years.

Condition: Good to fair overall with finish fade at the partitions and fastener rust evident.



Rest room overview



Rest room overview



Vanity overview



Finish fade



Fastener rust

Useful Life: Renovation up to every 25 years. We recommend the Association budget for interim paint finishes through the operating budget.

Priority: Per Board discretion

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

Roof Assembly

Line Item: 5.600

Quantity: Approximately 32 *squares*¹ of asphalt shingle roofing, two accent metal roofs and approximately 165 linear feet of gutters and downspouts located at the pool house. This quantity includes replacement of the asphalt shingle roof at the pavilion.

History: The asphalt shingle roofs were replaced in 2024.

Condition: Good overall with no visible deterioration evident from our visual inspection from the ground. Management and the Board do not report a history of leaks.



Pavilion overview



Pool house asphalt shingle roof overview

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



Pool house asphalt shingle roof overview



Metal roof overview

Useful Life: 15- to 20-years

Component Detail Notes: Contractors use one of two methods for replacement of sloped roofs, either an overlayment or a tear-off. Overlayment is the application of new shingles over an existing roof. However, there are many disadvantages to overlayment including hidden defects of the underlying roof system, absorption of more heat resulting in accelerated deterioration of the new and old shingles, and an uneven visual appearance. Therefore, we recommend only the tear-off method of replacement. The tear-off method of replacement includes removal of the existing shingles, flashings if required and underlayments.

Preventative Maintenance Notes: We recommend the Association maintain a service and inspection contract with a qualified professional and record all documentation of repairs conducted. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Annually:
 - Record any areas of water infiltration, flashing deterioration, damage or loose shingles
 - Implement repairs as needed if issues are reoccurring
 - Trim tree branches that are near or in contact with roof
- As-needed:
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation

Priority: 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.

Security System, Access System

Line Item: 5.720

Quantity: Lakes of South Shore Harbour utilizes an automated proximity reader system with two access points. One is located at the entrance of the pool house and the other is located at the tennis court.

History: Replaced in 2022

Condition: Reported satisfactory without operational deficiencies



Card reader overview



Card reader overview

Useful Life: Up to 15 years

Preventative Maintenance Notes: We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. The required preventative maintenance may vary in frequency and scope based on the unit's age, operational condition, or changes in technology. We note the following select recommended preventative maintenance activities to maximize the remaining useful life:

- Monthly:
 - Check cameras for proper focus, fields of view are unobstructed and camera and lenses are clean and dust-free
 - Check recording equipment for proper operation
 - Verify monitors are free from distortion with correct brightness and contrast
- Annually:
 - Check exposed wiring and cables for wear, proper connections and signal transmission
 - Check power connections, and if applicable, functionality of battery power supply systems

Priority: Per Board discretion

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

Walls, Siding, Paint Finishes and Capital Repairs

Line Item: 5.760

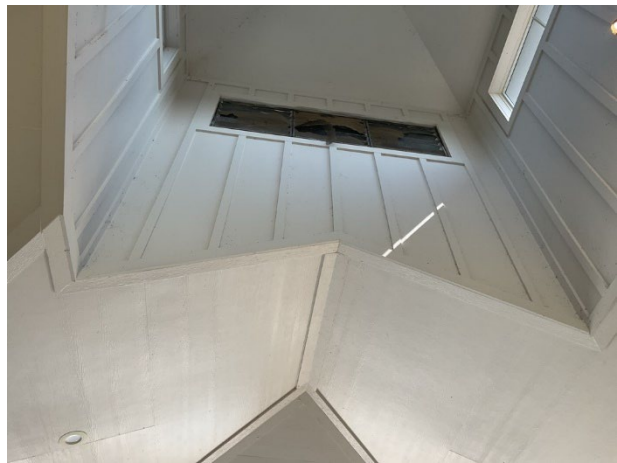
Quantity: We include paint finishes and capital repairs at the siding, trim, soffits and fascia.

History: Previous paint applications and capital repairs completed in 2025.

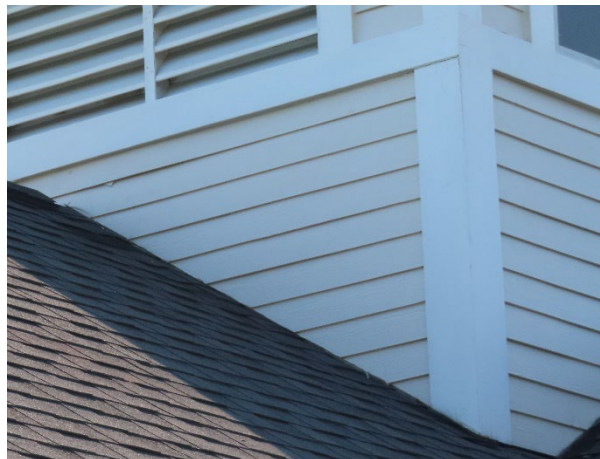
Condition: Good overall.



Soffits overview



Soffits overview



Siding and trim overview

Useful Life: Six- to eight-years

Component Detail Notes: Correct and complete preparation of the surface before application of the paint finish maximizes the useful life of the paint finish and surface. The contractor should remove all loose, peeled or blistered paint before application of the new

paint finish. The contractor should then power wash the surface to remove all dirt or chalking of the prior paint finish.

Priority: 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. Our cost estimates are based on information provided by management. We assume the following activities per event:

- Paint finish applications
- Replacement of up to fifteen percent (15%), of the siding, trim, soffits and fascia. (The exact amount of material in need of replacement will depend on the actual future conditions and desired appearance. We recommend replacement wherever holes, cracks and deterioration impair the ability of the material to prevent water infiltration.)
- Replacement of sealants as needed

Water Fountain and Outdoor Shower

Line Item: 5.770

Quantity: The Association maintains one water fountain and one outdoor shower.

History: Unknown age at the time of our inspection. Based on conversations with Management and the Board, the Association plans to replace these in the 2026.

Condition: Unsatisfactory based on conversations with Management.



Water fountain overview



Outdoor shower overview

Useful Life: Up to 10- to 15- years.

Priority: 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.

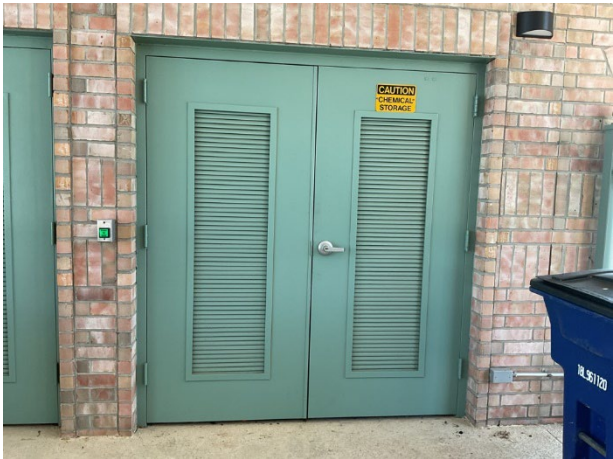
Windows and Doors

Line Item: 5.800

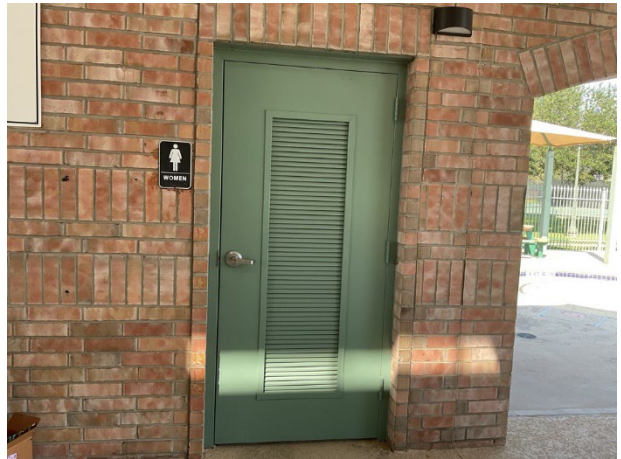
Quantity: The Association maintains approximately 300 square feet of windows and doors at the pool house.

History: Original

Condition: Good to fair overall with isolated fogged windows.



Doors overview



Door overview



Window overview



Fogged window

Useful Life: Up to 35 years

Component Detail Notes: Construction of the windows and doors at the clubhouse includes the following:

- Aluminum frames
- Single pane glass
- Fixed windows
- Hinged doors

Priority: Not recommended to defer

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

Pool Elements



Pool overview



Pool overview

Concrete Deck

Line Item: 6.200

Quantity: The Association maintains 8,870 square feet of concrete at the pool deck.

History: Original

Condition: Good to fair overall with cracks and previous repairs evident.



Concrete pool deck overview



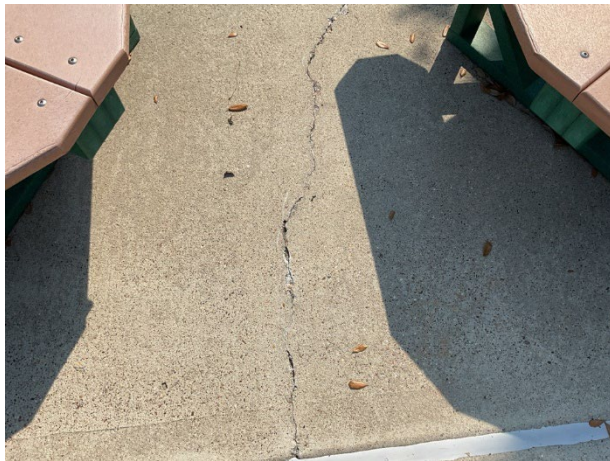
Concrete pool deck overview



Concrete cracks



Previous repairs



Concrete cracks



Concrete pool deck overview



Coping crack



Coping deterioration

repairs. We recommend the Association conduct inspections, partial replacements and repairs to the deck every 8- to 12-years in conjunction with coating replacements to the concrete flooring.

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
 - Repair concrete spalling and conduct coating repairs in areas with delamination
 - Schedule periodic pressure cleanings as needed

Priority: 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

Fence, Metal

Line Item: 6.400

Quantity: The Association maintains approximately 420 linear feet of metal fencing around the pool.

History: Original.

Condition: Good to fair overall with damage, finish fade, chipped paint and rust evident.



Metal pool fence overview



Metal pool fence overview



Metal pool fence gate overview



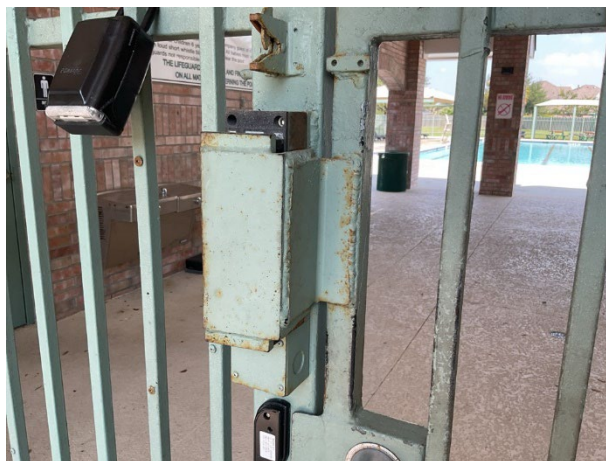
Chipped paint



Bent fence post



Finish deterioration



Gate rust

Useful Life: Up to 35 years. We recommend the Association budget for interim paint finishes through the operating budget.

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: 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
- Umbrellas
- Lifeguard chairs
- Ladders and life safety equipment

History: Varies in age.

Condition: Good to fair overall with finish fade evident.



Pool furniture overview



Minor finish fade

Useful Life: Up to 12 years

Priority: 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, cushion replacements, reupholstering 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 chlorinator and controls
- Electrical panels
- Interconnected pipe, fittings and valves
- Pumps and filters

History: Varies in age with one sand filter replaced in 2024.

Condition: Reported satisfactory overall



Pool mechanical equipment overview



Pool mechanical equipment overview

Useful Life: Up to 15 years

Preventative Maintenance Notes: The Association informs us preventative maintenance is conducted on a regular basis. 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: 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: The Association maintains approximately 3,270 square feet of plaster based on the horizontal surface area and approximately 710 linear feet of tile

History and Condition:

- Plaster finish: Replaced in 2025;
- Tile: Original; fair overall with coping cracks and deterioration evident.



Pool overview

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

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: 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. Our estimate of cost includes an allowance for replacement of the pool lights. Our cost is based on information provided by the Association. 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 Structure

Line Items: 6.865 and 6.870

Quantity: The Association maintains three metal shade structures with canvas awnings.

History: The structures are original, and the awnings are at an unknown age at the time of our inspection.

Condition: Fair overall with finish deterioration, chipped paint and rust evident.



Shade structure overview



Finish deterioration



Chipping paint



Frame rust

Useful Life: Six- to eight-years for the canvas and up to 25 years for the shade structures. We recommend the Association budget for paint finishes through the operating budget.

Priority: Per Board discretion

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

Water Slides

Line Item: 6.980

Quantity: The Association maintains two water slides.

History: Original

Conditions: Fair overall with finish fade, fastener rust and frame rust evident.



Water slide overview



Finish fade



Finish fade



Fastener and frame rust



Frame rust

Useful Life: Replacement at up to 25 years. We recommend the Association budget for interim repairs through the operating budget.

Component Detail Notes: Safety is the major purpose for maintaining the water slide. We recommend an annual inspection of the water slide to identify and repair as normal maintenance loose connections and fasteners or damaged elements. We recommend the use of a specialist for the design or replacement of the water slide environment.

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

- Weekly:
 - Inspect and repair loose connections and fasteners or damaged elements. Check handrails for stability.
 - Inspect for safety hazards
- Annually:
 - Drain all lines if applicable
 - Clean with non-abrasive cleaner and wax as needed
 - Reseal joints as needed

Priority: 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 every 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.

Lakes of South Shore Harbour 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 Owners 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 standards¹ set forth by the Association of Professional Reserve Analysts (APRA) fulfilling the requirements of a "Level I Full Reserve Study." 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
- Local² 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 League City, Texas at an annual inflation rate³. 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 Lakes of South Shore Harbour 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 a 2,600,000-square foot 98-story highrise. 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.

CAITLIN TATRO
Engineer, Northeast Region
Responsible Advisor

CURRENT CLIENT SERVICES

Caitlin Tatro, a Biomedical Engineer, is an Advisor for Reserve Advisors. Ms. Tatro is responsible for the inspection and analysis of the condition of clients' properties, and recommending engineering solutions to prolong the lives of the components. She also forecasts capital expenditures for the repair and/or replacement of the property components and prepares technical reports on assignments. She is responsible for conducting Life Cycle Cost Analyses and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes, planned unit developments and homeowner associations.



The following is a partial list of clients served by Caitlin Tatro demonstrating the breadth of experiential knowledge of community associations in construction and related systems.

Occoquan Ridge Condominium – Located in Woodbridge, Virginia, this condominium was originally constructed in 1968 and provides home to 243 units between 17 four-story buildings. The community maintains a clubhouse with a kitchen, a grand room, restrooms, and two outdoor pools. The association also utilizes commercial and residential boilers, a cooling tower, and a chiller to regulate the temperature within the condominium units and to control water temperature in the buildings.

Cromwell Fountain Open Space Homeowners Association – Located in Glen Burnie, Maryland, this association was built in the early 1990s and consists of 977 units. The common areas enjoyed by the residents include a pool with a clubhouse adjacent to it where restrooms are located, two tennis courts, and a playground. The homeowner's association also features a pond with inlet/outlet structures, wood and chain-linked fences, and an entrance monument.

Lansdowne Square Condominium – Located in Leesburg, Virginia, this community consists of 23 residential and 15 commercial units comprising three buildings. Each residential unit comes with the luxury of a private garage, and either a rooftop deck or a balcony. Each commercial unit has a glass storefront, exterior light fixtures, and an awning at the entrances.

Ocean Pines Independent Living Condominium Association – Located in Berlin, Maryland this condominium is the home to 52 condominium units. Residents in this independent living community enjoy well-prepared meals from the commercial kitchen, participate in activities in the game room, and attend movie nights in the on-site theater.

Lake Audubon Place Cluster Association – Located in Reston, Virginia, this homeowner's association consists of five townhomes with 26 units and was built in 1983. This community overlooks Lake Audubon and features a composite dock with pilings and a wooden bulkhead along the shoreline. In addition to the lake, the association features asphalt pavement roads and walking paths, concrete sidewalks, property identification traffic management, and parking signs.

Preserve at Tuscarora Community Association – Located in Frederick, Maryland, this community consists of 67 single-family homes and 183 townhomes. Residents enjoy the multiple walking paths throughout the community along with the playground. This association also maintains multiple large retaining walls and bio-retention basins, concrete sidewalks, and light poles and fixtures around the community.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, LLC, Ms. Tatro attended Western New England University in Springfield, Massachusetts where she attained her Bachelor of Science degree in Biomedical Engineering. Her rigorous coursework focused on using problem solving to understand mechanical systems and principles. Additionally, Ms. Tatro worked as an intern at General Dynamics Mission Systems during her undergraduate education where she did requirement analysis and system decomposition along with organizing deliverables mandated by the contract she was working on.

EDUCATION

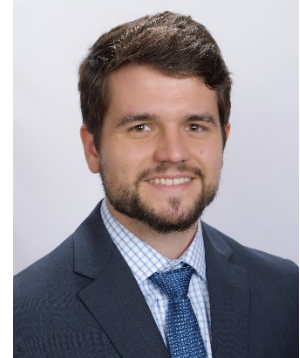
Western New England University – B.S. Biomedical Engineering

CASEY M. LEWIS, PE, RS
Regional Engineering Manager and Quality Assurance Engineer

CURRENT CLIENT SERVICES

Casey Lewis, an engineer, is an advisor for Reserve Advisors. Mr. Lewis is responsible for the inspection and analysis of the condition of clients' property 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 Analysis and Capital Replacement Forecast services and the preparation of Reserve Study Reports for condominiums, townhomes and homeowners associations.

Mr. Lewis has conducted over 500 Reserve Studies; The following is a partial list of clients served by Mr. Lewis demonstrating his breadth of experiential knowledge of community associations in construction and related buildings systems.



Bleu Ciel Condominium Association, Inc. A luxury highrise in Dallas, Texas, Bleu Ceil Condominium comprises a uniquely shaped tower with 136 units. Residents of the Association have access to a swimming pool, plaza deck and multiple interior common areas including a spa, fitness center, wine tasting and storage rooms. The site also includes a garage located at the lower levels of the tower.

White Bluff Property Owners Association, Inc. This Homeowners Association, located in Whitney, Texas, contains 3,000 single family homes. The amenities of this community include two, 18-hole golf courses, private streets, swimming pools, multiple amenity buildings, a marina, and guest rentals including RV parks, a hotel and townhomes.

8701 Collins Avenue Condominium Association, Inc. A beachfront highrise in Miami Beach, Florida containing 66 units in a 20-story building. The building consists of a curtain wall system, concrete balconies, heating and cooling systems. Additionally, the property contains an elevated plaza above the parking garage with multiple water features and swimming pools, a spa, fitness room and a boardwalk.

Hide-A-Way Lake Club A Homeowners Association located in Hideaway, Texas, containing 1,704 single family homes. Amenities of this community include a 27 hole golf course, multiple lakes, ponds, swimming pools and amenity buildings including a clubhouse, marina and event venue.

Wintergreen Trail Townhomes A townhome style community of 51 units in 12 buildings located in The Woodlands, Texas. The townhomes comprise of fiber cement siding, wood trim and asphalt roofs. Features of the property include concrete flatwork and wood fences surrounding the property.

Camp John Marc A special needs summer camp in Meridian, Texas that comprises over 100 acres that includes 22 cabins, numerous multipurpose use structures, extensive site infrastructure, maintenance buildings and equipment, animal storage structures and a packaged sewer treatment facility.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Lewis completed his bachelor's degree in industrial engineering at Texas Tech University. During his summers, he worked in the homebuilding industry where he oversaw and managed the construction of single family homes in the Houston, Texas area. Following the completion of his studies, he worked as an industrial engineer in the space launch industry.

EDUCATION

Texas Tech University - B.S. Industrial Engineering

PROFESSIONAL AFFILIATIONS

Professional Engineer - Texas

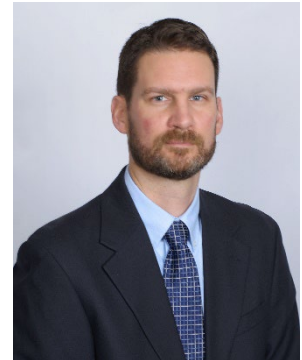
Reserve Specialist (RS) - CAI

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



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 Lakes of South Shore Harbour 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) Lakes of South Shore Harbour 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 subject property. The purpose of our energy benchmarking services is to track, collect and summarize the subject property's energy consumption over time for your use in comparison with other buildings of similar size and establishing a performance baseline for your planning of long-term energy efficiency goals. The purpose of our Milestone Phase I is to evaluate the structural integrity of the building on the subject property and provide an inspection report summarizing our findings related to structural issues, or lack thereof.

In each case, 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. Our energy benchmarking services with respect to the subject property is limited to collecting energy and utility data and summarizing such data in the form of an Energy Star Portfolio Manager Report or any other similar report, and hereby expressly excludes any recommendations with respect to the results of such energy benchmarking services or the accuracy of the energy information obtained from utility companies and other third-party sources with respect to the subject property. Our Milestone Phase I inspections are limited to a visual examination of habitable and uninhabitable areas of the building, including the primary structural members and systems. The inspection aims to determine the presence of substantial structural deterioration, and unsafe or dangerous conditions with the structure. The reserve report, Milestone Phase 1 report, and any energy benchmarking report (i.e., any Energy Star Portfolio Manager Report) (including any subsequent revisions thereto pursuant to the terms hereof, collectively, the "Report") are based upon a "snapshot in time" at the moment of inspection. RA may note visible physical defects in the Report. The inspection is made by employees generally familiar with real estate and building construction. Except to the extent readily apparent to RA, RA cannot and shall not opine on the structural integrity of or other physical defects in the property under any circumstances. Without limitation to the foregoing, RA cannot and shall not opine on, nor is RA responsible for, the property's conformity to specific governmental code requirements for fire, building, earthquake, occupancy or otherwise.

RA is not responsible for conditions that have changed between the time of inspection and the issuance of the Report. RA does not provide invasive testing on any mechanical systems that provide energy to the property, nor can RA opine on any system components that are not easily accessible during the inspection. 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 vapor, water, oil, gas, coal, or other subsurface mineral and use rights or such hidden conditions, and RA assumes no responsibility for any such conditions. The Report contains opinions of estimated replacement costs or deferred maintenance expenses and remaining useful lives, which are neither a guarantee of the actual costs or expenses of replacement or deferred maintenance nor a guarantee of remaining useful lives of any property element.

RA assumes, without independent verification, the accuracy of all data provided to it. Except to the extent resulting from RA's willful misconduct in connection with the performance of its obligations under this agreement, you agree to indemnify, defend, and hold RA and its affiliates, officers, managers, employees, agents, successors and assigns (each, an "RA Party") harmless from and against (and promptly reimburse each RA Party for) any and all losses, claims, actions, demands, judgments, orders, damages, expenses or liabilities, including, without limitation, reasonable attorneys' fees, asserted against or to which any RA Party may become subject in connection with this engagement, including, without limitation, as a result of any false, misleading or incomplete information which RA relied upon that was 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 or to whom you provided the Report. NOTWITHSTANDING ANY OTHER PROVISION HEREIN TO THE CONTRARY, THE AGGREGATE LIABILITY (IF ANY) OF RA WITH RESPECT TO THIS AGREEMENT AND RA'S OBLIGATIONS HEREUNDER IS LIMITED TO THE AMOUNT OF THE FEES ACTUALLY RECEIVED BY RA FROM YOU FOR THE SERVICES AND REPORT PERFORMED BY RA UNDER THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE. YOUR REMEDIES SET FORTH HEREIN ARE EXCLUSIVE AND ARE YOUR SOLE REMEDIES FOR ANY FAILURE OF RA TO COMPLY WITH ITS OBLIGATIONS HEREUNDER OR OTHERWISE. RA SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ANY LOST PROFITS AND LOST SAVINGS, LOSS OF USE OR INTERRUPTION OF BUSINESS, HOWEVER CAUSED, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF WARRANTY, STRICT LIABILITY OR OTHERWISE, EVEN IF RA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL RA BE LIABLE FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES. RA DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED OR OF ANY NATURE, WITH REGARD TO THE SERVICES AND THE REPORT, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.



Report - RA will complete the services in accordance with the Proposal. The Report represents a valid opinion of RA's findings and recommendations with respect to the reserve study or Milestone Phase I, as applicable, and is deemed complete. RA will consider any additional information made available to RA within 6 months of issuing the Report and issue a revised Report based on such additional information if a timely request for a revised Report is made by you. 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. RA reserves the right to, and you acknowledge and agree that RA may, use any data provided by you in connection with the services, or gathered as a result of providing such services, including in connection with creating and issuing any Report, in a de-identified and aggregated form for RA's business purposes.

Your Obligations - You agree to provide us access to the subject property for an 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. Additionally, you agree to provide historical replacement schedules, utility bills and historical energy usage files that RA requests and deems necessary to complete the energy benchmarking services, and you agree to provide any utility release(s) reasonably requested by RA permitting RA to obtain any such data and/or information from any utility representative or other third party. 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 the Report is limited to only the purpose stated herein. You acknowledge that RA is the exclusive owner of all intellectual property rights in and relating to the Report. You hereby acknowledge that any use or reliance by you on the Report for any unauthorized purpose is at your own risk and that you will be liable for the consequences of any unauthorized use or distribution of the Report. Use or possession of the Report by any unauthorized third party is prohibited. 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 the Report in its entirety to the following third parties: members of your organization (including your directors, officers, tenants and prospective purchasers), your accountants, attorneys, financial institutions and property managers who need to review the information contained herein, and any other third party who has a right to inspect the Report under applicable law including, but not limited to, any government entity or agency, or any utility companies. Without the written consent of RA, you shall not disclose the Report to any other third party. By engaging our services, you agree that the Report contains intellectual property developed (and owned solely) by RA and agree that you will not reproduce or distribute the Report ***to any party that conducts reserve studies without the written consent of RA.***

RA will include (and you hereby agree that RA may include) your name in our client lists. RA reserves the right to use (and you hereby agree that RA may 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 - The retainer payment for any reserve study, Milestone Phase I inspection, and/or combined services is due upon execution of this agreement and prior to the inspection by RA, and any balance is due net 30 days from the Report shipment date. If only energy benchmarking services are performed by RA, then the retainer payment is due upon execution of this agreement and any balance is due net 30 days from the Report shipment date. In any case, any balance remaining 30 days after delivery of the Report shall accrue an interest charge of 1.5% per month. Unless this agreement is earlier terminated by RA in the event you breach or otherwise fail to comply with your obligations under this agreement, RA's obligations under this agreement shall commence on the date you execute and deliver this agreement and terminate on the date that is 6 months from the date of delivery of the Report by RA. Notwithstanding anything herein to the contrary, each provision that by its context and nature should survive the expiration or early termination of this agreement shall so survive, including, without limitation, any provisions with respect to payment, intellectual property rights, limitations of liability and governing law. We reserve the right to limit or decline refunds in our sole discretion. Refunds vary based on the applicable facts and circumstances.

Miscellaneous – Neither party shall be liable for any failures or delays in performance due to fire, flood, strike or other labor difficulty, act of God, act of any governmental authority, riot, embargo, fuel or energy shortage, pandemic, wrecks or delays in transportation, or due to any other cause beyond such party's reasonable control; provided, however, that you shall not be relieved from your obligations to make any payment(s) to RA as and when due hereunder. In the event of a delay in performance due to any such cause, the time for completion or date of delivery will be extended by a period of time reasonably necessary to overcome the effect of such delay. You may not assign or otherwise transfer this agreement, in whole or in part, without the prior written consent of RA. RA may freely assign or otherwise transfer this agreement, in whole or in part, without your prior consent. This agreement shall be governed by the laws of the State of Wisconsin without regard to any principles of conflicts of law that would apply the laws of another jurisdiction. Any dispute with respect to this agreement shall be exclusively venued in Milwaukee County Circuit Court or in the United States District Court for the Eastern District of Wisconsin. Each party hereto agrees and hereby waives the right to a trial by jury in any action, proceeding or claim brought by or on behalf of the parties hereto with respect to any matter related to this agreement.