

2024 Rolling Creek Ranch Reserve Study Introduction

Attached is the most recent Reserve Study conducted by Reserve Advisors in 2024. Rolling Creek Ranch (RCR) intends to update the Reserve Study about every five years, so the next one would not occur until 2029. The Board believes these studies are very important in planning, saving and budgeting for future large expenditures. In addition, many insurance companies require an up-to-date Reserve Study before they will issue insurance policies to homeowner associations.

The 2024 RCR Reserve Study shows that reserve contributions will need to grow steadily, and indicates that RCR should expect both operating costs and income to increase, as well. Please note, the Board views this sort of study as a guide, and not a set of fixed rules or commitments.

In general, the 2024 RCR Reserve Study accomplishes the following:

- Identifies future large capital expenditures
- Identifies the need to steadily increase Reserve funds, especially to cover the largest cost we face as a community: maintaining and repaving our roads

In general, the 2024 RCR Reserve Study does not:

- Commit the Board to take any specific action
- Lock RCR into a fixed schedule for projects. In fact, as a result of the RCR community vote, many of project timelines have already changed since the 2024 report was issued.
- Provide exact cost estimates. For example, it does not consider the impact of changing project order, the potential benefits of competitive bidding, or cost savings related to volunteer help.

The Board anticipates questions as the study is reviewed by the community.

Please do not hesitate to contact PMG at

pmgadmin@propertymanagementgroup.org. PMG will coordinate with the Board to address questions/concerns.

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Rolling Creek Ranch Property Owners' Association

June 5, 2024 • Granbury, TX

RESERVE STUDY



Rolling Creek Ranch Property Owners' Association
Granbury, Texas

Dear Board of Directors of Rolling Creek Ranch Property Owners' Association:

At the direction of the Board that recognizes the need for proper reserve planning, we have conducted a *Reserve Study* of Rolling Creek Ranch Property Owners' Association in Granbury, Texas and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 5, 2024.

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

An ongoing review by the Board and an Update of this Reserve Study are necessary to ensure an equitable funding plan since a Reserve Study is a snapshot in time. We recommend the Board budget for an Update to this Reserve Study in two- to three-years. We look forward to continuing to help Rolling Creek Ranch Property Owners' 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 July 11, 2024 by

Reserve Advisors, LLC

Visual Inspection and Report by: Jordan M. Rosales, Engineer, RS¹

Review by: Keary D. Wass, RS, Quality Assurance Engineer

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: Rolling Creek Ranch Property Owners' Association (Rolling Creek Ranch)

Location: Granbury, Texas

Reference: 201369

Property Basics: Rolling Creek Ranch Property Owners' Association is a homeowners association which is responsible for the common elements shared by 285 single family homes. The community was built in 2017.

Reserve Components Identified: 14 Reserve Components.

Inspection Date: June 5, 2024. We conducted the original inspection on October 27, 2020.

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 2036 due to the repaving of the streets. In addition, the Reserve Funding Plan recommends 2054 year end accumulated reserves of approximately \$1,460,100. We judge this amount of accumulated reserves in 2054 necessary to fund the likely repaving of the streets after 2054. These future needs, although beyond the limit of the Cash Flow Analysis of this Reserve Study, are reflected in the amount of accumulated 2054 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
- 2.0% anticipated annual rate of return on invested reserves
- 3.5% 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:

- \$503,229 as of February 29, 2024
- 2024 budgeted Reserve Contributions of \$76,402

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:

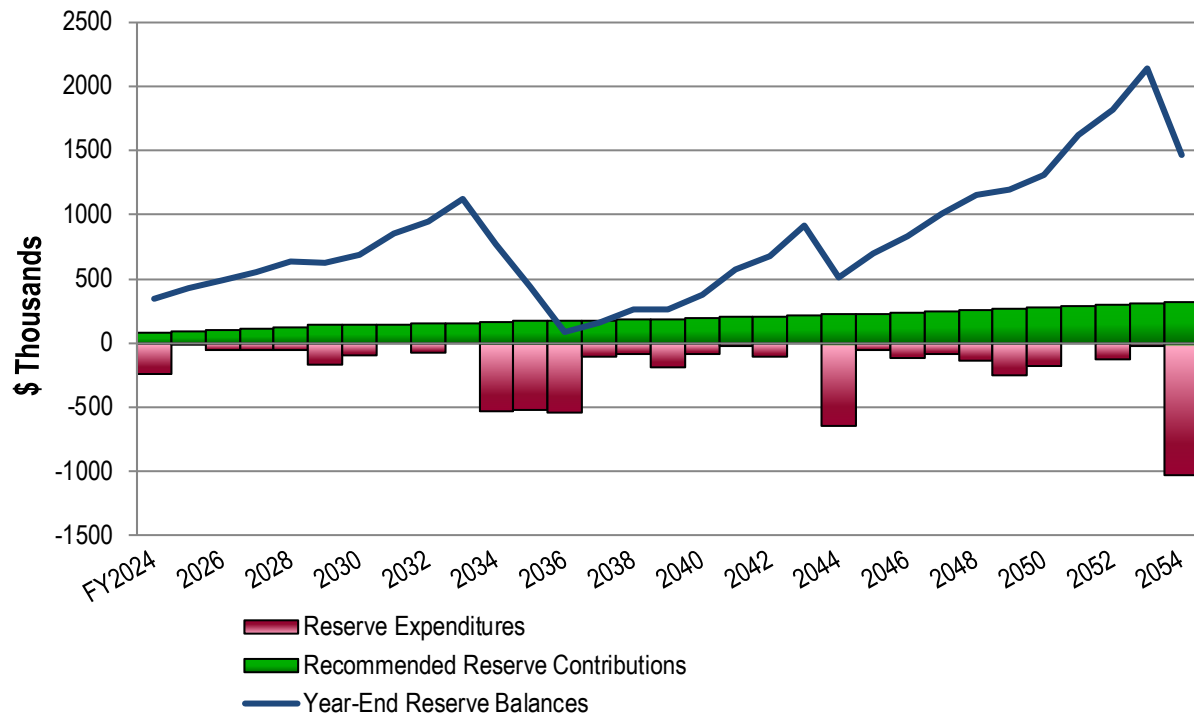
- Crack repair, patch, and seal coat of the roads to address areas of early deterioration
- Replacement of the sport court plastic tile surface due to cracks and deterioration

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

- Phased increases of \$12,300 from 2025 through 2029
- Inflationary increases from 2030 through 2036
- Stable contributions of \$175,400 in 2037
- Inflationary increases thereafter through 2054, the limit of this study's Cash Flow Analysis
- Initial adjustment in Reserve Contributions of \$12,298 represents an average annual increase of \$43.15 per owner and about a five percent (5.2%) adjustment in the 2024 total Operating Budget of \$234,765.

**Rolling Creek Ranch
Recommended Reserve Funding Table and Graph**

Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)	Year	Reserve Contributions (\$)	Reserve Balances (\$)
2025	88,700	431,743	2035	169,500	438,200	2045	230,900	700,724
2026	101,000	488,615	2036	175,400	82,324	2046	239,000	834,063
2027	113,300	557,614	2037	175,400	156,398	2047	247,400	1,013,051
2028	125,600	638,020	2038	181,500	261,587	2048	256,100	1,154,295
2029	137,900	623,920	2039	187,900	264,544	2049	265,100	1,190,929
2030	142,700	687,781	2040	194,500	379,239	2050	274,400	1,307,351
2031	147,700	850,714	2041	201,300	572,010	2051	284,000	1,620,338
2032	152,900	946,748	2042	208,300	681,832	2052	293,900	1,818,060
2033	158,300	1,125,566	2043	215,600	913,225	2053	304,200	2,142,489
2034	163,800	774,977	2044	223,100	507,289	2054	314,800	1,460,058





2. RESERVE STUDY REPORT

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

Rolling Creek Ranch Property Owners' Association

Granbury, Texas

and submit our findings in this report. The effective date of this study is the date of our visual, noninvasive inspection, June 5, 2024. We conducted the original inspection on October 27, 2020.

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:

- Rolling Creek Ranch 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
Rolling Creek Ranch
Property Owners' Association
Granbury, Texas

Operating Budget Components

Repairs normally funded through the Operating Budget and Expenditures less than \$3,000 (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.

- Basketball Standard
- Catch Basins, Landscape
- Concrete Culverts, Interim Repairs
- Dock, Maintenance and Replacement
- Irrigation System, Controls and Maintenance
- Landscape
- Paint Finishes, Touch Up
- Pavilion, Light Fixtures
- Pavilion, Site Furniture
- Retaining Wall, Gabion Basket, Inspections and Capital Repairs
- Signage
- Soccer Standards

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

• Basketball Court, Underlying Concrete	to 50	N/A
• Concrete Culverts, Replacement	Indeterminate	N/A
• Pipes, Subsurface Utilities	Indeterminate	N/A
• Structural Frames	Indeterminate	N/A

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

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
- 2024 local cost of replacement
 - Per unit
 - Per phase
 - Replacement of total quantity
- Percentage of future expenditures anticipated during the next 30 years
- Schedule of estimated future costs for each reserve component including inflation

Reserve Funding Plan

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

Five-Year Outlook

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

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

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

RESERVE EXPENDITURES

Rolling Creek Ranch
Property Owners' Association
Granbury, Texas

Explanatory Notes:

- 1) 3.5% is the estimated Inflation Rate for estimating Future Replacement Costs.
2) FY2024 is Fiscal Year beginning January 1, 2024 and ending December 31, 2024.

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 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																	
4.020	71,000	71,000	Square Yards	Asphalt Pavement, Crack Repair and Patch (2024 is Budgeted)	2024	to 2	0	0.70	49,700	49,700	21.3%	123,500		53,240		57,032		61,094		65,445						80,449	
4.022	71,000	23,667	Square Yards	Asphalt Pavement, Overlay, Phased	2034	15 to 20	10 to 12	15.00	355,000	1,065,000	45.8%										500,763	518,289	536,429				
4.023	71,000	71,000	Square Yards	Asphalt Pavement, Seal Coat (2024 is Budgeted)	2024	3 to 5	0	1.50	106,500	106,500	15.7%	106,500					126,489									178,425	
4.310	2	1	Allowance	Gate Entry System, Phased	2027	10 to 15	3 to 10	10,000.00	10,000	20,000	1.2%				11,087						14,106						
4.320	3	3	Each	Gate Operators	2027	to 10	3	8,000.00	24,000	24,000	2.1%				26,609										37,535		
4.330	3	3	Each	Gates	2037	to 20	13	9,000.00	27,000	27,000	0.8%														42,227		
4.340	2	2	Each	Pavilion, Rest Rooms, Renovation	2034	to 20	10	6,500.00	13,000	13,000	1.0%										18,338						
4.500	20	20	Squares	Pavilion Roof, Metal	2045	to 30	21	1,200.00	24,000	24,000	0.9%																
4.710	4,000	800	Linear Feet	Ponds, Erosion Control, Partial	2029	to 15	5 to 30+	40.00	32,000	160,000	1.8%						38,006										
4.730	25,000	7,500	Square Yards	Ponds, Sediment Removal, Partial (2024 is Budgeted)	2024	to 30	0 to 30+	18.00	135,000	450,000	4.9%	5,000															
4.750	2	1	Allowance	Security System, Phased	2025	to 15	1 to 8	7,000.00	7,000	14,000	1.1%		7,245						9,218							11,727	
4.800	1	1	Allowance	Signage, Renovation (Incl. Waterfall Feature)	2030	15 to 20	6	25,000.00	25,000	25,000	1.6%							30,731									
4.840	200	200	Linear Feet	Sport Court, Fence	2042	to 25	18	50.00	10,000	10,000	0.3%																
4.860	1,700	1,700	Square Feet	Sport Court, Plastic Tile	2027	to 10	3	9.00	15,300	15,300	1.3%				16,963										23,929		
	1	1	Allowance	2024 Reserve Expenditures	2024	N/A	0	9,000.00	9,000	9,000	0.2%	9,000															
Anticipated Expenditures, By Year (\$5,577,297 over 30 years)												244,000	7,245	53,240	54,660	57,032	164,495	91,825	0	74,663	0	533,206	518,289	536,429	103,690	80,449	190,152

RESERVE EXPENDITURES

Rolling Creek Ranch
Property Owners' Association
Granbury, 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 2040	17 2041	18 2042	19 2043	20 2044	21 2045	22 2046	23 2047	24 2048	25 2049	26 2050	27 2051	28 2052	29 2053	30 2054
						Useful	Remaining	Unit (2024)	Per Phase (2024)	Total (2024)																
4.020	71,000	71,000	Square Yards	Asphalt Pavement, Crack Repair and Patch (2024 is Budgeted)	2024	to 2	0	0.70	49,700	49,700	21.3%	86,179		92,317		98,893		105,936		113,481		121,564		130,223		
4.022	71,000	23,667	Square Yards	Asphalt Pavement, Overlay, Phased	2034	15 to 20	10 to 12	15.00	355,000	1,065,000	45.8%															996,412
4.023	71,000	71,000	Square Yards	Asphalt Pavement, Seal Coat (2024 is Budgeted)	2024	3 to 5	0	1.50	106,500	106,500	15.7%					211,913				251,686						
4.310	2	1	Allowance	Gate Entry System, Phased	2027	10 to 15	3 to 10	10,000.00	10,000	20,000	1.2%		17,947						22,833							
4.320	3	3	Each	Gate Operators	2027	to 10	3	8,000.00	24,000	24,000	2.1%							52,947								
4.330	3	3	Each	Gates	2037	to 20	13	9,000.00	27,000	27,000	0.8%															
4.340	2	2	Each	Pavilion, Rest Rooms, Renovation	2034	to 20	10	6,500.00	13,000	13,000	1.0%															36,488
4.500	20	20	Squares	Pavilion Roof, Metal	2045	to 30	21	1,200.00	24,000	24,000	0.9%						49,426									
4.710	4,000	800	Linear Feet	Ponds, Erosion Control, Partial	2029	to 15	5 to 30+	40.00	32,000	160,000	1.8%					63,673										
4.730	25,000	7,500	Square Yards	Ponds, Sediment Removal, Partial (2024 is Budgeted)	2024	to 30	0 to 30+	18.00	135,000	450,000	4.9%					268,622										
4.750	2	1	Allowance	Security System, Phased	2025	to 15	1 to 8	7,000.00	7,000	14,000	1.1%						14,921							18,983		
4.800	1	1	Allowance	Signage, Renovation (Incl. Waterfall Feature)	2030	15 to 20	6	25,000.00	25,000	25,000	1.6%										61,149					
4.840	200	200	Linear Feet	Sport Court, Fence	2042	to 25	18	50.00	10,000	10,000	0.3%			18,575												
4.860	1,700	1,700	Square Feet	Sport Court, Plastic Tile	2027	to 10	3	9.00	15,300	15,300	1.3%								33,754							
1	1	1	Allowance	2024 Reserve Expenditures	2024	N/A	0	9,000.00	9,000	9,000	0.2%															
Anticipated Expenditures, By Year (\$5,577,297 over 30 years)												86,179	17,947	110,892	0	643,100	49,426	120,857	86,700	136,315	251,686	182,713	0	130,223	18,983	1,032,900

RESERVE FUNDING PLAN

CASH FLOW ANALYSIS		Individual Reserve Budgets & Cash Flows for the Next 30 Years															
Rolling Creek Ranch																	
Property Owners' Association																	
Granbury, Texas		FY2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Reserves at Beginning of Year	(Note 1)	503,229	342,621	431,743	488,615	557,614	638,020	623,920	687,781	850,714	946,748	1,125,566	774,977	438,200	82,324	156,398	261,587
Total Recommended Reserve Contributions	(Note 2)	76,402	88,700	101,000	113,300	125,600	137,900	142,700	147,700	152,900	158,300	163,800	169,500	175,400	175,400	181,500	187,900
Estimated Interest Earned, During Year	(Note 3)	6,990	7,667	9,112	10,359	11,838	12,494	12,987	15,233	17,797	20,518	18,817	12,012	5,154	2,364	4,138	5,209
Anticipated Expenditures, By Year		(244,000)	(7,245)	(53,240)	(54,660)	(57,032)	(164,495)	(91,825)	0	(74,663)	0	(533,206)	(518,289)	(536,429)	(103,690)	(80,449)	(190,152)
Anticipated Reserves at Year End		<u>\$342,621</u>	<u>\$431,743</u>	<u>\$488,615</u>	<u>\$557,614</u>	<u>\$638,020</u>	<u>\$623,920</u>	<u>\$687,781</u>	<u>\$850,714</u>	<u>\$946,748</u>	<u>\$1,125,566</u>	<u>\$774,977</u>	<u>\$438,200</u>	<u>\$82,324</u>	<u>\$156,398</u>	<u>\$261,587</u>	<u>\$264,544</u>
		(NOTE 5)															

(continued)	Individual Reserve Budgets & Cash Flows for the Next 30 Years, Continued														
	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Reserves at Beginning of Year	264,544	379,239	572,010	681,832	913,225	507,289	700,724	834,063	1,013,051	1,154,295	1,190,929	1,307,351	1,620,338	1,818,060	2,142,489
Total Recommended Reserve Contributions	194,500	201,300	208,300	215,600	223,100	230,900	239,000	247,400	256,100	265,100	274,400	284,000	293,900	304,200	314,800
Estimated Interest Earned, During Year	6,374	9,418	12,414	15,793	14,064	11,961	15,196	18,288	21,459	23,220	24,735	28,987	34,044	39,213	35,669
Anticipated Expenditures, By Year	(86,179)	(17,947)	(110,892)	0	(643,100)	(49,426)	(120,857)	(86,700)	(136,315)	(251,686)	(182,713)	0	(130,223)	(18,983)	(1,032,900)
Anticipated Reserves at Year End	<u>\$379,239</u>	<u>\$572,010</u>	<u>\$681,832</u>	<u>\$913,225</u>	<u>\$507,289</u>	<u>\$700,724</u>	<u>\$834,063</u>	<u>\$1,013,051</u>	<u>\$1,154,295</u>	<u>\$1,190,929</u>	<u>\$1,307,351</u>	<u>\$1,620,338</u>	<u>\$1,818,060</u>	<u>\$2,142,489</u>	<u>\$1,460,058</u>
															(NOTE 4)

Explanatory Notes:

- 1) Year 2024 starting reserves are as of February 29, 2024; FY2024 starts January 1, 2024 and ends December 31, 2024.
- 2) Reserve Contributions for 2024 are budgeted; 2025 is the first year of recommended contributions.
- 3) 2.0% is the estimated annual rate of return on invested reserves; 2024 is a partial year of interest earned.
- 4) Accumulated year 2054 ending reserves consider the need to fund for repaving of the streets shortly after 2054, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).

FIVE-YEAR OUTLOOK

Rolling Creek Ranch
Property Owners' Association
Granbury, Texas

Line Item	Reserve Component Inventory	RUL = 0 FY2024	1 2025	2 2026	3 2027	4 2028	5 2029
4.020	Asphalt Pavement, Crack Repair and Patch (2024 is Budgeted)	123,500		53,240		57,032	
4.023	Asphalt Pavement, Seal Coat (2024 is Budgeted)	106,500					126,489
4.310	Gate Entry System, Phased				11,087		
4.320	Gate Operators				26,609		
4.710	Ponds, Erosion Control, Partial						38,006
4.730	Ponds, Sediment Removal, Partial (2024 is Budgeted)	5,000					
4.750	Security System, Phased		7,245				
4.860	Sport Court, Plastic Tile				16,963		
	2024 Reserve Expenditures	9,000					
	Anticipated Expenditures, By Year (\$5,577,297 over 30 years)	244,000	7,245	53,240	54,660	57,032	164,495

4.RESERVE COMPONENT DETAIL

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

Reserve Study Elements

Asphalt Pavement, Repaving

Line Items: 4.020, 4.022, and 4.023

Quantity: Approximately 71,000 square yards at the streets and amenity parking area

History:

- Repaving: Original to construction
- Repairs: Crack repair and patch performed as needed throughout the life of the roads

Condition: Good to fair overall with evidence of periodic cracks, alligator cracks, settlement, and deterioration noted



Pavement overview



Pavement overview



Pavement overview at Helton Drive with centerline deterioration



Pavement patch at Helton Drive



Pavement patch at Helton Drive



Cracks repair at Heathington Boulevard



Edge deterioration at Heathington Boulevard



Alligator cracks at Heathington Boulevard near cul-de-sac



**Pavement overview at Heathington Boulevard
with centerline crack**



**Pavement overview Martin Drive with centerline
deterioration**



Pavement overview at White Drive



**Pavement overview at Maverick Court with crack
repair**



Pavement cracks



Alligator cracks and settlement at entrance



Pavement overview parking area



Crack repair overview



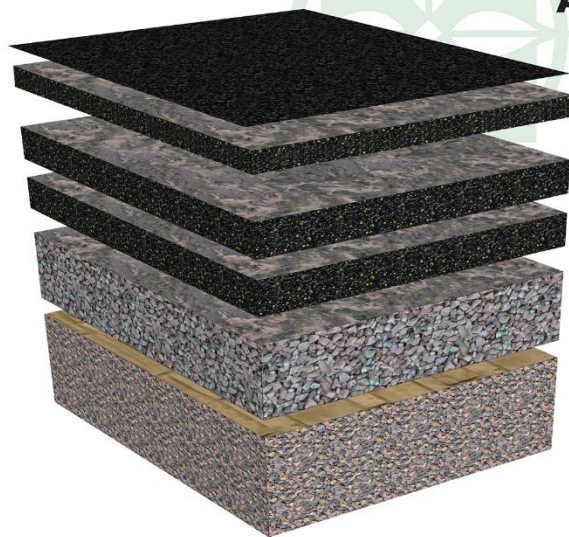
Pavement cracks at White Drive

Useful Life: 15- to 20-years for repaving with the benefit of crack repair and patch events every two years and seal coating every three- to five-years

Component Detail Notes: Proposals should include mechanically routing and filling all cracks with hot emulsion. Crack repair minimizes the chance of the cracks transmitting through the pavement. Patch repairs are conducted at areas exhibiting settlement, potholes, or excessive cracking. These conditions typically occur near high traffic areas, catch basins, and pavement edges.

The initial installation of asphalt uses at least two lifts, or two separate applications of asphalt, over the base course. The first lift is the binder course. The second lift is the wearing course. The wearing course comprises a finer aggregate for a smoother more watertight finish.

The following diagram depicts the typical components although it may not reflect the actual configuration at Rolling Creek Ranch:



ASPHALT DIAGRAM

Sealcoat or Wearing Surface

Asphalt Overlay Not to Exceed
1.5 inch Thickness per Lift or Layer

Original Pavement Inspected and
milled until sound pavement is found,
usually comprised of two layers

**Compacted Crushed Stone
or Aggregate Base**

**Subbase of Undisturbed
Native Soils** Compacted to
95% dry density

© Reserve Advisors

The manner of repaving is either a mill and overlay or total replacement. A mill and overlay is a method of repaving where cracked, worn and failed pavement is mechanically removed or milled until sound pavement is found. A new layer of asphalt is overlaid atop the remaining base course of pavement. Total replacement includes the removal of all existing asphalt down to the base course of aggregate and native soil followed by the application of two or more new lifts of asphalt. We recommend mill and overlayment on asphalt pavement that exhibits normal deterioration and wear. We recommend total replacement of asphalt pavement that exhibits severe deterioration, inadequate drainage, pavement that has been overlaid multiple times in the past or where the configuration makes overlayment not possible. Based on the apparent visual condition and configuration of the asphalt pavement, we recommend the overlay method of repaving at Rolling Creek Ranch.

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

- Annually:
 - Inspect for settlement, large cracks and trip hazards, and ensure proper drainage
 - Repair areas which could cause vehicular damage such as potholes
- As needed:
 - Perform crack repairs and patching

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

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. Our cost includes an allowance for crack repairs and

patching of up to two percent (2%) of the pavement. Our cost for milling and overlayment includes area patching of up to ten percent (10%). Our cost estimation and timing of events is based on information provided by Management and the Board.

Gate Entry System

Line Item: 4.310

Quantity: Two panels

History: Vary in ages with one replaced at the main gate

Condition: Reported satisfactory



Gate entry keypad

Useful Life: 10- 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:
 - Inspect panel for damage and ensure the panel is mounted securely, tighten or replace any loose or damaged fasteners.
 - Inspect panel for proper operation of buttons, displays, microphone and speaker.
- Annually:
 - Check power connections, and if applicable, functionality of battery power supply systems

Priority/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We depict the replacement in a phased manner.

Gates and Operators

Line Items: 4.320 and 4.330

Quantity: Three gates and three operators

History:

- Gates: Original to construction
- Operators: Mostly original with motors replaced as needed

Condition:

- Gates: Good to fair overall
- Operators: Reported satisfactory



Gate overview



Gate operator



Gate overview



Gate operator



Useful Life: Up to 10 years for the operators and up to 20 years for the gates

Preventative Maintenance Notes: The status of preventative maintenance was unavailable to us during our inspection. We recommend the Association obtain and adhere to the manufacturer's recommended maintenance plan. We also recommend the Association maintain a maintenance contract with a qualified professional. 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:

- Semi-annually:
 - Ensure gates operate freely
 - Inspect for any wear, rust and loose fasteners
 - Inspect and correct tension in belts and chains, and lubricate hinges and chains as necessary
 - Check alignment of pulleys
 - Check for no oil leakage at the gear box
 - Check the control board for water damage. Clean and remove insects and other pests as needed.
 - Check all wiring for insulation damage and loose connections. If applicable, check functionality of battery power supply systems

Priority/Criticality: Not recommended to defer

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

Pavilion, Rest Rooms

Line Item: 4.340

Quantity: Two common located at the pavilion near the amenity area. The rest room components include:

- Paint finishes
- Light Fixtures
- Plumbing fixtures
- Minor plumbing repairs

History: Mostly original

Condition: Good to fair overall



Rest room overview

Useful Life: Renovations up to every 20 years.

Priority/Criticality: Per Board discretion

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

Pavilion Roof, Metal

Line Item: 4.500

Quantity: Approximately 20 squares¹

History: Original to construction

Condition: Good overall from our visual inspection from the ground



Roof overview



Roof overview

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



Roof overview



Roof overview



Underside of roof

Useful Life: Up to 30 years

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 fasteners
 - Implement repairs as needed if issues are reoccurring
 - Ensure proper ventilation and verify vents are clear of debris and not blocked from attic insulation
 - Clear valleys of debris
 - Periodic cleaning at areas with organic growth

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

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

Pond, Sediment Removal and Erosion Control

Line Items: 4.710 and 4.730

Quantity: Approximately 25,000 square yards of water surface area and approximately 4,000 linear feet of shorelines comprise two ponds.

History: Original to construction. Management and the Board inform us of a 2024 budgeted project to modify the spillway to help control constant water level.

Condition: Good to fair overall with isolated shoreline erosion



Pond overview



Pond overview



Minor shoreline erosion



Minor shoreline erosion



Pond overview



Pond overview



Pond shoreline

Useful Life: Based on the visual condition, construction, adjacent deciduous trees and visibly apparent erosion, 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 shoreline 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/Criticality: Defer only upon opinion of independent professional or engineer

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. We recommend the Association plan to install a combination of plantings and rip rap around the pond along 800 linear feet, or approximately twenty percent (20%), of the shoreline per event.

For reserve budgeting purposes, we estimate the need to remove an average depth of one yard from approximately thirty percent (30%) 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 Rolling Creek Ranch 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.

Security System

Line Item: 4.750

Quantity: Rolling Creek Ranch utilizes the following security system components:

- Cameras
- Multiplexer
- Recorder

History: Mostly original. Management and the Board informs us of potential upgrades in the near term.

Condition: Reported satisfactory



Security cameras

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/Criticality: Per Board discretion

Expenditure Detail Notes: Expenditure timing and costs are depicted in the **Reserve Expenditures** table in Section 3. The Association should anticipate replacement of up to fifty percent (50%) of the security system components per event.

Signage

Line Item: 4.800

Quantity: Three property identification signs. The property identification signage includes the following elements:

- Light Fixtures
- Letters
- Masonry
- Waterfall Feature

History: Original

Condition: Good to fair overall



Entrance monument



Waterfall feature



Entrance monument

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/Criticality: 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 masonry and replacement of the remaining components listed above.

Sport Court, Fence

Line Item: 4.840

Quantity: 200 linear feet enclosing the sport court and including the backstop

History: Original

Condition: Good to fair overall with isolated warped webbing



Sport court fence



Sport court fence



Sport court fence with warped webbing



Sport court fence



Overview of backstop

Useful Life: Up to 25 years

Priority/Criticality: Per Board discretion

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

Sport Court, Plastic Tile

Line Item: 4.860

Quantity: 1,700 square feet of plastic tile

History: Original to construction

Condition: Fair overall with periodic damaged tiles



Overview of plastic tile court



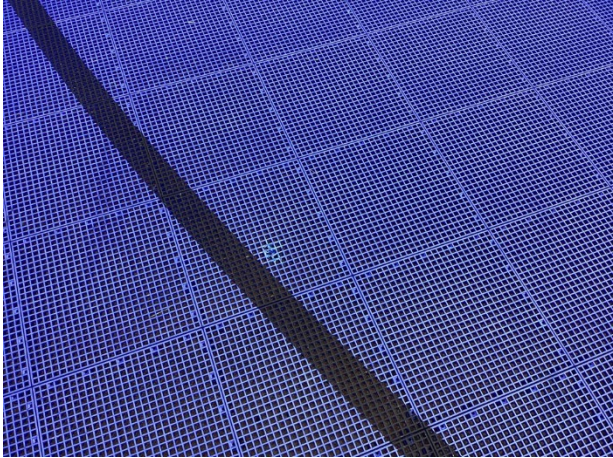
Overview of plastic tile court



Damaged tile



Basketball court overview



Damaged tile



Basketball court overview

Useful Life: Up to 10 years

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

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

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

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

2024 Reserve Expenditures

Component Detail Notes: Rolling Creek Ranch will expend \$9,000 in reserve expenditures in 2024. These expenditures relate to the following:

- \$2,500: Cost for Reserve Study Update
- \$6,500: Cost to reinforce openings at two drain culverts to prevent long-term road undercut.

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.

Rolling Creek Ranch 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 II Reserve Study Update." These standards require a Reserve Component to have a "predictable remaining Useful Life." Estimating Remaining Useful Lives and Reserve Expenditures beyond 30 years is often indeterminate. Long-Lived Property Elements are necessarily excluded from this analysis. We considered the following factors in our analysis:

- The Cash Flow Method to compute, project and illustrate the 30-year Reserve Funding Plan
- 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 Granbury, 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 Rolling Creek Ranch 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.

JORDAN M. ROSALES, RS
Engineer, West Region
Responsible Advisor

CURRENT CLIENT SERVICES

Jordan M Rosales, an Engineer, is an Advisor for Reserve Advisors. Mr. Rosales is responsible for the inspection and analysis of the condition of clients' property, recommending engineering solutions to prolong the lives of the components, forecasting capital expenditures for the repair and/or replacement of the property components, and preparation of 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 homeowner associations.



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

Copper Lakes Homeowners Association is a large homeowners association located in Houston, Texas consisting of over 1,400 homes. The sprawling property features two pools, six playgrounds, three ponds, tennis courts, a spacious clubhouse, and extensive site infrastructure.

Thousand Oaks Condominium Association, Inc. is a condominium community located in San Antonio, Texas comprised of 10 architecturally unique buildings containing 86 units built in 1984. The three-story Spanish Styled buildings are adorned with stucco, concrete tile roofs, and balconies to create a variety of challenging maintenance and replacement needs.

Cobb Farm Homeowners Association, Inc. is a development in Frisco, Texas constructed from 2007 to 2018. The Association maintains a pool amenity area along with various site elements including panelized masonry perimeter walls, multiple entry monuments, and a playground.

2208 Post Office Condominium Association, Inc. is located in Galveston, Texas. The 1920's historical building was converted to condominiums in 2008. The peculiar building consists of a thermoplastic roof, parking garage housing the original timber columns, hydraulic elevators and various mechanical equipment, and a grand atrium.

Groewood Condominiums Association, Inc. is a condominium community located in Houston, Texas, and comprises six masonry buildings totaling 96 units. Constructed in 1978, the buildings feature wood siding, staircases, and concrete topped balconies. The community also maintains two boilers, interior domestic water pipes, and carports.

Park at Jackson Square Community Owners Association, Inc. is a unique nine building and 27 unit townhome community in Houston, Texas that dates to 2003. The property consists of several distinct unit styles comprised of brick, fiber cement siding, and balconies.

PRIOR RELEVANT EXPERIENCE

Mr. Rosales earned his Bachelor of Science degree in Petroleum Engineering from Louisiana State University. His studies largely focused on application of the principles of science and mathematics to develop cost-effective solutions to technical problems. Before joining Reserve Advisors, Mr. Rosales was a Production Enhancement Engineer where he helped optimize oil and gas wells in West Texas and New Mexico.

EDUCATION

Louisiana State University– B.S. Petroleum Engineering

KEARY D. WASS, PE, RS
West Quality Assurance Engineer



CURRENT CLIENT SERVICES

Keary D. Wass, a Civil Engineer, is the Director of Product Development for Reserve Advisors. Mr. Wass has been with Reserve Advisors since 2014 and 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 apartments, high rises, condominiums, townhomes and homeowners associations. Mr. Wass frequently serves as the Quality Assurance Review Coordinator for all types of developments.

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

Frisco Stonewater Crossing Homeowners Association is a 243 unit homeowners association located in Frisco, Texas. This development boasts an impressive in-ground pool, pool house and large playground. It also has two ponds surrounded by decorative concrete retaining walls.

1301 Canyon Condominium Association is a 31 unit mixed use midrise condominium building located in Boulder, Colorado. This building comprises of a shared underground parking structure, hydraulic elevators and building mechanical systems. The Association maintains the common area hallways and flat roof system.

311 Superior Homeowners' Association is a 33 unit mixed use midrise condominium building located in Duluth, Minnesota. Located in downtown Duluth, this building comprises of on-grade and elevated parking structures, lobbies, flat roofs, building mechanical systems, elevators and common area hallways.

Woods at Elk River Station is a townhome style development comprising of 298 units in 41 buildings located in Elk River, Minnesota. This townhome style development maintains the asphalt shingle roof systems, driveway pavement and siding. Additionally they provide amenities including playground equipment, a community gazebo and a common area pond.

PRIOR RELEVANT EXPERIENCE

Before joining Reserve Advisors, Mr. Wass worked as a civil engineer for a construction engineering firm specializing in the repair and construction of underground structures. He was responsible for soil condition analysis, inspection of existing structures, repair and new construction design, and construction oversight of a variety of municipal and private engineering projects. Mr. Wass attended the University of Minnesota in Minneapolis, Minnesota where he attained his Bachelor of Science degree in Civil Engineering. At the University of Minnesota, Mr. Wass performed undergraduate research in the field of non-destructive testing of rigid pavements.

EDUCATION

University of Minnesota - B.S. Civil Engineering

PROFESSIONAL AFFILIATIONS

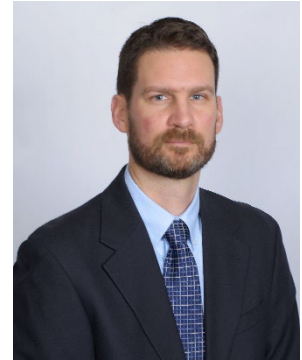
Professional Engineer (PE) - Minnesota Board of Architecture, Engineering, Land Surveying
Landscape Architecture, Geoscience and Interior Design (AELSLAGID)
Reserve Specialist (RS) - Community Associations Institute

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

CURRENT CLIENT SERVICES

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

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



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

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

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

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

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

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

PRIOR RELEVANT EXPERIENCE

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

EDUCATION

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

PROFESSIONAL AFFILIATIONS/DESIGNATIONS

Professional Engineering License – Wisconsin, North Carolina, Illinois, Colorado

Reserve Specialist (RS) - Community Associations Institute

Professional Reserve Analyst (PRA) - Association of Professional Reserve Analysts



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 Rolling Creek Ranch 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) Rolling Creek Ranch 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.

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. The reserve 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 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 - If reserve study and energy benchmarking services are performed by RA, then the retainer payment 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.