

## RESERVE EXPENDITURES

Heron Lakes  
Townhome Association, Inc.  
Houston, Texas

Line Item	Total Quantity	Per Phase Quantity	Units	Reserve Component Inventory	Estimated 1st Year of Event	Life Analysis, Years		Costs, \$		
						Useful	Remaining	Unit (2016)	Per Phase (2016)	Total (2016)
<u>Exterior Building Elements</u>										
1.140	84	42	Each	Chimney Caps, Metal, Phased	2027	to 25	11 to 12	450.00	18,900	37,800
1.240	10,350	5,175	Linear Feet	Gutters and Downspouts, Aluminum, Phased	2027	15 to 20	11 to 12	7.00	36,225	72,450
1.280	2,100	1,050	Squares	Roofs, Asphalt Shingles, Phased	2027	15 to 20	11 to 12	360.00	378,000	756,000
1.760	93,400	93,400	Square Feet	Walls, Fiber Cement Siding, Paint Finishes and Repairs	2023	8 to 10	7	1.75	163,450	163,450
1.800	28,600	28,600	Square Feet	Walls, Masonry, Inspections and Repairs	2023	8 to 12	7	0.55	15,730	15,730
<u>Property Site Elements</u>										
4.100	12	12	Each	Catch Basins, Inspections and Capital Repairs	2026	15 to 20	10	500.00	6,000	6,000
4.120	50,100	2,090	Square Feet	Concrete Driveways, Partial	2021	to 65	5 to 30+	10.50	21,945	526,050
4.140	50,800	2,115	Square Feet	Concrete Sidewalks, Partial	2021	to 65	5 to 30+	9.00	19,035	457,200
4.180	65,500	4,365	Square Feet	Concrete Streets (Incl. Curbs and Gutters), Partial	2026	to 65	10 to 30+	12.00	52,380	786,000
4.240	1,580	1,580	Linear Feet	Fences, Metal, Paint Finishes	2021	6 to 8	5	6.00	9,480	9,480
4.245	1,580	1,580	Linear Feet	Fences, Metal, Replacement	2033	to 35	17	50.00	79,000	79,000
4.285	2,100	1,050	Linear Feet	Fences, Wood, Phased	2017	15 to 20	1 to 2	39.00	40,950	81,900
4.310	1	1	Panel	Gate Entry System	2027	10 to 15	11	3,500.00	3,500	3,500
4.320	2	2	Each	Gate Operators	2025	to 10	9	3,500.00	7,000	7,000
4.330	2	2	Each	Gates	2021	to 20	5	5,000.00	10,000	10,000
4.420	3	1	Allowance	Irrigation System, Phased	2036	to 40	20 to 24	40,000.00	40,000	120,000
4.560	16	16	Each	Light Poles and Fixtures	2031	to 30	15	4,000.00	64,000	64,000
4.640	1,650	1,650	Linear Feet	Perimeter Walls, Vinyl	2024	20 to 25	8	75.00	123,750	123,750
4.810	1	1	Allowance	Signage, Entrance Monument, Replacement	2025	15 to 20	9	6,500.00	6,500	6,500

Anticipated Expenditures, By Year

Reserve

**Explanatory Notes:**

- 1) 1.7% is the estimated future Inflation Rate for estimating Future Replacement Costs.
- 2) FY2016 is Fiscal Year beginning January 1, 2016 and ending December 31, 2016.

Line Item	30-Year Total (Inflated)	RUL = 0 FY2016	1 2017	2 2018	3 2019	4 2020	5 2021	6 2022	7 2023	8 2024	9 2025	10 2026	11 2027	12 2028	13 2029	14 2030
1.140	45,888												22,751	23,137		
1.240	207,082												43,605	44,347		
1.280	2,160,856												455,011	462,747		
1.760	635,256								183,921							
1.800	61,136								17,700							
4.100	17,051											7,102				
4.120	178,688						23,875					25,974				
4.140	154,992						20,709					22,530				
4.180	222,234											61,998				
4.240	51,152						10,314						11,411			
4.245	105,216															
4.285	201,680		41,646	42,354												
4.310	9,371												4,213			
4.320	29,203										8,147					
4.330	26,120						10,879									
4.420	173,943															
4.560	82,413															
4.640	141,616								141,616							
4.810	18,163										7,565					
	\$4,522,060	0	41,646	42,354	0	0	65,777	0	201,621	141,616	15,712	117,604	536,991	530,231	0	0

Reserve to 2031

Years 2032 to 2046

Line Item	15 2031	16 2032	17 2033	18 2034	19 2035	20 2036	21 2037	22 2038	23 2039	24 2040	25 2041	26 2042	27 2043	28 2044	29 2045	30 2046
1.140																
1.240															59,063	60,067
1.280															616,310	626,788
1.760	210,474							240,861								
1.800	20,256							23,180								
4.100																9,949
4.120	28,259					30,744				33,447						36,389
4.140	24,511					26,667				29,012						31,563
4.180						73,381										86,855
4.240								13,970							15,457	
4.245		105,216														
4.285							58,344	59,336								
4.310								5,158								
4.320					9,643										11,413	
4.330										15,241						
4.420						56,038		57,959		59,946						
4.560	82,413															
4.640																
4.810															10,598	
	365,913	0	105,216	0	9,643	186,830	58,344	117,295	283,169	59,946	77,700	0	0	0	712,841	851,611

## RESERVE FUNDING PLAN

### CASH FLOW ANALYSIS

Heron Lakes

Townhome Association, Inc.

Houston, Texas

Individual Reserve Budgets & Cash Flows for the Next 30 Years

	FY2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Reserves at Beginning of Year (Note 1)	N/A	239,639	295,183	360,741	479,754	610,255	678,263	815,371	753,507	753,479	882,424	912,727	523,804	139,429	286,268	437,384
Total Recommended Reserve Contributions (Note 2)	N/A	94,000	104,000	114,000	124,000	126,100	128,200	130,400	132,600	134,900	137,200	139,500	141,900	144,300	146,800	149,300
Plus Estimated Interest Earned, During Year (Note 3)	N/A	3,190	3,912	5,013	6,501	7,685	8,908	9,357	8,988	9,757	10,707	8,568	3,956	2,539	4,316	3,949
Less Anticipated Expenditures, By Year	N/A	(41,646)	(42,354)	0	0	(65,777)	0	(201,621)	(141,616)	(15,712)	(117,604)	(536,991)	(530,231)	0	0	(365,913)
Anticipated Reserves at Year End	<u>\$239,639</u>	<u>\$295,183</u>	<u>\$360,741</u>	<u>\$479,754</u>	<u>\$610,255</u>	<u>\$678,263</u>	<u>\$815,371</u>	<u>\$753,507</u>	<u>\$753,479</u>	<u>\$882,424</u>	<u>\$912,727</u>	<u>\$523,804</u>	<u>\$139,429</u>	<u>\$286,268</u>	<u>\$437,384</u>	<u>\$224,720</u>
Predicted Reserves based on 2017 funding level of:	\$94,000	239,639	295,183	350,681	449,453	549,410	584,395	685,972	585,937	545,067	630,366	614,185	175,906	(260,832)	(169,398)	

(NOTE 5)

(continued)

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

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Reserves at Beginning of Year	224,720	380,127	434,168	597,320	755,445	739,934	856,310	917,595	815,664	939,989	1,050,963	1,244,453	1,443,384	1,647,821	1,140,812
Total Recommended Reserve Contributions	151,800	154,400	157,000	159,700	162,400	165,200	168,000	170,900	173,800	176,800	179,800	182,900	186,000	189,200	192,400
Plus Estimated Interest Earned, During Year	3,607	4,857	6,152	8,068	8,919	9,520	10,580	10,338	10,471	11,874	13,690	16,031	18,437	16,632	9,734
Less Anticipated Expenditures, By Year	0	(105,216)	0	(9,643)	(186,830)	(58,344)	(117,295)	(283,169)	(59,946)	(77,700)	0	0	0	(712,841)	(851,611)
Anticipated Reserves at Year End	<u>\$380,127</u>	<u>\$434,168</u>	<u>\$597,320</u>	<u>\$755,445</u>	<u>\$739,934</u>	<u>\$856,310</u>	<u>\$917,595</u>	<u>\$815,664</u>	<u>\$939,989</u>	<u>\$1,050,963</u>	<u>\$1,244,453</u>	<u>\$1,443,384</u>	<u>\$1,647,821</u>	<u>\$1,140,812</u>	<u>\$491,335</u>

(NOTE 4)

#### Explanatory Notes:

- 1) Year 2016 starting reserves are projected by Management as of January 1, 2017; FY2016 starts January 1, 2016 and ends December 31, 2016.
- 2) Reserve Contributions for 2016 are budgeted; 2017 is budgeted; 2018 is the first year of recommended contributions.
- 3) 1.20% is the estimated annual rate of return on invested reserves.
- 4) Accumulated year 2046 ending reserves consider the need to fund for replacement of the fiber cement siding shortly after 2046, and the age, size, overall condition and complexity of the property.
- 5) Threshold Funding Year (reserve balance at critical point).