
RESERVE STUDY UPDATE SUMMARY

for

Wood Ranch

OWNERS ASSOCIATION

Date Prepared: 9/20/2018 for fiscal year 2019

Prepared By:

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Reserve Study Update Summary

This report documents the results of a reserve study performed by John D. Beatty & Company for the following:

Wood Ranch Owners Association Danville, California

It provides an analysis of the repair and replacement requirements for the association's major components and recommends a funding plan to meet those obligations. This study was performed in compliance with California Civil Code sections 4178, 5300, 5550, 5560 & 5565. The intent of this legislation is to insure that the association maintains a plan to meet all future obligations for major component maintenance, The essential elements of this legislation are:

- 1 . Identification of the major components which the association is obligated to maintain
- 2 . Current estimate of the useful life of each component
- 3 . Current estimate of the remaining life of each component
- 4 . Current estimate of the replacement cost of each component
- 5 , Current estimate of the total annual contribution necessary to maintain the major components
- 6 . Current estimate of the amount of cash reserves necessary to maintain the major components
- 7 . Disclosure of the current amount of accumulated cash reserves actually funded
- 8 . Disclosure of the percentage of reserves actually funded
- 9 . Disclosure of any determined or anticipated special assessments
- 10 . A general statement of methodology

SCOPE

This study is aligned with the association's fiscal year and establishes January 1, 2019 through December 31, 2028 as the period of time for which reserve expenditures and reserve fund balances are projected.

METHODOLOGY

A cash flow methodology was used to determine the annual reserve contribution. The underlying premise of this reserve funding approach is to establish a contribution level that will allow the association to maintain a positive balance in the reserve fund while meeting all anticipated maintenance obligations. The cash flow method allows the association to achieve this goal without the unnecessary overfunding of reserves. Also, as the interest earned on the reserve fund will not totally offset inflation, projections were made using the current inflation factor and an average interest rate on fully insured certificates of deposit.

In preparing this study, a comprehensive list of major components was developed and information was compiled on the type, number, age and cost of each of these components. In gathering this data, certain assumptions were made about costs, conditions, and future events and circumstances that may occur. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this report. Therefore, the actual replacement costs and remaining lives may vary from this report and the variations could be material. All life expectancies were based on reasonable industry experience for equipment and material and, unless specifically noted, all components were in a reasonable and ordinary condition.

No inspection was conducted of the major components, **Information** utilized to update the reserve study was obtained from management and the association's records.

For a component to be included in this study, the following criteria must be met:

- 1 . The maintenance of the component is the responsibility of the association;
- 2 . The maintenance of the component is not included in the annual operating budget;
- 3 . The estimated useful life of the component is greater than one year; and
- 4 . The estimated remaining life of the component is less than 30 years.

This study is intended to reflect the estimated replacement cost of the components and is not intended to project the actual cost of the work when performed. This limitation is necessary, as it is virtually impossible to predict with any degree of certainty the myriad factors that will impact costs at a future date. Because of this qualification, it is necessary for the results of this study to be reviewed annually to reflect any meaningful changes in use or significant increases in labor and/or materials costs.

The finding for this study has a threshold margin of 10%. This means that the projected ending balance for each fiscal year is at least 10% of the projected expenditures for the same year. This margin provides a contingency for any unforeseen or out of the ordinary repair or replacement expense. Additionally, it can be used in subsequent years as a source of funds for reallocation of the life cycles should the aging of any components be abnormally accelerated.

FINDINGS

The findings of this study indicate that it will be necessary to adjust the annual reserve contribution as indicated on 6-8 of this report in order to meet projected expenditures and keep pace with inflation. These findings are based on the following:

- | | | |
|---|----|---------|
| 1 . Projected reserve fund balance as of January 1, 2019 | \$ | 345,113 |
| 2 . Reserve contribution for fiscal year 2018..... | \$ | 78,936 |
| 3 . Reserve contribution for fiscal year 2019..... | \$ | 80,830 |
| 4 . Assumed annual inflation rate | | 3.0% |
| 5 . All "after tax" interest earned on reserve fund investments will be retained in the reserve fund. | | |

DISCLOSURES

This plan provides adequate funds to meet projected expenditures without relying on a special assessments or increases in regular assessments that require a vote of the membership, Based on the assumption that the association will fund reserves in accordance with this plan, which includes those increases indicated above, the percent funded was calculated in the following manner:

<u>Accumulated Cash Reserves (Numerator)</u>	
Projected reserve fund balance as of January 1, 2019	\$ 345,113

<u>Accrued Liability (Denominator)</u>	
Estimate of the amount of cash necessary to repair, replace, restore or maintain the association's major components as of January 1, 2019.	\$ 538,477

Percent Funded	64%
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This Reserve Study was reviewed and approved by the Association's Board of Directors.

Projected Expenditures

Assumed Annual Inflation Rate 3.0%

RESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repair/Replace Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
BUILDING EXTERIORS:															
1 - Exterior Door Replace		5,628	25	4					6,149						
2 - Interior Door Replace		2,814	25	5						3,167					
3 - Exterior Door Replace		1,069	25	6							1,240				
4 - Exterior Door Restroom Rep]		2,476	25	5						2,787					
5 - Window Replace		1,688	35	14											
6 - Wood Siding Paint		4,196	7	1		4,196							5,161		
7 - Wood Siding Repairs	30%	4,404	10	1		4,404									
BUILDING INTERIORS:															
8 - Clubhouse Paint		2,671	7	1		2,671							3,284		
9 - Interior Door Replace		2,026	25	6							2,349				
10 - Interior Door Replace		2,251	25	6							2,610				
11 - Restrooms Refurbish		50,671	30	2			52,191								
12 - Shower Tile Replace		1,267	30	2			1,305								
13 - Window Covering Replace		338	10	1		338									
14 - Wall & Ceiling Paint		6,060	10	2			6,242								
FENCING, WALLS & ARBORS:															
15 - Chain Link Repair		3,156	15	2			3,251								
16 - Entry Sign Repair		4,012	15	2			4,132								
17 - Metal Picket Paint @ Pool		6,745	7	1		6,745							8,295		
18 - Metal Picket Repair @ Pool	15%	3,634	14	8									4,469		
19 - Metal Picket Replace @ Pool		24,226	21	8									29,795		
20 - Wood Split Rail Repair	15%	468	7	1		468							576		
21 - Wood Split Rail Replace		3,120	21	15											
22 - Wood Arbor Paint		7,395	7	1		7,395							9,095		
23 - Wood Arbor Repair	25%	28,558	14	8									35,122		
24 - Wood Arbor Replace		114,231	21	15											
25 - Wood Walls @ Pool Paint		2,490	7	1		2,490							3,062		
26 - Wood Walls @ Pool Repair		7,150	14	8									8,794		
27 - Wood Retaining Wall Replace		10,206	18	2			10,512								
FLOOR COVERINGS:															
28 - Clubhouse Wilsonart Fir Rep!		12,712	15	10											16,586
29 - Tile Flooring Replace		919	18	13											
30 - Restroom Flooring															
FURNISHINGS & APPLIANCES:															
31 - Clubhouse Appliances		4,704	15	4					5,140						
32 - Clubhouse Cabinetry & Counters		13,439	15	4					14,685						
33 - Clubhouse Furnishings		12,095	10	2			12,458								
34 - Metal Benches & Tables Paint		4,012	7	2			4,132						5,082		
35 - Metal Bench (no back) Rep!		4,277	25	2			4,405								
36 - Metal Bench Replace		5,402	25	2			5,565								
37 - Metal Picnic Tables Replace		3,594	25	2			3,702								
38 - Pool Drinking Fountain Replace		1,926	15	2			1,983								
39 - Pool Patio Furnishings		21,999	10	7							26,268				

Projected Expenditures

Assumed Annual Inflation Rate 3.0%

RESERVE COJVIPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repair/Replace Cost	Usfl Life	Rmng Life	Jan 1 Dec31	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
LANDSCAPING:															
40 - Irrigation Backflow Devices	20%	2,985	5	2			3,075					3,564			
41 - Irrigation Timers	33%	3,546	5	2			3,653					4,235			
LANDSCAPING Cont'd;															
42 - Irrigation Valves	5%	2,257	2	2			2,324		2,466		2,616		2,776		2,945
43 - Irrigation - Moderization		2,251	1	2			2,319	2,388	2,460	2,534	2,610	2,688	2,768	2,852	2,937
44 - Open Space Landslide Repair		51,500	10	9										65,239	
45 - Plant Stock Replenishment		8,024	5	2			8,264					9,581			
LIGHT FIXTURES:															
46 - Bollard Lights Fixture Replace		3,851	20	2			3,967								
47 - Building Light Ext(ceiling)Repl		1,685	20	2			1,736								
48 - Building Light fa1:(mount) Repl		522	20	2			538								
49 - Building Light Ext (mount) Rep[261	20	12											
50 - Building Light Ext Repl		196	20	2			202								
51 - Building Lights Interior		4,212	25	2			4,339								
52 - Can Light Replace		574	20	2			591								
53 - Pole Light Fixture Replace		1,605	20	2			1,653								
54 - Pole Light Fixture Replace		401	20	3				426							
55 - Pole Light fo .l.:ure Replace		1,605	20	2			1,653								
56 - Spot Light Replace		718	20	3				761							
MECHANICAL SYSTEMS:															
57 - Air Condensing Unit		10,225	15	1			10,225								
58 - Forced Air Fwnace		2,407	15	1			2,407								
59 - Water Heater Replace		1,230	15	8									1,513		
PAVED SURFACES:															
60 - Asphalt Remove & Replace	10%	3,658	10	6								4,241			
61 - Asphalt Sealcoat & Repair		2,742	5	1			2,742					3,178			
62 - Concrete Walkway Repairs		1,605	5	1			1,605					1,860			
63 - Pool Deck Repairs		4,012	25	1			4,012								
64 - Tennis Court Colorcoat		12,668	5	1			12,668					14,685			
65 - Tennis Ct Resurf7Repr/Repl		76,006	30	23											
66 - V-Ditch Repairs		212,180	20	16											
RECREATION FACILITIES:															
67 - Tennis Ct - Windscreen Rep!		9,729	20	13											
68 - Tennis Court Net Replace		621	6	1			621					741			
69 - Tot Lot Structure		75,629	20	6								87,675			
70 - Swing Set Replace		16,391	20	3				17,389							
RECREATION FACILITIES- POOL:															
71 - Chlorinator Replace		537	5	1			537					623			
72 - Control Panel Replace		1,702	15	1			1,702								
73 - Filter Replace		9,552	8	1			9,552							12,101	
74 - Heater Replace		4,776	12	1			4,776								
75 - Pump Replace		4,776	8	1			4,776							6,050	
76 - Resurface Interior		50,309	12	2				51,818							

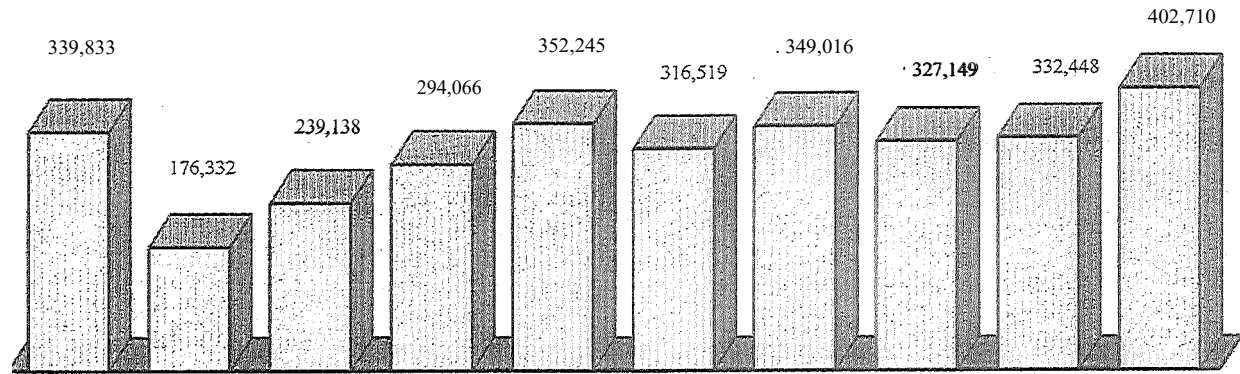
Projected Expenditures

Assumed Annual Inflation Rate..... 3.0%

IRESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repair/Replace Cost	Usfl Life	Rmng Life	Jan 1 Dec31	2019 2019	2020 2020	2021 2021	2022 2022	2023 2023	2024 2024	2025 2025	2026 2026	2027 2027	2028 2028
RECREATION FACILITIES-POOL Cont'd:															
77 - Tile & Coping Replace		10,355	12	2			10,665								
78 - Solar Panel Replace		8,665	12	7								10,347			
79 - Solar Panel Replace		9,388	12	2			9,669								
RECREATION FACILITIES - SPA:															
80 - Chlorinator Repl		537	5	2			553					642			
81 - Filter Replace		2,388	8	2			2,460								3,116
82 - Heater Replace		4,179	12	2			4,305								
83 - Pump Replace		2,388	8	2			2,460								3,116
84 - Resurface Interior		12,838	12	2			13,223								
85 - Tile & Coping Replace		2,110	12	2			2,174								
ROOFING SYSTEM:															
86 - Gutters & Downspouts		2,387	25	2			2,458								
87 - Roof Inspection & Repairs		1,355	5	2			1,395					1,618			
88 - Tile Shingles Replace		15,241	40	19											
OTHER:															
89 - BBQ Replace		760	20	1		760									
90 - Bike Rack Paint		239	7	1		239							294		
91 - Bike Rack Replace		1,791	20	6						2,076					
92 - Dog Station Replace		1,013	12	5									1,246		
93 - Flag Pole & Assembly		3,895	20	5					4,384						
94 - Video Surveillance Equipment		14,997	10	5					16,879						
95 - X-mas Lights Repair/Replace		1,126	1	1		1,126	1,159	1,194	1,230	1,267	1,305	1,344	1,384	1,426	1,469
96 - Reserve Study Update															
97 - Reserve Study Update Inspection															
NOTE: Funding is handled via the association's operating budget.															
NOTE: Funding is handled via the association's operating budget.															
TOTAL EXPENDITURES		1,070,624.				86,453	246,529	22,158	32,130	31,017	127,067	61,026	117,633	92,749	30,168

Funding Plan

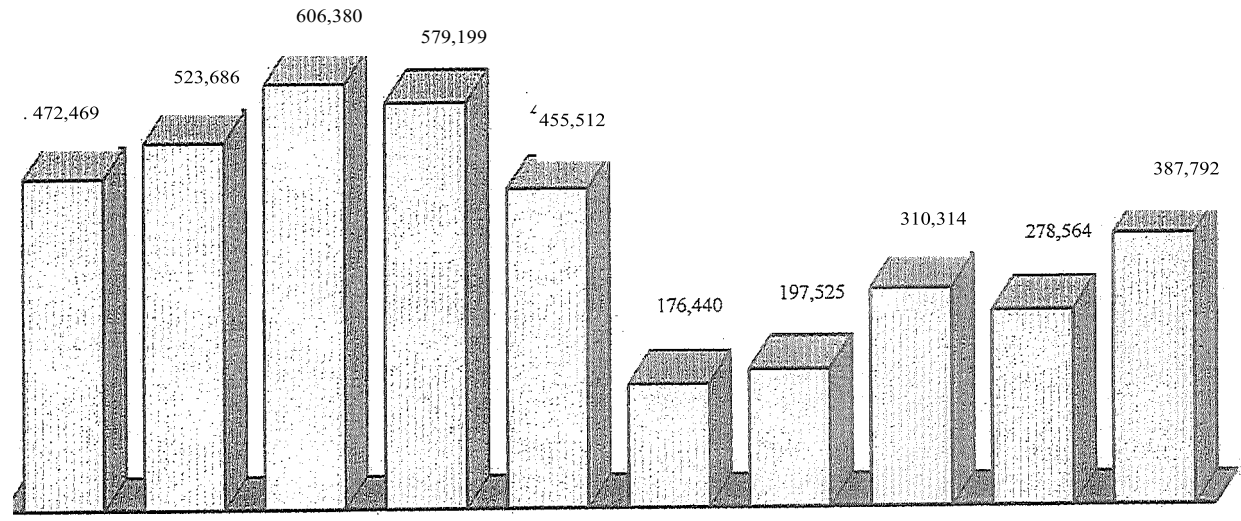
Projected Cash Balance



Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Jan 1	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Dec 31	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
BEGINNING BALANCE	345,113	339,833	176,332	239,138	294,066	352,245	316,519	349,016	327,149	332,448	
EXPENDITURES (inflated \$)	3.0%	86,453	246,529	22,158	32,130	31,017	127,067	61,026	117,633	92,749	30,168
RESERVE CONTRIBUTION		80,830	82,770	84,757	86,791	88,874	91,007	93,191	95,428	97,718	100,063
Per Unit Per Month (431 units)		15.63	16.00	16.39	16.78	17.18	17.60	18.02	18.45	18.89	19.35
Percentage Increase to Reserves		2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
SPECIAL ASSESSMENTS		0	0	0	0	0	0	0	0	0	0
INTEREST	0.1%	342	258	208	266	323	334	333	338	330	367
ENDING BALANCE		339,833	176,332	239,138	294,066	352,245	316,519	349,016	327,149	332,448	402,710

Funding Plan

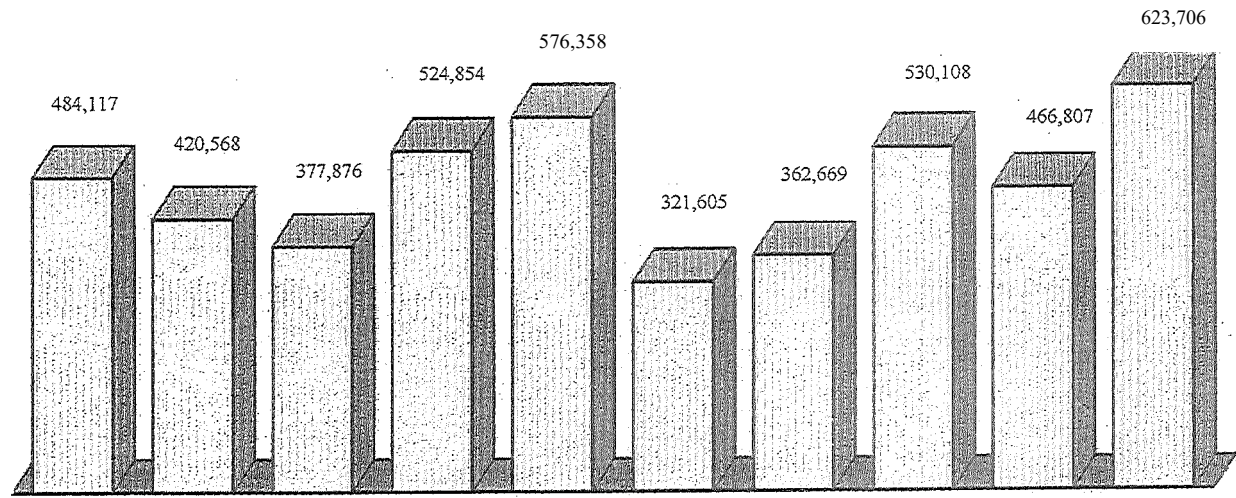
Projected Cash Balance



Fiscal Year	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Jan 1	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	
Dec31	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	
BEGINNING BALANCE	402,710	472,469	523,686	606,380	579,199	455,512	176,440	197,525	310,314	278,564	
EA1PENDINGURES (inflated \$)	3.0%	34,044	56,057	28,171	141,713	241,904	400,972	104,698	17,205	166,067	29,551
RESERVE CONTRIBUTION	103,365	106,776	110,300	113,940	117,700	121,584	125,596	129,741	134,022	138,445	
Per Unit Per Month (431 units)	19.99	20.65	21.33	22.03	22.76	23.51	24.28	25.09	25.91	26.77	
Percentage Increase to Reserves	3.3	33	3.3	33	33	33	3.3	3.3	3.3	33	
SPECIAL ASSESSMENTS	0	0	0	0	0	0	0	0	0	0	
INTEREST	0.1%	437	498	565	592	517	316	187	254	294	333
ENDING BALANCE	472,469	523,686	606,380	579,199	455,512	176,440	197,525	310,314	278,564	387,792	

Funding Plan

Projected Cash Balance



Fiscal Year	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
Jan 1	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	
Dec 31	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	
BEGINNING BALANCE	387,792	484,117	420,568	377,876	524,854	576,358	321,605	362,669	530,108	466,807	
EXPENDITURES (inflated \$)	3.0%	47,124	211,734	195,700	11,118	111,893	423,423	133,050	12,513	249,230	35,195
RESERVE CONTRIBUTION		143,014	147,733	152,609	157,645	162,847	168,221	173,772	179,507	185,430	191,550
Per Unit Per Month (431 units)		27.65	28.56	29.51	30.48	31.49	32.53	33.60	34.71	35.85	37.04
Percentage Increase to Reserves		3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
SPECIAL ASSESSMENTS		0	0	0	0	0	0	0	0	0	0
INTEREST	0.1%	436	452	399	451	550	449	342	446	498	545
ENDING BALANCE		484,117	420,568	377,876	524,854	576,358	321,605	362,669	530,108	466,807	623,706

Assessment and Reserve Funding Disclosure Summary

This Summary contains information about the Association's assessments and the status of the reserve fund. The Association may periodically update or supplement the information in this Summary. Please contact the Association to determine if a more recently prepared Summary or supplement is available.

As of the date this Summary was prepared:

_____ **4** *th* CO

(1) The current total assessment per unit is \$ **214**. per quarter,

NOTE: If assessments vary by the size or type of unit, the assessment applicable to this unit may be found on the attached Variable Assessment Report.

(2) Additional assessments that have already been scheduled to be imposed or charged, regardless of the purpose, if they have been approved by the Board and/or Members:

Date Assessment is due:	Amount per unit per month (if assessments are variable, see note immediately below):	Purpose of the assessment:
11/1		
12/1		

NOTE: if assessments vary by the size or type of unit, the assessment applicable to this unit may be found on the attached Variable Assessment Report.

(3) Based upon the most recent reserve study and other information available to the Board of Directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years?

Yes **12/1** If the Special Assessment in Note (2) is collected No **D**

(4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years?

Approximate date assessment will be due:	Amount per unit per month:
	\$
	Total:

(5) The following major components, which are included in the reserve study, are NOT included in the existing reserve funding:

Major Component:	Useful remaining life in years:	Reason this major component was not included:

Assessment and Reserve Funding Disclosure Summary

- (6) Based on the method of calculation in paragraph (4) or subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$538,477, based in whole or in part on the the last reserve study or update, prepared by John D. Beatty & Company. The projected reserve fond cash balance at the end of the current fiscal year is \$345,113, resulting in reserves being 64% funded at this date. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$345,113 (beginning balance pet management) (see attached explanation).
- (7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is (listed in the table below), and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known reserves, is (listed in the table below), leaving the reserve at (listed in the table below) percent funding. If the reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be (listed in the table below), leaving the reserves at (listed in the table below) percent funding.

Year	Estimated amount required in the reserve fund	Projected reserve fund cash balance	Percent Funded
2	\$ 526,747	\$ 339,833	65%
3	\$ 357,182	\$ 176,332	49%
4	\$ 414,297	\$ 239,138	58%
5	\$ 463,818	\$ 294,066	63%
6	\$ 516,902	\$ 352,245	68%

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change.

This Summary was authorized by the Association based on the information available in the Association's most recent reserve study or annual update dated as of September 20, 2018. This summary supercedes all earlier issued versions.

NOTE: The remainder of Civil Code Section 5570 is not part of the required Assessment and Reserve Funding Disclosure Summary Form, but is included here because the information is needed to properly complete the form.



John D. Beatty
President

For the purposes of preparing a summary pursuant to this section:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 5550. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary.

Assessment and Reserve Funding Disclosure Summary

- (3) The form set out in subdivision (a) of Civil Code Section 5700 shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.