

RESERVE STUDY SUMMARY

Update with No Site-Visit/Off-Site Review

Wood Ranch OWNERS ASSOCIATION

Prepared
September 13, 2023

for
Fiscal Year 2024



John D. Beatty & Company

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Reserve Study Summary

This report documents the results of an Update with No Site-Visit/Off-Site Review performed by John D. Beatty & Company for the following Single Family Home Community:

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, 2024 through December 31, 2033 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. Prior quantities delineated on the previous reserve study with inspection are assumed to be accurate. The condition of components in the previous reserve study with inspection was based on a reasonable sample. It is assumed that all components are to be reasonably maintained for the remainder of their life expectancy.

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 funding for this study has a threshold margin of 15%. This means that the projected ending balance for each fiscal year is at least 15% 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 pages 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, 2024 | \$ | 325,148 |
| 2 . | Reserve contribution for fiscal year 2023..... | \$ | 136,558 |
| 3 . | Reserve contribution for fiscal year 2024..... | \$ | 264,353 |
| 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

John D. Beatty & Company (JDB) verifies herein that any financial or other interests, whether adverse or otherwise, which consultant may have or propose to have in any company, organization, individual, asset or activity has no bearing on the subject matter of this reserve study. Except for the compensation payable to JDB neither JDB nor any of JDB's agents, employees or affiliates shall benefit from our preparation of this reserve study.

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, 2024	\$ 325,148
<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, 2024	\$ 1,161,129
Percent Funded	28%

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)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
BUILDING EXTERIORS:															
1 - Exterior Door Replace		7,023	25	21											
2 - Exterior Door Replace		14,046	25	21											
3 - Exterior Door Replace		1,240	25	3				1,315							
4 - Exterior Door Restroom Repl		2,871	25	3				3,045							
5 - Window Replace		1,957	35	9										2,479	
6 - Wood Siding Paint		5,632	7	3				5,975							7,348
7 - Wood Siding Repairs	30%	5,831	7	3				6,186							7,608
BUILDING INTERIORS:															
8 - Clubhouse Paint		5,000	7	3				5,304							6,523
9 - Interior Door Replace		2,349	25	3				2,492							
10 - Interior Door Replace		2,610	25	3				2,768							
11 - Restrooms Refurbish		80,000	30	3				84,872							
12 - Shower Tile Replace		4,000	30	3				4,244							
13 - Window Covering Replace		391	12	3				415							
14 - Wall & Ceiling Paint		7,035	10	3				7,463							
FENCING, WALLS & ARBORS:															
15 - Chain Link Repair		4,029	15	3				4,275							
16 - Entry Sign Repair		6,000	15	3				6,365							
17 - Metal Picket Paint @ Pool		9,012	7	3				9,561							11,758
18 - Metal Picket Repair @ Pool	25%	7,021	14	3				7,449							
19 - Metal Picket Replace @ Pool		28,086	21	3				29,796							
20 - Wood Split Rail Repair	10%	740	7	3				785							965
21 - Wood Split Rail Replace		7,397	21	10											9,652
22 - Wood Arbor Paint		21,286	7	7							25,417				
23 - Wood Arbor Repair	30%	73,785	7	7							88,103				
24 - Wood Arbor Replace		245,949	30	7							293,676				
25 - Wood Walls @ Pool Paint		5,632	7	3				5,975							7,348
26 - Wood Walls @ Pool Repair	30%	6,000	14	3				6,365							
27 - Wood Walls @ Pool Replace		20,000	28	13											
28 - Wood Retaining Wall Replace		13,505	18	3				14,328							
29 - Wood Pony Wall Repr/Repl	10%	628	5	3				667						773	
30 - Wood Pony Wall Replace		6,283	25	21											
FLOOR COVERINGS:															
31 - Clubhouse Wilsonart Flr Repl		14,739	15	5						16,589					
32 - Tile Flooring Replace		3,000	18	8									3,690		
33 - Restroom Flooring															
FURNISHINGS & APPLIANCES:															
34 - Clubhouse Appliances		10,000	15	3				10,609							
35 - Clubhouse Cabinetry & Counters		20,000	15	3				21,218							
36 - Clubhouse Furnishings		14,022	10	3				14,876							
37 - Pool Patio Furnishings		30,000	10	2				30,900							

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)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
LANDSCAPING:															
38 - Irrigation Backflow Devices	20%	3,461	5	3				3,671					4,256		
39 - Irrigation Timer Replace	33%	2,970	5	3			3,151						3,653		
40 - Irrigation Timer Replace	33%	2,970	5	3			3,151						3,653		
41 - Irrigation Valve Replace	10%	5,232	2	3			5,551		5,889		6,248			6,628	
42 - Irrigation - Moderization		7,500	1	1	7,500	7,725	7,957	8,195	8,441	8,695	8,955	9,224	9,501	9,786	
43 - Mulch Replace-Common Area		25,887	5	3			27,463					31,837			
44 - Open Space Landslide Repair		250,000	15	15											
45 - Plant Stock Replenishment		9,301	5	3			9,868					11,440			
LIGHT FIXTURES:															
46 - Bollard Lights Fixture Replace		7,500	20	3			7,957								
47 - Building Light Ext (ceiling) Repl		1,953	20	3			2,072								
48 - Building Light Ext (mount) Repl		605	20	3			642								
49 - Building Light Ext (mount) Repl		303	20	7							361				
50 - Building Light Ext Repl		227	20	3			241								
51 - Building Light Int Repl-Restroom		465	25	10											607
52 - Building Lights Interior		4,883	25	3			5,181								
53 - Can Light Replace		666	20	3			706								
54 - Pole Light Wood Fixture Replace		5,000	20	2			5,150								
55 - Pole Light Metal Fixture Replace		465	20	3				493							
56 - Pole Light Wood Fixture Replace		5,000	20	2			5,150								
57 - Spot Light Replace		1,351	20	3				1,433							
MECHANICAL SYSTEMS HVAC & WATER:															
58 - Air Condensing Unit		11,853	15	3				12,575							
59 - Forced Air Furnace		4,186	15	3				4,441							
60 - Water Heater Replace		4,000	15	3				4,244							
PAVED SURFACES:															
61 - Asphalt Remove & Replace		50,000	15	12											
62 - Asphalt Sealcoat & Repair		8,009	5	2			8,249				9,563				
63 - Concrete Walkway Repairs		7,500	5	4					8,195					9,501	
64 - Pool Deck Repr/Repl															
65 - Pool Deck Replace		179,970	20	5						202,558					
66 - Tennis Court Colorcoat		18,030	5	2			18,571					21,529			
67 - Tennis Ct Resurf/Repr/Repl		100,000	30	4					109,273						
68 - V-Ditch Minor Repair		6,149	10	4					6,720						
69 - V-Ditch Major Repair		245,975	20	11											
RECREATION FACILITIES:															
70 - Bark Replace - Tot Lot		4,502	3	2			4,637			5,067			5,537		
71 - BBQ Replace		3,000	20	4					3,278						
72 - Composite Bench Replace		3,131	25	22											
73 - Metal Benches & Tables Paint		4,651	7	3				4,934							6,068
74 - Metal Bench (no back) Repl		4,958	25	3				5,260							
75 - Metal Bench Replace		3,131	25	3				3,322							
76 - Metal Picnic Tables Replace		4,166	25	3				4,420							
77 - Pool Drinking Fountain Replace		4,000	15	3				4,244							

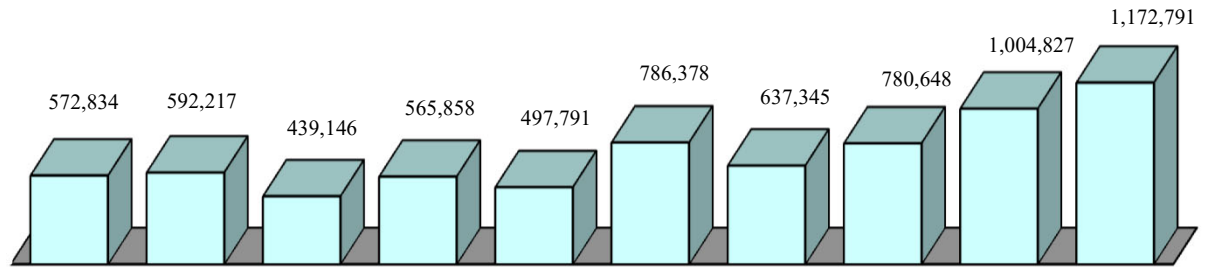
Projected Expenditures

Assumed Annual Inflation Rate..... 3.0%

RESERVE COMPONENTS	Repair %	Current	Estimated		Fiscal Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Repr/Repl Cost	Usfl Life	Rmng Life	Jan 1 Dec 31	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
RECREATION FACILITIES Cont'd:															
78 - Tennis Ct - Windscreen Repl		15,000	20	8									18,448		
79 - Tennis Court Net Replace		3,000	6	3				3,183						3,800	
80 - Tot Lot Structure		100,000	20	5						112,551					
81 - Swing Set Replace		30,000	20	11											
RECREATION FACILITIES - POOL:															
82 - Chlorinator Replace		831	5	2				855				992			
83 - Control Panel Replace		1,974	15	2				2,033							
84 - Filter Replace		11,074	8	2				11,406							14,449
85 - Heater Replace		12,360	12	2				12,731							
86 - Pump Replace		5,537	8	2				5,703							7,224
87 - Resurface Interior		74,993	12	2				77,242							
88 - Tile & Coping Replace		15,005	12	2				15,455							
89 - Solar Panel Replace		10,046	12	2				10,347							
90 - Solar Panel Replace		3,349	12	2				3,449							
91 - Solar Panel Replace		7,316	12	8									8,998		
RECREATION FACILITIES - SPA:															
92 - Chlorinator Replace		831	5	2				855				992			
93 - Filter Replace		3,461	8	2				3,564							4,515
94 - Heater Replace		10,924	12	11											
95 - Pump Replace		2,768	8	2				2,852							3,612
96 - Resurface Interior		14,882	12	2				15,328							
97 - Tile & Coping Replace		2,610	12	2				2,688							
ROOFING SYSTEM:															
98 - Gutters & Downspouts		7,500	25	3				7,957							
99 - Roof Inspection & Repairs		1,575	5	3				1,671					1,937		
100 - Tile Shingles Replace		25,012	40	3				26,535							
OTHER:															
101 - Bike Rack Paint		277	7	3				294							361
102 - Bike Rack Replace		4,000	20	5						4,502					
103 - Dog Station Replace		5,000	12	3				5,305							
104 - Flag Pole & Assembly		4,515	20	4					4,934						
105 - Video Surveillance Camera Repl		9,004	8	4					9,839						
106 - Video Surveillance DVR Repl		1,688	8	4					1,845						
107 - X-mas Lights Repair/Replace		1,305	1	1		1,305	1,344	1,384	1,426	1,469	1,513	1,558	1,605	1,653	1,702
108 - Reserve Study Update						NOTE: Funding is addressed via the association's operating budget.									
109 - Reserve Study Update Inspection						NOTE: Funding is addressed via the association's operating budget.									
UNSCHEDULED.....	5%	13,218	1	1		13,218	13,614	14,023	14,443	14,877	15,323	15,783	12,626	13,005	13,395
TOTAL EXPENDITURES		2,089,101				22,022	259,849	439,675	168,148	371,942	25,530	473,175	117,675	46,567	112,923

Funding Plan

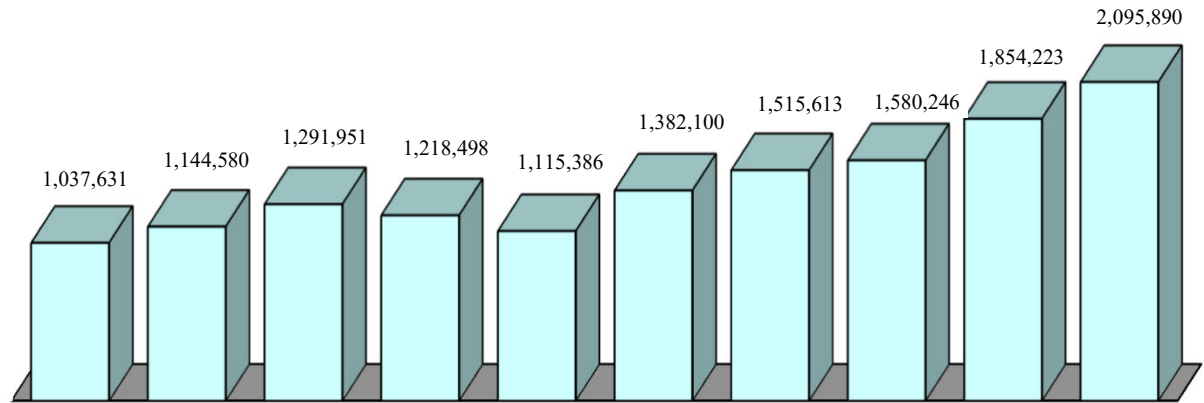
Projected Cash Balance



Fiscal Year		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Jan 1		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Dec 31		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
BEGINNING BALANCE		325,148	572,834	592,217	439,146	565,858	497,791	786,378	637,345	780,648	1,004,827
EXPENDITURES (inflated \$)	3.0%	22,022	259,849	439,675	168,148	371,942	25,530	473,175	117,675	46,567	112,923
RESERVE CONTRIBUTION		264,353	272,284	280,452	288,866	297,532	306,458	315,651	252,521	260,097	267,900
Per Unit Per Month (431 units)		51.11	52.65	54.23	55.85	57.53	59.25	61.03	48.82	50.29	51.80
Percentage Increase to Reserves		93.6	3.0	3.0	3.0	3.0	3.0	3.0	(20.0)	3.0	3.0
SPECIAL ASSESSMENT(S) or LOAN		0	0	0	0	0	0	0	0	0	0
INTEREST	1.2%	5,356	6,949	6,151	5,994	6,344	7,659	8,491	8,457	10,649	12,988
ENDING BALANCE		572,834	592,217	439,146	565,858	497,791	786,378	637,345	780,648	1,004,827	1,172,791

Funding Plan

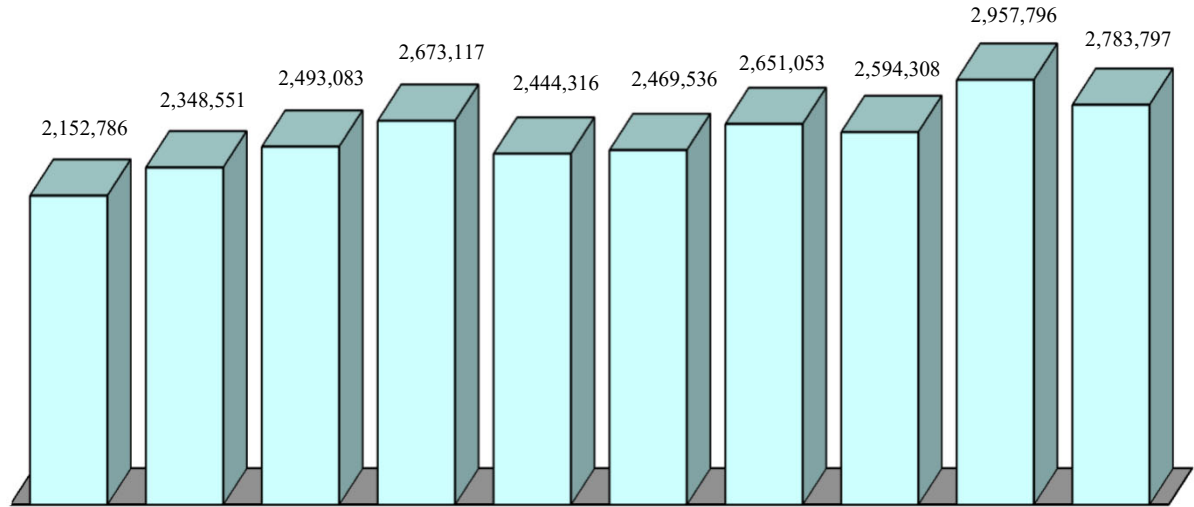
Projected Cash Balance



Fiscal Year	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Jan 1	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
Dec 31	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	
BEGINNING BALANCE	1,172,791	1,037,631	1,144,580	1,291,951	1,218,498	1,115,386	1,382,100	1,515,613	1,580,246	1,854,223	
EXPENDITURES (inflated \$)	3.0%	424,280	190,281	159,902	389,949	427,601	27,693	171,668	250,366	51,937	96,486
RESERVE CONTRIBUTION		275,937	284,215	292,741	301,523	310,569	279,512	287,898	296,535	305,431	314,593
Per Unit Per Month (431 units)		53.35	54.95	56.60	58.30	60.05	54.04	55.66	57.33	59.05	60.83
Percentage Increase to Reserves		3.0	3.0	3.0	3.0	3.0	(10.0)	3.0	3.0	3.0	3.0
SPECIAL ASSESSMENT(S) or LOAN		0	0	0	0	0	0	0	0	0	0
INTEREST	1.2%	13,183	13,015	14,532	14,973	13,920	14,896	17,283	18,464	20,484	23,559
ENDING BALANCE		1,037,631	1,144,580	1,291,951	1,218,498	1,115,386	1,382,100	1,515,613	1,580,246	1,854,223	2,095,890

Funding Plan

Projected Cash Balance



Fiscal Year	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
Jan 1	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	
Dec 31	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	
BEGINNING BALANCE	2,095,890	2,152,786	2,348,551	2,493,083	2,673,117	2,444,316	2,469,536	2,651,053	2,594,308	2,957,796	
EXPENDITURES (inflated \$)	3.0%	292,475	164,834	228,110	204,856	624,022	379,729	235,934	486,546	80,099	631,030
RESERVE CONTRIBUTION		324,031	333,752	343,765	354,078	364,700	375,641	386,910	398,518	410,473	422,787
Per Unit Per Month (431 units)		62.65	64.53	66.47	68.46	70.51	72.63	74.81	77.05	79.36	81.75
Percentage Increase to Reserves		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
SPECIAL ASSESSMENT(S) or LOAN		0	0	0	0	0	0	0	0	0	0
INTEREST	1.2%	25,340	26,847	28,877	30,812	30,521	29,307	30,540	31,284	33,114	34,244
ENDING BALANCE		2,152,786	2,348,551	2,493,083	2,673,117	2,444,316	2,469,536	2,651,053	2,594,308	2,957,796	2,783,797

Assessment and Reserve Funding Disclosure Summary For Fiscal Year January 1, 2024 - December 31, 2024

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.

- (1) The current **regular** assessment per ownership interest is \$ 430.00 per quarter.

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this unit may be found on the Variable Assessment Report (provided by an association representative.)

- (2) Additional regular or special 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 will be due:	Amount per ownership interest per month (if assessments are variable, see note immediately below):	Purpose of the assessment:

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to this unit may be found on the Variable Assessment Report (provided by an association representative.)

- (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 If the Special Assessment in Note (2) is collected No

- (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 that have not yet been approved by the board or the members?

Approximate date assessment will be due:	Amount per ownership interest per month or year:
	\$
	Total:

- (5) All major components are included in the reserve study and are included in its calculations.

- (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 **\$1,301,476**, based in whole or in part on the the last reserve study or update, prepared by John D. Beatty & Company. The projected reserve fund cash balance at the end of the current fiscal year is **\$572,834**, resulting in reserves being **44%** funded at this date (and an average per-unit deficit of **\$1,691**). If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **\$572,834** (which is based on the projected ending balance figure(s) provided by the association representative. See "Methodology" on Page 1.)

- (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 revenues, 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 funded.

Assessment and Reserve Funding Disclosure Summary For Fiscal Year January 1, 2024 - December 31, 2024

Year	Estimated amount required in the reserve fund	Projected reserve fund cash balance	Percent Funded
2	\$ 1,208,868	\$ 592,217	49%
3	\$ 941,451	\$ 439,146	47%
4	\$ 950,728	\$ 565,858	60%
5	\$ 761,534	\$ 497,791	65%
6	\$ 924,235	\$ 786,378	85%

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. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs per year are shown on the Funding Plan.

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 13, 2023**. 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.
- (3) The form set out in subdivision (a) 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.