



RESERVE STUDY

Member Distribution Materials

Grizzly Ranch Association

Update w/ Site Visit Review

2017 Second Draft

Published - July 24, 2018

Prepared for the 2018 Fiscal Year

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July 24, 2018

This is a summary of the Reserve Study that has been performed for Grizzly Ranch Association, (the "Association"). This study was conducted in compliance with California *Civil Code Sections 5300, 5550 and 5560* and is being provided to you, as a member of the Association, as required under these statutes. A full copy is available (through the Association) for review by members of the Association.

The intention of the Reserve Study is to forecast the Association's ability to repair or replace major components as they wear out in future years. This is done utilizing the "Cash Flow Method." This is a method of developing a reserve funding plan where the contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund.

Browning Reserve Group prepared this Update w/ Site Visit Review for the January 1, 2018 - December 31, 2018 fiscal year.

Grizzly Ranch Association is a Planned Development with a total of 292 Lots.

The Reserve Study is not an engineering report, and no destructive testing was performed. The costs outlined in the study are for budgetary and planning purposes only, and actual bid costs would depend upon the defined scope of work at the time repairs are made. Also, any latent defects are excluded from this report.

Funding Assessment

Based on the 30 year cash flow projection, the Association's reserves appear adequately funded as the reserve fund ending balances remain positive throughout the replacement of all major components during the next 30 years.

California statute imposes no reserve funding level requirements nor does it address funding level adequacy, and although one or more of the reserve fund percentages expressed in this report may be less than one hundred percent, those percentages do not necessarily indicate that the Association's reserves are inadequately funded.

Grizzly Ranch Association
California Member Summary
2017 Second Draft
Prepared for the 2018 Fiscal Year

<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2017 Fully Funded Balance</i>	<i>2018 Fully Funded Balance</i>	<i>2018 Line Item Contribution based on Cash Flow Method</i>
01000 - Paving	1,995,509	1-25	0-24	961,739	1,071,800	124,846
02000 - Concrete	1,366	5-5	3-3	546	840	243
03000 - Painting: Exterior	20,971	3-4	2-3	6,483	13,115	5,652
03500 - Painting: Interior	4,614	10-10	7-7	1,384	1,892	452
04000 - Structural Repairs	170,795	1-25	0-17	67,885	70,937	8,596
04500 - Decking/Balconies	49,225	18-22	10-14	18,259	21,055	2,633
05000 - Roofing	68,128	25-30	15-21	22,710	25,964	3,320
08000 - Rehab	31,865	15-20	5-11	16,804	19,125	1,873
11000 - Gate Equipment	87,978	3-30	2-19	58,771	68,942	7,661
12000 - Pool	99,394	1-24	0-24	52,770	15,813	6,038
13000 - Spa	17,452	5-12	5-12	1,862	2,612	1,894
14000 - Recreation	38,810	8-20	1-11	24,096	29,072	3,837
18000 - Landscaping	5,380	1-20	1-9	3,359	5,346	1,574
19000 - Fencing	47,634	5-30	2-21	17,363	20,360	2,830
19500 - Retaining Wall	269,222	40-40	37-37	20,192	27,595	0
20000 - Lighting	8,180	5-15	4-7	4,231	5,085	688
21000 - Signage	90,495	10-18	7-10	20,053	28,467	7,981
23000 - Mechanical Equipment	30,920	12-15	3-7	19,210	21,939	2,066
24000 - Furnishings	38,590	12-18	3-9	25,879	29,473	2,649
24500 - Audio / Visual	2,580	10-10	3-3	1,806	2,116	229
25000 - Flooring	23,804	10-20	1-11	12,607	14,499	1,527
26000 - Outdoor Equipment	10,080	15-15	14-14	672	1,378	783
27000 - Appliances	5,085	10-15	3-6	3,376	3,871	367
30000 - Miscellaneous	24,457	1-30	0-17	10,453	10,243	1,055
31000 - Reserve Study	2,200	3-3	0-0	2,200	752	605
Totals	\$3,144,734			\$1,374,711	\$1,512,291	\$189,400
Estimated Ending Balance				\$280,181	\$451,254	\$162.16
Percent Funded				20.4%	29.8%	/Lot/quarter @ 292

July 24, 2018

(1) The regular assessment per ownership interest is _____ per quarter for the fiscal year beginning January 1, 2018.

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached summary.

(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 or year (if assessments are variable, see note immediately below):	Purpose of the assessment:
N/A	\$0.00	N/A
Total:	\$0.00	

Note: If assessments vary by the size or type of ownership interest, the assessment applicable to this ownership interest may be found on page ___ of the attached 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 No

This disclosure has been prepared by Browning Reserve Group and has been reviewed and approved by the association's board of directors based upon the best information available to the association at the time of its preparation. The accuracy of this information over the next 30 years will be dependent upon circumstances which are impossible to predict with specificity, and will require future action to adjust assessments over the period in accordance with the current projections and future developments.

(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:
N/A	N/A

(5) All major components are included in the reserve study and are included in its calculations. See next page §5300(b)(4), for any major component exclusions.

(6) Based on the method of calculation in paragraph (4) of the subdivision (b) of section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$1,374,711, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group as of July, 2018. The projected reserve fund cash balance at the end of the current fiscal year is \$280,181 resulting in reserves being 20.4% percent funded at this date. Civil code section 5570 does not require the board to fund reserves in accordance with this calculation.

An alternate and generally accepted method of calculation has been utilized to determine future reserve contribution amounts. The reserve contribution for the next fiscal year has been determined using the Cash Flow method of calculation (see section III, Reserve Fund Balance Forecast). This is a method of developing a reserve funding plan where the contributions to the reserve fund are designated 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.

(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 presented in column (b) 'Fully Funded Balance' in the table immediately 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 presented in column (c) 'Reserve Ending Balance'; leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

Fiscal Year (a)	Fully Funded Balance (b)	Reserve Ending Balance (c)	Percent Funded (d)
2018	\$1,512,291	\$451,254	29.8%
2019	\$1,724,329	\$546,006	31.7%
2020	\$1,855,215	\$381,068	20.5%
2021	\$1,686,452	\$578,004	34.3%
2022	\$1,875,527	\$763,196	40.7%

If the reserve funding plan approved by the association is implemented, the projected fund cash balance in each of those years will be the amounts presented in column (c) 'Reserve Ending Balance' in the table immediately above, leaving the reserve at percent funding as presented in column (d) 'Percent Funded' in each of the respective years.

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, 2.50% per year was the assumed long-term inflation rate, and 1.00% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of December 31, 2018 is \$3,634 per ownership interest (average).

This is calculated as the current estimate of the amount of cash reserves necessary as of the end of the fiscal year for which the study is prepared, less, the amount of accumulated cash reserves actually (Projected to be) set aside to repair, replace, restore, or maintain the major components.

$$\text{Deficiency} = \frac{\text{2018 Fully Funded Balance} - \text{2018 Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§5300(b)(4) The current board of directors of the association has not deferred or determined to not undertake repairs or replacements over the next 30 years.

Major Component:	Justification for Deferral:
N/A	N/A

§5300(b)(5) The board of directors as of the date of the study does not anticipate the levy of a special assessment for the repair, replacement, or restoration of the major components.

This report was generated after the start of the fiscal year for which this study was prepared for and reflects information that was applied retroactively.

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Beginning Balance	180,064	280,181	451,254	546,006	381,068	578,004	763,196	940,829	1,148,463	1,322,230
Inflated Expenditures @ 2.5%	72,173	21,966	111,352	383,165	34,693	62,404	86,705	74,483	127,095	70,189
Reserve Contribution	170,000	189,400	201,143	213,614	226,858	240,923	255,860	271,723	288,570	306,461
<i>Lots/quarter @ 292</i>	145.55	162.16	172.21	182.89	194.23	206.27	219.06	232.64	247.06	262.38
<i>Percentage Increase</i>		11.4%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	2,290	3,639	4,961	4,612	4,772	6,673	8,478	10,394	12,292	14,404
Ending Balance	280,181	451,254	546,006	381,068	578,004	763,196	940,829	1,148,463	1,322,230	1,572,906

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Beginning Balance	1,572,906	1,788,906	164,132	458,112	740,280	495,115	741,435	954,110	1,096,959	1,435,528
Inflated Expenditures @ 2.5%	126,188	1,980,131	57,176	74,290	604,260	115,252	153,669	227,769	36,966	112,306
Reserve Contribution	325,462	345,641	348,060	350,496	352,949	355,420	357,908	360,413	362,936	365,477
<i>Lots/quarter @ 292</i>	278.65	295.93	298.00	300.08	302.18	304.30	306.43	308.57	310.73	312.91
<i>Percentage Increase</i>	6.2%	6.2%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	16,725	9,717	3,096	5,962	6,146	6,152	8,436	10,204	12,599	15,621
Ending Balance	1,788,906	164,132	458,112	740,280	495,115	741,435	954,110	1,096,959	1,435,528	1,704,321

	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Beginning Balance	1,704,321	2,004,853	1,812,100	2,058,547	2,351,678	2,532,993	2,895,602	3,128,025	3,293,597	3,187,615
Inflated Expenditures @ 2.5%	85,956	582,354	146,015	104,627	221,434	45,496	181,310	252,828	527,382	121,273
Reserve Contribution	368,035	370,611	373,205	375,817	378,448	381,097	383,765	386,451	389,156	391,880
<i>Lots/quarter @ 292</i>	315.10	317.30	319.52	321.76	324.01	326.28	328.57	330.87	333.18	335.51
<i>Percentage Increase</i>	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.00%	18,454	18,990	19,257	21,941	24,302	27,008	29,968	31,948	32,245	33,229
Ending Balance	2,004,853	1,812,100	2,058,547	2,351,678	2,532,993	2,895,602	3,128,025	3,293,597	3,187,615	3,491,452