



RESERVE STUDY

Member Distribution Materials

Lake Don Pedro Owners Association

Update w/ Site Visit Review

Second Draft

Published - March 06, 2023

Prepared for the 2023/2024 Fiscal Year

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March 06, 2023

This is a summary of the Reserve Study that has been performed for Lake Don Pedro Owners 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, LLC prepared this Update w/ Site Visit Review for the July 1, 2023 - June 30, 2024 fiscal year.

Lake Don Pedro Owners Association is a Planned Development with a total of 3,120 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.

Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2022/2023 Fully Funded Balance	2023/2024 Fully Funded Balance	2023/2024 Line Item Contribution based on Cash Flow Method
01000 - Paving	132,463	3-25	1-16	47,408	55,045	4,736
02000 - Concrete	8,497	8-10	1-6	6,237	7,420	467
03000 - Painting: Exterior	29,428	8-12	1-5	25,164	28,450	1,189
03500 - Painting: Interior	3,543	5-5	1-1	2,835	3,632	320
04000 - Structural Repairs	97,155	20-30	2-15	49,307	55,142	2,591
04500 - Decking/Balconies	6,786	10-25	4-19	2,568	3,071	244
05000 - Roofing	146,772	15-30	1-15	92,928	99,560	3,152
08000 - Rehab	96,458	5-20	1-9	61,317	71,254	4,105
12000 - Pool	34,341	3-20	2-20	12,701	16,064	1,769
14000 - Recreation	16,234	15-15	15-15	1,015	1,109	647
18500 - Lakes / Ponds	5,433	5-5	3-3	2,173	3,341	515
19000 - Fencing	55,149	15-30	1-15	46,042	49,220	983
20000 - Lighting	29,136	15-30	2-6	23,805	25,650	599
22000 - Office Equipment	6,740	15-15	15-15	421	461	269
23000 - Mechanical Equipment	53,805	6-30	1-20	32,211	36,350	1,702
24000 - Furnishings	44,962	10-25	1-16	24,302	27,585	1,408
24500 - Audio / Visual	2,277	10-10	1-3	1,664	1,939	107
24600 - Safety / Access	28,031	6-10	1-5	9,481	14,033	2,067
25000 - Flooring	59,330	5-25	1-20	27,373	31,633	1,992
26000 - Outdoor Equipment	67,023	10-30	4-19	20,803	25,110	2,323
27000 - Appliances	26,020	10-25	1-20	10,735	12,176	825
28000 - Water System	29,506	6-20	3-17	8,247	11,010	1,362
30000 - Miscellaneous	53,820	15-20	3-13	23,872	27,391	1,630
Totals	\$1,032,910			\$532,609	\$606,645	\$35,000
Estimated Ending Balance				\$654,255	\$599,762	\$11.22
Percent Funded				122.8%	98.9%	/Lot/year @ 3120

**California Assessment and Reserve Funding
Disclosure For the Fiscal Year Ending 2023/2024**

Second Draft

March 6, 2023

(1) The regular assessment per ownership interest is \$120.00 per year for the fiscal year beginning July 1, 2023.

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, LLC 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 \$532,609, based in whole or in part on the last reserve study or update prepared by Browning Reserve Group, LLC as of March, 2023. The projected reserve fund cash balance at the end of the current fiscal year is \$654,255 resulting in reserves being 123% 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)
2023/24	\$606,645	\$599,762	98.9%
2024/25	\$590,439	\$605,876	102.6%
2025/26	\$635,519	\$562,696	88.5%
2026/27	\$630,548	\$578,631	91.8%
2027/28	\$685,169	\$505,707	73.8%

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 1.50% per year was the assumed long-term interest rate.

Additional Disclosures

§5565(d) The current deficiency in reserve funding as of June 30, 2024 is \$2 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.

$$\text{Deficiency} = \frac{2023/2024 \text{ Fully Funded Balance} - 2023/2024 \text{ Reserve Ending Balance}}{\text{Ownership Interest Quantity}}$$

§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, unless noted below:

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.

30 Year Reserve Funding Plan Cash Flow Method

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	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Beginning Balance	634,660	654,255	599,762	605,876	562,696	578,631	505,707	485,621	495,912	376,883
Inflated Expenditures @ 2.5%	0	98,828	40,347	92,025	35,557	127,045	76,783	49,837	182,096	47,119
Reserve Contribution	10,000	35,000	37,485	40,146	42,996	46,049	49,318	52,820	56,570	60,586
<i>Lots/year @ 3120</i>	3.21	11.22	12.01	12.87	13.78	14.76	15.81	16.93	18.13	19.42
<i>Percentage Increase</i>		250.0%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	9,595	9,335	8,975	8,699	8,496	8,072	7,380	7,307	6,497	5,754
Ending Balance	654,255	599,762	605,876	562,696	578,631	505,707	485,621	495,912	376,883	396,104

	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42
Beginning Balance	396,104	444,136	378,282	396,559	356,695	375,323	317,161	244,827	264,343	284,456
Inflated Expenditures @ 2.5%	23,112	141,471	61,920	125,185	72,194	154,751	174,443	89,154	96,297	119,072
Reserve Contribution	64,888	69,495	74,429	79,713	85,373	91,434	97,926	104,879	112,325	120,300
<i>Lots/year @ 3120</i>	20.80	22.27	23.86	25.55	27.36	29.31	31.39	33.62	36.00	38.56
<i>Percentage Increase</i>	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	6,255	6,122	5,768	5,607	5,449	5,155	4,184	3,790	4,085	4,276
Ending Balance	444,136	378,282	396,559	356,695	375,323	317,161	244,827	264,343	284,456	289,960

	2042/43	2043/44	2044/45	2045/46	2046/47	2047/48	2048/49	2049/50	2050/51	2051/52
Beginning Balance	289,960	365,723	430,598	573,176	618,023	738,321	678,145	839,298	976,387	1,164,899
Inflated Expenditures @ 2.5%	57,959	79,042	12,680	122,299	59,317	252,273	44,586	84,676	50,462	123,947
Reserve Contribution	128,841	137,989	147,786	158,279	169,517	181,553	194,443	208,248	223,034	238,869
<i>Lots/year @ 3120</i>	41.30	44.23	47.37	50.73	54.33	58.19	62.32	66.75	71.49	76.56
<i>Percentage Increase</i>	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 1.50%	4,881	5,928	7,472	8,867	10,097	10,544	11,296	13,516	15,940	18,335
Ending Balance	365,723	430,598	573,176	618,023	738,321	678,145	839,298	976,387	1,164,899	1,298,156