

# GOLDEN RAIN FOUNDATION AND TRUST

## 2019 RESERVES PLAN

### *Assessment and Reserve Funding Disclosure Summary For the Fiscal Year Ending 12/31/2019*

(1) The planned 2019 *basic* regular assessment per unit is **\$202.83** per month.

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

(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: ***The Board of Directors does not anticipate any special assessment that will be required to repair, replace, or restore any major component to the reserve program.***

(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       

(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? *n/a*

(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) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the planned fiscal year is **\$82,278,832** based in whole or in part on the last reserve study or update prepared by the managing agent as of September, 2018. The projected reserves fund cash balance at the end of the planned fiscal year is **\$11,108,592**, resulting in reserves being **14%** funded. If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is **\$11,108,592**. ***To adequately plan for future expenditures, the Golden Rain Foundation Board of Directors has adopted via resolution a 30-Year Funding Plan that projects contributions to and disbursements from reserves over the next thirty years, without falling below a minimum threshold of \$7,000,000 (indexed for projected inflation) in the reserve balances.***

(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 *shown in column A*, and the projected reserve fund cash balance in each of those years, taking into account only assessments already approved and other known revenues, is *represented in column B*, leaving the reserve at *C* percent funding. If the *alternative* reserve funding plan approved by the association is implemented, the projected reserve fund cash balance in each of those years will be *D*, leaving the reserve at *E* percent funded.

<b>Theoretical Funding Plan (Component method)</b>			
	<b>A</b>	<b>B</b>	<b>C</b>
	<b>Amount Required</b>	<b>Projected Cash Balance</b>	<b>Percent Funded</b>
2019	\$82,278,832	\$11,108,592	14%
2020	\$86,903,988	\$14,003,543	16%
2021	\$91,000,912	\$13,273,758	15%
2022	\$92,962,529	\$16,223,123	17%
2023	\$97,542,379	\$12,298,568	13%

<b>Approved Funding Plan (Threshold method)</b>		
	<b>D</b>	<b>E</b>
	<b>Projected Cash Balance</b>	<b>Percent Funded</b>
2019	\$11,108,592	100%
2020	\$14,003,543	100%
2021	\$13,273,758	100%
2022	\$16,223,123	100%
2023	\$12,298,568	100%

**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 was 2.5 percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.5 percent per year.

**DISCLAIMER:** The information contained in this disclosure is a PROJECTION ONLY. Because the reserve study is a projection, the estimated lives and costs of components will likely change over time depending on a variety of factors such as (i) future inflation rates, (ii) levels of maintenance applied by future boards, unknown defects in materials that may lead to premature failures, *remaining useful lives*, etc. As a result, some components may experience longer lives while others will experience premature failures. Some components may cost less at the time of replacement while others may cost more.

**GOLDEN RAIN FOUNDATION & TRUST**  
**2019 RESERVES PLAN**  
**Reserves Component Summary Schedule**

<i>Reserve Component</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Estimated Life</i>	<i>Average Remaining Life</i>	<i>TOTAL COST</i>	<i>FULLY FUNDED BALANCE</i>
<b>Equipment</b>							
Equipment						\$ 33,512,373	\$ 24,951,984
Furniture & Equipment	3,335	EA	\$1 to \$737K	2 to 20	0 to 14	\$ 15,949,771	\$ 12,970,444
Computer Hardware	1,042	EA	\$20 to \$483K	3 to 10	0 to 7	\$ 4,838,674	\$ 3,558,312
Computer Software	156	EA	\$95 to \$1,081K	1 to 10	0 to 9	\$ 2,504,697	\$ 1,513,880
Vehicles	429	EA	\$240 to \$246K	1 to 15	0 to 11	\$ 10,219,232	\$ 6,909,348
<b>Facilities</b>							
<b>Broadband Services</b>							
Head-End Facility	1	EA	\$ 1,260,000	30	14	\$ 1,260,000	\$ 714,840
Cable TV System	1	EA	\$ 17,800,000	30	15	\$ 17,800,000	\$ 9,505,200
<b>Clubhouses</b>							
Clubhouse 1 Facility	1	EA	\$ 13,670,000	40	26	\$ 13,670,000	\$ 5,133,085
Clubhouse 2 Facility	1	EA	\$ 5,050,000	40	38	\$ 5,050,000	\$ 381,275
Village Greens Building	1	EA	\$ 6,000,000	40	32	\$ 6,000,000	\$ 1,353,000
Clubhouse 3 Facility	1	EA	\$ 9,600,000	40	22	\$ 9,600,000	\$ 4,564,800
Clubhouse 4 Facility	1	EA	\$ 10,700,000	40	22	\$ 10,700,000	\$ 5,087,850
Clubhouse 5 Facility	1	EA	\$ 7,100,000	40	23	\$ 7,100,000	\$ 3,198,550
Clubhouse 6 Facility	1	EA	\$ 1,600,000	40	21	\$ 1,600,000	\$ 800,800
Clubhouse 7 Facility	1	EA	\$ 4,900,000	40	26	\$ 4,900,000	\$ 1,839,950
<b>Equestrian</b>							
Equestrian Facility	1	EA	\$ 2,000,000	60	10	\$ 2,000,000	\$ 1,700,667
<b>Aquatics</b>							
Refurbish Pools	5	EA	\$ 400,000	40	15	\$ 2,000,000	\$ 1,321,000
Replaster Pools	5	EA	\$ 70,000	9	7	\$ 350,000	\$ 117,444
<b>Other</b>							
Community Center Facility	1	EA	\$ 21,500,000	40	23	\$ 21,500,000	\$ 9,685,750
Historical Society Facility	1	EA	\$ 800,000	40	16	\$ 800,000	\$ 500,400
Library Facility	1	EA	\$ 1,590,000	40	5	\$ 1,590,000	\$ 1,431,795
Perimeter Walls	7,000	LF	\$ 200	60	15	\$ 1,400,000	\$ 1,073,800
Security/Landscape Facility	1	EA	\$ 1,881,000	40	2	\$ 1,881,000	\$ 1,834,916
Tennis Facility	1	EA	\$ 250,000	40	22	\$ 250,000	\$ 118,875
Vehicle Maintenance Facility	1	EA	\$ 2,343,000	40	6	\$ 2,343,000	\$ 2,051,297
Warehouse Facility	1	EA	\$ 5,610,000	40	6	\$ 5,610,000	\$ 4,911,555
<b>GRAND TOTAL</b>						<b>\$ 150,916,373</b>	<b>\$ 82,278,832</b>

\* Fully Funded Balance incorporates a Replacement Factor, when less than full replacement is expected over the course of an asset life.

<b>Summary</b>	
Projected Reserves Balance:	\$ 11,108,592
Fully Funded Balance:	\$ 82,278,832
Percent Funded:	14%
Projected Reserves Deficiency:	\$ (71,170,240)
Deficiency Per Unit:	\$ (5,589)

**GOLDEN RAIN FOUNDATION & TRUST**  
**2019 RESERVES PLAN**  
**Reserves 30-Year Funding Plan**

**Threshold (Min Balance): \$7,000,000**

Indexed for inflation

Year	Assessment		Interest Earnings	Facilities Fee <sup>1</sup>	Planned Expenditures <sup>2</sup>	Reserve Balance
	Per Manor Per Month	Total Contributions				
2018	\$ 19.00	\$ 2,903,808	\$ 249,453	\$ 4,048,000	\$ (13,775,176)	\$ 14,655,867
2019	\$ 17.00	\$ 2,598,144	\$ 179,098	\$ 4,141,350	\$ (10,465,867)	\$ 11,108,592
2020	\$ 19.00	\$ 2,903,808	\$ 217,825	\$ 4,249,275	\$ (4,475,957)	\$ 14,003,543
2021	\$ 20.00	\$ 3,056,640	\$ 236,606	\$ 4,249,275	\$ (8,272,306)	\$ 13,273,758
2022	\$ 21.00	\$ 3,209,472	\$ 255,859	\$ 4,249,275	\$ (4,765,241)	\$ 16,223,123
2023	\$ 22.00	\$ 3,362,304	\$ 247,400	\$ 4,249,275	\$ (11,783,534)	\$ 12,298,568
2024	\$ 23.00	\$ 3,515,136	\$ 183,076	\$ 4,249,275	\$ (11,438,537)	\$ 8,807,518
2025	\$ 23.00	\$ 3,515,136	\$ 153,690	\$ 4,249,275	\$ (7,814,826)	\$ 8,910,793
2026	\$ 23.00	\$ 3,515,136	\$ 151,169	\$ 4,249,275	\$ (8,309,508)	\$ 8,516,865
2027	\$ 23.00	\$ 3,515,136	\$ 156,983	\$ 4,249,275	\$ (6,857,172)	\$ 9,581,087
2028	\$ 23.00	\$ 3,515,136	\$ 164,754	\$ 4,249,275	\$ (8,097,503)	\$ 9,412,749
2029	\$ 23.00	\$ 3,515,136	\$ 168,655	\$ 4,249,275	\$ (7,315,107)	\$ 10,030,708
2030	\$ 23.00	\$ 3,515,136	\$ 192,020	\$ 4,249,275	\$ (5,880,641)	\$ 12,106,498
2031	\$ 23.00	\$ 3,515,136	\$ 215,633	\$ 4,249,275	\$ (7,333,679)	\$ 12,752,863
2032	\$ 23.00	\$ 3,515,136	\$ 212,418	\$ 4,249,275	\$ (8,993,820)	\$ 11,735,872
2033	\$ 23.00	\$ 3,515,136	\$ 202,247	\$ 4,249,275	\$ (8,122,197)	\$ 11,580,333
2034	\$ 22.00	\$ 3,362,304	\$ 215,127	\$ 4,249,275	\$ (6,186,261)	\$ 13,220,778
2035	\$ 21.00	\$ 3,209,472	\$ 254,247	\$ 4,249,275	\$ (4,843,496)	\$ 16,090,276
2036	\$ 20.00	\$ 3,056,640	\$ 310,743	\$ 4,249,275	\$ (3,972,945)	\$ 19,733,989
2037	\$ 19.00	\$ 2,903,808	\$ 344,380	\$ 4,249,275	\$ (7,263,331)	\$ 19,968,121
2038	\$ 19.00	\$ 2,903,808	\$ 375,006	\$ 4,249,275	\$ (4,231,467)	\$ 23,264,743
2039	\$ 19.00	\$ 2,903,808	\$ 378,361	\$ 4,249,275	\$ (10,441,346)	\$ 20,354,841
2040	\$ 19.00	\$ 2,903,808	\$ 343,970	\$ 4,249,275	\$ (8,551,927)	\$ 19,299,967
2041	\$ 19.00	\$ 2,903,808	\$ 300,978	\$ 4,249,275	\$ (11,355,485)	\$ 15,398,543
2042	\$ 19.00	\$ 2,903,808	\$ 244,347	\$ 4,249,275	\$ (10,024,753)	\$ 12,771,220
2043	\$ 19.00	\$ 2,903,808	\$ 227,808	\$ 4,249,275	\$ (6,660,272)	\$ 13,491,839
2044	\$ 19.00	\$ 2,903,808	\$ 244,210	\$ 4,249,275	\$ (6,227,027)	\$ 14,662,105
2045	\$ 19.00	\$ 2,903,808	\$ 251,665	\$ 4,249,275	\$ (7,715,568)	\$ 14,351,285
2046	\$ 19.00	\$ 2,903,808	\$ 275,637	\$ 4,249,275	\$ (4,354,307)	\$ 17,425,698
2047	\$ 19.00	\$ 2,903,808	\$ 314,834	\$ 4,249,275	\$ (6,023,425)	\$ 18,870,190
2048	\$ 19.00	\$ 2,903,808	\$ 314,386	\$ 4,249,275	\$ (8,963,674)	\$ 17,373,985

<sup>1</sup> Facilities Fee assumes a transfer fee increase from \$2,500 to \$5,000 effective January 1, 2018

<sup>2</sup> Planned Expenditures include Capital Plan, supplemental appropriations, and carryover items from prior years.

