



EXHIBIT

**Approved
Board of Directors
June 21, 2016**

Recommendation to Adopt Reserve Study @ 90% Funding Level

Overview

At the Board of Director's meeting held on November 18th, 2015 at Santa Rita Springs, a motion was unanimously approved to contract with Browning Reserve Group for a four-year period to have a Reserve Study completed and updated annually. This Study is to be used in planning and budgeting for repairs and maintenance of GVR capital assets.

Browning completed the on-site work for the study in February, 2016. The resulting report was received with parameters of a 100% funding level and a component value of \$1,000 or more. After a review of the study by the Reserve Study Sub-committee, a request was made of Browning to show the study with a funding level of 85% and 90% and a component cost level of \$5,000 or more.

After comparing the different versions of the study, a recommendation was made by the Sub-committee to the Fiscal Affairs Committee, to approve the study at the 90% funding level and a component cost level of \$5,000. The \$5,000 component cost matches with the capitalization level for fixed assets and should make for ease of use for budgeting purposes. The 90% funding level keeps GVR at a **very good** rating while creating the opportunity for funding the other reserve accounts.

Recommendation

Adopt the 2016 Reserve Study, completed by Browning Reserve Group, at a funding level of 90% and a component cost level of \$5,000 or more.