



RESERVE STUDY

Member Distribution Materials

Summerlin South Community Association

Full Study
First Draft
Published - November 09, 2018
Prepared for the 2019 Fiscal Year

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November 09, 2018

This is a summary of the Reserve Study that has been performed for Summerlin South Community Association, (the "Association"). This study was conducted in compliance with Nevada *NRS 116.31151 and NRS 116.31152* and is being provided to you as a member of the Association. 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 Full Study for the January 1, 2019 - December 31, 2019 fiscal year.

Summerlin South Community Association is a Planned Community with a total of 7,217 Lots.

At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 2.50% per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.50% per year.

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.

This reserve study was produced under the responsible charge of Robert W Browning who, pursuant to Nevada regulation R145-06, is a Nevada Reserve Study Specialist (RSS #5).

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.

Nevada 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.

Summerlin South Community Association
Nevada Member Summary
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<i>Reserve Component</i>	<i>Current Replacement Cost</i>	<i>Useful Life</i>	<i>Remaining Life</i>	<i>2018 Fully Funded Balance</i>	<i>2019 Fully Funded Balance</i>	<i>2019 Line Item Contribution based on Cash Flow Method</i>
02000 - Concrete	40,580	1-5	1-10	8,378	5,860	7,540
03000 - Painting: Exterior	721,196	5-12	1-9	475,764	561,869	64,438
04000 - Structural Repairs	182,249	1-30	0-20	68,474	71,246	8,462
05000 - Roofing	57,200	28-28	28-28	1,972	2,094	3,210
18000 - Landscaping	472,587	1-20	1-25	209,538	260,404	54,361
19000 - Fencing	1,146,073	5-30	1-25	477,599	529,108	59,130
19500 - Retaining Wall	99,880	40-40	40-40	2,436	2,559	0
20000 - Lighting	334,474	12-30	1-20	194,074	212,232	16,938
21000 - Signage	194,978	12-20	1-20	147,589	163,136	11,261
26000 - Outdoor Equipment	340,631	10-25	1-20	250,602	279,507	20,321
Totals	\$3,589,849			\$1,836,425	\$2,088,015	\$245,661
Estimated Ending Balance				\$2,058,654	\$1,996,003	\$2.84
Percent Funded				112.1%	95.6%	/Lot/month @ 7217



30 Year Reserve Funding Plan Cash Flow Method

First Draft

Prepared for the 2019 Fiscal Year

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Beginning Balance	1,776,947	2,058,654	1,996,003	1,895,348	1,689,207	1,670,420	1,734,313	2,053,689	2,049,628	2,255,025
Inflated Expenditures @ 2.5%	3,000	358,370	402,955	513,552	332,633	260,043	19,158	356,700	160,297	382,774
Reserve Contribution	237,354	245,661	254,259	263,158	272,369	281,902	291,769	301,981	312,550	323,489
<i>Lots/month @ 7217</i>	2.74	2.84	2.94	3.04	3.14	3.26	3.37	3.49	3.61	3.74
<i>Percentage Increase</i>	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	47,353	50,057	48,041	44,254	41,477	42,034	46,765	50,658	53,144	55,635
Ending Balance	2,058,654	1,996,003	1,895,348	1,689,207	1,670,420	1,734,313	2,053,689	2,049,628	2,255,025	2,251,375
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Beginning Balance	2,251,375	2,534,002	2,840,584	2,973,697	2,819,956	3,130,726	2,550,503	2,648,893	2,368,467	2,839,285
Inflated Expenditures @ 2.5%	111,263	106,299	297,326	596,479	146,899	1,048,012	377,368	768,342	34,357	230,918
Reserve Contribution	334,811	346,529	358,658	371,211	384,203	397,650	411,568	425,973	440,882	456,313
<i>Lots/month @ 7217</i>	3.87	4.00	4.14	4.29	4.44	4.59	4.75	4.92	5.09	5.27
<i>Percentage Increase</i>	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	59,079	66,353	71,781	71,527	73,465	70,139	64,190	61,943	64,293	73,800
Ending Balance	2,534,002	2,840,584	2,973,697	2,819,956	3,130,726	2,550,503	2,648,893	2,368,467	2,839,285	3,138,479
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Beginning Balance	3,138,479	2,880,280	2,910,284	2,987,240	3,159,807	3,593,957	3,500,693	4,031,850	3,591,785	3,684,823
Inflated Expenditures @ 2.5%	804,789	530,299	501,775	426,951	191,186	741,776	142,393	1,135,059	618,703	81,711
Reserve Contribution	472,284	488,814	505,922	523,629	541,956	560,924	580,556	600,875	621,906	643,673
<i>Lots/month @ 7217</i>	5.45	5.64	5.84	6.05	6.26	6.48	6.70	6.94	7.18	7.43
<i>Percentage Increase</i>	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	74,306	71,488	72,809	75,889	83,380	87,588	92,994	94,119	89,835	99,145
Ending Balance	2,880,280	2,910,284	2,987,240	3,159,807	3,593,957	3,500,693	4,031,850	3,591,785	3,684,823	4,345,930