



RESERVE STUDY

Member Distribution Materials

Summerlin North Community Association

Update w/ Site Visit Review

First Draft

Published - October 19, 2020

Prepared for the 2021 Fiscal Year

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Browning Reserve Group
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October 19, 2020

This is a summary of the Reserve Study that has been performed for Summerlin North 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 Update w/ Site Visit Review for the January 1, 2021 - December 31, 2021 fiscal year.

Summerlin North Community Association is a Planned Community with a total of 212,852 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.

The board of directors does not anticipate any special reserve assessment will be required during the current 30-year life of the reserve study to repair, replace, maintain or restore any major component or to provide adequate reserves. (*NAC 116.430 8*)

Summerlin North Community Association
Nevada Member Summary
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Reserve Component	Current Replacement Cost	Useful Life	Remaining Life	2020 Fully Funded Balance	2021 Fully Funded Balance	2021 Line Item Contribution based on Cash Flow Method
01000 - Paving	30,595	6-25	1-12	17,024	19,166	1,596
02000 - Concrete	90,000	3-3	2-2	30,000	61,500	24,397
03000 - Painting: Exterior	842,879	5-12	0-3	573,871	752,601	135,105
03500 - Painting: Interior	14,400	10-10	8-8	2,880	4,428	1,358
04000 - Structural Repairs	61,820	30-30	9-16	32,545	35,471	2,272
05000 - Roofing	92,450	18-30	4-16	49,941	54,846	3,741
08000 - Rehab	25,000	15-15	8-8	11,667	13,667	1,572
18000 - Landscaping	1,267,143	1-10	0-14	762,163	987,841	411,321
19000 - Fencing	2,026,720	5-30	0-10	1,556,403	1,643,949	86,803
20000 - Lighting	142,945	4-35	1-21	63,157	96,653	25,732
21000 - Signage	631,245	5-10	1-7	373,237	463,208	66,107
22000 - Office Equipment	13,388	4-8	3-3	6,722	9,167	1,852
23000 - Mechanical Equipment	40,503	12-15	1-13	22,114	25,447	2,505
24000 - Furnishings	120,671	5-30	3-16	73,375	81,797	5,989
24600 - Safety / Access	12,500	10-30	9-16	3,743	4,654	811
25000 - Flooring	42,955	10-30	3-16	28,029	32,170	2,915
26000 - Outdoor Equipment	131,732	4-35	1-18	81,998	98,692	12,089
30000 - Miscellaneous	39,500	4-4	1-1	29,625	40,488	7,835
Totals	\$5,626,446			\$3,718,495	\$4,425,743	\$794,000
Estimated Ending Balance				\$4,128,567	\$3,507,364	\$0.31
Percent Funded				111.0%	79.2%	/Lot/month @ 212852

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Beginning Balance	3,799,749	4,128,567	3,507,364	3,163,349	2,802,465	2,489,304	1,964,495	1,506,602	1,776,853	1,338,410
Inflated Expenditures @ 2.5%	349,563	1,490,474	1,309,269	1,439,537	1,488,991	1,795,795	1,822,246	1,197,286	2,009,403	1,111,522
Reserve Contribution	600,000	794,000	899,500	1,005,000	1,110,500	1,216,000	1,321,500	1,427,000	1,532,500	1,638,000
<i>Lots/month @ 212852</i>	0.23	0.31	0.35	0.39	0.43	0.48	0.52	0.56	0.60	0.64
<i>Percentage Increase</i>		32.3%	13.3%	11.7%	10.5%	9.5%	8.7%	8.0%	7.4%	6.9%
Special Assessments / Other¹	-19,500	-19,000	-16,600	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	97,880	94,271	82,354	73,652	65,330	54,985	42,853	40,536	38,460	40,041
Ending Balance	4,128,567	3,507,364	3,163,349	2,802,465	2,489,304	1,964,495	1,506,602	1,776,853	1,338,410	1,904,929

1) Short term interest earned offset (adjustment from 2.5% to 2.0%).

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
Beginning Balance	1,904,929	1,892,126	1,367,834	1,984,622	2,133,250	2,182,553	2,902,595	2,492,620	3,012,660	2,953,243
Inflated Expenditures @ 2.5%	1,738,630	2,285,462	1,188,548	1,710,256	1,857,225	1,242,315	2,423,650	1,543,671	2,178,708	1,501,988
Reserve Contribution	1,678,950	1,720,924	1,763,947	1,808,046	1,853,247	1,899,578	1,947,067	1,995,744	2,045,638	2,096,779
<i>Lots/month @ 212852</i>	0.66	0.67	0.69	0.71	0.73	0.74	0.76	0.78	0.80	0.82
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	46,877	40,246	41,388	50,838	53,282	62,780	66,608	67,966	73,653	81,266
Ending Balance	1,892,126	1,367,834	1,984,622	2,133,250	2,182,553	2,902,595	2,492,620	3,012,660	2,953,243	3,629,300

	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Beginning Balance	3,629,300	4,382,413	4,089,279	5,003,240	4,927,726	5,349,876	6,316,780	5,367,205	6,222,045	6,558,902
Inflated Expenditures @ 2.5%	1,494,995	2,600,651	1,456,293	2,512,570	2,077,046	1,608,748	3,586,233	1,842,958	2,439,522	1,925,512
Reserve Contribution	2,149,198	2,202,928	2,258,001	2,314,451	2,372,312	2,431,620	2,492,411	2,554,721	2,618,589	2,684,054
<i>Lots/month @ 212852</i>	0.84	0.86	0.88	0.91	0.93	0.95	0.98	1.00	1.03	1.05
<i>Percentage Increase</i>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Special Assessments / Other	0	0	0	0	0	0	0	0	0	0
Interest Pre Tax @ 2.50%	98,910	104,589	112,253	122,605	126,884	144,033	144,247	143,077	157,789	173,454
Ending Balance	4,382,413	4,089,279	5,003,240	4,927,726	5,349,876	6,316,780	5,367,205	6,222,045	6,558,902	7,490,898