ERGIL BAINS
& ASSOCIATES LTD.

Commercial & Residential Real Estate Appraisals
Condominium Reserve Fund Studies & Strata Depreciation Reports

RESERVE FUND REPORT
FOR

RENAISSANCE PLACE

EDMONTON, AB

JANUARY 2021

ERGIL BAINS
& ASSOCIATES LTD.

Board of Directors
Renaissance Place Condominium Association,
9918 – 101 Street,
Edmonton, AB

January 21, 2021

Attention: Suzie Johansen, Condominium Manager, KDM Property Management

Dear Ms. Johansen

Re: Reserve Fund Report
Renaissance Place Condominiums
9918 – 101 Street
Edmonton, AB

Your attention is invited to the following Reserve Fund Study on the above property. The report itemizes and describes all reserve fund concepts and major reserve fund items. It provides current and future replacement reserve estimates and recommends reserve fund actions.

It is our opinion that an efficient and effective reserve fund program can be implemented for the property. A plan has been created which provides for sufficient cash balances to meet future requirements.

To this end, it is recommended that the reserve fund plan be updated, utilizing this report. Concurrently, it is recommended that the annual contributions to the existing reserve fund be provided according to Schedule C. Under this strategy, sufficient cash reserves can be obtained to meet future reserve fund requirements.

Ergil Bains & Associates Ltd. would be pleased to provide you with a complete review and updating services for the reserve fund evaluation as required in the future. Finally, we appreciate the opportunity of performing this reserve fund study for you.

Respectfully submitted,

Shey Ergil, MBA, AACI, CRP
Senior Partner

54, Commonwealth Building • 9912-106 Street • Edmonton, AB T5K 1C5 • Tel 780.298.9363
email: shey@ebprime.com • web address: www.ergilbains.com

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EXECUTIVE SUMMARY

PROPERTY IDENTIFICATION	
Name	Renaissance Place
Legal Description	Plan 9423146
Location	9918 - 101 Street
	Edmonton, AB
Inspection Date	June 23, 2020
Effective Date	October 1, 2020
Report Date	September 15, 2020
Year Built	1978
Number of Primary Buildings	1
Number of Units Registered on Plan	191
RESERVE STUDY ESTIMATES	
Current Replacement Cost Base	$5,519,579
Expenditure Forecast (30-year period)	$11,475,635
Interest Earned (30-year period)	$549,699
Forecasted Contributions (30-year pd)	$11,219,062
Interest Rate (Long-term Forecast)	1.0%
Inflation Rate (Long-term Forecast)	2.0%
Contribution Increase Years 1-40	2.00%

BEGINNING FINANCIAL INFORMATION & STARTING POINT

According to Property Management:

The reserve fund balance at October 1, 2020 is estimated at $1,273,650, consisting of a March 31, 2020 balance of $1,133,652 plus six months of contributions at $23,333 per month. Remaining contributions for the year are $140,000.

The total contributions budgeted for the corporate year April 1, 2020 to March 31, 2021 is $280,000.

The forecasted long-term interest rate on the reserve fund balance is 1.0 percent, based conservatively on interest earned on investments. The forecasted long-term inflation rate of replacement costs is 2.0 percent.

PHASING OF REPLACEMENTS

Where reasonable, the larger projects have been split over a number of years, (usually four or five). This will avoid the occurrence of major cash outflows in a single year, and reflects the likelihood

that some items will be replaced in phases, or as needed, instead of as one major project in a single year.

RECENT REPAIRS & REPLACEMENTS

- **Foundation & Parkade** – The foundation and parkade has received repairs over the last several years. The worst areas have been repaired and now the parkade is routinely monitored and repaired. Further repairs will still be required going forward, given the age of the property and the condition of the parkade.

  The board proactively evaluates a separate budget every year for ongoing upkeep and repair to the parkade and parkade traffic membrane. As such, only a nominal contingency has been included in the reserve fund study for these items. An amount of $50,000 has been budgeted by the Board to 2021 for parkade membrane repair (included in its own section).

  Given the age of the parkade and the need for continual repairs, an annual budget of $50,000 is likely insufficient to catch up and maintain condition of the parkade and foundation. An annual budget of $110,000 has been allocated under Foundation & Parkade. This would equate to a budget of $5,000 per stall every 12 years. Given that there has been a relatively lack of past maintenance until recent years, an increased budget for concrete repairs would be prudent. This budget could and should be periodically reviewed for sufficiency.

  It was reported that there is currently a leak into the parkade from the hot tub, which is to be repaired soon. It was also reported that there is water infiltration from the front and rear building ledges into the parkade and onto vehicles. There is no allocation for this item yet, and the scope and cost to repair are not yet known. No allocation to the cash flow forecast has been made for these items at this time, as it is presumed that these may be repaired as part of operations and the parkade budget (see above).

- **Windows & Balcony Door Program** – The final phase of replacements was completed in 2018.
- **Flooring, Lobby** – The lobby flooring was replaced in the last couple of years.
- **Pool Facility** – The hot tub was recently replaced. There is currently a leak from the hot tub into the parkade. Please see above under Foundation & Parkade.
- **Sauna Facility** – The walls and ceilings of the sauna room have been replaced.
- **Plumbing System** – Sections of the horizontal plumbing systems have been replaced, and this program of replacement of sections of plumbing is carried out annually.
- **Garage Doors** - Two of the door motors and control operators were recently replaced.

CURRENT PLANNED REPAIRS & REPLACEMENTS

- **Parkade & Foundation** – Sections of the parkade traffic membrane are being replace on an as-needed basis. A budget of $60,655 has been allocated to the current year.

- **Roof** – It was reported that there is a leak in the roof beside the pool facility, which is to be repaired soon. No allocation to the cash flow forecast has been made for this item at this time, as it is presumed that this may be repaired as part of operations and the parkade budget (please see above under Foundation & Parkade).
- **Building Envelope** – It was reported that minor cracking in the building envelope curtain walls was observed. The architect who designed the building has been contacted to survey the envelope and make initial recommendations if needed.
- **Swimming Pool Facility** – The Board intends to implement a renovation/refurbishment project for the pool facility. This would generally include, but is not limited to, pool liner replacement, replacement of the pool deck and shower area as needed or completely, and repair/replacement of the pool facility windows as needed or completely. A preliminary budget of $100,000 has been allocated to 2022 for this project.
- **Water/Sewer** – Repairs costing $6,165 have been allocated to the current year.

The full scope of the project is not known at this time, but will be fairly comprehensive. The exact timing of the project has not been definitively decided upon. The cost of the project would be determined once the specific contractors are consulted and the scope of the project is decided upon. Thus, the actual cost and timing may vary from the $100,000 budget allocation, which could be moved without unduly affecting the cash flow forecast.

There are no other current planned major repairs & replacements.

SHORT TERM FUTURE REPAIRS & REPLACEMENTS

- **Makeup Air Unit (Building)** – This unit is original and is reportedly near the end of its expected lifespan. Replacement has been allocated to 2022, although this can be moved sooner or later depending on how much longer the unit continues to function.

- **Parkade Ramps** - The ramps were in fair to poor condition, and the south ramp was noted to be considerably more cracked and worn than the others. Given that the ramp heating system does not work, it is possible that some or all of the ramp may need to be removed and replaced in order to repair the ramp heating system. In any event, major repair or replacement of the ramps will likely be necessary in the next few years as continued patches will become ineffective. This project has been allocated to 2024, although the allocation could be further moved, split, or increased as needed in the next few years.

There are no other forecasted major repairs & replacements in the short term (1-5 years).

OTHER ITEMS OF INTEREST

- **Parking Ramp Heating System** – The south parkade ramp is equipped with a heating system to prevent ice formation, and it has been non-functional for a number of years.
- **Exercise Room** – One of the spin bikes was replaced.

RESERVE FUND ADEQUACY

The current reserve fund balance together with the current level of contributions, if the Board continues with contributions based on the recommended contributions that follow, should be very sufficient funding for the replacements as forecasted in this report. There may also be a sufficient balance to withstand a significant unforeseen expense, should one arise. It should be noted that the reserve fund balance will vary during this period, as the funds will be used for replacements. Sufficiency should be re-evaluated in the circumstance of a major unforeseen cost, should one arise.

RECOMMENDED CONTRIBUTION SCHEDULE

The following contribution schedule on the next page has been created in order to strike a relatively fair balance between current and future owners' share of expenses. The resulting contributions should meet future replacement costs, and are benchmarked such that the minimum balance at any time is set at 5 percent of Current Replacement Costs.

Using a minimum benchmark set at 5 percent of Current Replacement Costs is based on the following criteria:

- The ability to meet forecasted expenditures.
- Striking a balance between a sufficient and an excessive balance.
- Striking a reasonable and fair balance between the contributions of current versus future owners.
- Attempting to carry a minimum balance that could enable the corporation to achieve better interest rates.
- Accounting for variance. It is probable that cash inflows and expenditures will vary in magnitude and timing in the future, and having the minimum balance will help to mitigate the effects of variance. It must also be noted that as a reserve fund study is required by law every five years, the entire forecast can be revised accordingly, and estimates of future variances can also be reviewed.

It is believed that this benchmark will serve to ensure that the reserve fund should be sufficient to serve future interests while attempting to minimize the long-term financial impact upon owners for contributions.

Based on the foregoing information, it is recommended that periodic increases in annual contribution levels would be appropriate as outlined above. The corporation should have sufficient time to accumulate the necessary funds for future expenses while also benefiting from the effects of compounding interest. Under this plan, a continuous and reasonably safe minimum balance or "buffer" has been created for contingencies without being over-funded.

It must be remembered that the exact timing of expense items may vary; the dates given are estimates based on the expected remaining life spans. Where practical and appropriate, the timing of the component replacement has been scheduled to prioritize replacement of components, to avoid too many expenses in one year; and to maximize the economies of scale by replacing related or similar components at the same time.

RECOMMENDED ANNUAL CONTRIBUTIONS

Annual Rate of Increase: ***2.00%***

	YEAR BEGINNING	***AVERAGE*** MONTHLY CONTRIBUTION PER UNIT	MONTHLY CONTRIBUTION/ UNIT FACTOR	ANNUAL AMOUNT OF CHANGE
1	*Oct-20*	$122	$2.333	Base Year
2	Apr-21	$125	$2.380	2.00%
3	Apr-22	$127	$2.428	2.00%
4	Apr-23	$130	$2.476	2.00%
5	Apr-24	$132	$2.526	2.00%
6	Apr-25	$135	$2.576	2.00%
7	Apr-26	$138	$2.628	2.00%
8	Apr-27	$140	$2.680	2.00%
9	Apr-28	$143	$2.734	2.00%
10	Apr-29	$146	$2.789	2.00%
11	Apr-30	$149	$2.844	2.00%
12	Apr-31	$152	$2.901	2.00%
13	Apr-32	$155	$2.959	2.00%
14	Apr-33	$158	$3.018	2.00%
15	Apr-34	$161	$3.079	2.00%
16	Apr-35	$164	$3.140	2.00%
17	Apr-36	$168	$3.203	2.00%
18	Apr-37	$171	$3.267	2.00%
19	Apr-38	$174	$3.333	2.00%
20	Apr-39	$178	$3.399	2.00%
21	Apr-40	$182	$3.467	2.00%
22	Apr-41	$185	$3.537	2.00%
23	Apr-42	$189	$3.607	2.00%
24	Apr-43	$193	$3.679	2.00%
25	Apr-44	$196	$3.753	2.00%
26	Apr-45	$200	$3.828	2.00%
27	Apr-46	$204	$3.905	2.00%
28	Apr-47	$209	$3.983	2.00%
29	Apr-48	$213	$4.062	2.00%
30	Apr-49	$217	$4.144	2.00%

RESERVE FUND PLAN – OBJECTIVES AND RECOMMENDATIONS
(HOW TO USE THIS REPORT)

OBJECTIVE OF THE RESERVE FUND PLAN

The objective is to ensure that sufficient funds will be available when needed for repairs and replacements as indicated in this report. Adequate, or sufficient, reserve funding must be one of the primary objectives of management since a sound reserve fund ensures the long-term integrity and viability of a condominium complex. The following comments and projections are based on the assumption that the corporation will implement an ongoing and effective management program.

WHAT IS A RESERVE FUND PLAN? VERSUS A RESERVE FUND REPORT?

It must be noted that a reserve fund plan is different than a reserve fund report. It is important that the board establishes and implements a formal reserve fund plan. Further, it is a requirement of all boards set out in the Condominium Property Act & Regulations. The Act stipulates that:

On receiving the reserve fund report, the board must, after reviewing the reserve fund report, approve a reserve fund plan

(a) Under which a reserve fund is to be established, if one has not already been established, and
(b) Setting forth the method of and amounts needed for funding and maintaining the reserve fund.

It is worth noting at this point that it is often the case that the reserve fund report is *adopted* as the plan, and thus serves both purposes. However, the report itself is a tool and the final plan could therefore be based on, and different from, the report.

An approved reserve fund plan must provide that, based on the reserve fund report, sufficient funds will be available by means of owners' contributions, or any other method that is reasonable in the circumstances, to repair or replace, as the case may be, the depreciating property in accordance with the reserve fund report.

Notwithstanding that a reserve fund plan has been approved, the corporation must provide to the owners for the owners' information copies of that approved reserve fund plan prior to the collection of any funds for the purposes of those matters dealt with in the reserve fund report on which the approved reserve fund plan was based and that are to be carried out pursuant that report.

Until such time that a corporation has approved a reserve fund plan and has met the requirement described in the previous paragraph so as to be eligible to collect funds in respect of the reserve fund, the corporation may, notwithstanding that a reserve fund plan has been approved, collect or otherwise receive funds for a fund that is similar in nature to a reserve fund and may make expenditures from and generally continue to operate that fund.

WHAT SHOULD A RESERVE FUND PLAN CONTAIN?

A reserve fund plan should contain or cover the following factors in the list below. The reserve fund plan should be based on the information contained in the reserve fund study, and in turn the reserve fund study should provide this information or recommendations. Each of these factors is discussed in more detail following the list.

- Reserve Fund Plan Timeline (Lifespan of Building)
- Reserve Fund Contributions
- Reserve Fund Expenditures
- Distinguishing between Operating and Reserve Fund Expenditures
- Allocation and Investment of Funds
- Reserve Fund Plan and Study Review
- Property Management & Maintenance
- Preventative Maintenance

RESERVE FUND PLAN TIMELINE

Ideally, having as long a planning horizon as possible is prudent. However, the degree of accuracy of any forecast will diminish as the timeline increases. At a minimum, the reserve fund plan should cover the current budget year, and should also cover at least a five year span. Further, the reserve fund plan should be created in such a way that is mindful of expenses that will occur over the long term, which is the lifespan of the building.

RESERVE FUND CONTRIBUTIONS

Based on the assumptions, estimates and projections of the reserve fund report, the reserve fund plan should set out contributions for the current year, as well as the remaining lifespan of the building. The plan should be reviewed each year.

Contributions will need to be increased over time to offset the impact of inflation on costs. This is shown in the cash flow projections contained in this report, and in the recommended contribution schedule provided in the Executive Summary.

RESERVE FUND EXPENDITURES

Concurrent with reserve fund contributions, the reserve fund plan should also indicate any replacement/repair expenses that will occur. This should also be completed in a one-year plan and a five-year plan at a minimum. This should include any already-budgeted expenses and include potential expenses that are not yet budgeted for, but indicated in the reserve fund study.

Although it is difficult to schedule longer-term future expenses with accuracy, the planning process should be mindful that these future expenses will likely occur at some point.

The corporation should implement a reserve fund expenditure program to ensure appropriate expenditures and to maintain the property in excellent condition.

Projected reserve fund expenditures are provided in this report.

DISTINGUISHING BETWEEN OPERATING AND RESERVE FUND EXPENDITURES

The Board of Directors should devise an appropriate point or threshold for differentiating between what should be an operating expense and what should be a reserve fund expenditure.

The first reason is from an implementation point of view. If there is agreement or a plan in place to decide whether an expense should be an operations or reserve fund item, then it will be easier and quicker to proceed with the expense. This will also help future boards as membership changes over time.

Further, having a threshold expense amount in place will also help to prevent over-using the reserve fund for small expenses. This practice will erode the reserve fund, and adequate funds may not be available for large expenses when required.

The second reason is from a financial reporting point of view. Smaller costs are typically expensed in the year they are accrued, affecting net income. These would typically be operations items and not reserve fund items. Larger costs are typically reserve fund items and not operations items. This consideration may not be of great import to a not-for-profit entities such as a condominium corporation, for which there should be no taxable income.

Although there is no strictly defined threshold, a commonly observed threshold is $5,000. Repairs to common property below this item should be expensed in the current operations budget, and repairs above this amount should be funded from the reserve fund. Each board will have to consider its own requirements when addressing this issue.

ALLOCATION AND INVESTMENT OF FUNDS

As a first step, each board member should review and become familiar with the legally acceptable investment options as indicated in the Condominium Property Act. In general, the legally acceptable options are low-risk safe investments such as GICs, T-Bills, and government bonds. Stocks are typically not a legal option.

Further, as a legal requirement, the reserve fund must be held in a separate account from the operations, or any other, account.

The following two points are worth considering when forming any long-term investment strategy:

- A better interest rate can be achieved with larger balances and longer investment terms. For this reason alone it is worth building up a substantial reserve fund balance.
- The use of 'laddered' investments can provide an optimal balance between achieving higher interest rates and keeping enough cash available for current expenses. This is achieved by using a combination of cash, short- and long-term investments.

As part of the reserve fund plan, the board should plan as closely as possible how it will invest reserve funds with respect to the above two points. Part of this planning process will be to review the

reserve fund plan with respect to planned contributions and expenses over a period of time. This period can vary, but should at least cover five years.

Financial planning of this nature depends on the available time and skill-sets of board members. For this reason, it may be prudent practice to engage the services of a financial planner to assist with this planning process.

RESERVE FUND PLAN AND STUDY REVIEW

The reserve fund estimates must be periodically reviewed in the context of reserve expenditure experience, changing conditions, inflationary trends and interest rates.

As a legal requirement, a new Reserve Fund Study must be conducted every five years.

It is recommended that a one-year reserve fund plan be prepared and approved by the board every year concurrently with the annual budget. Further, a new five-year reserve fund plan should be created at least when a new reserve fund study is conducted.

If external conditions such as inflation and interest rates change rapidly in a short period, it may be prudent to have a new reserve fund study conducted and to create a new reserve fund plan. This is because rapid changes in economic conditions can affect the funding requirements for the reserve fund, and least in the short term. An example of 'rapid change' would be an increase in inflation of 10 or more percent in one year.

The role of the Reserve Fund Report is becoming increasingly important in the marketplace. Not only are buyers and sellers becoming more aware of reserve fund studies, but buyers, sellers, and financial institutions are making the availability of a current reserve fund study a requirement in the sales process.

PROPERTY MANAGEMENT AND MAINTENANCE

The quality of management has a direct effect on reserve planning and building maintenance. Anticipation and preventative management can prolong the life span of reserve components and ensure efficient building maintenance and operations, all of which are considerations in the reserve estimates hereinafter.

On this occasion, it would appear that from the initial physical inspection of this property that the management has been dedicated and conscientious to maintaining a quality living environment.

The annual reserve fund plan should indicate who is responsible for condominium property management.

PREVENTATIVE MAINTENANCE

The property manager or managers should conduct inspections, some at least annually, to ensure the continued efficient operation of the building systems and the most effective use of resources. An effective preventative maintenance program affects the life spans of reserve components, and they have

been considered in the reserve component estimates hereinafter.

ADVISORY

Failure to implement an appropriate reserve fund plan may result in special assessments in the future when major repairs and replacements have to be incurred. It should also be considered that an insufficient reserve fund will depreciate property values as new purchasers look at the adequacy of the reserve fund balance when considering the purchase of a condominium. Thus, it is in the unit owner's best interest to ensure that an adequate reserve fund plan be implemented.

RESERVE FUND REPORT

PURPOSE OF THE REPORT

The purpose of this Reserve Fund Report is to provide a long-term capital replacement budget for the common property of the condominium. It is intended to provide the basis for the board of directors to create a reserve fund plan. The creation of a reserve fund plan by the board is a legal requirement under the Condominium Property Act & Regulations. The final section of this report discusses and makes recommendations for the reserve fund planning process.

This Reserve Fund Report provides information, estimates and projections for funding the major repairs and replacement of those components and assets. Specifically, it includes:

- An inventory of all of the depreciating property that, under the circumstances under which that property will be or is normally used, may need to be repaired or replaced within the next 30 years;
- The present condition or state of repair of the depreciating property and an estimate as to when each component of the depreciating property will need to be repaired or replaced;
- The estimated costs of repairs to or replacement of the depreciating property using as a basis for that estimate costs that are not less than the costs existing at the time that the reserve fund report is prepared;
- The life expectancy of each component of the depreciating property once that property has been repaired or replaced.
- A determination of the current amount of funds, if any, included in the corporation's reserve fund;
- A recommendation of the amount of funds, if any, that should be included in or added to the corporation's reserve fund in order to provide the necessary funds to establish and maintain or to maintain, as the case may be, a reserve fund for the purposes;
- A description of the basis for determining the amount of funds, if any, that should be included or added to the reserve fund.

This Reserve Fund Report complies with the provisions of the Condominium Property Regulations under the Condominium Property Act of Alberta. This report also conforms to the Consulting Standards as set out by the Appraisal Institute of Canada in the Canadian Uniform Standards of Professional Appraisal Practice.

Condominium Property Act: http://www.qp.alberta.ca/documents/Acts/c22.pdf
Condominium Property Regulation: http://www.qp.alberta.ca/documents/Regs/2000_168.pdf

METHODOLOGY

The methodology of a reserve fund report includes the examination of the condominium documentation, financial statements (if available), budgets and existing reserve funds, and the visual observation of common elements. Building plans, specifications and reports, field notes, and other information are analyzed in preparation of various estimates and value judgements.

In estimating replacement/repair quantities, the component method of valuation is used. Reserve items consist of building or site components, such as roof systems, exterior walls, pavement and sidewalks, each of which is deemed to have a limited life span, and therefore, they must be repaired,

replaced or periodically upgraded to maintain the property.

In estimating the life span of the various components, physical deterioration, functional obsolescence and environmental factors were considered. In measuring the reserve requirements, depreciation tables and normal life span statistics from empirical sources were consulted, such as published costing guides. In addition, the same sources were also consulted in estimating the current condition and remaining life spans of reserve components where possible.

Replacement/repair cost estimates are based on the assumption of using quality materials, as specified or built, or in the case of older developments, as required under current building code regulations, at contractors' prices, using union labour and current construction techniques, and including contractors' overhead and profit.

Cost data have been investigated, using construction cost services; reviewing actual repair bills and quotations; and using appropriate specialized contractors and other experts who are considered to be appropriate to this analysis. All of this cost data has been modified as to time, location, and quality of construction.

SCOPE OF INSPECTION

The property has been visually inspected. The registered condominium plan was reviewed for details of size and dimensions of the improvements and the description of common elements.

Condition assessments of the reserve components were made using cursory, non-destructive inspection methods in conjunction with previous repair and maintenance information provided to the planner, if such records were available. It must be noted that a detailed technical or structural analysis and testing were not performed. However, if further technical investigation of a particular component was deemed necessary, it will be discussed in the following report/pages.

SOURCES OF INFORMATION

In estimating the replacement/repair costs of reserve components, several empirical sources were consulted, in addition to which, direct consultations are periodically held with a wide variety of tradesmen, suppliers, and distributors of the building components. Empirical sources include, but are not limited to: the Marshall & Swift Valuation Service and the RS Means Repair & Remodeling Cost Data were also referenced.

The life span (anticipated and remaining years) was based on industry statistical expectations and our observation of actual physical conditions. In addition, actual component performance and replacement examples observed in other properties have also provided actual reference data.

REPAIR AND REPLACEMENT COST ESTIMATES

The costs of repairs and/or replacements of many building components are invariably higher than original building costs. This occurs because contractors have considerable latitude in planning their work and utilizing economies of scale in keeping costs within construction budgets. By comparison, repair work must be frequently performed in an expedient manner with proper safety precautions and within certain constraints.

Cost estimates must, therefore, take into account such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.

Replacement/repair reserve estimates are classified in terms of building groups, common element facilities and site improvements. Reserve fund estimates include not only replacement components but also repairs & refurbishment to building and equipment. Reserve fund estimates apply to structures, improvements and equipment, which comprise common elements. Any additions or improvements made by unit owners to their respective premises are not included in these estimates. Owners are advised to adopt maintenance programs for their respective units. Reserve fund estimates include provisions for demolition and disposal costs, dumping fees, as required, and the applicable Goods and Services Tax ("GST").

CURRENT VERSUS FUTURE REPLACEMENT COST ESTIMATES

Current replacement costs are the reserve fund provisions at current prices and under current economic conditions. This is a total of what all the items would cost today, if they needed to be replaced today. These numbers form the basis of projecting future costs, when items will actually need to be replaced.

Future replacement costs as shown represent the estimated current replacement cost multiplied by the impact of estimated inflation over the years to the actual estimated time that the replacement expenditure will take place. Each future replacement cost will occur at different times for different items; thus the total future costs do not represent costs all at one time, but will be spread over time, with prices increasing at the rate of inflation, compounded annually.

STANDARD ASSUMPTIONS

The following assumptions underlie the reserve fund estimates hereinafter and are based on our investigations, observations and analyses of the various reserve components.

QUALITY OF CONSTRUCTION

Presumably, the complex was constructed in accordance with applicable building codes and the prevalent construction practices. Having physically inspected the subject, it would appear that the quality of construction, materials and workmanship are acceptable.

The reserve fund estimates hereinafter are affected by observed conditions, the current program of renovations and preventative maintenance, and an analysis of building components, which reflect the quality of construction and finishing.

DEMOLITION AND DISPOSAL COSTS

The estimates herein include provisions for demolition and disposal costs including dumping fees. These costs have been rising in recent years. Particularly, dumping of certain materials has become problematic and very costly. It appears that certain codes and environmental regulations will become more stringent in future years, all of which will further increase disposal costs.

GOODS AND SERVICES TAX

The Goods and Services Tax ("GST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates.

CONTINGENCY RESERVES

It is virtually impossible to definitively forecast the incidence of repairs or replacements of various reserve components, particularly major components, such as exterior walls, structural elements, sewer and water systems. Therefore, reserve estimates are of a contingency nature, and as such, they are subject to changing conditions and repair experience over time.

STRUCTURAL DEFICIENCIES

No significant structural deficiencies were observed or reported at this time.

SCHEDULE A: RESERVE FUND CASH FLOW PROJECTIONS (Years 1 - 30)

	YEAR BEGINNING	OPENING BALANCE	ANNUAL CONTRIBUTION	MONTHLY CONTRIBUTION/ UNIT FACTOR	ANNUAL INTEREST INCOME	ANNUAL EXPENDITURE	END BALANCE
1	Oct-20	$1,273,650	$140,000	$2.333	$12,737	$69,810	$1,356,577
2	Apr-21	$1,356,577	$285,600	$2.380	$13,566	$182,828	$1,472,914
3	Apr-22	$1,472,914	$291,312	$2.428	$14,729	$216,121	$1,562,835
4	Apr-23	$1,562,835	$297,138	$2.476	$15,628	$110,000	$1,765,601
5	Apr-24	$1,765,601	$303,081	$2.526	$17,656	$388,284	$1,698,055
6	Apr-25	$1,698,055	$309,143	$2.576	$16,981	$461,664	$1,562,513
7	Apr-26	$1,562,513	$315,325	$2.628	$15,625	$110,000	$1,783,464
8	Apr-27	$1,783,464	$321,632	$2.680	$17,835	$120,604	$2,002,327
9	Apr-28	$2,002,327	$328,065	$2.734	$20,023	$223,534	$2,126,881
10	Apr-29	$2,126,881	$334,626	$2.789	$21,269	$762,985	$1,719,791
11	Apr-30	$1,719,791	$341,318	$2.844	$17,198	$113,500	$1,964,807
12	Apr-31	$1,964,807	$348,145	$2.901	$19,648	$328,772	$2,003,829
13	Apr-32	$2,003,829	$355,108	$2.959	$20,038	$110,000	$2,268,975
14	Apr-33	$2,268,975	$362,210	$3.018	$22,690	$110,000	$2,543,874
15	Apr-34	$2,543,874	$369,454	$3.079	$25,439	$315,211	$2,623,556
16	Apr-35	$2,623,556	$376,843	$3.140	$26,236	$849,862	$2,176,772
17	Apr-36	$2,176,772	$384,380	$3.203	$21,768	$206,617	$2,376,303
18	Apr-37	$2,376,303	$392,068	$3.267	$23,763	$1,054,576	$1,737,558
19	Apr-38	$1,737,558	$399,909	$3.333	$17,376	$110,000	$2,044,842
20	Apr-39	$2,044,842	$407,907	$3.399	$20,448	$1,473,468	$999,729
21	Apr-40	$999,729	$416,065	$3.467	$9,997	$409,055	$1,016,737
22	Apr-41	$1,016,737	$424,387	$3.537	$10,167	$110,000	$1,341,291
23	Apr-42	$1,341,291	$432,874	$3.607	$13,413	$517,037	$1,270,541
24	Apr-43	$1,270,541	$441,532	$3.679	$12,705	$200,877	$1,523,902
25	Apr-44	$1,523,902	$450,362	$3.753	$15,239	$134,609	$1,854,894
26	Apr-45	$1,854,894	$459,370	$3.828	$18,549	$113,500	$2,219,313
27	Apr-46	$2,219,313	$468,557	$3.905	$22,193	$255,085	$2,454,977
28	Apr-47	$2,454,977	$477,928	$3.983	$24,550	$796,838	$2,160,617
29	Apr-48	$2,160,617	$487,487	$4.062	$21,606	$606,980	$2,062,730
30	Apr-49	$2,062,730	$497,237	$4.144	$20,627	$1,013,819	$1,566,775

SCHEDULE B: RESERVE COMPONENT ESTIMATES

	RESERVE COMPONENTS	EXPECTED LIFE SPAN YEARS	EFFECTIVE AGE YEARS	REMAINING LIFE SPAN YEARS	CURRENT REPLACE COSTS	FUTURE REPLACE COSTS
	STRUCTURAL/ARCHITECTURAL					
1	Foundation & Parkade	60	40	20	$53,540	$79,558
2	Plaza Surface & Membrane	50	40	10	$255,675	$311,666
3	Parkade Wear Membrane	30	15	15	$22,475	$30,248
4	Exterior Wall Envelope	60	42	18	$382,000	$545,590
5	Roofing - Flat	38	15	23	$243,125	$383,384
6	Balconies - Concrete	60	40	20	$630,000	$936,147
7	Windows & Patio Doors	35	5	30	$1,371,840	$2,484,898
8	Doors - Exterior Main	40	25	15	$37,500	$50,470
9	Weatherproofing	15	6	9	$25,000	$29,877
10	Swimming Pool Facility	25	22	3	$100,000	$106,121
11	Sauna Room	25	2	23	$15,000	$23,653
	COMMON AREA FINISHING & AMEN					
12	Doors (50% replace contingency)	40	24	16	$96,400	$132,337
13	Flooring - Tile	30	12	18	$29,750	$42,490
14	Flooring - Carpet	12	6	6	$94,864	$106,832
15	Painting - Interior	12	6	6	$129,740	$146,108
16	Lights - Interior	50	33	17	$16,000	$22,404
17	Exercise Room - Fixtures & Equipmer	15	10	5	$18,000	$19,873
18	Furniture	20	12	8	$9,050	$10,604
	MECHANICAL & SUPPORT SYSTEMS					
19	Boiler - Pool	30	20	10	$25,000	$30,475
20	Boiler System	24	12	12	$172,500	$218,772
21	Hot Water Storage Units	15	6	9	$31,500	$37,645
22	Makeup Air Units (Emergency Smoke	60	40	20	$200,000	$297,189
23	Makeup Air Units (Pool Facility)	35	20	15	$27,500	$37,011
24	Makeup Air Units (Building)	35	33	2	$70,000	$72,828
25	Makeup Air Units (Parkade)	30	9	21	$195,000	$295,555
26	Parkade Ramp Heating System	30	20	10	$5,000	$6,095
27	Service Doors & Motors	25	8	17	$20,000	$28,005
28	Elevator Upgrades & Renovation	25	9	16	$440,000	$604,026
29	Access/Security System	20	15	5	$15,000	$16,561
30	Fire Alarm system	21	15	6	$85,000	$95,724
31	Electrical System	50	35	15	$50,000	$67,293
32	Plumbing & Sprinkler System	50	40	10	$250,000	$304,749
33	Generator	60	40	20	$40,000	$59,438
	SITE IMPROVEMENTS					
34	Courtyard	35	26	9	$38,500	$46,011
35	Parkade Ramps	40	35	5	$219,050	$241,849
36	Landscaping - Hard & Soft	50	33	17	$33,000	$46,208
37	Fencing - Metal Railings	50	30	20	$29,575	$43,947
38	Water/Sewer System	60	42	18	$25,000	$35,706
39	Outdoor Lighting & Electrical	40	25	15	$15,000	$20,188
40	Reserve Fund Study	5	4	1	$2,995	$3,055

SCHEDULE C1: RESERVE EXPENDITURE FORECAST BY COMPONENT (Years 1-10)

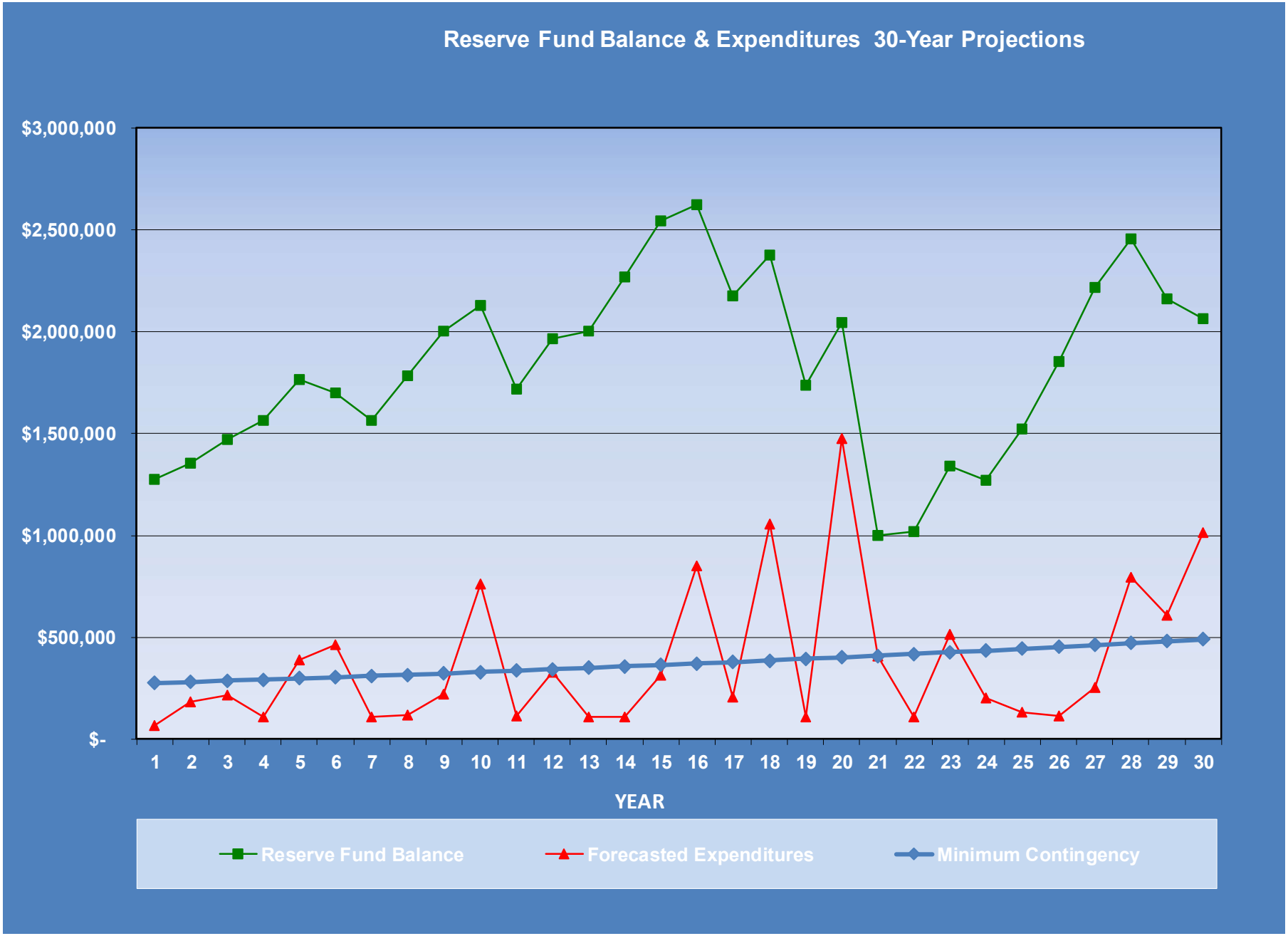
		1	2	3	4	5	6	7	8	9	10
	Year Beginning	01-Oct-20	01-Apr-21	01-Apr-22	01-Apr-23	01-Apr-24	01-Apr-25	01-Apr-26	01-Apr-27	01-Apr-28	01-Apr-29
	OPENING BALANCE	$ 1,273,650	$ 1,356,577	$ 1,472,914	$ 1,562,835	$ 1,765,601	$ 1,698,055	$ 1,562,513	$ 1,783,464	$ 2,002,327	$ 2,126,881
	Reserve Fund Contributions	$ 140,000	$ 285,600	$ 291,312	$ 297,138	$ 303,081	$ 309,143	$ 315,325	$ 321,632	$ 328,065	$ 334,626
	Reserve Fund Interest Income	$ 12,737	$ 13,566	$ 14,729	$ 15,628	$ 17,656	$ 16,981	$ 15,625	$ 17,835	$ 20,023	$ 21,269
	TOTAL EXPENDITURES	$ 69,810	$ 182,828	$ 216,121	$ 110,000	$ 388,284	$ 461,664	$ 110,000	$ 120,604	$ 223,534	$ 762,985
	ENDING BALANCE	$ 1,356,577	$ 1,472,914	$ 1,562,835	$ 1,765,601	$ 1,698,055	$ 1,562,513	$ 1,783,464	$ 2,002,327	$ 2,126,881	$ 1,719,791
	STRUCTURAL/ARCHITECTURAL										
1	Foundation & Parkade	$60,653	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000
2	Plaza Surface & Membrane										$311,666
3	Parkade Wear Membrane										
4	Exterior Wall Envelope										
5	Roofing - Flat										
6	Balconies - Concrete										
7	Windows & Patio Doors										
8	Doors - Exterior Main										
9	Weatherproofing									$29,877	
10	Swimming Pool Facility			$106,121							
11	Sauna Room										
	COMMON AREA FINISHING & AMI										
12	Doors (50% replace contingency)										
13	Flooring - Tile										
14	Flooring - Carpet						$106,832				
15	Painting - Interior						$146,108				
16	Lights - Interior										
17	Exercise Room - Fixtures & Equipr					$19,873					
18	Furniture								$10,604		
	MECHANICAL & SUPPORT SYSTEM										
19	Boiler - Pool										$30,475
20	Boiler System										
21	Hot Water Storage Units									$37,645	
22	Makeup Air Units (Emergency Sm										
23	Makeup Air Units (Pool Facility)										
24	Makeup Air Units (Building)		$72,828								
25	Makeup Air Units (Parkade)										
26	Parkade Ramp Heating System										$6,095
27	Service Doors & Motors										
28	Elevator Upgrades & Renovation										
29	Access/Security System					$16,561					
30	Fire Alarm system						$95,724				
31	Electrical System										
32	Plumbing & Sprinkler System										$304,749
33	Generator										
	SITE IMPROVEMENTS										
34	Courtyard									$46,011	
35	Parkade Ramps					$241,849					
36	Landscaping - Hard & Soft										
37	Fencing - Metal Railings										
38	Water/Sewer System	$6,165									
39	Outdoor Lighting & Electrical										
40	Reserve Fund Study	$2,992					$3,000				

SCHEDULE C2: RESERVE EXPENDITURE FORECAST BY COMPONENT (Years 11-20)

		11	12	13	14	15	16	17	18	19	20
	Year Beginning	01-Apr-30	01-Apr-31	01-Apr-32	01-Apr-33	01-Apr-34	01-Apr-35	01-Apr-36	01-Apr-37	01-Apr-38	01-Apr-39
	OPENING BALANCE	$ 1,719,791	$ 1,964,807	$ 2,003,829	$ 2,268,975	$ 2,543,874	$ 2,623,556	$ 2,176,772	$ 2,376,303	$ 1,737,558	$ 2,044,842
	Reserve Fund Contributions	$ 341,318	$ 348,145	$ 355,108	$ 362,210	$ 369,454	$ 376,843	$ 384,380	$ 392,068	$ 399,909	$ 407,907
	Reserve Fund Interest Income	$ 17,198	$ 19,648	$ 20,038	$ 22,690	$ 25,439	$ 26,236	$ 21,768	$ 23,763	$ 17,376	$ 20,448
	TOTAL EXPENDITURES	$ 113,500	$ 328,772	$ 110,000	$ 110,000	$ 315,211	$ 849,862	$ 206,617	$ 1,054,576	$ 110,000	$ 1,473,468
	ENDING BALANCE	$ 1,964,807	$ 2,003,829	$ 2,268,975	$ 2,543,874	$ 2,623,556	$ 2,176,772	$ 2,376,303	$ 1,737,558	$ 2,044,842	$ 999,729
	STRUCTURAL/ARCHITECTURAL										
1	Foundation & Parkade	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000
2	Plaza Surface & Membrane										
3	Parkade Wear Membrane					$30,248					
4	Exterior Wall Envelope								$545,590		
5	Roofing - Flat										
6	Balconies - Concrete										$936,147
7	Windows & Patio Doors										
8	Doors - Exterior Main					$50,470					
9	Weatherproofing										
10	Swimming Pool Facility										
11	Sauna Room										
	COMMON AREA FINISHING & AMI										
12	Doors (50% replace contingency)						$132,337				
13	Flooring - Tile								$42,490		
14	Flooring - Carpet								$135,489		
15	Painting - Interior								$185,301		
16	Lights - Interior							$22,404			
17	Exercise Room - Fixtures & Equipr										$26,747
18	Furniture										
	MECHANICAL & SUPPORT SYSTEM										
19	Boiler - Pool										
20	Boiler System		$218,772								
21	Hot Water Storage Units										
22	Makeup Air Units (Emergency Sm										$297,189
23	Makeup Air Units (Pool Facility)					$37,011					
24	Makeup Air Units (Building)										
25	Makeup Air Units (Parkade)										
26	Parkade Ramp Heating System										
27	Service Doors & Motors							$28,005			
28	Elevator Upgrades & Renovation						$604,026				
29	Access/Security System										
30	Fire Alarm system										
31	Electrical System					$67,293					
32	Plumbing & Sprinkler System										
33	Generator										$59,438
	SITE IMPROVEMENTS										
34	Courtyard										
35	Parkade Ramps										
36	Landscaping - Hard & Soft							$46,208			
37	Fencing - Metal Railings										$43,947
38	Water/Sewer System								$35,706		
39	Outdoor Lighting & Electrical					$20,188					
40	Reserve Fund Study	$3,500					$3,500				

SCHEDULE C3: RESERVE EXPENDITURE FORECAST BY COMPONENT (Years 21-30)

		21	22	23	24	25	26	27	28	29	30
	Year Beginning	01-Apr-40	01-Apr-41	01-Apr-42	01-Apr-43	01-Apr-44	01-Apr-45	01-Apr-46	01-Apr-47	01-Apr-48	01-Apr-49
	OPENING BALANCE	$ 999,729	$ 1,016,737	$ 1,341,291	$ 1,270,541	$ 1,523,902	$ 1,854,894	$ 2,219,313	$ 2,454,977	$ 2,160,617	$ 2,062,730
	Reserve Fund Contributions	$ 416,065	$ 424,387	$ 432,874	$ 441,532	$ 450,362	$ 459,370	$ 468,557	$ 477,928	$ 487,487	$ 497,237
	Reserve Fund Interest Income	$ 9,997	$ 10,167	$ 13,413	$ 12,705	$ 15,239	$ 18,549	$ 22,193	$ 24,550	$ 21,606	$ 20,627
	TOTAL EXPENDITURES	$ 409,055	$ 110,000	$ 517,037	$ 200,877	$ 134,609	$ 113,500	$ 255,085	$ 796,838	$ 606,980	$ 1,013,819
	ENDING BALANCE	$ 1,016,737	$ 1,341,291	$ 1,270,541	$ 1,523,902	$ 1,854,894	$ 2,219,313	$ 2,454,977	$ 2,160,617	$ 2,062,730	$ 1,566,775
	STRUCTURAL/ARCHITECTURAL										
1	Foundation & Parkade	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000	$110,000
2	Plaza Surface & Membrane										
3	Parkade Wear Membrane										
4	Exterior Wall Envelope										
5	Roofing - Flat			$383,384							
6	Balconies - Concrete										
7	Windows & Patio Doors								$496,980	$496,980	$496,980
8	Doors - Exterior Main										
9	Weatherproofing				$40,211						
10	Swimming Pool Facility								$174,102		
11	Sauna Room			$23,653							
	COMMON AREA FINISHING & AMI										
12	Doors (50% replace contingency)										
13	Flooring - Tile										
14	Flooring - Carpet										$171,833
15	Painting - Interior										$235,006
16	Lights - Interior										
17	Exercise Room - Fixtures & Equipr										
18	Furniture								$15,756		
	MECHANICAL & SUPPORT SYSTEM										
19	Boiler - Pool										
20	Boiler System										
21	Hot Water Storage Units				$50,666						
22	Makeup Air Units (Emergency Sm										
23	Makeup Air Units (Pool Facility)										
24	Makeup Air Units (Building)										
25	Makeup Air Units (Parkade)	$295,555									
26	Parkade Ramp Heating System										
27	Service Doors & Motors										
28	Elevator Upgrades & Renovation										
29	Access/Security System					$24,609					
30	Fire Alarm system							$145,085			
31	Electrical System										
32	Plumbing & Sprinkler System										
33	Generator										
	SITE IMPROVEMENTS										
34	Courtyard										
35	Parkade Ramps										
36	Landscaping - Hard & Soft										
37	Fencing - Metal Railings										
38	Water/Sewer System										
39	Outdoor Lighting & Electrical										
40	Reserve Fund Study	$3,500					$3,500				


Reserve Fund Balance & Expenditures 30-Year Projections
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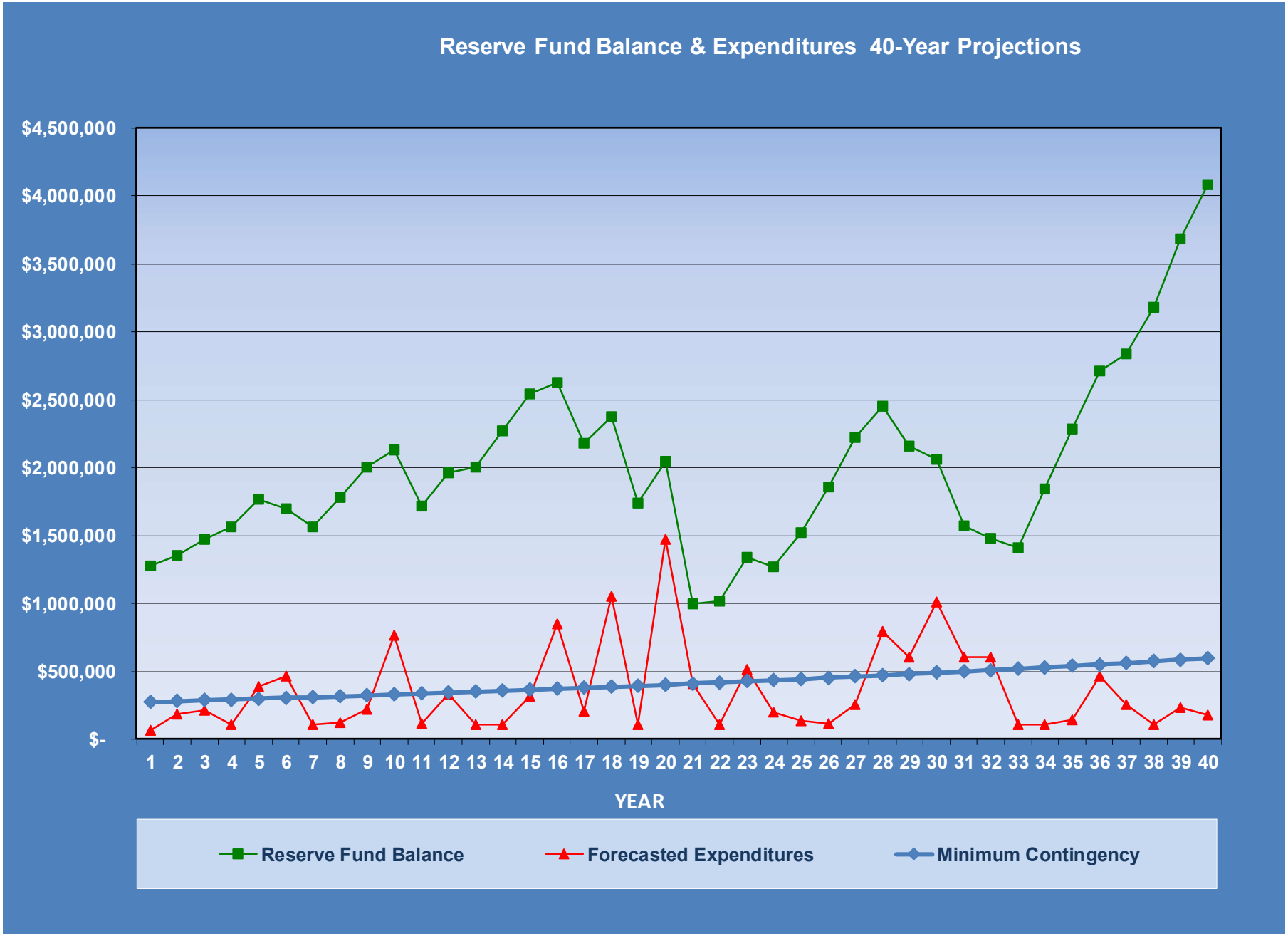
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
YEAR
Reserve Fund Balance
Forecasted Expenditures
Minimum Contingency


Reserve Fund Balance & Expenditures 40-Year Projections
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YEAR
Reserve Fund Balance
Forecasted Expenditures
Minimum Contingency

LIFE SPAN ANALYSIS

Each reserve fund component has been analyzed in terms of life cycle, condition and expected remaining useful life, as applicable. This life span analysis is based on the following factors:

1. Normal Life Span

Each reserve item has been analyzed in terms of component type, quality of construction, statistical records and normal life expectancy.

2. Effective Age Analysis

This is the critical analysis of a reserve component and consists of determining the effective age of the reserve item within its normal life cycle based on the observed condition of the reserve item. The validity of this analysis depends on the experience of the reserve fund planner or analyst, as this is a subjective estimate rather than an objective assessment.

3. Remaining Life Span

Given a normal life span estimate and a sound estimate of the effective age, the remaining life span of a reserve item is determined by subtracting the effective age from the normal life span. This does not mean that reserve expenditures should only be made at the end of the remaining life. Reserve expenditures should and must be made during the remaining life span to maintain building components and facilities in good condition.

A life span analysis is a subjective assessment of the life cycle status of a reserve component. As such, it is only as good as the depth of research regarding each component's life span expectations and from consultations with related manufacturers and suppliers thereof. Furthermore, the life span of a reserve component is subject to change due to numerous factors particularly those brought about by changes in technology.

RESERVE COMPONENT COST CLASSIFICATION

Reserve fund components are classified into two major groups. These are contingency components and replacement components. Replacement components are further divided into two categories: partial replacement and full replacement.

- **Contingency components**
- **Replacement components**
  - Partial replacement components
  - Full replacement components

The difference between these components varies according to three factors: timing of replacement, scope of replacement, and cost of replacement.

- **Timing of replacement** – does the item have a predictable lifespan or not? Some items, such as carpet or shingles, have a predictable lifespan. Some items, such as foundations or electrical systems, should last the life of the building. Replacement or repair to this type of item is not usually predictable.
- **Scope of replacement** – will the item be completely replaced, or only partially replaced? Shingles are an example of a component that is typically completely replaced. Balconies may be partially replaced or repaired depending on condition. Items such as foundations would not be completely replaced.
- **Cost of replacement** – does the item have a predictable cost of replacement? Again, some items such as carpet and shingles have a predictable cost of replacement. Some items, such as foundations, do not have predictable costs because the timing and scope of replacement is not known.

As a result, the reserve fund components are defined and treated as follows:

CONTINGENCY ITEMS

Contingency items do not have predictable timing, scope, or cost of repairs. However, the necessity of an unexpected repair is possible. While it is unlikely that repairs would be necessary for all contingency items, there is a reasonable chance that a repair would be necessary for at least one contingency item. An example is the foundation. It should not require repair during the life of the property, and if a repair were necessary, it could not be predicted before the incident as to the scope or cost of the repair.

PARTIAL REPLACEMENT ITEMS

Partial replacement items will typically have one or two predictable factors, but not all three. As an example, perhaps the timing and scope of repairs are known, but the cost is not known. For example, balconies predictably need repairs or replacement after a certain period. However, the scope of the replacement can vary, and therefore the cost of replacement varies as well. Another example would be the sidewalks. Typically, sidewalks will need repairs or replacement after a certain period, but the portion that needs to be replaced at that time can vary according to conditions at the time. However, the cost of replacing any amount of sidewalk is known.

FULL REPLACEMENT ITEMS

Full replacement items are predictable along all three factors. They have a predictable lifespan, the scope of replacement is known, and the cost of replacement is known. Roof shingles would be an example of a full replacement item.

Both partial and full replacement components are treated as cash expenses in the cash flow projection.

Reserve fund components listed in the tables are divided into contingency and replacement components. The replacement components are further grouped into the following functional classifications: structural/ architectural, common area finishing, mechanical, and site improvements.

1 Foundation & Parkade

Description	Concrete Parkade & Foundation	
Normal Life Span (years)	60	
Effective Age	40	
Remaining Life Span	20	
(First Replacement Cycle)		
Unit Quantity	26770	sq. ft.
Unit Cost Estimate	$2.00	per sq. ft. contingency
Current Replacement Costs	$ 53,540	
Future Replacement Costs	$ 79,558	
(First Replacement Cycle)		

Description & General Comments

This reserve provision covers or offsets relatively minor future repairs to the poured-in-place foundation walls and slab. It is expected that the foundation is a long-life item and will remain intact for the life of the property. However, unexpected problems can occur. Unfortunately, there is generally no reliable way to predict whether or if such problems will arise.

Observed Condition

The foundation and parkade has received repairs over the last several years. The worst areas have been repaired and now the parkade is routinely monitored and repaired. Further repairs will still be required going forward, given the age of the property and the condition of the parkade.

The board proactively evaluates a separate budget every year for ongoing upkeep and repair to the parkade and parkade traffic membrane. As such, only a nominal contingency has been included in the reserve fund study for these items. An amount of $60,655 has been budgeted by the Board for parkade repair in the year ending March 31, 2021.

Given the age of the parkade and the need for continual repairs, an annual budget of $50,000 is likely insufficient to catch up and maintain condition of the parkade and foundation. An annual budget of $110,000 has been allocated under Foundation & Parkade. This would equate to a budget of $5,000 per stall every 12 years. Given that there has been a relatively lack of past maintenance until recent years, an increased budget for concrete repairs would be prudent. This budget could and should be periodically reviewed for sufficiency.

It was reported that there is currently a leak into the parkade from the hot tub, which is to be repaired soon. It was also reported that there is water infiltration from the front and rear building ledges into the parkade and onto vehicles. There is no allocation for this item yet, and the scope and cost to repair are not yet known. No allocation to the cash flow forecast has been made for these items at this time, as it is presumed that these may be repaired as part of operations and the parkade budget (see above).

The parkade otherwise appears to be in adequate condition, subject to the conditions discussed above.

2 Plaza Surface & Membrane

Description	Parkade Roof Membrane & Material	
Normal Life Span (years)	50	
Effective Age	40	
Remaining Life Span	10	
(First Replacement Cycle)		
Unit Quantity	17045	sq. ft.
Unit Cost Estimate	$15.00	partial replacement contingency
Current Replacement Costs	$ 255,675	
Future Replacement Costs	$ 311,666	
(First Replacement Cycle)		

Description & General Comments

The parkade extends beyond the footprint of the building. The portions of the parkade roof that extend beyond the building footprint will have a waterproof two-ply SBS modified bitumen membrane to prevent water leakage into the parkade in order to preserve the integrity of the structural concrete components. The membrane is further covered, where exposed at the plaza surface, with landscaping materials. A portion of the cost is related to removing the top materials in order to expose the membrane portion of the roof in the event of a leak.

It can be reasonably expected that partial replacement of the membrane will be required at least once during the lifespan of the building at a fairly significant cost. More likely, repairs will be required periodically over time. The allocation can be split or moved to some extent without unduly affecting the cash flow forecast.

Observed Condition

The plaza membrane is assumed to be intact and functioning normally. Some repairs were implemented in the last several years. No issues were reported or observed.

In general, the components that make up the plaza surface should be regularly inspected as part of a diligent maintenance program.

3 Parkade Wear Membrane

Description	Waterproof Traffic Membrane	
Normal Life Span (years)	30	
Effective Age	15	
Remaining Life Span	15	
(First Replacement Cycle)		
Unit Quantity	4495	sq. ft.
Unit Cost Estimate	$5.00	per sq. ft. contingency
Current Replacement Costs	$ 22,475	
Future Replacement Costs	$ 30,248	
(First Replacement Cycle)		

Description & General Comments

This reserve component is for removal and replacement of the waterproof traffic membrane in the parkade. The replacement cost estimate below reflects the total cost of replacing the membrane at one time. It is more practical and more likely that the membrane replacement will be split up to repair sections on an as-needed basis. This will reduce the cash flow needed at one time.

Observed Condition

A number of worn areas have been repaired since the last study; the parkade appears to be in adequate condition.

The board evaluates a separate budget every year for ongoing upkeep and repair to the parkade and parkade traffic membrane. As such, only a nominal contingency has been included in the reserve fund study for these items.

4 Exterior Wall Envelope

Description	Concrete Curtain Walls	
Normal Life Span (years)	60	
Effective Age	42	
Remaining Life Span	18	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$382,000	partial replacement contingency
Current Replacement Costs	$ 382,000	
Future Replacement Costs	$ 545,590	
(First Replacement Cycle)		

Description & General Comments

A contingency has been created to offset partial repair or partial replacement to the exterior wall finishing.

It is not anticipated that the complex would need to be completely re-sided during its lifetime unless for aesthetic purposes or technical or functional obsolescence of the existing finishing. However, most problems are associated with improper installation as opposed to the material itself. It is reasonable and possible that a larger repair or replacement of the siding may occur as well as periodic repairs that are part of the operations budget as required.

Observed Condition

It was reported that minor cracking in the building envelope curtain walls was observed. The architect who designed the building has been contacted to survey the envelope and make initial recommendations if needed. Otherwise, the building envelope appeared to be in good condition. No other issues were observed or reported.

5 Roofing - Flat

Description	SBS Membrane Roofing	
Normal Life Span (years)	38	
Effective Age	15	
Remaining Life Span	23	
(First Replacement Cycle)		
Unit Quantity	9725	sq. ft.
Unit Cost Estimate	$25.00	per sq. ft.
Current Replacement Costs	$ 243,125	
Future Replacement Costs	$ 383,384	
(First Replacement Cycle)		

Description & General Comments

This reserve component is for full replacement of the roofing, which consists of a two-ply SBS modified bitumen membrane with ballast. As the roofing material is vital to protecting the structure, it should be iinspected on an annual basis under a vigilant, preventative maintenance program.

Observed Condition

It was reported that there is a leak in the roof beside the pool facility, which is to be repaired soon. No allocation to the cash flow forecast has been made for this item at this time, as it is presumed that this may be repaired as part of operations and the parkade budget (please see above under Foundation & Parkade).

Otherwise, the roof appeared to be in good condition. No other issues were observed or reported. The roofing was redone in 2005.

6 Balconies - Concrete

Description	Concrete Balconies	
Normal Life Span (years)	60	
Effective Age	40	
Remaining Life Span	20	
(First Replacement Cycle)		
Unit Quantity	180	unit (s)
Unit Cost Estimate	$3,500	contingency
Current Replacement Costs	$ 630,000	
Future Replacement Costs	$ 936,147	
(First Replacement Cycle)		

Description & General Comments

This provision is a contingency to help offset any repair or replacement of the concrete balconies. They should not ordinarily require replacement all at once, but the necessity of periodic repair to some number of them is possible in the future. Such repairs could include repair to the railings, decks, or support structures.

Observed Condition

The balconies appeared to be in good overall condition. No issues were observed or reported.

7 Windows & Patio Doors

Description	PVC Double-glazed Windows & Standard Doors	
Normal Life Span (years)	35	
Effective Age	5	
Remaining Life Span	30	
(First Replacement Cycle)		
Unit Quantity	22864	sq. ft.
Unit Cost Estimate	$60.00	per sq. ft.
Current Replacement Costs	$ 1,371,840	
Future Replacement Costs	$ 2,484,898	
(First Replacement Cycle)		

Description & General Comments

The windows have recently been replaced with PVC units, and the doors with new exterior balcony doors.

The windows and balcony doors were replaced over several years at a rate of roughly two floors per year. The final phase of replacements was completed in 2018.

Observed Condition

The new windows and doors appear to be in good condition. No issues were reported.

8 Doors - Exterior Main

Description	Commercial-grade Exterior Doors	
Normal Life Span (years)	40	
Effective Age	25	
Remaining Life Span	15	
(First Replacement Cycle)		
Unit Quantity	5	unit (s)
Unit Cost Estimate	$7,500	each
Current Replacement Costs	$ 37,500	
Future Replacement Costs	$ 50,470	
(First Replacement Cycle)		

Description & General Comments

This provision is for the replacement of the building entrance doors. They are commercial-grade aluminum-frame doors with full-height glass panels. There are two sets of double doors, and three single doors. The unit price given is an average of all the doors.

Observed Condition

The doors were observed to be in good overall condition. No issues were observed or reported.

9 Weatherproofing

Description	Caulking & Weatherproofing	
Normal Life Span (years)	15	
Effective Age	6	
Remaining Life Span	9	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$25,000	contingency
Current Replacement Costs	$ 25,000	
Future Replacement Costs	$ 29,877	
(First Replacement Cycle)		

Description & General Comments

This component is a contingency for exterior caulking/ weatherproofing around windows, doors, other penetrations through the building envelope as well as in miscellaneous joints in the building cladding. A regular routine of caulking/ weatherproofing will protect the building from time-related exposure to the elements, including water, sun, and temperature effects. Regular inspection of the caulking will ensure the integrity of the building envelope.

Observed Condition

No issues were reported or observed.

10 Swimming Pool Facility

Description	Pools & Finishes	
Normal Life Span (years)	25	
Effective Age	22	
Remaining Life Span	3	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$100,000	each
Current Replacement Costs	$ 100,000	
Future Replacement Costs	$ 106,121	
(First Replacement Cycle)		

Description & General Comments

The swimming pool facility is in original condition, and appears to have been adequately maintained. Nevertheless, an eventual modernization and renovation to the pool facility will be warranted. This could include, but not be limited to: new windows, tiling, repair to the pool liner, and so forth. The amount given is a contingency, and actual costs may vary depending on the extent of renovations decided upon.

The tile, pool lining, and hot tub system was replaced/renovated in 2002. A crack in the pool was also repaired in 2001. A salt system was installed in 2000, and the air exchange/humidifier was installed in roughly 2004. Additionally, approximately half of the windows have been replaced.

The pool room and amenities appeared to be in good condition. Use patterns will determine how quickly the pool room needs refurbishment; a 25 year lifespan has been used here.

Observed Condition

The Board intends to implement a renovation/refurbishment project for the pool facility. This would generally include, but is not limited to, pool liner replacement, replacement of the pool deck and shower area as needed or completely, and repair/replacement of the pool facility windows as needed or completely. A preliminary budget of $100,000 has been allocated to 2022 for this project.

The full scope of the project is not known at this time, but will be fairly comprehensive. The exact timing of the project has not been definitively decided upon. The cost of the project would be determined once the specific contractors are consulted and the scope of the project is decided upon. Thus, the actual cost and timing may vary from the $100,000 budget allocation, which could be moved without unduly affecting the cash flow forecast.

The hot tub was recently replaced. There is currently a leak from the hot tub into the parkade. Please see above under Foundation & Parkade.

11 Sauna Room

Description	Sauna Room & Related Fixtures	
Normal Life Span (years)	25	
Effective Age	2	
Remaining Life Span	23	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$15,000	contingency
Current Replacement Costs	$ 15,000	
Future Replacement Costs	$ 23,653	
(First Replacement Cycle)		

Description & General Comments

The sauna facility is in original condition, and appears to have been adequately maintained. As with the swimming pool facility, an eventual modernization and renovation to the sauna facility will be warranted. This could include, but not be limited to: fixtures, flooring, tiling, and replacement of the sauna enclosure and equipment. The amount given is a contingency, and actual costs may vary depending on the extent of renovations decided upon.

Observed Condition

The walls and ceilings of the sauna room have been recently replaced.

Minor repairs and maintenance have been carried out over the last several years as needed, including new sinks and counters. The facility appears to be in good condition for its age.

12 Doors (50% replace contingency)

Description	Insulated Unit & Common Area Doors	
Normal Life Span (years)	40	
Effective Age	24	
Remaining Life Span	16	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$96,400	contingency
Current Replacement Costs	$ 96,400	
Future Replacement Costs	$ 132,337	
(First Replacement Cycle)		

Description & General Comments

This provision is a 50% replacement contingency for doors located throughout the complex. These include unit entrance doors , stairwell firedoors, and other miscellaneous doors. The unit doors are insulated wood doors, while the rest are predominantly insulated metal panel doors. It does not include doors providing access to balconies.

It is not anticipated that all the doors would require replacement at once or over the building's life span since most see little use or are cared for appropriately as in the unit owner doors. However, on occasion, some doors do get damaged and require replacement.

Observed Condition

The doors were observed to be in good overall condition. No issues were observed or reported.

Type	Use	Quantity	Cost/Unit Estimate	Cost
Insulated Panel Doors	Unit	107	$1,500	$160,500
Metal Panel Doors	Common, Stair, Exterior	38	$850	$32,300
Total				$192,800
Contingency at 50%				*$96,400*

13 Flooring - Tile

Description	Tile Flooring	
Normal Life Span (years)	30	
Effective Age	12	
Remaining Life Span	18	
(First Replacement Cycle)		
Unit Quantity	850	sq. ft.
Unit Cost Estimate	$35.00	per sq. ft.
Current Replacement Costs	$ 29,750	
Future Replacement Costs	$ 42,490	
(First Replacement Cycle)		

Description & General Comments

Flooring replacement is aesthetic in nature and is a discretionary expense based partially on decorating trends. This provision is for full replacement of the tile flooring in the hallways and stairways. Traffic patterns and use habits can determine what the replacement cycle will be; heavy use will shorten the life, while moderate use habits may prolong it.

Observed Condition

The tile flooring appeared to be in good overall condition.

14 Flooring - Carpet

Description	Commercial-grade Carpet	
Normal Life Span (years)	12	
Effective Age	6	
Remaining Life Span	6	
(First Replacement Cycle)		
Unit Quantity	13,552	sq. ft.
Unit Cost Estimate	$7.00	per sq. ft.
Current Replacement Costs	$ 94,864	
Future Replacement Costs	$ 106,832	
(First Replacement Cycle)		

Description & General Comments

Flooring replacement is aesthetic in nature and can be a discretionary expense based partially on decorating trends. This provision is for full replacement of the flooring in the hallways, stairways, and common areas including amenity rooms.

Traffic patterns and use habits will determine what the replacement cycle will be; heavy use will shorten the life, while moderate use habits may prolong it.

Observed Condition

The lobby flooring was replaced in the last couple of years, and appears to be in very good condition.

The carpet appeared to be in good overall condition. The allocation for this item can be moved or split as needed without significantly affecting the cash flow forecast.

15 Painting - Interior

Description	Wall and Ceilling Painting	
Normal Life Span (years)	12	
Effective Age	6	
Remaining Life Span	6	
(First Replacement Cycle)		
Unit Quantity	64870	sq. ft.
Unit Cost Estimate	$2.00	per sq. ft.
Current Replacement Costs	$ 129,740	
Future Replacement Costs	$ 146,108	
(First Replacement Cycle)		

Description & General Comments

This is a reserve provision for all wall decoration as well as painting of the lobbies, stairwells, and amenity rooms. Wall decoration is aesthetic in nature and is a discretionary expense based partially on decorating trends. It covers repairs as well as the complete redecoration of common area walls and ceilings.

Observed Condition

The common area painted surfaces appeared to be in good overall condition. The allocation for this item can be moved or split as needed without significantly affecting the cash flow forecast.

16 Lights - Interior

Description	Ceiling-Mounted Light Fixtures	
Normal Life Span (years)	50	
Effective Age	33	
Remaining Life Span	17	
(First Replacement Cycle)		
Unit Quantity	80	unit (s)
Unit Cost Estimate	$200.00	each
Current Replacement Costs	$ 16,000	
Future Replacement Costs	$ 22,404	
(First Replacement Cycle)		

Description & General Comments

This is a reserve provision for the hallway lighting fixtures, which consist primarily of ceiling-mounted fluorescent fixtures. Fluorescent track lighting is long-lived, and is typically replaced for aesthetic reasons. Similar to wall decoration, replacing light fixtures is largely aesthetic in nature and is a discretionary expense based partially on decorating trends. Maintenance of the common areas is important to reflect pride of ownership which will have a positive impact on visitors and potential buyers.

Observed Condition

The interior lighting fixtures appeared to be in good overall condition and should not require refurbishment for many years assuming that it is well maintained.

17 Exercise Room - Fixtures & Equipment

Description	Assorted Fixtures & Equipment	
Normal Life Span (years)	15	
Effective Age	10	
Remaining Life Span	5	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$18,000	contingency
Current Replacement Costs	$ 18,000	
Future Replacement Costs	$ 19,873	
(First Replacement Cycle)		

Description & General Comments

This is a reserve provision for discretionary equipment located in the workout room, itemized below. Use patterns will determine how quickly the equipment will need replacement. The Board may apportion these funds as it sees fit. The actual realized cost for the upgrades will likely depend on the future owners' demands.

Observed Condition

These components appeared to be in adequate condition. One of the spin bikes was replaced.

Type	Quantity	Cost Estimate	Total
Treadmill	1	$4,000	$4,000
Stationary Bike	1	$2,100	$2,100
Pressing Station	1	$4,400	$4,400
Elliptical Trainer	1	$2,000	$2,000
Eurosport Station	1	$500	$500
Washroom Remodel, 2-pc	2	$2,500	$5,000
Total			$18,000

18 Furniture

Description	Assorted Furniture	
Normal Life Span (years)	20	
Effective Age	12	
Remaining Life Span	8	
(First Replacement Cycle)		
Unit Quantity	1	contingency
Unit Cost Estimate	$9,050	contingency
Current Replacement Costs	$ 9,050	
Future Replacement Costs	$ 10,604	
(First Replacement Cycle)		

Description & General Comments

This item includes the furniture located in the lobby as well as the office. As with other components, use patterns will determine how often replacement is necessary.

Observed Condition

The furniture appeared to be in good overall condition.

Type	Quantity	Cost/Unit Estimate	Cost
Couches	2	$1,000	$2,000
Chairs	4	$400	$1,600
Tables	2	$350	$700
Wall Art	1	$250	$250
Office Desks	3	$1,500	$4,500
Total			$9,050

19 Boiler - Pool

Description	Gas-fired Heating Boiler	
Normal Life Span (years)	30	
Effective Age	20	
Remaining Life Span	10	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$25,000	contingency
Current Replacement Costs	$ 25,000	
Future Replacement Costs	$ 30,475	
(First Replacement Cycle)		

Description & General Comments

This reserve component is for full replacement and disposal of the boiler serving the pool facility, including major renewal and adaptation of related accessories such as pumps, piping, valves and controls.

The boiler is a Laars Mighty-Therm (266 MBTU input), which provides hot water heating to the pool.

Observed Condition

The boiler was reportedly installed 15 years ago. It is assumed that it is working normally and is routinely maintained. It should be routinely inspected and repaired to maximize its performance and remaining lifespan.

20 Boiler System

Description	Gas-fired Heating Boilers	
Normal Life Span (years)	24	
Effective Age	12	
Remaining Life Span	12	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$172,500	contingency
Current Replacement Costs	$ 172,500	
Future Replacement Costs	$ 218,772	
(First Replacement Cycle)		

Description & General Comments

This reserve component is for replacement and disposal of the boilers, including major renewal and adaptation of related accessories. It also includes a contingency to offset any costs related to pumps and expansion tanks.

Due to the fact that older boilers become less efficient over time, the replacement cost can often be justified, even if they still function adequately.

Observed Condition

The boilers are assumed to be functioning normally. No issues were observed or reported.

Make, Model	Serial	Quantity	Cost/Unit Estimate	Age
Laars, VW1430IN	C13 2486-47	1	$37,500	2013
RBI, FB1950	1657 MBH Capacity	3	$45,000	2007
Total			$172,500	

21 Hot Water Storage Units

Description	Domestic Water Storage Unit(s)	
Normal Life Span (years)	15	
Effective Age	6	
Remaining Life Span	9	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$31,500	each
Current Replacement Costs	$ 31,500	
Future Replacement Costs	$ 37,645	
(First Replacement Cycle)		

Description & General Comments

This reserve component is a contingency estimate that covers the commercial capacity hot water storage tanks, which works in tandem with the boilers. The lifespan of a hot water tank is greatly influenced by maintenance habits. Therefore, it should continue to be inspected and repaired on an annual basis under a diligent maintenance program.

Observed Condition

The storage tanks appeared to be in good condition, and no issues were reported.

Make, Model	Serial	Quantity	Cost/Unit Estimate	Age
AO Smith, 119 Gal	1408M001554	1	$10,500	2014
AO Smith, 119 Gal	1429M000237	1	$10,500	2014
AO Smith, 119 Gal	1429M000326	1	$10,500	2014
Total			$31,500	

22 Makeup Air Units (Emergency Smoke Removal)

Description	Gas-fired Make-up Air Unit(s)	
Normal Life Span (years)	60	
Effective Age	40	
Remaining Life Span	20	
(First Replacement Cycle)		
Unit Quantity	5	system (s)
Unit Cost Estimate	$40,000	contingency
Current Replacement Costs	$ 200,000	
Future Replacement Costs	$ 297,189	
(First Replacement Cycle)		

Description & General Comments

This reserve component covers the five units that function for emergency smoke removal. three of the units are located on the rooftop; the other two are located on the north and south side of the building, under stairs.

These units are typically not in use, and thus are considered long-lived items. The amount given is a contingency for major repair, should the need ever arise.

Observed Condition

It is assumed that this equipment is working normally and is routinely maintained. No issues were observed or reported.

23 Makeup Air Units (Pool Facility)

Description	Gas-fired Make-up Air Unit(s)	
Normal Life Span (years)	35	
Effective Age	20	
Remaining Life Span	15	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$27,500	contingency
Current Replacement Costs	$ 27,500	
Future Replacement Costs	$ 37,011	
(First Replacement Cycle)		

Description & General Comments

This reserve component covers the unit serving the pool facility.

This unit is manufactured by Engineered Air.

Observed Condition

According to Save-on Mechanical and the Board, this item was replaced in the last 18-20 years. It is assumed that this equipment is working normally and is routinely maintained. No issues were observed or reported.

24 Makeup Air Units (Building)

Description	Gas-fired Make-up Air Unit(s)	
Normal Life Span (years)	35	
Effective Age	33	
Remaining Life Span	2	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$70,000	contingency
Current Replacement Costs	$ 70,000	
Future Replacement Costs	$ 72,828	
(First Replacement Cycle)		

Description & General Comments

This reserve component covers the air make-up unit, which provides heat and pressurizes the interior common hallways. The unit is located on the rooftop.

The air make-up unit is manufactured by Engineered Air, and is original.

Observed Condition

This unit is original and is reportedly near the end of its expected lifespan. Replacement has been allocated to 2022, although this can be moved depending on how much longer the unit continues to function.

Make, Model	Serial	Quantity	Cost Estimate	Age
Eng A, HE 221	N/A	1	$70,000	1978
(Rooftop)				
Total			$70,000	

25 Makeup Air Units (Parkade)

Description	Gas-fired Make-up Air Unit(s)	
Normal Life Span (years)	30	
Effective Age	9	
Remaining Life Span	21	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$195,000	contingency
Current Replacement Costs	$ 195,000	
Future Replacement Costs	$ 295,555	
(First Replacement Cycle)		

Description & General Comments

The two parkade make-up air units provide circulation to the parkade. The units are manufactured by Engineered Air. There are also two exhaust fans that form part of the parkade ventilation system.

Observed Condition

These units were replaced in roughly 2010/2011. It is assumed that this equipment is working normally and is routinely maintained. No issues were observed or reported.

Make, Model	Serial	Quantity	Cost/Unit Estimate	Age
Eng A, HE321	N/A	2	$90,000	2011
Exhaust Fans	(Contingency)	2	$7,500	
			$195,000	

26 Parkade Ramp Heating System

Description	In-ramp heating Lines	
Normal Life Span (years)	30	
Effective Age	20	
Remaining Life Span	10	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$5,000	contingency
Current Replacement Costs	$ 5,000	
Future Replacement Costs	$ 6,095	
(First Replacement Cycle)		

Description & General Comments

This reserve component is a contingency to help offset the partial replacement of the ramp heating system. The normal lifespan is indicative of when a major repair or replacement cycle may be required.

Observed Condition

The south parkade ramp is equipped with a heating system to prevent ice formation. The system is still non-functional. The exact cost to repair is not known, as the extent of damage and replacement cost will have to be determined on-site by the appropriate contractor. The cost given below is a small contingency towards any eventual repair.

27 Service Doors & Motors

Description	Overhead Parkade Doors & Accessories	
Normal Life Span (years)	25	
Effective Age	8	
Remaining Life Span	17	
(First Replacement Cycle)		
Unit Quantity	4	unit (s)
Unit Cost Estimate	$5,000	each
Current Replacement Costs	$ 20,000	
Future Replacement Costs	$ 28,005	
(First Replacement Cycle)		

Description & General Comments

This reserve component covers replacement of the overhead parkade door and accessories.

Observed Condition

The ramp doors have been replaced roughly within the last five years, and the motors have all been replaced within the last 20 years. An overall average effective age of eight years has been used. The doors appeared to be in normal operating condition.

28 Elevator Upgrades & Renovation

Description	Traction Elevator, 2500 lb Capacity	
Normal Life Span (years)	25	
Effective Age	9	
Remaining Life Span	16	
(First Replacement Cycle)		
Unit Quantity	2	system (s)
Unit Cost Estimate	$220,000	each
Current Replacement Costs	$ 440,000	
Future Replacement Costs	$ 604,026	
(First Replacement Cycle)		

Description & General Comments

This reserve component covers the two Otis 2500 lb (15 person) traction elevators which will periodically need to be modernized at significant cost. The costs are based on a budget figure provided by the Otis service representative who oversees the Renaissance Place account.

The lifespan estimate reflects technological obsolescence, and not just the physical lifespan of the system. Discussions with representatives from various elevator companies indicate that elevators are generally due for repairs and upgrades every 25 years on average. The extent of upgrades and the timing will be subject to variation. In general, these repairs will be a modernization of the elevators, which generally includes the controller, landing system, door operators, wiring, and fixtures.

Observed Condition

The modernization of the elevators was completed in 2011. The elevators are under a maintenance contract with Otis Elevator Company (Edmonton Office). There are no reported maintenance or repair issues with the elevators and they appeared to operate as intended.

29 Access/Security System

Description	Access/Security System	
Normal Life Span (years)	20	
Effective Age	15	
Remaining Life Span	5	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$15,000	contingency
Current Replacement Costs	$ 15,000	
Future Replacement Costs	$ 16,561	
(First Replacement Cycle)		

Description & General Comments

This reserve is for the building-access and surveillance system. The complex has a modern access panel at the front entrance. This system provides a very high degree of control over the access to the building, as well as within the building. The cost given below is a contingency, as the exact cost to replace is dependent on how much of the existing system requires replacement and on the prevailing technology at the time of replacement. The life span estimate reflects technological obsolescence, not just the physical lifespan of the system.

Observed Condition

The system appeared to operate as intended and there are no reported problems to date.

30 Fire Alarm system

Description	Building Fire & Life Safety System	
Normal Life Span (years)	21	
Effective Age	15	
Remaining Life Span	6	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$85,000	contingency
Current Replacement Costs	$ 85,000	
Future Replacement Costs	$ 95,724	
(First Replacement Cycle)		

Description & General Comments

This reserve component covers the fire alarm system which is comprised of the main panel, smoke detectors, fire alarm pull stations, horn/strobe lighting, and back-up emergency lighting.

The reserve is a contingency intended to cover any minor repairs or replacements of these systems, including any upgrades, as required by future code amendments, new fire and/or safety regulations and municipal ordinances. It is not intended for complete replacement of the existing alarm and life safety systems.

The current fire alarm system is presumed to have met the requirements of the municipal authorities and the prevailing building codes when it was installed.

Parts may be discontinued by fire code or difficult and costly to obtain thus rendering the fire alarm panel obsolete. The fire alarm system should be routinely maintained and inspected to ensure the safety of the building occupants.

Observed Condition

The fire alarm system is assumed to be functioning normally. No issues were observed or reported.

31 Electrical System

Description	Building Electrical System	
Normal Life Span (years)	50	
Effective Age	35	
Remaining Life Span	15	
(First Replacement Cycle)		
Unit Quantity	1	system
Unit Cost Estimate	$50,000	contingency
Current Replacement Costs	$ 50,000	
Future Replacement Costs	$ 67,293	
(First Replacement Cycle)		

Description & General Comments

This reserve provision includes the incoming electrical service, various distribution panels, transformers, electrical cables and wiring, and connections located throughout the building and site.

The reserve is a long-term contingency estimate, which is deemed to be sufficient for any significant electrical repairs or electric component replacement. It is not intended as a total replacement estimate, as the electrical systems should last the life-time of the building.

For the purposes of reserve fund budgeting, the life cycle is approximately 50 years which is considered to be a repair or replacement cycle not the actual life span of the system.

Observed Condition

Some electrical repairs and maintenance has been carried out in the parkade within the last several years. The building electrical system is assumed to be functioning normally. No issues were observed or reported.

32 Plumbing & Sprinkler System

Description	Building Plumbing & Sprinkler System	
Normal Life Span (years)	50	
Effective Age	40	
Remaining Life Span	10	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$250,000	contingency
Current Replacement Costs	$ 250,000	
Future Replacement Costs	$ 304,749	
(First Replacement Cycle)		

Description & General Comments

This reserve component covers basic common area plumbing components throughout the property including but not limited to plumbing risers, domestic hot and cold water lines, sewage and waste water pipes, and sump pumps. This does not include plumbing components inside the individual suites. The reserve also covers the sprinkler system located in the parkade.

The reserve is a contingency intended to offset any major repairs or replacements of the system, including any upgrades, as required by future code amendments, new fire and/or safety regulations and municipal ordinances. It is not intended for complete replacement of the plumbing system.

Observed Condition

This system is assumed to be functioning as intended. No issues were observed or reported.

33 Generator

Description	Emergency Diesel Generator	
Normal Life Span (years)	60	
Effective Age	40	
Remaining Life Span	20	
(First Replacement Cycle)		
Unit Quantity	1	system (s)
Unit Cost Estimate	$40,000	contingency
Current Replacement Costs	$ 40,000	
Future Replacement Costs	$ 59,438	
(First Replacement Cycle)		

Description & General Comments

The building is equipped with an emergency generator manufactured by Cummins. It is diesel-powered, 230 KW capacity, and the model number is FDC5040AA.

This provision is a contingency to help offset any repair of the generator. It is not expected that the generator would be replaced as it should be long-lived.

Observed Condition

The generator equipment is assumed to be in good overall condition.

34 Courtyard

Description	Hard Landscaping	
Normal Life Span (years)	35	
Effective Age	26	
Remaining Life Span	9	
(First Replacement Cycle)		
Unit Quantity	3080	sq. ft.
Unit Cost Estimate	$12.50	per sq. ft.
Current Replacement Costs	$ 38,500	
Future Replacement Costs	$ 46,011	
(First Replacement Cycle)		

Description & General Comments

The site features a courtyard located on the south side of the building. The courtyard contains paving with placed sidewalk blocks and planter beds. This contingency is for refurbishment and/or repair of those elements.

Observed Condition

There were no observable or reported issues at the time of inspection. The courtyard appeared to be in overall adequate condition.

35 Parkade Ramps

Description	Poured-in-place Concrete Parkade Ramps	
Normal Life Span (years)	40	
Effective Age	35	
Remaining Life Span	5	
(First Replacement Cycle)		
Unit Quantity	3370	sq. ft.
Unit Cost Estimate	$65.00	per sq. ft. contingency
Current Replacement Costs	$ 219,050	
Future Replacement Costs	$ 241,849	
(First Replacement Cycle)		

Description & General Comments

This reserve is a contingency for major repair to the external concrete parkade ramps.

Observed Condition

The ramps were in fair to poor condition, and the south ramp was noted to be considerably more cracked and worn than the others. Given that the ramp heating system does not work, it is possible that some or all of the ramp may need to be removed and replaced in order to repair the ramp heating system. In any event, major repair or replacement of the ramps will likely be necessary in the next few years as continued patches will become ineffective. This project has been allocated to 2024, although the allocation could be further moved, split, or increased as needed in the next few years.

36 Landscaping - Hard & Soft

Description	Soft and Hard Landscaping Components	
Normal Life Span (years)	50	
Effective Age	33	
Remaining Life Span	17	
(First Replacement Cycle)		
Unit Quantity	1	system
Unit Cost Estimate	$33,000	contingency
Current Replacement Costs	$ 33,000	
Future Replacement Costs	$ 46,208	
(First Replacement Cycle)		

Description & General Comments

This reserve is a nominal contingency intended to be used to offset the cost of replacing landscaping components, when and if necessary, not to replace the landscaping in its entirety at one time and not as a substitute for regular maintenance expenses. As well, this contingency includes repair to some of the hard landscaping, such as concrete ornamentation, rocks, and so forth.

Observed Condition

The average remaining lifespan of all the landscaping is considered to be 17 years, although occasional replacement of some items will occur before and after that time. The landscaping and hard components appeared to be in good overall condition.

37 Fencing - Metal Railings

Description	Metal Guard Railings	
Normal Life Span (years)	50	
Effective Age	30	
Remaining Life Span	20	
(First Replacement Cycle)		
Unit Quantity	845	feet
Unit Cost Estimate	$35.00	per foot
Current Replacement Costs	$ 29,575	
Future Replacement Costs	$ 43,947	
(First Replacement Cycle)		

Description & General Comments

This reserve is for the replacement of the metal railing located in the courtyard area.

Observed Condition

The railing is original, but is in adequate condition, and should last many more years.

38 Water/Sewer System

Description	Underground Water Lines	
Normal Life Span (years)	60	
Effective Age	42	
Remaining Life Span	18	
(First Replacement Cycle)		
Unit Quantity	1	system
Unit Cost Estimate	$25,000	contingency
Current Replacement Costs	$ 25,000	
Future Replacement Costs	$ 35,706	
(First Replacement Cycle)		

Description & General Comments

This reserve covers the incoming water main and connections. It only includes services and installations within the property boundaries.

It is generally expected that these systems are long-life items and will also remain intact for the life of the property. However, unexpected problems can occur. Unfortunately, there is generally no reliable way to predict whether or if such problems will arise. Thus, this reserve item is also intended to help offset repairs and replacements if they do occur.

The reserve and life span estimates are for water systems under normal conditions for repair purposes. The normal lifespan is more indicative of when a problem might occur as opposed to the actual lifespan of the system.

Observed Condition

A physical inspection of the water system was not possible. Therefore, it is assumed that this item and its related components were built to prevailing code requirements of that era. Furthermore, having physically inspected the subject property, there was no evidence observed to suggest that the water supply system is not functioning as designed. Nevertheless, it should be regularly inspected and repaired as required.

39 Outdoor Lighting & Electrical

Description	Site Lighting & Electrical	
Normal Life Span (years)	40	
Effective Age	25	
Remaining Life Span	15	
(First Replacement Cycle)		
Unit Quantity	1	system
Unit Cost Estimate	$15,000	contingency
Current Replacement Costs	$ 15,000	
Future Replacement Costs	$ 20,188	
(First Replacement Cycle)		

Description & General Comments

This reserve contingency is for exterior lighting and electrical systems, which include such things as wall packs, bollard lighting, power pedestals, and other fixtures and standards, as applicable. It is a long-term contingency estimate, which is deemed to be sufficient for any electrical repairs or electric component replacement. It is not intended as a total replacement estimate, as the electrical systems should last the life-time of the building.

Observed Condition

It is assumed that these components are functioning normally. No issues were observed or reported.

RESERVE FUND CRITERIA

In the preparation of the reserve fund schedules of estimates, the following criteria were considered:

(1) Reserve fund estimates are grouped into categories which can readily be used for reserve fund budget preparation and accounting.

(2) The reserve fund components are identified, and current replacement reserves are estimated.

(3) Future replacement costs are estimated by applying a long-term inflationary factor to the current replacement estimates. It must be remembered that the future costs and depreciation estimates for items will not occur simultaneously. Each future replacement cost will occur at different times for different items; thus the total future costs do not represent costs all at one time.

(4) The current reserve fund balance when invested over time will grow at the compound rate of interest selected, and hence, they become future reserve accumulations.

The foregoing program represents the practical application of reserve fund budget planning and management. When applied, as outlined, the reserve fund will cover anticipated reserve fund expenditures and any contingencies. Moreover, unit owners at all times will contribute their fair share to the reserve fund.

The Reserve Fund Schedules of Estimates show detailed computations of various reserve items. It incorporates an inflationary factor and a long-term interest rate for invested reserve funds. These are discussed in their own section and summarized in the Executive Summary. Due to rounding, there may be minor discrepancies in the data, which are not deemed significant.

CASH FLOW CRITERIA

The schedules presented in this report provide a 30-year reserve fund projection showing cash positions, cash flows and cash expenditures in a form and detail which conforms to financial statement presentation of reserve fund operations. Prior to the thirty-year cash flow projections, the following terms are defined below:

OPENING CASH BALANCE

This is the reserve fund position at the beginning of each and every fiscal year showing the cash resources available, which consist of (1) bank deposits, (2) qualified investments, and (3) accrued interest earned. On occasion, proceeds from loans could apply as well.

CASH INFLOWS

These are the regular reserve fund contributions, special assessments, and interest income based on the forecasted interest rate.

CASH EXPENDITURES

These are annual expenditures listed in the categories established by the Reserve Fund Report. Records or ledger accounts of these expenditure categories should be kept showing reserve fund allocations and charges in a chronological order for control and reference.

CLOSING CASH FUND

This is the reserve fund position at the end of each and every fiscal year, which is carried forward to the next year.

FORECASTED INTEREST & INFLATION

Historically, building costs have been rising at various rates from year to year, depending on business cycles, economic conditions, interest rates, etc. In boom periods, cost increases were fairly pronounced, whereas in periods of recession, cost increases were only nominal or costs even declined. The trend in construction prices tends to follow the trend in the consumer price index, although construction price changes are higher than changes in the consumer price index (CPI). Changes in the CPI are taken as indicators of overall price inflation.

In recent years, the costs of construction have levelled off. This is due to the slowing economic conditions in greater Calgary and Edmonton and Canada, the easing of the real estate market, and lower commodity (oil) prices worldwide. However, as mentioned above, this study is based on overall long-term average rates. Such an average rate tries to capture the overall effect of rising costs in rising markets, and falling costs during recessions and periods of slow economic growth, in order to provide a more stable estimate over the study period of 30 years. Otherwise, it is virtually impossible to forecast changing rates of inflation for 30 years into the future. Even estimating inflation as far as five years into the future can be inaccurate.

However, a long term average rate, based on the average past rates that incorporate rising and falling markets, does seem to provide a more useful picture of average inflation over time. The long-term (30-year) average rate of inflation rate forecast is based on historical data provided by Statistics Canada. This information is used to forecast a 30-year average inflation trend.

Construction cost indices and the CPI were examined, since reserve cost estimates are related to building activities which in turn is related to the CPI. Data concerning the CPI were obtained from Statistics Canada. Data concerning construction price changes were obtained from Statistics Canada. These are presented in the tables below:

The data in the table below was obtained from Statistics Canada and show the average change in residential construction prices over the last five years for greater Calgary, Edmonton and Canada overall.

Given that housing starts and migration to the Calgary and Edmonton area are expected to remain at fairly lower levels than previous years for the next five years or so, and given the easing of growth in construction prices, it is hoped that the growth of construction prices will begin to level off in future years.

Long term average construction cost increases are expected to follow the overall trend in long-term inflation and in long-term increases in construction prices.

The current trend of interest rates is low and is forecast to remain relatively unchanged for the short-term future. Forecasts indicate little if any rise in interest rates in the 2020-2021 period. Most low-risk savings instruments are getting rates of one percent or less at present. It is concluded that an interest rate of 0.5-1.0 percent is valid, at least for the short to medium term. This measure can be updated in future updates of this Reserve Fund Report to reflect prevailing economic conditions at those times.

Average Annual Rates of Inflation (CPI), Percentage Change			
	5-year	10-year	30-year
Edmonton	1.7	1.3	2.0
Calgary	1.8	1.3	2.1
Canada	0.8	1.3	1.6
Source: Statistics Canada			

Average Inflation of Construction Prices, Percentage Change			
	5-year	10-year	30-year
Edmonton	2.0	4.1	3.1
Calgary	1.7	4.3	3.2
Canada	1.9	2.7	2.4
Source: Statistics Canada			

Long term average construction cost increases are expected to follow the overall trend in long-term inflation and in long-term increases in construction prices. For the purpose of this Report, the long-term (30-year) construction inflation rate for Edmonton is forecasted to be 2.0%.

Hence, in projecting replacement cost estimates and reserve fund requirements, the following factors have been incorporated:

Construction Price Inflation Rate	2.0%
Interest Rate	1.0%

RESERVE FUND PROJECTIONS SHOULD BE REGULARLY REVIEWED TO ADJUST FOR CHANGES IN INFLATIONARY TRENDS AND INVESTMENT RETURNS, AS THEY SIGNIFICANTLY IMPACT RESERVE FUND REQUIREMENTS.

CERTIFICATION

We hereby certify that Shey Ergil, MBA, AACI, CRP, has personally inspected the property described herein on June 23, 2020, and has personally examined the documents as identified herein.

To the best of our knowledge and belief, the information and data used herein are true and correct.

We have no interest, present or prospective, in the property or its management. Neither the employment to prepare this Reserve Fund Report nor the compensation is contingent on the amount of reserve fund estimates reported. Moreover, we are solely responsible for the reserve fund estimates reported herein.

The Appraisal Institute of Canada requires that all accredited members conform to a mandatory recertification program. This document certifies that Shey Ergil, AACI, P. App, CRP, is a fully accredited member and has complied with the recertification program. Shey Ergil, MBA, B.Sc. is also a designated member of the Real Estate Institute of Canada.

The Real Estate Act requires that all fee-for-service appraisers/real estate consultants be licensed in Alberta. This document certifies that Shey Ergil, MBA, B.Sc. is a licensed fee-for–service appraiser/real estate consultant in the Province of Alberta.

This Reserve Fund Report was prepared in conformity with accepted practices for reserve fund studies, and it conforms to the standards of the Appraisal Institute of Canada and the Real Estate Institute of Canada.

Shey Ergil, MBA, AACI, CRP

September 15, 2020

CONTINGENT & LIMITING CONDITIONS

The legal and survey descriptions of the property as stated herein are those, which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct.

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements are assumed to be correct. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, or exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters, or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.

In order to arrive at supportable replacement and repair cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

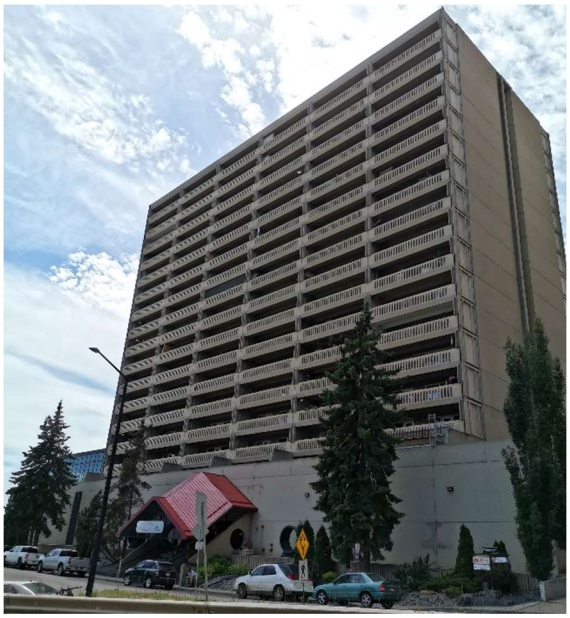
The distribution of cost and other estimates in this report apply only under the programme of utilisation as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or reserve fund Report and may be invalid if so used.

The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be extracted; it must be used in its entirety.

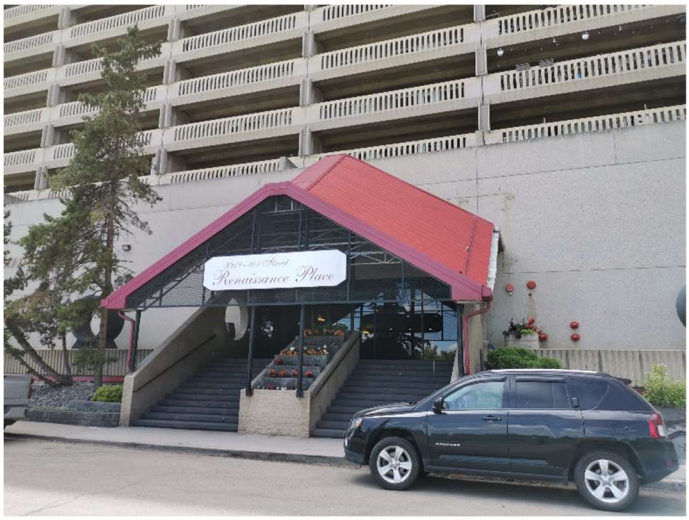
Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the applicant without the written consent of the authors, and in any event, only with the proper qualifications.

The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitration's, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian currency.

EXHIBIT
"A"
PHOTOGRAPHS

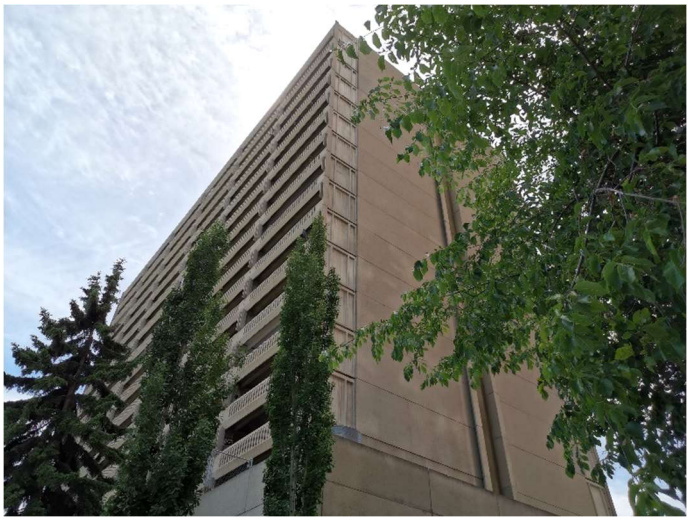


View of East (Front) Elevation

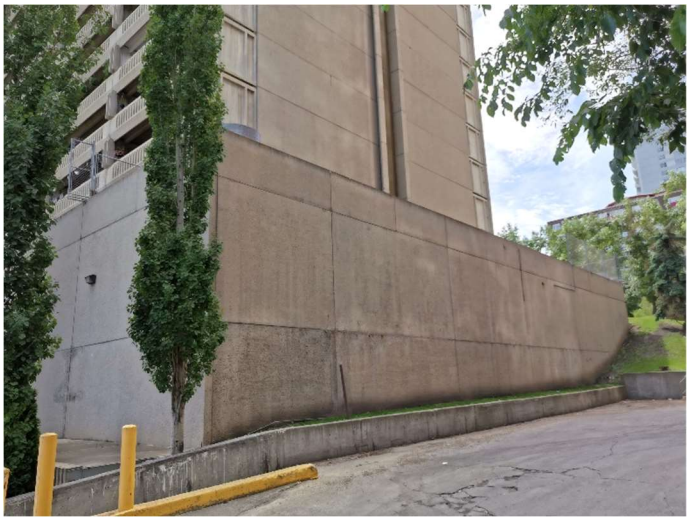


View of East Elevation

Views of Cracks in Building Envelope (East)



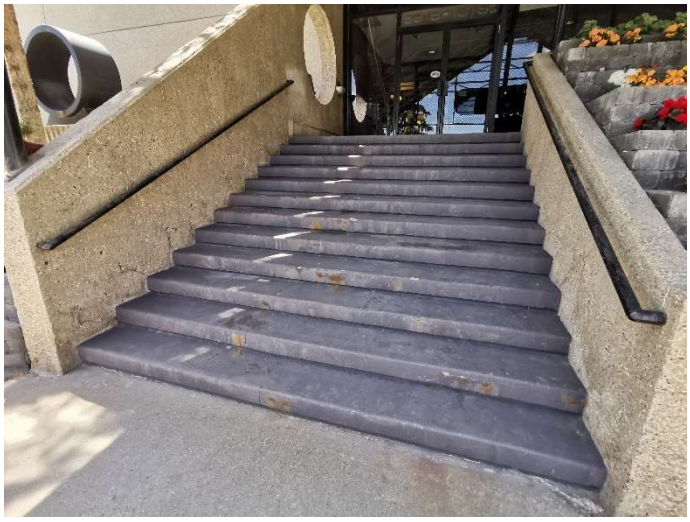
View of East & North Elevations

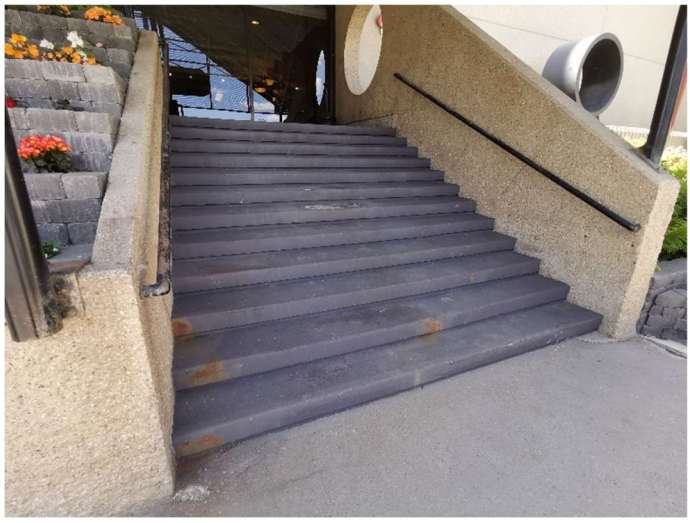


North Elevation

West Elevation

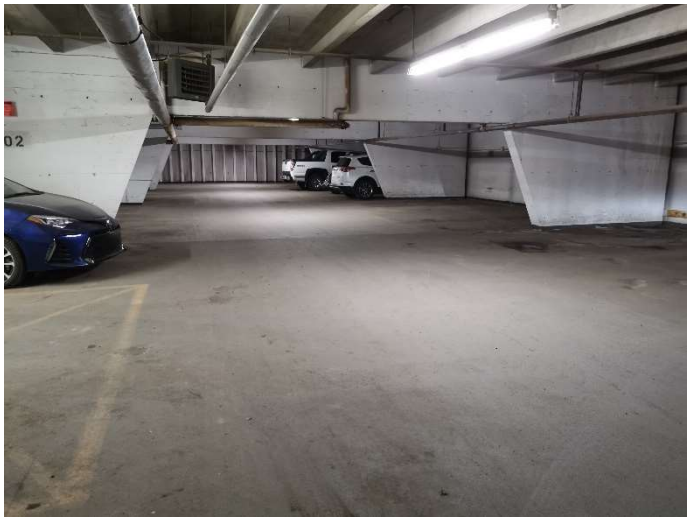
South Elevation

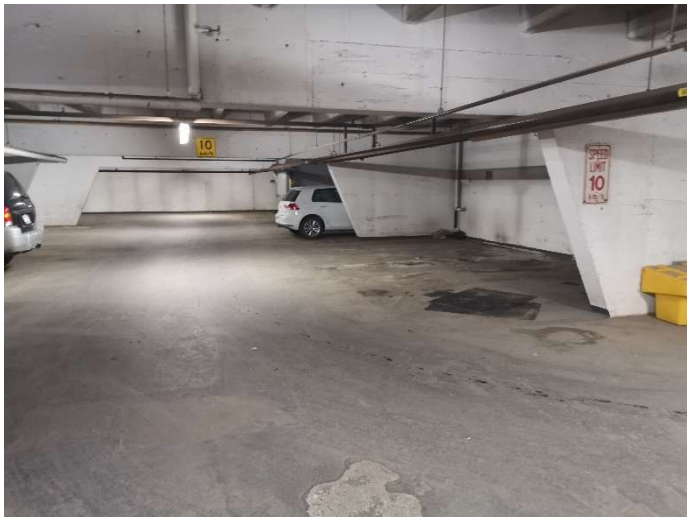




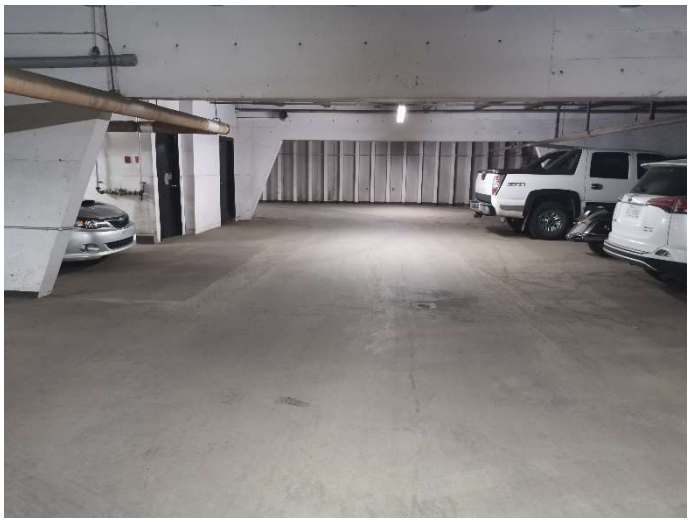
Main Entrance Exterior Stairs

Main Entrance Exterior Landing

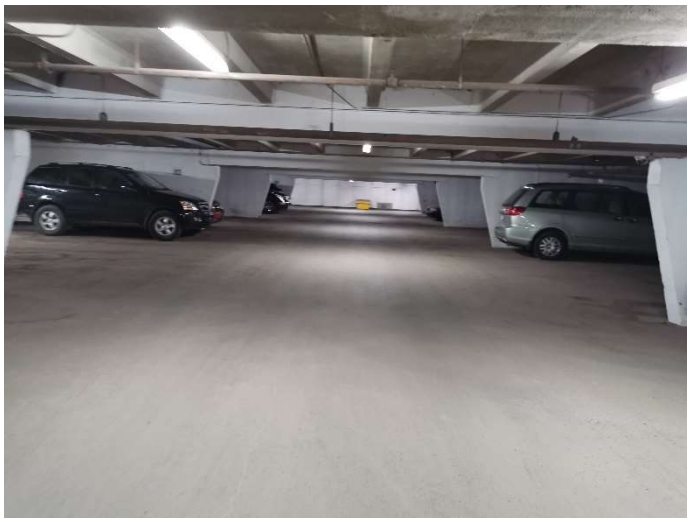




Views of Parkade



Views of Parkade



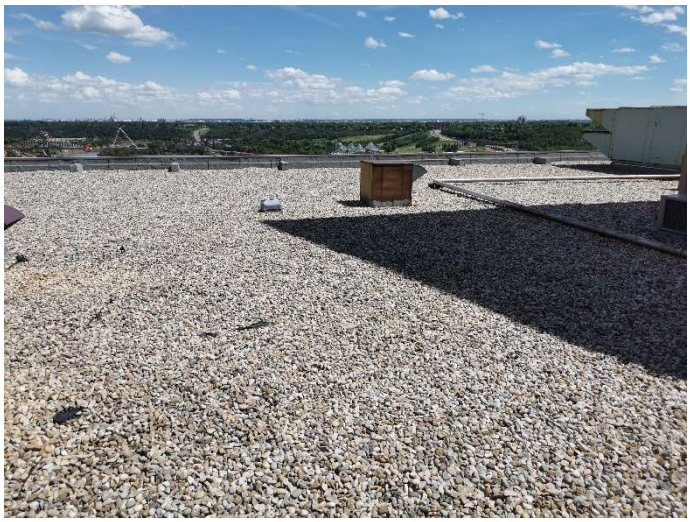
Views of Parkade

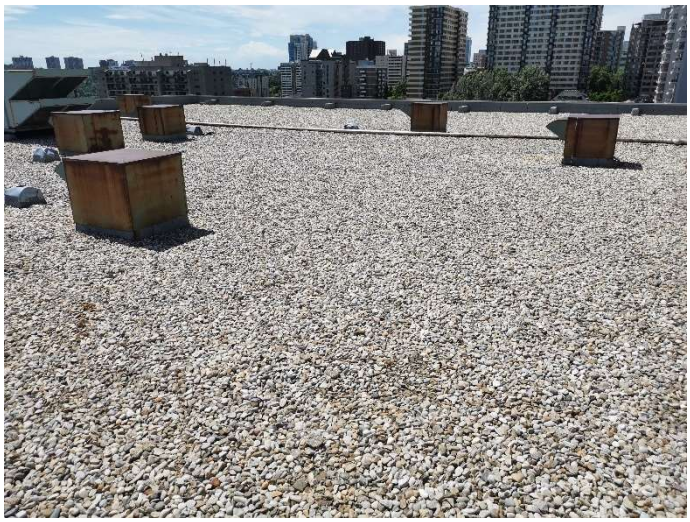
Parkade: Views of Previous Damaged Areas

Leak in Parkade from Hot Tub

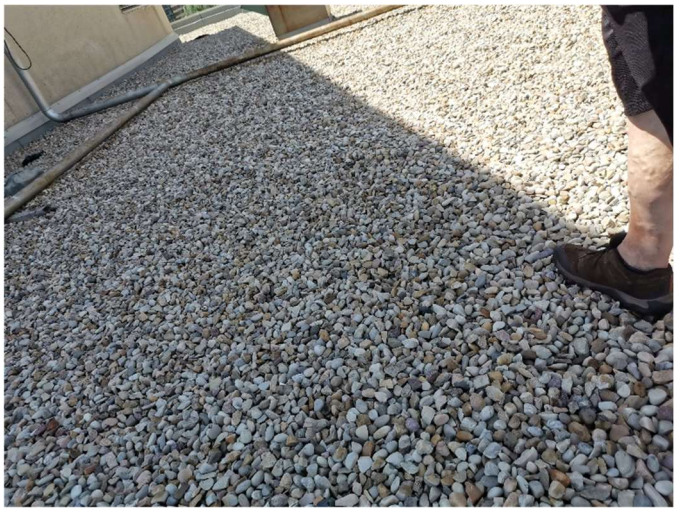
Parkade: View of Past Repairs

View of Plaza Surface

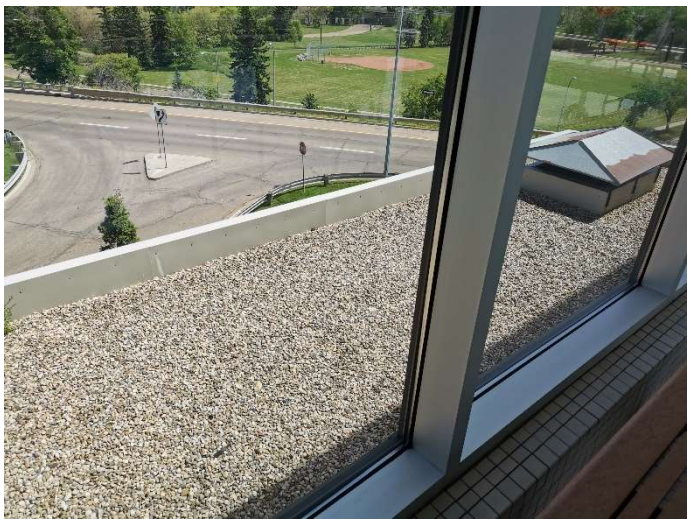




Views of Roofline

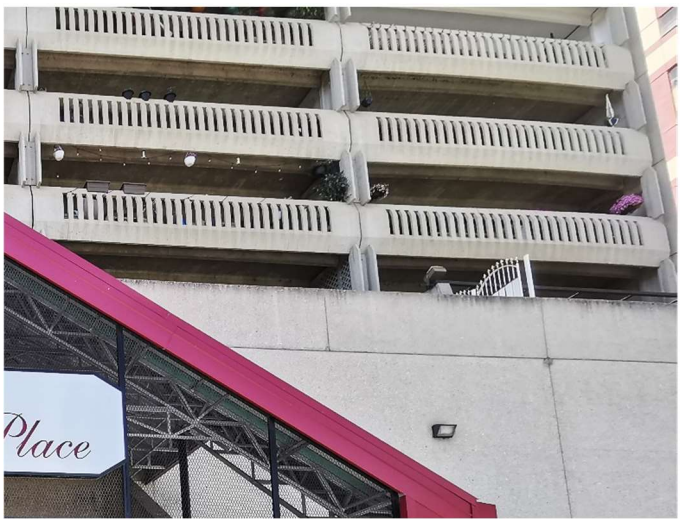


Views of Roof Surface

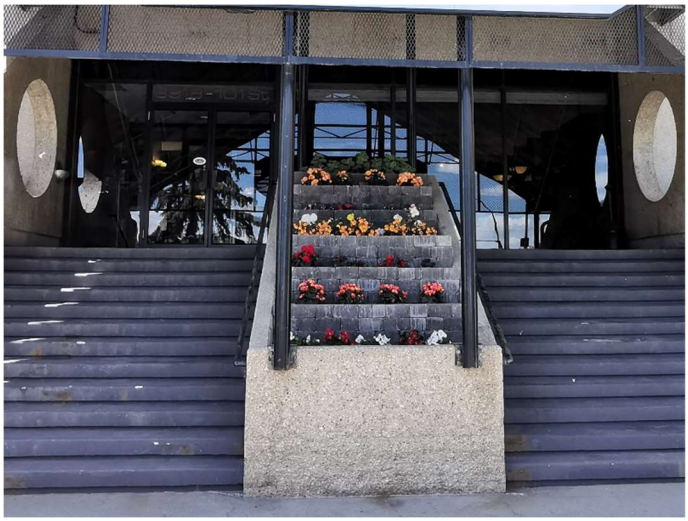


View of Roof Adjacent to Pool Facility (Main Floor)

View of Leak in Roof of Pool Facility



Typical Views of Balconies

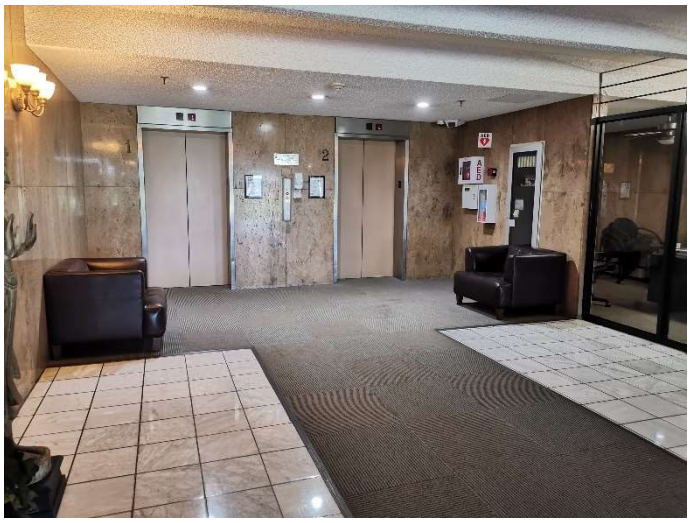


Views of Exterior Doors

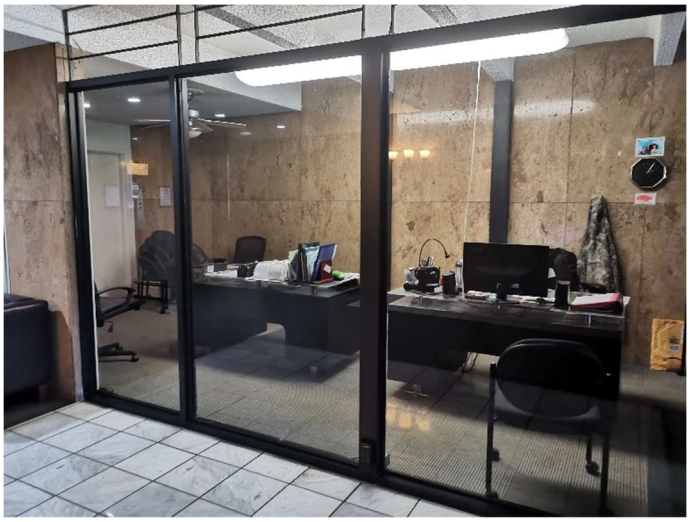
Views of Parkade Doors

Typical Interior Views of Hallways

Typical Interior Views of Hallways



Interior Views – Lobby

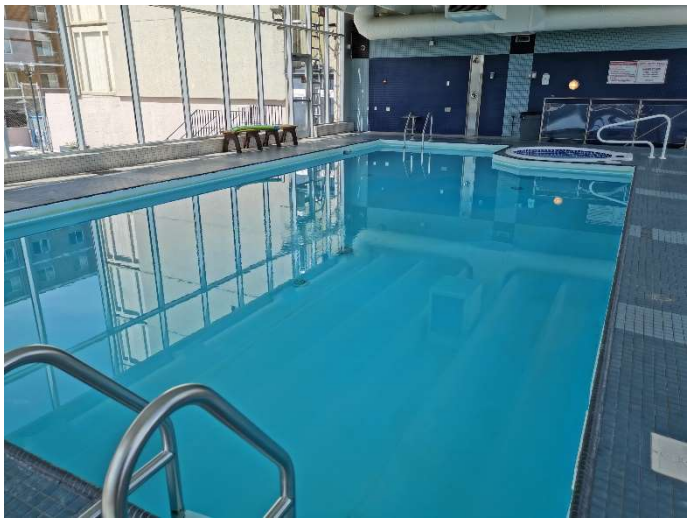


Interior View – Office

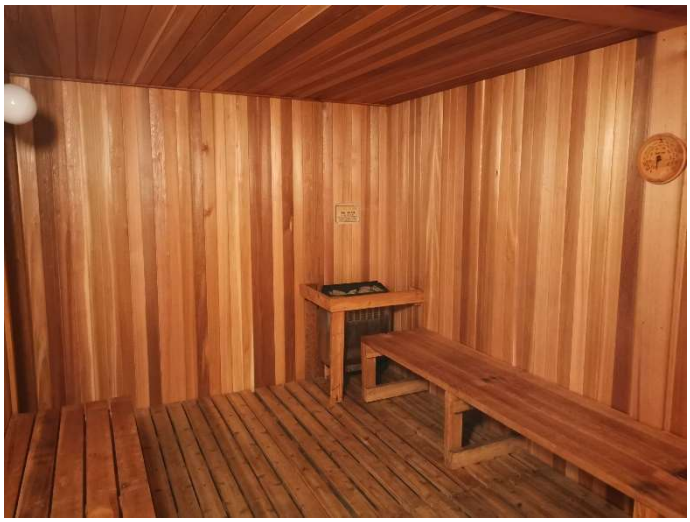
Amenity Areas – Exercise Room

Amenity Areas – Exercise Room

Swimming Pool Facility – View of Hot Tub

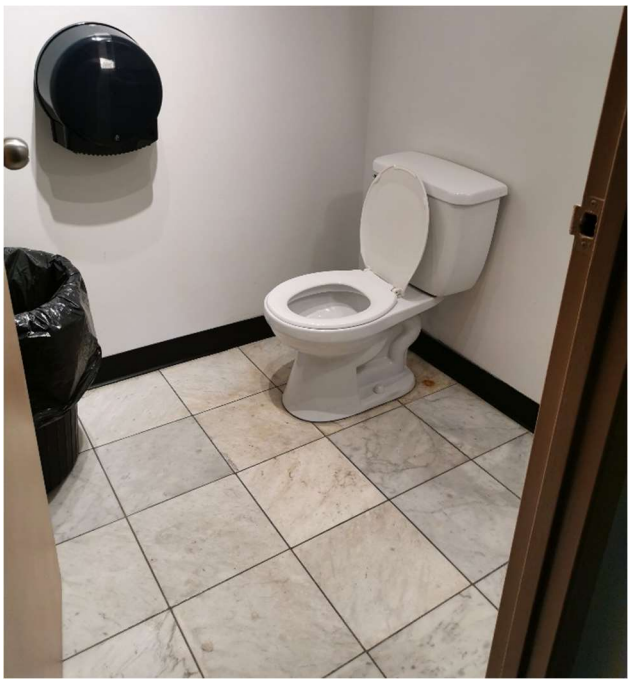


Swimming Pool Facility



Amenity Areas – Sauna

Amenity Areas – Change Rooms



Amenity Area – Washroom

Amenity Area – Billiards Room

View of Laars Boiler (Domestic Water Heating)

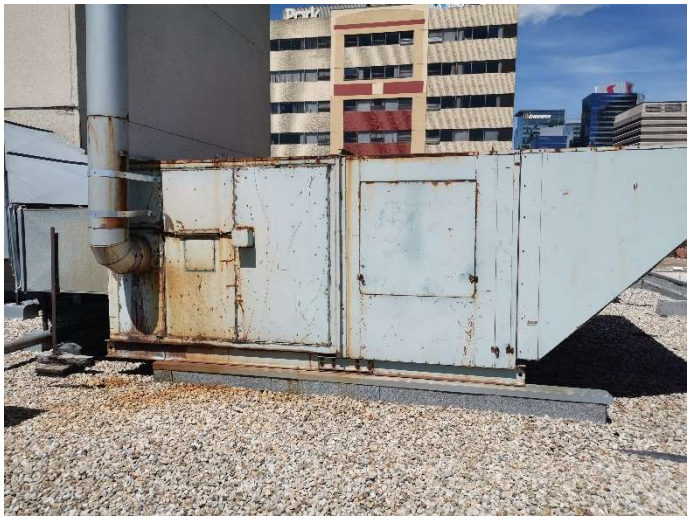
Domestic Hot Water Storage Tanks

View of RBI Boilers

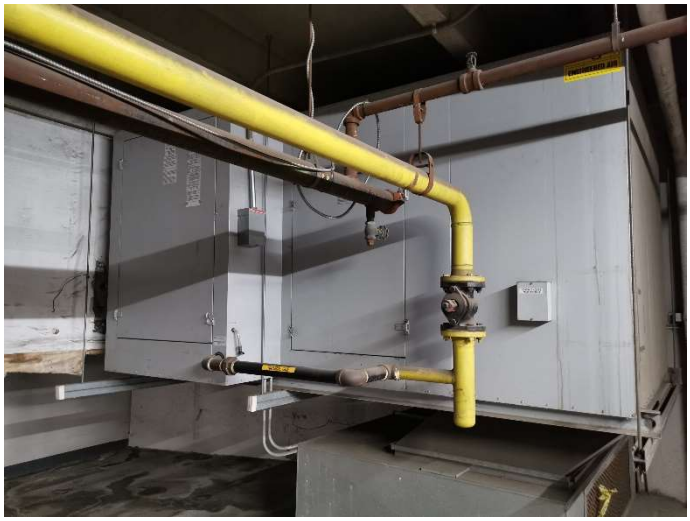
View of Mechanical Room Fan

View of Pool Boiler System

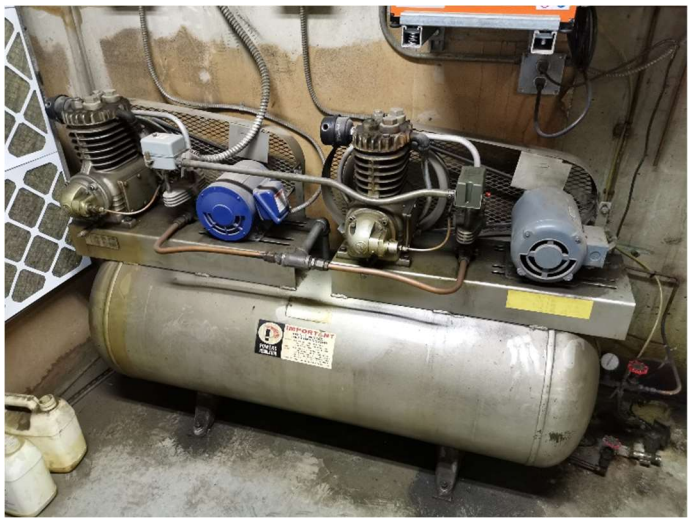
Makeup Air Unit, Example (Smoke Removal)



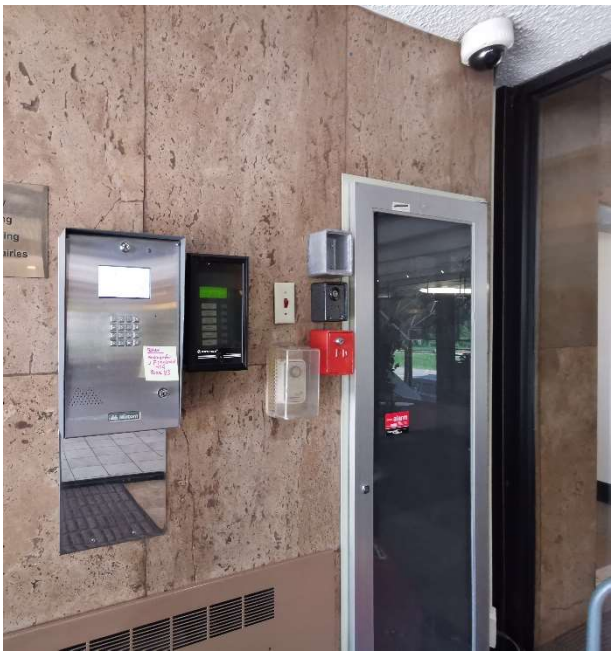
Makeup Air Unit, Example (Serving Hallway)



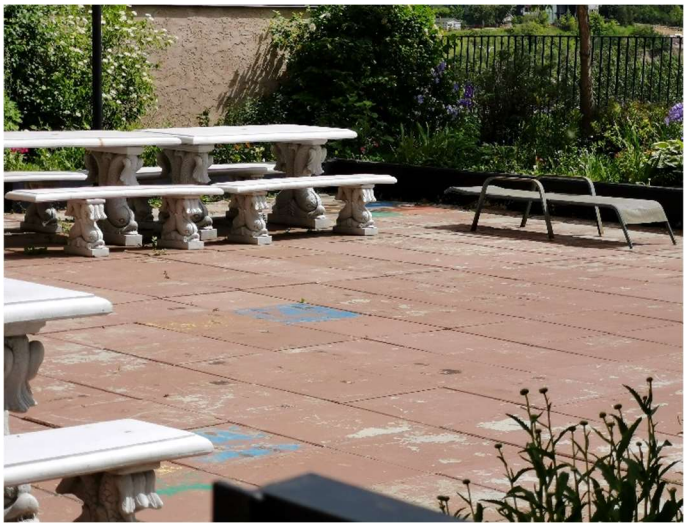
Makeup Air Units – Parkade

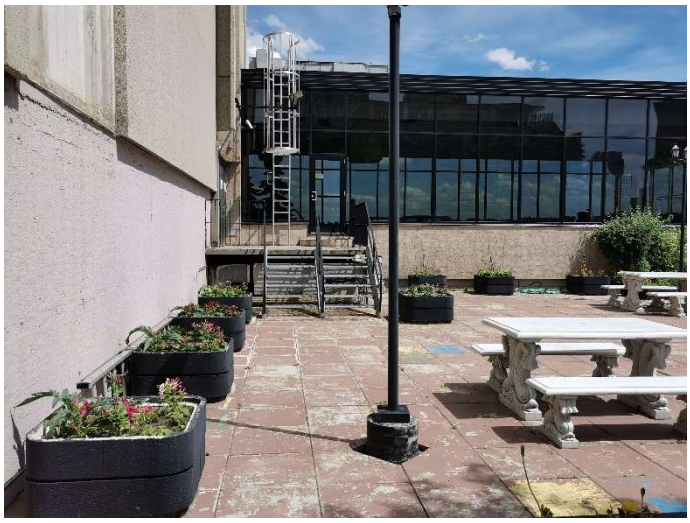


Views of Generator System



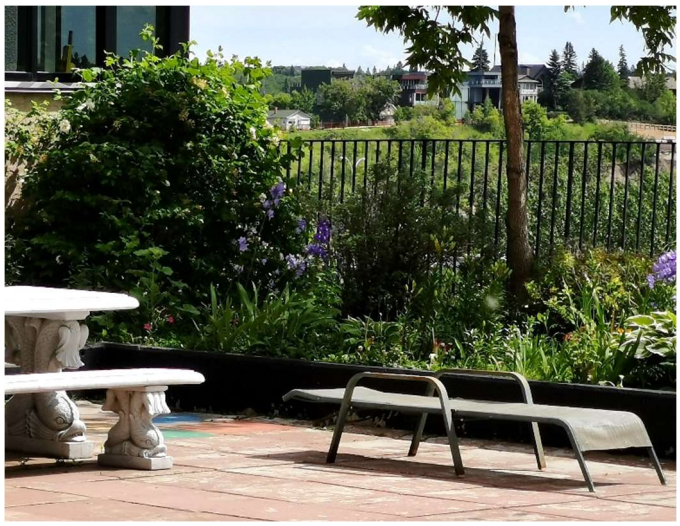
Access Panel and Fire Alarm Panel





Views of Courtyard

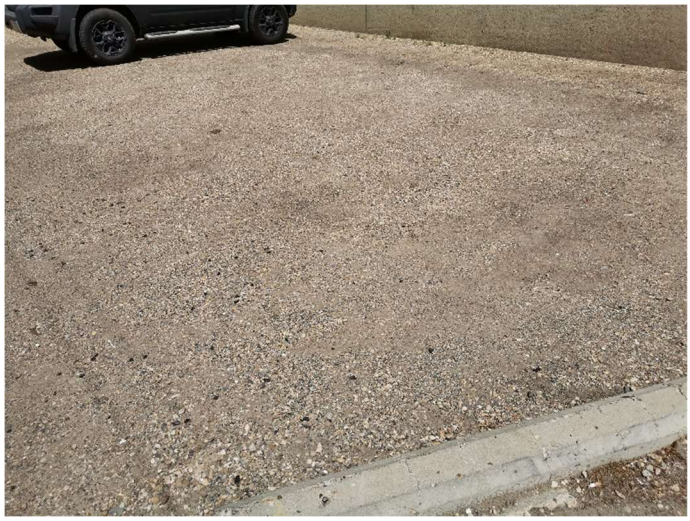
View of Courtyard – Metal Stairs and Makeup Air Unit (Smoke Removal)



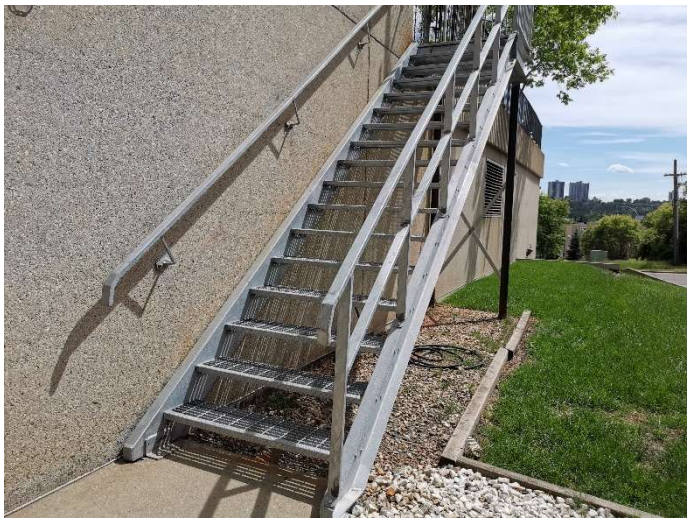
Metal Railings

Views of South Parkade Ramp

View of North Parkade Ramp



View of Parking Area at Rear



Exterior Metal Stairs

Views of Landscaping at Front

Views of Hard and Soft Landscaping (Front)