

DEPRECIATION REPORT

**Strata Corporation NWS3119
Queens Gate**



Located at
8500-8580 General Currie Road, BC

Prepared For
Strata Council - Strata Corporation NWS3119

Date of Inspection

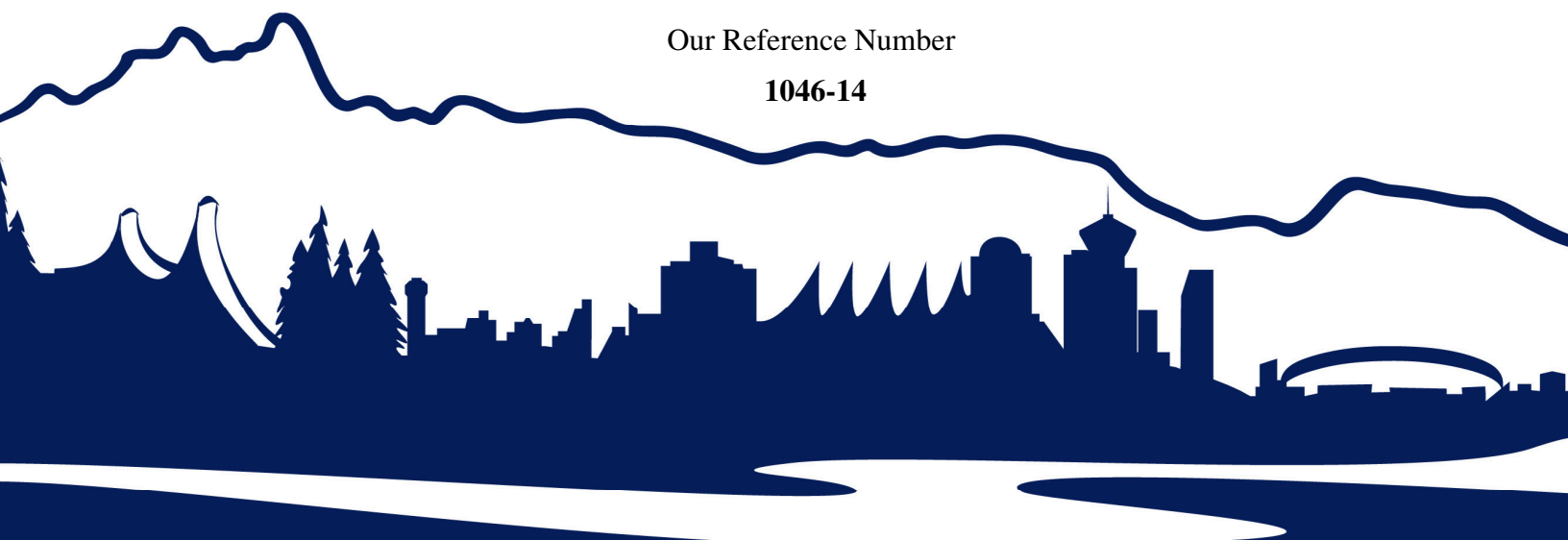
June 9, 2014

Appraised by

**Kelvin Coley-Donohue, AACI P.App., RI(BC), CRP
Simon Poon, AACI, P.App, B.Comm, CRP**

Our Reference Number

1046-14



CAMPBELL & POUND LTD.
Est. 1939

REAL ESTATE CONSULTANTS
AND ACCREDITED APPRAISERS

November 12, 2014**File No: 1046-14**

Strata Corporation NWS3119
8500-8580 General Currie Road
Richmond, BC

Dear Strata Council:

Re: Depreciation Report for 8500-8580 General Currie Road-Strata Corporation NWS3119

Pursuant to your request for a Depreciation Report of the within described property, Campbell & Pound Commercial Ltd has prepared and submits to you this report.

The Depreciation Report describes the reserve fund concepts and major reserve fund items. It provides current and future replacement reserve estimates and recommends reserve fund actions. The Depreciation Report is a complex document and should be reviewed in detail and within the context of this report.

We recommend that a reserve fund plan and strategy be adopted and implemented, and that reserve fund contributions of approximately \$50,000 in the fiscal year ended Mar 31, 2015, be increased to according to the attached schedule. As outlined in this report, the current reserve fund and proposed contributions will ensure reserve funds are adequate to cover potential expenditures required to repair or replace common elements or assets of the corporation when needed.

Campbell & Pound Commercial Ltd would be pleased to provide you with complete review and updating services for the reserve fund of the corporation, as required in the future. We appreciate the opportunity to perform this Depreciation Report for you. If you have any questions, please do not hesitate to contact the undersigned.

This report has been prepared in accordance with the "Code of Ethics and Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)" of the Appraisal Institute of Canada. Additionally, disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute of Canada. The report also conforms to the guidelines set out by the Real Estate of Canada and the Certified Reserve Fund Planner program. Neither all nor any part of the contents of this report or copies thereof shall be used for any purpose by anyone but the client specified in this report.

Respectfully submitted,
Campbell & Pound Commercial Ltd

Kelvin Coley-Donohue,
AACI, P.App, RI(BC), CRP

Simon Poon,
AACI, P.App, B.Comm, CRP



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EXECUTIVE SUMMARY

This executive summary has been prepared as a quick reference of pertinent facts and estimates of this Depreciation Report, and it is provided as convenience only. Readers are advised to refer to the full text of this Depreciation Report for detailed information.

| | |
|--|-------------------------------|
| Property | Queens Gate |
| Client | Strata Corporation NWS3119 |
| Property Address | 8500-8580 General Currie Road |
| Total Strata Units | 222 |
| Total Components | 41 |
| Inflation Factor | 2.65% |
| Interest Rate | 1.75% |
| Date of Study/Completion Date | June 9, 2014 |
| Fiscal Year End | Mar 31 |
| Financial Planning Commencement Date for this Depreciation Report | April 1, 2015 |
| CRF Opening Balance | \$242,680 |
| Annual CRF Contributions | \$50,000 |

Significant Reserve Fund Estimates

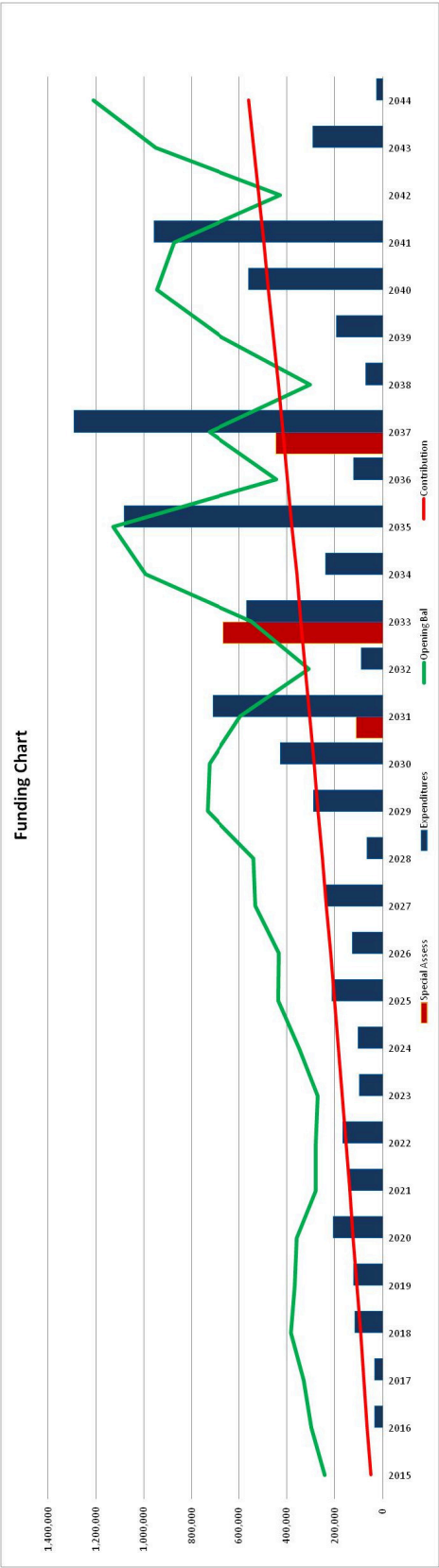
| | |
|-----------------------------------|-------------|
| Current Replacement Costs | \$4,627,287 |
| Future Replacement Costs | \$7,962,504 |
| Current Reserve Fund Requirements | \$1,970,185 |
| Future Reserve Fund Accumulation | \$2,564,017 |
| Future Reserve Fund Requirements | \$5,398,487 |

RECOMMENDED 30 YEAR CASH FLOW

Campbell & Pound Commercial Ltd has prepared the following Cash Flow Table, which projects minimum annual funding requirements proposed to meet estimated Reserve Fund expenditures. Dates indicate Fiscal year ending Mar 31

30 Year Cash Flow Table

| NWS3119 Cash Flow Table | | | | | | | | | | |
|----------------------------|-----------------|---------------------------------|--------------------|---------------------------------|---|--|-----------------|--|-----------------------------------|---------------------------|
| Year | Opening Balance | Recommended Annual Contribution | Special Assessment | Estimated Interest Earned 1.50% | Estimated Inflation Adjusted Expenditures | % Increase in Recommended Annual Contributions | Closing Balance | CRF Contribution (per unit, per month) | Strata Fees (per unit, per month) | % Increase in Strata Fees |
| 2015 | 242,680 | 50000 | 0 | 3,640 | 0 | n/a | 296320 | \$ 18.77 | \$ 354.39 | |
| 2016 | 296,320 | 64161 | 0 | 4,445 | 34,304 | 28.32% | 330623 | \$ 24.08 | \$ 359.70 | 1.50% |
| 2017 | 330,623 | 78535 | 0 | 4,959 | 32,461 | 22.40% | 381656 | \$ 29.48 | \$ 365.10 | 1.50% |
| 2018 | 381,656 | 93125 | 0 | 5,725 | 115,089 | 18.58% | 365416 | \$ 34.96 | \$ 370.58 | 1.50% |
| 2019 | 365,416 | 107933 | 0 | 5,481 | 120,555 | 15.90% | 358275 | \$ 40.52 | \$ 376.14 | 1.50% |
| 2020 | 358,275 | 122963 | 0 | 5,374 | 207,018 | 13.93% | 279594 | \$ 46.16 | \$ 381.78 | 1.50% |
| 2021 | 279,594 | 138219 | 0 | 4,194 | 141,757 | 12.41% | 280251 | \$ 51.88 | \$ 387.50 | 1.50% |
| 2022 | 280,251 | 153704 | 0 | 4,204 | 165,839 | 11.20% | 272319 | \$ 57.70 | \$ 393.32 | 1.50% |
| 2023 | 272,319 | 169421 | 0 | 4,085 | 97,892 | 10.23% | 347932 | \$ 63.60 | \$ 399.22 | 1.50% |
| 2024 | 347,932 | 185373 | 0 | 5,219 | 102,071 | 9.42% | 436454 | \$ 69.58 | \$ 405.20 | 1.50% |
| 2025 | 436,454 | 201565 | 0 | 6,547 | 211,244 | 8.73% | 433322 | \$ 75.66 | \$ 411.28 | 1.50% |
| 2026 | 433,322 | 218000 | 0 | 6,500 | 126,325 | 8.15% | 531497 | \$ 81.83 | \$ 417.45 | 1.50% |
| 2027 | 531,497 | 234682 | 0 | 7,972 | 234,579 | 7.65% | 539572 | \$ 88.09 | \$ 423.71 | 1.50% |
| 2028 | 539,572 | 251613 | 0 | 8,094 | 65,373 | 7.21% | 733906 | \$ 94.45 | \$ 430.07 | 1.50% |
| 2029 | 733,906 | 268799 | 0 | 11,009 | 288,440 | 6.83% | 725274 | \$ 100.90 | \$ 436.52 | 1.50% |
| 2030 | 725,274 | 286242 | 0 | 10,879 | 426,427 | 6.49% | 595968 | \$ 107.45 | \$ 443.07 | 1.50% |
| 2031 | 595,968 | 303947 | 111,000 | 8,940 | 710,282 | 6.19% | 309572 | \$ 114.09 | \$ 449.71 | 1.50% |
| 2032 | 309,572 | 321918 | 0 | 4,644 | 89,710 | 5.91% | 546423 | \$ 120.84 | \$ 456.46 | 1.50% |
| 2033 | 546,423 | 340158 | 666,000 | 8,196 | 567,635 | 5.67% | 993142 | \$ 127.69 | \$ 463.31 | 1.50% |
| 2034 | 993,142 | 358672 | 0 | 14,897 | 237,070 | 5.44% | 1129641 | \$ 134.64 | \$ 470.26 | 1.50% |
| 2035 | 1,129,641 | 377463 | 0 | 16,945 | 1,080,853 | 5.24% | 443195 | \$ 141.69 | \$ 477.31 | 1.50% |
| 2036 | 443,195 | 396536 | 0 | 6,648 | 122,199 | 5.05% | 724181 | \$ 148.85 | \$ 484.47 | 1.50% |
| 2037 | 724,181 | 415896 | 444,000 | 10,863 | 1,293,047 | 4.88% | 301892 | \$ 156.12 | \$ 491.74 | 1.50% |
| 2038 | 301,892 | 435546 | 0 | 4,528 | 71,010 | 4.72% | 670956 | \$ 163.49 | \$ 499.11 | 1.50% |
| 2039 | 670,956 | 455490 | 0 | 10,064 | 191,995 | 4.58% | 944516 | \$ 170.98 | \$ 506.60 | 1.50% |
| 2040 | 944,516 | 475734 | 0 | 14,168 | 559,622 | 4.44% | 874796 | \$ 178.58 | \$ 514.20 | 1.50% |
| 2041 | 874,796 | 496281 | 0 | 13,122 | 957,106 | 4.32% | 427093 | \$ 186.29 | \$ 521.91 | 1.50% |
| 2042 | 427,093 | 517137 | 0 | 6,406 | 0 | 4.20% | 950636 | \$ 194.12 | \$ 529.74 | 1.50% |
| 2043 | 950,636 | 538305 | 0 | 14,260 | 291,404 | 4.09% | 1211797 | \$ 202.07 | \$ 537.69 | 1.50% |
| 2044 | 1,211,797 | 559791 | 0 | 18,177 | 24900 | 3.99% | 1764865 | \$ 210.13 | \$ 545.75 | 1.50% |
| 2044 | 1,764,865 | 559791 | 0 | 26,473 | 0 | 0.00% | 2351129 | \$ 210.13 | \$ 545.75 | 0.00% |



Graph of Recommended 30 Year Cash Flow

| Reserve Components Benchmark Analysis | Date of Acquisition | Expenditures | Chono- Age | Lifespan | Effective Age | Remaining Life | Budget Replacem. Year | Allowance | Current Replacement Cost | Future Replacement Cost | Current Reserve Fund Requirements | Future Reserve Fund Accumulation | Future Reserve Fund Requirements | Annual Reserve Fund Assessment | Reserve Fund Assessment Allocation |
|--|------------------------|--------------|---------------|----------|------------------|-------------------|-----------------------------|-----------|--------------------------------|-------------------------------|---|--|--|--------------------------------------|--|
| A2010 - Parkade Membrane | 2005 | - | 10 | 12 | 8 | 4 | 2019 | 25% | 106,180 | 117,890 | 70,787 | 75,130 | 42,760 | 10,452 | 3.96% |
| A2020 - Parkade Maintenance | 2005 | 7,000 | 10 | 10 | 8 | 2 | 2017 | 100% | 30,807 | 32,461 | 24,643 | 25,390 | 7,071 | 3,509 | 1.33% |
| A2030 - Garage Doors and Mechanisms | 1991 | - | 24 | 14 | 6 | 8 | 2023 | 100% | 12,000 | 14,793 | 5,143 | 5,793 | 8,999 | 1,067 | 0.40% |
| B2012 - Exterior Walls, Succo | 2002 | ? | 13 | 30 | 8 | 22 | 2037 | 100% | 296,317 | 530,365 | 79,551 | 110,382 | 419,982 | 16,255 | 6.16% |
| B2110 - Exterior Window Assemblies | 1991 | 15,200 | 24 | 35 | 24 | 11 | 2026 | 100% | 378,966 | 505,299 | 259,862 | 306,104 | 199,195 | 16,791 | 6.37% |
| B2120 - Exterior Skylights | 2013 | - | 2 | 25 | 2 | 23 | 2038 | 100% | 27,248 | 49,726 | 2,180 | 46,656 | 1,714 | 1,714 | 0.65% |
| B2210 - Exterior Doors | 1991 | 1,388 | 24 | 40 | 24 | 16 | 2031 | 100% | 139,590 | 212,128 | 83,764 | 106,283 | 108,845 | 5,902 | 2.24% |
| B2310 - Balcony Membranes | 2002 | ? | 13 | 25 | 8 | 17 | 2032 | 100% | 57,510 | 89,710 | 18,403 | 23,704 | 66,007 | 3,438 | 1.30% |
| B2320 - Balcony Railings | 2002 | - | 13 | 50 | 13 | 37 | 2032 | 100% | 36,174 | 95,208 | 18,403 | 16,316 | 78,892 | 1,611 | 0.61% |
| B3010 - Roof - Flat Membrane | 2013 | 905,427 | 2 | 22 | 2 | 20 | 2035 | 100% | 508,294 | 614,959 | 46,209 | 62,336 | 795,382 | 34,397 | 13.04% |
| B3015 - Roof - Pitched, Metal | 2013 | - | 2 | 40 | 2 | 38 | 2053 | 100% | 227,618 | 614,959 | 11,381 | 20,039 | 594,919 | 11,730 | 4.45% |
| B3110 - Eavestroughs and Downspouts | 2013 | - | 2 | 40 | 2 | 38 | 2053 | 100% | 5,512 | 14,892 | 276 | 485 | 14,407 | 284 | 0.11% |
| B4020 - Caulking and Weatherstripping | 2002 | - | 13 | 15 | 8 | 7 | 2022 | 100% | 43,352 | 52,062 | 23,121 | 25,661 | 26,401 | 3,605 | 1.37% |
| B5000 - Exterior Painting | 2002 | - | 13 | 10 | 5 | 5 | 2020 | 100% | 181,641 | 207,018 | 90,821 | 97,840 | 109,179 | 21,190 | 8.04% |
| C2010 - Lobby Redecoration | 1991 | - | 24 | 15 | 5 | 10 | 2025 | 100% | 61,875 | 80,372 | 20,625 | 23,936 | 56,436 | 5,273 | 2.00% |
| C2012 - Common Area Amenity Rooms | 1991 | - | 24 | 15 | 5 | 10 | 2025 | 25% | 47,503 | 61,703 | 15,834 | 18,376 | 43,327 | 4,048 | 1.54% |
| C2015 - Swimming Pool | 1991 | 50,601 | 24 | 15 | 9 | 6 | 2021 | 100% | 70,555 | 82,544 | 42,333 | 46,289 | 36,255 | 5,820 | 2.21% |
| C3010 - Interior Painting and Décor | 1991 | 1,000 | 24 | 16 | 8 | 8 | 2023 | 100% | 33,488 | 41,282 | 16,744 | 18,862 | 22,420 | 2,659 | 1.01% |
| C3020 - Interior Doors | 1991 | 4,230 | 24 | 40 | 24 | 16 | 2031 | 25% | 20,475 | 31,115 | 12,285 | 15,589 | 15,525 | 866 | 0.33% |
| C3100 - Carpeting and Tile | 1991 | - | 24 | 24 | 8 | 16 | 2031 | 100% | 190,600 | 289,645 | 63,533 | 80,623 | 209,022 | 11,656 | 4.42% |
| D1011 - Elevator Interior | 1991 | 6,930 | 24 | 40 | 20 | 20 | 2035 | 100% | 36,000 | 60,741 | 18,000 | 24,243 | 36,498 | 1,578 | 0.60% |
| D1011 - Elevator Modernization | 1991 | 109,464 | 24 | 30 | 16 | 14 | 2029 | 67% | 200,000 | 288,440 | 106,667 | 131,387 | 157,053 | 10,165 | 3.86% |
| D2010 - Piping | 1991 | 69,885 | 24 | 50 | 24 | 26 | 2031 | 100% | 1,028,482 | 2,030,176 | 493,676 | 727,042 | 1,303,135 | 41,351 | 15.88% |
| D2100 - Boiler & Hot Water Tank | 1991 | 6,920 | 24 | 15 | 6 | 9 | 2024 | 100% | 69,000 | 87,313 | 27,600 | 31,558 | 55,756 | 5,833 | 2.21% |
| D3010 - Makeup Air Units | 1991 | 21,806 | 24 | 20 | 14 | 6 | 2021 | 100% | 38,951 | 46,569 | 27,265 | 29,813 | 15,756 | 2,529 | 0.96% |
| D4010 - Sprinklers | 1991 | - | 24 | 40 | 24 | 16 | 2031 | 100% | 171,150 | 260,088 | 102,690 | 130,312 | 129,776 | 7,237 | 2.74% |
| D4100 - Fire panel and Emergency Lighting | 1991 | - | 24 | 30 | 20 | 10 | 2025 | 100% | 24,000 | 31,175 | 16,000 | 18,569 | 12,606 | 1,178 | 0.45% |
| D5010 - Electrical Services and Distribution | 1991 | - | 24 | 70 | 24 | 46 | 2061 | 100% | 112,000 | 373,018 | 38,400 | 76,167 | 296,851 | 4,527 | 1.72% |
| D5030 - Exterior Lighting | 1991 | - | 24 | 15 | 11 | 4 | 2019 | 100% | 2,400 | 2,665 | 1,760 | 1,868 | 797 | 195 | 0.07% |
| D5040 - Access Control and Security | 1991 | - | 24 | 30 | 18 | 12 | 2027 | 100% | 60,000 | 82,122 | 36,000 | 43,042 | 39,080 | 2,997 | 1.14% |
| E1010 - Fencing - Wood | 1991 | 2,905 | 24 | 25 | 24 | 1 | 2016 | 100% | 33,418 | 34,476 | 32,081 | 32,562 | 1,741 | 1,741 | 0.66% |
| E2010 - Patios and Walkways | 1991 | 5,451 | 24 | 35 | 15 | 20 | 2035 | 50% | 64,292 | 108,476 | 27,554 | 37,111 | 71,365 | 3,086 | 1.17% |
| E2055 - Fencing, Gates & Privacy Screens | 1991 | - | 24 | 40 | 24 | 16 | 2031 | 100% | 27,764 | 42,192 | 16,658 | 21,139 | 21,052 | 1,174 | 0.45% |
| E2210 - Pavement Asphalt | 1991 | - | 24 | 25 | 13 | 12 | 2027 | 100% | 68,919 | 94,329 | 35,838 | 42,848 | 51,481 | 3,948 | 1.50% |
| E3010 - Hard Landscaping | 1991 | - | 24 | 25 | 15 | 10 | 2025 | 100% | 29,250 | 37,994 | 17,550 | 20,367 | 17,627 | 1,647 | 0.62% |
| E3020 - Soft Landscaping | 1991 | 77,140 | 24 | 30 | 10 | 20 | 2035 | 20% | 20,353 | 34,341 | 6,784 | 9,138 | 25,203 | 1,090 | 0.41% |
| E3030 - Irrigation | 1991 | 7,000 | 24 | 20 | 12 | 8 | 2023 | 100% | 33,922 | 41,817 | 20,353 | 22,928 | 18,889 | 2,240 | 0.85% |
| E4010 - Perimeter Drains | 1991 | - | 24 | 50 | 24 | 26 | 2041 | 100% | 58,010 | 114,509 | 27,845 | 41,008 | 73,501 | 2,332 | 0.88% |
| E5000 - Services and UG Piping | 1991 | - | 24 | 70 | 24 | 46 | 2061 | 100% | 60,000 | 199,831 | 20,571 | 40,804 | 159,027 | 2,425 | 0.92% |
| F1010 - Reserve Updates | 2015 | - | 0 | 3 | 0 | 3 | 2018 | 100% | 4,900 | 5,300 | - | 0 | 5,300 | 1,740 | 0.66% |
| F1011 - Periodic Maintenance (3 years) | 2015 | 3,539 | 0 | 3 | 0 | 3 | 2018 | 100% | 6,763 | 7,315 | - | 0 | 7,315 | 2,402 | 0.91% |
| TOTAL RESERVES | | | | | | | | | 4,627,287 | 7,962,504 | 1,970,185 | 2,564,017 | 5,398,487 | 263,682 | 100% |

‘BENCHMARK’ SCHEDULE OF RESERVE FUND ESTIMATES

RECOMMENDATIONS

The Reserve Fund for the Strata Corporation adequately funded for current capital expenditures. The current strata fees with modest increase would provide adequate funds for future expenditures, but does not reach a fully funded level.

Campbell & Pound Commercial Ltd recommendations, set out below and detailed in this report, will assist the corporation to achieve and maintain an adequate reserve fund. In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will adequately fund immediate and future reserve fund expenditures.

1. Major repairs and replacements should be recorded in, and funded from, a reserve fund account separate from the existing operating account. The two accounts currently appear to be separate. The Strata should continue to plan for capital expenditures with funds from the Reserve Fund.
2. With recent amendments to the Strata Property Act, expenditures from the contingency reserve fund related to the repair and maintenance of common assets require only a majority vote. When determining each year's budget, major capital expenditures for the year should be identified and corresponding expenditures from the CRF should be voted on.
3. The reserve fund contribution of \$50,000 per annum should be increased incrementally over the first 30 years by the amounts detailed in the Cash Flow Table.
4. Currently average strata fees for the budgeted 2014 year is \$354 per month per unit. Over the first 10 years, the minimum average strata would increase to \$454 with stepped annual increases under the recommended cashflow model.
5. Under the recommended cashflow model, the reserve fund will not require special assessments to cover major expenditures, until sometime around 2030, when three special assessment would be required between 2030 and 2036.
6. The reserve fund should be fully invested in guaranteed securities, yielding at least 1% to 1.75% per annum. Historic data shows good returns on current reserve fund investments. The current balance of \$242680 should be invested in short term securities, with longer term laddering as the balance increases and expenditures are less frequent. The current investment appears to be earning a rate of interest of about 0.73%. The corporation should review the newly amended Strata Property regulation pertaining to the allowed investment vehicles for Contingency Reserve Funds. Changes to this rule are in effect July 2014. See the appendix for details.
7. The corporation should make such expenditures, including any unforeseen expenditures, as necessary to maintain the property in optimum condition.
8. The reserve fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current.
9. The corporation is required under the Act to update the Depreciation Report every three (3) years.

ASSUMPTIONS AND LIMITING CONDITIONS

1. 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.
2. All buildings and improvements are deemed to have been constructed and finished in accordance with submitted plans and specifications, unless otherwise noted.
3. 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, nor 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.
4. In order to arrive at supportable replacement 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.
5. The distribution of cost and other estimates in this report apply only under the programme of utilization as identified in this report. The estimates herein must not be used in conjunction with any other appraisal or Depreciation Report and may be invalid if so used.
6. 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 abstracted; it must be used in its entirety.
7. 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 Strata Corporation specified in this report without the written consent of the author, and in any event, only with the proper qualifications.
8. The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, 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.
9. Limiting Conditions: See Section 3.4 for any exclusions requested by Council.

EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

- None

DEPRECIATION REPORT

1.0 PURPOSE OF DEPRECIATION REPORT

This Depreciation Report is a financial document. The purpose of a Depreciation Report is to provide cost estimates for various reserve components that are subject to major repairs and/or replacement over the lifetime of the property, and to estimate the funding required for such major repairs and replacement in accordance with the provisions of Section 6.1 and 6.2 of the Strata Property Act.

The Effective Date of this Depreciation Report is **June 8, 2014**. The report was completed and delivered to Strata Council for review on November 12, 2014.

1.1 BC's Strata Property Act – Reserve Fund

This Depreciation Report complies with the reserve fund provisions of Section 6.2 of the Strata Property Act. Details of the Bylaw are included in the appendix.

2.0 METHODOLOGY

2.1 Depreciation Report

A Depreciation Report is a financial document, which provides the basis for funding major repairs and replacement of the common elements and assets of the corporation.

This Depreciation Report comprises the following elements:

- (1) it identifies the reserve components and assesses their quality, normal life span, and present condition;
- (2) it estimates the remaining serviceable years for each of the reserve components and proposes a time schedule for repairs and/or replacement
- (3) it provides current replacement cost estimates including the cost of removing worn-out items and special safety provisions;
- (4) it projects the future value of current replacement costs at an appropriate and compounded inflation rate;
- (5) it projects the future value of current reserve funds compounded at a long term interest rate;
- (6) it calculates current reserve fund contributions required and to be invested in interest bearing securities in order to fund future reserve fund expenditures.

The Depreciation Report is a practical guide to assist the Strata Council to plan budgets and maintenance programs.

2.2 Certified Reserve Fund Planning Standards

Regulation 43/2000 under the Strata Property Act requires that a reserve fund consist of a physical analysis and a financial analysis.

Real Estate Institute of Canada has established Reserve Fund Planning Standards that exceed the regulatory requirements and are now recognized and emulated across Canada. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

2.3 General Conditions and Assumptions

Reserve fund estimates are subjective, and they are based on an understanding of the life cycle of building components and our experience gained from observing buildings over a 30 year period. It must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every three years.

2.4 Reserve Fund Projection Factors

The Regulation 43/2000 under the Strata Property Act, requires that the financial analysis include the following:

(3)(a) the anticipated maintenance, repair and replacement costs for common expenses that usually occur less often than once a year or that do not usually occur, projected over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2) (b),

*(3)(b) a description of the factors and **assumptions**, including interest rates and **rates of inflation**, used to calculate the costs referred to in paragraph (a),*

In our opinion, the notion of an “assumed” annual inflation rate and an “assumed” interest rate in the Regulation is not realistic, as assumptions are personal perceptions or judgments, and therefore, subjective.

What is required is an objective basis for any estimates of inflation factors and interest rates. Inflation factors and interest rates must be derived from an economic analysis of the marketplace.

The estimated inflation factor and the selected interest rate are powerful factors in projecting reserve fund contributions and requirements. They can vary dramatically over time and must be periodically reviewed to ensure their relevance and accuracy.

Although the Regulations require a reserve fund plan to be projected over a period of at least 30 consecutive years, a long-term horizon in every respect, reserve fund projection factors can only be based on short-term economic conditions because of their volatility over time. The reserve fund projection factors must be periodically reviewed and adjusted in accordance with changing economic conditions as part of the reserve fund updating process, as mandated by the Regulations. Our assumptions for both interest rates and construction inflation rates are updated periodically, with support included in the appendix of this report.

3.0. SUBJECT PROPERTY

3.1 Property Description

The Subject was originally constructed in in three phases starting in 1991. The complex consists of a 222 unit, 3 storey, strata-titled apartment complex over an at grade parkade.

The property is known collectively as ‘Queens Gate’. The property is managed by First Service Residential BC Ltd.

3.2 Building Plans

The following plans were examined in the performance of the Depreciation Report:

- Architectural Plans
- Mechanical Plans
- Structural Plans
- Landscape Plan
- Strata plans

The plans consisted of two sets: the Construction Drawings and Strata Plans. The drawings were available in digital format.

Most quantities were estimated or measured on site or from the plans and are considered estimates. The buildings and site improvements were viewed on June 9, 2014.

Documents were retrieved from Richmond City Hall on July 9, 2014. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the cost estimates herein.

3.3 Property Data, Site Plan and Basic Construction

Project Data

The following data and information have been compiled from the available plans, and the walkthrough of the buildings and improvements. The data have been calculated using dimensions taken from the plans.

| | |
|-----------------|---|
| Building Height | 3 storey, strata-titled apartment complex |
| Occupancy | 222 strata lots, with 222 units |



3.3 Basic Construction Components

The project originally was constructed in 1991 in accordance with applicable building codes, fire codes, city by-laws, and construction practices in existence at that time. The quality of construction, materials and workmanship is considered to be good.

Excavation and Foundations

Property includes excavation and concrete foundations and footings; insulation and drainage system installations. The property is built over a single level, concrete parking garage.

Structure & Exterior Walls

The building includes exterior EIFS Stucco siding, rainscreened in 2002 over a wood frame structure. Exterior enclosures include double paned, aluminum framed window assemblies, exterior sliding patio doors, man access doors.

Roof and Drainage Construction

The roof is comprised of original “torch-on for the flat sections, and metal panels for the pitched sections, with aluminum gutters and downspouts.

Amenities

The property does include an indoor pool, games room, several rec rooms, 4 guest suites, a gym, offices, and meeting rooms. Outdoor amenity areas include a central courtyard with walkways and a central fountain.

Site

The site includes concrete aggregate walkway and paved central driveway. There is also a mix of concrete retaining walls, concrete walkways, and mature landscaping. There is wood fencing at the side and rear lot lines and metal fencing at the front.

Other features include standard site services, irrigation and perimeter drainage system.

3.4 Exclusions

No exclusions were made for this report.

4.0. RESERVE COMPONENT ANALYSIS AND ESTIMATED COSTS

4.1 Property Inspection

The property was viewed for the purposes of preparing this report on June 9, 2014, by:

- Kelvin Coley-Donohue, AACI, P.App, RI(BC), CRP
- Simon Poon, AACI, P.App, CRP

4.2 Reserve Fund Studies

To our knowledge, no reserve fund studies have been previously completed for this corporation.

4.3 Component Classification

Reserve Fund Components are conveniently classified in terms of building groups, common element facilities and site improvements. The component inventory consists of the reserve components, described and analyzed hereinafter, and shown in Schedules “A”, “B” and “C”.

There are a total of 41 components for the strata complex, divided into the following categories:

- A. Substructure – includes garage components
- B. Shell – includes roof windows, doors, exterior cladding, weatherproofing, etc
- C. Interior – includes any interior finishing items
- D. Services – includes mechanical, fire safety and conveyance
- E. Site Improvements- includes all exterior site components
- F. Periodic Expenditures – includes regular 3 to 6 year reoccurring items, include reserve fund updates and maintenance items which are not included in the other individual components

4.4 Life Span Analysis

Each reserve component has been analyzed in terms of life cycle condition and expected remaining useful life. The life span analysis considers the following factors:

- Type of Component
- Utilization
- Material
- Workmanship
- Quality
- Exposure to Weather Conditions
- Functional Obsolescence
- Environmental Factors
- Regular Maintenance
- Preventive Maintenance
- Observed Condition

The critical aspect in a Life Span Analysis is the Effective Age or Observed Condition of each

reserve component, which includes is based on:

- Actual age of the component
- Maintenance of the component
- Observed deficiencies of the component
- Repair and replacement experience
- Probability of hidden conditions
-

The Life Span Analysis culminates in component life span estimates, as follows:

1. Normal Life Span

Each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.

2. Effective Age or Observed Condition Analysis

This is the critical analysis of a reserve component and consists of determining the effective age of the reserve component within its normal life cycle based on the observed condition of the reserve component. 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 Economic Life or Remaining Life Span

Given a normal life span estimate and a sound estimate of the effective age, the remaining life span of a reserve component is determined by subtracting the observed condition estimate from the normal life span estimate. 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, or empirical, assessment of the life cycle status of a reserve component, and as such, it is only as good as the considered opinion of the reserve fund planner. Furthermore, the life span of a reserve component is subject to change due to numerous factors.

4.5 Current Cost Estimates

Reserve Fund component assessments and current cost estimates are based on our investigation, observation, analyses and our extensive experience in performing reserve fund studies.

Cost data have been calculated using construction cost services, including Marshall & Swift/Boeckh Commercial Building Valuation System, the RS Means Repair & Remodelling, modified as to time, location and quality of construction.

We also verified some estimates by seeking quotations from contractors, fabricators and suppliers. Moreover, we have used our own computer programs and extensive cost compilations and databases.

All costs are strictly estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required.

The following factors have been considered in calculating the Repair and Replacement Costs Estimates:

1) Quality of construction

Replacement 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.

The costs of repairs and/or replacements of many reserve components are invariably higher than original building costs when contractors have considerable latitude in planning their work and can utilize economies of scale to keep costs within construction budgets. In contrast, repair work must frequently be performed in an expedient manner with proper safety precautions and within certain constraints.

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

2) 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.

3) Goods and Services Tax and Provincial Sales Tax

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


4) Reserves


It is frequently impossible to forecast the incidence of repairs or replacements of various reserve components, particularly, major components, such as road pavement, 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.


5.0 RESERVE FUND COMPONENT ESTIMATES


The following lists each reserve fund component and provides the following information:


- Description
- Reserve Fund expenditure history
- Potential Deterioration
- Life Span Analysis
- Current Repair or Replacement Costs
- Deficiency Analysis


| Reserve Component: A2010 - Parkade Membrane | |
|---|---|
| |  |
| Physical Description | This component includes the parkade ceiling and the parkade roof membrane which is the exposed area outside of the superstructure. This prevents moisture penetration into the roof slab and into the parkade. The membrane consists of a mix of vinyl and liquid applied membrane the 1st floor, above the parkade. The above ground parkade in the complex means the the membrane doubles as a deck flooring for many of the open patios. |
| Financial Analysis | Most of the patio membranes appear ot have been replaced in 2002/2005. This is a contingency reserve allowance for the eventual full replacement of the membrane, as well for sealing cracks of the parkade ceiling. We have divided the allowances into 4 cycles, spaced 12 years apart. The 2005 report estimates \$295,000 with a service life of 15 years. Our benchmark estimates for costs are lower than in the report. |
| Potential Deterioration | Water infiltration into slab causing spalling, cracking and corrosion of rebar. Exposed membranes are suseptible to impact damage and lifting. Most of the parkade membranes are exposed, which makes finding leaks easier but also tends to shorten the life of the materials. |
| Condition & Deficiency Analysis | Council commissioned a report from TROW Associates, dated April 2005 which detailed the condition and composition of the parkade membrane. As detailed in the report, there is evidence of past epoxy injection repairs. The report states that most of the patios were remediated in 2005, with estimated future costs of \$295,000 every 15 years. The vinyl membranes form the surface of the patios, while there are others which are below concrete patios. There appear to be some recent patches observed throughtout. Some lifting and separation of the membranes were noted, although we did not conduct a thourough viewing of all the decks. Council also notes missing spray on insulation within the parkade in the 2013/2014 minutes. It is suggested that Council obtain multiple quotes for this work. |
| Life Cycle Analysis | <div> Date of Acquisition: 2005 Normal Life Span: 12 years Effective Age: 8 years Estimated Remaining Life Span: 4 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : \$106,180* Estimated Year of Major Repair or Replacement: 2019*phased </div> |


| Reserve Component: A2020 - Parkade Maintenance | |
|--|---|
| |  |
| Physical Description | This component may includes painting of lines and possibly walls, sealant re-coating of the floor and sealing of cracks on the floor of the parkade |
| Financial Analysis | This is a reserve allowance for crack leveling and resealing of the parkade floor every 10 years. The allowance also allows for repainting of the parking stall lines. No historical expenditure were reported for resealing. |
| Potential Deterioration | General wear and tear from vehicle traffic, salts and oils will erode the sealant on the floor of the parkade |
| Condition & Deficiency Analysis | The parkade floor shows minor cracks and typical signs of wear. Periodic power washing was conducted in 2014 at a cost of about \$3000, and is reported to be annual (power washing is a Operations expense). Although this is not as important as the membrane seals above, strata should consider resealing the floors as well sometime in the intermediate future, |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 2005 10 years 8 years 2 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$30,807 2017 </div> |


| Reserve Component: A2030 - Garage Doors and Mechanisms | |
|--|--|
| |  |
| Physical Description | This component includes the roll up door, motor, sensors, rails and chain. |
| Financial Analysis | This is a reserve allowance to replace components as they fail. The allowance would mainly be the motor and sensors for the garage doors. No Historical Expenditures were noted. |
| Potential Deterioration | Wear and tear on the moving components, impact damage Damage to doors from impact, wear on the tracks, chains, gears, and motors, as well as mechanical failure. |
| Condition & Deficiency Analysis | The metal roll up doors generally don't require replacing with property maintenance. The motor is the main component that would require periodic replacement and repairs. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 14 years 6 years 8 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$12,000 2023 </div> |


| Reserve Component: B2012 - Exterior Walls, Stucco | | | | | | | | | |
|--|---|---|-----------|--|----------|----------------|---------|--------------------------------|----------|
|  | | | | | | | | | |
| Physical Description | The upper floors of the building include an acrylic stucco siding with EIFS trim and rainscreen. | | | | | | | | |
| Financial Analysis | The stucco appears to have been replaced in 2002 by Trow Engineering, although no financials or records were received for that period. The contingency allowance is for the replacement of the stucco on building at the end of its service life. | | | | | | | | |
| Potential Deterioration | Impact damage, and settlement of foundation may cause cracks; resulting in potential water ingress. Regular painting will extend the life of this component. | | | | | | | | |
| Condition & Deficiency Analysis | No water ingress was observed or reported in minutes. The stucco appeared to be well maintained. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>2002</td></tr> <tr> <td>Normal Life Span:</td><td>30 years</td></tr> <tr> <td>Effective Age:</td><td>8 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>22 years</td></tr> </table> | Date of Acquisition: | 2002 | Normal Life Span: | 30 years | Effective Age: | 8 years | Estimated Remaining Life Span: | 22 years |
| Date of Acquisition: | 2002 | | | | | | | | |
| Normal Life Span: | 30 years | | | | | | | | |
| Effective Age: | 8 years | | | | | | | | |
| Estimated Remaining Life Span: | 22 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$298,317</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2037</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$298,317 | Estimated Year of Major Repair or Replacement: | 2037 | | | | |
| Current Repair or Replacement Cost Estimate : | \$298,317 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2037 | | | | | | | | |


| Reserve Component: B2110 - Exterior, Window Assemblies | | | | | | | | | |
|--|--|---|------------|--|----------|----------------|----------|--------------------------------|----------|
| |  | | | | | | | | |
| Physical Description | The window assemblies are the exterior windows that are installed in living areas of owners' units and are a combination of picture windows and bay windows with double panes with a complete sliding portion or casements. | | | | | | | | |
| Financial Analysis | We have divided the allowances into 4 phases, spaced 5 years apart, allowing for full replacement in a 20 year period. Actual replacement would be as the window seals fail. Costs would be for the sealed units only, not replacement of the entire window frames. The earliest allowance is in 2017, although actual expenditures may begin being incurred as early as 2015. | | | | | | | | |
| Potential Deterioration | The windows are double pane and are primarily susceptible to impact damage, broken seals or tearing of screening materials. Broken seals will allow the escape of the gas between the glass panes allowing condensation to form which will cause clouding. Other deterioration, of frames and sliders can be caused by elements and sunlight causing oxidation and deterioration | | | | | | | | |
| Condition & Deficiency Analysis | Generally well maintained. \$15,200 had been spent/budgeted in the 2014/2014 year. Windows were observed to be in above average condition, although they are approaching the age at which some will begin to lose their seals. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>35 years</td></tr> <tr> <td>Effective Age:</td><td>24 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>11 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 35 years | Effective Age: | 24 years | Estimated Remaining Life Span: | 11 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 35 years | | | | | | | | |
| Effective Age: | 24 years | | | | | | | | |
| Estimated Remaining Life Span: | 11 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$378,966*</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2026*</td></tr> <tr> <td></td><td>*phased</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$378,966* | Estimated Year of Major Repair or Replacement: | 2026* | | *phased | | |
| Current Repair or Replacement Cost Estimate : | \$378,966* | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2026* | | | | | | | | |
| | *phased | | | | | | | | |

| Reserve Component: B2120 - Exterior, Skylights | |
|--|--|
| |  |
| Physical Description | The complex includes skylights on the upper floor units in buildings 2 and 3. |
| Financial Analysis | Like windows, periodic replacement of "blown" sealed units as windows fail. The allowance would be for the eventual replacement of all the skylights. The actual replacement schedule may be more or less often, as required. |
| Potential Deterioration | The glass is double pane and is primarily susceptible to impact damage, broken seals. Broken seals will allow the escape of the gas between the glass panes allowing condensation to form which will cause clouding. Other deterioration, of frames and seals can be caused by elements and sunlight causing oxidation and deterioration |
| Condition & Deficiency Analysis | The skylights viewed appeared fairly new and in good condition. The trim and seals appeared to be intact. We are advised that a number of the skylights were replaced with the roof replacement. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 2012 25 years 3 years 22 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$27,248 2037 </div> |


| Reserve Component: B2210 - Exterior Doors | |
|--|--|
| |  |
| Physical Description | This component includes all exterior service doors, patio swing doors, balcony doors. The exterior serviced doors are metal fire rated and insulated. The main lobby doors consist of aluminum and glass double doors with a glass surround. The patio doors consist of aluminum/wood framed units with glass inserts. |
| Financial Analysis | The reserve includes an allowance for the eventual replacement of all the doors and any rotted or deteriorating frames. Reserve is typically for replacement of the doors only, not including any hardware. |
| Potential Deterioration | Sills rot from water, insect, or impact damage. Door skins suffer impact damage or weathering. Most exterior metal are protected from elements, due to recess in building. |
| Condition & Deficiency Analysis | Average to Good. Generally well maintained. These components could last for far longer than 40 years given proper care and maintenance |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 40 years 24 years 16 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$139,590* 2031* *phased </div> |


| Reserve Component: B2310 - Balcony Membranes | |
|--|--|
| |  |
| Physical Description | This reserve item is for the above ground floor balcony membranes. The deck cover is comprised of polyvinyl chloride (PVC) sheets. Majority of exposed membrane assemblies are relatively well protected by the elements by overhead covers with the exception of the upper floor balconies. There are also areas over the ground floor common areas where the membranes are covered with concrete pavers. |
| Financial Analysis | Previous balcony repairs have been done as per need basis. We have allowed for replacement of the balconies at the end of their life cycle. |
| Potential Deterioration | The bolts that secure the rails are directly attached to the balcony assembly through the deck's membrane. The manner in which the rails are secured to the balconies pose potential water ingress issues if not checked and sealed periodically around the bolts. |
| Condition & Deficiency Analysis | Balcony membranes appeared to be in good condition, although no direct access was available to the balconies. The membranes were all reported to have been replaced in 2002, with the siding replacement. We were not able to view this component directly. |
| Life Cycle Analysis | <div> Date of Acquisition: 2002 Normal Life Span: 25 years Effective Age: 8 years Estimated Remaining Life Span: 17 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : \$57,510 Estimated Year of Major Repair or Replacement: 2032 </div> |


| Reserve Component: B2320 - Balcony Railings | |
|---|---|
| |  |
| Physical Description | This reserve item accounts for the aluminum decorative railings situated above the ground floors. The rails are bolted to supporting walls. |
| Financial Analysis | No historical expenditures noted. A allowance has been made for replacement where necessary over the life of the component. |
| Potential Deterioration | The bolts that secure the rails are directly attached to the PCV decking pose potential water ingress issues if not checked and sealed periodically. |
| Condition & Deficiency Analysis | Rails appeared to be in good condition. It is unclear whether these have been replaced with the balcony membranes. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991/2002 50 years 15 years 37 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$36,174 2052 </div> |

| Reserve Component: | B3010 - Roof - Flat, Membrane | |
|--|--|--|
| |  | |
| Physical Description | The roof structures of the three buildings included a two-ply SBS membrane with pitched and flat metal sections. | |
| Financial Analysis | The roof membrane has completely been replaced in phases over the past 2 years by RDR roofing. The project included a special assessment in 2012 in the amount of \$1.27 million. | |
| Potential Deterioration | Penetrations for roof vents or stacks, seagull nesting, wind damage, or exposure to foot traffic cause premature failures of the material. Over time the membrane will deteriorate as a result of UV Damage, heat, age, and lose flexibility resulting in shrinkage, curling and cracking requiring eventual replacement. | |
| Condition & Deficiency Analysis | A roof assessment report was conducted in 2010 by Levelton Consultants, indicating the need for re-roofing throughout the three buildings. The reroofing was subsequently performed in three phases. Minutes indicate completion dates as follow: Phase 1 (Building 8520/8560) in August 2013. Phase II (8500) in Feb 2014, and Phase III (8580) sometime in 2014. | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 2013/2014 22 years 2 years 20 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$508,294 2035 |


| Reserve Component: B3015 Roof – Pitched, Metal | | |
|--|--|--|
| |  | |
| Physical Description | This component refers to standing seam metal roofing with a membrane under these sections. | |
| Financial Analysis | This reserve refers to a full replacement of the standing seam metal roof, new ridge vents, caps, and snow retaining system. The reserve also includes removal of cladding. | |
| Potential Deterioration | Loose seams and cracked penetrations; natural expansion and contraction of the metal can cause screws and fasteners to loosen over time; metal will pull at seams, leading to crack formation around stacks and other penetrations; exposure to elements will eventually lead to rust and corrosion on metal which can lead to holes in the metal; cold temperatures from under-insulated metal roof can cause condensation on the inside of the metal, causing leaks in the building. | |
| Condition & Deficiency Analysis | The roof was completely surfaced in 2013/2014. It is unclear whether the metal sheets were reused as some rusting is evident at the seams. Flashing was completely replaced. Metal roofs typically last 40+ years with proper installation and maintenance. | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 2013/2014 40 years 2 years 38 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$227,618 2053 |

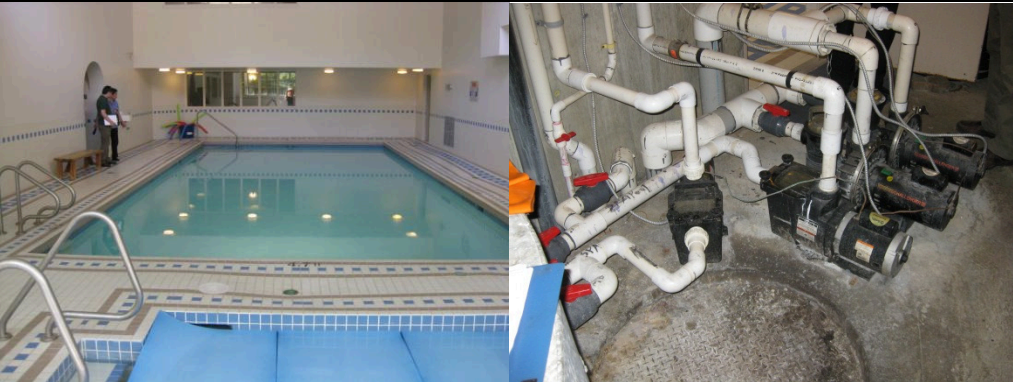
| Reserve Component: B3110 - Eavestroughs and Downspouts | | | | | | | | | |
|--|---|---|-----------|--|----------|----------------|---------|--------------------------------|----------|
|  | | | | | | | | | |
| Physical Description | Aluminum gutters at the sloped roof system, with some in-deck drains, transitioning to exterior downspouts. There are also a number of interior drains emptying through the parkade. | | | | | | | | |
| Financial Analysis | Periodic Replacement required, approximately every 25 years, at time of roof replacement. | | | | | | | | |
| Potential Deterioration | Impact damage from ladders or trees. Periodic Painting as colour schemes is changed. | | | | | | | | |
| Condition & Deficiency Analysis | Average condition. The interior drains will likely not need to be replaced but the exterior gutters and downspouts will eventually require replacement. The aluminum can last through one or two roof replacement cycles. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>2013/2014</td></tr> <tr> <td>Normal Life Span:</td><td>40 years</td></tr> <tr> <td>Effective Age:</td><td>2 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>38 years</td></tr> </table> | Date of Acquisition: | 2013/2014 | Normal Life Span: | 40 years | Effective Age: | 2 years | Estimated Remaining Life Span: | 38 years |
| Date of Acquisition: | 2013/2014 | | | | | | | | |
| Normal Life Span: | 40 years | | | | | | | | |
| Effective Age: | 2 years | | | | | | | | |
| Estimated Remaining Life Span: | 38 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$5,512</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2053</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$5,512 | Estimated Year of Major Repair or Replacement: | 2053 | | | | |
| Current Repair or Replacement Cost Estimate : | \$5,512 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2053 | | | | | | | | |

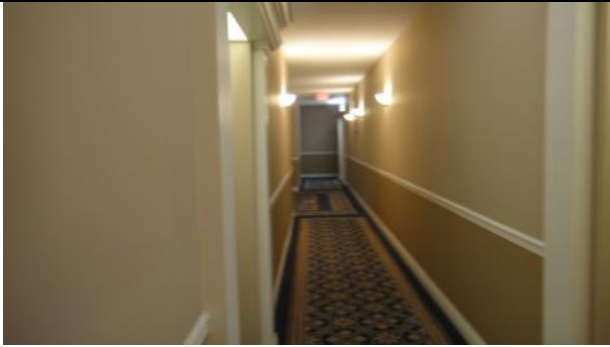
| Reserve Component: B4020 - Caulking and Weatherstripping | | | | | | | | | |
|--|---|---|----------|--|----------|----------------|---------|--------------------------------|---------|
| |  | | | | | | | | |
| Physical Description | Building caulking and silicone sealants would be installed around windows and exterior doors, at interface with wall materials. The primary function of this component is to fill gaps where weather or moisture can penetrate the building envelope. Weatherstripping around moving components of doors, sliders, and opening portions of windows. The primary function of this component is to prevent drafts, heat losses, moisture penetration around door opening. | | | | | | | | |
| Financial Analysis | Periodic replacement. Complete removal of old materials, then re-application of new material. Doors and opening parts of windows will need periodic replacement of weather stripping. | | | | | | | | |
| Potential Deterioration | Potential deterioration of caulking and weather proofing is predominantly from age and exposure to elements with UV radiation and water as key contributors. Caulking relies on flexibility to maintain seals between building materials and is attacked and gradually succumbs to elements such as sunlight, rain and temperature fluctuations. The weatherstripping also relies on flexibility and could be damaged or torn by moving components. | | | | | | | | |
| Condition & Deficiency Analysis | Inspection should be conducted on a regular basis to ensure that caulking and weather-stripping is still effective. We have assumed that the caulking has been renewed at the time of the full siding replacement. If this is the case, the caulking is now 13 years old, and typically has a life of up to 15 years. It is typical to recaulk with painting. This items should be revisited in the medium term. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>2002</td></tr> <tr> <td>Normal Life Span:</td><td>15 years</td></tr> <tr> <td>Effective Age:</td><td>8 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>7 years</td></tr> </table> | Date of Acquisition: | 2002 | Normal Life Span: | 15 years | Effective Age: | 8 years | Estimated Remaining Life Span: | 7 years |
| Date of Acquisition: | 2002 | | | | | | | | |
| Normal Life Span: | 15 years | | | | | | | | |
| Effective Age: | 8 years | | | | | | | | |
| Estimated Remaining Life Span: | 7 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$43,352</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2022</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$43,352 | Estimated Year of Major Repair or Replacement: | 2022 | | | | |
| Current Repair or Replacement Cost Estimate : | \$43,352 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2022 | | | | | | | | |


| Reserve Component: B5000 - Exterior Painting | |
|--|---|
|  | |
| Physical Description | Exterior stucco and fencing. The primary function of painting is to enhance the curb appeal of property and to help sustain the life expectancy of the components. Painting is a low cost protective covering over various materials |
| Financial Analysis | Periodic painting of the exterior should be undertaken every 7-10 years. Longer periods in between paint jobs generally leads to higher costs. |
| Potential Deterioration | Paint deterioration is caused by the degradation of certain pigments and the film-forming component of the paint caused by prolonged exposure to sunlight, moisture and freeze-thaw cycles. Early signs of deterioration include loss of gloss or sheen, change in colour and increased chalkiness. |
| Condition & Deficiency Analysis | The paint appeared in good condition. No expenditures were reported since the property had its siding replaced in 2002. Although the paint appears in good condition, council should consider repainting as |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 2002 10 years 5 years 5 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$181,641 2020 </div> |

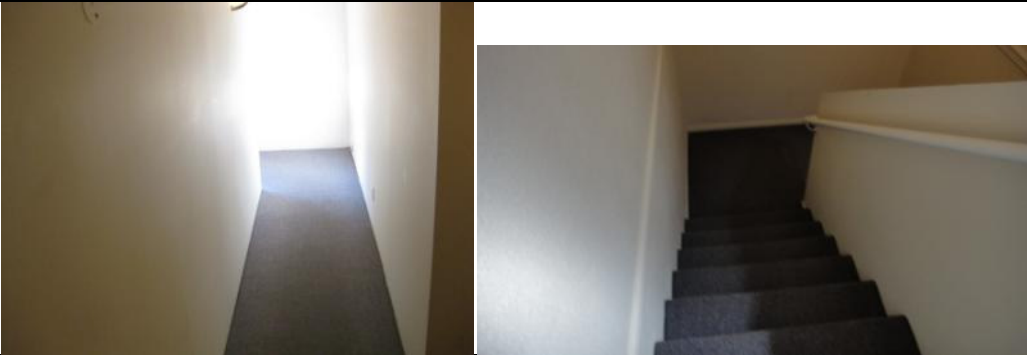
| Reserve Component: C2010 - Lobby Redecoration | |
|--|---|
|  | |
| Physical Description | Each of the common area lobbies in each of the buildings includes basic furnishing and decorations. Flooring consisted of tile and carpets. |
| Financial Analysis | No significant expenditures were reported for the lobbies. The interior of the each lobby is original. Typically, the interior furnishings and décor is update to suite the residents, and the life cycle can vary widely. We have used a replacement cycle of 15 years for redecoration. |
| Potential Deterioration | The entry lobby flooring is subject to high traffic volumes on a daily basis; therefore, susceptible to wear at a greater rate than most other common areas. |
| Condition & Deficiency Analysis | The lobby areas viewed appeared well maintained and in good condition. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 15 years 5 years 10 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$61,875 2025 </div> |


| Reserve Component: C2012 - Common Area Amenity Rooms | | | | | | | | | |
|--|--|---|----------|--|----------|----------------|---------|--------------------------------|----------|
|  | | | | | | | | | |
| Physical Description | There are several common area amenity rooms located throughout the three buildings. These include hobby rooms, rec rooms, guest suites, a large Social/Rec room with a mezzanine, offices, a gym as well as washrooms and change rooms. Plans also show a caretaker suite in Building 1, which has been included. This component does not include the pool or mechanical equipment or the lobby. | | | | | | | | |
| Financial Analysis | An allowance has been made for the eventual refurbishment and periodic renovation of each of these areas, including an allowance for furnishings, cosmetic changes, appliance replacement and plumbing fixtures. | | | | | | | | |
| Potential Deterioration | The common amenity rooms are not subject to high traffic volumes on a daily basis; therefore, are less susceptible to wear than common hallways and lobby areas. Changes for aesthetic purposes are more likely than changes due to wear. Other factors include vandalism and general wear from use. | | | | | | | | |
| Condition & Deficiency Analysis | Amenity rooms, washrooms and changerooms appeared in good condition. The areas viewed were well maintained. Expenditures are likely for ongoing updating, maintenance and eventual replacement of furnishings, fixtures, paint etc. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>15 years</td></tr> <tr> <td>Effective Age:</td><td>5 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>10 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 15 years | Effective Age: | 5 years | Estimated Remaining Life Span: | 10 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 15 years | | | | | | | | |
| Effective Age: | 5 years | | | | | | | | |
| Estimated Remaining Life Span: | 10 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$47,503</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2025</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$47,503 | Estimated Year of Major Repair or Replacement: | 2025 | | | | |
| Current Repair or Replacement Cost Estimate : | \$47,503 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2025 | | | | | | | | |


| Reserve Component: C2015 - Swimming Pool | | |
|--|---|--|
|  | | |
| Physical Description | The swimming pool area includes the swimming pool deck surface and whirlpool, as well as associated mechanical equipment. Note that the plans did not show design details the pool and whirlpool or the equipment. | |
| Financial Analysis | An allowance has been made for partial replacement of the mechanical equipment possible regrouting of the pool and deck. Reported expenditures included expenditures for regrouting and mechanical repairs over the past 4 years, totalling about \$50,600. | |
| Potential Deterioration | Pool decks and lining may develop cracks and leaks through settlement which will require sealing/regrouting or liner replacement. Pool equipment is highly sensitive to chemical imbalances. Improper maintenance may severely shorten the life of some components. The mechanical equipment is subject to normal wear over time. Typical life spaces are between 20 to 25 years. The life is also dependent on the level of use. | |
| Condition & Deficiency Analysis | Council advises that the pool fans appear to be underperforming and may need to be upgraded to a higher capacity unit. Costs will depend on whether ducts and other components will need to be replaced as well. The equipment in the complex is assumed to be original, and thus about 24 years old. As with most mechanical equipment, the service life can be extended with regular maintenance and replacement of worn out parts. | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 1991 15 years 9 years 6 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$70,555 2021 |


| Reserve Component: C3010 - Interior Painting and Décor | | | | | | | | | |
|--|---|---|----------|--|----------|----------------|---------|--------------------------------|---------|
| |  | | | | | | | | |
| Physical Description | This component includes the painting of the interior walls and trim in the hallways, stairs, landings higher traffic common areas | | | | | | | | |
| Financial Analysis | The component includes allowances for repainting/re-wallpapering the interior common area hallways and stairs. | | | | | | | | |
| Potential Deterioration | Repainting is more a matter of aesthetic preference of the residents than physical deterioration. Repainting and redecorating generally varies with the preferences of the residents. | | | | | | | | |
| Condition & Deficiency Analysis | The interior paint and trim appear to be in good condition. Minor expenditures for furniture/equipment replacement are budgeted annually. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>16 years</td></tr> <tr> <td>Effective Age:</td><td>8 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>8 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 16 years | Effective Age: | 8 years | Estimated Remaining Life Span: | 8 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 16 years | | | | | | | | |
| Effective Age: | 8 years | | | | | | | | |
| Estimated Remaining Life Span: | 8 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$33,488</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2023</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$33,488 | Estimated Year of Major Repair or Replacement: | 2023 | | | | |
| Current Repair or Replacement Cost Estimate : | \$33,488 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2023 | | | | | | | | |


| Reserve Component: C3020 - Interior Doors | | |
|--|---|--|
| |  | |
| Physical Description | This component includes the ground level service doors and upper floor stairwell and fire doors. We have not includes individual suite doors. All the doors are fire rated and insulated metal designs. | |
| Financial Analysis | An allowance has been made for a partial replacement of the common area interior fire doors and amenity room doors. No allowance has been made for the suite doors. | |
| Potential Deterioration | Impact Damage, or vandalism. Hardware will need replacement in far future, if well maintained. | |
| Condition & Deficiency Analysis | The interior doors appeared functional and in good condition. Two doors were reported to be replaced in 2014 at the cost of \$4230, with some of the cost attributed to concrete work around the frame. The remainder are assumed to be original. | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 1991 40 years 24 years 16 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$20,475 2031 |


| Reserve Component: C3100 - Carpeting and Tile | | | | | | | | | |
|--|---|---|-----------|--|----------|----------------|---------|--------------------------------|----------|
|  | | | | | | | | | |
| Physical Description | Component includes the flooring in the higher traffic common areas, including the hallways and stairs. Does not include the lobbies and amenity rooms. Upper floor hallways and stairs all included carpeting. | | | | | | | | |
| Financial Analysis | Replacement cycles depend on the amount of traffic and preferences of the residents. High traffic areas may need premature replacement, whereas upper floor carpets may last well beyond the typical expected life. We have included this allowance in 2 phases spaced 3 years apart. | | | | | | | | |
| Potential Deterioration | The carpets are subject to normal wear patterns in high traffic areas. Regular cleaning would extend the life of the carpets. | | | | | | | | |
| Condition & Deficiency Analysis | The carpeting appeared in good condition throughout the areas viewed. The carpets are reported to be cleaned annually. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>24 years</td></tr> <tr> <td>Effective Age:</td><td>8 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>16 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 24 years | Effective Age: | 8 years | Estimated Remaining Life Span: | 16 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 24 years | | | | | | | | |
| Effective Age: | 8 years | | | | | | | | |
| Estimated Remaining Life Span: | 16 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$190,600</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2031</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$190,600 | Estimated Year of Major Repair or Replacement: | 2031 | | | | |
| Current Repair or Replacement Cost Estimate : | \$190,600 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2031 | | | | | | | | |


| Reserve Component: D1010 - Elevator Cab | |
|--|--|
| |  |
| Physical Description | This component addresses the periodic, cosmetic updates of elevator cab interior. |
| Financial Analysis | Typically, elevator manufacturer or service company will modernize the wall panels, floor, lighting, and controls. |
| Potential Deterioration | Typically wear and tear from use and moving, or possible vandalism. Strata may wish to update the look at the time of a lobby upgrade. |
| Condition & Deficiency Analysis | The interior of the elevator cabs appeared in good condition, and are assumed to be original. Phone systems were reported to be installed in the cabs in 2013 at a cost of \$6930. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 40 years 20 years 20 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$36,000 2035 </div> |


| Reserve Component: D1011 - Elevator Modernization | | | | | | | | | |
|--|--|---|-----------|--|----------|----------------|----------|--------------------------------|----------|
|  | | | | | | | | | |
| Physical Description | This component is assumed to be comprised of a typical hydraulic elevator system, which includes the elevator cab, rail system, braking system controller, dispatcher, motor, hydraulic fluid holding tank, and hydraulic pump. | | | | | | | | |
| Financial Analysis | According to historical financials, monthly maintenance invoices were up-to-date. Typically, monthly maintenance contracts will account for the replacement of any out-of-date or malfunctioning parts. The elevator cylinder and PVC sleeve was reported to be replaced in 8580 at a cost of \$109,464. We have given a standardized allowance for each of the remaining elevators over a 30 year period. | | | | | | | | |
| Potential Deterioration | Wear and tear from continuous use, and quality of maintenance. Likely replacement would be for major components on an as required basis, rather than a total re-build. | | | | | | | | |
| Condition & Deficiency Analysis | Assumed good; hidden component. Only work in the elevator in building 8580 was reported. Consultation regarding the condition of the elevators is beyond the scope of our work. No reports for these components were received. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>30 years</td></tr> <tr> <td>Effective Age:</td><td>16 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>14 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 30 years | Effective Age: | 16 years | Estimated Remaining Life Span: | 14 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 30 years | | | | | | | | |
| Effective Age: | 16 years | | | | | | | | |
| Estimated Remaining Life Span: | 14 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$200,000</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2029</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$200,000 | Estimated Year of Major Repair or Replacement: | 2029 | | | | |
| Current Repair or Replacement Cost Estimate : | \$200,000 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2029 | | | | | | | | |


| Reserve Component: D2010 - Piping | | |
|--|--|--|
|  | | |
| Physical Description | Components include water distribution lines and vertical stacks running throughout the interior of the three buildings | |
| Financial Analysis | These are long lived components with eventual replacement of all piping systems. Long term costing of complete pipe replacement is difficult and would require a more accurate onsite quote. The figures provided is a benchmark based on piping plans. The 2011 Besant report estimates a complete retrofit of the three buildings would cost \$1.6 million. Historical expenditures show intermittent repair expenses, with \$35,000 budgeted for repairs in the 2015 fiscal year. In addition, we have budgeted allowances in 3 phases over 12 years (between roughly 2033 and 2041) to allow for possible replacement. | |
| Potential Deterioration | Corrosion causing pinholing in water supply, cavetation and corrosion of waste lines. Possible damage due to settlement, or damage due to freezing, impact, or vandalisim in parkade with suspended piping. | |
| Condition & Deficiency Analysis | As most lines are hidden between floors and within walls. An evaluation of the domestic water pipes, conducted by Besant & Associates Engineers in August 2011 found localized pin-hole leaks in some areas. A water treatment system was installed to mitigate these problems. The typical lifespan of domestic water pipes varies between 40 to 50 years typically before complete repalcement is required. As noted in the report, if there appears to be significant repair costs for leaks, this timetable would need to be moved forward. | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 1991 50 years 24 years 26 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$1,028,492* 2041* *phased |


| Reserve Component: D2100 - Boiler & Hot Water Tank | |
|--|--|
| |  |
| Physical Description | This component includes the domestic hot water tanks, water pump, recirculating pump and boilers. |
| Financial Analysis | These components typically have life spans of 7 to 15 years, with maintenance and replacement at the end of the life cycles. The CRF allowance is for the replacement of these components. No financial history was received. |
| Potential Deterioration | Deterioration may arise from stress induced corrosion resulting in cracks, overheating, and impurities within the water causing internal corrosion |
| Condition & Deficiency Analysis | One hot water tank was replaced in 2013 at a cost of \$3970. There was a repair to another in 2014 at a cost of \$2950. 3 tanks were reported to have been replaced between 2008 and 2010. The remainder are assumed to have been replaced at various points over the last 10 years. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 15 years 6 years 9 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$69,000 2024 </div> |


| Reserve Component: D3010 - Makeup Air Units | |
|--|---|
|  | |
| Physical Description | This component is comprised of the makeup air unit (MAU) supplying heated airflow within the main corridors within the building, as well as the ventilation fans throughout the building. |
| Financial Analysis | The MAU and ventilator units are assumed to be serviced and replaced appropriately. The parkade exhaust fans were in serviceable operation at the time of site review. |
| Potential Deterioration | The MAU is exposed to the environment and the exterior components will eventually deteriorate from wind, rain and UV rays. |
| Condition & Deficiency Analysis | Historical financials show \$6147 spent in 2013 and \$3659 spent in 2014 for repair work. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 20 years 14 years 6 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$38,951 2021 </div> |


| Reserve Component: D4010 - Sprinklers | |
|--|---|
|  | |
| Physical Description | This component is comprised of a dry distribution system which includes standpipes and sprinkler heads. Sprinklers are located in the basement locker areas and parkades, with standpipes located throughout the building; mainly in exit stairwells |
| Financial Analysis | Annual fire inspections should be performed. Historical financials do not indicate any replacements. |
| Potential Deterioration | Valves can leak and pipework can become disconnected. The enclosed sprinkler rooms must remain closed to precipitation from corroding the metal components and warm enough to prevent water from freezing. Air compressor for dry standpipes, needs replacement periodically. |
| Condition & Deficiency Analysis | Average. Minimal surface corrosion was observed on the piping and valve components. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 40 years 24 years 16 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$171,150 2031 </div> |

| Reserve Component: D4100 - Fire panel and Emergency Lighting | |
|--|--|
| |  |
| Physical Description | This item includes the fire annunciator panel, pull stations, smoke and heat detectors and other devices such as public address systems if there is one. Emergency lighting and controls systems are also included. Life safety systems consist of the main panel, sub-panel, wiring and end devices. These end devices include heat detectors, smoke detectors, pull stations and flow switches. For items affecting life safety it activates an alarm within the building to warn occupants to evacuate. |
| Financial Analysis | Ongoing maintenance from fire safety inspections is typical. The fire control panel generally has a long lifespan. This is a contingency reserve item. |
| Potential Deterioration | Technological and safety code changes will cause any part(s) of the system to be replaced. |
| Condition & Deficiency Analysis | The system appeared in good shape and operational at site visit. The annunciator panels appeared older but functional. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 30 years 20 years 10 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$24,000 2025 </div> |

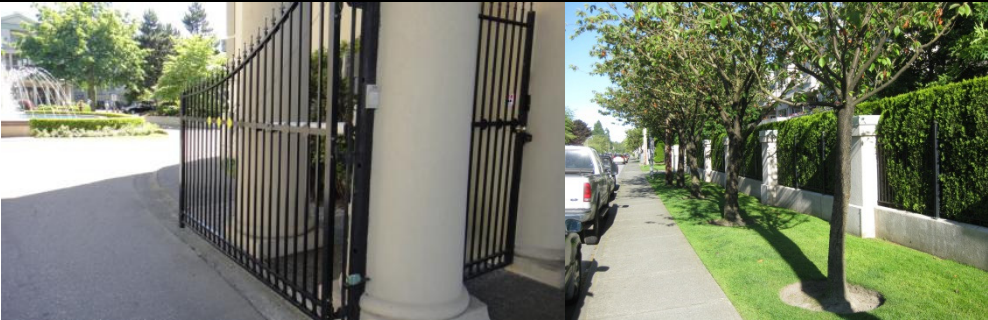
| Reserve Component: D5010 - Electrical Services and Distribution | |
|---|---|
| |  |
| Physical Description | This reserve includes the incoming electrical service, various distribution panels, electrical cables and wiring, connections in the complex. The distribution to the common element equipment and end devices is included within this component, while the distribution within the individual units is the individual owners' responsibility. |
| Financial Analysis | The reserve is a long-term reserve provision and consists of a contingency estimate for the electrical systems which is deemed to be sufficient for any electrical repairs or electric component replacements. It is not a total replacement estimate, as the electrical systems should last the lifetime of the building. |
| Potential Deterioration | This component requires distribution wiring and connection points which generally last the lifetime of the building. High voltage wiring connections should be tight as over time, due to metal fatigue or corrosion, the screws holding the wire to their terminals can become loose. If electrical current arcs across the resultant gap, fire can result. Loose connections cause heat to build up and also increase the potential for a large scale power failure. The electrical systems should be regularly inspected and thermo-graphically analyzed and any 'hot spots' corrected. End devices such as receptacles and light fixtures are generally affected by electrical component failures, vandalism or misuse. |
| Condition & Deficiency Analysis | The observed condition of the electrical components is assumed to show little signs of damage or misuse. Periodic replacement of fixtures is expected to have been undertaken as part of stratas' safety measures. Electrical panels are properly covered. |
| Life Cycle Analysis | <div> Date of Acquisition: 1991 Normal Life Span: 70 years Effective Age: 24 years Estimated Remaining Life Span: 46 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : \$112,000 Estimated Year of Major Repair or Replacement: 2061 </div> |


| Reserve Component: D5030 - Exterior Lighting | | | | | | | | | |
|--|--|---|---------|--|----------|----------------|----------|--------------------------------|---------|
|  | | | | | | | | | |
| Physical Description | This component includes all the exterior ceiling mounted, wall mounted, and free standing light fixtures found outside the building. | | | | | | | | |
| Financial Analysis | The reserve is for replacement of fluorescent and wall mounted units. Periodic replacement is more likely than wholesale change. For this reason, a partial allowance is included. | | | | | | | | |
| Potential Deterioration | Since the system is comprised of electrical components and assuming on going maintenance, deterioration is primarily due to change and possible difficulty in finding spare parts. Wholesale re-decoration, or improvement in power use efficiency may dictate a change in the future fixtures being used. | | | | | | | | |
| Condition & Deficiency Analysis | The lighting fixtures appear in good condition. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>15 years</td></tr> <tr> <td>Effective Age:</td><td>11 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>4 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 15 years | Effective Age: | 11 years | Estimated Remaining Life Span: | 4 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 15 years | | | | | | | | |
| Effective Age: | 11 years | | | | | | | | |
| Estimated Remaining Life Span: | 4 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$2,400</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2019</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$2,400 | Estimated Year of Major Repair or Replacement: | 2019 | | | | |
| Current Repair or Replacement Cost Estimate : | \$2,400 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2019 | | | | | | | | |

| Reserve Component: D5040 - Access Control and Security | |
|--|--|
|  | |
| Physical Description | This component encompasses the enterphone access systems, the new fob access systems, as well as the CCTV security system. |
| Financial Analysis | Allowances are made for replacement and repair of this system. Although generally not prone to failure, replacement is often for increased security or to upgrade to newer technology, as is the case with the installation of the fob system. |
| Potential Deterioration | Access control and security systems fail due to electrical problems and wear, vandalism and accidental damage. Functional obsolescence is also sometimes a factor as newer and better systems come available. |
| Condition & Deficiency Analysis | Installed Fob system and security cameras in 2014. No records were received regarding the amount spent on this upgrade. The access control panels at the entrance of each lobby and at the front gate appear to be original. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 30 years 18 years 12 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$60,000 2027 </div> |


| Reserve Component: E1010 Fencing - Wood | |
|--|---|
|  | |
| Physical Description | Cedar panel perimeter fencing found along the rear and side lot lines of the complex. |
| Financial Analysis | Periodic painting required to combat weathering. Reserve is for full replacement. Alternatives would be for periodic allowances. |
| Potential Deterioration | This component is subject to rotting caused by mildew, exposure to moisture and age. Wet/Dry cycle as well as string trimmer use, destroys posts prematurely at ground level. Panels are subject to rot, vandalism, and impact damage. Regular painting or staining. To lengthen the lifespan of this component, it is advisable to regularly stain or paint the wood with a quality outdoor product that provides good protective properties. Protection of post bottoms at grass level will extend the life, aluminum flashing works effectively. |
| Condition & Deficiency Analysis | The wood perimeter fence appears to be in fair condition. Some of the beams showed visible sagging and some of the posts were leaning significantly. Council reports partial replacement in 2012 at a cost of \$2905. Full fence replacement was proposed in the 2012 minutes but appears to be deferred. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 25 years 24 years 1 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$33,418 2016 </div> |


| Reserve Component: | E2010 - Patios and Walkways | |
|--|---|--|
| |  | |
| Physical Description | This component encompasses the exterior common area concrete and concrete stairs, walkways, and patios comprised of brick pavers. | |
| Financial Analysis | Typically, replacement or repair for this component is as required; unlikely to replace all in a single occurrence. A partial allowance has been allocated for this component for minor replacement and repair work as deemed necessary | |
| Potential Deterioration | Deterioration caused by weathering, usage, lack of regular repairs, freeze-thaw cycles. | |
| Condition & Deficiency Analysis | Sidewalk and stair crack repairs are ongoing. \$5451 was spent in 2013. The pavers, concrete steps and sidewalks appeared in above average condition. | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 1991 35 years 15 years 20 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$64,292 2035 |


| Reserve Component: E2055 - Fencing, Gates & Privacy Screens | | | | | | | | | |
|--|---|---|----------|--|----------|----------------|----------|--------------------------------|----------|
|  | | | | | | | | | |
| Physical Description | This compoennt includes a fence ant the entrance, posts ast the entrance fences, perimeter fencing, the main entry gate and a gate at the fire access entry. This component also includes all exterior handrails located on site. Balcony rails not included. | | | | | | | | |
| Financial Analysis | No financial expenditure were reported for these components. The allowance is for replacemnt of the fences, gates and rails. | | | | | | | | |
| Potential Deterioration | Deterioration from external elements and oxidation will cause rails to rust comprised of metal. Corrosion of interface with concrete, loosening of the bolts and possible safety concerns arising from loosening. | | | | | | | | |
| Condition & Deficiency Analysis | The metal fencing generally does not need to be replaced, only maintained. The stucco posts may need painting/upkeep over its life. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>40 years</td></tr> <tr> <td>Effective Age:</td><td>24 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>16 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 40 years | Effective Age: | 24 years | Estimated Remaining Life Span: | 16 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 40 years | | | | | | | | |
| Effective Age: | 24 years | | | | | | | | |
| Estimated Remaining Life Span: | 16 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$27,764</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2031</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$27,764 | Estimated Year of Major Repair or Replacement: | 2031 | | | | |
| Current Repair or Replacement Cost Estimate : | \$27,764 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2031 | | | | | | | | |


| Reserve Component: E2210 - Pavement Asphalt | |
|---|--|
| |  |
| Physical Description | This component is for the asphalt driveways throughout the complex which also includes all concrete curbing. |
| Financial Analysis | Long term replacement item, with more frequent, periodic crack sealing. Crack sealing is included in the periodic maintenance allowances. |
| Potential Deterioration | Settlement, wear and tear, U/V damage, and water infiltration into cracks. Freeze and thaw cycle will cause asphalt to breakup, or "alligator" crack. Crack sealing will greatly extend the life of the surface by preventing water infiltration into subsurface. Contractor considered repair and filling of alligatored areas, followed by a 2" overlay as a better solution than removing the existing surface and repaving. The former takes advantage of the fact the subsurface is well compacted and has finished settling. |
| Condition & Deficiency Analysis | Appears to be in good condition overall. Crack sealing and leveling is necessary at intermittent cycles in between full repaving. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 25 years 13 years 12 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$68,919 2027 </div> |

| Reserve Component: E3010 - Hard Landscaping | |
|--|--|
|  | |
| Physical Description | Hard landscaping consists mainly of the rail ties, brick retaining walls, a central fountain, several wood gazebos, and wood benches found throughout the complex. tc |
| Financial Analysis | This item includes an allowance for replacement of any wood components, and long term repair allowance for the fountain equipment and regrouting of the brickwork. |
| Potential Deterioration | This component is subject to rotting caused by exposure to moisture and age. The retaining railroad wood ties and wooden of this component are subject to rotting caused by exposure to moisture and age. |
| Condition & Deficiency Analysis | No expenditures have been reported. The fountain is reported to be in good working condition, and the other components appeared in average condition. Some of the wood may need replacement/resealing earlier. |
| Life Cycle Analysis | <div> Date of Acquisition: 1991 Normal Life Span: 25 years Effective Age: 15 years Estimated Remaining Life Span: 10 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : \$29,250 Estimated Year of Major Repair or Replacement: 2025 </div> |

| Reserve Component: | E3020 - Soft Landscaping | |
|--|--|--|
| |  | |
| Physical Description | This component includes removal of existing greeneries, resodding and reseeding as turf, trees, shrubs and plants die off or become unsightly. | |
| Financial Analysis | The reserve fund includes an allowance for periodic replacement of plants and landscaping. Typical 20% allowance for this component. | |
| Potential Deterioration | Plants reach the end of their life, or become too large. Turf can also acquire powdery mildew or be overtaken by weeds. | |
| Condition & Deficiency Analysis | Appears to be in good condition. Strata indicates a landscaping contract in place. A modest allowance for resodding and some plant replacements are recommended and implemented for the purposes of this report. | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 1991 30 years 10 years 20 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$20,353 2035 |

| Reserve Component: E3030 - Irrigation | | | | | | | | | |
|--|--|---|----------|--|----------|----------------|----------|--------------------------------|---------|
|  | | | | | | | | | |
| Physical Description | The sprinkler system is situated above ground with comprised of PVC tubing, heads, and assumed PVC fittings. | | | | | | | | |
| Financial Analysis | This item is a contingency allowance for replacement of the irrigation system control equipment and partial replacement of the lines over a 20 year cycle. | | | | | | | | |
| Potential Deterioration | Vandalism, misuse, or occasional impact damage caused by regular landscape maintenance workers will limit its life expectancy. | | | | | | | | |
| Condition & Deficiency Analysis | Assumed to be in good condition in reflection to its chronological age. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>20 years</td></tr> <tr> <td>Effective Age:</td><td>12 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>8 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 20 years | Effective Age: | 12 years | Estimated Remaining Life Span: | 8 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 20 years | | | | | | | | |
| Effective Age: | 12 years | | | | | | | | |
| Estimated Remaining Life Span: | 8 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$33,922</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2023</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$33,922 | Estimated Year of Major Repair or Replacement: | 2023 | | | | |
| Current Repair or Replacement Cost Estimate : | \$33,922 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2023 | | | | | | | | |

| Reserve Component: E4010 - Perimeter Drains | |
|---|---|
| |  |
| Physical Description | This reserve includes replacement of perimeter drains around the base of each townhouse units, excluding porches/decks and carports. Plans indicate 6" diameter PVC drain pipe surrounded by drain rock wrapped in filter cloth. |
| Financial Analysis | Historical financials provided did not indicate any replacement expenditures incurred within the past 5 years. Perimeter drains should be periodically flushed to avoid potential blockages; included in the ongoing maintenance component for reference. |
| Potential Deterioration | Drain tile fills over time with sediment and roots. Result will be water infiltration into building. |
| Condition & Deficiency Analysis | Assumed to be adequate, although this is a hidden component. Council indicates that the drains and catch basins were flushed in 2014 at a cost of \$3539. |
| Life Cycle Analysis | <div> Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: </div> <div> 1991 50 years 24 years 26 years </div> |
| Unit Quantity And Cost Estimates | <div> Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: </div> <div> \$58,010 2041 </div> |

| Reserve Component: E5000 - Services and UG Piping | | | | | | | | | |
|---|---|---|----------|--|----------|----------------|----------|--------------------------------|----------|
| |  | | | | | | | | |
| Physical Description | This component consists of main shut offs and associated piping, providing domestic water from the municipal water main to the strata. It also consists of: sanitary and storm sewer piping. | | | | | | | | |
| Financial Analysis | Historical financials did not reveal any expenditures incurred within the past 5 years. The reserve fund includes an allowance for long term replacement of all the onsite service systems. Underground piping and valves have a life expectancy of typically 50 years. | | | | | | | | |
| Potential Deterioration | Seismic pressure, tree root invasion, and seizing of valves are all factors that lead to deterioration and failure of this component. In addition frost heaving and freeze thaw can also cause breakage. | | | | | | | | |
| Condition & Deficiency Analysis | Assumed to be average. | | | | | | | | |
| Life Cycle Analysis | <table> <tr> <td>Date of Acquisition:</td><td>1991</td></tr> <tr> <td>Normal Life Span:</td><td>70 years</td></tr> <tr> <td>Effective Age:</td><td>24 years</td></tr> <tr> <td>Estimated Remaining Life Span:</td><td>46 years</td></tr> </table> | Date of Acquisition: | 1991 | Normal Life Span: | 70 years | Effective Age: | 24 years | Estimated Remaining Life Span: | 46 years |
| Date of Acquisition: | 1991 | | | | | | | | |
| Normal Life Span: | 70 years | | | | | | | | |
| Effective Age: | 24 years | | | | | | | | |
| Estimated Remaining Life Span: | 46 years | | | | | | | | |
| Unit Quantity And Cost Estimates | <table> <tr> <td>Current Repair or Replacement Cost Estimate :</td><td>\$60,000</td></tr> <tr> <td>Estimated Year of Major Repair or Replacement:</td><td>2061</td></tr> </table> | Current Repair or Replacement Cost Estimate : | \$60,000 | Estimated Year of Major Repair or Replacement: | 2061 | | | | |
| Current Repair or Replacement Cost Estimate : | \$60,000 | | | | | | | | |
| Estimated Year of Major Repair or Replacement: | 2061 | | | | | | | | |

| Reserve Component: | F1010 - Reserve Updates | |
|--|---|---------------------------------------|
| Physical Description | Depreciation Reports are required under the Strata Property Act. It is mandated that an update is performed every three (3) years, after the initial report. Each update looks at a financial Plan for the next 30 years. | |
| Financial Analysis | The base Depreciation Report was completed in 2014, by Campbell and Pound Commercaill Ltd. Updates, if performed by the same firm should result in a lower fee per update, than a new report if a new firm must take over. | |
| Potential Deterioration | The previous recommendations within the current Depreciation Report will be revised by an updated Depreciation Report. As the scheduled repairs, replacement, and maintenance are undertaken in the interval between the Depreciation Reports, the Financial Plan and future financial requirements change. | |
| Condition & Deficiency Analysis | n/a | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 2015 3 years 0 years 3 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$4,900 2018 |

| Reserve Component: | F1011 - Periodic Maintenance (3 years) | |
|--|--|---------------------------------------|
| Physical Description | <p>Annual maintenance items are included in the Strata Corporation's operating budget. However, there are numerous items which are not required on an annual basis. These items are included in a regular 3 to 6 year cycle. These items include power washing of decks and concrete patios/steps, and periodic gutter cleaning. Less frequent items, which can be done on a rotating 5 to 6 year cycle include drain flushing, checks and securing of the metal bolt on the railings and roof, and driveway crack repairs</p> <p>Dryer vent cleaning, carpet cleaning, power washing of the parkade and general landscaping are annual operating items in the Strata and not covered in the contingency allowances.</p> | |
| Financial Analysis | Although fairly frequent in comparison to the replacement reserves, these are relatively inexpensive and mainly for extending the life of the components. | |
| Potential Deterioration | Mildew, debris or dirt can build up on siding and on concrete areas, detracting from curb appeal and accelerating deterioration. Bolts can come loose and require tightening or replacement due to corrosion. This is especially important for the metal roof component. | |
| Condition & Deficiency Analysis | \$3539 was spent in 2014 for the flushing of the parkade drains and catch basins. | |
| Life Cycle Analysis | Date of Acquisition: Normal Life Span: Effective Age: Estimated Remaining Life Span: | 2015 3 years 0 years 3 years |
| Unit Quantity And Cost Estimates | Current Repair or Replacement Cost Estimate : Estimated Year of Major Repair or Replacement: | \$6,763 2018 |

5.1 Benchmark Analysis

The Benchmark Analysis shows the physical aspects of the various reserve components, including the life cycle analysis and the cost estimates on a single spreadsheet for convenient examination and easy reference. The cost estimates are pursuant to prudent reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

The reserve fund estimates have been prepared without regard to the current financial position of the corporation or the current reserve fund contributions by unit owners, and as such, they represent the optimum reserve fund operation, which assumes that the corporation has continuously assessed adequate reserve funding from the beginning.

This Benchmark Analysis is the foundation of the Certified Reserve Fund Planner System, as it provides the basis for comparison to the actual reserve fund operation. The Benchmark Analysis provides the standard for reserve fund planning and property maintenance, and as such, it is a valuable management and maintenance resource document.

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.

5.2 Schedule A – Schedule Reserve Fund Component Estimates

The following Schedule of Reserve Fund Component Estimates shows detailed computations for the various reserve items using the projection factors explained in Section 2.4 of this Report:

Long-term inflation rate: 2.65%

Long-term interest rate: 1.75%

Due to rounding automatically executed by computer, there may be minor discrepancies in the data, which are not deemed significant.

'BENCHMARK' SCHEDULE OF RESERVE FUND ESTIMATES

| Reserve Components Benchmark Analysis | Date of Acquisition | Expenditures | Chrono- Age | Lifespan | Effective Age | Remaining Life | Budget Replacem. Year | Allowance | Current Replacement Cost | Future Replacement Cost | Current Reserve Fund Requirements | Future Reserve Fund Accumulation | Future Reserve Fund Requirements | Annual Reserve Fund Assessment | Reserve Fund Assessment Allocation |
|--|------------------------|--------------|----------------|----------|------------------|-------------------|-----------------------------|-----------|--------------------------------|-------------------------------|---|--|--|--------------------------------------|--|
| A2010 - Parkade Membrane | 2005 | - | 10 | 12 | 8 | 4 | 2019 | 25% | 106,180 | 117,890 | 70,787 | 75,130 | 42,760 | 10,452 | 3.96% |
| A2020 - Parkade Maintenance | 2001 | 7,000 | 10 | 10 | 8 | 2 | 2017 | 100% | 30,807 | 32,461 | 24,645 | 25,390 | 7,071 | 3,509 | 1.33% |
| A2030 - Garage Doors and Mechanisms | 1991 | - | 24 | 14 | 6 | 8 | 2023 | 100% | 12,000 | 14,793 | 5,143 | 5,793 | 8,999 | 1,067 | 0.40% |
| B2012 - Exterior Walls, Stucco | 2002 | ? | 13 | 30 | 8 | 22 | 2037 | 100% | 286,317 | 530,365 | 79,551 | 110,382 | 419,982 | 16,255 | 6.16% |
| B2110 - Exterior Window Assemblies | 1991 | 15,200 | 24 | 35 | 24 | 11 | 2026 | 100% | 378,966 | 505,299 | 259,862 | 306,104 | 199,195 | 16,791 | 6.37% |
| B2120 - Exterior Skylights | 2013 | - | 2 | 25 | 2 | 23 | 2038 | 100% | 27,248 | 49,726 | 2,180 | 3,070 | 46,656 | 1,714 | 0.65% |
| B2210 - Exterior Doors | 1991 | 1,388 | 24 | 40 | 24 | 16 | 2031 | 100% | 139,590 | 212,128 | 83,754 | 106,283 | 105,845 | 5,902 | 2.24% |
| B2310 - Balcony Membranes | 2002 | ? | 13 | 25 | 8 | 17 | 2032 | 100% | 57,510 | 89,710 | 18,403 | 23,704 | 66,007 | 3,438 | 1.30% |
| B2320 - Balcony Railings | 2002 | - | 13 | 50 | 13 | 37 | 2052 | 10% | 36,174 | 95,208 | 9,405 | 16,316 | 78,892 | 1,611 | 0.61% |
| B3010 - Roof - Flat, Membrane | 2013 | 905,427 | 2 | 22 | 2 | 20 | 2035 | 100% | 508,294 | 857,618 | 46,209 | 62,236 | 795,382 | 34,397 | 13.04% |
| B3015 - Roof - Pitched, Metal | 2013 | - | 2 | 40 | 2 | 38 | 2053 | 100% | 227,618 | 614,959 | 11,381 | 20,039 | 594,919 | 11,730 | 4.45% |
| B3110 - Eavestroughs and Downspouts | 2013 | - | 2 | 40 | 2 | 38 | 2053 | 100% | 5,512 | 14,892 | 276 | 485 | 14,407 | 284 | 0.11% |
| B4020 - Caulking and Weatherstripping | 2002 | - | 13 | 15 | 8 | 7 | 2022 | 100% | 43,352 | 52,062 | 23,121 | 25,661 | 26,401 | 3,605 | 1.37% |
| B5000 - Exterior Painting | 2002 | - | 13 | 10 | 5 | 5 | 2020 | 100% | 181,641 | 207,018 | 90,821 | 97,840 | 109,179 | 21,190 | 8.04% |
| C2010 - Lobby Redecoration | 1991 | - | 24 | 15 | 5 | 10 | 2025 | 100% | 61,875 | 80,372 | 20,625 | 23,936 | 56,436 | 5,273 | 2.00% |
| C2012 - Common Area Amenity Rooms | 1991 | - | 24 | 15 | 5 | 10 | 2025 | 25% | 47,503 | 61,703 | 15,834 | 18,376 | 43,327 | 4,048 | 1.54% |
| C2015 - Swimming Pool | 1991 | 50,601 | 24 | 15 | 9 | 6 | 2021 | 100% | 70,555 | 82,544 | 42,333 | 46,289 | 36,255 | 5,820 | 2.21% |
| C3010 - Interior Painting and Decor | 1991 | 1,000 | 24 | 16 | 8 | 8 | 2023 | 100% | 33,488 | 41,282 | 16,744 | 18,862 | 22,420 | 2,659 | 1.01% |
| C3020 - Interior Doors | 1991 | 4,230 | 24 | 40 | 24 | 16 | 2031 | 25% | 20,475 | 31,115 | 12,285 | 15,589 | 15,525 | 866 | 0.33% |
| C3100 - Carpeting and Tile | 1991 | - | 24 | 24 | 8 | 16 | 2031 | 100% | 190,600 | 289,645 | 63,533 | 80,623 | 209,022 | 11,656 | 4.42% |
| D1010 - Elevator Interior | 1991 | 6,930 | 24 | 40 | 20 | 20 | 2035 | 100% | 36,000 | 60,741 | 18,000 | 24,243 | 36,498 | 1,578 | 0.60% |
| D1011 - Elevator Modernization | 1991 | 109,464 | 24 | 30 | 16 | 14 | 2029 | 67% | 200,000 | 288,440 | 106,667 | 131,387 | 157,053 | 10,165 | 3.86% |
| D2010 - Piping | 1991 | 69,885 | 24 | 50 | 24 | 26 | 2041 | 100% | 1,028,492 | 2,030,176 | 493,677 | 727,042 | 1,303,135 | 41,351 | 15.68% |
| D2100 - Boiler & Hot Water Tank | 1991 | 6,320 | 24 | 15 | 6 | 9 | 2024 | 100% | 69,000 | 87,313 | 27,600 | 31,558 | 55,756 | 5,833 | 2.21% |
| D3010 - Makeup Air Units | 1991 | 21,806 | 24 | 20 | 14 | 6 | 2021 | 100% | 38,951 | 45,569 | 27,265 | 29,813 | 15,756 | 2,829 | 0.96% |
| D4010 - Sprinklers | 1991 | - | 24 | 40 | 24 | 16 | 2031 | 100% | 171,150 | 260,088 | 102,690 | 130,312 | 129,776 | 7,237 | 2.74% |
| D4100 - Fire panel and Emergency Lighting | 1991 | - | 24 | 30 | 20 | 10 | 2025 | 100% | 24,000 | 31,175 | 16,000 | 18,569 | 12,606 | 1,178 | 0.45% |
| D5010 - Electrical Services and Distribution | 1991 | - | 24 | 70 | 24 | 46 | 2061 | 100% | 112,000 | 373,018 | 38,400 | 76,167 | 296,851 | 4,527 | 1.72% |
| D5030 - Exterior Lighting | 1991 | - | 24 | 15 | 11 | 4 | 2019 | 100% | 2,400 | 2,665 | 1,760 | 1,868 | 797 | 195 | 0.07% |
| D5040 - Access Control and Security | 1991 | - | 24 | 30 | 18 | 12 | 2027 | 100% | 60,000 | 82,122 | 36,000 | 43,042 | 39,080 | 2,997 | 1.14% |
| E1010 Fencing - Wood | 1991 | 2,905 | 24 | 25 | 24 | 1 | 2016 | 100% | 33,418 | 34,304 | 32,061 | 32,562 | 1,741 | 1,741 | 0.66% |
| E2010 - Patios and Walkways | 1991 | 5,451 | 24 | 35 | 15 | 20 | 2035 | 50% | 64,292 | 108,476 | 27,554 | 37,111 | 71,365 | 3,086 | 1.17% |
| E2055 - Fencing, Gates & Privacy Screens | 1991 | - | 24 | 40 | 24 | 16 | 2031 | 100% | 27,764 | 42,192 | 16,658 | 21,139 | 21,052 | 1,174 | 0.45% |
| E2210 - Pavement Asphalt | 1991 | - | 24 | 25 | 13 | 12 | 2027 | 100% | 68,919 | 94,329 | 35,838 | 42,848 | 51,481 | 3,948 | 1.50% |
| E3010 - Hard Landscaping | 1991 | - | 24 | 25 | 15 | 10 | 2025 | 100% | 29,250 | 37,994 | 17,550 | 20,367 | 17,627 | 1,647 | 0.62% |
| E3020 - Soft Landscaping | 1991 | 77,140 | 24 | 30 | 10 | 20 | 2035 | 20% | 20,353 | 34,341 | 6,784 | 9,138 | 25,203 | 1,090 | 0.41% |
| E3030 - Irrigation | 1991 | 7,000 | 24 | 20 | 12 | 8 | 2023 | 100% | 33,922 | 41,817 | 20,353 | 22,928 | 18,889 | 2,240 | 0.85% |
| E4010 - Perimeter Drains | 1991 | - | 24 | 50 | 24 | 26 | 2041 | 100% | 58,010 | 114,509 | 27,845 | 41,008 | 73,501 | 2,332 | 0.88% |
| E5000 - Services and UG Piping | 1991 | - | 24 | 70 | 24 | 46 | 2061 | 100% | 60,000 | 199,831 | 20,571 | 40,804 | 159,027 | 2,425 | 0.92% |
| F1010 - Reserve Updates | 2015 | - | 0 | 3 | 0 | 3 | 2018 | 100% | 4,900 | 5,300 | - | 0 | 5,300 | 1,740 | 0.66% |
| F1011 - Periodic Maintenance (3 years) | 2015 | 3,539 | 0 | 3 | 0 | 3 | 2018 | 100% | 6,763 | 7,315 | - | 0 | 7,315 | 2,402 | 0.91% |
| TOTAL RESERVES | | | | | | | | | 4,627,287 | 7,962,504 | 1,970,185 | 2,564,017 | 5,398,487 | 263,682 | 100% |

5.3 Summary of Reserve Fund Estimates

The Reserve Fund position and estimated requirements of the Strata Corporation are as outlined above. The definitions are as follows:

Current Replacement Reserves or Costs

which are provisions for all major repairs and replacements at current prices

Future Replacement Reserves or Costs

which are provisions for all major repair and replacement costs in the future at the end of the expected life span

Current Reserve Fund Requirements

which are reserve fund estimates based on the notion of effective age and should have been contributed by unit owners

Future Reserve Fund Accumulations

which are the current reserve fund requirements together with interest compounded over the remaining life span

Future Reserve Fund Requirements

which are to be funded by unit owners' payments to the reserve fund plus any interest earned

Annual Reserve Fund Assessments

which are the annual reserve fund payments to be made by unit owners

In accordance with these estimates, the corporation should have a closing balance of **\$242,680** in its reserve fund at the end of its current fiscal year 2014/2015, and the assessed annual payments or contributions to the reserve fund by unit owners are **\$50,000**.

6.0 ANALYSIS OF RESERVE FUND OPERATIONS

Reviewing and analyzing the reserve fund operation of Strata Corporation NWS3119, we have examined financial documents received from Strata. The Corporation's year end is Mar 31.

Statements were received from the fiscal year ended March 31, 2014. The statements have been prepared by the strata council, and are unaudited. We have also received a proposed budget for 2014/2015, a statement of CRF schedules for March 31, 2014, and operating statements for the 2013/2014 fiscal year.

6.1 Corporation's Financial Statements

A series of Balance Sheets and Income Statements, from 2014 were submitted from the Strata Corporation. We have adopted the date of Mar 31 as the Corporation's fiscal year end. The balance sheet shows \$140,985 in the operating account, and \$207,513 in the CRF account, with numerous other accounts in mainly reserves. Of note is the \$436,927 remaining in the Roofing Reserve account.

Budgeted income included \$944,092 in total strata fees for the 2014/2015 fiscal year. This is an average of \$354.39 per unit. Of this amount \$50,000 was contributed to the CRF, or roughly 5%.

6.2 Schedule B - Statement of Reserve Fund Operations

Information available indicates that there will be a contribution from common expenses to a reserve fund of **\$50,000** from strata fees. The contribution is the equivalent of about \$18.77 per unit per month. In our experience, this is generally insufficient to cover capital replacement costs.

Major capital replacements over the past few years included a full roofing replacement at a cost of over \$1 million. There was a special assessment in 2012 in the amount of \$1.27 million to cover the projected costs of the roofing project.

Previous to this, there was a significant amount spent on elevator refurbishment and piping repairs. In 2002, a full envelope repair was completed on the property. The amount of this expenditure was not received.

As we proceed to update the Corporation's Depreciation Reports in the future, a more detailed expenditure history will be constructed.

| | Source | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Total | Notes |
|--|------------|------|------|-----------|--------|----------|---------|---------|---|
| | | | | | | | Budget | | |
| Average Strata Fee /unit, /month | | | | | | \$ | 354.39 | | |
| Average CRF Contribution /unit, /month | | | | | | \$ | 18.77 | | |
| % Contribution | | | | | | | 5% | | |
| OPENING BALANCE | | | | | 0 | 268,297 | 242,680 | | as per minutes/budget Plus reserves |
| General CRF Contributions | | | | | - | 50000 | 50,000 | | as per 2014/2015 budget |
| Special assessment | | | | 1,270,000 | | | | | |
| Notes | | | | Roof | | | | | |
| Emergency Expenditures | | | | | | -2,423 | | | |
| Transfer to Reserves | | | | | | -108,887 | | | |
| Transfer from Reserves | | | | | | 33723 | | | |
| Interest Income | | | | | | 1,971 | | | |
| Computed Interest Rate | | | | | | 0.73% | 0.00% | | |
| Total Cash Resources | | | | | 0 | 242,681 | 292,680 | | |
| RESERVE FUND EXPENDITURES | | | | | | | | | |
| A2010 - Parkade Membrane | | | | | | | | - | |
| A2020 - Parkade Maintenance | Budget | | | | | 3500 | 3500 | 7,000 | Power Washing \$2989 |
| A2030 - Garage Doors and Mechanisms | | | | | | | | - | |
| B2012 - Exterior Walls, Stucco | | | | | | | | - | |
| B2110 - Exterior, Window Assemblies | Budget | | | | | 1,200 | 14,000 | 15,200 | |
| B2120 - Exterior, Skylights | | | | | | | | - | Replaced with roof |
| B2210 - Exterior Doors | | | | | 1,385 | | | 1,385 | 8560 Door replacement |
| B2310 - Balcony Membranes | | | | | | | | - | |
| B2320 - Balcony Railings | | | | | | | | - | |
| B3010 - Roof - Flat, Membrane | Budget | | | 899,827 | | 2,600 | 3,000 | 905,427 | Phase I \$338732 RDR Phase II \$264595 RDR Phase III \$296500 |
| B3015 - Roof - Pitched, Metal | | | | | | | | - | |
| B3110 - Eavestroughs and Downspouts | | | | | | | | - | |
| B4020 - Caulking and Weatherstripping | | | | | | | | - | |
| B5000 - Exterior Painting | | | | | | | | - | |
| C2010 - Lobby Redecoration | | | | | | | | - | |
| C2012 - Common Area Amenity Rooms | | | | | | | | - | |
| C2015 - Swimming Pool | Budget | | | 2,400 | 3,109 | 16,950 | 28,142 | 50,601 | Pool/Jacuzzi/Sauna & Mechanical 2013 Boiler repair, minor regrot/retile, replaced chlorine pump 2012 regrot/retile |
| C3010 - Interior Painting and Décor | Budget | | | | | | 1,000 | 1,000 | Rec Facilities - Furniture/Equipment |
| C3020 - Interior Doors | Minutes | | | | | 4,230 | | 4,230 | Replaced 2 doors and bracing |
| C3100 - Carpeting and Tile | Minutes | | | | | | | - | Annual Carpet Cleaning |
| D1010 - Elevator Interior | | | | | 6,930 | | | 6,930 | Installed phones in cabs |
| D1011 - Elevator Modernization | | | | 109,464 | | | | 109,464 | 8580 vault upgrade (cylinder and PVC sleeve) |
| D2010 - Piping | Budget | | | | 9,885 | 25,000 | 35,000 | 69,885 | Plumbing, 2014 Pile Leak, 8580 First floor ceiling repiping in 8520 2013 emergency pipe repairs 8520 domestic water pipe repairs, 8500, 8520, 8580 |
| D2100 - Boiler & Hot Water Tank | Minutes | | | | 3,970 | | 2,950 | 6,920 | Repair HW Tank & Seismic Restraints HW Tank replacement HVAC Maintenance |
| D3010 - Makeup Air Units | Budget/min | | | | 6,147 | 3,659 | 12,000 | 21,806 | Replaced a cracked heat exchange in MUA |
| D4010 - Sprinklers | | | | | | | | - | |
| D4100 - Fire panel and Emergency Lighting | | | | | | | | - | |
| D5010 - Electrical Services and Distribution | | | | | | | | - | |
| D5030 - Exterior Lighting | | | | | | | | - | |
| D5040 - Access Control and Security | Minutes | | | | | | ? | - | Fob and Security System |
| E1010 Fencing - Wood | | | | 2,905 | | | | 2,905 | Partial fence replacement |
| E2010 - Patios and Walkways | | | | | 5,451 | | | 5,451 | Sidewalk crack repairs |
| E2055 - Fencing, Gates & Privacy Screens | | | | | | | | - | |
| E2210 - Pavement Asphalt | | | | | | | | - | |
| E3010 - Hard Landscaping | | | | | | | | - | Fountain/Irrigation Startup \$1095 |
| E3020 - Soft Landscaping | Budget | | | | | | | - | Landscaping Contract |
| E3030 - Irrigation | Budget | | | | | 3,500 | 3,500 | 7,000 | Fountain/Irrigation Startup \$815 |
| E4010 - Perimeter Drains | | | | | | | | - | |
| E5000 - Services and UG Piping | | | | | | | | - | |
| F1010 - Reserve Updates | | | | | | | | - | |
| F1011 - Periodic Maintenance (3 years) | | | | | | 3,539 | | 3,539 | Flushing of parkade drains and catch basins |
| Unspecified Reserve Fund Expenditures | Budget | | | | | | 29,412 | 29,412 | General Exterior Repairs |
| | Budget | | | | | | 55,000 | | General Interior Repairs |
| | Budget | | | | | 25,000 | 25,000 | 50,000 | Repairs - Uninsured Loss |
| | | | | | | | | - | |
| Total Reserve Fund Expenditures | | 0 | 0 | 1,014,596 | 36,877 | 64,178 | 132,504 | | 0 |

History of Reserve Expenditures

6.3 Benchmark Deficiency Analysis

The Benchmark Deficiency Analysis shows the difference between the actual reserve fund balance and the current reserve fund requirement, as calculated in the Benchmark Analysis.

The current reserve fund requirement is an estimate of a fully funded reserve fund, based on the Benchmark calculation.

The Benchmark Deficiency Analysis has been developed as a guide for property managers and the Strata Council to ensure that the reserve fund is neither under-funded nor over-funded. The estimated Reserve Fund Deficiency is \$1,673,865

The deficiency should be eliminated over time, as shown in Schedule “A” -30 Year Reserve Fund Cash Flow Projections and Deficiency Analysis hereinafter.

6.4 Adequacy of Reserve Fund

Adequacy of Reserve Fund may be defined as the reserve fund balance together with regular contributions and investment income, which constitutes sufficient cash resources available for all possible and potential reserve fund expenditures, required repairing or replacing common elements or assets of the corporation when needed.

The most direct and stringent measure of the adequacy of reserve fund is the reserve fund deficiency analysis, whereby the actual closing reserve fund balance is compared with the currently required reserve fund balance, as estimated by a competent reserve fund planner.

Any significant difference between the actual reserve fund balance and the required reserve fund balance will show the amount of a reserve fund surplus or reserve fund deficiency (shortfall).

A reserve fund surplus, particularly when such surplus is increased by excessive reserve fund contributions, means that unit owners have contributed too much to the reserve fund, a situation which should be corrected to eliminate such reserve fund surplus.

A reserve fund deficit or shortfall indicates that unit owners have not contributed enough to the reserve fund, causing the discrepancy between a fully funded reserve fund and the actual reserve fund balance.

The adequacy of a reserve fund does not require the test of an estimated fully funded reserve fund. The test as to the adequacy of a reserve fund should be sufficient cash resources to fund all potential repairs and replacements, including unforeseen events and contingencies.

Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not adequate. It is the judgment of the reserve fund planner to conclude whether the reserve fund is adequate or not.

In our opinion, the current reserve fund and proposed contributions for the Strata Corporation require adherence to the recommendations listed in this report to remain adequate for future reserve fund expenditures.

7.0 RESERVE FUND– 30 YEAR PROJECTIONS

30 Year Projected Cash Flows –Models

The Reserve Fund - Projected Cash Flow and Deficiency Analysis presents 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.

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.

Cash Flows

These are the regular reserve fund contributions, special assessments, and interest income based on 1.75% of the opening balance.

Opening Cash Funds

These represent the total cash resources available in any fiscal year and include the current year's cash flow.

Cash Expenditures

These are annual expenditures listed in the categories established by the Depreciation 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.

The spreading of the expenditures over numerous years allows for the spreading of these large expenditure over a few phases and over a longer period of time, avoiding large spikes in the budget that would drain the reserve fund. This also allows the projects to be planned and executed on a more realistic basis. Note that at times, a contract will be negotiated at the beginning of the project, fixing the costs over time. For our expenditure forecast, we have not fixed these costs, but have continued to apply inflation to any costs that stretch over 1 year.

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.

Deficiency Analysis

The Reserve Deficiency has been projected by formula taking into account the inflation factor, interest rates and reserve fund expenditures. Therefore, any reserve fund expenditures will not affect the reserve fund deficiency because such expenditures will also affect the reserve requirements.

Reserve Fund 30 year Cash Flow Models

Multiple funding models are included and described on the following pages:

Schedule A – Adequate Funding Model

Schedule B - Minimal Fee Increase Model 1% per Annum

Schedule C - Minimal Fee Increase Model 1.5% per Annum

Schedule D - Minimal Fee Increase Model 2.0% per Annum

Schedule E – Full Funding Model

7.1 Schedule A - Adequate Funding Model

The first funding model includes moderate level of increases in the reserve fund contributions and a low level of special assessments required. The adequate funding model involves a moderate amount of funding increases while retaining an adequate cash balance for all expenditures. This funding model does not achieve full funding in the 30 year window.

Reserve Contribution Increases

The current reserve fund contribution is \$50,000 per annum, or about \$19 per unit per month, with a current average monthly maintenance fee of \$354 per unit.

Proposed increases are front loaded, with 1% to 3% increases annually through the first 14 years of the budget. The CRF contributions would increase to \$30 per unit per month in 2016, with a resulting increase in Strata Fees to \$366 (or about 3%). This is assuming the base (Operations) portion of the Strata Maintenance Fee remains static.

Over the first 10 years, the proposed CRF contributions would increase to \$77 per unit per month. The resulting increase to the Strata Fees in the year 2025 would result in a monthly fee of \$413 per unit per month, on the average.

Special Assessments, Loans

This funding model includes three special assessments within the 30 year window. The special assessments are project based, with each to subsidize funding for major capital replacement projects. The first would be in 2033, coinciding with the first allowance for piping replacement. The second is in 2035, for roof replacement. The last would be in 2037 for replacement of the siding and the second allowance for piping. Each special assessment would about \$666,000, or roughly \$3000 per unit per assessment.

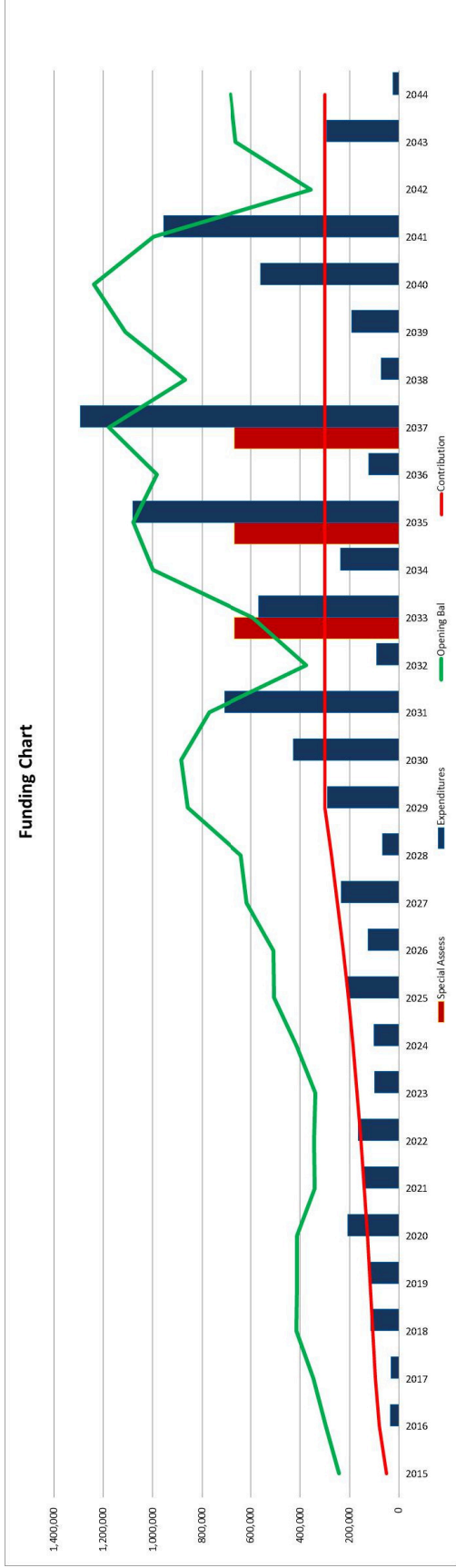
Expenditures/ Reserve Fund Balance

Expenditures under this model are relatively spread out. The highest expenditure year is in 2035 and 2034. This is mainly for the replacement of the siding, roof, and piping. The CRF balance never falls below a minimum threshold level and maintains healthy balance throughout the 30 years.

7.1 Schedule A - 30 YEAR RESERVE FUND CASH FLOW PROJECTION

| 30 Year Projection | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|-----------|------|
| Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year | Year |
| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | |
| Budgeted | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 242,680 | 296,320 | 346,461 | 415,197 | 411,936 | 413,720 | 340,693 | 344,590 | 338,529 | 415,795 | 507,027 | 509,174 | 616,950 | 640,520 | 859,657 | 884,386 | 772,514 | 375,108 | 592,313 | 1,000,852 | 1,090,085 | 982,722 | 1,176,553 | 868,442 | 1,111,749 | 1,237,719 | 997,952 | 357,104 | 683,750 | 683,592 | 970,235 | |
| 50,000 | 80,000 | 96,000 | 105,600 | 116,160 | 127,776 | 140,554 | 154,609 | 170,070 | 187,077 | 205,785 | 226,363 | 248,999 | 273,899 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | 301,289 | |
| | | | | | | | | | | | | | | | | | | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | 660,000 | |
| 3,640 | 4,445 | 5,197 | 6,228 | 6,179 | 6,206 | 5,110 | 5,169 | 5,078 | 6,237 | 7,605 | 7,638 | 9,293 | 9,608 | 12,890 | 13,266 | 11,588 | 5,827 | 8,865 | 15,013 | 16,201 | 14,741 | 17,648 | 13,027 | 16,676 | 18,566 | 14,969 | 5,357 | 9,956 | 10,254 | 14,554 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 296,320 | 380,765 | 447,658 | 527,025 | 534,275 | 547,702 | 486,347 | 504,368 | 513,677 | 609,098 | 720,417 | 743,174 | 875,102 | 924,030 | 1,172,826 | 1,198,941 | 1,086,390 | 682,024 | 1,568,487 | 1,317,154 | 2,063,575 | 2,161,490 | 1,182,758 | 1,429,714 | 1,557,574 | 1,314,211 | 683,750 | 974,995 | 995,135 | 1,286,077 | |
| RESERVE FUND EXPENDITURES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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7.1 Schedule A Cash Flows Chart



7.1 Schedule A - Cash Flows

| NWS3119 Cash Flow Table | | | | | | | | | | |
|----------------------------|-----------------|---------------------------------|--------------------|---------------------------------|---|--|-----------------|--|-----------------------------------|---------------------------|
| Year | Opening Balance | Recommended Annual Contribution | Special Assessment | Estimated Interest Earned 1.50% | Estimated Inflation Adjusted Expenditures | % Increase in Recommended Annual Contributions | Closing Balance | CRF Contribution (per unit, per month) | Strata Fees (per unit, per month) | % Increase in Strata Fees |
| 2015 | 242,680 | 50000 | 0 | 3,640 | 0 | n/a | 296320 | \$ 18.77 | \$ 354.39 | |
| 2016 | 296,320 | 80000 | 0 | 4,445 | 34,304 | 60.00% | 346461 | \$ 30.03 | \$ 365.65 | 3.18% |
| 2017 | 346,461 | 96000 | 0 | 5,197 | 32,461 | 20.00% | 415197 | \$ 36.04 | \$ 371.66 | 1.64% |
| 2018 | 415,197 | 105600 | 0 | 6,228 | 115,089 | 10.00% | 411936 | \$ 39.64 | \$ 375.26 | 0.97% |
| 2019 | 411,936 | 116160 | 0 | 6,179 | 120,555 | 10.00% | 413720 | \$ 43.60 | \$ 379.22 | 1.06% |
| 2020 | 413,720 | 127776 | 0 | 6,206 | 207,018 | 10.00% | 340683 | \$ 47.96 | \$ 383.58 | 1.15% |
| 2021 | 340,683 | 140554 | 0 | 5,110 | 141,757 | 10.00% | 344590 | \$ 52.76 | \$ 388.38 | 1.25% |
| 2022 | 344,590 | 154609 | 0 | 5,169 | 165,839 | 10.00% | 338529 | \$ 58.04 | \$ 393.66 | 1.36% |
| 2023 | 338,529 | 170070 | 0 | 5,078 | 97,892 | 10.00% | 415785 | \$ 63.84 | \$ 399.46 | 1.47% |
| 2024 | 415,785 | 187077 | 0 | 6,237 | 102,071 | 10.00% | 507027 | \$ 70.22 | \$ 405.84 | 1.60% |
| 2025 | 507,027 | 205785 | 0 | 7,605 | 211,244 | 10.00% | 509174 | \$ 77.25 | \$ 412.87 | 1.73% |
| 2026 | 509,174 | 226363 | 0 | 7,638 | 126,325 | 10.00% | 616850 | \$ 84.97 | \$ 420.59 | 1.87% |
| 2027 | 616,850 | 248999 | 0 | 9,253 | 234,579 | 10.00% | 640523 | \$ 93.47 | \$ 429.09 | 2.02% |
| 2028 | 640,523 | 273899 | 0 | 9,608 | 65,373 | 10.00% | 858657 | \$ 102.82 | \$ 438.44 | 2.18% |
| 2029 | 858,657 | 301289 | 0 | 12,880 | 288,440 | 10.00% | 884386 | \$ 113.10 | \$ 448.72 | 2.35% |
| 2030 | 884,386 | 301289 | 0 | 13,266 | 426,427 | 0.00% | 772514 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2031 | 772,514 | 301289 | 0 | 11,588 | 710,282 | 0.00% | 375108 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2032 | 375,108 | 301289 | 0 | 5,627 | 89,710 | 0.00% | 592313 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2033 | 592,313 | 301289 | 666,000 | 8,885 | 567,635 | 0.00% | 1000852 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2034 | 1,000,852 | 301289 | 0 | 15,013 | 237,070 | 0.00% | 1080085 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2035 | 1,080,085 | 301289 | 666,000 | 16,201 | 1,080,853 | 0.00% | 982722 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2036 | 982,722 | 301289 | 0 | 14,741 | 122,199 | 0.00% | 1176553 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2037 | 1,176,553 | 301289 | 666,000 | 17,648 | 1,293,047 | 0.00% | 868442 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2038 | 868,442 | 301289 | 0 | 13,027 | 71,010 | 0.00% | 1111749 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2039 | 1,111,749 | 301289 | 0 | 16,676 | 191,995 | 0.00% | 1237719 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2040 | 1,237,719 | 301289 | 0 | 18,566 | 559,622 | 0.00% | 997952 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2041 | 997,952 | 301289 | 0 | 14,969 | 957,106 | 0.00% | 357104 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2042 | 357,104 | 301289 | 0 | 5,357 | 0 | 0.00% | 663750 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2043 | 663,750 | 301289 | 0 | 9,956 | 291,404 | 0.00% | 683592 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2044 | 683,592 | 301289 | 0 | 10,254 | 24900 | 0.00% | 970235 | \$ 113.10 | \$ 448.72 | 0.00% |
| 2045 | 970,235 | 301289 | 0 | 14,554 | 0 | 0.00% | 1286077 | \$ 113.10 | \$ 448.72 | 0.00% |

7.2 Schedule B - Minimal Fee Increase Model 1%

The second funding model is a minimum funding model. The funding model involves the least amount of funding increases while retaining an adequate cash balance for all expenditures. While maintenance fees are kept low, there are multiple special assessments.

Reserve Contribution Increases

The current reserve fund contribution is \$50,000 per annum, or about \$19 per unit per month, with a current average monthly maintenance fee of \$354 per unit.

Proposed increases are 1.0% annually through the projection. The CRF contributions would increase to \$22 per unit per month in 2016, with a resulting increase in Strata Fees to \$358. This is assuming the base portion of the Strata Maintenance Fee remains static.

Over the first 10 years, the proposed CRF contributions would increase to \$56 per unit per month. The resulting increase to the Strata Fees in the year 2025 would result in a monthly fee of \$391 per unit per month, on the average.

Special Assessments, Loans

This funding model includes multiple special assessments as follows:

- \$210,000 (\$946 per unit average) in 2025 for interior common area renovations and phase 3 of the window replacement
- \$430,000 (\$1937 per unit average) in 2030 for painting and repiping
- \$666,000 (\$3000 per unit average) in 2033 for repiping
- \$444,000 (\$2000 per unit average) in 2035 for roofing
- \$888,000 (\$4000 per unit average) in 2037 for exterior cladding
- \$444,000 (\$2000 per unit average) in 2041 for repiping

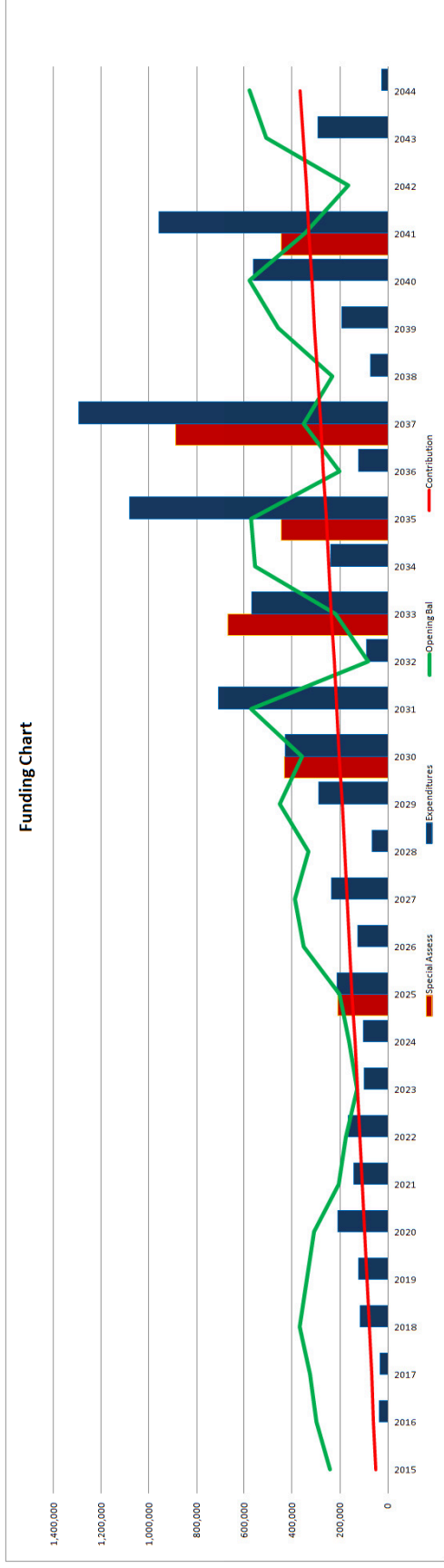
Expenditures/ Reserve Fund Balance

Expenditures under this model are relatively spread out. The highest expenditure year is in 2035 and 2034. This is mainly for the replacement of the siding, roof, and piping. The CRF balance never falls below a minimum threshold level and maintains healthy balance throughout the 30 years.

7.2 Schedule B - 30 YEAR RESERVE FUND CASH FLOW PROJECTION

| 30 Year Projection | Year 2015 | Year 2016 | Year 2017 | Year 2018 | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 | Year 2024 | Year 2025 | Year 2026 | Year 2027 | Year 2028 | Year 2029 | Year 2030 | Year 2031 | Year 2032 | Year 2033 | Year 2034 | Year 2035 | Year 2036 | Year 2037 | Year 2038 | Year 2039 | Year 2040 | Year 2041 | Year 2042 | Year 2043 | Year 2044 | Year 2045 | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------|
| | Budgeted | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| OPENING BALANCE | 296,320 | 296,320 | 325,902 | 367,306 | 336,333 | 309,157 | 204,934 | 174,332 | 129,211 | 161,481 | 200,280 | 350,813 | 389,952 | 329,942 | 449,891 | 359,317 | 570,249 | 81,450 | 216,962 | 553,793 | 571,474 | 201,072 | 351,288 | 232,545 | 457,809 | 577,335 | 343,015 | 163,803 | 507,238 | 576,771 | 926,325 | |
| Reserve Fund Contributions | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | 242,680 | |
| Special Assessment | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | |
| Reserve Fund Interest Income | 3,640 | 4,445 | 4,889 | 5,510 | 5,045 | 4,637 | 3,074 | 2,615 | 1,938 | 2,422 | 3,004 | 5,262 | 5,634 | 4,949 | 6,748 | 5,390 | 8,554 | 1,222 | 3,254 | 8,306 | 8,572 | 3,016 | 888,000 | 5,269 | 3,488 | 6,867 | 8,660 | 5,145 | 2,457 | 7,609 | 8,652 | 13,895 |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Cash Resources | 296,320 | 360,206 | 399,767 | 451,422 | 429,712 | 411,952 | 316,089 | 295,050 | 259,373 | 302,351 | 562,057 | 515,277 | 564,521 | 515,264 | 647,757 | 996,676 | 791,733 | 306,672 | 1,121,398 | 808,543 | 1,281,925 | 473,487 | 1,525,592 | 528,818 | 769,330 | 902,637 | 1,120,910 | 507,238 | 868,175 | 951,225 | 1,306,022 | |
| RESERVE FUND EXPENDITURES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A2010 - Parade Membrane | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A2020 - Parade Maintenance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A2030 - Garage Doors and Mechanisms | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B2012 - Exterior Walls, Stucco | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B2120 - Exterior, Skylights | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B2210 - Exterior Doors | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B2310 - Balcony Membranes | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B2320 - Balcony Railings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B3010 - Roof - Flat, Membrane | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B3015 - Roof - Pitched, Metal | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B3110 - Eave troughs and Downspouts | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B3200 - Caulking and Weatherstripping | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B3210 - Caulking and Weatherstripping | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C2010 - Lobby Reception | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C2012 - Common Area Amenity Rooms | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C2015 - Swimming Pool | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C2020 - Interior Painting and Decor | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C3020 - Carpeting and Tile | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C3100 - Elevator Interior | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D1011 - Elevator Modernization | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D2100 - Boiler & Hot Water Tank | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D3010 - Makeup Air Units | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D4010 - Sprinklers | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D4100 - Fire panel and Emergency Lighting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D5010 - Electrical Services and Distribution | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D5030 - Exterior Lighting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D5040 - Access Control and Security | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

7.2 Schedule B Cash Flows Chart



7.2 Schedule B Cash Flows

| NWS3119 Cash Flow Table | | | | | | | | | | |
|----------------------------|-----------------|---------------------------------|--------------------|---------------------------------|---|--|-----------------|--|-----------------------------------|---------------------------|
| Year | Opening Balance | Recommended Annual Contribution | Special Assessment | Estimated Interest Earned 1.50% | Estimated Inflation Adjusted Expenditures | % Increase in Recommended Annual Contributions | Closing Balance | CRF Contribution (per unit, per month) | Strata Fees (per unit, per month) | % Increase in Strata Fees |
| 2015 | 242,680 | 50000 | 0 | 3,640 | 0 | n/a | 296320 | \$ 18.77 | \$ 354.39 | |
| 2016 | 296,320 | 59441 | 0 | 4,445 | 34,304 | 18.88% | 325902 | \$ 22.31 | \$ 357.93 | 1.00% |
| 2017 | 325,902 | 68976 | 0 | 4,889 | 32,461 | 16.04% | 367306 | \$ 25.89 | \$ 361.51 | 1.00% |
| 2018 | 367,306 | 78607 | 0 | 5,510 | 115,089 | 13.96% | 336333 | \$ 29.51 | \$ 365.13 | 1.00% |
| 2019 | 336,333 | 88334 | 0 | 5,045 | 120,555 | 12.37% | 309157 | \$ 33.16 | \$ 368.78 | 1.00% |
| 2020 | 309,157 | 98158 | 0 | 4,637 | 207,018 | 11.12% | 204934 | \$ 36.85 | \$ 372.47 | 1.00% |
| 2021 | 204,934 | 108081 | 0 | 3,074 | 141,757 | 10.11% | 174332 | \$ 40.57 | \$ 376.19 | 1.00% |
| 2022 | 174,332 | 118102 | 0 | 2,615 | 165,839 | 9.27% | 129211 | \$ 44.33 | \$ 379.95 | 1.00% |
| 2023 | 129,211 | 128224 | 0 | 1,938 | 97,892 | 8.57% | 161481 | \$ 48.13 | \$ 383.75 | 1.00% |
| 2024 | 161,481 | 138448 | 0 | 2,422 | 102,071 | 7.97% | 200280 | \$ 51.97 | \$ 387.59 | 1.00% |
| 2025 | 200,280 | 148773 | 210,000 | 3,004 | 211,244 | 7.46% | 350813 | \$ 55.85 | \$ 391.47 | 1.00% |
| 2026 | 350,813 | 159202 | 0 | 5,262 | 126,325 | 7.01% | 388952 | \$ 59.76 | \$ 395.38 | 1.00% |
| 2027 | 388,952 | 169734 | 0 | 5,834 | 234,579 | 6.62% | 329942 | \$ 63.71 | \$ 399.33 | 1.00% |
| 2028 | 329,942 | 180373 | 0 | 4,949 | 65,373 | 6.27% | 449891 | \$ 67.71 | \$ 403.33 | 1.00% |
| 2029 | 449,891 | 191117 | 0 | 6,748 | 288,440 | 5.96% | 359317 | \$ 71.74 | \$ 407.36 | 1.00% |
| 2030 | 359,317 | 201970 | 430,000 | 5,390 | 426,427 | 5.68% | 570249 | \$ 75.81 | \$ 411.43 | 1.00% |
| 2031 | 570,249 | 212930 | 0 | 8,554 | 710,282 | 5.43% | 81450 | \$ 79.93 | \$ 415.55 | 1.00% |
| 2032 | 81,450 | 224000 | 0 | 1,222 | 89,710 | 5.20% | 216962 | \$ 84.08 | \$ 419.70 | 1.00% |
| 2033 | 216,962 | 235181 | 666,000 | 3,254 | 567,635 | 4.99% | 553763 | \$ 88.28 | \$ 423.90 | 1.00% |
| 2034 | 553,763 | 246474 | 0 | 8,306 | 237,070 | 4.80% | 571474 | \$ 92.52 | \$ 428.14 | 1.00% |
| 2035 | 571,474 | 257880 | 444,000 | 8,572 | 1,080,853 | 4.63% | 201072 | \$ 96.80 | \$ 432.42 | 1.00% |
| 2036 | 201,072 | 269399 | 0 | 3,016 | 122,199 | 4.47% | 351288 | \$ 101.13 | \$ 436.75 | 1.00% |
| 2037 | 351,288 | 281034 | 888,000 | 5,269 | 1,293,047 | 4.32% | 232545 | \$ 105.49 | \$ 441.11 | 1.00% |
| 2038 | 232,545 | 292786 | 0 | 3,488 | 71,010 | 4.18% | 457809 | \$ 109.90 | \$ 445.52 | 1.00% |
| 2039 | 457,809 | 304654 | 0 | 6,867 | 191,995 | 4.05% | 577335 | \$ 114.36 | \$ 449.98 | 1.00% |
| 2040 | 577,335 | 316642 | 0 | 8,660 | 559,622 | 3.93% | 343015 | \$ 118.86 | \$ 454.48 | 1.00% |
| 2041 | 343,015 | 328749 | 444,000 | 5,145 | 957,106 | 3.82% | 163803 | \$ 123.40 | \$ 459.02 | 1.00% |
| 2042 | 163,803 | 340978 | 0 | 2,457 | 0 | 3.72% | 507238 | \$ 127.99 | \$ 463.61 | 1.00% |
| 2043 | 507,238 | 353328 | 0 | 7,609 | 291,404 | 3.62% | 576771 | \$ 132.63 | \$ 468.25 | 1.00% |
| 2044 | 576,771 | 365802 | 0 | 8,652 | 24900 | 3.53% | 926325 | \$ 137.31 | \$ 472.93 | 1.00% |
| 2045 | 926,325 | 365802 | 0 | 13,895 | 0 | 0.00% | 1306022 | \$ 137.31 | \$ 472.93 | 0.00% |

7.3 Schedule C - Minimal Fee Increase Model 1.5% (Recommended)

The third funding model is a minimum funding model. The funding model involves the least amount of funding increases while retaining an adequate cash balance for all expenditures. While maintenance fees are kept low, there are three special assessments.

Reserve Contribution Increases

The current reserve fund contribution is \$50,000 per annum, or about \$19 per unit per month, with a current average monthly maintenance fee of \$354 per unit.

Proposed increases are 1.5% annually through the projection. The CRF contributions would increase to \$24 per unit per month in 2016, with a resulting increase in Strata Fees to \$360. This is assuming the base portion of the Strata Maintenance Fee remains static.

Over the first 10 years, the proposed CRF contributions would increase to \$76 per unit per month. The resulting increase to the Strata Fees in the year 2025 would result in a monthly fee of \$411 per unit per month, on the average.

Special Assessments, Loans

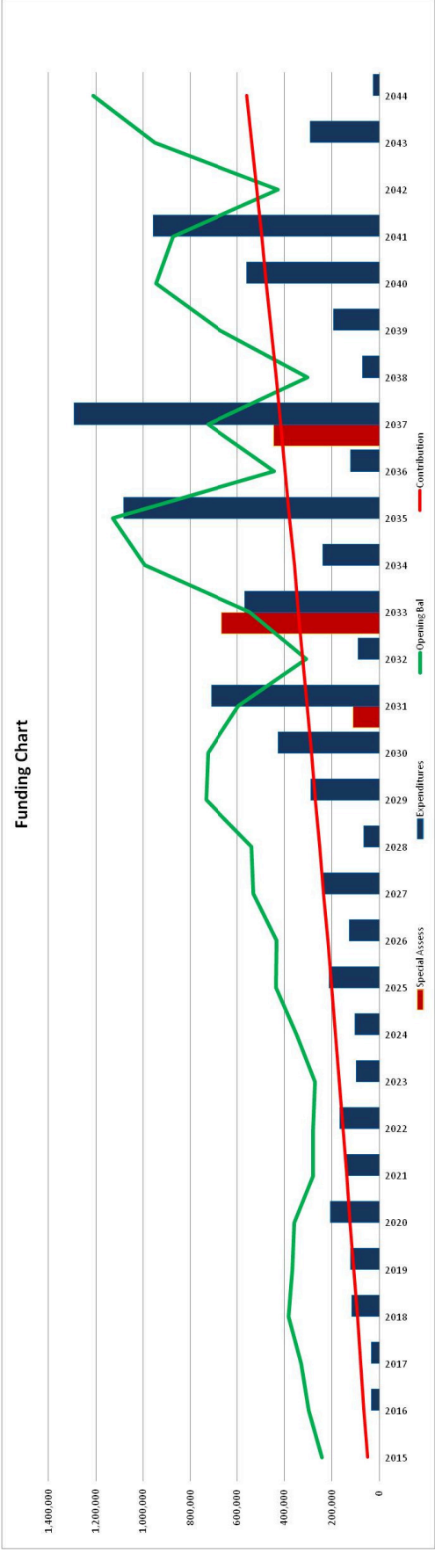
This funding model includes multiple special assessments as follows:

- \$111,000 (\$500 per unit average) in 2031 for painting and repiping
- \$666,000 (\$3000 per unit average) in 2033 for repiping
- \$444,000 (\$2000 per unit average) in 2037 for exterior cladding

Expenditures/ Reserve Fund Balance

Expenditures under this model are relatively spread out. The highest expenditure year is in 2035 and 2034. This is mainly for the replacement of the siding, roof, and piping. The CRF balance never falls below a minimum threshold level and maintains healthy balance throughout the 30 years.

7.3 Schedule C Cash Flows Chart



7.3 Schedule C Cash Flows

| NWS3119 Cash Flow Table | | | | | | | | | | |
|----------------------------|-----------------|---------------------------------|--------------------|---------------------------------|---|--|-----------------|--|-----------------------------------|---------------------------|
| Year | Opening Balance | Recommended Annual Contribution | Special Assessment | Estimated Interest Earned 1.50% | Estimated Inflation Adjusted Expenditures | % Increase in Recommended Annual Contributions | Closing Balance | CRF Contribution (per unit, per month) | Strata Fees (per unit, per month) | % Increase in Strata Fees |
| 2015 | 242,680 | 50000 | 0 | 3,640 | 0 | n/a | 296320 | \$ 18.77 | \$ 354.39 | |
| 2016 | 296,320 | 64161 | 0 | 4,445 | 34,304 | 28.32% | 330623 | \$ 24.08 | \$ 359.70 | 1.50% |
| 2017 | 330,623 | 78535 | 0 | 4,959 | 32,461 | 22.40% | 381656 | \$ 29.48 | \$ 365.10 | 1.50% |
| 2018 | 381,656 | 93125 | 0 | 5,725 | 115,089 | 18.58% | 365416 | \$ 34.96 | \$ 370.58 | 1.50% |
| 2019 | 365,416 | 107933 | 0 | 5,481 | 120,555 | 15.90% | 358275 | \$ 40.52 | \$ 376.14 | 1.50% |
| 2020 | 358,275 | 122963 | 0 | 5,374 | 207,018 | 13.93% | 279594 | \$ 46.16 | \$ 381.78 | 1.50% |
| 2021 | 279,594 | 138219 | 0 | 4,194 | 141,757 | 12.41% | 280251 | \$ 51.88 | \$ 387.50 | 1.50% |
| 2022 | 280,251 | 153704 | 0 | 4,204 | 165,839 | 11.20% | 272319 | \$ 57.70 | \$ 393.32 | 1.50% |
| 2023 | 272,319 | 169421 | 0 | 4,085 | 97,892 | 10.23% | 347932 | \$ 63.60 | \$ 399.22 | 1.50% |
| 2024 | 347,932 | 185373 | 0 | 5,219 | 102,071 | 9.42% | 436454 | \$ 69.58 | \$ 405.20 | 1.50% |
| 2025 | 436,454 | 201565 | 0 | 6,547 | 211,244 | 8.73% | 433322 | \$ 75.66 | \$ 411.28 | 1.50% |
| 2026 | 433,322 | 218000 | 0 | 6,500 | 126,325 | 8.15% | 531497 | \$ 81.83 | \$ 417.45 | 1.50% |
| 2027 | 531,497 | 234682 | 0 | 7,972 | 234,579 | 7.65% | 539572 | \$ 88.09 | \$ 423.71 | 1.50% |
| 2028 | 539,572 | 251613 | 0 | 8,094 | 65,373 | 7.21% | 733906 | \$ 94.45 | \$ 430.07 | 1.50% |
| 2029 | 733,906 | 268799 | 0 | 11,009 | 288,440 | 6.83% | 725274 | \$ 100.90 | \$ 436.52 | 1.50% |
| 2030 | 725,274 | 286242 | 0 | 10,879 | 426,427 | 6.49% | 595968 | \$ 107.45 | \$ 443.07 | 1.50% |
| 2031 | 595,968 | 303947 | 111,000 | 8,940 | 710,282 | 6.19% | 309572 | \$ 114.09 | \$ 449.71 | 1.50% |
| 2032 | 309,572 | 321918 | 0 | 4,644 | 89,710 | 5.91% | 546423 | \$ 120.84 | \$ 456.46 | 1.50% |
| 2033 | 546,423 | 340158 | 666,000 | 8,196 | 567,635 | 5.67% | 993142 | \$ 127.69 | \$ 463.31 | 1.50% |
| 2034 | 993,142 | 358672 | 0 | 14,897 | 237,070 | 5.44% | 1129641 | \$ 134.64 | \$ 470.26 | 1.50% |
| 2035 | 1,129,641 | 377463 | 0 | 16,945 | 1,080,853 | 5.24% | 443195 | \$ 141.69 | \$ 477.31 | 1.50% |
| 2036 | 443,195 | 396536 | 0 | 6,648 | 122,199 | 5.05% | 724181 | \$ 148.85 | \$ 484.47 | 1.50% |
| 2037 | 724,181 | 415896 | 444,000 | 10,863 | 1,293,047 | 4.88% | 301892 | \$ 156.12 | \$ 491.74 | 1.50% |
| 2038 | 301,892 | 435546 | 0 | 4,528 | 71,010 | 4.72% | 670956 | \$ 163.49 | \$ 499.11 | 1.50% |
| 2039 | 670,956 | 455490 | 0 | 10,064 | 191,995 | 4.58% | 944516 | \$ 170.98 | \$ 506.60 | 1.50% |
| 2040 | 944,516 | 475734 | 0 | 14,168 | 559,622 | 4.44% | 874796 | \$ 178.58 | \$ 514.20 | 1.50% |
| 2041 | 874,796 | 496281 | 0 | 13,122 | 957,106 | 4.32% | 427093 | \$ 186.29 | \$ 521.91 | 1.50% |
| 2042 | 427,093 | 517137 | 0 | 6,406 | 0 | 4.20% | 950636 | \$ 194.12 | \$ 529.74 | 1.50% |
| 2043 | 950,636 | 538305 | 0 | 14,260 | 291,404 | 4.09% | 1211797 | \$ 202.07 | \$ 537.69 | 1.50% |
| 2044 | 1,211,797 | 559791 | 0 | 18,177 | 24900 | 3.99% | 1764865 | \$ 210.13 | \$ 545.75 | 1.50% |
| 2044 | 1,764,865 | 559791 | 0 | 26,473 | 0 | 0.00% | 2351129 | \$ 210.13 | \$ 545.75 | 0.00% |

7.4 Schedule D - Minimal Fee Increase Model 2%

The fourth funding model is a minimum funding model. The funding model involves a moderate amount of funding increases while retaining an adequate cash balance for all expenditures. There are no special assessments.

Reserve Contribution Increases

The current reserve fund contribution is \$50,000 per annum, or about \$19 per unit per month, with a current average monthly maintenance fee of \$354 per unit.

Proposed increases are 2.0% annually through the projection. The CRF contributions would increase to \$26 per unit per month in 2016, with a resulting increase in Strata Fees to \$361. This is assuming the base portion of the Strata Maintenance Fee remains static.

Over the first 10 years, the proposed CRF contributions would increase to \$96 per unit per month. The resulting increase to the Strata Fees in the year 2025 would result in a monthly fee of \$432 per unit per month, on the average.

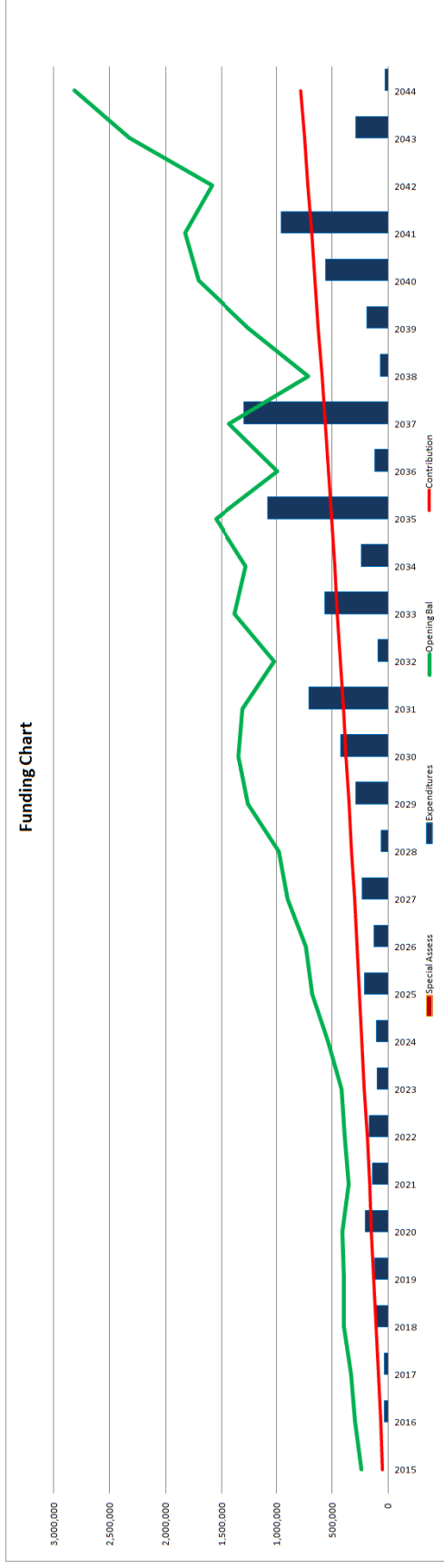
Special Assessments, Loans

This funding model includes no special assessments.

Expenditures/ Reserve Fund Balance

Expenditures under this model are relatively spread out. The highest expenditure year is in 2035 and 2034. This is mainly for the replacement of the siding, roof, and piping. The CRF balance never falls below a minimum threshold level and maintains healthy balance throughout the 30 years.

7.4 Schedule D Cash Flows Chart



7.4 Schedule D Cash Flows

| NWS3119 Cash Flow Table | | | | | | | | | | |
|----------------------------|--------------------|---------------------------------------|-----------------------|--|--|---|--------------------|---|---|---------------------------------|
| Year | Opening Balance | Recommended Annual Contribution | Special Assessment | Estimated Interest Earned 1.50% | Estimated Inflation Adjusted Expenditures | % Increase in Recommended Annual Contributions | Closing Balance | CRF Contribution (per unit, per month) | Strata Fees (per unit, per month) | % Increase in Strata Fees |
| 2015 | 242,680 | 50000 | 0 | 3,640 | 0 | n/a | 296320 | \$ 18.77 | \$ 354.39 | |
| 2016 | 296,320 | 68882 | 0 | 4,445 | 34,304 | 37.76% | 335343 | \$ 25.86 | \$ 361.48 | 2.00% |
| 2017 | 335,343 | 88141 | 0 | 5,030 | 32,461 | 27.96% | 396053 | \$ 33.09 | \$ 368.71 | 2.00% |
| 2018 | 396,053 | 107786 | 0 | 5,941 | 115,089 | 22.29% | 394691 | \$ 40.46 | \$ 376.08 | 2.00% |
| 2019 | 394,691 | 127824 | 0 | 5,920 | 120,555 | 18.59% | 407880 | \$ 47.98 | \$ 383.60 | 2.00% |
| 2020 | 407,880 | 148262 | 0 | 6,118 | 207,018 | 15.99% | 355241 | \$ 55.65 | \$ 391.27 | 2.00% |
| 2021 | 355,241 | 169109 | 0 | 5,329 | 141,757 | 14.06% | 387922 | \$ 63.48 | \$ 399.10 | 2.00% |
| 2022 | 387,922 | 190373 | 0 | 5,819 | 165,839 | 12.57% | 418275 | \$ 71.46 | \$ 407.08 | 2.00% |
| 2023 | 418,275 | 212062 | 0 | 6,274 | 97,892 | 11.39% | 538719 | \$ 79.60 | \$ 415.22 | 2.00% |
| 2024 | 538,719 | 234185 | 0 | 8,081 | 102,071 | 10.43% | 678915 | \$ 87.91 | \$ 423.53 | 2.00% |
| 2025 | 678,915 | 256751 | 0 | 10,184 | 211,244 | 9.64% | 734606 | \$ 96.38 | \$ 432.00 | 2.00% |
| 2026 | 734,606 | 279768 | 0 | 11,019 | 126,325 | 8.96% | 899068 | \$ 105.02 | \$ 440.64 | 2.00% |
| 2027 | 899,068 | 303245 | 0 | 13,486 | 234,579 | 8.39% | 981220 | \$ 113.83 | \$ 449.45 | 2.00% |
| 2028 | 981,220 | 327192 | 0 | 14,718 | 65,373 | 7.90% | 1257757 | \$ 122.82 | \$ 458.44 | 2.00% |
| 2029 | 1,257,757 | 351617 | 0 | 18,866 | 288,440 | 7.47% | 1339800 | \$ 131.99 | \$ 467.61 | 2.00% |
| 2030 | 1,339,800 | 376532 | 0 | 20,097 | 426,427 | 7.09% | 1310002 | \$ 141.34 | \$ 476.96 | 2.00% |
| 2031 | 1,310,002 | 401944 | 0 | 19,650 | 710,282 | 6.75% | 1021313 | \$ 150.88 | \$ 486.50 | 2.00% |
| 2032 | 1,021,313 | 427865 | 0 | 15,320 | 89,710 | 6.45% | 1374787 | \$ 160.61 | \$ 496.23 | 2.00% |
| 2033 | 1,374,787 | 454304 | 0 | 20,622 | 567,635 | 6.18% | 1282078 | \$ 170.53 | \$ 506.15 | 2.00% |
| 2034 | 1,282,078 | 481272 | 0 | 19,231 | 237,070 | 5.94% | 1545511 | \$ 180.66 | \$ 516.28 | 2.00% |
| 2035 | 1,545,511 | 508779 | 0 | 23,183 | 1,080,853 | 5.72% | 996620 | \$ 190.98 | \$ 526.60 | 2.00% |
| 2036 | 996,620 | 536836 | 0 | 14,949 | 122,199 | 5.51% | 1426207 | \$ 201.52 | \$ 537.14 | 2.00% |
| 2037 | 1,426,207 | 565455 | 0 | 21,393 | 1,293,047 | 5.33% | 720007 | \$ 212.26 | \$ 547.88 | 2.00% |
| 2038 | 720,007 | 594646 | 0 | 10,800 | 71,010 | 5.16% | 1254444 | \$ 223.22 | \$ 558.84 | 2.00% |
| 2039 | 1,254,444 | 624421 | 0 | 18,817 | 191,995 | 5.01% | 1705686 | \$ 234.39 | \$ 570.01 | 2.00% |
| 2040 | 1,705,686 | 654791 | 0 | 25,585 | 559,622 | 4.86% | 1826441 | \$ 245.79 | \$ 581.41 | 2.00% |
| 2041 | 1,826,441 | 685769 | 0 | 27,397 | 957,106 | 4.73% | 1582500 | \$ 257.42 | \$ 593.04 | 2.00% |
| 2042 | 1,582,500 | 717366 | 0 | 23,737 | 0 | 4.61% | 2323603 | \$ 269.28 | \$ 604.90 | 2.00% |
| 2043 | 2,323,603 | 749595 | 0 | 34,854 | 291,404 | 4.49% | 2816649 | \$ 281.38 | \$ 617.00 | 2.00% |
| 2044 | 2,816,649 | 782469 | 0 | 42,250 | 24900 | 4.39% | 3616467 | \$ 293.72 | \$ 629.34 | 2.00% |
| 2045 | 3,616,467 | 782469 | 0 | 54,247 | 0 | 0.00% | 4453183 | \$ 293.72 | \$ 629.34 | 0.00% |

7.5 Schedule E – Full Funding Model

The Full Funding model achieves Full Funding immediately, but maintains a relatively high balance over the life of the complex. The fee increases are front loaded. There is also a special assessment at the beginning of the model. However, this model immediately provided a balanced Fully Funded CRF, which means that the residents are always caught up with all expenditure requirements at any given time, and no special assessments or contribution increases would be necessary.

This model is not currently recommended and is included for reference only.

Reserve Contribution Increases

The current reserve fund contribution is \$50,000 per annum, or about \$19 per unit per month, with a current average monthly maintenance fee of \$354 per unit.

This model involves a front loaded increase to CRF contributions in 2015, increasing to \$263,682 per annum or \$99 per unit per month. The contributions would remain at this level for the life of the complex.

Resulting minimum strata fees would increase to \$435. The CRF contributions would remain at this level for the life of the complex.

Special Assessments, Loans

This funding model includes one special assessment in 2015, in the amount of \$1,463,824, or roughly \$6594 per unit. This brings the CRF deficiency to zero. There would be no further special assessments for the life of the complex.

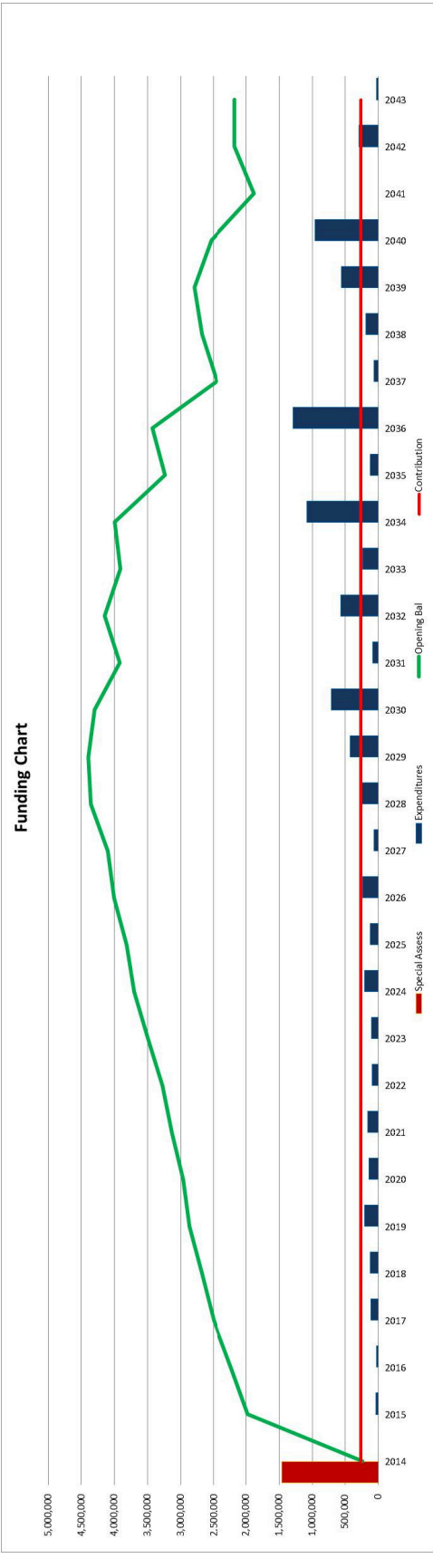
Expenditures/ Reserve Fund Balance

The CRF balance under the Full Funding model is fairly high, reaching almost \$2 million in 2015. Should this model be adopted, it is recommended that Strata invests the balance in long term securities that would achieve returns at least greater than inflation. This would preserve the real value of the CRF.

7.5 Schedule E 30 YEAR RESERVE FUND CASH FLOW PROJECTION

| 30 Year Projection | Year 2014 | Year 2015 | Year 2016 | Year 2017 | Year 2018 | Year 2019 | Year 2020 | Year 2021 | Year 2022 | Year 2023 | Year 2024 | Year 2025 | Year 2026 | Year 2027 | Year 2028 | Year 2029 | Year 2030 | Year 2031 | Year 2032 | Year 2033 | Year 2034 | Year 2035 | Year 2036 | Year 2037 | Year 2038 | Year 2039 | Year 2040 | Year 2041 | Year 2042 | Year 2043 | Year 2044 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| OPENING BALANCE | 1,973,626 | 1,973,626 | 2,232,811 | 2,497,534 | 2,693,579 | 2,866,639 | 2,966,639 | 3,133,652 | 3,277,891 | 3,452,949 | 3,706,853 | 3,814,894 | 4,009,474 | 4,099,474 | 4,099,719 | 4,399,129 | 4,392,370 | 3,929,305 | 4,153,091 | 3,911,424 | 3,996,378 | 3,229,487 | 3,459,662 | 2,451,640 | 2,681,086 | 2,759,960 | 2,558,945 | 1,869,604 | 2,175,540 | 2,180,452 | 2,451,940 |
| Reserve Fund Contributions | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 |
| Special Assessment | 1,463,244 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 | 263,682 |
| Reserve Fund Interest Income | 3,540 | 29,807 | 33,492 | 37,463 | 40,254 | 43,004 | 44,099 | 46,596 | 49,168 | 52,393 | 55,603 | 57,223 | 60,142 | 61,481 | 65,378 | 65,867 | 64,336 | 58,805 | 62,266 | 58,671 | 59,951 | 48,592 | 51,443 | 36,775 | 40,216 | 41,985 | 38,684 | 28,254 | 32,633 | 32,707 | 36,779 |
| Total Cash Resources | 1,973,626 | 2,257,115 | 2,529,885 | 2,798,669 | 2,987,515 | 3,173,646 | 3,274,609 | 3,443,730 | 3,590,741 | 3,808,624 | 4,026,137 | 4,135,799 | 4,333,598 | 4,423,682 | 4,687,568 | 4,728,797 | 4,630,387 | 4,242,791 | 4,479,659 | 4,283,777 | 4,320,340 | 3,951,761 | 3,744,687 | 2,752,086 | 2,984,985 | 3,098,967 | 2,840,711 | 2,175,540 | 2,471,855 | 2,476,840 | 2,752,401 |
| RESERVE FUND EXPENDITURES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A2010 - Periside Membrane | | | | | | | | | | | | | | | | | 161,356 | | | | | | | | | | | | | | |
| A2020 - Periside Maintenance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A2030 - Garage Doors and Mechanisms | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B2012 - Exterior Walls, Stucco | | | | | | | | | 14,793 | | | | | | | | | | | | | | | | | | | | | | |
| B2110 - Exterior Window Assemblies | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B2120 - Exterior Sights | | | | 102,475 | | | | 113,777 | | | | | | | | | | | | | | | | | | | | | | | |
| B2210 - Exterior Doors | | | | | | | | | | | | | | | | | 70,709 | | | | | | | | | | | | | | |
| B2310 - Balcony Membranes | | | | | | | | | | | | | | | | | | 89,710 | | | | | | | | | | | | | |
| B2320 - Balcony Railings | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B3010 - Floor - Full Membrane | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B3020 - Floor - Full Membrane | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B3110 - Exterior and Dow supports | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B4020 - Guttering and Weatherstripping | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B5000 - Exterior Painting | | | | | | | | | | | | | | | | | 269,905 | | | | | | | | | | | | | | |
| C2010 - Lobby Redecoration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C2012 - Common Area Amenity Rooms | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C2015 - Swimming Pool | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C3010 - Interior Painting and Decor | | | | | | | | | 41,282 | | | | | | | | | | | | | | | | | | | | | | |
| C3100 - Carpeting and Tile | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C3110 - Carpeting and Tile | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D1011 - Elevator Modernization | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D2010 - Piping | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D2100 - Boiler & Hot Water Tank | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D3010 - Makeup Air Units | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D4010 - Sprinklers | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D4100 - Fire panel and Emergency Lighting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D5000 - Electrical Service and Distribution | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D5010 - Exterior Lighting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D5020 - Access Control and Security | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| E1010 - Fences and Gates | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| E2010 - Poles and Walkways | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| E2055 - Fencing, Gates & Privacy Screens | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| E2210 - Pavement Asphalt | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| E3010 - Hard Landscaping | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| E3020 - Soft Landscaping | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| E3030 - Irrigation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| E4010 - Perimeter Drains | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| F1000 - Services and Log Piping | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| F1011 - Periodic Maintenance (3 years) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TOTAL EXPENDITURES | 0 | 34,304 | 32,461 | 115,089 | 120,555 | 207,018 | 141,757 | 165,839 | 97,892 | 102,071 | 211,244 | 126,325 | 224,579 | 65,373 | 288,440 | 426,427 | 710,382 | 89,710 | 567,655 | 227,070 | 1,060,853 | 122,199 | 1,293,047 | 71,010 | 191,995 | 559,622 | 957,106 | 0 | 291,404 | 24,900 | 0 |
| CLOSING BALANCE | 1,973,626 | 2,232,811 | 2,497,524 | 2,693,579 | 2,866,660 | 2,966,628 | 3,133,652 | 3,277,891 | 3,492,849 | 3,706,853 | 3,814,894 | 4,009,474 | 4,098,719 | 4,358,509 | 4,399,128 | 4,392,370 | 3,920,305 | 4,153,081 | 3,911,424 | 3,996,708 | 3,239,487 | 3,429,562 | 2,451,640 | 2,681,086 | 2,792,990 | 2,558,945 | 1,863,604 | 2,175,540 | 2,180,452 | 2,451,940 | 2,752,401 |
| DEFICIENCY ANALYSIS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reserve Requirements | 1,970,185 | 2,229,116 | 2,493,774 | 2,679,773 | 2,863,096 | 2,962,706 | 3,129,072 | 3,273,851 | 3,488,748 | 3,702,690 | 3,810,689 | 4,005,186 | 4,094,367 | 4,354,091 | 4,394,644 | 4,297,819 | 3,915,885 | 4,148,392 | 3,906,865 | 3,981,877 | 3,234,594 | 3,424,585 | 2,446,598 | 2,675,960 | 2,787,786 | 2,558,693 | 1,878,243 | 2,170,899 | 2,174,929 | 2,448,304 | 2,746,711 |
| Reserve Fund Surplus | 3,540 | 3,695 | 3,750 | 3,806 | 3,864 | 3,922 | 3,980 | 4,040 | 4,101 | 4,162 | 4,225 | 4,288 | 4,352 | 4,418 | 4,484 | 4,551 | 4,619 | 4,689 | 4,759 | 4,830 | 4,903 | 4,976 | 5,051 | 5,127 | 5,204 | 5,282 | 5,361 | 5,441 | 5,523 | 5,606 | 5,690 |
| CRF Contributions / mo / unit | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 | 99 |
| Min Monthly Strata Fees /mo / unit | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 | 435 |
| Min Strata fee % increase | | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

7.5 Schedule E Cash Flows Chart



7.5 Schedule E Cash Flows

| NWS3119 Cash Flow Table | | | | | | | | | | |
|----------------------------|-----------------|---------------------------------|--------------------|---------------------------------|---|--|-----------------|--|-----------------------------------|---------------------------|
| Year | Opening Balance | Recommended Annual Contribution | Special Assessment | Estimated Interest Earned 1.50% | Estimated Inflation Adjusted Expenditures | % Increase in Recommended Annual Contributions | Closing Balance | CRF Contribution (per unit, per month) | Strata Fees (per unit, per month) | % Increase in Strata Fees |
| 2014 | 242,680 | 263682 | 1,463,824 | 3,640 | 0 | n/a | 1973826 | \$ 98.98 | \$ 435 | |
| 2015 | 1,973,826 | 263682 | 0 | 29,607 | 34,304 | 0.00% | 2232811 | \$ 98.98 | \$ 435 | 0.00% |
| 2016 | 2,232,811 | 263682 | 0 | 33,492 | 32,461 | 0.00% | 2497524 | \$ 98.98 | \$ 435 | 0.00% |
| 2017 | 2,497,524 | 263682 | 0 | 37,463 | 115,089 | 0.00% | 2683579 | \$ 98.98 | \$ 435 | 0.00% |
| 2018 | 2,683,579 | 263682 | 0 | 40,254 | 120,555 | 0.00% | 2866960 | \$ 98.98 | \$ 435 | 0.00% |
| 2019 | 2,866,960 | 263682 | 0 | 43,004 | 207,018 | 0.00% | 2966628 | \$ 98.98 | \$ 435 | 0.00% |
| 2020 | 2,966,628 | 263682 | 0 | 44,499 | 141,757 | 0.00% | 3133052 | \$ 98.98 | \$ 435 | 0.00% |
| 2021 | 3,133,052 | 263682 | 0 | 46,996 | 165,839 | 0.00% | 3277891 | \$ 98.98 | \$ 435 | 0.00% |
| 2022 | 3,277,891 | 263682 | 0 | 49,168 | 97,892 | 0.00% | 3492849 | \$ 98.98 | \$ 435 | 0.00% |
| 2023 | 3,492,849 | 263682 | 0 | 52,393 | 102,071 | 0.00% | 3706853 | \$ 98.98 | \$ 435 | 0.00% |
| 2024 | 3,706,853 | 263682 | 0 | 55,603 | 211,244 | 0.00% | 3814894 | \$ 98.98 | \$ 435 | 0.00% |
| 2025 | 3,814,894 | 263682 | 0 | 57,223 | 126,325 | 0.00% | 4009474 | \$ 98.98 | \$ 435 | 0.00% |
| 2026 | 4,009,474 | 263682 | 0 | 60,142 | 234,579 | 0.00% | 4098719 | \$ 98.98 | \$ 435 | 0.00% |
| 2027 | 4,098,719 | 263682 | 0 | 61,481 | 65,373 | 0.00% | 4358509 | \$ 98.98 | \$ 435 | 0.00% |
| 2028 | 4,358,509 | 263682 | 0 | 65,378 | 288,440 | 0.00% | 4399128 | \$ 98.98 | \$ 435 | 0.00% |
| 2029 | 4,399,128 | 263682 | 0 | 65,987 | 426,427 | 0.00% | 4302370 | \$ 98.98 | \$ 435 | 0.00% |
| 2030 | 4,302,370 | 263682 | 0 | 64,536 | 710,282 | 0.00% | 3920305 | \$ 98.98 | \$ 435 | 0.00% |
| 2031 | 3,920,305 | 263682 | 0 | 58,805 | 89,710 | 0.00% | 4153081 | \$ 98.98 | \$ 435 | 0.00% |
| 2032 | 4,153,081 | 263682 | 0 | 62,296 | 567,635 | 0.00% | 3911424 | \$ 98.98 | \$ 435 | 0.00% |
| 2033 | 3,911,424 | 263682 | 0 | 58,671 | 237,070 | 0.00% | 3996708 | \$ 98.98 | \$ 435 | 0.00% |
| 2034 | 3,996,708 | 263682 | 0 | 59,951 | 1,080,853 | 0.00% | 3239487 | \$ 98.98 | \$ 435 | 0.00% |
| 2035 | 3,239,487 | 263682 | 0 | 48,592 | 122,199 | 0.00% | 3429562 | \$ 98.98 | \$ 435 | 0.00% |
| 2036 | 3,429,562 | 263682 | 0 | 51,443 | 1,293,047 | 0.00% | 2451640 | \$ 98.98 | \$ 435 | 0.00% |
| 2037 | 2,451,640 | 263682 | 0 | 36,775 | 71,010 | 0.00% | 2681086 | \$ 98.98 | \$ 435 | 0.00% |
| 2038 | 2,681,086 | 263682 | 0 | 40,216 | 191,995 | 0.00% | 2792990 | \$ 98.98 | \$ 435 | 0.00% |
| 2039 | 2,792,990 | 263682 | 0 | 41,895 | 559,622 | 0.00% | 2538945 | \$ 98.98 | \$ 435 | 0.00% |
| 2040 | 2,538,945 | 263682 | 0 | 38,084 | 957,106 | 0.00% | 1883604 | \$ 98.98 | \$ 435 | 0.00% |
| 2041 | 1,883,604 | 263682 | 0 | 28,254 | 0 | 0.00% | 2175540 | \$ 98.98 | \$ 435 | 0.00% |
| 2042 | 2,175,540 | 263682 | 0 | 32,633 | 291,404 | 0.00% | 2180452 | \$ 98.98 | \$ 435 | 0.00% |
| 2043 | 2,180,452 | 263682 | 0 | 32,707 | 24900 | 0.00% | 2451940 | \$ 98.98 | \$ 435 | 0.00% |
| 2044 | 2,451,940 | 263682 | 0 | 36,779 | 0 | 0.00% | 2752401 | \$ 98.98 | \$ 435 | 0.00% |

8.0 FUTURE RESERVE FUND MANAGEMENT

Plan for Future Funding

The Act provides that the Strata Council prepare their own plan for future funding of the reserve fund, and they are not bound by the recommendations of the reserve fund planner, provided that the reserve fund is adequate for financing all future major repairs and replacements:

This means that the Strata Council can vary the recommended funding. In the subject instance, instead of increasing reserve fund contributions, the Board may levy a special assessment or several assessments to eliminate the shortfall.

Projected Reserve Fund Expenditures

The proposed reserve fund expenditures in the 30 Year Cash Flow Projection are mere guides in terms of timing, based on the remaining life span analysis.

Reserve fund expenditures should readily be varied to conform to actual management and maintenance plans, and therefore, they should not be dogmatically interpreted.

In essence, reserve fund expenditures are the responsibility of management, and any targeted expenditures guidelines only.

9.0 RECOMMENDATIONS

Campbell & Pound Commercial Ltd recommendations, set out below and detailed in this report, will assist the corporation to achieve and maintain an adequate reserve fund. In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will adequately fund immediate and future reserve fund expenditures.

1. Major repairs and replacements should be recorded in, and funded from, a reserve fund account separate from the existing operating account. The two accounts currently appear to be separate. The Strata should continue to plan for capital expenditures with funds from the Reserve Fund.
2. With recent amendments to the Strata Property Act, expenditures from the contingency reserve fund related to the repair and maintenance of common assets require only a majority vote. When determining each year's budget, major capital expenditures for the year should be identified and corresponding expenditures from the CRF should be voted on.
3. The reserve fund contribution of \$50,000 per annum should be increased incrementally over the first 30 years by the amounts detailed in the Cash Flow Table.
4. Currently average strata fees for the budgeted 2014 year is \$354 per month per unit. Over the first 10 years, the minimum average strata would increase to \$454 with stepped annual increases under the recommended cashflow model.
5. Under the recommended cashflow model, the reserve fund will not require special assessments to cover major expenditures, until sometime around 2030, when three special assessment would be required between 2030 and 2036.
6. The reserve fund should be fully invested in guaranteed securities, yielding at least 1% to 1.75% per annum. Historic data shows good returns on current reserve fund investments. The current balance of \$242680 should be invested in short term securities, with longer term laddering as the balance increases and expenditures are less frequent. The current investment appears to be earning a rate of interest of about 0.73%. The corporation should review the newly amended Strata Property regulation pertaining to the allowed investment vehicles for Contingency Reserve Funds. Changes to this rule are in effect July 2014. See the appendix for details.
7. The corporation should make such expenditures, including any unforeseen expenditures, as necessary to maintain the property in optimum condition.
8. The reserve fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current.
9. The corporation is required under the Act to update the Depreciation Report every three (3) years.

10.0 CERTIFICATION

Re: Depreciation for 8500-8580 General Currie Road

I certify that, to the best of my knowledge and belief, except otherwise noted in this report:

We hereby certify that we are prescribed persons empowered to conduct reserve fund studies, as stipulated in *Regulation 43-2000* under the *Strata Property Act*

All relevant factors contributing to this analysis and the resulting value have been carefully considered. To the best of my knowledge the statements of fact contained in this report are true and correct and where possible independently verified.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.

My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Canadian Standards of Professional Appraisal Practice of the Appraisal Institute of Canada.

The use of this report is subject to the requirements of the Appraisal Institute and to review by its duly authorized representatives.

This consulting assignment was not based upon a requested minimum or specific value.

Kelvin Coley-Donohue, AACI, P.App, RI(BC), CRP

Simon Poon, AACI, P.App, B.Comm, CRP

ADDENDA

Assumptions & Limiting Conditions

Assumptions and Limiting Conditions

The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable. The rental value is estimated on the assumption that the property is appraised as though under responsible ownership.

I have made no survey of the property. Unless otherwise stated in this report I have assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass.

The appraisers are not required to give testimony or appear in court because of having made the consulting report with reference to the property in question, unless arrangements have been previously made thereof.

I have not inspected or tested the soil or subsoil and I am therefore unable to report that any such part of the subject property is free from defect or in such condition as to render the subject property less valuable. For the purpose of this report, I have assumed that there are no inadequacies, insufficiencies, or faults in the subject property which are not easily detectable and assume no responsibility for such conditions or any inspection which might be required to discover such conditions.

Information, estimates and opinions furnished to the appraisers contained in the report were obtained from sources considered reliable and believed to be true and correct. However, the appraisers do not assume responsibility for the accuracy of such items as furnished to the appraisers.

Disclosure of the contents of the consulting report is governed by the By-Laws and Regulations of the Professional Appraisal Organizations with which the appraisers are affiliated.

No liens or encumbrances were considered unless otherwise stated in this report.

I reserve the right to make adjustments to the Reserve Fund plan shown herein, as may be required by the consideration of additional or more reliable data that may become available.

Neither all, nor any part of the contents of the report or copy thereof (including conclusions as to the fund value, the identity of the appraisers, professional designations, reference to any professional organizations, or the firm with which the appraiser is connected) shall be used for any purposes by anyone but the client specified in the report, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, agency or instrumentality of the Canadian Government or any province without the previous written consent of the appraisers; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without written consent and approval of the appraisers.

Unless otherwise stated in this report, the existence of any hazardous materials, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances.

The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimated is

predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

Further, I have not carried out any investigation into the past or present uses of either the subject property or the adjacent properties to establish whether there is any potential for contamination from any uses on any sites adjacent to the subject and therefore assume that none exists.

I have assumed that the subject property is and has been constructed, occupied and used in full compliance with, and without contravention of, all federal, provincial and municipal laws and regulations, including, but not limited to, all zoning bylaws, building codes and regulations, environmental laws and regulations, health regulations and fire regulations, except only where otherwise stated. I have further assumed that, for any use of the subject property upon which this report is based, any and all required licences, permits, certificates, and authorizations have been or can be obtained and renewed, except only where otherwise stated.

I have not inspected nor checked the drainage and drain tiles, heating, sewer, air conditioning, electrical, plumbing, and other systems and am therefore unable to report that any such features and systems are free from defect. For the purpose of this report I have assumed that such features and systems are in good working order, based upon my observation. I have not inspected, nor tested the soil, subsoil, or foundation, woodwork, or framework of any structure and the parts of the structure which are covered, unexposed, or inaccessible, and I am therefore unable to report that any such part of the property is free from rot, beetle, or other defects or is such condition as to render the property less valuable. For the purpose of this report I have assumed that there are no insufficiencies, or faults in the property which are not easily detectable and assume no responsibility for such conditions or for any inspection or testing which might be required to discover such conditions.

The Appraiser is not qualified to comment on environmental issues that may affect the Depreciation Report / CRF and Funding requirements of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past present or future, that might affect the Depreciation Report / CRF and Funding requirements of the property appraised. If the party relying on this report requires information about environmental issues than that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the Depreciation Report / CRF and Funding requirements of the property appraised.

Support for Inflation and Interest Rates

Inflation Rate

Inflation measurement in reserve fund projections must be based on construction indices rather than the widely quoted Consumer Price Index (CPI), which measures the cost of a basket of consumer goods, not construction costs.

The most widely recognized construction cost services providing periodic cost indices for residential and commercial construction are R.S. Means and Marshall & Swift / Boeckh.

Means Historical Cost Index

The Means Historical Index, used to calculate national construction inflation rates, is based on the computed average of 30 major U.S. cities with local multipliers for major Canadian cities.

The following are selected national average rates over various time periods:

| | |
|----------------------------|-------|
| 30 years from 1983 to 2013 | 5.00% |
| 20 years from 1993 to 2013 | 4.89% |
| 10 years from 2003 to 2013 | 5.24% |
| 5 years from 2008 to 2013 | 2.31% |
| 3 years from 2010 to 2013 | 3.22% |
| 1 year from 2012 to 2013 | 3.39% |

Applied concurrently with the above Means Historical Index is a local multiplier called RSMeans City Cost Index (CCI), which is updated quarterly and represents a cost relationship between US and Canadian cities as of July 1, 2007.

The above Means Historical Index indicates that the rate of increase in construction costs over the past 10 to 30 years has been 5% on average per year. However, the trend appears to be decreasing after the real estate downturn in 2008:

| <u>Vancouver Multiplier</u> | | <u>(% Change)</u> |
|-----------------------------|--------|-------------------|
| Index 2014 (Q2) | 110.99 | n/a |
| Index 2013 | 111.40 | -0.37 |
| Index 2012 | 110.90 | 0.45 |
| Index 2011 | 111.90 | -0.89 |
| Index 2010 | 106.60 | 4.97 |
| Index 2009 | 110.50 | -3.53 |
| Index 2008 | 108.50 | 1.84 |
| Index 2007 | 109.60 | -1.00 |

| | | |
|--------------|----------------|----------------|
| 2007 to 2013 | 7-year average | 0.21% per year |
| 2009 to 2013 | 5-year average | 0.50% per year |

RS Means City Cost Index shows an average annual construction inflation rate of 0.50% per year in the last 5 years from 2009 to 2013, which is at historic lows.

Although Means Historical Cost Index is useful as an overall indication of the construction inflation trends in North America, these rates have to be weighted with CCI multipliers to reflect local construction costs.

While CCI multipliers adjust for actual local costs within Canada, these rates are too broadly based to accurately reflect the cost nuances that persist at city-level within provinces. Therefore, City Cost Indexes should only be used to confirm the overall trends in local construction costs.

Marshall & Swift / Boeckh (MSB) Time Multiplier

MSB publishes its Time-Location Multipliers quarterly for principal Canadian cities (markets).

“These multipliers are computer-compiled by combining currently researched wage rates and material prices with “weighted schedules” that specify how much of each basic cost is in the models.”

Each building has its own unique combination of basic costs. MSB uses 83 basic types of costs necessary to build workable weighted schedules, comprising 19 building trades and 64 material types. The following are the percentage changes of MSB Time Multipliers for Western Canada for the past 30 years:

| | |
|--|--------|
| Index 2012 | 2869.8 |
| Index 2010 | 2689.4 |
| Index 2002 | 1926.2 |
| Index 1992 | 1482.2 |
| Index 1982 | 1232.6 |
| 30 Year Average Annual Increase (1982 to 2012) | 2.76% |
| 20 Year Average Annual Increase (1992 to 2012) | 3.12% |
| 10 Year Average Annual Increase (2002 to 2012) | 3.7% |

Statistics Canada also publishes cost indices based on monthly or quarterly construction costs.

New Housing Price Index

“The New Housing Price Index (NHPI) is a monthly series that measures changes over time in the contractors' selling prices of new residential houses, where detailed specifications pertaining to each house remain the same between two consecutive periods. The survey covers the following dwelling types: single dwellings, semi-detached and row houses (town house and garden home).”

Source: Statistics Canada, Construction Price Indexes (New Housing) – Definitions, data sources and methods

New Single-Family and Townhouse Construction Price Index

Base Year 2007=100

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------|-------------|-------------|-------------|-------------|-------------|
| Vancouver, BC | -6.40% | 3.30% | -0.30% | -0.50% | -1.10% |
| Canada | -2.30% | 2.20% | 2.20% | 2.40% | 1.80% |

As the New Housing Price Index is heavily weighted on new single-family construction, it will only be used as relative reference to compare new construction costs of townhouses with apartment buildings.

Apartment Building Construction Price Index

“The Apartment Building Construction Price Index (ABCPI) measures changes in contractors' selling prices of a representative apartment building. The index relates to both general and trade contractors' work and excludes the cost of land, land assembly, design, development and real estate fees...uses include the revaluation of expenditure, output and new order figures for construction work, updating previously costed projects, making adjustments to project cost for escalation, forecasting financial requirements for proposed projects...”

Source: Statistics Canada, Apartment Building - Definitions, data sources and methods

Apartment Construction Price Index

Base Year 2002=100

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------|-------------|-------------|-------------|-------------|-------------|
| Vancouver, BC | -14.90% | -1.40% | 3.60% | 3.70% | 2.80% |
| Canada | -6.50% | -0.20% | 3.40% | 2.50% | 1.20% |

Long-term inflation on apartment building construction from Q4 1992 to Q4 2011:

20 Year Average Annual Increase (1991 to 2011) 2.60%

10 Year Average Annual Increase (2001 to 2011) 3.04%

A majority of Canadian raw materials have remained flat in the last four years with only a few achieving year over year increases, such as iron ore, softwood lumber and gypsum.

Judging by the overall construction cost trends, one may conclude that the longer term rate of inflation in construction will continue to increase at a modest premium over the foreseeable future, but at a lower rate.

| | | |
|---|-------|---------|
| Marshall & Swift / Boeckh (MSB) Time Multiplier | 2.76% | 30-year |
| Statistic Canada: Apartment Building Construction Price Index | 2.60% | 20-year |
| Means Historical Cost Index – Vancouver CMA Multiplier | 0.50% | 5-year |

We have adopted a rate of **2.65%** for annual inflation in calculating the future replacement costs hereinafter. This reflects Vancouver's historical low inflation in the last 5 years and will be updated every 3 years.

Interest Rate

Investment income can be a significant and increasing source of revenue for reserve funds, and therefore, it is imperative that reserve funds are continuously and prudently invested.

Reserve fund investments must be directly or indirectly guaranteed by governments. Bank deposits and various investment instruments are insured by the Canada Deposit Insurance Corporation up to a maximum of \$100,000, covering principal and interest.

6.11 In addition to an investment permitted under the Act, for the purposes of section 95 (2) (a) or 108 (4) (b) (i) of the Act, as applicable, a strata corporation may invest money held in the contingency reserve fund or money collected on a special levy in one or more of the following investments:

- (a) a savings account or chequing account with a financial institution outside of British Columbia insured by the Canada Deposit Insurance Corporation;
- (b) a term deposit or a guaranteed investment certificate, if the deposit or certificate
 - (i). is insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation of British Columbia, and
 - (ii). has a predetermined rate or predetermined rates of interest
- (c) a treasury bill issued by the government of Canada;
- (d) any bonds, debenture or other evidence of indebtedness issued or guaranteed by the government of Canada or province, or issued by a corporation incorporated under the laws of Canada or a province, if at the time of purchase,

- (i) the bond, debenture or other evidence of indebtedness has a remaining term to maturity of 5 years or less
 - (ii) the interest and principal of the bond, debenture or other evidence of indebtedness are payable in Canadian dollars, and
 - (iii) the bond, debenture or other evidence of indebtedness has a rating of A or higher from DBRS Limited;
 - (e) a fixed income exchange-traded fund traded on a an exchange in Canada, if, at the time of purchase,
 - (i). the fund's portfolio does not contain securities other than bonds, debentures and other evidence of indebtedness,
 - (ii). the holdings in the fund portfolio are denominated in Canadian dollars
 - (iii). the average remaining term to maturity of the holdings in the fund's portfolio is 5 years or less, and
 - (iv). 98 per cent or more of the value of the holdings in the fund's portfolio have a rating of BBB or higher as reported by the issuer of that fund.
 - (f) bonds, debentures or other evidence of indebtedness of a corporation incorporated under the laws of Canada or a province if the corporation has earned and paid a dividend,
 - (i) in each of the 5 years immediately preceding the date of investment, at least equal to the specified annual rate on all of its preferred shares, or
 - (ii) in each year of a period of 5 years ending less than one year before the date of investment, on its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid;
 - (g) guaranteed trust or investment certificates of
 - (i) a bank, or
 - (ii) a corporation that is incorporated under the laws of Canada or of a province and that has a business authorization to carry on trust business or deposit business;
 - (h) bonds, debentures or other evidence of indebtedness of a loan corporation or similar corporation
 - (i) that at the time of investment has all of the following:
 - (A) power to lend money on mortgages, charges or hypothecs of real estate;
 - (B) a paid up nonreturnable capital stock of not less than \$500 000;
-

- (C) a reserve fund amounting to not less than 25% of its paid up capital, and
- (D) the stock of which has a market value that is not less than 7% in excess of its par value;
- (j) preferred shares of a corporation incorporated under the laws of Canada or of a province if the corporation has paid a dividend,
 - (i) in each of the 5 years immediately preceding the date of investment, at least equal to the specified annual rate on all of its preferred shares, or
 - (ii) in each year of a period of 5 years ending less than one year before the date of investment, on its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid;
- (k) first mortgages, charges or hypothecs on land in Canada, but only if the loan does not exceed 75% of the value of the property at the time of the loan as established by a valuator whom the strata corporation believes on reasonable grounds to be competent and independent;
- (l) securities issued or guaranteed by the International Bank for Reconstruction and Development established by the Agreement for an International Bank for Reconstruction and Development, approved by the *Bretton Woods and Related Agreements Act* (Canada), but only if the bonds, debentures or other securities are payable in the currency of Canada, the United Kingdom, a member of the British Commonwealth or the United States of America;
- (m) fully paid common shares of a corporation incorporated under the laws of Canada or of a province that, in each year of a period of 7 years ending less than one year before the date of investment, has paid a dividend on its common shares of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid;
- (n) deposits in, or non-equity or membership shares or other evidence of indebtedness of, a credit union.

The ability of Strata Corporations to earn the highest rate of interest available in the marketplace, given the restricted conditions of investments, depends on the expertise of financial management and the amount of available funds for investment.

Therefore, the reserve fund planner must consider management policies, the historical investment performance and the size of the reserve fund available for investment.

In selecting an appropriate interest rate for reserve fund investments for a particular Strata Corporation, the balance of the reserve fund is the most critical consideration as it dictates investment options and their corresponding interest rates.

Investment opportunities are widely advertised with eligibility requirements including the

following: bank deposits, term deposits, guaranteed investment certificates (GICs), treasury bills, government and corporate bonds and fixed income exchange traded funds (ETFs).

The following are investment returns achievable for corporations, given various reserve fund investment time horizon:

| Reserve Fund Time Investment | Interest Rates |
|-------------------------------------|-----------------------|
| 1 Year | 0.90% to 1.3% |
| 3 Year | 1.1% to 1.4% |
| 5 Year | 1.7% to 2.0% |

Prudent reserve fund investment requires that investments are reasonably matched with anticipated reserve fund expenditures, ensuring reserve fund liquidity. Therefore, funds should be invested in a laddered portfolio, which ensures that reserve funds are available when needed. Some management firms use their “purchasing power” by directing business to a particular financial institution to negotiate favorable interest rates for all their clients. This approach may benefit the smaller corporations and is an important consideration when selecting an appropriate interest rate.

The benchmark calculations and the reserve fund projections are based on the assumption that reserve fund contributions are constantly and continuously invested.

The key assumption on the cash flow model is the discount rate used. Long term returns from competing instruments form the primary benchmark for this rate. In effect July 2014, the Strata Property Regulation will be amended to shorten maturity dates of government and corporate bonds and fixed income ETFs. Therefore, we have examined at 5 year bond rates, the current prime lending rate, and 5 year mortgage rates.

| | |
|-------------------------------|-------|
| 1 Month Prime Corporate Rate | 1.14% |
| 1 Month T-Bill | 0.92% |
| Government of Canada | |
| 1-3 year Marketable Bond Rate | 1.08% |
| 3-5 Year Marketable Bond Rate | 1.48% |
| Prime Rate | 3.00% |
| Conventional 5 year Mortgage | 4.79% |

Source: Bank of Canada, June 2014

Guaranteed Investment Certificates (GIC) – Major Financial Institutions

| | |
|--------|-------|
| 1 year | 1% |
| 3 year | 1.35% |
| 5 year | 2.00% |

Source: median bank posted rates as of June 11, 2014

Guaranteed Investment Certificates (GIC) - Bank of Canada

| | |
|--------|-------|
| 1 year | 0.78% |
| 3 year | 1.13% |
| 5 year | 2.00% |

Source: Bank of Canada, May 2014

The above rates represent market returns at a minimal risk. Considering the investment opportunities available in the subject instance, and a recommended management policy of investing in secured guaranteed investments, we have selected a **1.75% interest rate** in calculating the future investment performance of the Corporation's reserve fund.

Note however, that with more certainty in cash flows provided by the recommended cash flow model, longer term investments can be selected which would increase yields on interest income. The Strata Corporation should be able to achieve an average annual interest rate of 1.75% or better.

Regulations

Depreciation report

6.2 (1) For the purposes of section 94 of the Act, a depreciation report must include all of the following:

- (a) a physical component inventory and evaluation that complies with subsection (2);
- (b) a summary of repairs and maintenance work for common expenses respecting the items listed in subsection (2) (b) that usually occur less often than once a year or that do not usually occur;
- (c) a financial forecasting section that complies with subsection (3);
- (d) the name of the person from whom the depreciation report was obtained and a description of
 - (i) that person's qualifications,
 - (ii) the error and omission insurance, if any, carried by that person, and
 - (iii) the relationship between that person and the strata corporation;
- (e) the date of the report;
- (f) any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate.

(2) For the purposes of subsection (1) (a) and (b) of this section, the physical component inventory and evaluation must:

- (a) be based on an on-site visual inspection of the site and, where practicable, of the items listed in paragraph (b) conducted by the person preparing the depreciation report,
 - (b) include a description and estimated service life over 30 years of those items that comprise the common property, the common assets and those parts of a strata lot or limited common property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws or an agreement with an owner, including, but not limited to, the following items:
 - (i) the building's structure;
 - (ii) the building's exterior, including roofs, roof decks, doors, windows and skylights;
 - (iii) the building's systems, including the electrical, heating, plumbing, fire protection and security systems;
-

- (iv) common amenities and facilities;
- (v) parking facilities and roadways;
- (vi) utilities, including water and sewage;
- (vii) landscaping, including paths, sidewalks, fencing and irrigation;
- (viii) interior finishes, including floor covering and furnishings;
- (ix) green building components;
- (x) balconies and patios, and

(c) identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair.

(3) For the purposes of subsection (1) (c), the financial forecasting section must include

(a) the anticipated maintenance, repair and replacement costs for common expenses that usually occur less often than once a year or that do not usually occur, projected over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2) (b),

(b) a description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in paragraph (a),

(c) a description of how the reserve fund is currently being funded,

(d) the current balance of the reserve fund minus any expenditures that have been approved but not yet taken from the fund, and

(e) at least 3 cash-flow funding models for the reserve fund relating to the maintenance, repair and replacement over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2) (b).

(4) For the purposes of subsection (3) (e), the cash-flow funding models may include any one or more of the following:

- (a) balances of, contributions to and withdrawals from the reserve fund;
 - (b) special levies;
 - (c) borrowings.
-

- (5) If a strata corporation contributes to the contingency reserve fund based on a depreciation report, the contributions in respect of an item become part of the contingency reserve fund and may be spent for any purpose permitted under section 96 of the Act.
- (6) For the purposes of section 94 (1) of the Act, "*qualified person*" means any person who has the knowledge and expertise to understand the individual components, scope and complexity of the strata corporation's common property, common assets and those parts of a strata lot or limited common property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws or an agreement with an owner and to prepare a depreciation report that complies with subsections (1) to (4).
- (7) The following periods are prescribed:
- (a) for the purposes of section 94 (2) (b) of the Act, 3 years;
 - (b) for the purposes of section 94 (2) (c) of the Act, 18 months;
 - (c) for the purposes of section 94 (3) (a) of the Act, the one year period immediately preceding the date on or before which the depreciation report is required to be obtained.
- (8) A strata corporation is prescribed for the purposes of section 94 (3) (b) of the Act if and for so long as there are fewer than 5 strata lots in the strata plan.

[en. B.C. Reg. 238/2011, Sch. 1, s. 2.]

Management of contingency reserve fund

93. (1) The corporation shall establish and maintain one or more reserve funds.
- (2) A reserve fund shall be used solely for the purpose of major repairs and replacement of the common elements and assets of the corporation.

A fund set up for the purpose mentioned in subsection (2) shall be deemed to be a reserve fund even though it may not be so designated.

The corporation shall collect contributions to the reserve fund from the owners, as part of their contributions to the common expenses.

Unless the regulations made under this Act specify otherwise, until the corporation conducts a first Depreciation Report and implements a proposed plan under section 95, the total amount of the contributions to the reserve fund shall be the greater of the amount specified in subsection (6) and 10 per cent of the budgeted amount required for contributions to the common expenses exclusive of

the reserve fund.

The total amount of the contributions to the reserve fund after the time period specified in subsection (5) shall be the amount that is reasonably expected to provide sufficient funds for the major repair and replacement of the common elements and assets of the corporation, calculated on the basis of the expected repair and replacement costs and the life expectancy of the common elements and assets of the corporation.

Interest and other income earned from the investment of money in the reserve fund shall form part of the fund.

94. (1) The corporation shall conduct periodic studies to determine whether the amount of money in the reserve fund and the amount of contributions collected by the corporation are adequate to provide for the expected costs of major repair and replacement of the common elements and assets of the corporation.

A reserve fund shall be of a prescribed class, shall include the material that is prescribed for its class and shall be performed in accordance with the standards that are prescribed for its class.

For the purposes of this Act, an update to a Depreciation Report shall constitute a class of Depreciation Report.

A corporation created on or after this section comes into force shall conduct a Depreciation Report within one year following the registration of the declaration and description and subsequently at the prescribed times.

A corporation created before the day this section comes into force shall conduct a Depreciation Report at the prescribed times.

A Depreciation Report shall be conducted by a person of a prescribed class who shall have no affiliation with the board or with the corporation that is contrary to the regulations made under this Act.

The cost of conducting the study shall be a common expense which the board may charge to the reserve fund.

Within 120 days of receiving a Depreciation Report, the board shall review it and propose a plan for the future funding of the reserve fund that the board determines will ensure that, within a prescribed period of time and in accordance with the prescribed requirements, the fund will be adequate for the purpose for which it was established.

Within 15 days of proposing a plan, the board shall,

send to the owners a notice containing a summary of the study, a summary of the proposed plan and a statement indicating the areas, if any, in which the proposed plan differs from the study; and

send to the auditor a copy of the study, a copy of the proposed plan and a copy of the notice sent to the owners under clause (a).

The board shall implement the proposed plan after the expiration of 30 days following the day on which the board complies with subsection (9).

95. (1) No part of a reserve fund shall be used except for the purpose mentioned in subsection
94. (2) The board does not require the consent of the owners to make expenditures out of a reserve fund.

The amount of a reserve fund shall constitute an asset of the corporation and shall not be distributed to the mortgagees of the units or, except on termination of the corporation, to the owners of the units.

Also see the update in 2013 regarding Special Levies:

On December 12, 2013 the Province brought into force legislative amendments to allow strata corporations with majority support to apply to the BC Supreme Court to require strata owners to pay for certain repairs.

Under the amendment the court can issue an order to proceed with certain critical repairs necessary to ensure safety and prevent significant loss or damage as if the strata owners have passed a resolution endorsing a special levy.

Currently, the Strata Property Act requires a 3/4 vote to impose a special levy to raise money for needed repairs to common property. Without this amendment, a number of strata corporations would have remained deadlocked and deteriorating.

View the [revised Section 173 of the Strata Property Act](#) for the above changes.

The following are links to the relevant regulations:

http://www.bclaws.ca/EPLibraries/bclaws_new/document/LOC/freeside/--%20S%20--/Strata%20Property%20Act%20SBC%201998%20c.%2043/00_Act/98043_06.xml

http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/12_43_2000
