



RESERVE FUND REPORT

**SIGNAL HILL VILLAS
2650 SIGNAL HILL HEIGHTS S.W.
CALGARY, ALBERTA**

CONDOMINIUM CORPORATION #9710795



February 19, 2020

File No. 10477

Owners Condominium Corporation #9710795
c/o FirstService Residential - Calgary
Suite 1100, 840 – 7 Avenue SW
Calgary, Alberta
T2P 3G2

Attention: Theresa Persihl

**RE: Reserve Fund Report
Signal Hill Villas
2650 Signal Hill Heights S.W.
Calgary, Alberta
Owners Condominium Corporation #9710795**

Pursuant to your request, we have completed a reserve fund study of the above referenced property. This report, which summarizes the study, provides current and future replacement cost estimates and recommends a reserve fund program for the above noted property.

Certain assumptions and conditions were applied in preparing this study. They are contained in the Standard Limiting Conditions and Assumptions and elsewhere within the report. It is the Standard Limiting Conditions and Assumptions, Underlying Assumptions as well as Scope of Investigation & Analysis. It is the reader's responsibility to read and review all limiting conditions and assumptions prior to making any decision related to the use of the report. Additional funds may be required outside the Reserve Fund to address any building deficiencies reported to the Corporation and noted in the Special Assumptions and Terms of Reference. To the extent that any conditions and assumptions noted herein are modified or amended, then the data, analyses, and conclusions contained herein may require adjustment.

The reader is referred to the copyright provisions contained in the Executive Summary page.

We appreciate the opportunity of providing this reserve fund study and report. If you have any questions, please contact the undersigned.

Yours truly,

Reliance Asset Consulting Inc.

Daniel B. Jablonski, CRP



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EXECUTIVE SUMMARY

Condominium Details:	Signal Hill Villas 2650 Signal Hill Heights S.W. Calgary, Alberta
Condominium Number:	9710795
Property Description:	24 Unit Townhouse Complex
Year of Construction:	1997
Report Date:	February 19, 2020
Inspection Date:	June 14, 2019
Plan Commencement Date:	November 01, 2019
Financial Year End:	October 31

Limiting Conditions & Assumptions

Certain assumptions were made as part of the analyses contained herein. These assumptions are contained in the Standard Limiting Conditions & Assumptions, Underlying Assumptions and Scope of Investigation and Analysis sections of the report.

Copyright Provisions

All rights are reserved. The client and only the client, as noted herein, has permission to photocopy the report, for the legitimate purpose of providing information to the board of directors, the unit owners and prospective purchasers of condominium units in the complex. To recognize the full scope of this report it must be reviewed in its entirety.



ASSUMPTIONS, CONCLUSIONS, AND RECOMMENDATIONS

Assumptions

The Stabilized Interest Rate for the study horizon was set at 3% per annum and a short-term interest rate of 1.5% was utilized for the first five years. The Stabilized Inflation Rate was set at 3.25% per annum.

Conclusions

As of the beginning of this study's financial plan October 31, 2019 the Corporation is approximately 33% funded per the current reserve fund requirements.

The goal of the financial plan(s) recommended is to maintain approximately a 11% - 50% funded position during the 30-year study horizon. At this level of funding the corporation should be able to adequately provide for all regularly expected expenditures for the next 30 years and additionally 40 years. The plan also provides a buffer for some pre-mature failures if they occur. The plan is designed to provide a fair and stabilized reserve contribution for future owners. If the recommended plan is followed, reserve contribution increases should be fairly stable and should remove the likelihood of special assessments. However as pre-mature failures and unforeseen repairs do occur it is impossible to predict this with certainty. These conclusions are based on the provision that the interest rates and inflation rate assumptions remain reflective of the local economy, and regular maintenance is being completed.

Recommendations

Based on the analysis contained herein, no special assessments are recommended.



RESERVE FUND STUDY, REPORT, AND PLAN REQUIREMENTS

Introduction

The Province of Alberta Condominium Property Act Revised Statutes of Alberta 2000, Chapter C-22 with amendments (referred hereafter as the Act) came into force February 1, 2002 and governs the conduct of condominium corporations and sets forth the requirements under Section 38 of the Act regarding the requirements for a reserve fund report and study. The Alberta Condominium Property Regulation 168/2000 plus all amendments thereto (referred hereafter as the Regulations) includes the definitions, qualifications, and procedures to be followed and are set forth in Sections 21 to 31 of the Regulations.

(Note: We have updated the following to reflect changes to the Act which will be effective July 1st, 2019 or January 1st, 2020)

As stated in the Act in regard to the Corporation's Reserve Fund:

Section 38

- (1) A corporation shall, subject to the regulations, establish and maintain a capital replacement reserve fund to be used to provide sufficient funds that can reasonably be expected to provide for major repairs and replacement of:
 - (a) any real and personal property and the common property owned by the Corporation,
 - (b) the common property, and
 - (c) any property of an owner in respect of a bare land unit that the corporation is required by bylaw to repair and replace, where the repair and replacement is of a nature that does not normally occur annually".
- (1.1) If, before the coming into force of subsection (1)(c), a corporation was required by bylaw to repair and replace property of an owner of a bare land unit, the collection and expenditure of funds to repair and replace that property are valid if
 - (a) the collection and expenditure occurred on or after the date the bylaw took effect under this Act, and
 - (b) the collection and expenditure would have been in compliance with subsection (1) if subsection (1)(c) had been in force at the time the collection and expenditure occurred.
- (2) Notwithstanding subsection (1), funds shall not be taken from a capital replacement reserve fund for the purpose of making capital improvements unless
 - (a) the removal of funds for that purpose is authorized by a special resolution, and
 - (b) after the removal of funds pursuant to the special resolution, there are sufficient funds remaining in the capital replacement reserve fund to meet the requirements of subsection (1).
- (3) The money in the capital replacement reserve fund of the corporation is an asset of the corporation and no part of that money shall be refunded or distributed to any owner of a unit except where the owners and the property cease to be governed by this Act.



The regulations governing the Act in regard to the Corporation's Reserve Fund State:

Section 23

Physical Analysis

- (1) The board must retain a reserve fund study provider to carry out a study of the depreciating property for the purposes of determining the following:
 - (a) an inventory of all of the depreciating property that, under the circumstances under which that property will be or is normally used, may need to be repaired or replaced within the next 30 years or a time period longer than 30 years;
 - (b) the present condition or state of repair of the depreciating property and an estimate as to when each component of the depreciating property will need to be repaired or replaced;
 - (c) the estimated costs of repairs to or replacement of the depreciating property using as a basis for that estimate costs that are not less than the costs existing at the time that the reserve fund report is prepared;
 - (d) the life expectancy of each component of the depreciating property once that property has been repaired or replaced.

Financial Analysis

- (2) In carrying out the reserve fund study under subsection (1), the reserve fund study provider must also do the following:
 - (a) determine the current amount of funds, if any, included in the corporation's reserve fund;
 - (a.1) conduct an on-site visual inspection of all visible components of the depreciating property;
 - (a.2) interview the members of the board;
 - (a.3) interview, to the extent the reserve fund study provider considers necessary, the manager or managers or the corporation, if any, any employees of the corporation or manager, or any other person;
 - (a.4) review relevant documents, including the condominium plan, construction documents and maintenance records;
 - (b) recommend the amount of funds, if any, that should be included in or added to the corporation's reserve fund in order to provide the necessary funds to establish and maintain or to maintain, as the case may be, a reserve fund for the purposes of section 30.1 of the Act;
 - (c) describe the basis for determining
 - (i) the amount of the funds under clause (a), and
 - (ii) the amount in respect of which the recommendation was made under clause (b).



Study and Report

- (3) On completing the reserve fund study under this section, the person who carried out the study must prepare and submit to the board a reserve fund report in writing in respect of the study setting out the following:
- (a) the qualifications of that person to carry out the reserve fund study and prepare the report;
 - (b) a signed statement that the person is a reserve fund study provider and no grounds of disqualification under section 21.1 or 21.2 apply;
 - (c) the findings of the reserve fund study in respect of the matters referred to in subsections (1) and (2);
 - (d) any other matters that the person considers relevant.

The Reserve Plan

- (4) On receiving the reserve fund report under subsection (3), the board must, after reviewing the reserve fund report, approve a reserve fund plan
- (a) under which a reserve fund is to be established, if one has not already been established, and
 - (b) setting forth the method of and amounts needed for funding and maintaining the reserve fund.

A reserve fund plan approved under subsection (4) must provide that, based on the reserve fund report, sufficient funds will be available by means of owner's contributions, or any other method that is reasonable in the circumstances, to repair or replace, as the case may be, the depreciating property in accordance with the reserve fund report.

Notwithstanding a reserve fund plan has been approved under subsection (4), the corporation must provide to the owners for the owner's information copies of that approved reserve fund plan prior to the collection of any funds for the purposes of those matters dealt with in the reserve fund report on which the approved reserve fund plan was based and that are to be carried out pursuant that report.



STANDARD LIMITING CONDITIONS AND ASSUMPTIONS

The certification at the end of this report is subject to these limiting conditions and assumptions:

This report is prepared for the purpose of condominium reserve fund planning, as outlined herein. No person other than the condominium corporation (hereinafter referred to as "the client") or a bona-fide purchaser of a condominium unit in the complex may use or rely upon this report without first obtaining prior written authorization from Reliance Asset Consulting Inc. (hereinafter referred to as "Reliance"). Reliance and the authors of this report shall not assume any of the duties or liabilities of the owners and/or builders of the property. This report may contain other limiting conditions, qualifications, or assumptions, in addition to those set forth below, that pertain to the purpose of this report.

Reliance reserves the right, at its sole discretion, at any time to alter statements, analyses, conclusions, or any estimates contained herein if Reliance becomes aware of facts pertinent to the process which were unknown at the time the report was prepared. Certain assumptions were made throughout this report. No investigation, legal or otherwise, has been undertaken to verify these assumptions except as expressly noted herein.

Once any reserve fund study is issued subsequent to the date of this report, whether it is issued by Reliance or by any other firm person or corporation, then this report shall become null and void. The onus is on the reader to determine if any there is any such reserve fund study in existence prior to relying upon this report.

The reserve estimates contained herein should be reviewed from time to time, particularly, in the context of repair experience and problem investigations, including the following: water damage, building envelope failures, structural problems, cracks in the walls and foundation, post tension construction concerns, waterproofing membranes, and environmental issues, etc.

Reserve fund estimates are subjective, and they are based on the writer's understanding of the life cycle of building components and experience gained from analyzing buildings. The level of maintenance for any component described herein may alter the estimated remaining life of that component. Decisions to replace components are not to be made solely based on this report. A detailed review should be made prior to considering a major repair or replacement as to scope and timing. 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. Industry costs of labour and materials are dependent on competition and supply and demand cycles. The cost projections are approximate and intended for general budgeting purposes only. Reserve fund requirements are subject to change and must be reviewed and modified over time, not greater than every five years. The Corporation should adopt a long-term policy regarding reserve fund allocations. The policy must be flexible to accommodate changes in reserve fund requirements in the future.

To arrive at supportable replacement cost estimates, it was necessary to utilize both documented and other cost data. A concerted effort was 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. However, no guarantee as to the accuracy of the data is implied. In estimating various reserve items, certain assumptions are made with respect to structural repairs and replacements of improvements. For example, reserves for structural repairs, and replacements of certain mechanical and electrical components, are difficult to predict and/or quantify. Thus, the best approach is to provide allowances that provide a range of cost estimates which can be reviewed regularly and adjusted as required.



The distribution of cost and other estimates in this report apply only under the program of utilization as identified in this report. The estimates herein must not be used in conjunction with any other study and may be invalid if so used. Unless otherwise noted, all fees, costs, and cost estimates are expressed in Canadian dollars. 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.

Within the condominium complex certain components will require replacement during the study horizon. Except as expressly stated otherwise within this report, it is assumed that all such components will be replaced with components which are similar in terms of design, quality, workmanship and materials unless otherwise specified.

Unless otherwise stated in this report, the existence of hazardous materials, substances or gases, which may or may not be present within, on, or near the property, has been disregarded in the analysis. Reliance is not qualified to detect substances such as asbestos, mold, bacteria, fungi, volatile organic compounds (voc's), radon or other similar gases, urea-formaldehyde foam insulation, or other potentially hazardous or toxic materials and/or substances which may affect the property. The analyses in this report assume that there are no such substances, materials and/or conditions. Reliance is not responsible for any such matters and/or the expertise required to discover them. The Client is urged to retain the appropriate experts for all such matters.

No legal surveys; soil, air or water quality tests; construction code reviews; technical audits; condition surveys, engineering investigations; environmental investigations; detailed quantity surveys; nor exhaustive physical examinations have been made. Therefore, no responsibility is assumed for such matters. When buildings and/or other ancillary improvements are present the architectural, structural, mechanical, electrical, and other plans and specifications provided are assumed to be correct. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted. No responsibility is assumed for any inherent, latent or hidden defects, damages or conditions of the property. The analysis herein assumes that the structural components within the building will last the physical life of the building unless specified herein. For that reason, replacement of such components was not accounted for within this report.

No investigation has been undertaken with the local zoning office, the fire department, the building inspectors, the health department, or any other municipal or government regulatory agencies. It is assumed that the subject property complies with all current government codes, regulations, bylaws and legislation. If the subject property does not comply in any respect, then the data, analyses and conclusions contained herein may require adjustment. To be certain of compliance, further investigations would be required by the appropriate qualified experts. To determine if there is compliance is beyond the scope of this report.

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the Land Titles Office. All such descriptions are assumed to be correct. For purposes of this report, the following conversion factors were used: 1 foot = 0.3048 meters; and 1 square meter = 10.7639 square feet.

This report assumes that the existing service providers for natural gas, electrical power, cable television and telephone will be responsible for the maintenance, repair and replacement of their respective infrastructures on the condominium property. If the condominium board engages other service providers who do not provide the same level of maintenance, repair and replacement as the existing service providers, then the data, analyses and conclusions contained herein may require adjustment.



SCOPE OF INVESTIGATION AND ANALYSIS

A reserve fund report is a financial document and is not a structural analysis or technical audit. Unlike a technical audit which may include test openings, air leakage testing, thermography, water testing and indoor quality testing as examples the reserve fund study is meant to be a financial guide in the budgeting and forecasting for replacement and repair of the corporations depreciating assets. The common areas for the buildings, where applicable and for the site were inspected. Available plans and documents were examined for construction details and other relevant component data. For purposes of the study, the data was calculated using dimensions and information taken from the plans that were available. The analysis was based on the boundaries between the common and unit areas detailed on the condominium plan. In addition, some of the dimensions and information were obtained from the onsite inspection. When applicable interviews were conducted with the condominium board, the property management company and site personnel.

The inspection process was based on the following:

- Only a visual sampling and a visual surface review of the complex were made.
- Common areas were inspected if access was provided.
- None of the components were dismantled and no invasive testing was conducted.
- Some components were not exposed for view and documentation was limited.
- The findings herein describe the general condition of the complex only.
- No technical audits or condition surveys were conducted. Technical audits and condition surveys are outside the scope of this reserve study.
- No interior unit inspections have been conducted unless otherwise noted herein as it pertains to a problematic component issue.

The following plans, drawings and documents were requested in the Letter of Engagement for examination from the Board:

1. The condominium plan (provided by the Land Titles Office)
2. The Condominium Bylaws
3. Architectural Plans & Specifications
4. Mechanical Plans & Specifications
5. Electrical Plans & Specifications
6. Structural Plans & Specifications
7. Site Underground Utility Lines Plans
8. A written list of the repairs, replacements and renovations that will be undertaken by the client on all the common area components
9. Any pertinent component Audits, Studies or Estimates



Items 1, 2, 8 and 9 were provided. The data, analyses, and conclusions contained in this report may require adjustment if any of the plans, documents or drawings specified in items 1 to 9 noted above are provided later.

This report is subject to the following terms and conditions:

- There is no guarantee provided for the life expectancies and/or replacement cost estimates for any of the components.
- It is assumed that all components will receive proper preventative maintenance and repair during the study horizon.
- The complex may have hidden damages, defects or conditions. No responsibility or liability is assumed for such matters.
- This report is not intended to be a definitive or exhaustive review or investigation of required repairs, replacements or improvements for the property.



UNDERLYING ASSUMPTIONS

This reserve fund study was based on the assumptions set forth below. These assumptions were applied in the investigation, observation and analysis of the subject property reserve components. Experience gained from observing similar properties was also applied in the following analysis.

Interest & Inflation

The basic concept in reserve fund planning is to forecast the necessary amount of reserve required to meet the future financial needs of the complex. This involves factoring future costs and the future value of invested funds. To accurately forecast future costs and values we must project the rates of inflation and interest rates and apply these to our current costs. In analyzing long term cost increases, construction cost statistics rather than the consumer price index were examined, since building repair and replacement cost will be more comparable to construction costs than to the cost of consumer products. Fifty-year historical indicators have been reviewed as well as consideration of running 10-year averages.

As with inflation, interest rates tend to fluctuate and can be difficult to predict. The current trend in interest rates has been low and they are expected to continue at this rate for some time. Based on the current data available, an estimated long-term stabilized interest rate was selected for this report. Consideration for the "Estimated First Five-Year Rate" is based on the size of the current fund, the review of historical interest returns, if any, and anticipated significant expenditures which may impact the ability of the fund to earn interest in the immediate future. Abrupt changes in the marketplace should be discounted until a well-founded trend is established. Hence, in projecting future replacement cost estimates and reserve fund requirements the following rates were used:

Estimated Long Term Stabilized Inflation Rate: 3.25%

Estimated First Five-Year Interest Rate: 1.50%

Estimated Long Term Stabilized Interest Rate: 3.00%

Reserve fund projections should be reviewed on a regular basis to adjust for changes in inflationary trends and investment returns, as these will significantly impact reserve fund requirements.

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 impact disposal costs. Hazardous materials such as asbestos require further review and are outside the scope of the analysis given these can be extensive and volatile in nature.

Goods and Services Tax

The Goods and Services Tax ("GST") applies to all repairs and replacements including disposal costs. Therefore, this tax is included in the reserve fund estimates noted herein.

Engineering Reports and Other Studies

Details of any studies or reports are reviewed in the Individual Component Analysis.



Repair and Replacement Cost Estimates

The costs of repairs and/or replacements of many building components are invariably higher than original building costs where contractors have considerable latitude in terms of planning their work and utilizing economies of scale to keep costs within construction budgets. Conversely, repair work must frequently be performed in an expedient manner with proper safety precautions and within certain constraints. Cost estimates must therefore consider such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.

Property Management and Maintenance

The subject property is managed by a professional property management company.

Maintenance is expected to assist the various components to reach their normal life expectancy. Maintenance typically includes regular monitoring and repair of a component to ensure it functions properly. Life expectancies of components listed in the study are reflective of regular maintenance being performed. In the case that regular maintenance is not being completed pre-mature failure may occur.

Special Assumptions and Terms of Reference

Special Assumptions

The following items were considered or required special treatment within the study. They are as follows:

Windows, Doors and Garage Doors.

The Corporations Bylaws state the following are to be excluded and are the unit owner's responsibility: exterior windows, exterior doors including terrace slider doors. **This is identified on the legal Condominium Plan.**

Other Exclusions

Per the Corporations Bylaws the following are not to be included in the analysis:

(I) NONE



SUBJECT PROPERTY INFORMATION

The property is described municipally and legally as follows:

Signal Hill Villas

2650 Signal Hill Heights S.W.

Calgary, Alberta

Condominium Corporation #9710795

The subject property is located in the southwest quadrant of the City of Calgary in what is known as the Signal Hill residential subdivision. The property comprises 12 frame buildings with a total of 24 semi-detached upscale residential units. All are of complex framing, erected over multi-cornered reinforced concrete basements and have a two-car garage section. Units 1 to 8 are located along the western boundary, units 9 to 16 are located in the centre of the site, and units 17 to 24 are located along the eastern boundary of the site. Common amenities include a garbage enclosure located on the southern boundary of the property.



THE RESERVE FUND PROCESS

The reserve fund study process consists of a physical and a financial analysis.

Physical Analysis

All the reserve components within the complex are identified and grouped into specific categories. Quantity take-offs and onsite measurements as well as physical counts are included to estimate the quantity and amount of the components.

Each component is analyzed to determine its estimated total life span, effective age, and remaining life. For this purpose, depreciation tables and technical resources such as information supplied by manufacturers and suppliers as well as contractors and industry professional's observation of normal life span records are considered. Finally, the writer's own judgment, and experience in estimating the current condition and remaining life spans of reserve components, is relied upon.

Where a component has a long-term life expectancy but could still require infrequent and/or indeterminate repairs and/or replacements, these will be identified in the specific component analysis by having a Life Expectancy, Estimated Effective Age and Estimated Remaining Life noted as non-applicable (N/A). Additionally, if the component is replaced or repaired as required it will be identified as such. Over the 30-year horizon periodic cash injections for these components are set out in the financial analysis.

The reserve components for the corporation are discussed in detail as follows.



Reserve Component: Concrete Foundations

Physical Description:	The foundation consists of poured concrete footings and poured concrete steel reinforced walls or slabs. If properly installed and waterproofed these components are expected to last the lifespan of the complex. This reserve provides for repairs to the above items.
Items Included:	Concrete Foundation
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	No issues were reported, recommend repairs as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Potential Deterioration can occur from hydraulic pressure, seismic pressure, water infiltration, and settling.

Reserve Component: Ventilation and Insulation

Physical Description:	Ventilation and insulation provides an air barrier between the roof and living space. If properly vented and insulated the attic should not collect excess moisture. In some cases improper installation or compacting of insulation can degrade the insulation factor of the attic space. This can result in moisture build up in the attic which can result in mold or damaged living areas, as well as improper heat or cold transfer to the roofing system.
Items Included:	Ventilation and Insulation
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component. This applies only to currently existing areas, as per the original development.
Observed Condition:	No issues were reported, recommend periodic inspections.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from compaction, and improper installation.



Reserve Component: Deck Hand Railings - A & B Units

Physical Description:	Metal, Glass, and wood hand railings are manufactured from wood, aluminum, metal, and or tempered glass. The railings are fastened via bolts to the underlying structure in order to provide a safety barrier for residents.
Items Included:	Pre-Finished Aluminium Railings
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed. Installed circa 2015.
Typical Life Expectancy:	30
Estimated Effective Age:	4
Estimated Remaining Life:	26
Potential Deterioration:	Potential deterioration is caused by oxidation, wear and tear, UV rays, and physical damage.

Reserve Component: Deck Hand Railings - C Units

Physical Description:	Metal, Glass, and wood hand railings are manufactured from wood, aluminum, metal, and or tempered glass. The railings are fastened via bolts to the underlying structure in order to provide a safety barrier for residents.
Items Included:	Pre-Finished Aluminum Hand Railing w/ Tempered Glass
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed.
Typical Life Expectancy:	30
Estimated Effective Age:	23
Estimated Remaining Life:	7
Potential Deterioration:	Potential deterioration is caused by oxidation, wear and tear, UV rays, and physical damage.



Reserve Component: Deck Vinyl Membrane - C Units Replaced with Composite & Metal Deck Frames

Physical Description:	Vinyl membrane decking is used to provide a waterproof surface for the use of residential tenants on balconies or decks. The vinyl is typically applied over a wood or concrete structure and is sealed at the edges via caulking.
Items Included:	Balcony Vinyl Membrane – To be replaced with Composite
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material to the A and B type units.
Observed Condition:	Some minor deterioration was observed in select edge areas, otherwise no issues reported, recommend periodic inspections.
Typical Life Expectancy:	15
Estimated Effective Age:	8
Estimated Remaining Life:	7
Potential Deterioration:	Potential deterioration is caused by Ultraviolet rays, physical and weather damage, expansion and contraction.

Reserve Component: Metal Frame & Composite Decks - A & B Units

Physical Description:	Composite decking is used to provide a weather resistant and tactile surface for the use of residential tenants on balconies or decks. The composite is applied over a metal structure.
Items Included:	Composite Decking & Metal Frame
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed. Installed in circa 2015.
Typical Life Expectancy:	30
Estimated Effective Age:	4
Estimated Remaining Life:	26
Potential Deterioration:	Potential deterioration is caused by Ultraviolet rays, physical and weather damage.



Reserve Component: Unit Front Entrance Hand Railings

Physical Description:	Metal, Glass, and wood hand railings are manufactured from wood, aluminum, metal, and or tempered glass. The railings are fastened via bolts to the underlying structure in order to provide a safety barrier for residents.
Items Included:	Pre-Finished Aluminium Railings
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed.
Typical Life Expectancy:	30
Estimated Effective Age:	22
Estimated Remaining Life:	8
Potential Deterioration:	Potential deterioration is caused by oxidation, wear and tear, UV rays, and physical damage.

Reserve Component: Exterior Doors

Physical Description:	Exterior doors are used for the purposes of exit and entry from dwellings and buildings. They have various styles and construction materials, being either wood, vinyl, metal, aluminum, or combinations of all of the above. Exterior doors can be of either hollow or solid construction. Optional safety hardware can include windows, panic bars, and hydraulic closing systems.
Items Included:	None
Type of Component:	Excluded
Observed Condition:	No issues were reported. Component is considered the owners responsibility, as per bylaw 3.(c)(iii).
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Exterior doors are typically affected by weather damage, misuse, wear and tear, vandalism, UV rays, and or oxidation.



Reserve Component: Painting: Stucco - Touch-Ups

Physical Description:	Stucco painting may be done periodically to improve the appearance of the stucco surface. A properly selected paint is required as the paint must allow the underlying stucco to breath. This makes most acrylic paints unsuitable for use.
Items Included:	Stucco Painting
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	The Board has identified some exposed underlying material in select areas, with a touch-up scheduled.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from ultraviolet rays, weather conditions, physical damage, and water penetration.

Reserve Component: Parging

Physical Description:	Parging is a cement-based substance that is typically troweled on the exterior of concrete to provide a uniform and water-resistant finish.
Items Included:	Parging
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	No Issues were reported or observed, recommend repairs as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Potential deterioration can occur from physical damage, freeze thaw cycles, and weather conditions.



Reserve Component: Sand Stone Veneer

Physical Description:	The exterior walls of the building(s) are partially finished with stone veneer. Stone veneer is a thin layer of real or fabricated stone which is adhered to the substrate.
Items Included:	Stone Veneer
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Some minor cracks were observed in select areas of the mortar, recommend repairs as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Potential deterioration is caused by erosion, and wear and tear. Deterioration is commonly present near exposed edges.

Reserve Component: Sliding Doors

Physical Description:	Glass sliding doors are typically used for rear entries that lead to a patio, balcony, or deck. The construction is typically two panes of glass sealed to provide an insulation barrier with one side fixed and the other side on rails that allows the door to slide. The seals on the glass and underlying mechanical components will fail over time and will require replacement.
Items Included:	None
Type of Component:	Excluded
Observed Condition:	No issues were reported. Component is considered the owners responsibility, as per bylaw 3.(c)(iii).
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from physical damage, normal wear, improper installation, and expansion and contraction.



Reserve Component: Stucco

Physical Description:	Stucco is a cement-based finish that typically is applied to steel or plastic mesh with a layer of tar or waterproof paper behind. This component if properly installed should last the life of the building with regular maintenance and repairs
Items Included:	Trowelled Stucco Wood frame.
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Some minor cracks were observed in select areas, recommend repairs as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Potential deterioration can occur from water penetration due to improper caulking and/or flashing, settlement, physical damage, expansion and contraction.



Reserve Component: Windows

Physical Description:	Windows are transparent or translucent opening that allows the passage of light. Most windows are glazed with a coating that helps prevent heat loss and/or gain. Most modern style windows have either two or three glazed panes with a vacuum between the panes to help the insulation factor. Windows come in many styles and materials, including metal, vinyl, wood, fiberglass, and aluminum. Styles include casement, slider, awning, fixed, hung, and double hung.
Items Included:	None
Type of Component:	Excluded
Observed Condition:	No issues were reported. Component is considered the owners responsibility, as per bylaw 3.(c)(ii).
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from misuse, improper installation, expansion and contraction, extreme weather conditions, and ultraviolet rays. Most common deterioration is the seals around the panes breaking, and water penetration into the frame causing rot.

Reserve Component: Building Exterior Lights

Physical Description:	Building exterior lights provide illumination to entry ways for units and other common buildings.
Items Included:	Building Exterior Lights
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed. Replaced circa 2013
Typical Life Expectancy:	25
Estimated Effective Age:	6
Estimated Remaining Life:	19
Potential Deterioration:	Potential deterioration can occur from improper installation, weather conditions, and physical damage.



Reserve Component: Eaves & Downspouts

Physical Description:	Eaves and Downspouts when properly installed provide proper drainage from the roof to the surface drainage systems. Typical construction is prefinished metal or aluminum, with varying depths and widths.
Items Included:	Eaves & Downspouts
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some water staining on underlying materials was observed. Recommend monitoring, sealing, diverting as required. Additionally, diverter plates near the front entrance doors were missing on select units throughout, recommend adding as required. Installed circa 2009.
Typical Life Expectancy:	35
Estimated Effective Age:	10
Estimated Remaining Life:	25
Potential Deterioration:	Potential deterioration can occur from improper installation, freeze thaw cycles, UV rays, extreme weather conditions, and physical damage.

Reserve Component: Eaves & Downspouts - West Exposure

Physical Description:	Eaves and Downspouts when properly installed provide proper drainage from the roof to the surface drainage systems. Typical construction is prefinished metal or aluminum, with varying depths and widths.
Items Included:	Eaves & Downspouts
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed. Replaced circa 2016 due to a hail claim.
Typical Life Expectancy:	35
Estimated Effective Age:	3
Estimated Remaining Life:	32
Potential Deterioration:	Potential deterioration can occur from improper installation, freeze thaw cycles, UV rays, extreme weather conditions, and physical damage.



Reserve Component: Garage Door(s) - A & C Units

Physical Description:	Garage doors provide access to parking areas and include the tracks, springs, and rollers. Sectional garage doors are made of multiple panels hinged together. The springs and rollers will eventually wear and require replacement. Door Replacement only.
Items Included:	Garage Doors
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported. Replaced circa 2017.
Typical Life Expectancy:	25
Estimated Effective Age:	2
Estimated Remaining Life:	23
Potential Deterioration:	Deterioration can occur from physical damage, wear and tear, and oxidization.

Reserve Component: Garage Door(s) - B Units

Physical Description:	Garage doors provide access to parking areas and include the tracks, springs, and rollers. Sectional garage doors are made of multiple panels hinged together. The springs and rollers will eventually wear and require replacement. Door replacement only.
Items Included:	Garage Doors
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported. Replaced in 2018.
Typical Life Expectancy:	25
Estimated Effective Age:	1
Estimated Remaining Life:	24
Potential Deterioration:	Deterioration can occur from physical damage, wear and tear, and oxidization.



Reserve Component: Metal Fascia/Flashing

Physical Description:	Metal or Aluminium fascia is the band situated vertically under a roof edge in order to provide waterproofing for the structure as well as a visually appealing surface. Flashing provides a water shedding surface in order to divert water from exterior openings and edges of exterior finishes where water can rest or penetrate more easily.
Items Included:	Metal Fascia/Flashing
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed. This component replacement cycle has been aligned with the corresponding eave trough replacement.
Typical Life Expectancy:	35
Estimated Effective Age:	10
Estimated Remaining Life:	25
Potential Deterioration:	Potential deterioration can occur from adverse weather conditions, UV rays, improper installation and physical damage.

Reserve Component: Metal Fascia/Flashing - West Exposure

Physical Description:	Metal or Aluminium fascia is the band situated vertically under a roof edge in order to provide waterproofing for the structure as well as a visually appealing surface. Flashing provides a water shedding surface in order to divert water from exterior openings and edges of exterior finishes where water can rest or penetrate more easily.
Items Included:	Metal Fascia/Flashing
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	This component replacement cycle has been aligned with the corresponding eave trough replacement.
Typical Life Expectancy:	35
Estimated Effective Age:	3
Estimated Remaining Life:	32
Potential Deterioration:	Potential deterioration can occur from adverse weather conditions, UV rays, improper installation and physical damage.



Reserve Component: Painting: Stucco

Physical Description:	Stucco painting may be done periodically to improve the appearance of the stucco surface. A properly selected paint is required as the paint must allow the underlying stucco to breath. This makes most acrylic paints unsuitable for use.
Items Included:	Stucco Painting
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some exposed underlying material was observed in select areas, recommend touch-ups until the next full re-application.
Typical Life Expectancy:	20
Estimated Effective Age:	6
Estimated Remaining Life:	14
Potential Deterioration:	Deterioration can occur from ultraviolet rays, weather conditions, physical damage, and water penetration.

Reserve Component: Painting: Wood Trim - Garage Trim & Door Trim

Physical Description:	All exterior wood should be painted or stained on a regular basis in order to prevent water penetration. Proper paint cycles can help prevent premature deterioration of the wood.
Items Included:	Painting/Caulking
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some exposed underlying material was observed in select areas.
Typical Life Expectancy:	5
Estimated Effective Age:	4
Estimated Remaining Life:	1
Potential Deterioration:	Possible deterioration can occur from sun, and rain exposure, wear and tear.



Reserve Component: Soffits

Physical Description:	Soffits are used to bridge the gap between a building's roof line and exterior wall. They are providing ventilation for attic areas and moisture drainage.
Items Included:	Metal Soffits
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No Issues were reported or observed, recommend repairs as required.
Typical Life Expectancy:	35
Estimated Effective Age:	22
Estimated Remaining Life:	13
Potential Deterioration:	Potential deterioration can occur from improper installation, poor attic ventilation which can cause moisture build up and oxidization, expansion and contraction, physical damage, and water penetration.

Reserve Component: Asphalt Shingles

Physical Description:	An asphalt or fiberglass shingle roofing system is an overlapping style roofing system that is typically applied over waterproof paper over a wood roof structure. The shingles or squares are layered material with a paper or fiberglass base that is then coated with asphalt and ceramic granules. Periodic inspections are recommended to insure the maximum life span of the system.
Items Included:	Asphalt Shingles
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed, recommend periodic inspections by a qualified consultant. Replaced circa 2016.
Typical Life Expectancy:	22
Estimated Effective Age:	3
Estimated Remaining Life:	19
Potential Deterioration:	Potential deterioration is caused by Ultraviolet rays, physical and weather damage, extreme heat, drastic temperature fluctuations, expansion and contraction, improper installation, and improper attic ventilation.



Reserve Component: Plumbing Systems – Common Lines

Physical Description:	<p>Storm and sanitary drain lines and risers are a combination of cast iron or ABS and PVC piping. The lower level includes sanitary and storm drains to the street, as well as floor drains and sumps.</p> <p>Domestic water is provided via copper and/or plastic lines. Back flow preventers are installed for water lines.</p> <p>For purposes of this report, it is assumed that these plumbing were installed in accordance with all applicable codes and regulations as required by law. It was not possible to conduct tests or inspections of these plumbing systems.</p> <p>In-suite plumbing may be subject to irregular leaks or failures due to freezing, damage, or excess wear. Joints in plumbing systems are most effected and are typically repaired as required. Common area and suite related remediation may be funded through this component but is commonly funded through insurance claims. If insurance claims are frequent the corporation's premiums will be affected, and it is recommended that each incident's funding be carefully considered.</p>
Items Included:	Potable Water, and Sanitary Plumbing Lines
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	No ongoing leaks or pin pricks were reported. Recommend repairs or replacements as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from physical damage, and internal wear from water circulation.



Reserve Component: Electrical Systems - Common

Physical Description:	This reserve includes the various distribution panels, electrical cables, and wiring connections located within the complex. This category specifically excludes all of the underground electrical systems located on the exterior of the building. The buildings have three-phase 120/208-volt power service. Most of the components in this reserve category should have life expectancies which are comparable to that of the building.
Items Included:	Electrical systems
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	No Issues were reported, recommend repairs as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Possible deterioration can occur from excessive heat in panels and electrical rooms, and overloaded circuits.

Reserve Component: Consulting Services

Physical Description:	Consulting services include services such roof inspections, building envelope reviews, engineering fees, etc...
Items Included:	Consulting Services
Type of Component:	Allowance - The reserve provides for services related to the partial replacement or repair of the components listed in this study.
Observed Condition:	N/A
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	None



Reserve Component: Reserve Fund Study

Physical Description:	Reserve Fund Study
Items Included:	Reserve Fund Study
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	To be completed at least every 5 years as stated in the Condominium Act.
Typical Life Expectancy:	5
Estimated Effective Age:	0
Estimated Remaining Life:	5
Potential Deterioration:	N/A

Reserve Component: Asphalt Paving - Major Repairs

Physical Description:	Asphalt paving is a composite material it consists of asphalt (used as a binder) and mineral aggregate mixed, then laid down in layers and compacted typically over a gravel base.
Items Included:	Asphalt Paving Topping
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Some minor deterioration was observed in select areas, along with previous section repairs, recommend continued repairs as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from physical damage, improper installation, freeze thaw cycles, chemical damage, and general wear.



Reserve Component: Concrete Works

Physical Description:	Concrete works are poured or pre-cast concrete that is not considered part of any building structure. This reserve provides for repairs to the foregoing components. As replacement of these reserve items is not typically required, this provision is for periodic repairs only. This is essentially a contingency reserve, which should be reviewed on a regular basis.
Items Included:	Walkways & Parking Aprons, Patios, Pre-Cast Step
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	<p>Walkways & Driveways: Some minor cracks were observed in select areas, recommend repairs as required.</p> <p>Rear Patios: Some minor cracks were observed in select areas, recommend repairs as required. Additionally, some separation was observed in 2 patios from the building wall, recommend monitoring and repairing as required.</p> <p>Pre-Cast Front Steps: Some minor deterioration and spalling was observed in select areas, recommend repairs as required.</p>
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from improper installation or manufacturing, erosion, physical damage, excess use of salt or other corrosive materials, and settlement.



Reserve Component: Irrigation System

Physical Description:	Underground sprinkler systems are designed from plastic polymer materials and are run in various zones in order to provide irrigation for landscaping. The systems may require partial replacement as components deteriorate.
Items Included:	Irrigation System
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Reported water pooling in select areas, recommend an inspection by a qualified consultant and repairs as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from excess flow rates, general erosion, and frozen lines.

Reserve Component: Landscaping

Physical Description:	Landscaping includes site grading, lawns, trees, shrubs, and plants. This reserve provides for periodic replacement or removal of the above items.
Items Included:	General Replacement, Window Wells
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Some negative drainage and water pooling was reported and observed in select areas along the east section and between the A and B units, recommend an inspection by a qualified consultant. Additionally, some of the trees are beginning to encroach on the buildings, recommend culling as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	N/A



Reserve Component: Signage

Physical Description:	Signage is used to display information about the complex. Signs can be constructed from metal, wood, stone, and composite materials. It may in most cases be replaced for aesthetic purposes.
Items Included:	Signage
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	No Issues were reported or observed, recommend repairs as required.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from wear and tear, physical damage, settling, and adverse weather conditions.

Reserve Component: Stucco Fencing

Physical Description:	Stucco fencing is a free-standing structure designed to restrict movement across a boundary. Stucco fencing is typically constructed using concrete poured posts and a wood frame structure that is covered with stucco.
Items Included:	Stucco Fencing
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Some minor cracks were observed in select areas, recommend repairs as required. Additionally, a metal capping would be recommended along the top horizontal sections.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from physical damage, water damage, adverse weather conditions, settlement, and freeze thaw cycles.



Reserve Component: Underground Services - Major Repairs

Physical Description:

1. Sewer

This reserve component includes all storm and sanitary sewer lines and connections. This category only covers the storm and sanitary systems on the exterior of the buildings.

It is assumed that the storm and sanitary lines will be flushed and then inspected, with scopes and/or cameras, on a regular periodic basis. The flushing and inspection of the lines should be done on a five-year cyclical basis. If the flushing's and inspections are not carried out in this manner, then the data analyses and conclusions noted herein may require adjustment.

2. Water

This reserve provision includes all incoming water mains plus feeder lines and connections. This category covers the water systems on the exterior of the building.

3. Electrical

This reserve includes the incoming electrical services, underground electrical cables and wiring connections. This category covers the electrical systems on the exterior of the building. The underground telephone lines from off site to the demarcation point within this building are the responsibility of the service provider. These underground phone lines, plus the cable television lines were excluded from the report.

This reserve specifically excludes all electrical transformers and meters located onsite. The existing service provider has advised that they are responsible for the maintenance, repair and replacement of these items. If the condominium corporation replaces the existing service provider with another service provider, then it is assumed that such other provider will provide the same level of maintenance, repair and replacement as the existing service provider. If the level of maintenance, repair and replacement is not the same, then the data, analyses and conclusions contained herein may require adjustment.

It is assumed that the electrical lines will be Meg tested every 10 years to determine if there is any breakdown in the insulation on the lines. If there is any deterioration of the insulation, this could lead to shorts in the electrical system.

Items Included:

Underground Services

Type of Component:

Allowance - The reserve provides for the partial replacement or repair of the component.

Observed Condition:

No issues were reported.



Typical Life Expectancy: N/A
Estimated Effective Age: N/A
Estimated Remaining Life: N/A
Potential Deterioration: Deterioration can occur from settlement, and freeze thaw cycles.

Reserve Component: Underground Services - Scoping & Flushing

Physical Description:

1. Sewer
It is assumed that the storm and sanitary lines will be flushed and inspected, with scopes and/or cameras, on a regular periodic basis. The flushing and inspection of the lines should be done approximately every five years.
2. Electrical
Electrical lines should be Meg tested every 10 years to determine if there is any breakdown in the insulation on the lines.

Items Included: Underground Service Scoping & Testing, Hydrants

Type of Component: Allowance - The reserve provides for the partial replacement or repair of the component.

Observed Condition: No issues were reported.

Typical Life Expectancy: N/A
Estimated Effective Age: N/A
Estimated Remaining Life: N/A
Potential Deterioration: Deterioration can occur from settlement, and freeze thaw cycles.



Reserve Component: Asphalt Paving - Complete Lift

Physical Description:	Asphalt paving is a composite material it consists of asphalt (used as a binder) and mineral aggregate mixed, then laid down in layers and compacted typically over a gravel base.
Items Included:	Asphalt Paving Topping
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some minor deterioration was observed in select areas, along with previous section repairs, recommend continued repairs as required until the next complete lift.
Typical Life Expectancy:	30
Estimated Effective Age:	20
Estimated Remaining Life:	10
Potential Deterioration:	Deterioration can occur from physical damage, improper installation, freeze thaw cycles, chemical damage, and general wear.

Reserve Component: Exterior Site Lighting

Physical Description:	Exterior lights provide illumination to common areas for owner and visitor safety.
Items Included:	Exterior Lighting
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	The top light fixtures are scheduled to be replaced in 2019. The light poles have no issues reported or observed.
Typical Life Expectancy:	25
Estimated Effective Age:	10
Estimated Remaining Life:	15
Potential Deterioration:	General wear and tear, settlement, and water penetration.



Reserve Component: Exterior Structures - Garbage Building

Physical Description:	Exterior Structures are wood, or steel frame structures designed to provide a specific function to improve the complex.
Items Included:	Garbage Containment Building(s)
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some minor deterioration was observed in select areas, recommend repairs as required.
Typical Life Expectancy:	30
Estimated Effective Age:	22
Estimated Remaining Life:	8
Potential Deterioration:	Deterioration can occur from adverse weather conditions, general wear and tear, water penetration, and settlement.

Reserve Component: Mailboxes

Physical Description:	Mailboxes are either front or back loading aluminium or metal boxes.
Items Included:	Mailboxes
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Oxidation and deterioration was reported and observed, recommend a replacement.
Typical Life Expectancy:	25
Estimated Effective Age:	22
Estimated Remaining Life:	3
Potential Deterioration:	Deterioration can occur from adverse weather conditions and general wear.



Reserve Component: Metal Hand Fencing Section in Stucco Fence Section

Physical Description:	Metal hand railings, and fencing provide protective boundaries for the complex and units. The component is either painted or powder coated to protect the metal from oxidization.
Items Included:	Fencing
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some oxidation was observed in select areas, recommend a paint application, otherwise no issues.
Typical Life Expectancy:	30
Estimated Effective Age:	22
Estimated Remaining Life:	8
Potential Deterioration:	Oxidization, extreme weather conditions, wear and tear, and physical damage.

Reserve Component: Painting: Metal Fence

Physical Description:	Painting of metal improvements can help prolong the life of the underlying component. All paints will deteriorate over time and will require re application.
Items Included:	Metal Painting
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some oxidation was observed in select areas, recommend a re-application.
Typical Life Expectancy:	15
Estimated Effective Age:	14
Estimated Remaining Life:	1
Potential Deterioration:	Deterioration can occur from weather conditions, ultraviolet rays, and physical damage.



Reserve Component: Painting: Wood - East

Physical Description:	All exterior wood should be painted or stained on a regular basis in order to prevent water penetration. Proper paint cycles can help prevent premature deterioration of the wood.
Items Included:	Painting: Wood Fence
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed.
Typical Life Expectancy:	5
Estimated Effective Age:	1
Estimated Remaining Life:	4
Potential Deterioration:	Possible deterioration can occur from sun, and rain exposure, wear and tear.

Reserve Component: Painting: Wood - North

Physical Description:	All exterior wood should be painted or stained on a regular basis in order to prevent water penetration. Proper paint cycles can help prevent premature deterioration of the wood.
Items Included:	Painting: Wood Fence
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Exposed underlying material was observed in select areas, recommend a re-application. The Board has reported that the north perimeter is the responsibility of the neighboring complex.
Typical Life Expectancy:	5
Estimated Effective Age:	4
Estimated Remaining Life:	1
Potential Deterioration:	Possible deterioration can occur from sun, and rain exposure, wear and tear.



Reserve Component: Wood Fencing - East Perimeter

Physical Description:	Wood fencing is a free-standing structure designed to restrict movement across a boundary. Wood fencing is typically constructed using concrete poured posts with beams that cross the posts in order to provide support for the wooden boards.
Items Included:	Wood Fencing
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed, replaced circa 2018.
Typical Life Expectancy:	25
Estimated Effective Age:	1
Estimated Remaining Life:	24
Potential Deterioration:	Deterioration can occur from physical damage, water damage, adverse weather conditions, settlement, and freeze thaw cycles.



Financial Analysis

The financial requirements as set out in the Act recommend that the corporation be sufficiently funded which implies that the funds must be able to cover off the replacements or repairs of the depreciating property over the study period. The following steps are provided to complete the financial analysis:

Component Depreciation Analysis is prepared which shows where the reserve fund balances should be if the corporation is 100% funded. This analysis is created without regard to the current financial position of the corporation.

Current replacement costs are estimated for each of the components. In making these cost estimates, several sources are relied upon including RS Means Repair and Remodeling Cost Data, Hanscombs' Yardsticks for Costing, and Marshall & Swift Valuation Service. These estimates are verified using information provided by local contractors and costing information retained on our files.

Where a component is a long-term item, only a proportionate share of the cost related to the 30-year horizon has been accounted for and is reflected in the cash flow as an ongoing requirement with periodic injections of cash to accommodate any future repairs or replacement. It however does not restrict the Corporation from drawing funds on an "as required" basis with the assumption that the funding be re-examined at the time of the study mandated cyclical review.

Future replacement reserves are estimated by applying a long-term inflationary rate to the current replacement cost reserve estimates.

A **Historical Reserve Fund Analysis** was prepared based on any provided current and prior year financial statements of the corporation. This document shows the history of contributions to and expenditures from the reserve fund. This analysis will reveal patterns within the reserve fund which will be used when the Projected Cash Flow Analysis is prepared.

A recommended **Horizon Cash Flow Analysis** is prepared. This document incorporates the data contained in the Depreciation Component Analysis above with the Historical Reserve Fund Analysis discussed above. Both documents form the foundation for the recommended Horizon Plan Cash Flow Analysis. This latter document will determine where the reserve fund contributions should be set to ensure that there are no shortfalls within the reserve fund over the study horizon. Although the Depreciation Analysis is relied upon as a guide, the actual expenditures and closing balances of the fund are highly weighted in determining this analysis. Other factors involved are the condominium fees of the surrounding market, and the difference of costs on to future owners.

Planners Recommendations are provided based on the analysis of the above three steps to sufficiently fund the Corporation. The recommendations are provided that the corporation can follow and/or implement to sustain the reserve fund including the process of annual updates as required by the Act.



Component Depreciation Analysis Signal Hill Villas - Semi-Detached Villas

February 3, 2020
Interest Rate (1st - 5 Years) : 1.50%
Interest Rate: 2.00%
Inflation Rate: 3.25%

Component	Horizon Years *	Effective Age *	Remaining Life *	Current Replacement Cost *	Future Replacement Cost *	Current Reserve Requirement *	Future Reserve Fund Accumulation	Future Reserve Fund Requirements	Annual Assessment *
Foundations									
Concrete Foundations	N/A	N/A	N/A	\$28,000	\$73,090	\$933	\$1,690	\$71,400	\$1,347
Structure									
Ventilation and Insulation	N/A	N/A	N/A	\$48,200	\$147,638	\$1,377	\$2,754	\$144,884	\$2,121
Deck Hand Railings - A & B Units	30	4	26	\$35,800	\$82,229	\$4,773	\$7,794	\$74,435	\$1,753
Deck Hand Railings - C Units	30	23	7	\$16,000	\$20,015	\$12,267	\$13,749	\$6,266	\$799
Deck Vinyl Membrane - C Units Replaced with Composite & Metal Deck Frames	30	23	7	\$48,000	\$60,044	\$36,800	\$41,246	\$18,798	\$2,396
Metal Frame & Composite Decks - A & B Units	30	4	26	\$96,000	\$220,502	\$12,800	\$20,900	\$199,602	\$4,702
Unit Front Entrance Hand Railings	30	22	8	\$9,600	\$12,399	\$7,040	\$8,048	\$4,351	\$476
Exterior									
Exterior Doors	N/A	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0
Painting: Stucco - Touch-Ups	N/A	N/A	N/A	\$44,400	\$115,900	\$1,480	\$2,681	\$113,219	\$2,135
Parging	N/A	N/A	N/A	\$6,200	\$13,793	\$248	\$407	\$13,386	\$334
Sand Stone Veneer	N/A	N/A	N/A	\$10,400	\$27,148	\$347	\$629	\$26,519	\$500
Sliding Doors	N/A	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0
Stucco	N/A	N/A	N/A	\$46,200	\$102,776	\$1,848	\$3,032	\$99,744	\$2,492
Windows	N/A	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0
Building Exterior Lights	25	6	19	\$7,200	\$13,220	\$1,728	\$2,457	\$10,763	\$399
Eaves & Downspouts	35	10	25	\$46,700	\$103,889	\$13,343	\$21,359	\$82,530	\$2,062
Eaves & Downspouts - West Exposure	35	3	32	\$9,600	\$26,715	\$823	\$1,514	\$25,201	\$428
Garage Door(s) - A & C Units	25	2	23	\$24,000	\$50,082	\$1,920	\$2,954	\$47,128	\$1,332
Garage Door(s) - B Units	25	1	24	\$12,000	\$25,855	\$480	\$753	\$25,102	\$666
Metal Fascia/Flashing	35	10	25	\$28,800	\$64,068	\$8,229	\$13,173	\$50,895	\$1,272
Metal Fascia/Flashing - West Exposure	35	3	32	\$5,600	\$15,584	\$480	\$882	\$14,702	\$250
Painting: Stucco	20	6	14	\$88,700	\$138,798	\$26,610	\$34,260	\$104,538	\$5,800
Painting: Wood Trim - Garage Trim & Door Trim	5	4	1	\$3,900	\$4,027	\$3,120	\$3,167	\$860	\$847
Soffits	35	22	13	\$38,100	\$57,743	\$23,949	\$30,229	\$27,514	\$1,677
Roofing									
Asphalt Shingles	22	3	19	\$219,300	\$402,670	\$29,905	\$42,508	\$360,162	\$13,336
Mechanical/Safety									
Plumbing Systems - Common Lines	N/A	N/A	N/A	\$21,200	\$55,340	\$707	\$1,281	\$54,059	\$1,020
Electrical									
Electrical Systems - Common	N/A	N/A	N/A	\$5,100	\$11,345	\$204	\$335	\$11,010	\$275
Professional Fees									
Consulting Services	N/A	N/A	N/A	\$2,500	\$5,561	\$100	\$164	\$5,397	\$135
Reserve Fund Study	5	0	5	\$2,500	\$2,934	\$0	\$0	\$2,934	\$545

* See Glossary at the end for details.



Site										
Asphalt Paving - Major Repairs	N/A	N/A	N/A	\$4,900	\$12,791	\$163	\$295	\$12,496	\$236	
Concrete Works	N/A	N/A	N/A	\$58,000	\$151,401	\$1,933	\$3,501	\$147,900	\$2,789	
Irrigation System	N/A	N/A	N/A	\$11,200	\$29,236	\$373	\$676	\$28,560	\$539	
Landscaping	N/A	N/A	N/A	\$34,100	\$89,014	\$1,137	\$2,060	\$86,954	\$1,640	
Signage	N/A	N/A	N/A	\$1,500	\$3,337	\$60	\$98	\$3,239	\$81	
Stucco Fencing	N/A	N/A	N/A	\$9,400	\$24,537	\$313	\$567	\$23,970	\$452	
Underground Services - Major Repairs	N/A	N/A	N/A	\$60,000	\$156,622	\$2,000	\$3,623	\$152,999	\$2,886	
Underground Services - Scoping & Flushing	N/A	N/A	N/A	\$12,000	\$31,324	\$400	\$725	\$30,599	\$577	
Asphalt Paving - Complete Lift	30	20	10	\$19,600	\$26,987	\$13,067	\$15,542	\$11,445	\$962	
Exterior Site Lighting	25	10	15	\$4,000	\$6,463	\$1,600	\$2,102	\$4,361	\$221	
Exterior Structures - Garbage Building	30	22	8	\$5,000	\$6,458	\$3,667	\$4,192	\$2,266	\$248	
Mailboxes	25	22	3	\$4,000	\$4,403	\$3,520	\$3,681	\$722	\$230	
Metal Hand Fencing Section in Stucco Fence Section	30	22	8	\$2,000	\$2,583	\$1,467	\$1,677	\$906	\$99	
Painting: Metal Fence	15	14	1	\$200	\$206	\$187	\$190	\$16	\$16	
Painting: Wood - East	5	1	4	\$1,300	\$1,477	\$260	\$276	\$1,201	\$283	
Painting: Wood - North	5	4	1	\$2,500	\$2,581	\$2,000	\$2,030	\$551	\$543	
Wood Fencing - East Perimeter	25	1	24	\$19,100	\$41,152	\$764	\$1,199	\$39,953	\$1,061	
TOTALS: 100% FUNDED *				\$1,152,800	\$2,443,937	\$224,422	\$300,400	\$2,143,537	\$61,962	
TOTALS: 75% FUNDED *				--	--	\$168,317	--	--	\$46,472	
TOTALS: 50% FUNDED *				--	--	\$112,211	--	--	\$30,981	

* See Glossary at the end for details.



Component Depreciation Analysis Summary

1) Current Replacement Costs of Reserve Components.....\$1,152,800

This is the sum of all costs, in current dollars, for all major repairs and replacements. These replacement costs are based on current prices and current economic conditions.

2) Future Replacement Costs of Reserve Components.....\$ 2,443,937

This shows all major repair and replacement costs in the future at the end of the expected life span of the reserve components.

3) Current Reserve Fund Requirement.....\$ 224,422

These are reserve fund estimates based on the notion of effective age. This is the amount that should have been contributed by unit owners. This is the amount that the corporation would have in its reserve fund at the end of the first forecast year if it were fully funded. Any surplus deficiency will be addressed in the funding analysis over the horizon of the budgeting study. These reserve funds should be held by the corporation and invested in the appropriate securities.

4) Future Reserve Fund Accumulations.....\$ 300,400

These are the current reserve fund requirements together with compound interest over the remaining life spans of the components.

5) Future Reserve Fund Requirements.....\$2,443,937

These are the amounts to be funded by the unit owners to the reserve fund plus any interest earned.

6) Annual Reserve Fund Assessments.....\$ 61,962

These are the annual reserve fund payments to be made by unit owners. The annual reserve fund assessment consists of the annual payments by the unit owners into the reserve fund to meet all potential capital expenditure requirements in the future. The amount increases at the rate of interest every year.

Notice

The reserve fund estimates for points 1 to 6 above were prepared without regard to the current financial position of the corporation or the current reserve fund contributions by the unit owners, and as such, they represent the optimum reserve fund operation. The estimates for points 1 to 6 above assume that the corporation has continuously assessed adequate reserve funding from the time of initial development.



Historical Reserve Fund Analysis

The historical reserve fund analysis consists of a review and examination of the financial statements of the corporation with an emphasis on investment and spending related to major repairs and replacements of reserve components. Based on the documents which were provided, a summary of the historical reserve fund spending patterns was prepared. This summary is shown in the Historical Cash Flow document which follows. The following corporate documents were provided for analysis:

The financial statements for the fiscal years: ... 2018-2015

The budget statement for the fiscal year ending: October 31, 2019

The study takes into consideration the past performance of the complex, including reserve fund contributions and expenditures, as well as the age and condition of the improvements.

The Corporation's Estimated Reserve Fund Balance as of October 31, 2019: \$ 80,637



Historical Analysis Signal Hill Villas - Semi-Detached Villas

February 3, 2020

Year End	10/31/2019	10/31/2018	10/31/2017	10/31/2016	10/31/2015
Opening Balance	\$44,023	\$35,064	\$48,979	\$6,016	\$4,258
Contributions	\$40,314	\$39,140	\$38,000	\$48,624	\$39,402
Additional Allocations					
Interest Income	\$900	\$899	\$637	\$151	\$0
Special Assessments					
Reserve Components					
Concrete Foundations					
Ventilation and Insulation					
Deck Hand Railings - A & B Units					
Deck Hand Railings - C Units					
Deck Vinyl Membrane - C Units Replaced with Composite & Metal Deck Frames					
Metal Frame & Composite Decks - A & B Units				\$5,812	\$37,644
Unit Front Entrance Hand Railings					
Exterior Doors					
Painting: Stucco - Touch-Ups					
Parging					
Sand Stone Veneer					
Sliding Doors					
Stucco					
Windows					
Building Exterior Lights					
Eaves & Downspouts					
Eaves & Downspouts - West Exposure					
Garage Door(s) - A & C Units			\$15,483		
Garage Door(s) - B Units		\$7,741			
Metal Fascia/Flashing					
Metal Fascia/Flashing - West Exposure					
Painting: Stucco					
Painting: Wood Trim - Garage Trim & Door Trim					
Soffits					
Asphalt Shingles					
Plumbing Systems - Common Lines					
Electrical Systems - Common					
Consulting Services					
Reserve Fund Study	\$2,500				
Asphalt Paving - Major Repairs					
Concrete Works	\$2,100				
Irrigation System					
Landscaping		\$7,493	\$5,633		
Signage					
Stucco Fencing					
Underground Services - Major Repairs					
Underground Services - Scoping & Flushing					
Asphalt Paving - Complete Lift					
Exterior Site Lighting					
Exterior Structures - Garbage Building					
Mailboxes					
Metal Hand Fencing Section in Stucco Fence Section					
Painting: Metal Fence					
Painting: Wood - East					
Painting: Wood - North					
Wood Fencing - East Perimeter		\$15,846	\$31,436		
Total Expenditures	\$4,600	\$31,080	\$52,552	\$5,812	\$37,644
Closing Balance	\$80,637	\$44,023	\$35,064	\$48,979	\$6,016
Operating And Reserve Contributions	\$127,959	\$127,959	\$127,959	\$115,200	\$111,285
Planned Reserve Contributions	\$40,314	\$39,140	\$38,000	\$48,624	\$39,402
Operating Budget	\$87,645	\$88,819	\$89,959	\$66,576	\$71,883
Avg Condo Fee Per Month	\$444	\$444	\$444	\$400	\$386
Avg Percent Of Condo Fees Per Month	31.5%	30.6%	29.7%	42.2%	35.4%



Horizon Cash Flow Analysis (Recommended)

This analysis projects the estimated expenditures from the reserve fund for the complex over a specified time horizon and recommends a contribution and funding plan for the 30 years. This document shows the Opening Balances, Total Cash Resources, Total Expenditures, Closing Balances, and the Percentage Funded in a form and detail which conforms to financial presentations for reserve fund operations. The above noted terms are defined as follows:

Opening Balances

This is the reserve fund position at the beginning of each fiscal year showing the cash resources available, which consist of bank deposits, qualified investments, and accrued interest income.

Cash Flows

These are the regular reserve fund contributions, interest income and special assessments, if any, based on the interest rate utilized in the Cash Flow Analysis. It is assumed that all reserve fund contributions and special assessments will be made at the end of each fiscal year.

Total Cash Resources

These represent the cash flow items noted above plus the open balance.

Total Expenditures

These are the sum of the reserve fund expenditures for all the components in each fiscal year. It is assumed that all reserve fund expenditures will be made at the beginning of each fiscal year.

Closing Balances

This amount is equal to the Total Cash Resources minus the Total Expenditures. This amount is carried forward to the next fiscal year as the Opening Balance.

Percent Funded

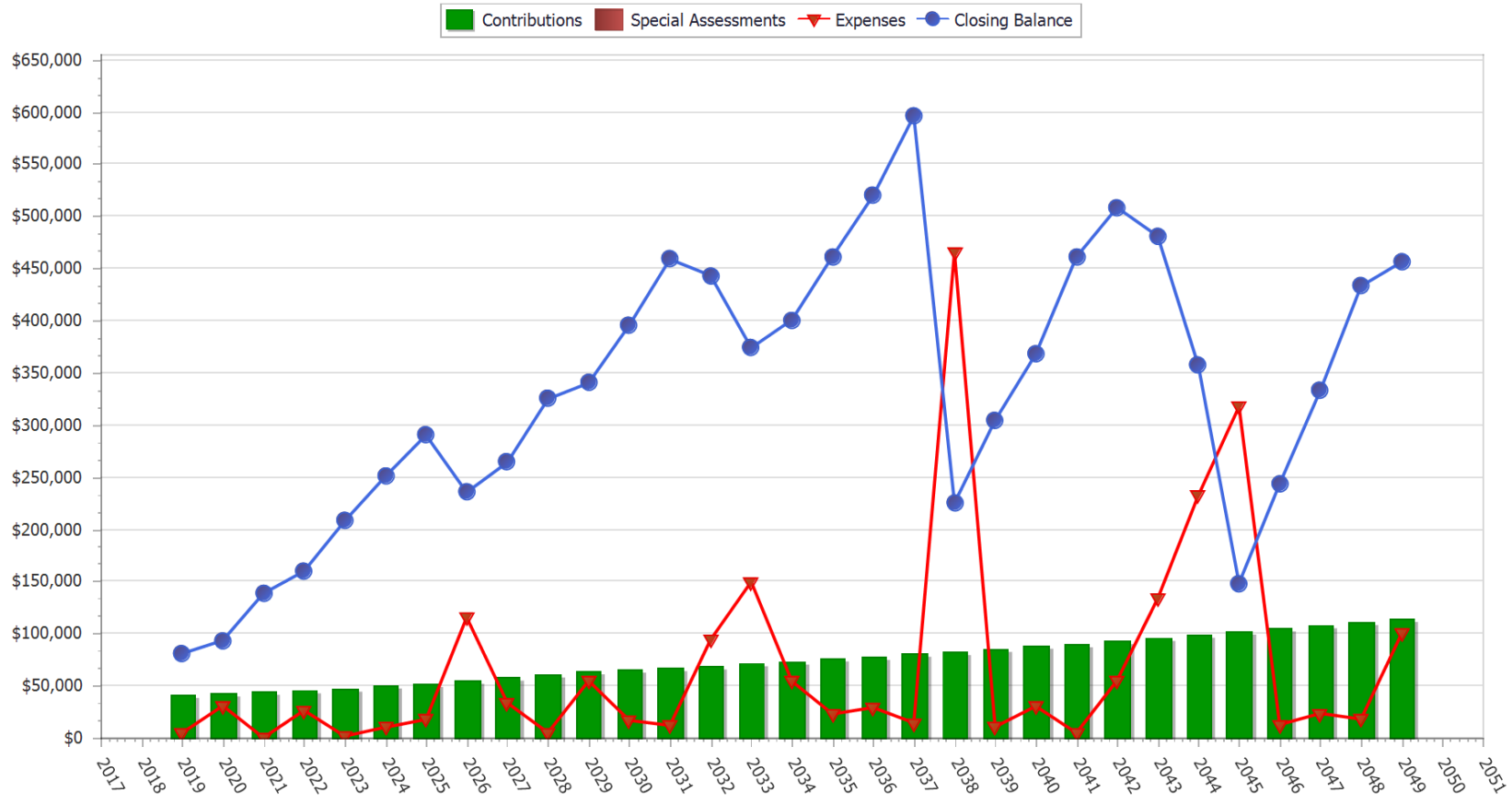
Percentage funded is the current level the corporation is funded at the end of that fiscal year. The percentage funded is based on the depreciation of each individual component and calculated by dividing that years closing balance by the reserve fund requirement.

Percent funding levels are shown to help the corporation gauge their current position in regard to all their common component expenses. 100% funding if achieved would be considered the upper limit of funding recommended. Lower levels of funding are recommended in most cases due to the theory of pooled funds which assumes that all components will not require replacement at the same time. Thus, resulting in lower levels of depreciation being required over the life of the complex. The provided cash flows will more accurately reflect each individual complex's requirements.



Funding Horizon Chart - Model 30 Year Final
Signal Hill Villas - Semi-Detached Villas - 9710795

Stabilized Long Term Inflation Rate - 3.25%
Stabilized Long Term Interest Rate - 2.00%
First Five Year Interest Rate - 1.50%



Minimum Closing Balance in Year 1 :\$93,233

Total Cash Outlay: \$2,268,800

Total Expenditures: \$2,087,820



Short Term Interest Rate (Years 1-5): **1.50%**

Long Term Interest Rate: **2.00%**

Inflation Rate: **3.25%**

Signal Hill Villas - Semi-Detached Villas-9710795
30 Year - Reserve Fund Horizon Schedule

	Year Beginning	Opening Balance	Reserve Contributions	Special Assessments & Additional Allocations	Estimated Interest	Estimated Expenses	Closing Balance	Year End
1	01-Nov-19	\$80,637	\$42,000	\$0	\$1,210	\$30,614	\$93,233	31-Oct-20
2	01-Nov-20	\$93,233	\$43,700	\$0	\$1,398	\$0	\$138,331	31-Oct-21
3	01-Nov-21	\$138,331	\$45,400	\$0	\$2,075	\$26,153	\$159,653	31-Oct-22
4	01-Nov-22	\$159,653	\$47,200	\$0	\$2,395	\$1,477	\$207,771	31-Oct-23
5	01-Nov-23	\$207,771	\$49,600	\$0	\$3,117	\$9,984	\$250,504	31-Oct-24
6	01-Nov-24	\$250,504	\$52,100	\$0	\$5,010	\$17,504	\$290,110	31-Oct-25
7	01-Nov-25	\$290,110	\$54,700	\$0	\$5,802	\$115,359	\$235,253	31-Oct-26
8	01-Nov-26	\$235,253	\$57,400	\$0	\$4,705	\$33,390	\$263,968	31-Oct-27
9	01-Nov-27	\$263,968	\$60,300	\$0	\$5,279	\$4,784	\$324,763	31-Oct-28
10	01-Nov-28	\$324,763	\$63,300	\$0	\$6,495	\$54,529	\$340,029	31-Oct-29
11	01-Nov-29	\$340,029	\$65,200	\$0	\$6,801	\$16,598	\$395,432	31-Oct-30
12	01-Nov-30	\$395,432	\$67,200	\$0	\$7,909	\$11,800	\$458,741	31-Oct-31
13	01-Nov-31	\$458,741	\$69,200	\$0	\$9,175	\$93,993	\$443,123	31-Oct-32
14	01-Nov-32	\$443,123	\$71,300	\$0	\$8,862	\$149,482	\$373,803	31-Oct-33
15	01-Nov-33	\$373,803	\$73,400	\$0	\$7,476	\$54,102	\$400,577	31-Oct-34
16	01-Nov-34	\$400,577	\$75,600	\$0	\$8,012	\$22,710	\$461,479	31-Oct-35
17	01-Nov-35	\$461,479	\$77,900	\$0	\$9,230	\$28,900	\$519,709	31-Oct-36
18	01-Nov-36	\$519,709	\$80,200	\$0	\$10,394	\$14,300	\$596,003	31-Oct-37
19	01-Nov-37	\$596,003	\$82,600	\$0	\$11,920	\$465,427	\$225,096	31-Oct-38
20	01-Nov-38	\$225,096	\$85,100	\$0	\$4,502	\$10,440	\$304,258	31-Oct-39
21	01-Nov-39	\$304,258	\$87,700	\$0	\$6,085	\$30,178	\$367,865	31-Oct-40
22	01-Nov-40	\$367,865	\$90,300	\$0	\$7,357	\$4,550	\$460,972	31-Oct-41
23	01-Nov-41	\$460,972	\$93,000	\$0	\$9,219	\$54,832	\$508,359	31-Oct-42
24	01-Nov-42	\$508,359	\$95,800	\$0	\$10,167	\$133,458	\$480,868	31-Oct-43
25	01-Nov-43	\$480,868	\$98,700	\$0	\$9,617	\$232,418	\$356,767	31-Oct-44
26	01-Nov-44	\$356,767	\$101,700	\$0	\$7,135	\$317,431	\$148,171	31-Oct-45
27	01-Nov-45	\$148,171	\$104,800	\$0	\$2,963	\$12,500	\$243,434	31-Oct-46
28	01-Nov-46	\$243,434	\$107,900	\$0	\$4,869	\$23,294	\$332,909	31-Oct-47
29	01-Nov-47	\$332,909	\$111,100	\$0	\$6,658	\$17,787	\$432,880	31-Oct-48
30	01-Nov-48	\$432,880	\$114,400	\$0	\$8,658	\$99,826	\$456,112	31-Oct-49



Projected Cash Flow - Model 30 Year Final
Signal Hill Villas - Semi-Detached Villas - 9710795

Stabilized Long Term Inflation Rate - 3.25%
Stabilized Long Term Interest Rate - 2.00%
First Five Year Interest Rate - 1.50%

Year Beginning	11/1/2018	11/1/2019	11/1/2020	11/1/2021	11/1/2022	11/1/2023	11/1/2024	11/1/2025	11/1/2026	11/1/2027
Year	0	1	2	3	4	5	6	7	8	9
Opening Balance	\$44,023	\$80,637	\$93,233	\$138,331	\$159,653	\$207,771	\$250,504	\$290,110	\$235,253	\$263,968
Planned Contributions	\$40,314	\$42,000	\$43,700	\$45,400	\$47,200	\$49,600	\$52,100	\$54,700	\$57,400	\$60,300
Additional Allocations										
Interest Income	\$900	\$1,210	\$1,398	\$2,075	\$2,395	\$3,117	\$5,010	\$5,802	\$4,705	\$5,279
Special Assessments		\$0								
Cash Resources	\$85,237	\$123,847	\$138,331	\$185,806	\$209,248	\$260,488	\$307,614	\$350,612	\$297,358	\$329,547
Reserve Components										
Concrete Foundations									\$9,050	
Ventilation and Insulation							\$9,750			
Deck Hand Railings - A & B Units										
Deck Hand Railings - C Units								\$20,015		
Deck Vinyl Membrane - C Units Replaced with Composite & Metal Deck Frames								\$60,044		
Metal Frame & Composite Decks - A & B Units										
Unit Front Entrance Hand Railings									\$12,399	
Exterior Doors										
Painting: Stucco - Touch-Ups		\$9,150						\$11,100		
Parging						\$1,200				
Sand Stone Veneer						\$1,750				
Sliding Doors										
Stucco								\$14,450		
Windows										
Building Exterior Lights										
Eaves & Downspouts		\$10,000								
Eaves & Downspouts - West Exposure										
Garage Door(s) - A & C Units										
Garage Door(s) - B Units										
Metal Fascia/Flashing										
Metal Fascia/Flashing - West Exposure										
Painting: Stucco										
Painting: Wood Trim - Garage Trim & Door Trim		\$4,027					\$4,725			
Soffits										
Asphalt Shingles										
Plumbing Systems - Common Lines								\$5,300		
Electrical Systems - Common								\$1,600		
Consulting Services										
Reserve Fund Study	\$2,500					\$2,934				
Asphalt Paving - Major Repairs						\$1,450				
Concrete Works	\$2,100			\$15,950						
Irrigation System		\$2,300							\$2,900	
Landscaping		\$2,350		\$2,500		\$2,650		\$2,850		\$3,050
Signage										
Stucco Fencing										
Underground Services - Major Repairs										
Underground Services - Scoping & Flushing				\$3,300						
Asphalt Paving - Complete Lift										
Exterior Site Lighting										

Exterior Structures - Garbage Building										\$6,458
Mailboxes				\$4,403						
Metal Hand Fencing Section in Stucco Fence Section									\$2,583	
Painting: Metal Fence		\$206								
Painting: Wood - East					\$1,477					\$1,734
Painting: Wood - North		\$2,581					\$3,029			
Wood Fencing - East Perimeter										
Total Expenses	\$4,600	\$30,614	\$0	\$26,153	\$1,477	\$9,984	\$17,504	\$115,359	\$33,390	\$4,784
Closing Balance	\$80,637	\$93,233	\$138,331	\$159,653	\$207,771	\$250,504	\$290,110	\$235,253	\$263,968	\$324,763
Planned Contributions	\$40,314	\$42,000	\$43,700	\$45,400	\$47,200	\$49,600	\$52,100	\$54,700	\$57,400	\$60,300
Prev Year Contributions		\$40,314	\$42,000	\$43,700	\$45,400	\$47,200	\$49,600	\$52,100	\$54,700	\$57,400
Avg Inc. Per Unit Per Month	\$0	\$6	\$6	\$6	\$6	\$8	\$9	\$9	\$9	\$10
Percent Funded -Max Level 55.4%	36%	36%	42%	43%	47%	50%	51%	44%	46%	49%
Contribution Increase	\$40,314	\$1,686	\$1,700	\$1,700	\$1,800	\$2,400	\$2,500	\$2,600	\$2,700	\$2,900
Year End	10/31/2019	10/31/2020	10/31/2021	10/31/2022	10/31/2023	10/31/2024	10/31/2025	10/31/2026	10/31/2027	10/31/2028



Projected Cash Flow - Model 30 Year Final
Signal Hill Villas - Semi-Detached Villas - 9710795

Stabilized Long Term Inflation Rate - 3.25%
Stabilized Long Term Interest Rate - 2.00%
First Five Year Interest Rate - 1.50%

Year Beginning	11/1/2028	11/1/2029	11/1/2030	11/1/2031	11/1/2032	11/1/2033	11/1/2034	11/1/2035	11/1/2036	11/1/2037
Year	10	11	12	13	14	15	16	17	18	19
Opening Balance	\$324,763	\$340,029	\$395,432	\$458,741	\$443,123	\$373,803	\$400,577	\$461,479	\$519,709	\$596,003
Planned Contributions	\$63,300	\$65,200	\$67,200	\$69,200	\$71,300	\$73,400	\$75,600	\$77,900	\$80,200	\$82,600
Additional Allocations										
Interest Income	\$6,495	\$6,801	\$7,909	\$9,175	\$8,862	\$7,476	\$8,012	\$9,230	\$10,394	\$11,920
Special Assessments										
Cash Resources	\$394,558	\$412,030	\$470,541	\$537,116	\$523,285	\$454,679	\$484,189	\$548,609	\$610,303	\$690,523
Reserve Components										
Concrete Foundations							\$11,700			
Ventilation and Insulation			\$11,800						\$14,300	
Deck Hand Railings - A & B Units										
Deck Hand Railings - C Units										
Deck Vinyl Membrane - C Units Replaced with Composite & Metal Deck Frames										
Metal Frame & Composite Decks - A & B Units										
Unit Front Entrance Hand Railings										
Exterior Doors										
Painting: Stucco - Touch-Ups				\$13,450						\$16,300
Parging	\$1,400					\$1,650				
Sand Stone Veneer	\$2,050					\$2,400				
Sliding Doors										
Stucco				\$17,500						\$21,200
Windows										
Building Exterior Lights										\$13,220
Eaves & Downspouts										
Eaves & Downspouts - West Exposure										
Garage Door(s) - A & C Units										
Garage Door(s) - B Units										
Metal Fascia/Flashing										
Metal Fascia/Flashing - West Exposure										
Painting: Stucco					\$138,798					
Painting: Wood Trim - Garage Trim & Door Trim		\$5,544					\$6,506			
Soffits				\$57,743						
Asphalt Shingles										\$402,670
Plumbing Systems - Common Lines					\$6,650					
Electrical Systems - Common					\$2,000					
Consulting Services										
Reserve Fund Study	\$3,442					\$4,039				
Asphalt Paving - Major Repairs				\$1,850						
Concrete Works	\$19,950							\$25,000		
Irrigation System						\$3,600				
Landscaping		\$3,250		\$3,450		\$3,650		\$3,900		\$4,150
Signage	\$700									
Stucco Fencing										
Underground Services - Major Repairs						\$32,300				
Underground Services - Scoping & Flushing		\$4,250								\$5,500
Asphalt Paving - Complete Lift	\$26,987									
Exterior Site Lighting						\$6,463				

Exterior Structures - Garbage Building										
Mailboxes										
Metal Hand Fencing Section in Stucco Fence Section										
Painting: Metal Fence							\$334			
Painting: Wood - East					\$2,034					\$2,387
Painting: Wood - North		\$3,554					\$4,170			
Wood Fencing - East Perimeter										
Total Expenses	\$54,529	\$16,598	\$11,800	\$93,993	\$149,482	\$54,102	\$22,710	\$28,900	\$14,300	\$465,427
Closing Balance	\$340,029	\$395,432	\$458,741	\$443,123	\$373,803	\$400,577	\$461,479	\$519,709	\$596,003	\$225,096
Planned Contributions	\$63,300	\$65,200	\$67,200	\$69,200	\$71,300	\$73,400	\$75,600	\$77,900	\$80,200	\$82,600
Prev Year Contributions	\$60,300	\$63,300	\$65,200	\$67,200	\$69,200	\$71,300	\$73,400	\$75,600	\$77,900	\$80,200
Avg Inc. Per Unit Per Month	\$10	\$7	\$7	\$7	\$7	\$7	\$8	\$8	\$8	\$8
Percent Funded -Max Level 55.4%	49%	52%	54%	53%	47%	48%	51%	53%	55%	31%
Contribution Increase	\$3,000	\$1,900	\$2,000	\$2,000	\$2,100	\$2,100	\$2,200	\$2,300	\$2,300	\$2,400
Year End	10/31/2029	10/31/2030	10/31/2031	10/31/2032	10/31/2033	10/31/2034	10/31/2035	10/31/2036	10/31/2037	10/31/2038



Projected Cash Flow - Model 30 Year Final
Signal Hill Villas - Semi-Detached Villas - 9710795

Stabilized Long Term Inflation Rate - 3.25%

Stabilized Long Term Interest Rate - 2.00%

First Five Year Interest Rate - 1.50%

Year Beginning	11/1/2038	11/1/2039	11/1/2040	11/1/2041	11/1/2042	11/1/2043	11/1/2044	11/1/2045	11/1/2046	11/1/2047	11/1/2048
Year	20	21	22	23	24	25	26	27	28	29	30
Opening Balance	\$225,096	\$304,258	\$367,865	\$460,972	\$508,359	\$480,868	\$356,767	\$148,171	\$243,434	\$332,909	\$432,880
Planned Contributions	\$85,100	\$87,700	\$90,300	\$93,000	\$95,800	\$98,700	\$101,700	\$104,800	\$107,900	\$111,100	\$114,400
Additional Allocations											
Interest Income	\$4,502	\$6,085	\$7,357	\$9,219	\$10,167	\$9,617	\$7,135	\$2,963	\$4,869	\$6,658	\$8,658
Special Assessments											
Cash Resources	\$314,698	\$398,043	\$465,522	\$563,191	\$614,326	\$589,185	\$465,602	\$255,934	\$356,203	\$450,667	\$555,938
Reserve Components											
Concrete Foundations					\$15,100						
Ventilation and Insulation					\$17,300						\$20,950
Deck Hand Railings - A & B Units							\$82,229				
Deck Hand Railings - C Units											
Deck Vinyl Membrane - C Units Replaced with Composite & Metal Deck Frames											
Metal Frame & Composite Decks - A & B Units							\$220,502				
Unit Front Entrance Hand Railings											
Exterior Doors											
Painting: Stucco - Touch-Ups						\$19,750					
Parging	\$1,950					\$2,300					\$2,700
Sand Stone Veneer	\$2,800					\$3,300					\$3,900
Sliding Doors											
Stucco						\$25,700					
Windows											
Building Exterior Lights											
Eaves & Downspouts						\$103,889					
Eaves & Downspouts - West Exposure											
Garage Door(s) - A & C Units				\$50,082							
Garage Door(s) - B Units					\$25,855						
Metal Fascia/Flashing						\$64,068					
Metal Fascia/Flashing - West Exposure											
Painting: Stucco											
Painting: Wood Trim - Garage Trim & Door Trim		\$7,634					\$8,958				
Soffits											
Asphalt Shingles											
Plumbing Systems - Common Lines		\$8,300							\$10,400		
Electrical Systems - Common		\$2,500							\$3,100		
Consulting Services						\$2,800					
Reserve Fund Study	\$4,740					\$5,561					\$6,526
Asphalt Paving - Major Repairs		\$2,400								\$3,100	
Concrete Works					\$31,250						
Irrigation System			\$4,550							\$5,650	
Landscaping		\$4,450		\$4,750		\$5,050		\$5,400		\$5,750	
Signage	\$950										\$1,300
Stucco Fencing											\$12,250
Underground Services - Major Repairs											\$52,200
Underground Services - Scoping & Flushing								\$7,100			
Asphalt Paving - Complete Lift											
Exterior Site Lighting											

Exterior Structures - Garbage Building											
Mailboxes									\$9,794		
Metal Hand Fencing Section in Stucco Fence Section											
Painting: Metal Fence											
Painting: Wood - East					\$2,801					\$3,287	
Painting: Wood - North		\$4,894					\$5,742				
Wood Fencing - East Perimeter					\$41,152						
Total Expenses	\$10,440	\$30,178	\$4,550	\$54,832	\$133,458	\$232,418	\$317,431	\$12,500	\$23,294	\$17,787	\$99,826
Closing Balance	\$304,258	\$367,865	\$460,972	\$508,359	\$480,868	\$356,767	\$148,171	\$243,434	\$332,909	\$432,880	\$456,112
Planned Contributions	\$85,100	\$87,700	\$90,300	\$93,000	\$95,800	\$98,700	\$101,700	\$104,800	\$107,900	\$111,100	\$114,400
Prev Year Contributions	\$82,600	\$85,100	\$87,700	\$90,300	\$93,000	\$95,800	\$98,700	\$101,700	\$104,800	\$107,900	\$111,100
Avg Inc. Per Unit Per Month	\$9	\$9	\$9	\$9	\$10	\$10	\$10	\$11	\$11	\$11	\$12
Percent Funded -Max Level 55.4%	37%	41%	46%	48%	46%	38%	20%	29%	36%	41%	42%
Contribution Increase	\$2,500	\$2,600	\$2,600	\$2,700	\$2,800	\$2,900	\$3,000	\$3,100	\$3,100	\$3,200	\$3,300
Year End	10/31/2039	10/31/2040	10/31/2041	10/31/2042	10/31/2043	10/31/2044	10/31/2045	10/31/2046	10/31/2047	10/31/2048	10/31/2049



Planners Recommendations

The Horizon Plan Cash Flow Analysis projection(s) provided herein represents only one example of a scenario and is not intended to be the only one that a board may rely on as an acceptable plan.

For the condominium corporation to carry out all major repairs and replacements necessary to maintain the property, the corporation must be sufficiently funded. To achieve this level of funding, the corporation should comply with the following guidelines:

1. The corporation must prepare and implement a long-term reserve fund plan based on the expenditures laid out in the Recommended Horizon Cash Flow Analysis in accordance with the requirements of the Condominium Property Act.
2. To ensure that the reserve fund is sufficiently funded over the study horizon, it will be necessary to contribute the annual amounts noted in the Projected Cash Flow Analysis. The annual contributions may increase at different rates as noted in the Cash Flow Analysis. Applying these figures, the reserve fund should be able to meet the projected expenditures over the study horizon.
3. The reserve fund should be invested in the securities outlined in the Condominium Property Regulation 168/2000 Section 31.1. It is assumed that over the study horizon the average of the interest rates achieved by the condominium corporation will equal the Long-Term Stabilized Interest Rate noted in the Cash Flow Analysis herein. If there is any variance between the Long-Term Stabilized Interest Rate utilized herein and the average of the interest rates achieved by the condominium corporation, then the data, analyses, and conclusions contained herein may require adjustment.
4. The corporation should use the reserve fund to perform major repairs and replacements to the common elements. The reserve funds cannot be commingled with any other funds of the corporation.
5. The corporation should review the reserve fund every year to ensure that the underlying assumptions are still valid and that the estimates remain current. The annual report must detail and the following:
 - i. The amount of the reserve fund as of the last day of the immediately preceding fiscal year;
 - ii. All the payments made into and out of the reserve fund for that year and the sources and uses of those payments;
 - iii. A list of the depreciating property that was repaired or replaced during that year and the costs incurred in respect of the repair or replacement of that property.



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6. Based on current legislation, the corporation must update the Reserve Fund Study at least once every five (5) years, and an annual report must be provided detailing the following:
- i. The amount of the reserve fund as of the last day of the immediately preceding fiscal year;
 - ii. All the payments made into and out of the reserve fund for that year and the sources and uses of those payments;
 - iii. A list of the depreciating property that was repaired or replaced during that year and the costs incurred in respect of the repair or replacement of that property.

NOTICE: Failure to implement an appropriate reserve fund strategy may result in large special assessments in the future when major repairs and replacements are required.



CORPORATIONS RESERVE FUND PLAN

As outlined by the Alberta Condominium Regulations 168/2000 Part 2 Section 23 Item 4:

On receiving the reserve fund report under subsection (3), the board must, after reviewing the reserve fund report, approve a reserve fund plan

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

The Board must, after reviewing the reserve fund report and using it as a guide, must determine how they are to account for their future funding requirements using the recommendations of this study. Note components and future expenditures may not be altered in the preparing of this plan.



PLANNERS QUALIFICATIONS

Daniel B. Jablonski, CRP

Mr. Jablonski's qualifications as a reserve fund planner are based on Education and Experience in the fields of reserve fund planning, real estate appraisal, accounting system development, and consulting.

Daniel Jablonski has been involved in the real estate industry since 2005 and has experience in insurance appraisals, and depreciated costing of improvements for commercial and residential properties. He has experience with accounting, and statistic systems since 1997, developing various systems for tracking and analysis of real estate, consumer goods, human resources, and services.

Luke Hannah, CRP

Mr. Hannah's qualifications as a reserve fund planner are based on Education and Experience in the fields of reserve fund planning, real estate appraisal, and consulting.

In 2016 he received the CRP (Certified Reserve Planner) designation from the Real Estate Institute of Canada. In addition, he is a member of the Canadian National Association of Real Estate Appraisers and a retired member of the Appraisal Institute of Canada from 2006-2016.

Luke Hannah has been involved in the real estate industry since 2006 and has experience in residential appraisals pertaining to litigation, disposal and lender requirements; and depreciated costing of improvements for residential and commercial properties.



PLANNERS CERTIFICATION

**SIGNAL HILL VILLAS
2650 SIGNAL HILL HEIGHTS S.W.
CALGARY, ALBERTA
CONDOMINIUM CORPORATION #9710795**

I certify to the best of my knowledge and belief that:

- (1) The statements of fact contained in this report are true and correct.
- (2) I(We) are a reserve fund study provider as outlined in the Alberta Condominium Property Act and have no grounds of disqualification under section 21.1 or 21.2.
- (3) The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions. These are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- (4) I have no interest, present or prospective, in the property or its management and I have no personal interest with respect to the parties involved. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Neither the employment to prepare this Reserve Fund Study nor the compensation are contingent upon the amount of reserve fund estimates reported herein. My compensation is not contingent upon an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report. Moreover, I am solely responsible for the reserve fund estimates reported herein.
- (6) My analyses, opinions, and conclusions were developed, and this report was prepared, in conformity with the standards for reserve fund studies published by the Real Estate Institute of Canada.
- (7) I have the knowledge and experience to complete the assignment competently.
- (8) The undersigned personally inspected the within described property. The nature and extent of the property inspection is set forth within the report.

Daniel B. Jablonski, CRP
(Reviewed but not inspected by)

Luke Hannah, CRP

Report Date: February 19, 2020