

SIGNAL HILL VILLAS

Plan No. 9710795

2023/24 Reserve Fund Study



Prepared For:

The Board of Directors
Signal Hill Villas Condominium Corporation

c/o Teresa Chelich
Board Member
2650 Signal Hill Heights SW
Calgary, Alberta

Prepared By:

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January 2, 2025

The Board of Directors
Signal Hill Villas Condominium Corporation

c/o Teresa Chelich
Board Member
2650 Signal Hill Heights SW
Calgary, Alberta

Reserve Fund Study

Westview Consulting Ltd was retained by the Board of Directors to conduct a Reserve Fund Study of Signal Hills Villas Condominium Complex. We have prepared and submit to you this report.

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

In our opinion, the current reserve fund position will be sufficient to meet the ongoing reserve obligations of the corporation, provided that, a reserve fund plan and strategy is adopted and that the annual contributions to the reserve fund are aligned with the recommendations as outlined in schedule "B" of the addenda.

Westview Consulting Ltd would be pleased to provide you with complete review and updating services for the reserve fund requirements as required in the future.

The Assumptions and Limiting Conditions that apply to the opinions expressed herein are also contained in the report.

Should there be any additional questions, please do not hesitate to contact me directly.

Yours truly,



John Cox, CPM, CRP

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Executive Summary of Facts and Conclusions

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

PROPERTY DATA		
Applicant	The Board of Directors Signal Hill Villas Condominium Corporation c/o Teresa Chelich Board Member	
Inspection Date	May 10, 2024	
Effective Start Date of Study	June 4, 2024	
Property Address	2650 Signal Hill Heights SW Calgary, Alberta	
Condo Plan No.	9710795	
Number of Units	24 Units / 12 Buildings	
Construction Inflation Factor	2.5%	
Interest Rate	1.5%	
Reserve Fund Operations	Current Reserve Fund Requirements	\$592,435
	Scheduled Contribution for Current Fiscal Year	\$77,494

CASH FLOW TABLE

Westview Consulting Ltd. has prepared the following Cash Flow Table, which projects minimum annual funding requirements proposed to meet estimated Reserve Fund expenditures.

SIGNAL HILL VILLAS - Plan No. 9710795						
Year Starting November 1	Opening Balance	Recommended Annual Contribution	Estimated Expenditures	Estimated Interest Earned 1.50%	Closing Balance	Per Unit Per Month Averaged*
2023	\$132,909	\$62,000	\$0	\$1,994	\$196,903	\$215
2024	\$161,500	\$63,860	\$74,940	\$2,423	\$152,843	\$222
2025	\$152,843	\$65,776	\$10,000	\$2,293	\$210,911	\$228
2026	\$210,911	\$67,749	\$0	\$3,164	\$281,824	\$235
2027	\$281,824	\$69,782	\$1,435	\$4,227	\$354,398	\$242
2028	\$354,398	\$71,875	\$0	\$5,316	\$431,589	\$250
2029	\$431,589	\$74,031	\$15,913	\$6,474	\$496,181	\$257
2030	\$496,181	\$76,252	\$0	\$7,443	\$579,876	\$265
2031	\$579,876	\$78,540	\$0	\$8,698	\$667,114	\$273
2032	\$667,114	\$80,896	\$1,624	\$10,007	\$756,393	\$281
2033	\$756,393	\$83,323	\$20,865	\$11,346	\$830,196	\$289
2034	\$830,196	\$85,822	\$11,444	\$12,453	\$917,028	\$298
2035	\$917,028	\$88,397	\$0	\$13,755	\$1,019,180	\$307
2036	\$1,019,180	\$91,049	\$385,570	\$15,288	\$739,948	\$316
2037	\$739,948	\$93,781	\$1,837	\$11,099	\$842,991	\$326
2038	\$842,991	\$96,594	\$327,026	\$12,645	\$625,204	\$335
2039	\$625,204	\$99,492	\$484,369	\$9,378	\$249,705	\$345
2040	\$249,705	\$102,477	\$0	\$3,746	\$355,927	\$356
2041	\$355,927	\$105,551	\$242,995	\$5,339	\$223,822	\$366
2042	\$223,822	\$108,717	\$57,278	\$3,357	\$278,618	\$377
2043	\$278,618	\$111,979	\$299,190	\$4,179	\$95,587	\$389
2044	\$95,587	\$115,338	\$155,763	\$1,434	\$56,596	\$400
2045	\$56,596	\$118,798	\$117,600	\$849	\$58,643	\$412
2046	\$58,643	\$122,362	\$34,500	\$880	\$147,385	\$425
2047	\$147,385	\$126,033	\$2,351	\$2,211	\$273,278	\$438
2048	\$273,278	\$129,814	\$0	\$4,099	\$407,191	\$451
2049	\$407,191	\$133,709	\$26,075	\$6,108	\$520,932	\$464
2050	\$520,932	\$137,720	\$50,643	\$7,814	\$615,824	\$478
2051	\$615,824	\$141,852	\$0	\$9,237	\$766,912	\$493
2052	\$766,912	\$146,107	\$2,660	\$11,504	\$921,863	\$507
2053	\$921,863	\$150,490	\$34,190	\$13,828	\$1,051,991	\$523
* Per Unit Per Month Averaged does not consider the Unit Factors outlined on the Condominium Plan. The actual monthly contribution will vary based on the assigned Unit Factor for each unit.						

RECOMMENDATIONS

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

- 1. The corporation should prepare and implement a long-term reserve fund strategy.**
- 2. Major repairs and replacements should be recorded in, and funded from, a reserve fund account.**
- 3. For the purposes of this study, we recommend that the annual contributions are aligned with the Cash Flow Table and Schedule B, 30-Year Reserve Fund Cash Flow Projections & Analysis, at least until the next review.**
- 4. We suggest the Board continually investigate options to maximize their investment returns.**
- 5. The corporation should make such expenditures, as necessary to maintain the property in optimum condition.**
- 6. The reserve fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current.**
- 7. The corporation should update the reserve fund study every five (5) years as per legislation.**

It should be noted that this is a 30-year study in accordance with the Provincial Condominium Act. The recommended increase in contributions maintains the fund at a level to complete planned replacements without over taxing the owners. This may change when the reserve study is completed in five years as expenditures that currently lie just beyond the scope of the study will be captured within the new 30-year period.

RESERVE FUND PRACTITIONERS CERTIFICATION

We hereby certify that John Cox, CPM, CRP and Austin Poffenroth, P,Eng inspected the within described property on May 10, 2024.

The analyses, opinions, and conclusions reported herein are our unbiased views and are limited only by the Contingent and Limiting Conditions contained in the report. To the best of our knowledge and belief, the statements contained in this report are true and correct, subject to the Limiting Conditions herein set forth.

All factors known to the report (and the extent that the data permits) that have an impact on the opinions contained in the Reserve Fund Study have been taken into consideration to the extent felt necessary in rendering a considered opinion of value. No significant data has been knowingly withheld.

Employment in and compensation for making this report are in no way contingent upon the opinions reported. The opinions contained in this report have not been influenced by any requirement to report a predetermined conclusion.

We further certify that we have no interest, present or contemplated, in the property or its management.

This Reserve Fund Study was prepared in conformity with accepted practices for reserve fund studies.

Not all details of the process are included in this report. Additional information may be contained in our files.

Unless otherwise stated, all work in completing this report has been completed by Westview Consulting Ltd.

QUALIFICATIONS OF THE RESERVE FUND PLANNER

John Cox is the Principal of Westview Consulting Ltd., a firm that was started in 2005 to complete reserve fund studies throughout the country.

John has been in the Real Estate Management and related fields since 1982 and received the following real estate designations through the Real Estate Institute of Canada:

- Certified Property Manager (CPM®)
- Certified Reserve Fund Planner (CRP)
- Certified Manager of Condominiums (CMOC)

John also holds the Chartered Mediator, C.MED and Chartered Arbitrator, C.ARB designations through the Mediation and Arbitration Institute of Canada.

He has managed many types and sizes of residential housing projects, operated by both owner occupied and external Boards of Directors and completed the following functions related to replacement reserve management activities.

- Completed and reviewed Reserve Fund Studies for to determine the adequacy of funded reserves and monitored capital expenditures from reserves.
- Integrated Reserve Fund Studies into cash flow analysis to evaluate and implement financial plans that ensure Reserve Funding is adequate and available according to reserve fund plans.
- Recommended financial adjustments are implemented to ensure the long-term viability of residential housing projects and implemented workout solutions for multiple housing projects that have experienced difficulty because of underfunded replacement reserves.

John has completed Reserve Fund Studies for commercial and residential mixed-use condominiums, high rise and townhouse residential condominiums as well as completing capital planning for airport and school properties and hotels & resorts, including in-room replacements.

John is a member in good standing with the following Real Estate organizations:

- The Real Estate Institute of Canada
- The Institute of Real Estate Management.
- The Canadian Condominium Institute.
- Alberta Building Envelope Council - South.

Programs completed that are directly related to reserve fund studies - Real Estate Institute of Canada:

- Building Sciences
- Reserve Fund Case Study
- Reserve Fund Planning and Management
- Accounting for Reserve Fund Planners

RS Means Programs

- Facilities Construction Estimating
- Repair & Remodeling Estimating

TERMS AND LIMITING CONDITIONS

1. No title search has been made. The legal and survey description of the property as stated herein are those provided by the Board of Directors and the land titles office and are assumed to be correct.
2. Any architectural, structural, mechanical, electrical, and other plans and specifications of the building and improvements provided by the Board of Directors and the Property Manager 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.
3. Sketches, drawings, diagrams, photographs, or any exhibits in the report are intended to assist the reader in visualizing the property and its surroundings and are included for the sole purpose of illustration. The drawings are not intended as surveys and no responsibility is assumed for their cartographic accuracy. Any drawings are not intended to be exact in size, scale, or detail.
4. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters, or other technical and engineering techniques, which would be required to discover an inherent or hidden condition of the property.
5. Areas and dimensions of the property may or may not have been physically measured. If from plans, I assume the plans to be reasonably accurate.
6. In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.
7. 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 appraisal or reserve fund study and are invalid if so used.
8. The client to whom this report is addressed may use it in deliberations affecting the subject property only, and in so doing, the report must not be extracted; it must be used in its entirety. Any and all liability is denied to all parties other than the party to whom this report is addressed.
9. The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearance be required in connection with this report, additional fees will have to be negotiated. Unless otherwise noted, all estimates are expressed in Canadian dollars.
10. All opinions stated are presented as the Reserve Fund Practitioner's considered opinion based on the information set forth in the report. I assume no responsibility for changes in market conditions.
11. It is assumed that the construction and use of the subject property complies with all public authorities having jurisdiction, including but not limited to the Canadian Environmental Protection Act and any other applicable federal, provincial, municipal, and local environmental impact or energy laws or regulations.
12. Copyrights of this report remain with the author. This report cannot be duplicated in any format without the express written consent of the author.

Purpose of Reserve Fund Study

The purpose of this Reserve Fund Study is to provide cost estimates of various reserve components, subject to major repairs and/or replacement over their service life, and to estimate the funding required for such major repairs and replacement in accordance with the provisions of the Condominium Property Act.

Boundaries of Condominium Units

Condominium unit boundaries of any unit are governed by the Condominium Property Act of Alberta.

A special resolution registered as 021281660 on August 14, 2002, states that all windows and doors of a unit that are located on exterior walls of the unit are part of the unit. Accordingly, they are not included in this study. The Board indicated that garage doors were common property, accordingly, are included in this study.

Reserve Fund Study

This Reserve Fund Study is a practical guide to planning budgets and maintenance programs, and unlike a technical audit, it deals not in detailed technical matters but rather takes a business approach to reserve fund management.

This Reserve Fund Study comprises the following elements:

- It identifies the reserve components, their quality, normal life span and present condition.
- It provides current replacement cost estimates including the cost of removing worn-out items and special safety provisions.
- It provides observed condition estimates of components in terms of year's effluxed and accrued reserve costs.
- It projects the useful life of reserve components in terms of remaining serviceable years:
- It projects current replacement costs at an appropriate and compounded inflation rate.
- It projects the value of current reserve funds compounded at a long-term interest rate.
- It calculates current reserve fund contributions required and to be invested in interest bearing securities.

Generally, for newer buildings, builder deficiencies are not noted in this study and should not be considered Reserve Fund expenditures as we assume these will be repaired or remediated by the builder.

The salient estimates and conclusions of this Reserve Fund Study are contained in the various schedules hereinafter. Any recommendations are for guidance to management and the board of directors.

Methodology

The methodology of a reserve fund study includes the examination of the condominium documentation, financial statements, budgets and existing reserve funds, the physical inspection of common elements, etc. Building plans; specifications and reports, field notes and other information is analyzed in preparation of various estimates and value judgements.

In estimating replacement reserves, the component method of valuation is used. Reserve items consist of building or site components, such as roof systems, pavement, and sidewalks, each of which is deemed to have a limited life span, and therefore, they must be repaired, replaced, or periodically upgraded to maintain the property in excellent condition.

Replacement cost estimates are based on the assumption of using quality materials, as specified or built, or in the case of older developments, as required under current building code regulations, at contractors' prices, using union labour and current construction techniques, and including contractors' overhead and profit. Costing manuals, local contractor estimates, and our database of costs have been utilized for pricing replacement components.

In estimating the life span of the various components, physical deterioration, functional obsolescence, and environmental factors are being contemplated. In measuring the reserve requirements, we have considered depreciation tables and normal life span experience records. Finally, we relied on our own judgement and experience of estimating the current condition and remaining life spans of reserve components.

Scope and Investigation

The property has been inspected. Available building plans (as indicated later in this report) have been examined for details of construction, improvements, and other relevant component data. We also examined the condominium documents and available financial statements and/or budgets.

Cost data have been investigated, using construction cost services, modified as to time, location, and quality of construction.

Reserve Fund Estimates

Replacement reserve estimates are conveniently classified in terms of building groups, common element facilities and site improvements. Reserve fund estimates include not only replacement components but also repairs to building and equipment.

Reserve fund estimates apply to structures, improvements, and equipment, which comprise common elements.

Any additions or improvements made by unit owners to their respective premises are not included in these estimates. Owners are advised to adopt maintenance programs for their respective units.

Reserve fund estimates include provisions for demolition and disposal costs, dumping fees, as required, and the applicable Goods and Services Tax ("GST").

Reserve Fund Definitions and Concepts

In estimating reserves required for maintaining the building components and improvements at desired standards and conditions, one must quantify the various reserve components, estimate replacement costs, and project cost estimates in accordance with anticipated life spans. Therefore, it is essential that the terminology and methodology be clearly understood.

Reserve Component or Item	Identification and description of the building component or improvement.
Replacement Cost	The estimated cost of repairing or replacing a reserve component at current prices including the cost of demolition and disposal.
Expected or Normal Life Span	The estimated life expectancy of a reserve component in terms of years under normal conditions.
Actual Age	The chronological age of the building components, expressed in years.
Effective Age	The observed condition estimate of building components and improvements not necessarily the actual age, expressed in years.
Remaining Life Span	The difference between the expected or normal life span and the effective age of the reserve component.
Projected Inflation	An estimated long-term inflation factor, used in projecting cost estimates.
Projected Interest Rate	An averaged long-term interest rate, used in calculating interest earned from the investment of reserve funds.

Conditions and Assumptions

In estimating various reserve items, certain assumptions are made in respect to structural repairs and replacements of improvements. For example, reserves for exterior walls, structural repairs, replacements of mechanical and electrical components are difficult to predict and/or quantify. Therefore, the only reasonable approach is to provide contingency estimates.

The underlying assumptions and quantification of contingency reserves should be reviewed from time to time, particularly, in the context of repair experience and problem investigations, such as water damage, cracks in walls and concrete structures, noticeable deterioration, etc.

Reserve fund estimates are subjective, and it must be appreciated that reserve fund budgeting and projections are not exact sciences. They are, at best, prudent provisions for all possible contingencies, if, as and when they arise. Reserve fund requirements are subject to change and must be reviewed and modified over time, not less than every five years.

In essence, the corporation should adopt a long-term policy regarding reserve fund allocations, which must be flexible to accommodate changes in reserve fund requirements in the future.

Reserve Fund Projection Factors

Historically, building costs have been rising at various rates from year to year, depending on business cycles, economic conditions, interest rates, etc.

In boom periods, cost increases were fairly pronounced, whereas in recessionary times, cost increases were only nominal, or costs even declined.

Analyzing long term cost increases, we have examined the building construction price indexes (BCPI).

The rate of increase based on the price index selected and analysis of the year over year changes in prices concludes that a rate of 2.5% would be prudent.

Similarly, interest rates have fluctuated from period to period, and they have been impacted by the inflation as well as government policies. There are some indications that rates could rise slightly over the foreseeable future.

Based on the amount of funds currently held by the Board and the capacity to generate additional sums on an annual basis, it is assumed that an overall long-term investment rate of 1.5% is reasonable

Inflation Rate	2.5%
Interest Rate	1.5%

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

Descriptions - Buildings and Improvements

GENERAL DESCRIPTION

Signal Hill Villas was development and has been constructed circa 1997. The project consists of 24 residential villas 12 buildings and refuse building.

Basic construction consists of reinforced concrete foundation, wood frame construction, double glazed windows, and metal doors. The roofing on all buildings is a sloped asphalt assembly. Siding is mainly stucco with stone accents.

Site improvements include paved access drive and parking areas, concrete patios, driveways, walkways, and curbs, town storm and sanitary sewers and water supply system, retaining walls, fencing, landscaping, and irrigation system.

The project is architecturally designed and has numerous design features. The overall construction, materials and workmanship appear to be of good quality.

BUILDING PLANS

The condominium plans and/or architectural building plans were reviewed and measurements for several of the building components were used from these plans.

The building and improvements have been inspected and photographed. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the component estimates herein.

Reserve Components - Principles and Concepts

Reserve components are considered to be such common element components or improvements, which will be subject to physical deterioration and/or functional obsolescence, and which must be repaired and/or replaced in the future.

Reserve components must be identified and analyzed. A detailed description and analysis of each reserve component will be provided in this Reserve Fund Study hereinafter.

The reserve fund analysis herein identifies, describes, and analyzes reserve components in these terms:

- Life Span Analysis:** **This is the life cycle analysis of each reserve component based on the observed condition estimate involving:**
- Life Span Estimate **of the reserve component in terms of years.**
 - Effective Age Estimate, **which is an observed condition judgment in terms of years; and**
 - Remaining Life Estimate, **which is the useful life of the reserve remaining from the date of the inspection.**

A life span analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component, and as such, it is only as good as the considered opinion of the reserve fund analyst. Furthermore, the life span of a reserve component is subject to change due to numerous factors.

Reserve Fund Estimates:

These are various estimates in respect to reserve fund budgeting, which include:

1. **Current Replacement Costs:** these are the current replacement cost estimates of the various reserve components.
2. **Future Replacement Costs:** these are the future replacement cost estimates of the reserve components based on long-term inflationary trends.
3. **Current Reserve Fund Requirements:** these are the current reserve fund requirements (or obligations), which consist of the amount of reserve funding required today based on the effective age analysis of each reserve component.
4. **Annual Reserve Fund Assessment:** this is the required reserve fund contribution expressed in annual payments invested at a long term, stable interest rate over the remaining life of the reserve component.

Deficiency Analysis:

This is a brief description of any observed condition, which requires remedial action.

Underlying Assumptions

The following assumptions underlie the reserve fund estimates hereinafter and are based on our investigation, observation and analysis of the various reserve components and our experience:

QUALITY OF CONSTRUCTION

We assume the project has been designed and constructed in accordance with applicable building codes and then current construction practices. The quality of construction, materials and workmanship are generally considered to be good.

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

DEMOLITION AND DISPOSAL COSTS

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

GOODS AND SERVICE TAX

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

CONTINGENCY RESERVES

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

STRUCTURAL DEFICIENCIES

There have not been any reports of structural deficiencies.

MANAGEMENT POLICIES

The Board of Directors should devise appropriate policies of reserve fund planning and management, differentiating between operating expenses and reserve fund expenditures.

Routine maintenance and repairs are deemed to be operating expenses and should be budgeted accordingly.

PROPERTY MANAGEMENT AND MAINTENANCE

The property is self-managed. Effective maintenance of the building and improvements, as the quality of management has a direct effect on reserve planning and building maintenance. Proactive management can prolong the life span of reserve components and ensure efficient building maintenance and operations, all of which are considerations in the reserve estimates hereinafter.

PREVENTIVE MAINTENANCE

The Board of Directors should have a preventative maintenance program as this type of maintenance is critical to effective and efficient operation of building components and assists in preventing premature major repair or replacement.

The Board should regularly conduct inspections and commission surveys and investigations to ensure the continued efficient operation of the building systems and the most effective use of resources.

REPAIR AND REPLACEMENT COST ESTIMATES

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

The costs of repairs and/or replacements of the many building components are invariably higher than original building costs.

When a building is being constructed, contractors have considerable latitude of planning their work and utilize economies of scale to keep costs within construction budgets, whereas repair work must frequently be performed in an expedient manner, and workers must work around existing structures.

There are also other constraints, which increase the costs of remedial work. Cost estimates must, therefore, consider such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.

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

Reserve Components - Description and Analysis

STRUCTURAL & ARCHITECTURAL

Reserve Component: (1) Structures

This reserve provision covers the structural elements of the buildings, including foundation repair, if necessary, over the life of the buildings.

The structure is typically deemed to have the lifespan of the building however the structures are subject to freeze thaw cycles that may cause an issue.

A small contingency has also been included to make any repairs to the structures if needed.

Although this is a long-term contingency reserve, it also covers any repairs that may be necessary and incidental costs, which may occur and should be updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Structures	40	27	13	10,000	13,785

Deficiency Analysis

At the time of inspection, there were no deficiencies noted, and none were reported.

Reserve Component: (2) Stucco Siding

This reserve provision covers the stucco finishing which makes up much of the exterior wall assembly on all building exteriors, including the one recycle/refuse buildings.

The stucco finish is a key element of the exterior building envelope but also functions as a decorative wall finishing system. This is not a structural element.

With proper installation and maintenance this component can have the building life, so we have reserved a contingency on a 40-year cycle for any major isolated repairs or replacements needed over the service life of the stucco.

A concern with stucco is that while it can appear to be in good condition there is always a chance of water getting behind the stucco that can't be observed. The longevity and effectiveness of stucco depends on how well it was installed and maintained throughout its service life.

Although we have reserved for ongoing isolated repairs, in future years' if major deterioration is noted this allocation will have to be reviewed and updated, possibly with the view of full replacement.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Stucco Siding	40	27	13	216,000	297,758

Deficiency Analysis

At the time of inspection, there were no deficiencies noted, and none were reported.

The stucco should be regularly inspected. Any cracks or deterioration should be promptly repaired and sealed to ensure the integrity of the building envelop.

Reserve Component: (3) Parging Repairs

This reserve provision is a budget allocation to help assist with the ongoing repairs needed to the parging finishing on all buildings throughout the property.

This type of siding has a long-life expectancy, however, may require isolated repairs and replacement throughout its service life.

Based on historical analysis and observed condition we have estimated repairs and isolated replacements on a 15-year cycle.

This is an estimate for the repair/replacement of this component and should be regularly monitored and updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Parging Repairs	15	14	1	4,000	4,100

Deficiency Analysis

At the time of inspection, there were areas where the parging has deteriorated, accordingly we have reserved a budget for this year.

The exterior walls should be regularly inspected. Any cracks or deterioration should be promptly repaired and sealed to ensure the integrity of this exterior component.

Reserve Component: (4) Sandstone Siding

This reserve provision covers the stone siding finishes predominate on the lower level of the front facades of all buildings throughout the complex.

We estimate that this siding can have the building life, however, may require mortar repair and isolated stone replacement throughout its service life.

For the purposes of this study, we have estimated repairs and isolated replacements on a 20-year cycle.

This is a long- term contingency reserve, which also covers shorter-term repairs. This estimate should be reviewed in later years and updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Sandstone Siding	20	14	6	5,000	5,798

Deficiency Analysis

At the time of inspection, there were no major deficiencies noted, and none were reported.

The exterior walls should be regularly inspected. Any cracks or deterioration should be promptly repaired and sealed to ensure the integrity of the building envelope.

Reserve Component: (5) Garage Doors

This reserve provision covers the double overhead garage doors servicing each unit and includes the single door servicing the utility building.

We estimate that this type of metal construction garage door has a life expectancy of 25 years with ongoing maintenance, including hardware replacement.

This is a long- term reserve, which also covers shorter-term repair and replacement cycles.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Garage Doors	25	6	19	69,000	110,307

Deficiency Analysis

At the time of inspection, there were no deficiencies noted, and none were reported.

The garage doors should be regularly inspected and repaired as necessary.

Reserve Component: (6) Decks – Rows A & B Units

This reserve is to replace the raised level decks attached to the row A units and the lower-level decks attached to the row B units.

These decks are constructed of metal with metal posts, fascia, and soffit. The railings are metal, and the surface area is a manufactured board. The posts are adjustable allowing them to be adjusted to ground movement.

We estimate that these decks will last longer than a conventional wood structure. For the purposes of this study, we estimate a life cycle of up to 30 years, with maintenance as necessary.

This is an estimate for the repair/replacement of these components that should be regularly monitored and updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Decks Rows A & B Units	30	10	20	132,600	217,281

Deficiency Analysis

At the time of inspection, there were no deficiencies noted, and none were reported.

These components should be regularly inspected and repaired as necessary. Any repairs conducted should be documented to update the next reserve study based on completed repairs.

Reserve Component: (7) Decks – Row C Units

This reserve is to replace the vinyl membrane and railing systems on the upper-level balconies servicing the row C units.

Provided these components were installed properly and are maintained, they have an estimated life of up to 20 plus years.

These components are subject to the unit owner's exclusive use so to ensure that necessary repairs are completed in a timely manner to protect the integrity of the decks, regular inspections should be completed, and isolated repairs effected as soon as possible.

This is an estimate for the repair/replacement of this component that should be regularly monitored and updated based on repair experience.

This estimate does not include any subfloor work that may need to be completed.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Decks Row C Units	20	15	5	80,000	90,513

Deficiency Analysis

At the time of inspection, there were no deficiencies noted, and none were reported.

These components should be regularly inspected and repaired as necessary. Any repairs conducted should be documented to update the next reserve study based on completed repairs.

Reserve Component: (8) Exterior Painting & Waterproofing

This reserve provision covers the painting of the exterior of the buildings, primarily consisting of the stucco.

The siding requires periodic painting to prevent early failure and to help maintain the property in pristine condition.

Expenditure on major paint cycles can be expected approximately every 15 years, depending on maintenance and exposure to the elements.

In order to maximize the lifespan of the paint on siding, it is important to choose high quality materials, follow proper preparation and application techniques, and perform regular maintenance as needed.

This reserve provision covers the costs related to caulking and waterproofing the buildings. This component consists of sealing the joints around windows, doors, and wall openings as well as joints of differing building materials to ensure the integrity of the building against climatic elements.

This reserve estimate is based on using high quality caulking compounds and proper application on an estimated 15-year cycle.

This is a critical component which helps to maintain the integrity of the building envelope and its resistance to water penetration.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Exterior Painting & Waterproofing	15	0	15	99,000	143,382

Deficiency Analysis

The Board indicated that these areas would be repaired and painted this year, accordingly, we have provided a budget in 2024.

Reserve Component: (9) Paint Wood Trim

This reserve provision covers painting the exterior components consisting of the exterior wood trim, doors, and white entry railings.

These components require painting/staining on a cyclical basis to prevent early failure and to maintain the property in good condition.

For the purposes of this study, we have estimated a painting cycle every 15 years.

This estimate should be reviewed in later years and updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Paint Wood Trim	15	0	15	24,000	34,759

Deficiency Analysis

We noted sections of the wood garage trim to be worn needing repairs.

Reserve Component: (10) Common Area Railings

This reserve provision covers the mainly the railings servicing the front entries. These railings are a metal picket style system.

For the purposes of this study, we have estimated a life of up to 30 years if maintained properly, including the eventual cyclical painting.

Although this is a long-term contingency reserve, it covers any repairs that may be necessary and incidental costs, which may occur.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Common Area Railings	30	15	15	40,000	57,932

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

ROOFING

Reserve Component: (11) Sloped Roofing System – Asphalt Shingles

This reserve provision covers the sloped asphalt roofing system on all buildings.

This type of sloped asphalt roof and flat roof sections have an estimated life expectancy of up to 25 years with ongoing maintenance as needed.

Regardless of the type of shingle used, there are two significant factors with regards to wear which are exposure and slope. Sunlight is one of the biggest enemies of asphalt roofs and in many areas, the south and west exposures wear out the fastest.

This component should be reviewed and updated based on any repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Sloped Roofing System – Asphalt Shingles	25	9	16	300,000	445,352

Deficiency Analysis

The roofing was viewed from ground level and by drone. No major deficiencies were observed, and none were reported.

The roofing system is an important part of keeping the building envelope in good condition and should be inspected regularly. Vents and flashings should be inspected as part of an annual review and repaired and secured as necessary.

Reserve Component: (12) Prefinished Aluminum

This reserve provision is a contingency allocation to cover the areas of metal soffit & fascia.

Soffit helps to protect rafters from the roof assembly from the weather elements. This component also helps the with building ventilation to reduce mold buildup and beams from rotting.

This provision also considers the areas of fascia material. Fascia typically runs along the roofline of the building and acts as a finishing edge that connects the ends of the rafters and trusses. Much like the soffit it also helps protect the roof and balcony assemblies from the elements.

We estimate that the prefinished metal soffit & fascia has a long-life expectancy of 40 plus years if maintained and repaired as necessary.

This is a long-term contingency reserve, which covers periodic repairs throughout its service life.

The Board may want to review this component in future years and make the appropriate adjustments based on the repair history.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Prefinished Aluminum	40	27	13	5,700	7,858

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

Regular inspection on these components can identify problems at an early stage and allow for the prompt repair or replacement. Soffits should be regularly checked for warping or detachment and repaired as required.

Reserve Component: (13) Eavestroughs & Downspouts

This reserve provision covers the metal eavestroughs and downspouts that provide drainage away from the buildings.

These components help to protect the walls of the buildings from water that would ordinarily run off the roof. They are especially important in buildings with basements or crawlspaces as they help take water away from the foundation reducing the risk of water penetration.

This estimate should be reviewed in later years based on repair experience. Isolated repair/replacement can be completed to areas that may be damaged or fail early.

This is a long- term reserve, which also covers shorter-term repair and replacement cycles.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Eavestroughs & Downspouts	30	9	21	61,600	103,462

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

Eavestroughs and downspouts are prone to leakage at the joints and seems. Missing end caps and poor connections to downspouts are other common sources of leakage. These areas of leakage can cause considerable damage to fascia's, soffits, exterior cladding and foundations.

Regular inspection on these components can identify problems at an early stage and allow for the prompt repair or replacement.

Reserve Component: (14) Roofing Repairs

This reserve provision is a contingency to cover any repairs needed to the overall roofing system over its expected life.

Typical asphalt shingle roof repairs consist of replacing damaged or loose shingles, metal flashing and fascia, sealing and caulking around roof penetrations, and repairing damaged transition areas.

For the purposes of this study, we have estimated repairs on a 10-year cycle to help maintain the roofing systems in acceptable condition.

This component should continue to be reviewed and updated based on any repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Roofing Repairs	5	4	1	3,000	3,075

Deficiency Analysis

The roofing was viewed from ground level and drone. No major deficiencies were observed, and none were reported.

The roofing system is an important part of keeping the building envelope in good condition and should be inspected regularly. Vents and flashings should be inspected as part of an annual review and repaired and secured as necessary.

MECHANICAL SYSTEMS

Reserve Component: (15) Plumbing Systems & Fixtures

This reserve provision is for any major repair or replacement of the common area plumbing which may include any plumbing lines or fixtures that are outside unit boundaries but are still contained within the buildings.

This reserve is a contingency estimate for the ongoing repair/replacement covering the common area plumbing systems, in which most of the piping system is expected to last the life of the buildings.

This component should be continually monitored and updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Plumbing Systems & Fixtures	40	27	13	48,000	66,169

Deficiency Analysis

No deficiencies have been reported.

The plumbing systems should continue to be inspected and repaired as necessary.

Reserve Component: (16) Outdoor Lighting & Electrical

This reserve provision covers the major repair/replacement of the outdoor unit lighting throughout the property, mainly consisting of pole lights and the unit light fixtures, and a small contingency for service distribution.

This is a long-term contingency reserve, which also covers shorter-term repair and replacement cycles.

Much of the electrical system will last the life of the building; however, there are several short-lived items, which will require replacement from time to time.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Outdoor Lighting & Electrical	35	14	21	11,000	18,475

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

Continual monitoring and maintenance are required for this component to achieve its expected life.

SITE IMPROVEMENTS & MISCELLANEOUS

Reserve Component: (17) Asphalt

This component covers the asphalt roadway.

Provided the asphalt was installed in accordance with industry standards, this component can have a life expectancy of up to 30 years with ongoing maintenance.

This allocation is for a new overlay of the asphalt. If the asphalt is noted to be experiencing major deterioration in future years, or the base layers are found to need replacement, this allocation may need to be revised to include for full replacement.

This is a long-term contingency reserve and should be reviewed and updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Asphalt	30	3	27	26,000	50,643

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

Regular seal cycles will help extend the useful life of the asphalt, while reducing future resurfacing expenses.

This component should be regularly inspected as part of a preventative maintenance program. Any deficiencies should be promptly repaired.

Reserve Component: (18) Asphalt Repairs

This component covers the ongoing repairs to the asphalt roadway.

With proper maintenance, this component can have a life expectancy of 30 years with ongoing maintenance.

Repairs to asphalt would likely consist of localized replacement of deteriorated areas, sealing cracks and releveling.

We have reserved for repairs on a 5-year cycle to help keep the asphalt in acceptable condition.

This is shorter-term repair cycle and should be reviewed and updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Asphalt Repairs	5	1	4	1,300	1,435

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

Reserve Component: (19) Concrete – Partial Replacement

This is a contingency reserve provision to cover the replacement of the concrete components around the property. These consist of concrete pads, driveways, walkways, steps, patios, curbs, and various other concrete components.

Concrete has a long life, up to the life of the project, however replacement to isolated areas may be required due to freeze thaw or poor material or workmanship.

For the purposes of this study, we have reserved a contingency for partial replacement on a 30-year cycle.

This is a long-term contingency reserve and should be reviewed and updated based on repair/replacement experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Concrete – Partial Replacement	30	15	15	86,800	125,712

Deficiency Analysis

Other than ordinary wear and tear, no major deficiencies were noted, and none were reported.

These components should be regularly monitored and inspected as part of a preventative maintenance program. Any deficiencies such as trip hazards should be promptly repaired.

Reserve Component: (21) Underground Services

This reserve includes all catch basins, area drains, storm and sanitary sewer systems and connections, and backflow valves. This allocation includes the incoming water main and cross connections and various other components related to the underground systems.

The sewer and water supply system are a long-term contingency reserve. Many of the components will have the building life.

It is difficult to know if, or when, there will be an underground service issue and the resulting cost. Should there be an issue, this allocation will need to be revisited based on the scope of work required.

The reserve being made is an allowance allocation, which is to cover the costs to make a major repair, which may occur.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Underground Services	45	27	18	100,000	155,966

Deficiency Analysis

No deficiencies were reported.

This component should be regularly inspected as part of a preventative maintenance program. Any deficiencies must be promptly repaired.

As projects age, periodic scoping and cleaning of the underground services is recommended to identify issues at an early stage and allow for prompt repair.

Reserve Component: (22) Mailboxes

This component covers the mailboxes which are considered to be common property, accordingly, are included in this study.

Based on replacement history of similar projects, and that they exposed to the elements, we have estimated replacement on 20-year cycle provided regular maintenance is carried out as necessary.

This is a long-term contingency reserve, which covers shorter-term repair and replacement cycles and should be updated based on repair experience.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Mailboxes	25	4	21	3,000	5,039

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

These components are subject to the use of all unit owners, so to ensure that necessary repairs are completed in a timely manner to protect the integrity the various components, regular inspections should be completed, and isolated repairs effected as soon as possible.

Reserve Component: (22) Wood Fencing

This reserve is for the repair/replacement of the wood fence that runs along the east side of the property. We understand that the fence on the north side belongs to the neighbors.

With proper installation, this component has an estimated life of 25 plus years.

For the purposes of this study, we have given the wood fencing an effective age of 15 years as it appears to be well maintained and in good condition for its age.

This is a long-term contingency reserve, which covers shorter-term repair.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Wood Fencing	25	7	18	55,800	87,029

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

This component must be regularly inspected as part of a preventative maintenance program. Any deficiencies must be promptly repaired.

Reserve Component: (23) Paint/Stain - Wood Fence

This reserve provision covers the painting/staining of the wood fencing on the east and north sides of the property. Even though we understand that the fence on the north belongs to the neighbor, the Board stains their side of the fence.

This component requires painting on a cyclical basis to prevent early failure and to maintain the component and property in pristine condition.

Expenditure on new or updated painting/staining can be expected about every 8 years, depending on maintenance and exposure.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Paint/Stain Wood Fence	10	0	10	16,300	20,865

Deficiency Analysis

During our site inspection, no deficiencies were noted, and none were reported.

We are informed that the north fence will be painted this year.

Reserve Component: (25) Professional Fees

This component includes the fee for the reserve fund study which should be carried out on at least a five-year cycle, using the Alberta Condominium Legislation as a guideline.

Reserve Component	Expected Life (Yrs.)	Effective Age (Yrs.)	Remaining Life (Yrs.)	Current Cost	Future Cost
Professional Fees	5	0	5	2,940	3,326

Deficiency Analysis

Not applicable.

Benchmark Analysis

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

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

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

In the preparation of the Schedule of Reserve Fund Estimates, the following criteria were considered:

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

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

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

Current reserve requirements are calculated by applying the effective age to the current replacement reserve estimates.

Since reserve fund contributions are continually invested, the payments of such contributions represent discounted payments, which must be assessed by the condominium corporation.

The foregoing program represents the practical application of reserve fund budget planning and management. When applied, as outlined, the reserve fund will cover anticipated reserve fund expenditures and any contingencies.

SCHEDULE A – SCHEDULE OF RESERVE FUND COMPONENT ESTIMATES

The Reserve Fund Estimates are shown in "Schedule A – Benchmark Analysis" hereinafter.

The following Schedule of Reserve Fund Estimates shows detailed computations of various reserve items using the inflationary factor of 2.5% and a long-term interest rate of 1.5%.

BENCHMARK ANALYSIS - SCHEDULE A

1. Current Replacement Costs

The current cost for either the major repair or replacement of the component. Refer to the "Reserve Components – Description & Analysis" for a detailed explanation of the component.

2. Future Replacement Costs

The future cost for either the major repair or replacement of the component. The future cost is based on the assumed inflation rate stated within this report and the estimated remaining lifespan of the component.

3. Current Reserve Fund Requirements

The portion of the Current Replacement Cost that should be accumulated based on the age of the component. This amount is calculated by dividing the Effective Age of the component by the Expected Lifespan and multiplying this by the Current Replacement Cost.

4. Annual Reserve Fund Assessment

The annual payments by the unit owners into the reserve fund to meet the potential capital expenditure requirements in the future.

Based on the assumptions stated within this report, The Benchmark Analysis indicates that an optimally funded scenario would include a current reserve fund balance of approximately \$592,435 and annual contributions to the reserve fund would be approximately \$77,494. While these values are used to measure the current balance and annual contributions, they are not typically achieved as corporations will choose to raise the annual contribution over time to fairly assess all owners, present and future.

When comparing these estimates from The Benchmark in "Schedule A" to the current reserve fund operation; there appears to be a deficiency. This deficiency should be eliminated over time to ensure that fees are equally and fairly assessed to all unit owners, present and future.

Schedule "B" provides a contribution model that meets the capital requirements over the next 30 years of this study and maintains a surplus closing balance to meet the ongoing cyclical capital requirements of this project.

Reserve Fund Analysis and Recommendations

Analyzing the reserve fund position and practices, we have reviewed the available financial information provided by the Corporation.

The purpose of the corporation is to control, manage and maintain the real, personal, and common property and to provide common services for the benefit of the owners of the condominium common elements, as defined in the corporation's plan and By-laws.

The corporation, as required by the Condominium Property Act Revised Statutes of Alberta, has established a reserve for financing future major repairs and replacements of the common elements.

RESERVE FUND OPERATIONS

Based on the available information, the current opening balance in the reserve fund as of Nov 1, 2023, was approximately \$132,909 and the annual estimated level of contributions within the reserve fund for is approximately \$62,000.

RECOMMENDATIONS (SEE SCHEDULE "B" 30-YEAR CASH FLOW PROJECTION AND ANALYSIS)

The current reserve funds in addition to the proposed recommendations set out below will assist the corporation to achieve and maintain an adequate reserve fund. In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will adequately fund immediate and future reserve fund expenditures and deficiencies will be eliminated over time.

- 1. The corporation should prepare and implement a long-term reserve fund strategy.**
- 2. Major repairs and replacements should be recorded in, and funded from, a reserve fund account.**
- 3. For the purposes of this study, we recommend that the annual contributions are aligned with the Cash Flow Table and Schedule B's, 30-Year Reserve Fund Cash Flow Projections & Analysis, at least until the next review.**
- 4. We suggest the Board continually investigate options to maximize their investment returns.**
- 5. The corporation should make such expenditures, as necessary to maintain the property in optimum condition.**
- 6. The reserve fund should be reviewed every year to ensure that the underlying assumptions are still valid and that the estimates remain current.**
- 7. The corporation should update the reserve fund study every five (5) years as per legislation.**

It should be noted that this is a 30-year study in accordance with the Provincial Condominium Act. The recommended increase in contributions maintains the fund at a level to complete planned replacements without over taxing the owners. This may change when the reserve study is completed in five years as expenditures that currently lie just beyond the scope of the study will be captured within the new 30-year period.

MANAGEMENT PROGRAM

Adequate reserve funding must be the primary objective of management since a sound reserve fund ensures the long-term integrity and viability of a condominium project, and hence, it will enhance the value to the owner and the property value in the marketplace. The following comments and projections assume that the corporation will implement a proactive management program.

RESERVE FUND PROGRAM

It is important that a Formal Reserve Fund program be established and implemented. A Reserve Fund Program will ensure that reserve fund requirements are adequate for contemplated major repairs and replacements and that reserve fund contributions are sufficient to cover all contingencies. Moreover, the Reserve Fund Program must be reviewed and adjusted from time to time to keep pace with changing conditions.

RESERVE FUND EXPENDITURES

The corporation should implement a reserve fund expenditure program contemplated by management to ensure appropriate expenditures and the maintenance of the property in excellent condition.

Major reserve fund expenditures are projected in the 30-Year Cash Flow Projections and Analysis contained in Schedule "B" attached to the addenda.

30-Year Cash Flow Projections and Analysis (Schedule "B")

The Reserve Fund Projected Cash Flow and Analysis presents a 30-year reserve fund projection showing cash positions, cash flows and cash expenditures in a format, which meets the Regulations pursuant to the Condominium Property Act (2000). Following is a description of the "Headings" contained on schedule "B".

Near the upper left-hand corner of the cash flow projection sheet are two parameters, which can be changed to show the effects of different scenarios. The first parameter is "Annual Rate of Increase" This parameter sets the annual rate of increase of reserve fund contributions.

The second parameter is "Annual rate of interest". This parameter sets the assumed annual rate of interest at which the reserve fund investments are made.

In completing the analysis these parameters are changed and the resulting effects are studied. This information is used to develop recommendations to remediate the reserve fund shortfall.

OPENING CASH BALANCE

This is the reserve fund position at the beginning of each and every fiscal year showing the cash resources available, which consist of (1) bank deposits, (2) qualified investments, and (3) accrued interest earned.

TOTAL CASH RESOURCES

This is the total amount of cash, which is on hand. It is made up of the opening balance, annual contributions, special assessments (if any), and interest income. The interest income is calculated using the interest rate selected and the "Opening Balance". This entry represents the total cash resources available in any fiscal year and includes the current year's cash flow.

CASH EXPENDITURES

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

CLOSING BALANCE

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

Addendum

- Schedule "A" Benchmark Analysis - Schedule of Reserve Fund Estimates
- Schedule "B" 30 Year Reserve Fund Cash Flow Projections & Analysis

SIGNAL HILL VILLAS		BENCHMARK ANALYSIS - SCHEDULE OF RESERVE FUND ESTIMATES						SCHEDULE "A"	
RESERVE COMPONENTS		EXPECTED LIFESPAN Years	EFFECTIVE AGE Years	REMAINING LIFE SPAN Years	1 CURRENT REPLACEMENT COSTS	2 FUTURE REPLACEMENT COSTS	3 CURRENT RESERVE FUND REQUIREMENTS	4 ANNUAL RESERVE FUND ASSESSMENT	RESERVE FUND ASSESSMENT ALLOCATION
24 Units	Rate of interest used in calculations		1.5%						
	Rate of inflation used in calculations		2.5%						
STRUCTURAL & ARCHITECTURAL									
1	Structures	40	27	13	10,000	13,785	6,750	393	0.51%
2	Stucco Siding	40	27	13	216,000	297,758	145,800	8,487	10.95%
3	Parging Repairs	15	14	1	4,000	4,100	3,733	311	0.40%
4	Sandstone Siding	20	14	6	5,000	5,798	3,500	316	0.41%
5	Garage Doors	25	6	19	69,000	110,307	16,560	4,053	5.23%
6	Decks Rows A & B Units	30	10	20	132,600	217,281	44,200	6,822	8.80%
7	Decks Row C Units	20	15	5	80,000	90,513	60,000	5,022	6.48%
8	Exterior Painting & Waterproofing	15	0	15	99,000	143,382	0	8,595	11.09%
9	Paint Wood Trim	15	0	15	24,000	34,759	0	2,084	2.69%
10	Common Area Railings	30	15	15	40,000	57,932	20,000	1,974	2.55%
ROOFING									
11	Sloped Roofing System - Asphalt Shingles	25	9	16	300,000	445,352	108,000	17,192	22.19%
12	Prefinished Aluminum	40	27	13	5,700	7,858	3,848	224	0.29%
13	Eavestroughs & Downspouts	30	9	21	61,600	103,462	18,480	3,196	4.12%
14	Roofing Repairs	5	4	1	3,000	3,075	2,400	639	0.82%
MECHANICAL & ELECTRICAL SYSTEMS									
15	Plumbing Systems & Fixtures	40	27	13	48,000	66,169	32,400	1,886	2.43%
16	Outdoor Lighting & Electrical	35	14	21	11,000	18,475	4,400	509	0.66%
SITE IMPROVEMENTS & MISCELLANEOUS									
17	Asphalt	30	3	27	26,000	50,643	2,600	1,417	1.83%
18	Asphalt Repairs	5	1	4	1,300	1,435	260	283	0.37%
19	Concrete - Partial Replacement	30	15	15	86,800	125,712	43,400	4,283	5.53%
20	Underground Services	45	27	18	100,000	155,966	60,000	3,784	4.88%
21	Mailboxes	25	4	21	3,000	5,039	480	179	0.23%
22	Wood Fencing	25	7	18	55,800	87,029	15,624	3,231	4.19%
23	Paint/Stain Wood Fence	10	0	10	16,300	20,865	0	1,950	2.52%
24	Professional Fees	5	0	5	2,940	3,326	0	646	0.83%
TOTAL RESERVES							592,435	77,494	100%

SIGNAL HILL VILLAS																														30 YEAR RESERVE FUND CASH FLOW PROJECTION & DEFICIENCY ANALYSIS																														SCHEDULE "B"																													
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30																																																										
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Nov 1, 2023																																																																																									
132,909	161,500	152,843	210,911	281,824	354,338	431,589	496,181	579,876	667,114	756,393	830,196	917,028	1,019,180	739,948	842,991	625,204	249,705	355,927	223,822	278,818	95,587	56,596	58,643	147,385	273,278	407,191	520,932	615,824	766,912	921,863																																																											
Reserve Fund Contributions	62,000	63,860	65,776	67,749	69,782	71,875	74,031	76,252	78,540	80,896	83,223	85,522	88,397	91,049	93,761	96,594	99,492	102,477	105,551	108,717	111,979	115,338	118,798	122,862	126,033	129,814	133,709	137,720	141,852	146,107	150,490																																																										
Reserve Fund Interest Income	1,994	2,423	2,293	3,164	4,227	5,516	6,974	7,443	8,698	10,007	11,346	12,453	13,755	15,288	17,099	12,645	9,378	3,746	5,339	3,357	4,179	1,434	849	880	2,211	4,099	6,108	7,814	9,237	11,504	13,828																																																										
Reserve Makeup																																																																																									
Total Cash Resources	196,903	227,783	220,911	281,824	355,833	431,589	512,094	579,876	667,114	758,016	851,061	928,471	1,019,180	1,125,517	844,827	952,229	734,074	355,927	466,817	335,897	394,777	212,359	176,243	181,885	275,629	407,191	547,008	666,466	766,912	924,523	1,086,181																																																										
STRUCTURAL & ARCHITECTURAL																																																																																									
1 Structures																																																																																									
2 Stucco Siding																																																																																									
3 Parging Repairs																																																																																									
4 Sandstone Siding																																																																																									
5 Garage Doors						5,798																																																																																			
6 Decks Rows A & B Units																																																																																									
7 Decks Row C Units	26,000																																																																																								
8 Exterior Painting & Waterproofing																																																																																									
9 Paint Wood Trim	24,000																																																																																								
10 Common Area Railings																																																																																									
ROOFING																																																																																									
11 Sloped Roofing System - Asphalt Shingles	6,000																																																																																								
12 Prefinished Aluminum																																																																																									
13 Eavestroughs & Downspouts	10,000																																																																																								
14 Roofing Repairs	6,000						6,788					7,681																																																																													
MECHANICAL & ELECTRICAL SYSTEMS																																																																																									
15 Plumbing Systems & Fixtures																																																																																									
16 Outdoor Lighting & Electrical																																																																																									
SITE IMPROVEMENTS & MISCELLANEOUS																																																																																									
17 Asphalt																																																																																									
18 Asphalt Repairs					1,435					1,624																																																																															
19 Concrete - Partial Replacement																																																																																									
20 Underground Services																																																																																									
21 Mailboxes																																																																																									
22 Wood Fencing																																																																																									
23 Paint/Stain Wood Fence																																																																																									
24 Professional Fees		2,940																																																																																							
TOTAL EXPENDITURES	0	74,940	10,000	0	1,435	0	15,913	0	0	1,624	20,865	11,444	0	385,570	1,837	327,026	484,369	0	242,995	57,278	299,190	155,763	117,600	34,900	2,351	0	26,075	50,643	0	2,660	34,190																																																										
CLOSING BALANCE	196,903	152,843	210,911	281,824	354,338	431,589	496,181	579,876	667,114	756,393	830,196	917,028	1,019,180	739,948	842,991	625,204	249,705	355,927	223,822	278,818	95,587	56,596	58,643	147,385	273,278	407,191	520,932	615,824	766,912	921,863	1,051,981																																																										