

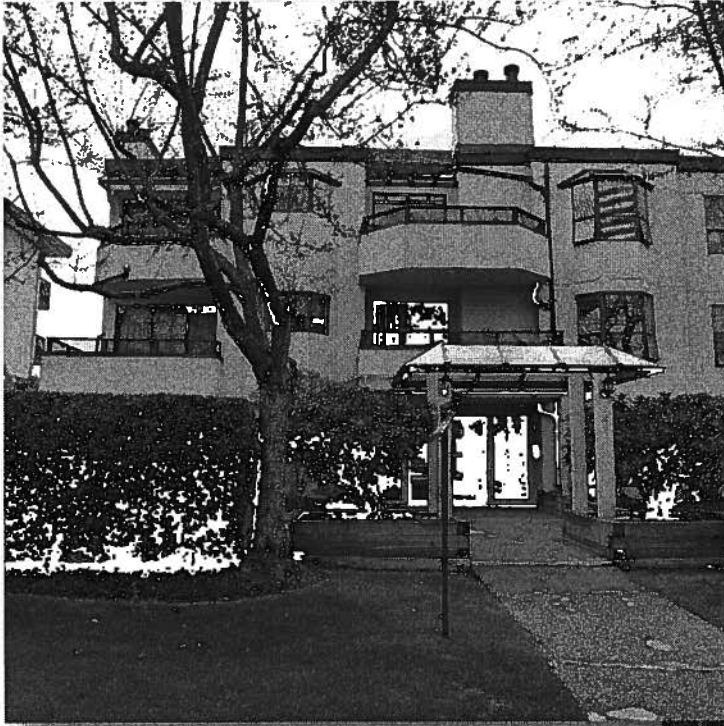
NLD CONSULTING

RESERVE FUND ADVISORS



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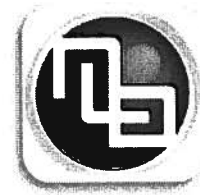
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DEPRECIATION REPORT

VR 1551—"145 on Twelfth"
145 East 12th Street
North Vancouver, BC
2013

October 30, 2013



The Owners, VR 1551—"145 ON TWELFTH"

145 East 12th Street
North Vancouver, BC, V7L 2J3

Dear Sir/Madam: **Depreciation Report / Reserve Fund Study
VR 1551—"145 on Twelfth"
145 East 12th Street, North Vancouver, BC**

Pursuant to your request for a depreciation report for the described strata development, we have prepared and submit to you this report.

This depreciation report describes the reserve fund concepts and major reserve fund items. It provides current and future replacement reserve estimates and recommends reserve fund actions. The depreciation report has been completed to the legislated requirements of the BC Strata Property Amendment Act, 2009 brought into force December 13, 2011. The depreciation report is a complex document and should be reviewed in detail.

We recommend that a reserve fund plan be adopted with contingency reserve fund contributions adjusted to \$11,424.00 per annum in the year ending on December 31, 2014, and further increased as per the "Cash Flow Table—Adequate Funding". This allows for expected expenses over the horizon of our projections, though it does have the drawback of not funding for all anticipated depreciation. It is important for the strata council and strata owners to be aware that the legislation does not require the strata corporation to follow any particular funding recommendation within this report. The legislation allows the ownership to choose their own funding plan, so long as it meets the minimum legislated requirements.

NLD Consulting – Reserve Fund Advisors would be pleased to provide you with complete review and depreciation report updating services for the reserve fund of the corporation, as required in the future. We appreciate the opportunity to perform this depreciation report for you. If you have any questions, please do not hesitate to contact the undersigned.

Respectfully submitted,
NLD Consulting – Reserve Fund Advisors

DIC C-CA, O-CENTRE DE CERTIFICATION
DU QUEBEC, O-UICE-AIC APPRAISAL
INSTITUTE OF CANADA, O-U/AACI,
SERIALNUMBER-300782 • CN-Michael
Laporte
Reason: I am the author of this document
Location:

Michael LaPorte, AACI, P.App, 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 Depreciation Report / Reserve Fund Study, and it is provided as convenience only. Readers are advised to refer to the full text of this Depreciation Report for detailed information.

Client **The Owners, VR 1551—"145 on Twelfth"**
 145 East 12th Street
 North Vancouver, BC, V7L 2J3

Date of Study **October 30, 2013 (Inspection Date: April 16, 2013)**

Property **VR 1551—"145 on Twelfth"**
 145 East 12th Street
 North Vancouver, BC, V7L 2J3

CPI Rate **1.7%**
Inflation Factor **2.8%**
Interest Rate **3.0%—see page 24**

Deficiency/Contribution Quotient
2013: DCQ = 49.2
See Page 43 for details

Short-Term Deficiency Analysis:

Jan 2013–Dec 2013	
Opening Balance	\$30,470
Current Budgeted Reserve Fund Contribution	\$8,692
Tax-Free Interest Income	\$101
Special Assessments	\$20,000
Less: Estimated Reserve Fund Expenditures	-\$23,734
Projected Closing Balance	\$41,506
Less: Fully Funded Closing Balance Requirement	-\$473,913
Estimated Reserve Fund Deficiency	-432,407
Outstanding Loan Balance	\$0
Deficiency / Contribution Quotient	49.2



Recommendations

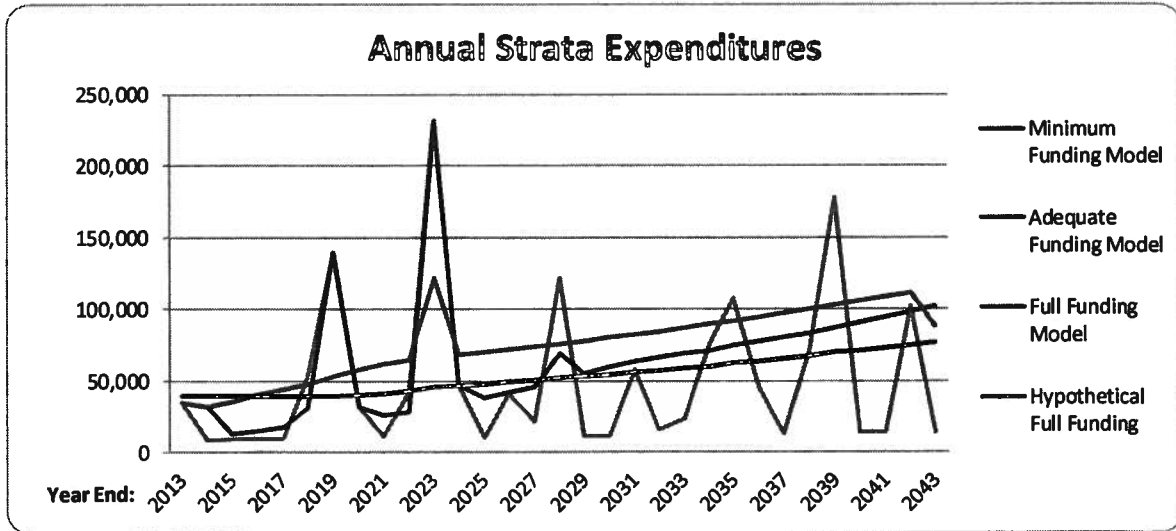
Three Funding models are proposed in this report and have been named as follows: Minimum Funding, Adequate Funding, and Full Funding. Each model outlines a different way of funding the upcoming expenditures. Based upon consultation with the client, we have included a minimum reserve fund balance in both the Adequate and Full Funding models of \$20,000.00 starting today, which increases increasing with the CPI rate of inflation.

The Full Funding Model favours equitable payments in a risk-averse manner, with the goal of attaining eventual full funding and minimizing the risk of special assessments.

The Adequate Funding Model balances equity and practicality, but may still result in a risk of special assessments.

The Minimum Funding Model follows the greater of either the minimum legislated requirements or the current funding contributions with increases following CPI inflation projections, and relies heavily on special assessments.

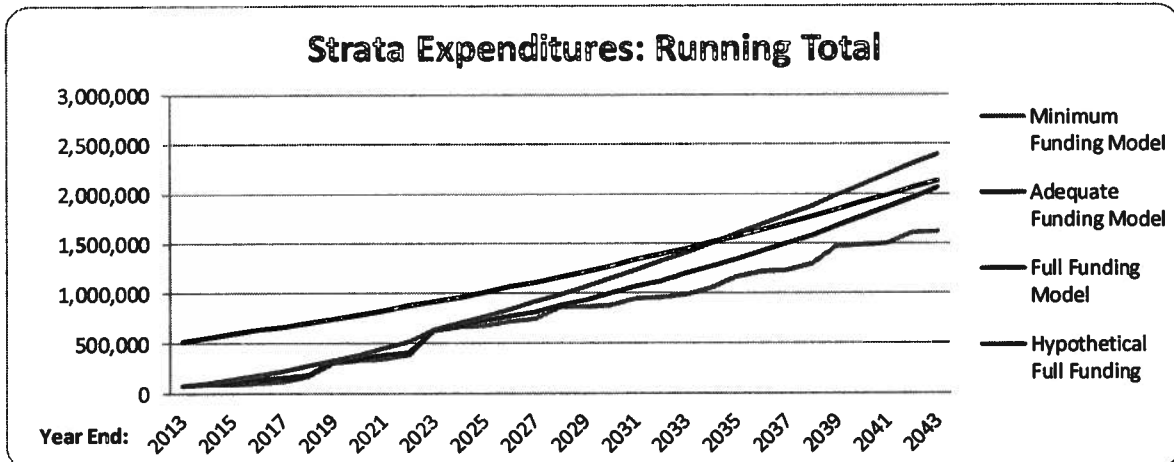
The following graph shows the total annual payments of all three funding models (regular contributions and special assessments) over the 30 year projection period:



Ignoring interest, each funding model contributes the exact same amount over the life of the building. Due to foregone interest, however, the model that has the greatest deficiency for the longest time (the Minimum Funding Model) will pay the most by the end of the building's life.



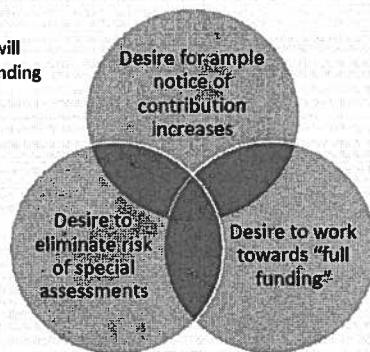
The following graph shows a running total of strata reserve expenditures in nominal dollars. Note that although the Minimum Funding Model can show the lowest total expenditure in a given time period, it will pay the most by the end of the building's life.



Each of the preceding funding model options address the requirement to fund future reserve component repairs/replacements, with the emphasis balanced between the following 3 factors:

1. The desire to provide ample notice to owners with regards to annual reserve fund contribution increases;
2. The desire to provide adequate funding to avoid or eliminate the likelihood of future special assessments;
3. The desire to equitably balance the burden of future funding, including any accrued deficiency which must eventually be eliminated, between future owners in the short, medium, and long term.

Each model will contrast 3 funding goals:



The "Full Funding Model" focuses primarily on factor 2 and 3, which minimizes the likelihood of special assessments and reaches full funding by the end of the 30 year projection, but usually does not address factor 1 (desire for ample notice of contribution increases) effectively, and can often recommend prohibitively-high strata fees. This funding model will typically see the most significant short-term increases in annual reserve contributions in order to avoid significant special assessments and eliminate the built-up reserve fund deficiency over time.

One drawback of this model is that it risks over-funding if the projections are found to overstate the actual replacement costs, if the actual replacement dates occur later than the proposed dates in the 30 year projection, or both. This can place an unfair financial burden on future owners in certain years, although this is only likely to become apparent once the projection period has run its course.

The **"Adequate Funding Model"** attempts to balance all 3 factors, giving consideration for advance notice of significant contribution increases, limiting the risk of substantial special assessments where possible, and addressing the reserve fund deficiency in an equitable manner so as not to unfairly burden the near term future owners with an inordinate share of the accrued deficiency repayment. Over time, if actual replacements occur sooner or later than proposed, or if the costs are greater or less than proposed, the adequate funding model will need updating (preferably at the legislated 3 year intervals). As the intent of this model is to provide for adequate funds in any given year to meet the financial obligations of that particular year, this updated information will require the adequate funding contributions to be adjusted from time to time.

The **"Minimum Funding Model"** meets the bare minimum requirements of the Strata Property Amendment Act, which requires annual contributions to be at least the lesser of: 10% of the annual operating budget, or those dollars required to bring the reserve fund balance to a minimum of 25% of the annual operating budget. Where the current funding exceeds these bare minimum requirements, this model will follow the current reserve funding contributions, with increases at the CPI inflation long-term forecast. Minimum legislated funding has often been the approach adopted by many corporations in BC prior to the depreciation report requirements. Following this model places all of the emphasis on factor 1 (desire for ample notice of contribution increases), with no consideration for factor 2 or 3 (desire to eliminate risk of special assessments and to work towards full funding). Further, this model will result in guaranteed special assessments in the future – this is a common symptom of minimum funding. Additionally, the reserve fund deficiency will continue to build – which at some point will need to be paid back (typically through special assessments), with significantly higher future contributions. It is important to remember that there can be no reserve fund deficiency by the end of building life, therefore steps towards reducing the deficiency should occur far in advance of end of life.

Based upon the above rationale, the specifics of the property, and our consultation with the client, it is our opinion that the **"Adequate Funding Model"** is the preferred funding model for future expenditures. Therefore, due to inadequate previous contributions, the reserve fund for VR 1551—"145 on Twelfth" requires an increase in funding in order to meet expenditure



requirements anticipated in the short, medium and long-term. The reserve fund deficiency (in Real Dollars) should be reduced over time.

Conclusion:

NLD Consulting – Reserve Fund Advisors’ 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, forecasted special assessments (if any), and earned investment income will adequately fund immediate and future reserve fund expenditures.

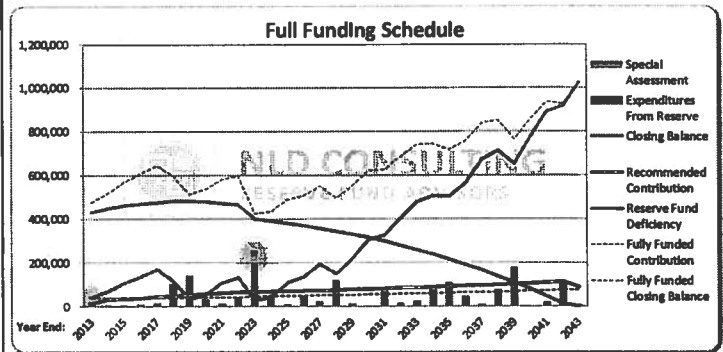
1. The corporation should prepare and implement a long-term reserve fund strategy.
2. Major repairs and replacements should be recorded in, and funded from, a reserve fund account.
3. The reserve fund contribution should be increased to \$11,424.00 per annum in the year ending on December 31, 2014 and thereafter by the amounts detailed in the "Cash Flow Table—Adequate Funding" each subsequent year, in order to achieve a funding plan which best aligns with the goals of the corporation.
4. The reserve fund should be fully invested in guaranteed long-term securities per the strata property act, at the maximum available rate.
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 Depreciation Report every three (3) years, as per the regulations of the BC Strata Property Amendment Act, 2009 unless future regulation requires an alternate schedule of updates.



Cash Flow Tables - Full Funding

NLD Consulting - Reserve Fund Advisors has prepared the following Cash Flow Table which projects eventual full funding with annual contribution requirements to meet the proposed estimated Reserve Fund expenditures

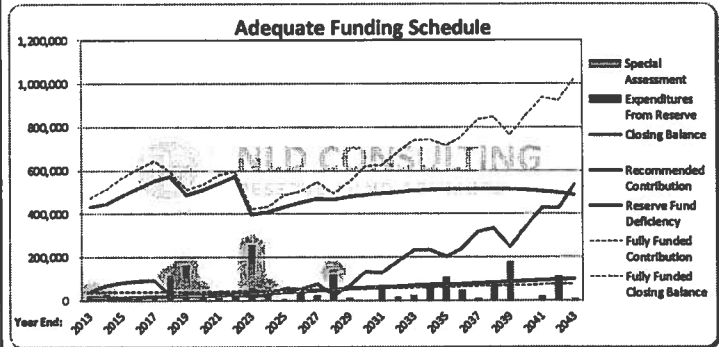
Year	Operating Expenses	Recommended Annual Contribution	Special Assessments	Estimated Inflation Adjusted Expenditures	Estimated Interest Earned	Planned % Increase in Annual Contributions	Closing Balance
2013	30,470	14,669	20,000	23,734	101	N/A	41,506
2014	41,506	32,000	-	4,639	645	118.15%	69,512
2015	69,512	35,840	-	1,592	1,358	12.00%	105,119
2016	105,119	39,782	-	9,484	2,152	11.00%	137,568
2017	137,568	43,761	-	15,425	3,054	10.00%	168,957
2018	168,957	48,137	-	102,718	1,822	10.00%	116,198
2019	116,198	52,950	-	138,900	-	10.00%	30,248
2020	30,248	58,245	-	31,619	-	10.00%	56,875
2021	56,875	61,740	-	10,889	1,380	6.00%	109,105
2022	109,105	64,210	-	41,702	2,022	4.00%	133,636
2023	133,636	66,008	55,744	231,715	-	2.80%	23,672
2024	23,672	67,856	-	46,836	-	2.80%	44,693
2025	44,693	69,756	-	6,395	1,149	2.80%	109,202
2026	109,202	71,709	-	45,760	1,903	2.80%	137,054
2027	137,054	73,717	-	21,572	3,454	2.80%	192,663
2028	192,663	75,781	-	121,214	2,143	2.80%	149,373
2029	149,373	77,903	-	10,729	4,159	2.80%	220,706
2030	220,706	80,084	-	-	6,621	2.80%	307,411
2031	307,411	82,326	-	70,561	7,106	2.80%	326,282
2032	326,282	84,632	-	15,931	9,311	2.80%	404,293
2033	404,293	87,001	-	23,396	11,427	2.80%	479,326
2034	479,326	89,437	-	75,487	12,115	2.80%	505,391
2035	505,391	91,941	-	108,071	11,920	2.80%	501,182
2036	501,182	94,516	-	45,125	13,682	2.80%	564,254
2037	564,254	97,162	-	7,582	16,700	2.80%	670,534
2038	670,534	99,889	-	75,753	17,843	2.80%	712,507
2039	712,507	102,690	-	178,082	16,039	2.80%	653,137
2040	653,137	105,555	-	-	19,594	2.80%	778,286
2041	778,286	108,510	-	18,916	22,781	2.80%	890,661
2042	890,661	111,548	-	110,699	23,399	2.80%	914,909
2043	914,909	87,702	-	7,146	27,233	-21.38%	1,022,699



Cash Flow Tables - Adequate Funding

NLD Consulting - Reserve Fund Advisors has prepared the following Cash Flow Table which projects adequate funding requirements to meet the proposed estimated Reserve Fund expenditures

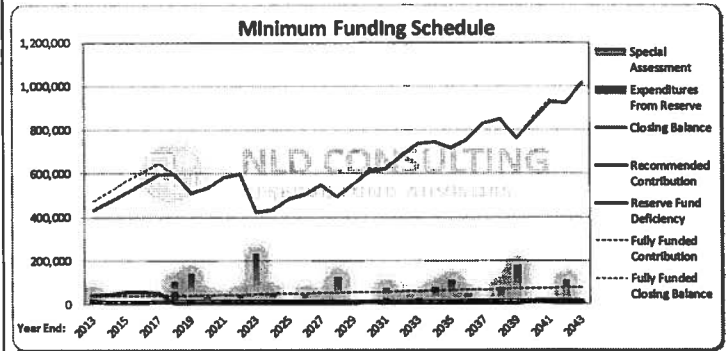
Year	Opening Balance	Required Annual Contribution	Special Assessments	Shortages in Reserves Adjusted Forward	Estimated Interest Earned	Percentage Increase in Annual Contributions	Closing Balance
2013	30,470	14,669	20,000	23,734	101	N/A	41,506
2014	41,506	11,424	20,000	4,639	645	-22.12%	68,936
2015	68,936	13,345	-	1,592	1,347	16.82%	82,036
2016	82,036	15,304	-	9,484	1,632	14.68%	89,488
2017	89,488	17,303	-	15,425	1,852	13.06%	93,217
2018	93,217	19,342	11,918	102,718	-	11.79%	21,759
2019	21,759	21,421	117,849	138,900	-	10.75%	22,129
2020	22,129	23,563	8,432	31,619	-	10.00%	22,505
2021	22,505	25,919	-	10,889	348	10.00%	37,884
2022	37,884	28,511	-	41,702	-	10.00%	24,684
2023	24,684	31,363	199,331	231,715	-	10.00%	23,672
2024	23,672	34,499	12,739	46,836	-	10.00%	24,675
2025	24,675	37,949	-	6,395	530	10.00%	56,159
2026	56,159	41,744	-	45,760	312	10.00%	52,454
2027	52,454	45,918	-	21,572	926	10.00%	77,726
2028	77,726	50,510	18,733	121,214	-	10.00%	25,754
2029	25,754	55,561	-	10,729	451	10.00%	71,086
2030	71,086	60,006	-	-	2,131	8.00%	135,173
2031	133,173	63,606	-	70,561	1,878	6.00%	128,096
2032	128,096	66,150	-	15,931	3,365	4.00%	181,680
2033	181,680	68,796	-	23,396	4,749	4.00%	231,829
2034	231,829	71,548	-	75,487	4,690	4.00%	232,581
2035	232,581	74,410	-	108,071	3,735	4.00%	202,655
2036	202,655	77,386	-	45,125	4,726	4.00%	239,642
2037	239,642	80,482	-	7,582	6,962	4.00%	319,504
2038	319,504	83,701	-	75,753	7,313	4.00%	334,764
2039	334,764	87,049	-	178,082	4,700	4.00%	248,431
2040	248,431	90,531	-	-	7,453	4.00%	346,415
2041	346,415	94,152	-	18,916	9,825	4.00%	431,476
2042	431,476	97,918	-	110,599	9,623	4.00%	428,319
2043	428,319	101,835	-	7,146	12,635	4.00%	535,643



Cash Flow Tables - Minimum Funding

NLD Consulting – Reserve Fund Advisors has prepared the following Cash Flow Table, which projects annual funding using the greater of the minimum legislated requirements and the current funding contributions (increased with CPI)

Year	Opening Balance	Recommended Annual Contribution	Special Assessments	Special Assessment Adjusted	Special Assessment Burial	Percentage Increase in Annual Contribution	Closing Balance
2013	30,470	14,669	20,000	23,734	101	N/A	41,506
2014	41,506	8,840	-	4,639	645	-39.74%	46,352
2015	46,352	8,990	-	1,592	895	1.70%	54,645
2016	54,645	9,143	-	9,484	1,016	1.70%	55,320
2017	55,320	9,298	-	15,425	997	1.70%	50,190
2018	50,190	9,456	43,071	102,718	-	1.70%	-
2019	-	9,617	129,283	138,900	-	1.70%	-
2020	-	9,781	21,838	31,619	-	1.70%	(0)
2021	-	9,947	942	10,889	-	1.70%	-
2022	-	10,116	31,586	41,702	-	1.70%	-
2023	-	10,288	221,427	231,715	-	1.70%	-
2024	-	10,463	36,373	46,836	-	1.70%	-
2025	-	10,641	-	6,395	-	1.70%	4,246
2026	4,246	10,822	30,693	45,760	-	1.70%	-
2027	-	11,006	10,567	21,572	-	1.70%	-
2028	-	11,193	110,022	121,214	-	1.70%	-
2029	-	11,383	-	10,729	-	1.70%	654
2030	654	11,576	-	-	20	1.70%	12,250
2031	12,250	11,773	46,538	70,561	-	1.70%	-
2032	-	11,973	3,958	15,931	-	1.70%	-
2033	-	12,177	11,219	23,396	-	1.70%	-
2034	-	12,384	63,103	75,487	-	1.70%	-
2035	-	12,594	95,476	108,071	-	1.70%	-
2036	-	12,809	32,317	45,125	-	1.70%	-
2037	-	13,026	-	7,582	-	1.70%	5,444
2038	5,444	13,248	57,051	75,753	-	1.70%	-
2039	-	13,473	164,609	178,082	-	1.70%	-
2040	-	13,702	-	-	-	1.70%	13,702
2041	13,702	13,935	-	18,916	-	1.70%	8,721
2042	8,721	14,172	87,806	110,699	-	1.70%	-
2043	-	14,413	-	7,146	-	1.70%	7,267



Certification

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

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I (we) have no present interest in the issue that is the subject of this report, and no personal interest with respect to the parties involved;
- I (we) have no bias with respect to the issue that is the subject matter of this report or to the parties involved with this assignment;
- My (our) compensation is not contingent on an action or an event resulting from the analyses, opinions, or conclusions in, or the use of, this report;
- My (our) analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice;
- I (we) have the knowledge and experience to complete the assignment competently, and hereby certify that I am a qualified person empowered to conduct reserve fund studies;
- I, (we) have personally inspected the within described property, and that I/(we) have personally examined the building plans and/or documents as identified herein. To the best of my knowledge and belief, the information and data used herein are true and correct;
- No one provided significant professional assistance to the person(s) signing this report.
- As of the date of this report the undersigned has (have) fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for members. The undersigned is (are) members in good standing with the Appraisal Institute of Canada and carry current errors and omission insurance through Trisura Guarantee Insurance Company.
- The Depreciation Report was prepared in conformity with the requirements of the BC Strata Property Amendment Act, 2009 as well as the Reserve Fund Study Standards, published by the Real Estate Institute of Canada, and the Consulting Standard of the Appraisal Institute of Canada.



Michael LaPorte, AACI, P.App, CRP

October 30, 2013



Assumptions and Limiting Conditions

The legal and survey descriptions of the property as stated herein are those which are recorded by the Registrar of the requisite Land Titles Office and are assumed to be correct. Further, the strata bylaws and strata plan provided must be assumed to be correct and complete, as must any strata financials, AGM and/or SGM minutes, and budgets.

The architectural, structural, mechanical, electrical and other plans and specifications of the building or buildings and improvements were provided in whole or in part (as available) for this study. Furthermore, all buildings and improvements are deemed to have been constructed and finished in accordance with such plans and specifications, unless otherwise noted.

Sketches, drawings, diagrams, photographs, if any, presented in this report are included for the sole purpose of illustration. No legal survey, soil tests, engineering investigations, detailed quantity survey compilations, nor exhaustive physical examinations have been made. Accordingly, no responsibility is assumed concerning these matters or other technical and engineering techniques, which would be required to discover any inherent or hidden condition of the property.

The building components were assessed visually. No intrusive or destructive testing, specialized imaging, or aerial inspections of elevated areas have been undertaken. The consultant(s) accept no liability for conditions not visible at the time of the building and site review. If further investigation of specific building components is required by the client, the services of an expert specializing in the particular building system/component is recommended.

Measurements and quantities are taken either on-site during inspection as approximations or directly from plans where available. Where electronic plans/drawings are made available, quantity take-offs are completed using Planswift professional plan management software. The consultant(s) accept no liability for the use of dimensions taken from the above sources for the purposes of quantifying reserve components.

In order to arrive at supportable replacement cost estimates, it was found necessary to utilize both documented and other cost data. Current cost estimates are primarily based on the current year RSMeans Commercial Renovation Cost Data. This data is modified using percentage factors to reflect perceived local and site specific conditions and may also include a contingency factor based on the overall confidence in the costs relative to the specific component. Current sales taxes are included in these costs. The intent of these cost estimates is to generate a realistic planning guideline, and it is likely that actual costs will vary from this



number based on several factors. These include the supply/demand of contractors at the time replacements occur as well as the potential for changes in construction methods and materials over time.

A concerted effort has been put forth to verify the accuracy of the information contained herein. Accordingly, the information is believed to be reliable and correct, and it has been gathered to standard professional procedures, but no guarantee as to the accuracy of the data is implied.

The consultant is not qualified to design specific repair, replacement or maintenance plans. Recommendations regarding repairs, replacements and maintenance are general in nature and are intended to provide guidance and for long-range financial planning only. In all cases of major repairs or replacements, qualified design professionals should be retained to provide a specific design. In all cases, the maintenance directions provided by the manufacturer or installer of any specific component should be followed.

The estimates herein must not be extracted or used in conjunction with any other depreciation report / reserve fund study and may be invalid if so used. Additionally, the Strata Property Amendment Act of British Columbia requires a form B Information Certificate to include a copy of the depreciation report, where applicable. The user is cautioned to request this copy directly from the author, in order to ensure the depreciation report is complete, current, and authentic. Electronic copies should include a digital signature of the author. NLD Consulting uses Notarius™ Digital Signatures which are ISO 27001:2005 certified. No responsibility is accepted where a claim arises from a copy of this report which has either been distributed by a 3rd party, or is not originally or digitally signed.

The client to whom this report is addressed may use it in deliberations affecting the subject strata corporation only, and in so doing, the report must not be abstracted; it must be used in its entirety. Possession of this report or any copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone but the client without the written consent of the author, and in any event, only with the proper qualifications.

The consultant(s) are not liable for the failure of any sale to close as a result of information contained in this report. The consultant(s) have no authority to compel any action on the part of the Strata Corporation and can accept no responsibility for the corporation's actions or failures to act.



All personal information supplied for the purposes of preparation of this report will remain within our organization and will not be shared with any external entity unless prior permission is given. Your personal information will not be sold, distributed or published in any manner whatsoever.

NLD Consulting – Reserve Fund Advisors take privacy very seriously. We collect personal information to better serve our customers, for security reasons, and to provide customers and potential customers with information about our services. We would like to have a lifelong relationship of good service with our customers, and for that reason we may retain personal information provided for as long as necessary to provide our services and respect our obligations to governmental agencies and other third parties. The information will remain confidential to NLD Consulting, to businesses working for us, and to any organization that acquires part or all of our business, provided that they agree to comply with our privacy policy. By accepting our report, you are agreeing to maintain the confidentiality and privacy of any personal information contained herein and to comply in all material respects with the contents of our Privacy Policy.

The Personal Information Protection Act (PIPA) of British Columbia sets out requirements for how organizations may collect, use, disclose and secure personal information. The preparation of each report and/or retention of records is subject to the requirements of PIPA. Written authorization in advance must be requested to reproduce or use the report in any form by and means, graphic, electronic or mechanical, including photocopying, recording, typing or information storage and retrieval, which must be done in conformity with PIPA and the Privacy Policy. For further information on the Act, contact the office of the Information & Privacy Commissioner for British Columbia, or access through the website: <http://www.oipc.bc.ca/>
The consultant(s) maintain a reasonable level of insurance relative to industry standards to cover errors and omissions with per-claim and per-year limits. The consultant(s) liability related to this report is limited to the maximum per-claim value available at the time a potential claim is made.

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



1. Purpose of the Depreciation Report / Reserve Fund Study

This Depreciation Report is a financial document. The purpose of a Depreciation Report is to provide information to current owners to help them plan a reserve fund contribution schedule for the three years following the report, as well as to provide information to potential buyers as to the likely reserve fund contribution schedule for the three years following the report. This is achieved by providing cost estimates for various reserve components that are subject to major repairs and/or replacement over the lifetime of the property, and by estimating the funding required for such major repairs and replacements in accordance with the provisions of Section 93, 94 and 95 of the Strata Property Act Amendment Act, 2009.

This depreciation report applies as of October 30, 2013.

1.1. Strata Property Amendment Act, 2009 – “Depreciation Report”

This Reserve Fund Study complies with the depreciation report provisions of The Strata Property Amendment Act, 2009 to wit:

Strata Property Regulation—Depreciation Report

6.2

- (1) For the purposes of section 94 of the Act, a depreciation report must include all of the following:
 - (a) a physical component inventory and evaluation that complies with subsection (2);
 - (b) a summary of repairs and maintenance work for common expenses respecting the items listed in subsection (2) (b) that usually occur less often than once a year or that do not usually occur;
 - (c) a financial forecasting section that complies with subsection (3);
 - (d) the name of the person from whom the depreciation report was obtained and a description of
 - (i) that person’s qualifications,
 - (ii) the error and omission insurance, if any, carried by that person, and
 - (iii) the relationship between that person and the strata corporation;
 - (e) the date of the report;
 - (f) any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate.



- (2) For the purposes of subsection (1) (a) and (b) of this section, the physical component inventory and evaluation must
- (a) be based on an on-site visual inspection of the site and, where practicable, of the items listed in paragraph (b) conducted by the person preparing the depreciation report,
 - (b) include a description and estimated service life over 30 years of those items that comprise the common property, the common assets and those parts of a strata lot or limited common property, or both, that the strata corporation is responsible to maintain or repair under the Act, the strata corporation's bylaws or an agreement with an owner, including, but not limited to, the following items:
 - (i) the building's structure;
 - (ii) the building's exterior, including roofs, roof decks, doors, windows and skylights;
 - (iii) the building's systems, including the electrical, heating, plumbing, fire protection and security systems;
 - (iv) common amenities and facilities;
 - (v) parking facilities and roadways;
 - (vi) utilities, including water and sewage;
 - (vii) landscaping, including paths, sidewalks, fencing and irrigation;
 - (viii) interior finishes, including floor covering and furnishings;
 - (ix) green building components;
 - (x) balconies and patios, and
 - (c) identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair.
- (3) For the purposes of subsection (1) (c), the financial forecasting section must include
- (a) the anticipated maintenance, repair and replacement costs for common expenses that usually occur less often than once a year or that do not usually occur, projected over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2) (b),
 - (b) a description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in paragraph (a),
 - (c) a description of how the contingency reserve fund is currently being funded,
 - (d) the current balance of the contingency reserve fund minus any expenditures that have been approved but not yet taken from the fund, and
 - (e) at least 3 cash flow funding models for the contingency reserve fund relating to the maintenance, repair and replacement over 30 years, beginning with the current or previous fiscal year of the strata corporation, of the items listed in subsection (2) (b).



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

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



2. Methodology

2.1. Depreciation Report

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

This Depreciation Report comprises the following elements:

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

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

2.2. NLD Consulting Reserve Fund Planning Standards

Strata Property Act Regulation 6.2 recommends that a reserve fund consist of a physical analysis and a financial analysis.



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

2.3. General Conditions and Assumptions

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

2.4. Reserve Fund Projection Factors

It is recommended that the financial analysis includes the following:

- **The Annual Inflation Rate:** the estimated difference between the purchasing power of one dollar now compared to each of the next 30 years
- **The Annual Construction Inflation Rate:** the estimated difference between the cost of major repairs or replacements of the common elements and assets of the corporation now compared to the cost at the estimated time of the repair or replacement
- **The Annual Interest Rate:** the estimated interest that will be earned on the reserve fund

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

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

Reserve fund projection factors should be based on long-term economic conditions to eliminate short-term volatility, because the Depreciation Report requires a reserve fund plan to be projected over the long-term period of 30 years.



The reserve fund projection factors must be periodically reviewed and adjusted in accordance with changing economic conditions as part of the reserve fund updating process.

Long-term economic forecasting is an imprecise exercise. Our goal is to forecast as accurately as possible, given the data available today. While the actual inflation factors and interest rates will certainly be different than our estimated values, we are confident that our estimates are reasonable and valuable.

For more detailed information on rates, see [Appendix C](#).

Inflation (Consumer Price Index)

The Consumer Price Index is used to create equity between current contributors and future contributors to the reserve fund. The prices of goods and services increase every year, making this year's dollar worth more than next year's. An accurate estimate of the difference in purchasing power allows us to create saving schedules that are fair in real dollars rather than nominal dollars.

We measure purchasing power using Statistics Canada's measure of the Consumer Price Index for all commodities. This is primarily composed of "food", "shelter", "household operations, furnishings and equipment", "clothing and footwear", "transportation", "health and personal care", "recreation, education and reading", and "alcoholic beverages and tobacco products".

For a detailed description of how CPI Inflation is used in our calculations, see [Appendix D](#).

Construction Cost Inflation Factors

Inflation measurement in reserve fund expenditure projections must be based on trends in construction costs only, as opposed to the Consumer Price Index (CPI), which measures the cost of an overall basket of consumer goods including, but not limited to, construction costs.

We have elected to use data from Statistics Canada, as well as the Marshall & Swift / Boeckh pricing guides.





Data from Marshall & Swift / Boeckh were used to forecast a long-term construction rate of inflation for Class D buildings in the region of Vancouver, BC. These data are also highly relevant to the expected construction costs of the subject property.

Data from Statistics Canada were used to forecast a long-term construction rate of inflation for Apartments in Vancouver, BC. Note—the only residential category for Statistics Canada is Apartment. These data are very relevant to the expected construction costs of the subject property.

Composite Rate

Average expected construction index increase for the next 30 years: 2.32%

MSB publishes its Time-Location Multipliers quarterly for principal Canadian cities (markets). These multipliers express how the construction cost of specific types of buildings have changed over time in specific cities, factoring in wage rates and material prices. Each building has its own unique combination of basic costs. MSB uses 83 basic types of costs necessary to build workable weighted schedules, comprising 19 building trades and 64 material types.

Marshall & Swift / Boeckh (MSB)

This average increase is averaged with the calculated MSB rate and used to forecast expected increases in the cost of construction over the next 30 years. Supporting data and explanation for these projection estimates may be found in Appendix C.

Average expected construction index increase for the next 30 years: 3.38%

The Price Indexes of Apartment and Non-Residential Building Construction is a quarterly series measuring the changes in contractors' selling prices of apartment and non-residential building construction (i.e. commercial, industrial and institutional). The indices relate to both general and trade contractors' work and exclude the cost of land, land assembly, design, development, and real estate fees.

Statistics Canada

We have averaged the two rates to conclude a result of 2.8% for annual construction inflation in calculating the future replacement costs hereinafter.

Supporting data and explanation for these projection estimates may be found in [Appendix C](#).

Interest Rates

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

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

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

The ideal method of determining a likely rate of return on a strata corporation's investments is to review at least thirty years of performance of the corporation's investments, provided that the investments have been prudently invested. In the absence of such data, the reserve fund planner must select a rate which can take into consideration factors such as management policies, historical investment returns, current market trends, and long-term expected rates.

Investment opportunities are widely advertised, ranging from bank deposits, term deposits and guaranteed investment certificates (GICs) to money market instruments and government bonds. We are not financial planners and cannot advise you how to best invest your money. It is strongly recommended that you consult an investment professional. Long-term economic forecasting is imprecise at best.

Cashable GICs are Guaranteed Investment Certificates that allow the investor to withdraw some or all of their funds before the maturity date at no penalty. They typically offer very good returns for their flexibility. We have conducted a historical study of a sample of cashable GICs with the goal of projecting their average expected return over the next 30 years.

Average Expected Interest Rate on cashable GICs for the next 30 years: 3.0%.

Supporting data and explanation for this projection estimate may be found in [Appendix C](#).



The entire balance of the reserve fund does not need to always be available. Therefore it is likely that the interest rates the reserve fund planner can obtain will be higher than the one-year cashable GIC rates. Prudent reserve fund investing requires that investments are reasonably matched with anticipated reserve fund expenditures, ensuring reserve fund liquidity. Therefore, funds should be invested in a laddered portfolio, which ensures that reserve funds are available when needed.

Some management firms direct business to a particular financial institution to negotiate favourable interest rates for all their clients. This approach may benefit smaller corporations and is an important consideration when selecting an appropriate interest rate.

The benchmark calculations and the reserve fund projections are based on the assumption that reserve fund contributions are constantly and continuously invested. However, all expenditures are assumed to occur at the beginning of the year, while reserve fund deposits are assumed to occur at the end of the year.

Note: The long term average estimated return is not currently attainable based on our survey of current GIC offerings through several Chartered Banks and Credit Unions. Therefore we have selected an attainable rate of 1.5% in calculating the future investment performance of the strata corporation's reserve fund. This rate increases as detailed in the schedules to the average expected 30 year rate on cashable GICs. Additionally, as per information provided by strata council, the current year rate of RBC Prime minus 1.85% has been used, with an interest adjustment made in the Historical Analysis Table.



3. Property Information

3.1. Property Description

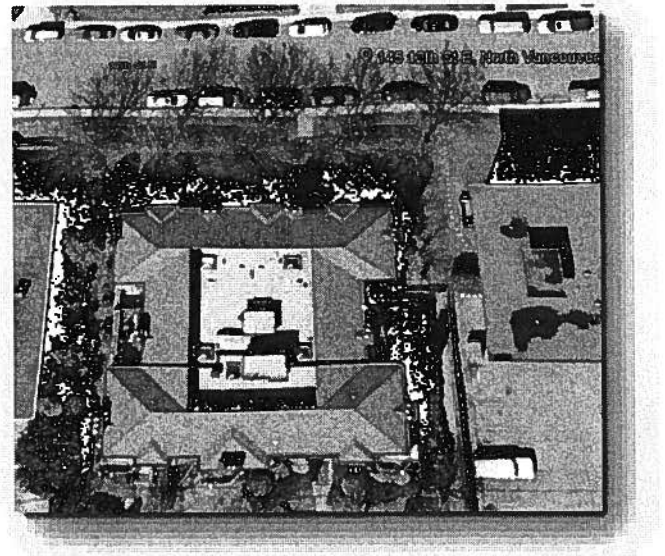
VR 1551—"145 on Twelfth"

145 East 12th Street, North Vancouver, BC

Designed and constructed in 1985, and registered as a strata corporation on March 13, 1985. The Strata Corporation consists of 24 apartment units in a 3 storey building constructed over a basement level garage parkade.

This residential development is located on the south side of East 12th Street mid-block between Lonsdale Avenue to the west and St. Georges Avenue to the east.

The overall construction, materials and workmanship are of average quality. The property appears to be in average or better condition compared to the date of construction. The project is assumed to have been constructed in accordance with applicable building codes, fire codes, city by-laws, and construction practices in existence at that time.



The property manager for the strata corporation is C & C Property Group Ltd.

3.2. Building Plans

The following plans were examined in the performance of the depreciation report:

Project Name	VR 1551—"145 on Twelfth"
Architectural Plans	L.O. Lund & Associates Architects
Mechanical Plans	R.F. Carson Ltd. Mechanical Consultants
Electrical Plans	Arnold Nemetz & Associates
Structural Plans	N/A
Strata Plan	George B. Miller B.C. Land Surveyor

The architectural plans and strata plan available were used for quantifying building components and other improvements. There were architectural drawings (electronic files) for the development, as well as partial electrical and mechanical drawings, and the available drawings were in average condition. Some quantities were estimated or measured off the strata plans or on site and are considered estimates. The building and site improvements were inspected on April 16, 2013. Various construction details, facilities, equipment installations and improvements have been noted for consideration in the cost estimates herein.

3.3. Property Data, Site Plan, and Basic Construction

Project Data

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

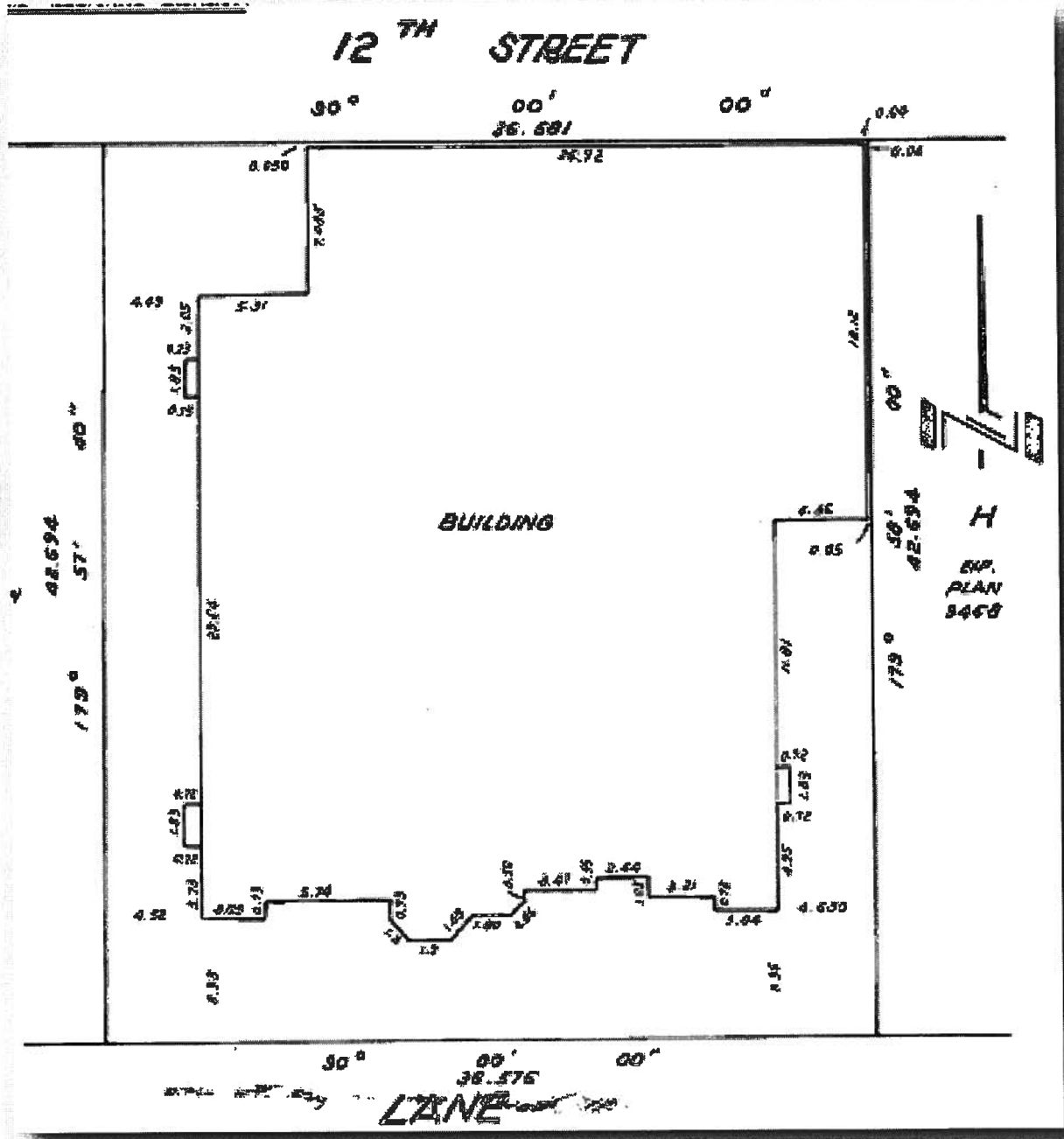


Property Statistics:

Site Area	16,810 square feet (net as per architectural drawings)
Building Coverage	11,295 square feet (net as per architectural drawings)
Landscaped Area	6,533 square feet (approximate)
Building Height	3 stories over garage
Buildings Gross Floor Area	45,180 square feet including parkade
Occupancy	24 strata units
Parking	29 stalls



Site Sketch—VR 1551



3.4. Bylaw Review

Our review of the bylaws for the strata corporation has found they are fairly typical of BC Strata Corporations with the following important notes:

Repair and Maintenance

Our reading of the bylaws has found that they are very typical in terms of which items are the strata corporation's responsibilities to repair and maintain. We have used the bylaws as our basis for determining which items to consider in our review and recommendations.

The subject bylaws describe the responsibilities of the strata corporation with regards to funding reserve components, as well as the responsibility of owners for any non-reserve components, in Division 1 – Part 2 – Repair and maintenance of property by owner, and Division 2 – Part 8 – Repair and maintenance of property by strata corporation. The reserve components are described further in Appendix E – Reserve Components Description and Analysis.

The non-reserve components forming part of the common and/or limited common property, as per the bylaws, are as follows:

- None noted, however individual owners are responsible for replacement or repair of interior patio door or window handles.

For further details related to the bylaws, please refer to the original bylaw document(s) as amended to date.

3.5. Sections and Types

Sections

Under Part 11 of the Strata Property Amendment Act, different types of strata lots can be organized into formal groups, called sections, with each section representing the interests of its respective strata lots owners. In matters that relate solely to the section, the section will operate independent of other sections. Strata corporations with sections still elect a strata council to administer functions which relate to the operations of the strata corporation as a



whole.

Only specific types of strata lots can form sections, such as residential and non-residential strata lots comprising a single strata corporation, or non-residential strata lots of a single strata corporation which are used for significantly different purposes. Residential strata lots may only be divided into different residential sections if they comprise the following types of strata lots:

- apartment style,
- townhouse style, and
- detached houses.

Sections operate under an elected body referred to as the section executive, which functions similarly to a strata council with respect to the issues specific to that section. The section bylaws can provide for an election process for the executive and its powers and duties. With respect to matters relating solely to one section, the section is a corporation and has the same powers as the strata corporation to:

- establish its own operating fund and contingency reserve fund for common expenses of the section, including expenses relating to limited common property designated for the exclusive use of all the strata lots in that section;
- prepare a section budget and require section owners to pay strata fees and special levies for expenditures the section authorizes;
- enter contracts in the name of the section;
- sue or arbitrate in the name of the section;
- acquire and dispose of land and other property in the name of or on behalf of the section; and
- enforce bylaws and rules.

Separate sections within a strata corporation may establish their own operating fund and CRF for common expenses that relate exclusively to that section.

Therefore for sectioned strata corporations, the depreciation report schedules (benchmark and 30 year projection models) will separate the reserve components into separate section schedules, and may include a separate strata corporation schedule. The Cash Flow Funding Models will segregate the funding requirements for each section separately.



Types

Section 6.4(2) of the Strata Property Act regulations permits strata corporations to allocate operating expenses within a strata corporation if the expenses relates solely to a "type of strata lot" and a bylaw or resolution creating the type of strata lot has been created. The creation of different types of strata lots does not create sections; sections are independent organizations within the strata corporation with their own powers and duties, and strata lot types do not have these independent powers and duties.

Types only provide for a mechanism to allocate operating expenses specific to different types of strata lots. As such, where different types exist in a strata corporation, the depreciation report does not address different types of strata lots, as there are no different reserve requirements or a separate contingency reserve fund required or allowed for strata types.

Subject Strata Corporation

The subject strata corporation is comprised of residential strata lots in a single residential section. Therefore, one set of depreciation report schedules will be created, pertaining to the strata corporation as a whole, as follows:

- Schedules comprising a benchmark schedule, and three 30 year projection models for components which will be funded through the CRF;
- Three Cash Flow Funding Models, which will present the annual funding requirements of the strata corporation.



4. Reserve Component Analysis and Estimated Costs

4.1. Property Inspection

The property was inspected for the purposes of preparing this report on April 16, 2013, by Michael LaPorte, AACI, P.App., CRP. The inspection included a visual on-site inspection of the reserve components, where practical, but not an exhaustive inspection of all areas of each component, as per the requirements of the Act.

4.2. Depreciation Reports / Reserve Fund Studies

There were no previous depreciation reports / reserve fund studies provided for review.

4.3. Component Classification

Reserve fund components are classified in terms of building groups, common element facilities and site improvements. The component inventory consists of the reserve components, described and analysed hereinafter, and shown in Appendix E.

There are 49 reserve components, comprised of 18 building structural and architectural components, 8 building finishes and decoration components, 8 mechanical systems components, 3 electrical systems components, 2 building amenities components, and 8 site improvement components.

4.4. Life Span Analysis

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

- Type of Components
- Utilization
- Material
- Workmanship
- Quality
- Exposure to Weather Conditions
- Functional Obsolescence



- Environmental Factors
- Regular Maintenance
- Preventive Maintenance
- Observed Condition

The critical aspect in a Life Span Analysis is the observed condition of each reserve component, which is based on:

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

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

1. Expected Lifespan

This is the typical life expectancy for each reserve component. This number is generally the same for all similar components, with adjustments to reflect a component's unique situation made under Effective Age. The CMHC Capital Replacement Planning Manual—Appendix F: Life Expectancy Guidelines is a good resource for general service life estimates; however, this data must be modified to reflect local and site specific conditions, the experience of the consultant, and the overall guidance of other consultants and tradespersons encountered, to achieve an estimate that represents a realistic planning guideline.

2. Effective Age

This is the critical analysis of a reserve component and consists of determining the effective age of the reserve component within its normal life cycle. Working from the actual age of the component, the reserve planner observes and assesses the condition of the component to determine if it should be modified. As the component gets closer to replacement, the planner may work with the strata council and/or property manager to fix a date for future work so that near term use of the reserve fund to pay for the replacement can be planned.

3. Remaining Lifespan

Is equal to: Expected lifespan minus Effective Age



A life span analysis is a subjective assessment of the life cycle of a reserve component. Furthermore, the effective age of a reserve component is subject to change due to numerous factors.

4.5. Current Cost Estimates

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

Cost data have been calculated primarily using the current year RSMeans Commercial Renovation Cost Data, modified as to time, location and quality of construction.

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

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

Quality of construction

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

Cost Factors

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

Cost estimates are factored to take into account increases in cost to reflect special construction, safety installations, limited access, noise abatements, dust suppression, the need to cut and patch existing materials, and the convenience of the occupants.



Demolition and Disposal Costs

The estimates herein include provisions for demolition and disposal costs including dumping fees.

Tax

Goods and Services Tax (GST) and Provincial Sales Tax (PST) are applied to the base costs, including disposal costs. Given that the proportion of costs which would be PST-exempt is uncertain, these costs are charged conservatively at 12% as they were under the Harmonized Sales Tax (HST). This is a risk-averse method to estimating the embedded tax. Tax is included in the reserve fund estimates hereinafter.

Contingency

Costs generally include an individual contingency allowance to reflect uncertainties in the final costing and timing of work. This number typically varies from 5% to 25% depending on the overall expense of the component, the level of detail that was put into measuring and estimating, and the comfort level of the planner.

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

4.6. Reserve Component Descriptions and Analyses

Reserve Components may be found in [Appendix E](#) and includes the following information:

- Component Description
- Reserve Fund Expenditure History
- Potential Deterioration
- Condition Analysis
- Life Cycle Analysis
- Funding Analysis (including Current Repair or Replacement Costs)
- Deficiency Analysis



5. Reserve Fund Component Estimates

5.1. Benchmark Analysis

The Benchmark Analysis combines the life cycle analysis and the cost estimate of each component 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 Benchmark Analysis is prepared without regard to the current financial position of the corporation or the current reserve fund contributions by unit owners, and as such, represents the optimum reserve fund operation, which assumes that the corporation has continuously assessed adequate reserve funding from the time the building was new.

This Benchmark Analysis is the foundation of the Functional Reserve 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.

The foregoing program represents a complete application of reserve fund budget planning and management. If applied as outlined, the reserve fund would cover anticipated reserve fund expenditures and any contingencies.

5.2. Schedule A—Reserve Fund Component Estimates

The following Schedule of Reserve Fund Component Estimates shows detailed computations for the various reserve items using the projection factors explained on page 21 of this Report:

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



Schedule "A"—Schedule of Reserve Fund Estimates: Benchmark

BENCHMARK ANALYSIS		Construction Inflation: 2.0%		Current Interest Rate: 1.0%		Inflation (PI): 1.5%									
Year of Acquisition	Expected Lifespan (Years)	Observed Condition	Remaining Lifespan (Years)	Unit Quantity	Unit Measure	Unit Cost	Current Replacement Cost	Future Replacement Costs	Current Reserve Fund Requirements	Future Reserve Fund Accumulation	Future Reserve Fund Requirements	Current Reserve Fund Assessment	Reserve Fund Allocation		
Building - Structural and Architectural															
1	Substructure and Underground Garage	1985	30	20	10	11,295	SF	\$ 1.45	\$ 16,329	\$ 21,522	\$ 11,338	\$ 13,159	\$ 8,364	680	2%
2	Common Door Assemblies - Wood	1985	30	20	10	26	Doors	\$ 125.25	\$ 3,256	\$ 4,281	\$ 2,261	\$ 2,624	\$ 1,568	186	0%
3	Common Door Assemblies - Metal	1985	30	20	10	17	Doors	\$ 171.37	\$ 2,917	\$ 3,844	\$ 2,025	\$ 2,350	\$ 1,494	121	0%
4	Overhead Security Gate	1985	25	15	10	1	Door	\$ 7,082.27	\$ 7,082	\$ 9,348	\$ 4,435	\$ 5,147	\$ 4,201	841	1%
5	Wall Assemblies - Stucco Siding	1985	35	25	10	9,000	SF	\$ 7.21	\$ 64,800	\$ 85,476	\$ 48,214	\$ 55,955	\$ 28,523	2,400	6%
6	Window Assemblies (Phase 1)	1985	30	25	5	694	SF	\$ 38.02	\$ 26,384	\$ 30,280	\$ 22,435	\$ 24,189	\$ 6,121	1,117	3%
7	Window Assemblies (Phase 2)	2005	30	8	22	694	SF	\$ 38.02	\$ 26,384	\$ 48,438	\$ 7,709	\$ 10,696	\$ 37,742	1,053	3%
8	Canopy - Glass	1985	30	24	6	13	Canopies	\$ 1,728.62	\$ 22,475	\$ 26,525	\$ 18,421	\$ 20,143	\$ 6,382	948	2%
9	Caulking and Weather-Stripping	2011	7	2	5	2,000	LF	\$ 2.30	\$ 4,600	\$ 3,771	\$ 1,941	\$ 1,444	\$ 3,827	497	2%
10	Balcony Doors (Phase 1)	1985	30	25	5	13	Doors	\$ 2,384.50	\$ 30,999	\$ 35,588	\$ 26,379	\$ 28,398	\$ 7,592	1,312	3%
11	Balcony Doors (Phase 2)	1994	30	19	11	13	Doors	\$ 2,384.50	\$ 30,999	\$ 42,002	\$ 20,533	\$ 24,187	\$ 17,814	1,284	3%
12	Balcony Floor Construction - Wood	2003	25	10	15	1,675	SF	\$ 39.05	\$ 65,411	\$ 98,980	\$ 27,854	\$ 34,824	\$ 64,156	3,081	5%
13	Common Balcony Railings	2003	25	10	15	473	LF	\$ 26.95	\$ 12,749	\$ 18,292	\$ 5,429	\$ 6,787	\$ 12,504	603	2%
14	Roof Assembly - Parkade Membrane	1985	25	2	23	1	Allowance	\$ 15,178.47	\$ 15,179	\$ 26,648	\$ 1,838	\$ 1,885	\$ 26,763	896	2%
15	Roof Assembly - Bituminous	2006	25	7	18	2,385	SF	\$ 14.34	\$ 34,192	\$ 56,208	\$ 10,524	\$ 15,497	\$ 42,712	1,588	4%
16	Roof Assembly - Asphalt / Fiberglass Shingle	1995	20	14	6	6,450	SF	\$ 10.06	\$ 64,885	\$ 76,578	\$ 46,573	\$ 50,925	\$ 25,653	3,810	3%
17	Sightlights	1985	30	20	10	6	Sightlights	\$ 1,116.17	\$ 6,697	\$ 8,817	\$ 4,650	\$ 5,397	\$ 3,430	379	1%
18	Gutters & Downspouts	1985	30	20	10	1	Allowance	\$ 5,822.74	\$ 5,823	\$ 7,679	\$ 4,043	\$ 4,692	\$ 3,882	342	1%
Building - Finishes and Decoration															
19	Exterior Building Painting	2003	16	10	6	9,000	SF	\$ 3.37	\$ 30,331	\$ 35,797	\$ 18,445	\$ 21,262	\$ 14,536	2,158	5%
20	Interior Stairwell Painting	2012	20	1	19	3,000	SF	\$ 1.61	\$ 4,836	\$ 6,173	\$ 262	\$ 348	\$ 7,825	271	1%
21	Interior Common Corridor Painting	2009	12	3	9	6,300	SF	\$ 2.48	\$ 15,645	\$ 20,816	\$ 4,138	\$ 4,708	\$ 15,607	1,440	4%
22	Interior Common Corridor - Stairwells	1985	22	18	4	1,150	SF	\$ 12.01	\$ 13,812	\$ 15,425	\$ 11,489	\$ 12,194	\$ 3,231	754	2%
23	Interior Common Corridor Flooring - Hallways	1985	22	15	7	1,950	SF	\$ 11.42	\$ 22,271	\$ 27,000	\$ 15,633	\$ 17,351	\$ 9,670	1,203	3%
24	Interior Common Area Lighting	1985	25	15	10	1	Allowance	\$ 8,803.94	\$ 8,801	\$ 8,864	\$ 4,253	\$ 4,936	\$ 4,028	327	1%
25	Lobby Renovation	2009	24	4	20	292	SF	\$ 46.12	\$ 13,467	\$ 23,998	\$ 2,442	\$ 3,289	\$ 20,106	644	2%
26	Elevator Cab Renovation	1985	25	15	10	1	Cab	\$ 6,202.88	\$ 6,203	\$ 8,176	\$ 3,879	\$ 4,502	\$ 3,674	298	1%
Building - Mechanical Systems															
27	Domestic Water Supply	2009	25	4	21	1	System	\$ 21,910.88	\$ 21,911	\$ 35,130	\$ 3,830	\$ 5,236	\$ 33,895	1,013	3%
28	Sprinkler System - Dry (garage only)	1985	25	0	25	1	System	\$ 8,599.02	\$ 8,599	\$ 17,151	\$ -	\$ -	\$ 17,151	391	1%
29	Boiler - Domestic Hot Water	2009	20	4	16	1	Boiler	\$ 6,897.08	\$ 6,897	\$ 10,729	\$ 1,478	\$ 1,874	\$ 8,855	390	1%
30	Hot Water Storage Tanks	2009	15	4	11	1	Tank	\$ 3,567.61	\$ 3,568	\$ 4,834	\$ 997	\$ 1,175	\$ 3,659	294	1%
31	Terminal & Packaged Units - Air Handling (Phase 1)	1985	20	11	9	1	Unit	\$ 12,771.87	\$ 12,772	\$ 16,375	\$ 2,295	\$ 3,341	\$ 8,094	742	2%
32	Terminal & Packaged Units - Air Handling (Phase 2)	1985	20	15	5	1	Unit	\$ 12,771.87	\$ 12,772	\$ 14,663	\$ 9,781	\$ 10,537	\$ 4,126	753	2%
33	Elevator Replacement - Hydraulic	1985	30	20	10	1	Elevator	\$ 53,916.90	\$ 53,916	\$ 71,064	\$ 37,438	\$ 43,448	\$ 27,616	2,244	6%
34	Sump Pump	2007	15	6	9	2	Pumps	\$ 1,954.05	\$ 3,908	\$ 5,011	\$ 1,624	\$ 1,857	\$ 3,153	291	1%
Building - Electrical Systems															
35	Electrical Distribution System and Fixtures	1985	20	7	13	1	System	\$ 10,717.82	\$ 10,718	\$ 15,347	\$ 3,963	\$ 4,809	\$ 10,537	814	2%
36	Entry System - Intercom	1985	20	15	5	1	System	\$ 8,876.54	\$ 8,877	\$ 10,191	\$ 6,798	\$ 7,323	\$ 2,868	523	1%
37	Fire Alarm System	2012	15	1	14	1	System	\$ 14,655.17	\$ 14,655	\$ 21,572	\$ 1,038	\$ 1,178	\$ 20,294	1,071	3%
Building - Amenities															
38	Storage Lockers	1985	40	15	25	24	Lockers	\$ 322.26	\$ 7,734	\$ 15,428	\$ 3,208	\$ 4,655	\$ 10,770	247	1%
39	Laundry Room	1985	30	15	15	110	SF	\$ 17.68	\$ 1,944	\$ 2,942	\$ 1,034	\$ 1,293	\$ 1,649	80	0%
Common Site Improvements															
40	Site Services - Sewer and Water	1985	35	28	7	20	LF	\$ 82.00	\$ 1,640	\$ 1,990	\$ 1,549	\$ 1,497	\$ 492	61	0%
41	Concrete Paving	1985	30	28	2	272	SF	\$ 5.54	\$ 1,506	\$ 1,393	\$ 1,417	\$ 1,460	\$ 132	64	0%
42	Concrete Paving - Walkways and Front Entry	1985	20	19	1	250	SF	\$ 18.05	\$ 4,512	\$ 4,029	\$ 4,305	\$ 4,269	\$ 270	270	1%
43	Concrete Paving	1985	25	20	5	785	SF	\$ 3.98	\$ 3,121	\$ 3,583	\$ 2,548	\$ 2,745	\$ 837	153	0%
44	Exterior Lighting	1985	30	25	5	1	Allowance	\$ 2,728.15	\$ 2,728	\$ 3,132	\$ 2,320	\$ 2,499	\$ 633	115	0%
45	Exterior Landscaping	1985	15	8	7	6,500	SF	\$ 0.33	\$ 2,150	\$ 2,409	\$ 1,182	\$ 1,311	\$ 1,298	181	0%
46	Retaining Walls - Concrete	1985	30	20	10	28	LF	\$ 68.47	\$ 1,917	\$ 2,527	\$ 1,331	\$ 1,545	\$ 982	80	0%
47	Fencing - Wood	2005	20	7	13	800	LF	\$ 41.70	\$ 33,310	\$ 17,813	\$ 4,626	\$ 5,614	\$ 12,299	718	2%
48	Fencing - Stain	2011	5	2	3	2,400	SF	\$ 3.64	\$ 8,730	\$ 9,484	\$ 3,538	\$ 3,700	\$ 5,785	1,841	5%
49	Depreciation Report	1985	3	0	3	1	Report	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	
TOTAL RESERVES								\$ 761,864	\$ 1,047,874	\$ 427,003	\$ 491,433	\$ 654,542	\$ 36,591	100%	

5.3. Summary of Reserve Fund Estimates

The Reserve Fund position and estimated requirements of VR 1551—"145 on Twelfth" are as follows:

Current Replacement Reserves or Costs

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

\$761,863.97

Future Replacement Reserves or Costs

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

\$1,047,973.99

Current Reserve Fund Requirements

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

\$427,903.46

Future Reserve Fund Accumulations

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

\$491,433.39

Future Reserve Fund Requirements

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

\$556,540.60

Annual Reserve Fund Assessment (2013)

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

\$39,590.94

In accordance with these estimates, if the reserve fund were fully funded, the corporation would have \$427,903.46 in its reserve fund account at the end of its current fiscal year, and the assessed annual contributions to the fund should be \$39,590.94 in the year beginning in 2013, based on the stated assumptions.



6. Analysis of Reserve Fund Operations

Reviewing and analysing the reserve fund operation of VR 1551—"145 on Twelfth", we have examined the budget for the strata corporation for its operations through December 31, 2012 as provided.

6.1. Corporation's Financial Statements

Information available indicates that the balance in the reserve fund at the end of the most recent fiscal year is \$30,470.00.

A significant increase is required to the contribution next year to fund upcoming expenditures and reduce the benchmark deficiency.

We recommend that separate G/L codes are set up for the reserve expenditures and that the reserve expenditures are taken from reserve accounts.



6.2. Schedule "B"

STATEMENT OF RESERVE FUND OPERATIONS – HISTORICAL

HISTORICAL ANALYSIS			
145 on Twelfth			
	Jan 2011- Dec 2011	Jan 2012- Dec 2012	Jan 2013- Dec 2013
OPENING BALANCE	\$ 6,640	\$ 26,640	\$ 30,470
Reserve Fund Contributions			8,692
Special Assessment	20,000		20,000
Transfer From Operating		4,000	6,000
Other Income			(23)
Interest Income		246	101
Computed Interest Rate			
Total Cash Resources	26,640	30,886	65,240
RESERVE FUND EXPENDITURES			
Building - Structural and Architectural			
1 Substructure and Underground Garage			
2 Common Door Assemblies - Wood			
3 Common Door Assemblies - Metal			
4 Overhead Security Gate			
5 Wall Assemblies - Stucco Siding			
6 Window Assemblies (Phase 1)			
7 Window Assemblies (Phase 2)			
8 Canopy - Glass			
9 Caulking and Weather-Stripping			
10 Balcony Doors (Phase 1)			
11 Balcony Doors (Phase 2)			
12 Balcony Floor Construction - Wood			13,514
13 Common Balcony Railings			
14 Roof Assembly - Parkade Membrane			
15 Roof Assembly - Bituminous			
16 Roof Assembly - Asphalt / Fiberglass Shingle			
17 Skylights			
18 Gutters & Downspouts			
Building - Finishes and Decoration			
19 Exterior Building Painting			
20 Interior Stairwell Painting			
21 Interior Common Corridor Painting			
22 Interior Common Corridor Flooring - Stairwells			
23 Interior Common Corridor Flooring - Hallways			
24 Interior Common Area Lighting			
25 Lobby Renovation			
26 Elevator Cab Renovation			
Building - Mechanical Systems			
27 Domestic Water Supply			
28 Sprinkler System - Dry (garage only)			4,253
29 Boiler - Domestic Hot Water			
30 Hot Water Storage Tanks			
31 Terminal & Packaged Units - Air Handling (Phase 1)			
32 Terminal & Packaged Units - Air Handling (Phase 2)			
33 Elevator Replacement - Hydraulic			
34 Sump Pump			
Building - Electrical Systems			
35 Electrical Distribution System and Fixtures			
36 Entry System - Intercom			
37 Fire Alarm System			
Building - Amenities			
38 Storage Lockers			
39 Laundry Room			
Common Site Improvements			
40 Site Services - Sewer and Water			
41 Concrete Paving			
42 Concrete Paving - Walkways and Front Entry			
43 Concrete Patio			
44 Exterior Lighting			
45 Exterior Landscaping			
46 Retaining Walls - Concrete			
47 Fencing - Wood			
48 Fencing - Stain			
49 Depreciation Report			5,968
Miscellaneous			
Non-Specific Reserve Fund Draws			
Total Expenditures	-	436	23,734
TOTAL RESERVES	26,640	30,470	41,506

6.3. Benchmark Deficiency Analysis

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

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

The Benchmark Deficiency Analysis has been developed by NLD Consulting - Reserve Fund Advisors as a guide for property managers and the strata council to ensure that the reserve fund is neither under-funded nor over-funded.

The reserve fund of VR 1551—"145 on Twelfth" is showing a projected shortfall as of December 31, 2013, as shown below:

Jan 2013–Dec 2013	
Opening Balance	\$30,470
Current Budgeted Reserve Fund Contribution	\$8,692
Tax-Free Interest Income	\$101
Special Assessments	\$20,000
Less: Estimated Reserve Fund Expenditures	-\$23,734
Projected Closing Balance	\$41,506
Less: Fully Funded Closing Balance Requirement	-\$473,913
Estimated Reserve Fund Deficiency	-432,407
Outstanding Loan Balance	\$0
Deficiency / Contribution Quotient	49.2

While current contributions are sufficient to meet legal requirements in BC, they will lead directly to special assessments in the future. Our current recommendation of adequate funding will reduce the amount and likelihood of significant special assessments. To avoid the possibility of special assessments entirely, we suggest that the strata adopt a plan to eventually achieve a state of full funding.



Deficiency/Contribution Quotient (DCQ)

There are various tools and formulas that may be used to judge or rank a strata corporation's funding levels. Often the "percentage funded" method is used as a ranking tool; however, this formula is often misleading as to the condition of the strata corporation's current reserve fund balance. "Percentage funded" is very volatile in years where major expenditures occur, creating the impression that the funding plan was superior in the year immediately prior to the major expenditure and inferior in the year immediately subsequent. This is misleading in the context of a long-term funding plan.

A more valuable tool to judge the progress made over time in the reserve funding approach of the strata corporation is a formula we refer to as the DCQ, or Deficiency/Contribution Quotient. This simple formula provides a score in a given year, showing the strata corporation's progress over time based on future contributions. This formula is simply a given year's reserve fund deficiency including outstanding loan balance, if any (D), divided by the same year's contributions, including interest (C), or D/C. Using this formula, the subject strata corporation has a DCQ as follows:

$$(\$432,407.41 + \$0.00) / (\$8,692.00 + \$101.03) = 49.2$$

2013 DCQ:
49.2

This quotient is not the number of years before the reserve fund is fully funded; though highly unlikely, the DCQ technically represents the multiple of the year's annual contributions that would eliminate the deficiency and fully fund the reserves. Practically, it is a stable measurement of the relative size of your annual reserve fund contributions compared to your "debt." A strata corporation that is making progress towards reducing their reserve fund deficiency will see their DCQ begin to decrease. A strata corporation that is fully funded has a DCQ of zero.

The vast majority of reserve consultants will use differing methodology, projections, assumptions, and algorithms in the development of their funding plan(s), particularly with respect to calculating the deficiency. Therefore this quotient should not be considered a reliable test to compare different strata corporations with each other, unless they have also been conducted by NLD Consulting – Reserve Fund Advisors. This formula is most useful in comparing the progress of the subject strata corporation over time.



6.4. Adequacy of Reserve Fund

The adequacy of the reserve fund may be defined as the sufficiency of the strata's cash resources (reserve fund balance, regular contributions, investment income, and planned special assessments) to fund needed repairs and replacements of reserve fund expenditures.

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

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

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

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

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

Therefore, a reserve fund deficiency or shortfall does not automatically mean that the reserve fund is not adequate. It is the judgment of the reserve fund planner to conclude whether the reserve fund is adequate or not. In our opinion, the current reserve fund and proposed contributions for VR 1551—"145 on Twelfth" under the cash flow table for "Adequate Funding", will be sufficient to fund all future repairs and replacements of the common elements and assets of the strata corporation. However, this model contains limited special assessments (as shown in the Cash Flow table) that were deemed unavoidable in conjunction with reasonable annual contributions.



7. Reserve Fund Management—30 Year Projections

7.1. Schedule C—30 Year Projected Cash Flow and Deficiency Analysis

The Reserve Fund - Projected Cash Flow and Deficiency Analysis presents a 30 year reserve fund projection showing cash positions, cash flows and cash expenditures in a form and detail, which conforms to financial statement presentation of reserve fund operations.

Opening Balance

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

Cash Flows

These are the regular recommended annual reserve fund contributions, loan draws, special assessments, and interest income.

Total Cash Resources

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

Cash Expenditures (Projected Future Expenditures)

These are annual expenditures listed in the reserve component 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 and every fiscal year, which is carried forward to the next year.

Deficiency Analysis

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



Schedule "C-1"—30 Year Reserve Fund Cash Flow Projection and Deficiency Analysis—Full Funding Model

Study Year: Construction: Number of Years in Study:	RESERVE FUND PROJECTION - MI YEAR - FULL FUNDING		Construction Inflation		De Facto Interest Rate		Inflation (CPI)		Form Year (FIR)		MID Consulting File R-1472		Minimum Balance (2013) \$		Default Contribution Increase				
	2013	1400	30	2.00%	2.00%	1.70%	1.70%	1.70%	1.70%	1.70%	2013	2013	2013	2013	2013	2013			
APR 2013	MAY 2013	NOV 2013	DEC 2013	APR 2014	MAY 2014	NOV 2014	DEC 2014	APR 2015	MAY 2015	NOV 2015	DEC 2015	APR 2016	MAY 2016	NOV 2016	DEC 2016	APR 2017	MAY 2017	NOV 2017	DEC 2017
OPENDING BALANCE	30,000																		
Recommended Annual Contribution Increase	0.0%																		
Recommended Annual Contribution	0.0%																		
Loan Draw	0.0%																		
Special Assessment	0.0%																		
Interest Rate	1.70%																		
Interest Income	0.0%																		
Total Cash Resources	30,000																		
Total Expenditures	30,000																		
Closing Balance	0.0%																		
DEFICIENCY ANALYSIS																			
Hypothetical Annual Contribution if Fully Funded From Day 1	0.0%																		
Fully Funded Closing Balance	0.0%																		
Reserve Fund Deficiency	0.0%																		
Deficiency / Contribution Quotient (D/CQ)	0.0%																		

Schedule "C-1"—Full Funding, Continued

RESERVE FUND PROJECTION - 30 YEAR - FULL FUNDING (CONTINUED)		2013																											
Study Year:		1965																											
Construction:		30																											
Number of Years in Study:		30																											
OPENING BALANCE	245,259	236,708	227,414	218,261	208,768	199,234	189,654	180,024	170,344	160,614	150,834	141,004	131,124	121,194	111,214	101,284	91,304	81,324	71,344	61,364	51,384	41,404	31,424	21,444	11,464	1,484	14,404		
Recommended Annual Contribution Increase	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
Recom-imp'd Annual Contribution	77,803	81,094	84,328	87,502	90,616	93,670	96,664	99,598	102,472	105,286	108,040	110,734	113,368	115,942	118,456	120,910	123,304	125,638	127,912	130,126	132,280	134,374	136,408	138,382	140,296	142,150	143,944	145,678	
Label Drags																													
Special Assessment	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026	1,026
Interest Rate	4,150	4,421	4,688	4,951	5,211	5,467	5,720	5,970	6,217	6,461	6,702	6,940	7,175	7,407	7,636	7,862	8,085	8,305	8,522	8,737	8,950	9,160	9,367	9,571	9,772	9,970	10,165	10,357	
Interest Income	11,839	11,892	11,945	11,997	12,049	12,101	12,152	12,203	12,254	12,305	12,355	12,405	12,455	12,505	12,555	12,605	12,655	12,705	12,755	12,805	12,855	12,905	12,955	13,005	13,055	13,105	13,155	13,205	13,255
Total Cash Resources	221,450	247,411	273,422	299,433	325,444	351,455	377,466	403,477	429,488	455,499	481,510	507,521	533,532	559,543	585,554	611,565	637,576	663,587	689,598	715,609	741,620	767,631	793,642	819,653	845,664	871,675	897,686	923,697	
Total Expenditures	20,732	0	24,961	49,921	74,881	99,841	124,801	149,761	174,721	199,681	224,641	249,601	274,561	299,521	324,481	349,441	374,401	399,361	424,321	449,281	474,241	499,201	524,161	549,121	574,081	599,041	624,001	648,961	
Closing Balance	220,718	247,411	273,422	299,433	325,444	351,455	377,466	403,477	429,488	455,499	481,510	507,521	533,532	559,543	585,554	611,565	637,576	663,587	689,598	715,609	741,620	767,631	793,642	819,653	845,664	871,675	897,686	923,697	
DEFICIENCY ANALYSIS																													
Hypothetical Annual Contribution if Fully Funded From Day 1	53,880	54,488	55,096	55,704	56,312	56,920	57,528	58,136	58,744	59,352	59,960	60,568	61,176	61,784	62,392	62,999	63,607	64,215	64,823	65,431	66,039	66,647	67,255	67,863	68,471	69,079	69,687	70,295	
Fully Funded Closing Balance	261,345	427,851	604,406	791,012	987,667	1,194,273	1,410,828	1,637,383	1,873,938	2,120,493	2,377,048	2,643,603	2,920,158	3,206,713	3,503,268	3,809,823	4,126,378	4,452,933	4,789,488	5,136,043	5,492,598	5,859,153	6,235,708	6,622,263	7,018,818	7,425,373	7,841,928	8,268,483	
Reserve Fund Deficiency	-210,086	-214,440	-218,794	-223,148	-227,502	-231,856	-236,210	-240,564	-244,918	-249,272	-253,626	-257,980	-262,334	-266,688	-271,042	-275,396	-279,750	-284,104	-288,458	-292,812	-297,166	-301,520	-305,874	-310,228	-314,582	-318,936	-323,290	-327,644	
Deficiency / Contribution Overhead (DOC)	4.6	5.0	5.3	5.6	5.9	6.2	6.5	6.8	7.1	7.4	7.7	8.0	8.3	8.6	8.9	9.2	9.5	9.8	10.1	10.4	10.7	11.0	11.3	11.6	11.9	12.2	12.5	12.8	

Schedule "C-1" -- Full Funding: Components

FULL FUNDING RESERVE COMPONENTS	Expected Lifespan (years)	Observed Condition (year)	Current Replacement Cost	Jan 2013	Feb 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028
				Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028
1. Substructure and Underground Storage	30	30	13,537																
2. Crossover Elevator Assemblies - Wood	30	20	3,238																
3. Crossover Elevator Assemblies - Metal	30	20	2,017																
4. Overhead Security Gate	25	15	7,092																
5. Vestibule Assembly - Screen Siding	35	25	6,480																
6. Vestibule Assembly (Phase 1)	30	25	20,394																
7. Vestibule Assembly (Phase 2)	30	9	26,894																
8. Canopy - Glass	30	24	21,475																
9. Curbwork and Weather-Drainage	7	2	4,534																
10. Entrance Doors (Phase 1)	30	25	30,889																
11. Entrance Doors (Phase 2)	30	19	30,889																
12. Railway Floor Construction - Wood	25	10	29,411																
13. Common Railway Ballast	25	10	12,748																
14. Roof Assembly - Porcelain Membrane	25	2	15,179																
15. Roof Assembly - Bituminous	25	7	14,192																
16. Roof Assembly - Asphalt / Fiberglass Tringle	30	14	44,460																
17. Skylights	30	20	6,697																
18. Columns & Downspouts	30	20	5,520																
19. Exterior Building Painting	18	10	30,871																
20. Interior Building Painting	30	1	4,534																
21. Interior Common Corridor Painting	12	3	15,405																
22. Interior Common Corridor Flooring - Stairwell	22	15	13,413																
23. Interior Common Corridor Flooring - Hallways	22	15	23,271																
24. Interior Common Area Lighting	25	15	6,623																
25. Lobby Renovation	24	4	19,487																
26. Elevator Cab Renovation	25	15	5,209																
27. Domestic Water Supply	25	4	2,581																
28. Sanitary System - Dry Garage entry	25	4	6,588																
29. Boiler - Domestic Hot Water	20	4	6,692																
30. Hot Water Storage Tanks	15	4	3,368																
31. Terminal & Packed Units - Air Handling (Phase 1)	22	15	13,772																
32. Terminal & Packed Units - Air Handling (Phase 2)	30	15	13,772																
33. Elevator Replacement - Hydraulic	30	20	53,916																
34. Pump Pump	10	5	3,409																
35. Electrical Distribution System and Fixtures	20	7	30,716																
36. Fire Alarm System - Interscan	20	15	6,677																
37. Fire Alarm System	15	1	14,405																
38. Storage Lockers	40	15	7,734																
39. Laundry Room	30	15	1,544																
40. Site Services - Sewer and Water	35	28	1,540																
41. Concrete Paving	30	28	1,520																
42. Concrete Paving - Walkways and Front Entry	20	18	1,112																
43. Concrete Paving	25	20	3,330																
44. Exterior Lighting	30	25	2,728																
45. Interior Landscaping	15	5	3,130																
46. Landscaping - Concrete	30	20	1,817																
47. Painting - Wood	30	7	13,830																
48. Painting - Steel	5	2	6,730																
49. Depreciation Reserve	3																		
Loan Repayment																			
Total Expenditures																			

Schedule "C-2" - 30 Year Reserve Fund Cash Flow Projection and Deficiency Analysis - Adequate Funding Model

	RESERVE FUND PROJECTION - 30 YEAR - ADEQUATE FUNDING												
	Study Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Construction	100												
Number of Years to Study	30												
Construction Inflation	2.00%												
Default Interest Rate	3.00%												
Inflation (CPI)	1.70%												
Stress Test Rate	Dec 21												
	© NLD Consulting File R-1472	Minimum Balance (2013) \$ 20,000.00 Default Contribution Increase 4.00%											
	Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025
OPENSE BALANCE	10,400	43,300	85,900	85,400	85,400	85,217	84,789	84,120	83,204	82,044	80,744	79,304	77,724
Recommended Annual Contribution Increase	0%	22%	17%	0%	0%	1%	1%	0%	0%	0%	0%	0%	0%
Recommended Annual Contribution	14,689	11,404	15,940	15,304	17,303	18,143	17,421	16,983	16,519	16,024	15,499	14,944	14,359
Loan Drawn	20,000	20,000				11,465	177,897	8,413		149,731	11,729		28,750
Special Assessment	1,000	1,700	2,000	2,200	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Interest Rate	5%	6%	5.5%	5.0%	4.5%	0	0	0	0	0	0	0	0
Interest Income	500	640	1,100	1,100	1,100	0	0	0	0	0	0	0	0
Total Cash Resources	65,589	76,074	88,940	86,704	102,703	103,677	103,699	101,124	98,773	96,368	93,867	91,344	88,789
Total Expenditures	23,204	6,699	1,670	2,400	15,400	240,776	108,600	15,610	10,883	41,703	271,777	48,888	6,380
Closing Balance	42,385	69,375	87,270	84,304	87,303	21,799	21,079	21,079	21,079	21,079	21,079	21,079	21,079
DEFICIENCY ANALYSIS													
Hypothetical Annual Contribution If Fully Funded From Day 1	30,381	30,720	30,940	30,907	30,867	30,823	30,674	30,489	30,260	30,007	29,730	29,428	29,103
Fully Funded Closing Balance	479,813	517,139	565,385	627,630	698,829	786,024	888,146	1,004,193	1,135,245	1,281,307	1,443,376	1,613,451	1,791,031
Reserve Fund Deficiency	-423,427	-448,769	-478,115	-543,326	-601,526	-574,175	-667,067	-582,968	-513,166	-430,689	-331,699	-220,335	-102,248
Deficiency / Contribution Over/Under (DOO)	25.1	27.1	28.9	30.8	28.6	28.7	23.8	23.7	20.7	20.1	17.7	14.9	12.1

Schedule "C-2" -- Adequate Funding, Continued

Reserve Fund Projection - 30 year Minimum/Adequate Hybrid (CONTINUED)																		
Study Year:	2013																	
Commission:	1983																	
Number of Years in Study:	30																	
		Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028	Jan 2029	Jan 2030
OPENDING BALANCE		14,354	71,059	135,479	198,098	258,099	315,059	370,491	424,905	478,704	531,388	583,457	634,411	683,759	731,911	779,269	825,334	870,516
Recommended Annual Contribution Increase		100	200	300	400	500	600	700	800	900	1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700
Recommended Annual Contribution		50,961	60,000	63,408	66,510	69,290	71,840	74,160	76,260	78,140	79,800	81,240	82,460	83,360	84,040	84,500	84,740	84,760
Loan Drawn																		
Special Assessment																		
Interest Rate		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Interest Income		451	1,131	1,638	2,080	2,460	2,776	3,028	3,216	3,340	3,400	3,400	3,340	3,216	3,028	2,776	2,460	2,080
Total Cash Resources		65,366	73,179	76,047	78,590	80,750	82,516	83,916	84,960	85,660	86,000	86,080	85,800	85,160	84,160	82,740	80,900	77,760
Total Disbursements		61,709	0	30,861	24,961	21,960	19,460	17,460	15,960	14,960	14,460	14,160	14,000	13,960	13,960	13,960	13,960	13,960
Closing Balance		71,059	135,479	198,098	258,099	315,059	370,491	424,905	478,704	531,388	583,457	634,411	683,759	731,911	779,269	825,334	870,516	915,516
DEFICIENCY ANALYSIS																		
Recommended Annual Contribution if Fully Funded From Day 1		51,055	54,460	56,552	57,380	57,920	58,184	58,200	57,964	57,424	56,584	55,344	53,704	51,664	49,224	46,384	43,144	39,504
Fully Funded Closing Balance		551,345	620,881	674,466	714,412	742,463	760,268	768,373	767,270	756,363	736,149	707,200	670,200	625,800	574,600	517,400	454,800	387,600
Reserve Fund Deficiency		-480,959	-489,476	-494,600	-497,423	-498,403	-497,480	-494,416	-489,160	-472,400	-443,600	-403,800	-353,000	-291,200	-219,200	-137,600	-57,300	102,000
Deficiency / Contribution Options (DOO)		9.6	7.8	7.8	7.2	6.9	6.7	6.6	6.6	6.6	6.7	6.8	6.9	7.0	7.1	7.2	7.3	7.4

Schedule "C-2" -- Adequate Funding: Components

ADEQUATE FUNDING RESERVE COMPONENTS	Expected Lifespan (Years)	Current Condition (Years)	Current Replacement Cost	Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028
				(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
1. Indestructible and Underground Storage	30	20	14,539																
2. Common Door Assemblies - Wood	30	20	3,280																
3. Common Door Assemblies - Metal	30	20	2,917																
4. Overhead Security Gate	25	15	7,091																
5. Vell Assemblies - Glass Sliding	35	25	14,407																
6. Window Assemblies (Phase 1)	30	25	38,384																
7. Window Assemblies (Phase 2)	30	8	38,384																
8. Corridor - Glass	30	24	23,073																
9. Cracking and Weather-Resisting	7	2	4,291																
10. Railway Doors (Phase 1)	30	25	38,384																
11. Railway Doors (Phase 2)	30	19	38,384																
12. Railway Floor Construction - Wood	25	10	15,461																
13. Common Railway Rollups	25	10	12,749																
14. Roof Assembly - Porcelain Membrane	25	2	13,179																
15. Roof Assembly - Bitumens	25	7	24,392																
16. Roof Assembly - Asphalt / Fiberglass Shingle	30	14	64,481																
17. Skylights	30	30	6,887																
18. Staircase & Downspouts	30	30	5,439																
19. Exterior Building Finishing	30	30	20,031																
20. Exterior Building Finishing	30	1	6,008																
21. Interior Common Corridor Finishing	12	8	18,849																
22. Interior Common Corridor Finishing - Stairwell	22	18	13,813																
23. Interior Common Corridor Finishing - Hallways	22	15	22,571																
24. Interior Common Area Lighting	25	15	6,026																
25. Lobby Renovation	24	4	13,487																
26. Elevator Cab Renovation	25	15	5,479																
27. Domestic Sewer System	25	4	2,811																
28. Dumpster System - Dry Luggage (M2)	25	4	8,289																
29. Boiler - Domestic Hot Water	30	4	6,897																
30. Hot Water Storage Tanks	13	4	3,386																
31. Terminal & Packaged Units - Air Handling (Phase 1)	20	11	12,772																
32. Terminal & Packaged Units - Air Handling (Phase 2)	20	13	12,772																
33. Elevator Replacement - Hydraulic	30	20	53,818																
34. Pump Pump	15	6	3,838																
35. Electrical Distribution System and Fixtures	20	7	10,718																
36. Entry System - Intercom	30	13	8,477																
37. Fire Alarm System	15	1	24,695																
38. Storage Lockers	40	13	7,294																
39. Laundry Room	30	13	5,044																
40. Sign Services - Signer and Water	35	28	1,640																
41. Concrete Paving	30	28	1,350																
42. Concrete Paving - Walkways and Front Entry	20	19	4,512																
43. Concrete Paving	25	20	3,335																
44. Exterior Lighting	30	20	2,738																
45. Exterior Landscaping	15	8	3,197																
46. Exterior Wall - Concrete	30	20	1,817																
47. Finishing - Wood	30	7	13,510																
48. Finishing - Stone	5	2	9,792																
49. Inspection Report	3																		
Loan Repayment																			
Total Depreciation																			

Schedule "C-2"—Adequate Funding: Components, Continued

Reserve Fund Projection - 30-year Minimum/Adequate Hybrid	Reserve Components		
	Expected Lifespan (Years)	Observed Condition (Years)	Current Replacement Cost
1 Substructures and Underground Storage	30	30	16,329
2 Common Door Assemblies - Wood	30	30	1,256
3 Common Door Assemblies - Metal	30	30	3,817
4 Overhead Security Gate	25	25	7,082
5 Vestibule Assemblies - Storm Siding	25	25	64,550
6 Window Assemblies (Phase 1)	30	25	26,384
7 Window Assemblies (Phase 2)	30	8	26,384
8 Canopy - Glass	30	24	22,476
9 Counting and Weather Stripging	7	3	6,001
10 Balcony Doors (Phase 1)	30	25	30,889
11 Balcony Doors (Phase 2)	30	39	30,889
12 Balcony Floor Construction - Wood	25	30	55,421
13 Common Balcony Railings	25	30	12,748
14 Roof Assembly - Parade Membrane	25	7	15,178
15 Roof Assembly - Staircases	25	7	34,382
16 Roof Assembly - Asphalt / Fiberglass Single	30	14	64,892
17 Driveways	30	20	5,827
18 Outlets & Disconnects	30	20	5,823
19 Exterior Building Painting	18	10	30,331
20 Interior Building Painting	20	1	4,836
21 Interior Common Corridor Painting	12	3	15,845
22 Interior Common Corridor Flooring - Stairwells	22	28	18,812
23 Interior Common Corridor Flooring - Hallways	22	25	22,272
24 Interior Common Area Lighting	25	15	6,903
25 Lobby Reception	24	4	23,467
26 Elevator Cab Renovation	25	15	6,309
27 Domestic Water Supply	25	4	24,864
28 Sanitary System - Dry (garage entry)	25		6,188
29 Boiler - Domestic Hot Water	20	4	6,887
30 Hot Water Storage Tanks	15	4	3,148
31 Terminal & Packaged Units - Air Handling (Phase 1)	20	11	12,772
32 Terminal & Packaged Units - Air Handling (Phase 2)	20	13	12,772
33 Elevator Replacement - Hydraulic	20	20	53,816
34 Sump Pump	15	6	3,826
35 Electrical Distribution System and Pendants	20	7	92,745
36 Entry System - Intercom	20	11	8,877
37 Fire Alarm System	15	1	64,885
38 Storage Lockers	40	15	7,734
39 Laundry Room	30	15	1,264
40 Site Services - Sewer and Water	15	28	1,640
41 Concrete Parking	30	28	1,928
42 Concrete Parking - Walkways and Front Entry	30	28	4,512
43 Concrete Paths	30	20	3,125
44 Exterior Lighting	30	25	3,728
45 Exterior Landscaping	15	8	2,180
46 Retaining Walls - Concrete	30	20	1,817
47 Fencing - Wood	30	7	12,510
48 Fencing - Metal	5	2	6,730
49 Degradation Repairs	3		
Lease Requirement			
Total Requirements			

PROJECTED FUTURE EXPENDITURES (LOWEST COST)														
Jan 2013- Dec 2013	Jan 2014- Dec 2014	Jan 2015- Dec 2015	Jan 2016- Dec 2016	Jan 2017- Dec 2017	Jan 2018- Dec 2018	Jan 2019- Dec 2019	Jan 2020- Dec 2020	Jan 2021- Dec 2021	Jan 2022- Dec 2022	Jan 2023- Dec 2023	Jan 2024- Dec 2024	Jan 2025- Dec 2025		
			7,750					9,413						
						26,645								
		64,209						124,689						
			8,170		55,495									
				26,338				25,829			49,687			
					23,866									
					39,130			17,233						
20,729								7,215			25,438			
								25,478						
									3,262					
								57,284						
								15,426			55,644			
					8,689									
												7,246		
							3,876							
											16,314			
		14,382					16,477							
20,729	8	26,062	10,824	23,898	75,497	109,623	45,519	1,082	75,703	129,962	3	20,416	110,819	7,126

Schedule "C-3"--30 Year Reserve Fund Cash Flow Projection and Deficiency Analysis--Minimum Funding Model

RESERVE FUND PROJECTION - 30 YEAR - MINIMUM FUNDING		Construction Inflation	© NLD Consulting		Minimum Balance (\$000)	Default Contribution Increase														
Study Year:	303	3.00%	File R-1472		\$		1.70%													
Construction:	1980																			
Number of Years in Study:	30																			
		Jan 2013	Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028	Jan 2029	Jan 2030	
		Dec 2012	Dec 2013	Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2030
OPENING BALANCE		30,470	41,898	49,382	54,845	59,339	63,380	0	0	0	0	0	0	0	0	0	0	0	0	0
Recommended Annual Contribution Increase		N/A	-6%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Recommended Annual Contribution		24,589	8,462	8,880	9,348	9,766	9,998	9,612	9,701	9,847	10,134	10,388	10,483	10,641	10,822	11,008	11,182	11,354	11,502	11,682
Less: Drivers																				
Special Assessment		20,000																		
Interest Rate		1,308	1,781	2,026	2,208	2,308	2,378	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408	2,408
Interest Income		308	545	693	808	902	978	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Resources		65,365	50,886	58,871	64,961	69,455	73,728	73,000	73,701	74,654	75,742	76,950	77,721	78,649	79,641	80,700	81,828	83,026	84,294	85,632
Total Expenditures		34,924	42,422	49,502	54,845	59,339	63,380	63,380	63,380	63,380	63,380	63,380	63,380	63,380	63,380	63,380	63,380	63,380	63,380	63,380
Closing Balance		30,441	8,466	9,369	10,116	10,119	10,119	0	0	0	0	0	0	0	0	0	0	0	0	0
DEFICIENCY ANALYSIS																				
Hypothetical Annual Contribution if Fully Funded From Day 1		35,881	35,710	35,549	35,387	35,226	35,133	35,074	35,048	35,048	35,048	35,048	35,048	35,048	35,048	35,048	35,048	35,048	35,048	35,048
Petty Funded Closing Balance		473,413	517,138	565,301	607,690	644,639	666,354	674,448	674,448	674,448	674,448	674,448	674,448	674,448	674,448	674,448	674,448	674,448	674,448	674,448
Reserve Fund Deficiency		-462,972	-471,787	-474,782	-474,130	-473,630	-473,264	-472,964	-472,726	-472,544	-472,416	-472,342	-472,318	-472,318	-472,318	-472,318	-472,318	-472,318	-472,318	-472,318
Deficiency / Contribution Quotient (D/CQ)		28.3	28.0	27.7	27.4	27.2	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1

Schedule "C-3"--Minimum Funding, Continued

RESERVE FUND PROJECTION - 30 YEAR - MINIMUM FUNDING (CONTINUED)																		
Study Year:		2013																
Contributions:		1360																
Number of Years in Study:		30																
		Jan 2014	Jan 2015	Jan 2016	Jan 2017	Jan 2018	Jan 2019	Jan 2020	Jan 2021	Jan 2022	Jan 2023	Jan 2024	Jan 2025	Jan 2026	Jan 2027	Jan 2028	Jan 2029	Jan 2030
OPENING BALANCE		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recommended Annual Contribution Increase		26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Recommended Annual Contribution		11,890	11,879	11,779	11,679	11,577	11,484	11,389	11,292	11,193	11,091	10,987	10,881	10,773	10,663	10,551	10,437	10,321
Less Drawn																		
Special Assessment			45,524	1,028	11,223	24,322	39,428	55,471	71,477	87,364	103,051	118,558	133,895	149,072	164,099	179,076	193,993	208,850
Interest Earnings		3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026	3,026
Interest Income		0	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Receipts		11,890	11,930	15,803	14,927	14,599	14,490	14,389	14,289	14,188	14,087	13,986	13,885	13,784	13,683	13,582	13,481	13,380
Total Disbursements		0	0	46,552	12,249	25,348	40,454	55,551	70,648	85,745	100,842	115,939	131,036	146,133	161,230	176,327	191,424	206,521
Closing Balance		0	11,890	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DEFICIENCY ANALYSIS																		
Hypothetical Annual Contribution if Fully Funded From Day 1		61,653	64,485	66,322	67,260	68,205	69,154	70,103	71,054	72,004	72,954	73,904	74,854	75,804	76,754	77,704	78,654	79,604
Fully Funded Closing Balance		201,245	623,251	624,486	684,152	738,032	745,768	717,370	708,353	698,488	688,683	678,932	669,239	659,604	649,927	640,308	630,745	621,238
Reserve Fund Deficiency		-470,041	-454,351	-424,494	-484,917	-749,022	-943,768	-1,222,270	-1,504,823	-1,791,468	-2,082,214	-2,377,061	-2,675,908	-2,978,755	-3,285,602	-3,596,449	-3,911,296	-4,230,143
Deficiency / Contribution Quotient (DQ)		-48.4	-38.8	-35.9	-41.1	-65.7	-66.1	-77.6	-83.1	-83.8	-85.2	-86.6	-88.0	-89.4	-90.8	-92.2	-93.6	-95.0

Schedule "C-3"--Minimum Funding; Components

MINIMUM FUNDING RESERVE COMPONENTS	Specified Lifespan (Years)	Observed Condition (Years)	Current Replacement Cost	PROJECTED FUTURE EXPENDITURES																			
				Jan 2014-Dec 2014	Jan 2015-Dec 2015	Jan 2016-Dec 2016	Jan 2017-Dec 2017	Jan 2018-Dec 2018	Jan 2019-Dec 2019	Jan 2020-Dec 2020	Jan 2021-Dec 2021	Jan 2022-Dec 2022	Jan 2023-Dec 2023	Jan 2024-Dec 2024	Jan 2025-Dec 2025	Jan 2026-Dec 2026	Jan 2027-Dec 2027	Jan 2028-Dec 2028					
1. Infrastructure and Underground Garage	30	30	16,329																		16,329		
2. Common Door Assemblies - Metal	30	30	3,291																			3,291	
3. Common Door Assemblies - Wood	30	30	2,917																			2,917	
4. Checkered Security Gate	25	15	2,880																			2,880	
5. Metal Assemblies - Interior Balcony	30	25	69,685																			69,685	
6. Entrance Assemblies (Phase 1)	30	30	30,361																			30,361	
7. Entrance Assemblies (Phase 2)	30	8	26,384																			26,384	
8. Canopy - Glass	30	24	21,078																			21,078	
9. Sealing and Weather-Stripping	7	2	4,580																			4,580	
10. Balcony Doors (Phase 1)	30	25	30,969																			30,969	
11. Balcony Doors (Phase 2)	30	19	30,989																			30,989	
12. Balcony Floor Construction - Wood	25	30	65,411																			65,411	
13. Common Balcony Balings	25	10	12,749																			12,749	
14. Roof Assembly - Parquet Membrane	25	2	18,179																			18,179	
15. Roof Assembly - Bituminous	25	7	34,192																			34,192	
16. Roof Assembly - Asphalt / Fiberglass Shingles	30	14	64,645																			64,645	
17. Staircases	30	20	6,007																			6,007	
18. Stairs & Developments	30	30	3,628																			3,628	
19. Interior Building Finishing	18	10	30,381																			30,381	
20. Interior Brickwork Finishing	30	1	6,830																			6,830	
21. Interior Common Corridor Finishing	12	1	13,055																			13,055	
22. Interior Common Corridor Flooring - Stairwells	22	18	13,812																			13,812	
23. Interior Common Corridor Flooring - Hallways	22	15	21,171																			21,171	
24. Interior Common Area Lighting	25	15	5,633																			5,633	
25. Lobby Reception	24	4	13,427																			13,427	
26. Elevator Cab Renovation	25	15	6,235																			6,235	
27. Domestic Water Supply	25	4	23,611																			23,611	
28. Sanitary Systems - Dry (garage only)	25		8,289																			8,289	
29. Heater - Domestic Hot Water	30	4	6,897																			6,897	
30. Hot Water Storage Tanks	15	4	3,899																			3,899	
31. Transfer & Packaged Units - Air Handling (Phase 1)	20	12	23,772																			23,772	
32. Transfer & Packaged Units - Air Handling (Phase 2)	20	15	13,772																			13,772	
33. Elevator Replacement - Hydraulic	30	30	13,814																			13,814	
34. Pump Pans	15	6	3,678																			3,678	
35. Sprinkler Distribution System and Fittings	25	7	32,238																			32,238	
36. Fire Alarm System	15	1	14,835																			14,835	
37. Storage Lockers	40	15	7,734																			7,734	
38. Laundry Room	30	15	1,544																			1,544	
39. Hot Services - Sewer and Water	35	35	1,540																			1,540	
40. Concrete Finishing	30	28	1,575																			1,575	
41. Concrete Finishing - Hallways and Front Entry	30	18	4,811																			4,811	
42. Concrete Pad	25	20	3,128																			3,128	
43. Interior Lighting	30	25	2,738																			2,738	
44. Interior Landscaping	15	8	2,170																			2,170	
45. Restroom - Common	30	30	1,917																			1,917	
46. Finishing - Wood	30	7	12,510																			12,510	
47. Finishing - Stone	5	2	6,750																			6,750	
48. (Communication Report)	3																						
Loan Repayment																							
Total Expenditures				3,554	6,423	1,400	1,400	31,670	30,724	10,400	51,657	13,057	41,702	20,770	45,082	6,000	16,720	21,571	102,334				

Schedule "C-3" - Minimum Funding Components, Continued

MINIMUM FUNDING	Reported Life span (years)	Reserved Condition (years)	Current Replacement Cost
3. Infrastructure and Underground Damage	30	20	34,228
1. Common Door Assemblies - Wood	30	20	1,254
3. Common Door Assemblies - Metal	10	20	3,817
4. Overhead Facility Site	25	15	7,280
3. Wall Assemblies - Struct. Jct'g	35	25	64,952
4. Window Assemblies (Phase 1)	30	25	26,184
7. Window Assemblies (Phase 2)	30	8	26,184
8. Canopy - Glass	30	34	22,475
4. Ceiling and Weather Clipping	7	2	4,381
11. Baloney Doors (Phase 1)	30	25	30,989
11. Baloney Doors (Phase 2)	30	19	30,989
12. Baloney Floor Construction - Wood	25	30	85,411
12. Common Baloney Railings	25	20	12,749
14. Roof Assembly - Porch/Membrane	25	2	15,179
15. Roof Assembly - Wharfrts	25	7	34,132
16. Roof Assembly - Asphalt / Fiberglass Drngle	20	14	64,885
17. Driveways	30	30	9,887
18. Drivert & Downspouts	30	30	5,823
19. Exterior Building Painting	16	10	30,333
20. Interior Refinsh/Painting	20	1	4,856
21. Interior Common Corridor Painting	13	3	15,845
23. Interior Common Corridor Flooring - Stairwells	22	18	13,833
23. Interior Common Corridor Flooring - Hallways	22	15	25,771
24. Interior Common Area Lighting	25	15	6,501
25. Lobby Reception	24	4	13,467
26. Elevator Cab Renovation	25	15	6,309
27. Domestic Water Supply	25	4	24,913
28. Sanitary System - Dry Garage entry	25		6,088
28. Boiler - Domestic Hot Water	30	4	6,887
30. Hot Water Storage Tanks	15	4	3,588
31. Terminal & Packaged Units - Air Handling (Phase 1)	20	11	12,772
31. Terminal & Packaged Units - Air Handling (Phase 2)	20	15	12,772
33. Elevator Replacement - Hydraulic	30	30	53,898
34. Storage Pump	15	9	1,908
36. Electrical Distribution System and Pictures	20	7	16,728
36. Fire System - Intertec	20	13	9,877
37. Fire Alarm System	15	1	14,829
38. Storage Lockers	40	15	7,794
38. Security Doors	30	15	1,844
40. Site Services - Sewer and Water	35	28	1,640
41. Concrete Parking	30	28	1,506
42. Concrete Parking - Walkways and Front Entry	20	19	4,512
42. Concrete Pave	25	20	4,123
44. Exterior Lighting	30	25	2,728
46. Interior Landscaping	15	8	2,150
46. Acoustic Walls - Concrete	30	20	1,917
47. Handing - Steel	30	7	12,512
48. Fencing - Stone	5	2	4,730
49. Regeneration Report	1		
Leak Requirement			
Total Obligations			

PROJECTED FUTURE EXPENDITURES (CONTINUED)

Jan 2014	Apr 2014	Jul 2014	Oct 2014	Jan 2015	Apr 2015	Jul 2015	Oct 2015	Jan 2016	Apr 2016	Jul 2016	Oct 2016	Jan 2017	Apr 2017	Jul 2017	Oct 2017	Jan 2018	Apr 2018	Jul 2018	Oct 2018	Jan 2019	Apr 2019	Jul 2019	Oct 2019	Jan 2020	Apr 2020	Jul 2020	Oct 2020		
29,720	0	74,381	14,814	21,240	21,407	71,407	168,421	45,128	7,881	74,793	179,664	0	18,714	244,328	7,148														

The proposed reserve fund expenditures in the 30 Year Cash Flow Projections are guidelines in terms of timing, based on the life span analysis.

Reserve fund expenditures are the responsibility of management and should readily be varied to conform to actual management and maintenance plans. They should not be dogmatically interpreted.

7.2. Future Reserve Fund Management

Plan for Future Funding—Strata Property Act

The Act provides that the Strata Council are obliged to contribute to a plan for future funding of the reserve fund; however, they are not bound by the recommendations of the reserve fund planner, to wit:

Contributions to contingency reserve fund

- 6.1 For the purposes of section 93 of the Act, the amount of the annual contribution to the contingency reserve fund for a fiscal year, other than the fiscal year following the first annual general meeting, must be determined as follows:
- (a) if the amount of money in the contingency reserve fund at the end of any fiscal year after the first annual general meeting is less than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, the annual contribution to the contingency reserve fund for the current fiscal year must be at least the lesser of:
 - (i) 10% of the total amount budgeted for the contribution to the operating fund for the current fiscal year, and
 - (ii) the amount required to bring the contingency reserve fund to at least 25% of the total amount budgeted for the contribution to the operating fund for the current fiscal year:
 - (b) if the amount of money in the contingency reserve fund at the end of any fiscal year after the first annual general meeting is equal to or greater than 25% of the total amount budgeted for the contribution to the operating fund for the fiscal year that has just ended, additional contributions to the contingency reserve fund may be made as part of the annual budget approval process after consideration of the depreciation report, if any, obtained under section 94 of the Act.



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

8. Recommendations

NLD Consulting – Reserve Fund Advisors' recommendations, set out below and detailed in this report, will assist the corporation to achieve and maintain an adequate reserve fund.

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. The reserve fund contribution should be increased to \$11,424.00 per annum in the year ending on December 31, 2014 and thereafter by the amounts detailed in the "Cash Flow Table—Adequate Funding", each subsequent year, in order to achieve a funding plan which minimizes the potential for special assessments.
4. The reserve fund should be fully invested in guaranteed long-term securities per the strata property act, at the maximum available rate.
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 Depreciation Report every three (3) years, as per the regulations of the BC Strata Property Amendment Act, 2009 unless future regulation requires an alternate schedule of updates.



Appendix A—Qualifications



Michael LaPorte, AACI, P.App., CRP
NLD Consulting – Reserve Fund Advisors

Education:

- | | | |
|---|--|------|
| ❖ | Langara College | 1989 |
| | - Realty Appraisal Program Certificate | |
| ❖ | Langara College | 1992 |
| | - Real Estate Sales and Marketing | |
| ❖ | Appraisal Institute of Canada | 1995 |
| | - Residential Demonstration Report – attained CRA Designation | |
| ❖ | University of British Columbia | 2002 |
| | - Faculty of Commerce and Business Administration – Real Estate Division | |
| | - Commercial Demonstration Report – attained AACI Designation | |
| ❖ | Appraisal Institute of Canada | 2005 |
| | - Expert Witness Seminar | |
| ❖ | Real Estate Institute of Canada | 2011 |
| | - Institute of Real Estate Studies | |
| ❖ | Real Estate Institute of Canada | 2011 |
| | - Ethics and Business Practice Curriculum | |
-

Designations and Certificates:

- | | | |
|---|---|------|
| ❖ | Certified Reserve Planner – Real Estate Institute of Canada | 2011 |
| ❖ | AACI – Accredited Appraiser of the Canadian Institute | 2002 |
| ❖ | P.App. – Professional Appraiser | 2002 |
| ❖ | CRA – Canadian Residential Appraiser | 1995 |
-



Professional Experience:

- ❖ Royal LePage – Residential Appraisal Division 1989
 - Real Estate Consulting and Appraisal of residential properties

 - ❖ Campbell & Pound (1988) Ltd. 1989 – 1995
 - Real Estate Consulting and Appraisal of residential properties

 - ❖ Niemi LaPorte & Dowle Appraisals Ltd. 1995 – Current
 - Real Estate Consulting and Appraisal of residential and IC&I properties
 - Management of Staff
 - Development of Business

 - ❖ Niemi LaPorte & Dowle - Whistler Appraisal Group Ltd. 1999 – Current
 - Real Estate Consulting and Appraisal of residential and IC&I properties
 - Management of Staff
 - Development of Business
 -

 - ❖ Niemi LaPorte & Dowle Appraisals Ltd – Fraser Valley 2007 – Current
 - Real Estate Consulting and Appraisal of residential and IC&I properties
 - Management of Staff
 - Development of Business

 - ❖ Niemi LaPorte & Dowle Appraisals Ltd - Victoria 2011 – Current
 - Real Estate Consulting and Appraisal of residential and IC&I properties
 - Management of Staff
 - Development of Business

 - ❖ NLD Consulting – Reserve Fund Advisors 2010 – Current
 - Depreciation Report and Reserve Fund Studies/Consulting
 - Management of Staff
 - Development of Business
-



Memberships:

❖	Professional Association of Managing Agents	2010 – Current
❖	Condominium Home Owners Association	2010 – Current
❖	Strata Property Agents of BC	2010 – Current
❖	Expropriation Association of BC.	2010 – Current
❖	Real Estate Institute of Canada	2010 – Current
❖	Mortgage Investment Brokers Association of BC.	2008 – Current
❖	Real Estate Institute of BC	1998 – Current
❖	Mortgage Brokers Association of BC.	1998 – Current
❖	Appraisal Institute of Canada	1989 – Current

Court Experience:

- ❖ Supreme Court of British Columbia



Appendix B—Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)



Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP)

CUSPAP comprises four standards, each containing rules, comments, practice notes, and definitions. These Standards are the Ethics Standard, Appraisal Standard, Review Standard, and Consulting Standard. A Reserve Fund Study falls under the Consulting Standard of the Appraisal Institute of Canada (AIC) CUSPAP rules. More specifically, CUSPAP Section 11.11 states that in performing a reserve fund study, a consultant must:

- | | |
|--------------|--|
| 11.11.1.i. | define and delineate the pertinent components to be covered by the Reserve Fund Study; |
| 11.11.1.ii. | prepare a benchmark analysis; |
| 11.11.1.iii. | prepare a cash flow projection; |
| 11.11.1.iv. | consider and report on any apparent deficiency in reserve fund contributions; |
| 11.11.1.v. | prepare a reserve fund model. |

The Practice Notes section of CUSPAP States:

- 12.48.1** "Since Reserve Fund Studies are completed to provide financial planning advice, the consulting service should consider the stated policies in the condominium corporation defining those components to be covered by the study and incorporate a comprehensive benchmark analysis including life cycle analysis, current and future replacement costs and future reserve fund accumulations. The Study should provide comments on any apparent deficiency in the reserve fund account or in future reserve fund accumulation, along with a cash flow model covering an appropriate time frame."

Additionally, a signed certification must be included, and this certification must clearly specify which individual(s) did or did not make a personal inspection of the subject property. Additionally, the report must be signed or co-signed by an accredited member of the AIC holding the designation AACI, P. App.



Consulting Standard Rules:

In the Completion of the Reserve Fund Study, the consultant must:

- Identify the client and other intended users by name:
 - Client: VR 1551—"145 on Twelfth", c/o C & C Property Group Ltd.
- Identify the intended use of the opinions and conclusions:
 - To enable the Strata Council to implement a long-term reserve fund strategy.
- Identify the purpose of the consultation:
 - To provide the Strata Corporation with a funding plan based on a 30 year reserve fund study.
- Identify the real estate / property under consideration, if any:
 - 145 East 12th Street, North Vancouver, BC
 - VR 1551—"145 on Twelfth"
- Identify the effective date of the consulting service:
 - April 16, 2013
- Identify the date of the report:
 - October 30, 2013
- Identify the scope of work and the extent of the data collection process:
 - The scope of work included an inspection of the subject building, particularly the common area components, which have been considered reserve components within this report. Research as to the actual/effective age of each component was undertaken, as well as an estimate as to the remaining life expectancy and quantity of each. Where available, relevant plans such as architectural, structural and/or mechanical, plumbing, and electrical drawings have been reviewed, as well as the subject strata plan. Current cost estimates are based on costs obtained from costing manuals such as RS Means or Marshall & Swift and discussions with industry professionals. Interest rates and inflation rates have been estimated using the methodology described in the related sections of this report. Further information on the scope of work is described throughout the report.



- Identify all assumptions and limiting conditions:
 - See page 14.
- Identify any hypothetical conditions (including proposed improvements):
 - No hypothetical conditions are invoked, unless otherwise indicated.
- Collect, verify, reconcile, and report all pertinent data as may be required to complete the consulting service:
 - This rule has been adhered to throughout the pertinent sections of the report.
- Describe and apply the consulting procedures relevant to the assignment:
 - This rule has been adhered to throughout the pertinent sections of the report.
- Detail the reasoning that supports the analysis, opinions, and conclusions:
 - This rule has been adhered to throughout the pertinent sections of the report.
- Report the consultant's final conclusions/recommendations (if any):
 - Please refer to the pertinent section(s) of the report.
- Include a signed certification:
 - See page 13.



Appendix C—Projected Rates: Construction Cost Index, CPI, and Interest Rates

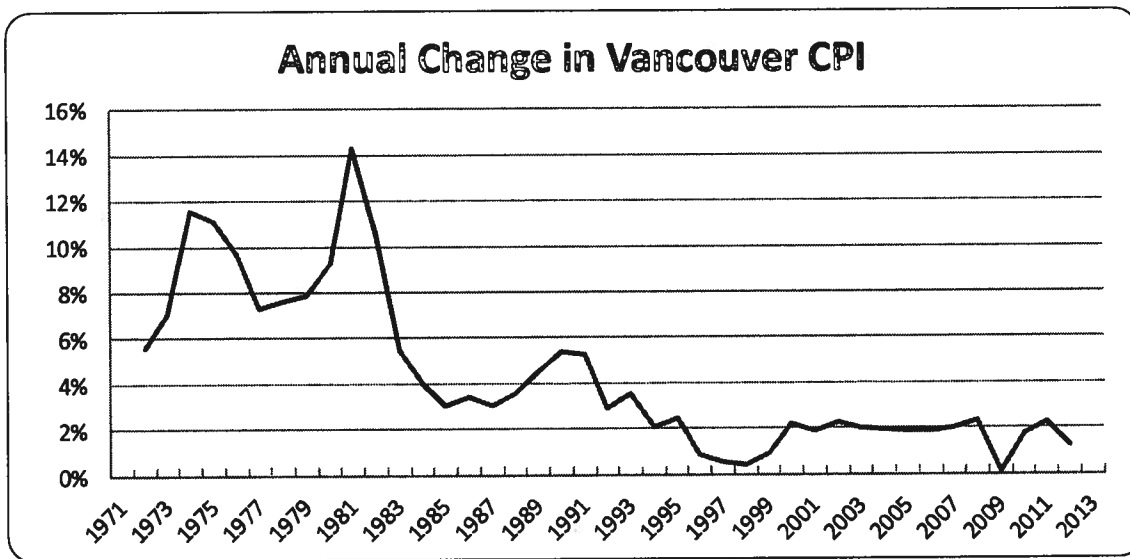


Appendix C, Part 1 - Forecasting the Consumer Price Index

Annual Data on the Consumer Price Index (CPI) for Vancouver, BC are available from 1971 to 2012. However, inflation data collected prior to 1992 are likely poor predictors of future inflation.

In 1991 the Government of Canada and the Bank of Canada set a goal to reduce national inflation from about 5% to 2% by 1995. Although national inflation climbed close to 7% in 1991, it dropped to 1.6% in 1992. Since then, the goal has been to keep national inflation between 1% and 3% with an average of 2%. To reflect this important change in inflation policy, we have elected to use CPI data from 1992 to 2012.

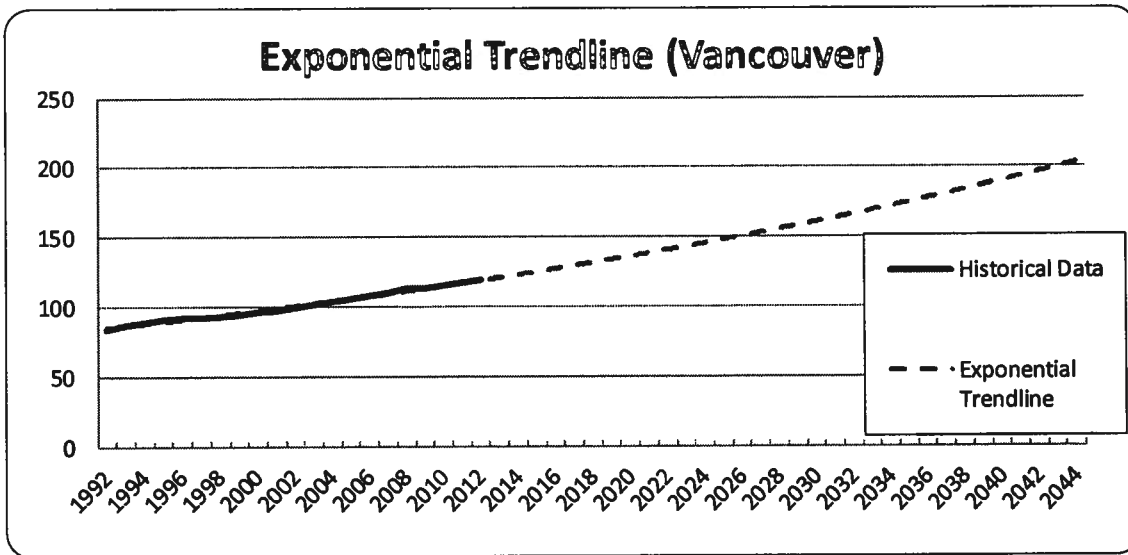
The following graph illustrates how Vancouver CPI has changed since 1971.



We computed an exponential line using a mathematical technique called Least Squares Regression on the indices since 1992. This minimizes the regression line's total distance from each point, giving an exponential line-of-best-fit. This exponential trendline was forecasted 31 years into the future.

The following graph illustrates the forecasted CPI indices for Vancouver, BC.





While the exponential trendline uses a constant rate of increase, we cannot simply use that rate as our expected annual rate of CPI increase. Doing so would place too much emphasis on the previous year's data.

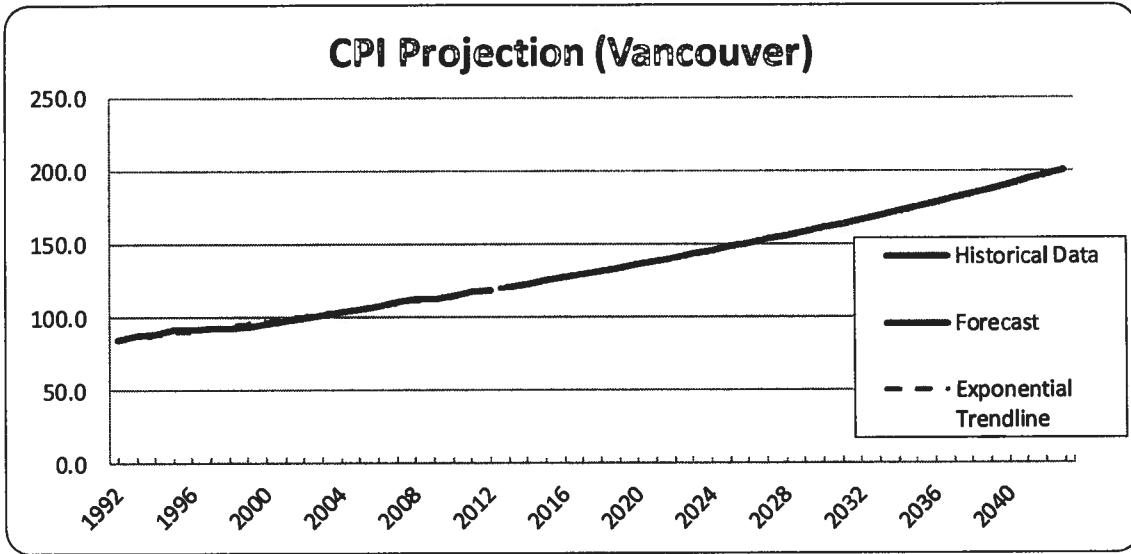
Instead, we plotted our forecasted indices on the exponential trendline and calculated an average annual increase. When the current year's index is higher than expected this has a tendency to skew the next 30 years' indices slightly above the exponential trendline, and slightly below for the years after that. The reverse is true for years when the previous year's index is lower than expected. This discrepancy is usually very minor, and the technique can often be more accurate, given that annual inflation rates are not independent of one another.

We calculated an average annual CPI increase of 1.69% based on a year-one increase of 1.69% with subsequent increases of 1.69%.

This was adjusted qualitatively due to the imprecise nature of economic forecasting. Our average expected annual rate of CPI increase in Vancouver, BC for the next 31 years is 1.7%.

The following graph illustrates how our forecasted rate matches the exponential trendline.

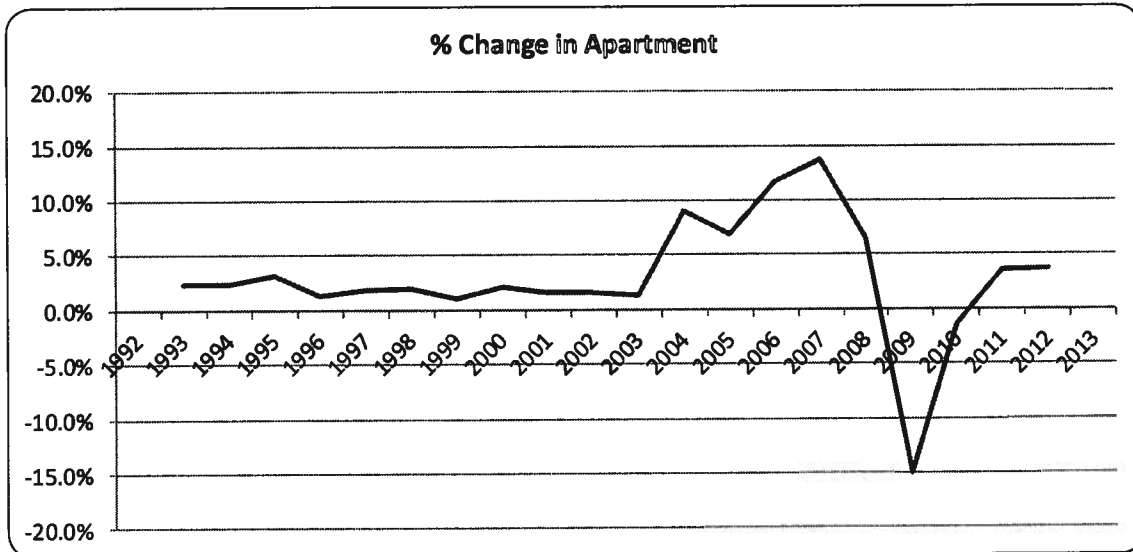




Appendix C, Part 2 – Forecasting Construction Cost Inflation

Statistics Canada

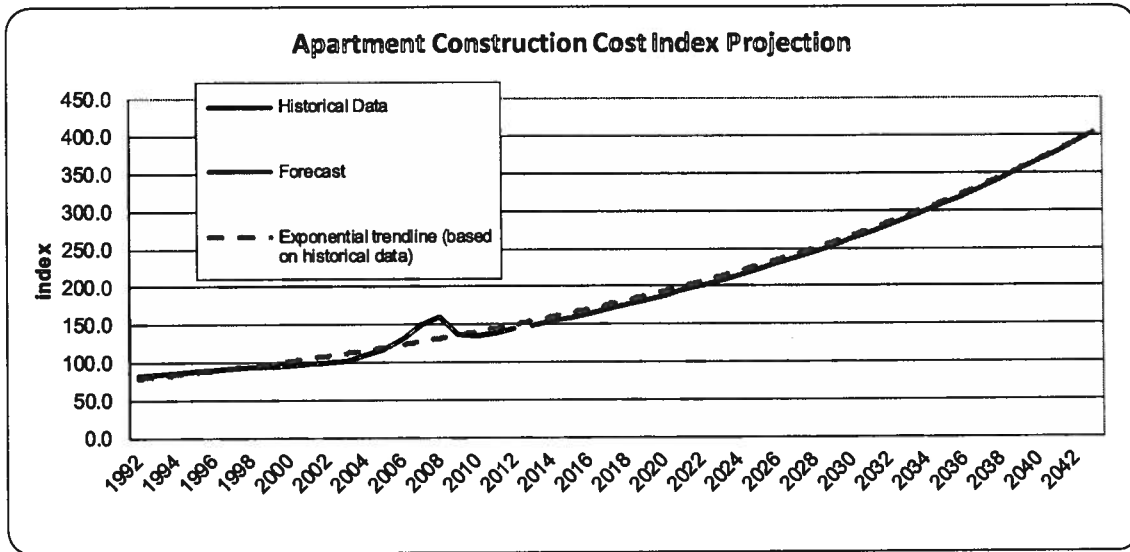
These data come from the Non-residential Building Construction Price Index (NRBCPI), a quarterly series measuring the changes in contractors' selling prices of non-residential building construction (i.e. commercial, industrial and institutional). The indices relate to both general and trade contractors' work and exclude the cost of land, land assembly, design, development, and real estate fees. We obtained data on the price indices of Apartment Construction in Vancouver, British Columbia since 1992. Previous years' data were not used due to the significant change in inflation policy in 1992, as mentioned in Appendix C, Part 1. The following graph illustrates how the Apartment Construction Cost Index changed from year to year.



Using the same method we used to forecast CPI, we forecasted an average annual increase in Apartment Construction Costs of 3.38%, based on a year-one increase of 7.41% with subsequent increases of 3.25%.

The following graph illustrates this forecast. The dotted green line represents the mathematical forecast, while the solid red line represents our adjusted forecast: a 3.38% increase each year for 31 years.





Marshall & Swift / Boeckh (MSB)

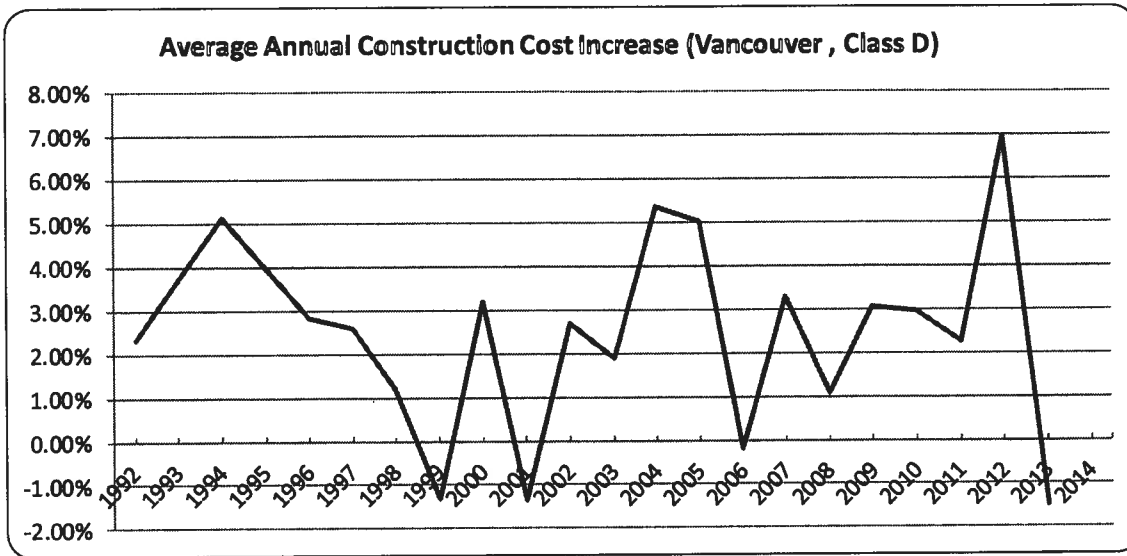
These data come from quarterly Time-Location Multipliers for principal Canadian cities (markets). These multipliers express how the construction costs of specific types of buildings have changed over time in specific cities. Each building has its own unique combination of basic costs. MSB uses 83 basic types of costs necessary to build workable weighted schedules, comprising 19 building trades and 64 material types. We obtained comparative cost multipliers for Class D buildings in Vancouver since 1966. The following table describes Class D buildings.

Class	Frame	Floor	Roof	Walls
D	Wood or steel studs in bearing wall, full or partial open wood or steel frame, primarily combustible construction.	Wood or steel floor joists or concrete slab on grade.	Wood or steel joists with wood or steel deck. Concrete plank.	Almost any material except bearing or curtain walls of solid masonry or concrete. Generally combustible construction.

Only data since 1992 were used, to properly compare them to the Statistics Canada data.

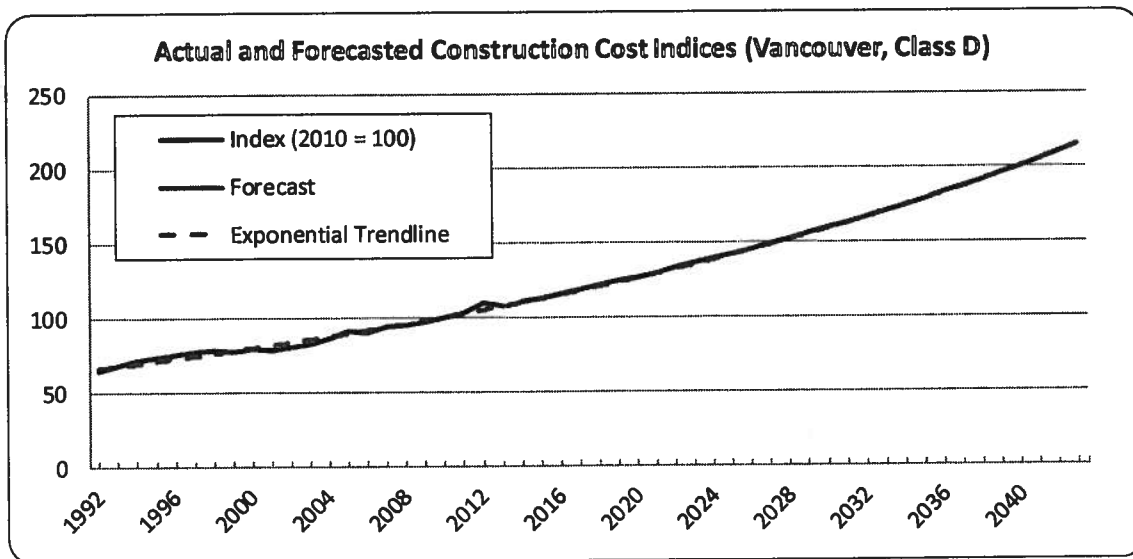
The multipliers were converted to indices. The following graph illustrates how the indices changed from year to year.





Using the same method we used to forecast CPI and Statistics Canada data, we forecasted an average annual increase in Vancouver Class D construction costs of 2.32%, based on a year-one increase of 1.71% with subsequent increases of 2.34%.

The following graph illustrates this forecast. The dotted green line represents the mathematical forecast, while the solid red line represents our adjusted forecast: a 2.32% increase each year for 31 years.



Conclusion

The following table summarizes our adjusted values for average annual construction cost increases for the next 31 years.

Data Source	Calculated Rate
Statistics Canada	3.38%
MSB	2.32%
Average	2.8%

We have rounded this average to the nearest 0.1% to highlight the uncertainty in long-term economic forecasting. We have adopted a rate of 2.8% for annual construction inflation in calculating the future replacement costs hereinafter.



Appendix C, Part 3 – Forecasting Interest Rates

Strata corporations must invest in qualified low-risk investments. They often invest in cashable Guaranteed Investment Certificates (GICs). We are not financial planners and cannot advise you how to best invest your money; it is strongly recommended that you consult an investment professional. Long-term economic forecasting is imprecise at best.

Our goal is to forecast annual interest rates that strata corporations can conceivably expect to earn on their investments over the next 30 years.

We obtained historical Bank of Canada GIC interest rates with 1, 3, and 5 year terms since 1983. These GICs are "fixed-rate," meaning that you cannot withdraw your money until the end of the investment term, without the loss of the accrued interest.

We also obtained historical interest rates on one-year cashable GICs:

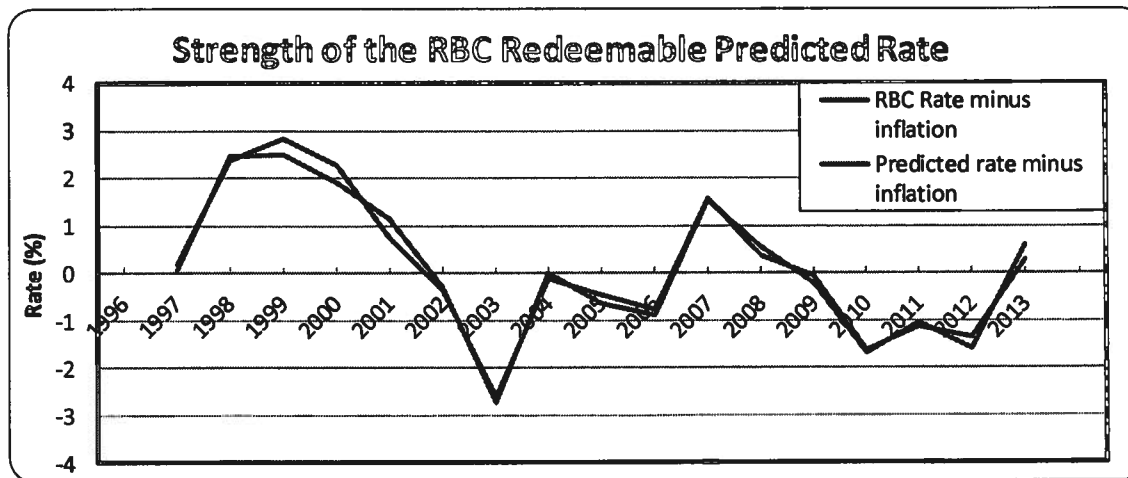
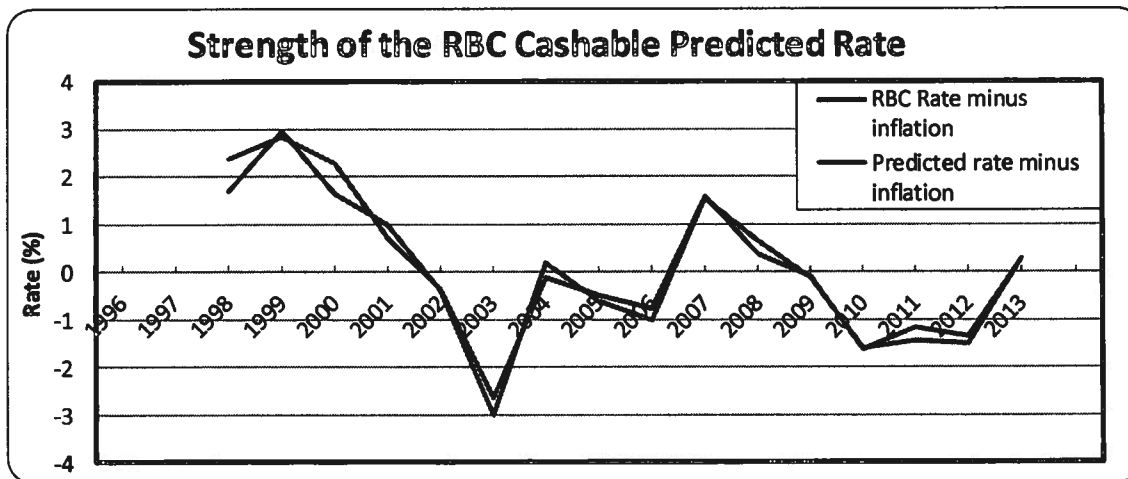
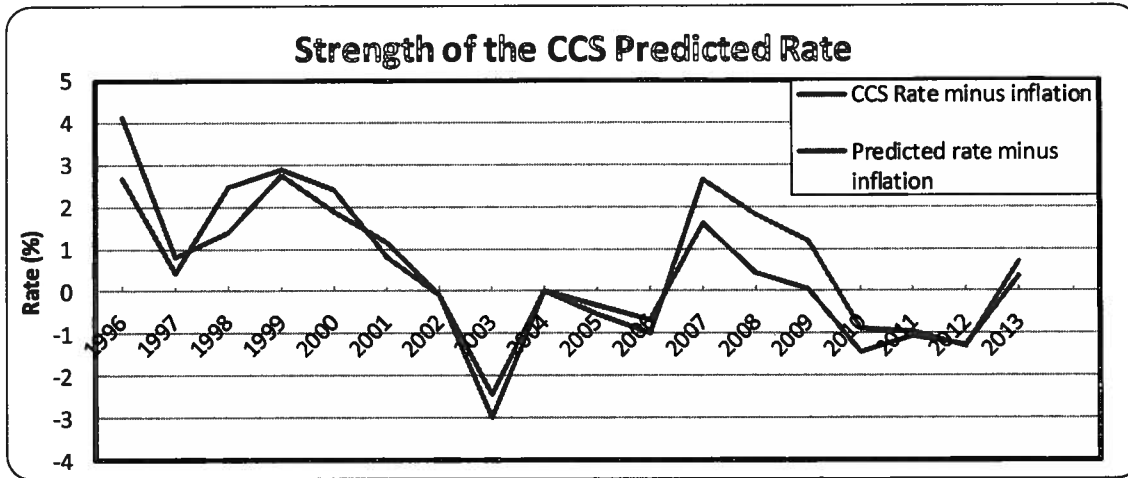
- Coast Capital Savings (CCS) 1 year redeemable GIC
 - Redeemable any time with full accrued interest after 30 days
 - \$1000 minimum investment
 - Data available from 1996 to 2013
- Royal Bank of Canada (RBC) 1 year cashable GIC
 - Redeemable anytime with full interest after 30 days
 - \$1000 minimum investment
 - Data available from 1998 to 2013
- RBC 1 year redeemable GIC, interest paid semi-annually or annually
 - Reduced rate if redeemed before maturity
 - \$1000 minimum investment
 - Data available from 1997 to 2013

We would ideally like to start our dataset from 1992 when predicting future interest rates. However, although data on the Bank of Canada fixed-rate GICs are available that far back, data on the cashable GICs are not. Both data sets were compared in order to assess how the Bank of Canada's posted rates match personal banks' redeemable rates, and a predicted rate was generated in order to project an interest rate backwards in time to fill in the missing data.

The formula for each predicted rate is determined as follows. For all years with cashable GIC data, the spread above inflation for the Bank of Canada's 1, 3, and 5 year GICs are weighted such that the sum of their weights equals one. The sum of the weighted rates is added to a constant value. The weights and the constant value are determined such that the sum of the absolute values of the difference between this predicted spread above inflation and the cashable GIC's spread above inflation is minimized. Note that while this predictive formula uses multi-year GIC rates, it is only predictive of one-year GICs.

The following charts illustrate the strength of the predicted rate for each cashable GIC. The predicted rate uses the Bank of Canada's 1, 3, and 5 year GIC rates to predict the spread of each cashable GIC rate above inflation; this predictive formula is later applied to the Bank of Canada's posted rates since 1992 in order to fill in missing data.

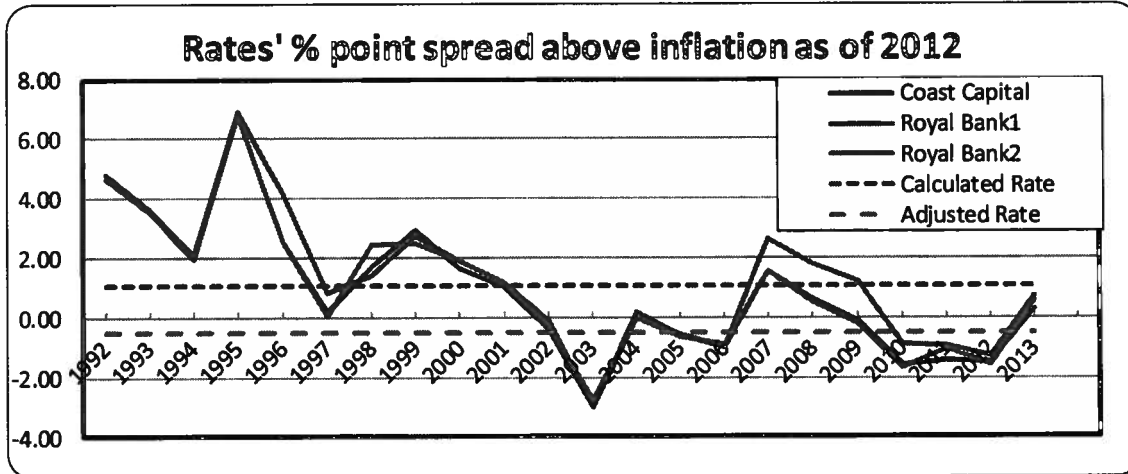




The following graph illustrates each cashable GIC rate's spread above inflation. Predictive data are used where there are no actual data. The chart also shows two forecasting rates: the Calculated Rate



averages each rate's average spread above inflation, and is the mathematical forecast of long-term cashable GIC rates; the Adjusted Rate is our best guess at short-term returns given very recent market trends.



These rates are very volatile. While any predicted rate will almost certainly be wrong from year to year, both our Calculated Rate and our Adjusted Rate have value. The Calculated Rate represents our best-guess at long-term cashable GIC rates; in other words, we find it as likely that the actual average flexible GIC rate over the next 30 years will be lower than the Calculated Rate as it will be higher. The Adjusted Rate is a subjective short-term rate that more closely represents our analysis of current interest rate trends. In our projections, we use the Adjusted Rate to calculate this year's interest earned, and gradually increase that rate until it equals the Calculated Rate. This provides a more accurate short-term and long-term forecast.

The following chart numerically illustrates our Calculated Rate.

Average Cashable GICs' Spread Above Inflation	
CCS	1.28 % points
RBC Cash.	0.91 % points
RBC Red.	0.96 % points
Average	1.05 % points

The Calculated Rate is 1.05 percentage points above expected inflation. With average national inflation expected to remain at 2%, this represents a long-term predicted interest rate of 3.05%. Our Adjusted Rate is 0.5 percentage points below expected inflation, representing a predicted rate of 1.5%. It gradually moves to the Calculated Rate over a period of 6 years.

We have selected a conservative 3.1% interest rate in calculating the future investment performance of the strata corporation's reserve fund, starting in 2019. This rate has been rounded, and is intentionally nonspecific to highlight the uncertainty in long-term economic forecasting. It is conservative because it assumes that strata councils need extremely high levels of flexibility in their investments, and because it averages the rates from available banks rather than choosing the highest.



NOTE:

We suggest a review of both the Calculated and Adjusted Rates as the performance of this strata council's invested funds is further examined.



Appendix D—Funding Future Components



Funding Models

An appropriate funding model requires a payment schedule that is both equitable and practical. Ideally, everyone would pay for each component as they use it: when you buy into a strata corporation you would pay a portion of the cost of the land and the building structure, and then you would constantly pay small amounts every day as you enjoy the benefits of the landscaping, caulking, roof, and so forth. This would lower the price of the property both upon purchase and upon sale. While this is arguably the most equitable solution for strata owners, the developer is not going to accept a lower price, and it is obviously impractical.

Another equitable solution is to pay for the current value of the components while funding repairs and replacements as they occur: when you buy into a strata corporation you pay a portion of the cost of the land and all parts of the building, and when you sell you get a price that includes the new current value of the components. Over time the components' sale value decreases, although it increases every time you fund a new repair or replacement. This is, in its simplest form, what tends to occur without government legislation. It, too, is not practical, because every time a component needs even the most minor repair or replacement it causes a special assessment.

We have conducted this Reserve Fund Study on the funding principal that current owners must save for future repairs and replacements, because component expenditures must be reserved for before they occur. This means that even though buyers pay for existing components while also saving for future components, they are returned the value of the future components when they sell the property or as they use them. This fosters equitable sale prices, incentivizes owners to properly maintain the property, and creates a stable payment schedule.

Given the level of uncertainty in economic forecasting, even fully-funded models are not perfectly equitable. When repairs are cheaper or later than expected, earlier owners bear too much of the cost; when repairs are more expensive or earlier than expected, later owners bear too much. Our fully-funded forecast features rates, timelines, and costs that we feel distribute equal risk of overpaying to earlier owners and later owners.

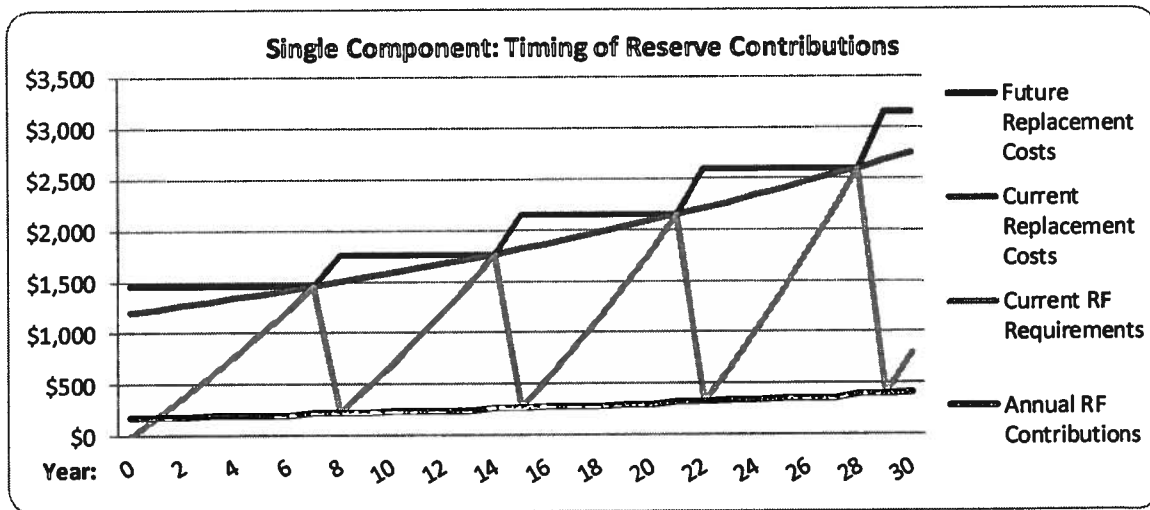
At any given time, current owners should be saving towards each component's next expenditure rather than towards all of its expenditures during the life of the building, or, worse yet, towards those expenditures that happen to fall in an arbitrary 30 year period. This protects against price fluctuations and, in the likely case where construction inflation differs from CPI inflation, ensures a more equitable payment schedule. Also, component quality tends to upgrade over time; it is not equitable for current owners to pay for higher quality future components that they will never use and never be compensated for when they sell.



Funding With No Reserve Fund Deficiency

Creating a funding plan for buildings with no existing deficiency is relatively straight-forward. We determine the average lifespan of each component, its observed age, and its estimated current replacement cost – how much it would cost to replace the component were it done today. We create a replacement schedule, increasing the current replacement cost by the construction inflation rate every year to determine how much it will cost in future years to replace each component. To ensure that we have this amount in the Reserve Fund when we need it, we suggest saving an amount that, when increased each year by forecasted inflation, and when combined with interest exactly equals the estimated future cost of the replacement.

The graph below illustrates this with a hypothetical component that has an expected lifespan of seven years, an observed condition of zero years, and a Current Replacement Cost of \$1,200. The Current Replacement Cost increases by construction inflation (2.8%) every year. The Future Replacement Cost is equal to the Current Replacement Cost every seven years, during the years of replacement. The Current RF Requirements is a running total of the Annual RF Contributions plus interest on the previous year's Current RF Requirements. The Annual RF Contributions are determined such that they increase with inflation every year, and when saved over the life of the component and combined with interest exactly equal the replacement cost when the component should be replaced.



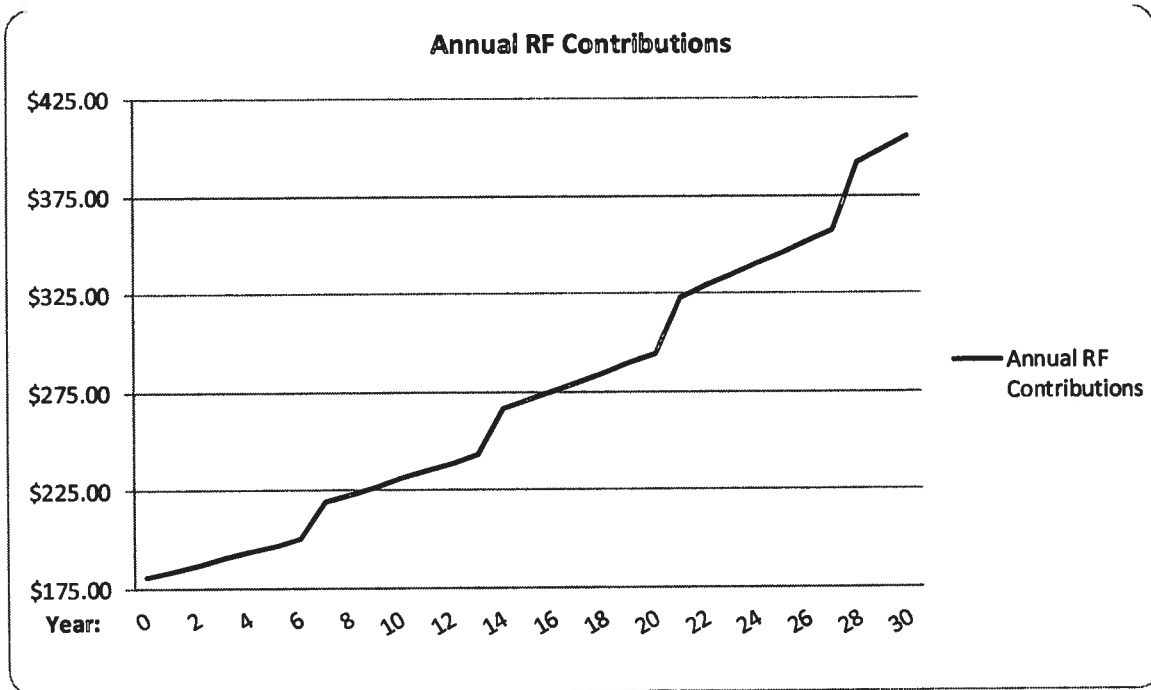
This graph is explained numerically in the table on the following page. Note that interest (3%) is calculated conservatively: annual contributions are assumed to occur at the end of the year, earning no interest in the year that they are made, and all replacements are assumed to occur at the beginning of the year, eliminating interest income in replacement years.



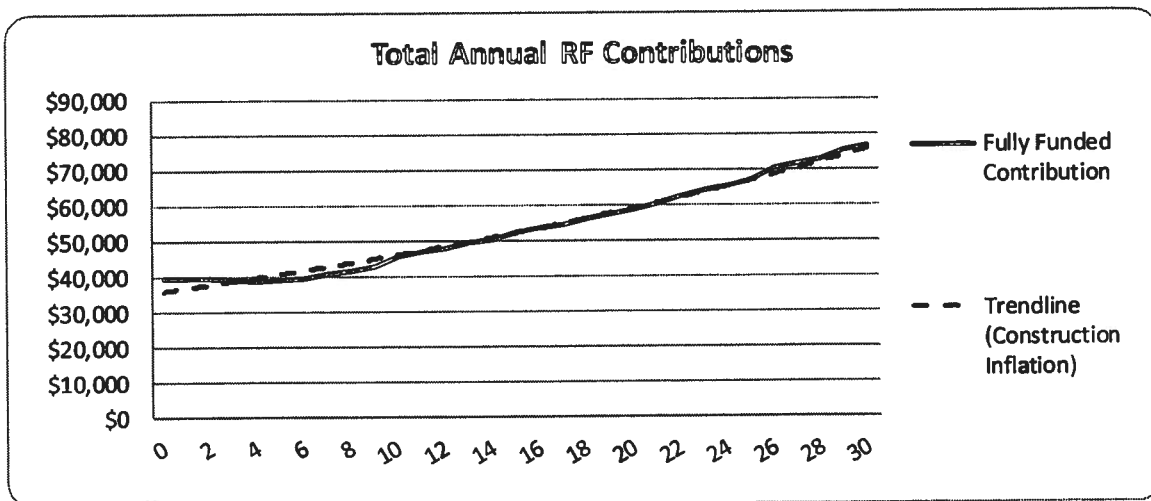
Year	Current Replacement Costs	Future Replacement Costs	Current RF Requirements (Opening Bal.)	Annual RF Contributions	Interest	Closing Balance
0	\$1,200	\$1,456	\$0	\$180.89	\$0.00	\$181
1	\$1,234	\$1,456	\$181	\$183.97	\$5.43	\$370
2	\$1,268	\$1,456	\$370	\$187.10	\$11.11	\$568
3	\$1,304	\$1,456	\$568	\$190.28	\$17.05	\$776
4	\$1,340	\$1,456	\$776	\$193.51	\$23.27	\$993
5	\$1,378	\$1,456	\$993	\$196.80	\$29.78	\$1,219
6	\$1,416	\$1,456	\$1,219	\$200.15	\$36.58	\$1,456
7	\$1,456	\$1,456	\$1,456	\$219.47	\$0.00	\$219
8	\$1,497	\$1,766	\$219	\$223.20	\$6.58	\$449
9	\$1,539	\$1,766	\$449	\$226.99	\$13.48	\$690
10	\$1,582	\$1,766	\$690	\$230.85	\$20.69	\$941
11	\$1,626	\$1,766	\$941	\$234.78	\$28.24	\$1,204
12	\$1,671	\$1,766	\$1,204	\$238.77	\$36.13	\$1,479
13	\$1,718	\$1,766	\$1,479	\$242.83	\$44.38	\$1,766
14	\$1,766	\$1,766	\$1,766	\$266.27	\$0.00	\$266
15	\$1,816	\$2,143	\$266	\$270.80	\$7.99	\$545
16	\$1,867	\$2,143	\$545	\$275.40	\$16.35	\$837
17	\$1,919	\$2,143	\$837	\$280.08	\$25.10	\$1,142
18	\$1,973	\$2,143	\$1,142	\$284.84	\$34.26	\$1,461
19	\$2,028	\$2,143	\$1,461	\$289.69	\$43.83	\$1,795
20	\$2,085	\$2,143	\$1,795	\$294.61	\$53.84	\$2,143
21	\$2,143	\$2,143	\$2,143	\$323.05	\$0.00	\$323
22	\$2,203	\$2,600	\$323	\$328.55	\$9.69	\$661
23	\$2,265	\$2,600	\$661	\$334.13	\$19.84	\$1,015
24	\$2,328	\$2,600	\$1,015	\$339.81	\$30.46	\$1,386
25	\$2,393	\$2,600	\$1,386	\$345.59	\$41.57	\$1,773
26	\$2,460	\$2,600	\$1,773	\$351.46	\$53.18	\$2,177
27	\$2,529	\$2,600	\$2,177	\$357.44	\$65.32	\$2,600
28	\$2,600	\$2,600	\$2,600	\$391.95	\$0.00	\$392
29	\$2,673	\$3,155	\$392	\$398.61	\$11.76	\$802
30	\$2,748	\$3,155	\$802	\$405.39	\$24.07	\$1,232

The graph on the following page shows a closer look at the Annual RF Contributions. Note that each year's payment increases by CPI's inflation (1.7%), though there is a larger increase after each component replacement. Taken on average, the annual payments increase with construction inflation. Each year's owners equitably save for the component's next replacement cost in this model.





Adding the Annual RF Contributions from every component gives us the total amount that should be saved each year. Saving less than this amount causes or increases a reserve fund deficiency; saving more than this amount reduces an existing deficiency or causes a reserve fund surplus (ignoring extra or forgone interest). The graph below illustrates how the summed total of all components' Annual RF Contributions can change every year. The payments change sporadically from year to year when construction inflation differs from total inflation, though the payments increase with construction inflation on average (assuming that the strata is saving for the replacement of all components in any given year).



Funding an Existing Reserve Fund Deficiency

When a strata corporation has historically under-contributed to their Reserve Fund, they are left with a Reserve Fund Deficiency that can often be in the millions of dollars. This deficiency must always be eventually funded. Common ways to make up the deficiency include special assessments, reserve fund contributions that exceed regularly required amounts, above-average maintenance (which increases components' lives), below-average quality standards, and shrewd contracting (which lowers replacement costs). This study focuses specifically on special assessments and reserve fund contributions; management practices will dictate the success of other deficiency-funding options.

Funding models must be both equitable and practical; equity refers to how much of the deficiency is funded in each future year, while practicality refers to the likelihood that the funding plan is followed. As mentioned earlier, the reserve fund deficiency only decreases in years where more money is contributed than what is required under a model with no deficiency, plus the additional interest that a fully funded model would have earned due to its higher closing balance. This can come from both regular annual contributions and special assessments.

Our Minimum Funding Model illustrates what will happen if the strata corporation makes no funding changes other than increasing the contributions by CPI inflation. Adequate Funding balances equity and practicality by providing a funding model with few or no special assessments, depending on the property's upcoming expenditures. Full Funding puts more emphasis on eliminating the existing reserve fund deficiency within 30 years while incurring no special assessments, if feasible, with less concern for the practicality of the funding model.



We take several factors into consideration when creating financial plans to fund a historical deficiency. While it may seem equitable to make next year's contributions at least as high as they would be under a no-deficiency model, this can often necessitate increasing the Reserve Fund Budget by a prohibitively large factor. Our models propose funding options that balance the need for large initial payments with the need for advanced notice about large payment increases. We also attempt to reduce the annual payments by spreading the deficiency's repayment over as many years as possible, given the life of the building; however, this strategy can lead to substantial special assessments. We balance the need for lower annual payments with the need for stable payment schedules.

We recommend updating this reserve fund study either after a significant change to the component information and funding schedule, or after three years, whichever comes first. We recommend following the Funding Model proposed in the body of this report for the next three years, provided that this model continues to be accurate.





Appendix E—Reserve Component Descriptions and Analyses

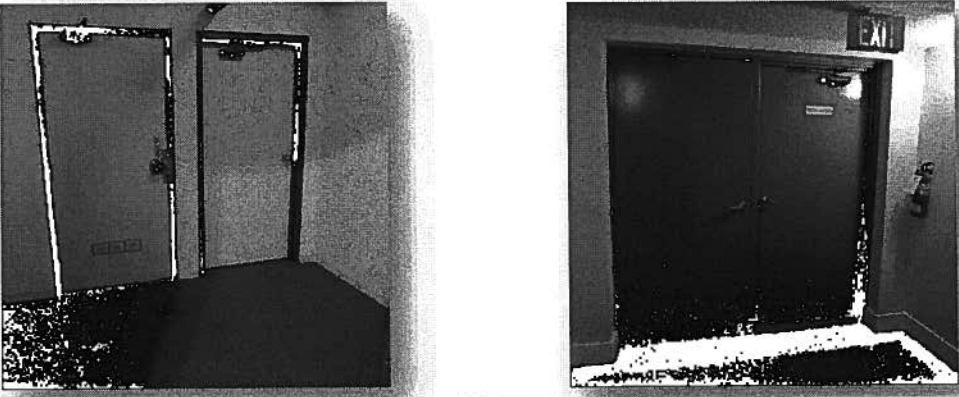


Component 1		Building - Structural and Architectural	Substructure and Underground Garage
			
Component Description	This component includes all below-grade portions of the building including footings, basement floors, walls, ceilings, columns, membrane, and expansion joints. These are typically poured concrete or masonry block. Although foundation is life of building, prudent reserve budgeting for repairs are based on a budget cycle expected lifespan.		
Reserve History	Year of Acquisition	1985	
	Description	Original to the building.	
Potential Deterioration	Potential deterioration includes water and road salt penetration of the surface of the concrete in the underground garage. Salt corrosion and water penetration of reinforcing rebar and freeze-thaw cycles could spall concrete in ceilings and walls in underground. Hydraulic pressure caused by poor drainage and settling could also cause concrete cracking. The membrane can be damaged by cracked concrete, wear and tear, and material breakdown due to age.		
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average / good condition for its age.		
Life Cycle Analysis	Expected Lifespan	30 years	
	Effective Age	20 years	
	Remaining Lifespan	10 years	
Funding Analysis	Description	Unknown expenditures have been spent on this component to date.	
	Work	Remove finish material, clean and patch, perform slab edge repair if required including injection of sealant and resurface materials. A budget equal to 10% of the estimated cost of the component is provided for periodic major repairs every 30 years.	
	Quantity	11,295 SF	
	Job Cost	\$16,328.97	
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which include regular visual inspection of the walls, columns, and slab edges for signs of cracking.		





Component 2		Building - Structural and Architectural		Common Door Assemblies - Wood	
					
Component Description	Common door assemblies are generally manufactured or pre-hung fire-rated wood doors. These doors are manufactured to the standard fire prevention ratings of 20-minute, 45-minute, 60-minute, and 90-minute. Fire-rated doors are an integral part of not just the building's passive fire-protection system but the building's overall fire protection.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building.			
Potential Deterioration	Door hardware is subject to failure due to the constant usage in high traffic areas, such as busy corridors. Constant usage can lead to misalignment. Other common issues are holes or openings in the door assembly, improper gaps, and failure to latch.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	20 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	Unknown expenditures have been spent on this component to date.			
	Work	Entire door system can be replaced or door jams and hardware can be replaced as required. A budget equal to 20% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	26 Doors			
	Job Cost	\$3,256.41			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection, some surface scratches noted. The life of this component may be prolonged by effective maintenance and repairs as required.				

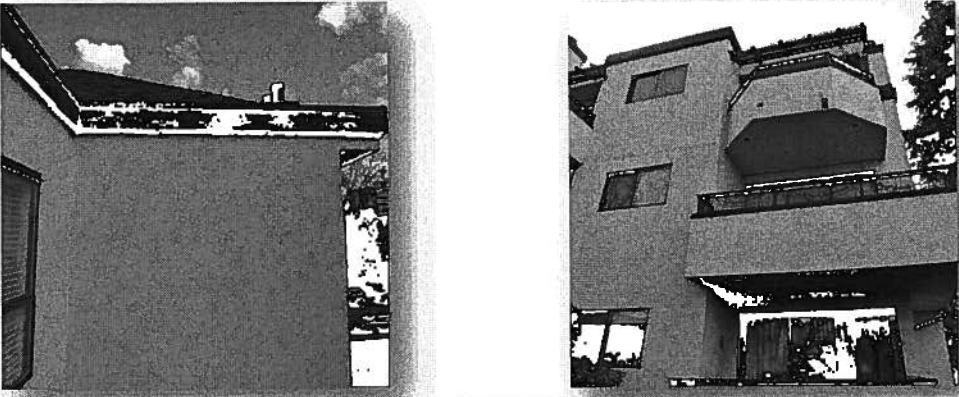


Component 3		Building - Structural and Architectural		Common Door Assemblies - Metal	
					
Component Description	This component consists of metal insulated interior and exterior doors and lock assemblies including deadbolts as standard hardware.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building.			
Potential Deterioration	Metal doors are subject to wear and tear from excessive use and damage from excessive force. The hinges and latch mechanism are prone to damage from excessive force, breakage, and impact damage.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	20 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	Unknown expenditures have been spent on this component to date.			
	Work	Entire door system can be replaced, or door, jams, and hardware can be replaced as required. A budget equal to 20% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	17 Doors			
	Job Cost	\$2,916.67			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. Regular maintenance of lock assemblies and inspection and repair of door assemblies as required may extend the life of this component.				

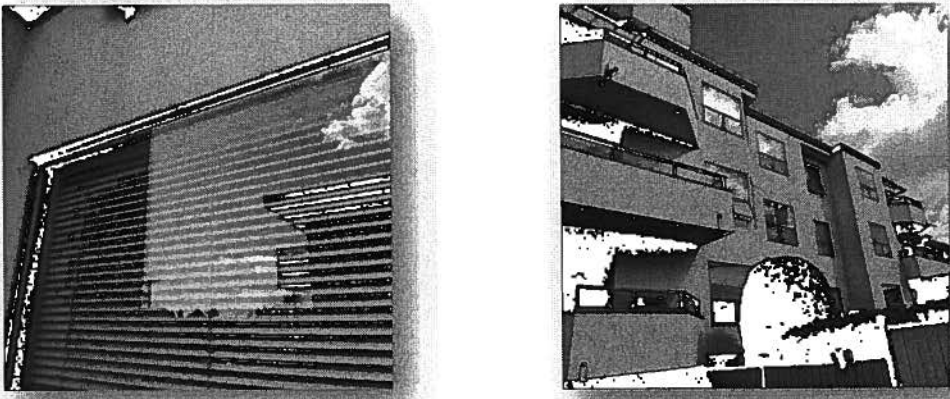


Component 4		Building - Structural and Architectural		Overhead Security Gate	
					
Component Description	A typical overhead door consists of several panels hinged together that roll along a system of tracks guided by rollers. Security gates are used to control vehicle access to specific areas. Gates are typically operated electronically, either by remote control or through some type of secure access system such as an intercom or card / fob reader.				
Reserve History	Year of Acquisition	1985			
	Description	Door original to the building, with remote opener replaced approximately 2006.			
Potential Deterioration	The track and rolling mechanism is subject to wear and tear. Electronic failure of controls and access equipment. Mechanical failure of wheels or operator. Accidental collision or physical damage from shifts in building envelope. Exposure to the elements including corrosion. The bearings, hinges, and rollers should be lubricated for proper and safe operation. The torsion springs should also be lubricated with a light coat of penetrating oil to reduce the friction between the coils, eliminate any noise, and increase the life of the springs.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average / good condition for its age.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	15 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Includes disposal and replacement of the existing gate, hardware, and electronic system. A budget equal to 50% of the estimated cost of the component is provided for periodic major repairs every 25 years.			
	Quantity	1 Door			
	Job Cost	\$7,092.26			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include new springs, rollers and tracks. Repairs as required.				

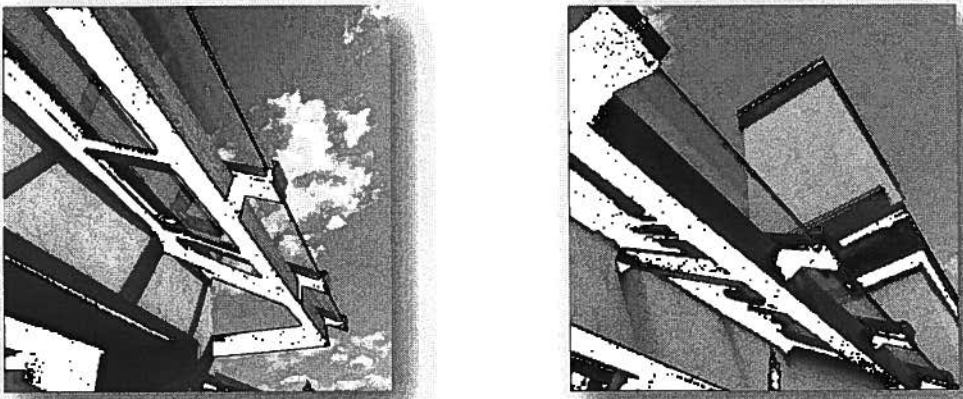


Component 5		Building - Structural and Architectural		Wall Assemblies - Stucco Siding	
					
Component Description	Traditional stucco is generally comprised of a mixture of sand and lime with water and other cement-based ingredients. Acrylic stucco adds a coloured synthetic finishing coat. Usually, wooden walls are covered with tar paper and wire mesh or galvanized metal screening. This framework is then covered with the stucco mixture. Sometimes, the mixture is applied directly to specially prepared masonry surfaces.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building with high level of preventative maintenance reported by the strata council members.			
Potential Deterioration	Includes cracking, splitting, and water ingress caused by exposure to the elements, such as wind, rain, snow, freeze-thaw cycles, and extreme temperature changes. Contributing factors include weather damage, physical damage, and mould. UV light may deteriorate the durability and function of the stucco. Physical damage may occur from debris, moss and algae, and impact damage.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	35 years			
	Effective Age	25 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	Unknown expenditures have been spent on this component to date.			
	Work	Removal and disposal of existing assembly, repairs or replacement as required. Appropriate safety precautions will be required. A budget equal to 25% of the estimated cost of the component is provided for periodic major repairs every 35 years.			
	Quantity	9,000 SF			
	Job Cost	\$64,850.11			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include patch work, painting, caulking to avoid water penetration, regular inspection for impact / cracking / water ingress / environmental damages, and repair/replace as required. If condition is of concern, an envelope inspection would be recommended.				

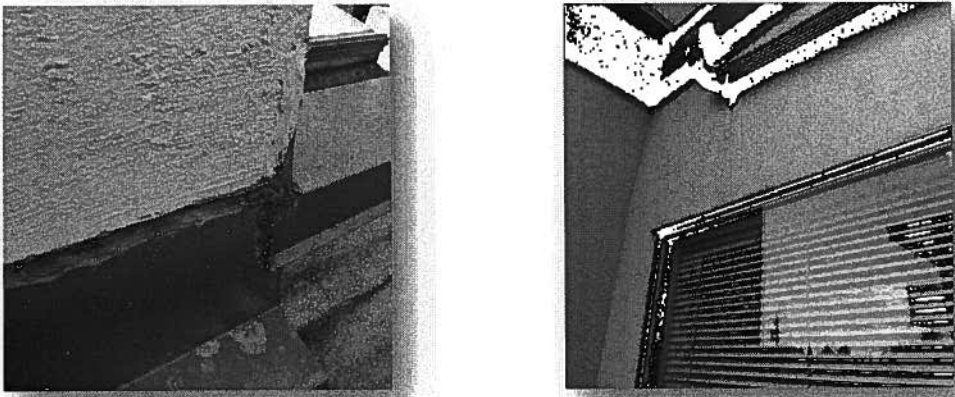


Component 6 - 7		Building - Structural and Architectural		Window Assemblies	
					
Component Description	The window assemblies are the exterior windows that are installed in the living areas as well as the common areas. These windows are typically replaced with double-pane units with fixed or sliding portions. The frames are aluminum.				
Reserve History	Year of Acquisition	1985			
	Description	Partial replacement (estimated at 50%) of the windows has taken place over approximately the past 5 to 10 years.			
Potential Deterioration	Windows are primarily susceptible to impact damage and tearing of screening material. Frames and sliders can deteriorate due to exposure to the elements and sunlight causing oxidation. Failure or deterioration of the seals can cause fogging and moisture on the inner panes of the window.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	25 years			
	Remaining Lifespan	5 years			
Funding Analysis	Description	Unknown expenditures on the partial replacements on this component to date.			
	Work	Removal and disposal of existing assembly, repairs or replacement as required to the framing substructure and installation of new units. Appropriate safety precautions will be required.			
	Quantity	1,388 SF			
	Job Cost	\$52,767.36			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include caulking, regular inspection for damaged or cracked units and repairs or re-sealing as required.				

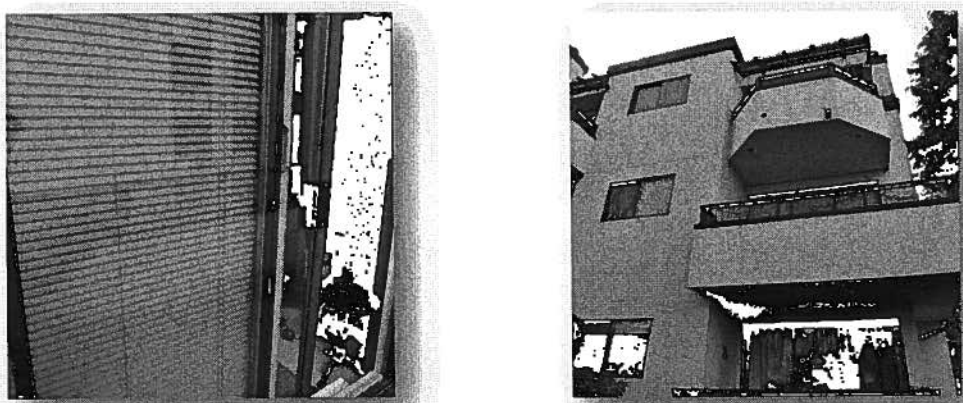


Component 8		Building - Structural and Architectural		Canopy - Glass	
					
Component Description	This component is a glass canopy system. The component consists of a metal support structure with glazing. These are affixed to the side of the building with metal fasteners and bolts. System includes sealant and gaskets for limiting moisture ingress.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	Physical impacts can break glass. Exposure to elements can undermine connectors and metal. Metal fatigue, seismic pressures and corrosion can affect structures stability. Seals and gaskets can deteriorate from UV light and exposure to elements.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	24 years			
	Remaining Lifespan	6 years			
Funding Analysis	Description	Unknown expenditure(s) have been spent on this component to date.			
	Work	Remove and replace as required. Ensure connection to building envelop remains sealed. A budget equal to 50% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	13 Canopies			
	Job Cost	\$22,474.63			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include new caulking and sealant at regular intervals, and repairs as required.				

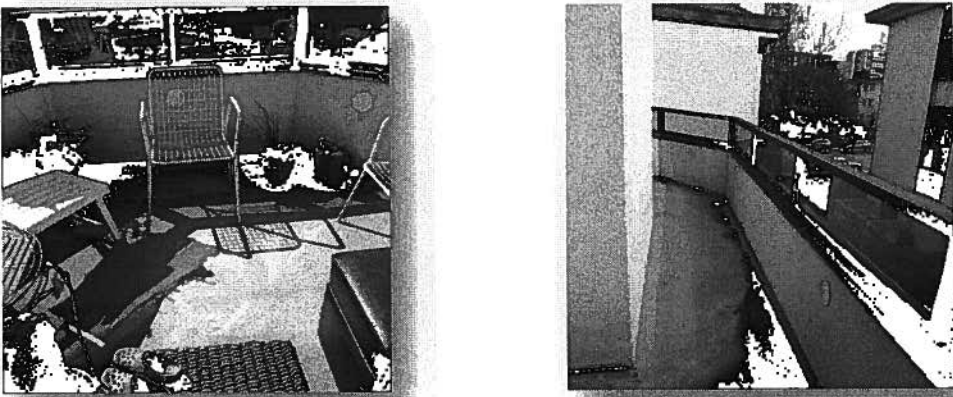


Component 9		Building - Structural and Architectural		Caulking and Weather-Stripping	
					
Component Description	This component consists of all building caulking, silicone, weather-stripping, and polyurethane elastomeric sealant. It is applied around windows, exterior doors, roof flashing, rooftop equipment, and parapet walls. It would also include the sealant around moving components such as windows and doors.				
Reserve History	Year of Acquisition	2011			
	Description	Component has been repaired / replaced since original construction.			
Potential Deterioration	Sealants or gaskets can dry out and crack as a result of drying and thermal expansion / contraction. Caulking relies on flexibility to maintain seals between building materials and gradually succumbs to elements such as sunlight, rain, and temperature fluctuations. The caulking hardens and cracks allowing water penetration and heat loss.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	7 years			
	Effective Age	2 years			
	Remaining Lifespan	5 years			
Funding Analysis	Description	Unknown expenditure totals have been spent on this component to date.			
	Work	Removal of existing caulking, installation of new caulking. Appropriate safety precautions will be required including safety harness and any require scaffolding. A budget equal to 50% of the estimated cost of the component is provided for periodic major repairs every 7 years.			
	Quantity	2,000 LF			
	Job Cost	\$4,591.10			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. Regular upkeep of seals will prevent problems as a result of moisture infiltrating the building envelope and window assemblies and can extend the overall life of protected assemblies.				

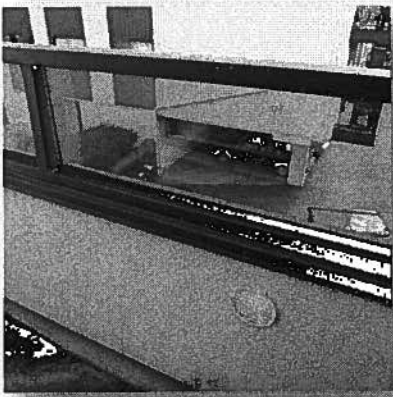



Component 10 - 11		Building - Structural and Architectural		Balcony Doors	
					
Component Description	<p>A sliding glass door or patio door, a type of sliding door in architecture and construction, is a large glass window opening in a structure that provide door access from a room to the outdoors, and natural light. A sliding glass door is usually a single unit consisting of two panel sections, one being fixed and one being mobile to slide open.</p>				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	<p>The roller, tracks, hinges, and handles are just a few of the replaceable parts of a sliding glass door. The most common problem is rollers, which can deteriorate with age, usage, rust and collect dirt and material. Physical damage can occur from impacts or building shifting.</p>				
Condition Analysis	<p>Based upon a partial visual-inspection, this component appears to be in average condition for its age.</p>				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	25 years			
	Remaining Lifespan	5 years			
Funding Analysis	Description	No known expenditures have been spent on this component to date.			
	Work	Remove and replace rollers or tracks; replace the glass if damaged. The entire assembly can be replaced at end-of-life. Care to ensure proper flashing and water diversion is required.			
	Quantity	26 Doors			
	Job Cost	\$61,997.10			
Deficiency Analysis	<p>No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include new rollers and springs as well as seals, and repairs as required.</p>				



Component 12		Building - Structural and Architectural		Balcony Floor Construction - Wood	
					
Component Description	Exposed balconies should have a durable floor surface such as concrete, tile, timber, or composite flooring with the appropriate seal / coating or stain. Smaller balconies may be an extension of the floor beams or slab and have the same support structure. Larger balconies may need to be propped up with columns or posts. The subject balconies are wood framed construction with a waterproof vinyl coating.				
Reserve History	Year of Acquisition	2003			
	Description	Component has been repaired since original construction. 2011 recaulking of balconies/repairs at cost of \$10,347 in conjunction with chimney caulking.			
Potential Deterioration	Includes exposure to the elements which may cause water seepage leading to subsequent weakening of the membrane. Physical damage may occur from debris, moss and algae, and impact damage.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	10 years			
	Remaining Lifespan	15 years			
Funding Analysis	Description	Emergency repairs of two balconies at a cost of \$12,000 are funded as a one-time expenditure in 2013.			
	Work	Removal and disposal of existing assembly, repairs or replacement as required. Appropriate safety precautions will be required.			
	Quantity	1,675 SF			
	Job Cost	\$65,411.10			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspection for moisture seepage and keeping the floor free from debris.				


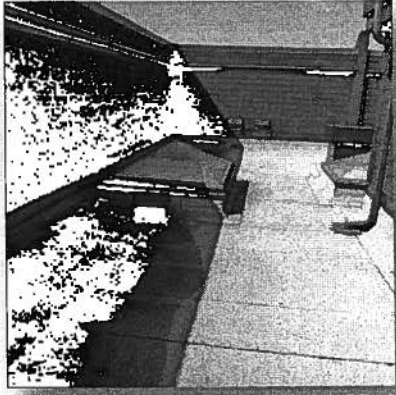


Component 13		Building - Structural and Architectural		Common Balcony Railings	
					
Component Description	Railings are an integral part of the building safety structure. Typical construction may includes a rail system with posts bolted to the floor and wall. The subject balconies have a pony wall with wood railing and glass inserts.				
Reserve History	Year of Acquisition	2003			
	Description	Component has been repaired / replaced since original construction.			
Potential Deterioration	Railings can suffer from various deterioration, due primarily to exposure to the elements. Water can cause the wooden structure to rot and weaken, penetration into concrete will weaken fasteners. Impacts can break glazing and dent metals. Railings can be replaced for aesthetic reasons.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	10 years			
	Remaining Lifespan	15 years			
Funding Analysis	Description	Unknown total expenditures has been spent on this component to date.			
	Work	Remove and dispose of deficient material. Replace railing system with appropriate new components. Assure fasteners are secure and safety precautions are taken. Working from scaffolding where required. A budget equal to 25% of the estimated cost of the component is provided for periodic major repairs every 25 years.			
	Quantity	473 LF			
	Job Cost	\$12,749.11			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include replacing worn fasteners or damaged railings as required.				



Component 14	Building - Structural and Architectural		Roof Assembly - Parkade Membrane
Component Description	A roof system in which the principal roof covering is a single layer of flexible membrane often thermoset or thermoplastic. Thermoset membranes are compounded from synthetic rubber polymers, and the most commonly used polymers are EPDM, CSPE and Neoprene. Two of the most commonly-used thermoplastic single-ply membranes are PVC and TPO, both of them plastic-based materials. This component comprises the exposed parkade level roof extending beyond the main floor of the building.		
Reserve History	Year of Acquisition	1985	
	Description	Partial repair in 2012, primarily original to the building construction.	
Potential Deterioration	Roofing systems are susceptible to weather. Due to the thinner surface, these roof systems can be easily punctured. This may result in a relatively shorter life span in part, than other roofing material and can be susceptible to water retention and seam failure.		
Condition Analysis	No visual-inspection, this component is assumed to be in average condition for its age.		
Life Cycle Analysis	Expected Lifespan	25 years	
	Effective Age	2 years	
	Remaining Lifespan	23 years	
Funding Analysis	Description	Approximately \$ 1,000 repairs in 2012 has been indicated as spent on this component to date.	
	Work	Cut away and remove damaged or failed roofing material. Replace underlay or insulation material as required. Clean sub surface and apply new membrane. Care to maintain solid seam finish and appropriate flashing at connector points.	
	Quantity	1 Allowance	
	Job Cost	\$15,179.47	
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include patching and repairs as required.		

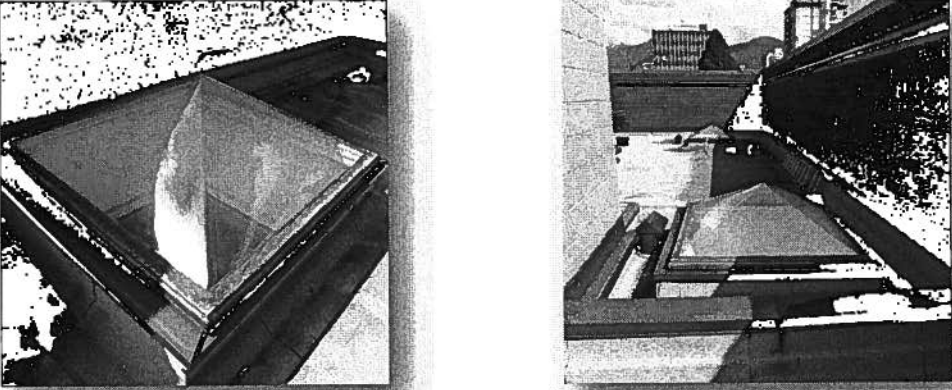


Component 15		Building - Structural and Architectural		Roof Assembly - Bituminous	
					
Component Description	Modified Bitumen – also known as Torch-On - is an evolution of asphalt roofing. It is made from asphalt and a variety of modifiers and solvents. There are several ways of connecting pieces of this material. In a heat application process the seams are heated to melt the asphalt together and create a seal.				
Reserve History	Year of Acquisition	2006			
	Description	Component has been replaced since original construction.			
Potential Deterioration	Asphalt degradation is a growing concern. UV-rays oxidize the surface of the asphalt and produces a chalk-like residue. As plasticizers leach out of the asphalt, a modified bitumen or "mod bit" roof becomes brittle. Cracking and alligating inevitably follows, allowing water to penetrate the system causing blisters and cracks, potentially causing leaks.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	7 years			
	Remaining Lifespan	18 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Remove old roof. Pull back roofing flashing and material, install new roof, flashing and seal materials for trim.			
	Quantity	2,385 SF			
	Job Cost	\$34,192.47			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspection and repairs as required.				

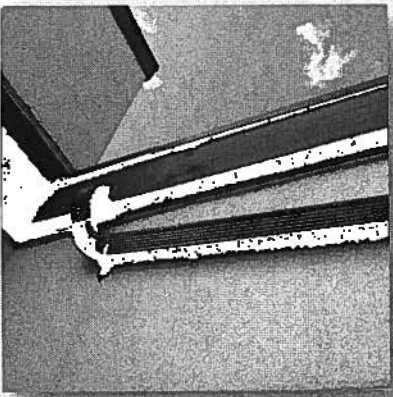
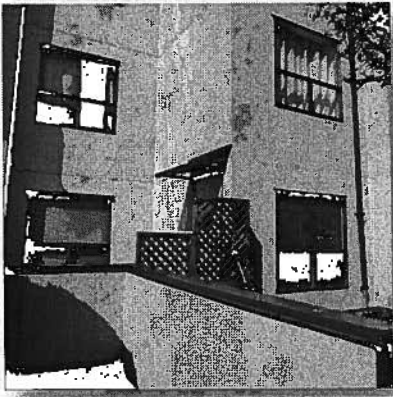


Component 16		Building - Structural and Architectural		Roof Assembly - Asphalt / Fiberglass Shingle	
Component Description	Asphalt shingles are comprised of organic felt or fiberglass mat saturated and coated with hot asphalt, and a protective layer of colored UV-resistant ceramic granules. Fiberglass shingles are created from mats of wet-laid fiberglass cut into small shingles, often mixed with asphalt for rigidity. This component includes the shingles, an allowance for partial resheathing, building paper, roof trim, and an allowance for replacement of roof-openings such as vents.				
Reserve History	Year of Acquisition	1995			
	Description	Component has been replaced since original construction.			
Potential Deterioration	Includes exposure to the elements, such as wind, rain, snow, freeze-thaw cycles, and extreme temperature changes. UV light may deteriorate the durability and function of the shingles. Physical damage may occur from debris, moss and algae, and impact damage.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	20 years			
	Effective Age	14 years			
	Remaining Lifespan	6 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Removal and disposal of existing assembly, repairs or replacement as required to the roofing substructure / sheathing, and installation of new roof assembly. Appropriate safety precautions will be required.			
	Quantity	6,450 SF			
	Job Cost	\$64,885.27			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include debris removal, regular inspection for damaged shingles, and repairs as required.				


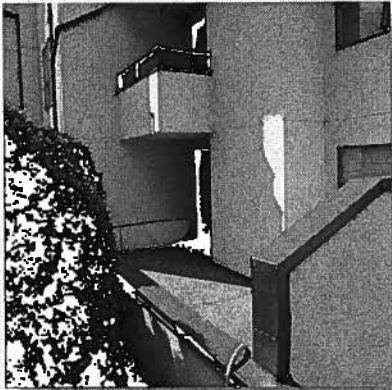


Component 17		Building - Structural and Architectural		Skylights	
					
Component Description	<p>A skylight is defined as an overhead window forming part of the roof, allowing light into the interior of a structure. Skylights form part of the roof structure and can be constructed of aluminum and glass or plexi-glass. These are boxed with flashing and trim to secure to the roofing structure.</p>				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building.			
Potential Deterioration	<p>Skylights are susceptible to the environment and weathering. They can fail and develop leaks. Leaks are due to small cracks caused by an object hitting the skylight, or a deteriorating seal around the edges. Improperly installed flashing can contribute to skylight failure.</p>				
Condition Analysis	<p>Based upon a partial visual-inspection, this component appears to be in average condition for its age.</p>				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	20 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	No known expenditures have been spent on this component to date.			
	Work	Remove old skylight system. Take care to pull back roofing flashing and material, install new skylight system and secure. Flashing and seal materials for trim, and reapply roofing finish. A budget equal to 50% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	6 Skylights			
	Job Cost	\$6,697.02			
Deficiency Analysis	<p>No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include replacing flashing as required.</p>				


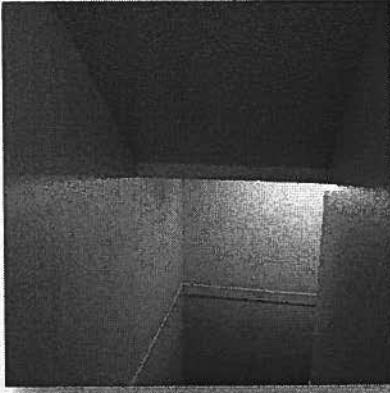


Component 18		Building - Structural and Architectural		Gutters & Downspouts	
					
Component Description	Gutters protect a building's foundation by channeling water away from its base. They can be constructed from a variety of materials, including cast iron, lead, zinc, galvanized steel, painted steel, copper, painted aluminum, PVC (and other plastics), concrete, stone, and wood. Downspouts are the vertical pipes that are used to divert rain water away from a building's foundation.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building.			
Potential Deterioration	Debris such as leaves, weeds, and grass in gutters can cause clogging and deterioration. Determining factors include proximity of trees to the roof line, the type of trees, the slope of the roof, and the type of roof.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	20 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	No known expenditures have been spent on this component to date.			
	Work	Removal and replacement of sections of gutters / downspouts as required. A budget equal to 50% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	1 Allowance			
	Job Cost	\$5,822.74			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance.				





Component 19		Building - Finishes and Decoration		Exterior Building Painting	
					
Component Description	This reserve item considers the preparation, priming, and painting of the exterior surfaces of the building. The type of paint which is suitable will be dependent on several factors, including the type of surface. Generally, applying the same type of paint as the original (e.g. latex over latex or alkyd over alkyd) works best. Additionally, surface preparation, primer coats, and differing application methods must be considered. The subject has been painted with an elastomeric coating which allows for expansion and contraction as well as waterproofing properties.				
Reserve History	Year of Acquisition	2003			
	Description	Component has been replaced since original construction.			
Potential Deterioration	Includes exposure to the elements, such as wind, rain, snow, freeze-thaw cycles, and extreme temperature changes. UV light may deteriorate the paint and cause fading. Physical damage may occur from debris, vandalism, and impact damage.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age. Some blistering due to moisture has been repaired by strata on an ongoing basis as necessary.				
Life Cycle Analysis	Expected Lifespan	16 years			
	Effective Age	10 years			
	Remaining Lifespan	6 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Surface preparation, potentially including sanding, scraping, masking, primer coat(s), finish coats, and clean up. Additional special conditions may include scaffolding where required, safety precautions, and safeguarding the work area perimeter.			
	Quantity	9,000 SF			
	Job Cost	\$30,331.34			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection, however some blistering is being repaired on an ongoing basis by strata. The life of this component may be prolonged by effective maintenance which could include regular inspection for damage and subsequent touch-ups / repairs as required.				


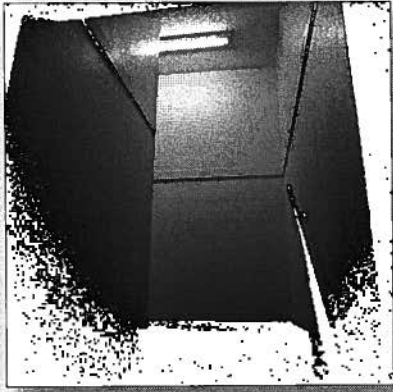


Component 20		Building - Finishes and Decoration		Interior Stairwell Painting	
					
Component Description	Interior stairwell painting is comprised of painting the walls, railings, and ceiling of the interior stairwells of the building.				
Reserve History	Year of Acquisition	2012			
	Description	Component has been replaced since original construction.			
Potential Deterioration	Includes fading from wear and tear and vandalism. Contributing factors include physical damage and deterioration over time.				
Condition Analysis	Based upon a visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	20 years			
	Effective Age	1 years			
	Remaining Lifespan	19 years			
Funding Analysis	Description	Onknown expenditures have been spent on this component to date.			
	Work	Removal of any vandalism markings and re-painting as needed.			
	Quantity	3,000 SF			
	Job Cost	\$4,836.03			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspection for paint fading due to wear and tear and repaint as required.				


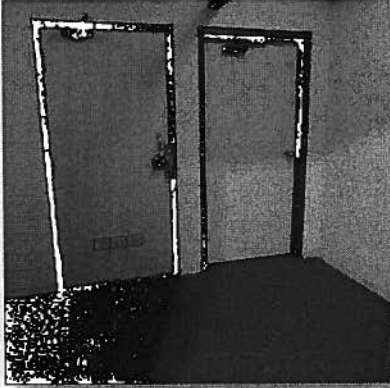


Component 21		Building - Finishes and Decoration		Interior Common Corridor Painting	
					
Component Description	This component refers to the common corridors inside the building. Component includes paint on walls and trim, and includes preparation for masking and finish. Interior latex paint is applied on common area walls and ceilings over a seal coat. Interior wood trim is painted with lacquer or gloss paint. Includes common side of doors. Excludes integrated construction unless noted. Excludes damage from repair work. Includes doors, casings, and trims as appropriate.				
Reserve History	Year of Acquisition	2009			
	Description	Component has been repaired / replaced since original construction.			
Potential Deterioration	Interior paint can deteriorate from UV sources, physical damage or water / moisture ingress. Repainting can also be done for aesthetic reasons.				
Condition Analysis	Based upon a visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	12 years			
	Effective Age	3 years			
	Remaining Lifespan	9 years			
Funding Analysis	Description	Unknown total expenditure has been spent on this component to date.			
	Work	Preparation of painted surface is required. Typically includes washing, sanding and priming surface. Two coats are applied on the surface. Masking of fixtures and painting of trim.			
	Quantity	6,390 SF			
	Job Cost	\$15,845.02			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include cleaning and maintaining a controlled environment. The strata council indicated that the paint is touched up often, which extends the lifespan of this component.				


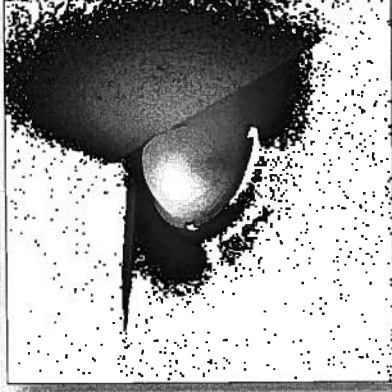


Component 22		Building - Finishes and Decoration		Interior Common Corridor Flooring - Stairwells	
					
Component Description	This component is the flooring finish in the enclosed hallway area inside the building. This area is subject to high traffic volume. The life of the flooring differs with the type of material used. The material used could include carpet, linoleum, tile, or wood.				
Reserve History	Year of Acquisition	1985			
	Description	Primarily original to the building construction.			
Potential Deterioration	Due to high traffic volume, the carpeting would be subject to fading of colour, and deterioration.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in fair condition for its age.				
Life Cycle Analysis	Expected Lifespan	22 years			
	Effective Age	18 years			
	Remaining Lifespan	4 years			
Funding Analysis	Description	Unknown expenditures have been spent on this component to date.			
	Work	Replacing the damaged area or replacement of the entire area depending on the scope of the deterioration.			
	Quantity	1,150 SF			
	Job Cost	\$13,811.94			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance including carpet cleaning and repairs as required.				




Component 23		Building - Finishes and Decoration		Interior Common Corridor Flooring - Hallways	
					
Component Description	This component is the flooring finish in the enclosed hallway area inside the building. This area is subject to high traffic volume. The life of the flooring differs with the type of material used. The material used could include carpet, linoleum, tile, or wood.				
Reserve History	Year of Acquisition	1985			
	Description	Reportedly original to the building construction.			
Potential Deterioration	Due to high traffic volume, the material used as flooring would be subject to cracking, breakage, fading of colour, and deterioration.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	22 years			
	Effective Age	15 years			
	Remaining Lifespan	7 years			
Funding Analysis	Description	No known reserve expenditures have been spent on this component to date.			
	Work	Replacing the damaged area or replacement of the entire area depending on the scope of the deterioration.			
	Quantity	1,950 SF			
	Job Cost	\$22,271.05			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance including carpet cleaning and repairs as required.				

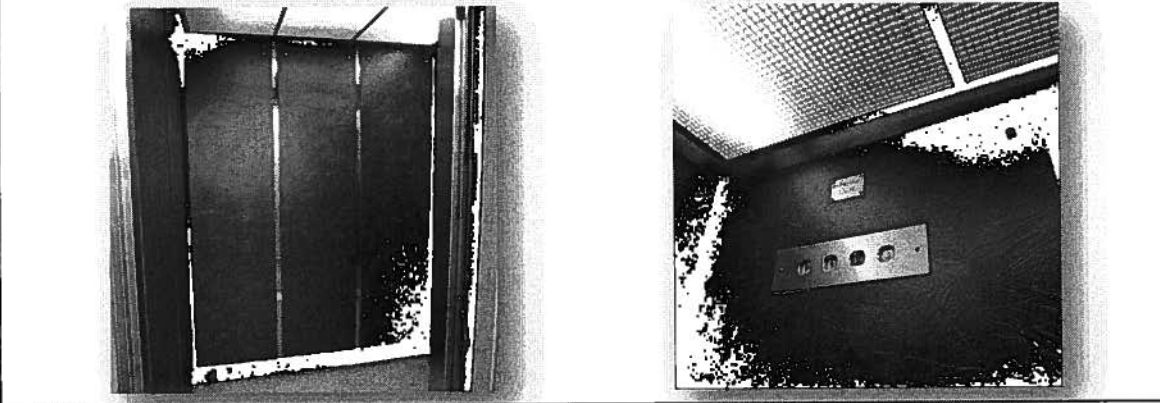


Component 24		Building - Finishes and Decoration		Interior Common Area Lighting	
					
Component Description	Interior lighting fixtures are typically fluorescent, incandescent, and halogen. Incandescent fixtures can accommodate compact fluorescent replacement lamps. Fixtures are mounted on walls or ceilings. Fixtures are frequently continually on or controlled by sensors in public areas and controlled with switches in non-public common areas. They include housings and ballasts. Bulbs are replaced as part of regular maintenance, as well as switched and sensors. Includes all lighting in parking garage, storage rooms, corridors and other common areas.				
Reserve History	Year of Acquisition	1985			
	Description	Partially replaced since original construction. Hallway corridor lighting on 1st, 2nd, 3rd floor replaced in 2009 as part of hallway updating.			
Potential Deterioration	The interior lighting is primarily susceptible to impact damage and vandalism. Over time the lighting may be changed due to redecorating of the common areas or functional obsolescence as replacement bulbs and parts become difficult to find and more efficient methods become available.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average / good condition for its age.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	15 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	Unknown expenditures have been spent on this component to date.			
	Work	Removal and disposal of existing assembly, repairs or replacement as required to the drywall and installation of the new assembly. Upon replacement, it may be advisable to switch to LED lighting depending on cost, repayment time, and availability. A budget equal to 33% of the estimated cost of the component is provided for periodic major repairs every 25 years.			
	Quantity	1 Allowance			
	Job Cost	\$6,800.94			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspections and repairs as required.				

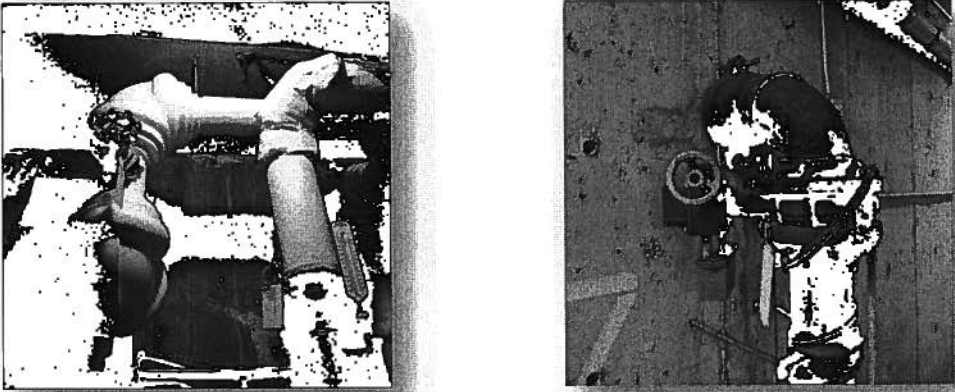


Component 25		Building - Finishes and Decoration		Lobby Renovation	
					
Component Description	This component comprises all of the reserve items and materials of the common lobby area(s), including flooring, wall finish, ceiling finish, fixtures, furnishings, and decorations, including the common mailbox.				
Reserve History	Year of Acquisition	2009			
	Description	Component has been remodelled since original construction.			
Potential Deterioration	This component will typically experience wear and tear from owner and visitor use, which could include marking / damage to the wall surfaces including impact damage, damage to the flooring due to use, obsolescence of fixtures and furnishings due to diminished utility or dated design / aesthetics.				
Condition Analysis	Based upon a visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	24 years			
	Effective Age	4 years			
	Remaining Lifespan	20 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Includes renovations which can include re-painting/wallpapering, re-flooring, and replacement of fixtures and furnishings. Special conditions may include staged project completion due to access limitations.			
	Quantity	292 SF			
	Job Cost	\$13,467.00			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspection for damage and subsequent repairs as required.				

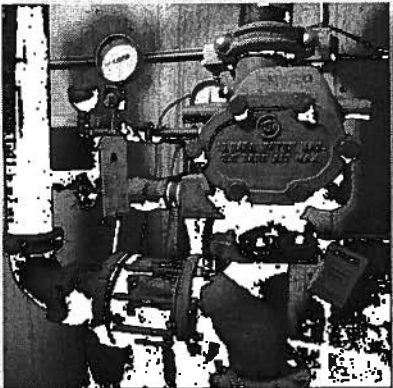
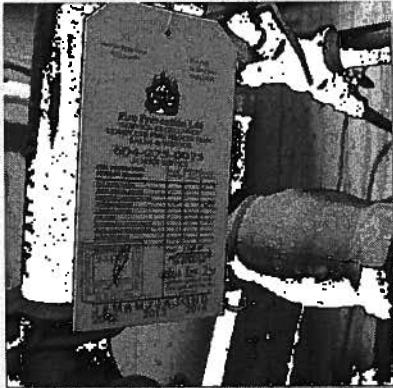


Component 26		Building - Finishes and Decoration		Elevator Cab Renovation	
					
Component Description	This component covers the repair and replacement of the interior of the elevator cabs, including the flooring, wall panels, ceiling panels, ventilation fan, paint, light fixtures, and railings. This component does not include safety features, mechanical or electrical components within the elevator enclosure.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	The elevator cabs are most prone to impact damage caused by moving items in and out. Further damage is caused by wear and tear and vandalism. Most cab interiors are constructed of materials to allow for a certain resistance to deterioration of this type.				
Condition Analysis	Based upon a visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	15 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	No major expenditures reported on this component to date.			
	Work	Removal and disposal of existing assembly, repairs or replacement as required, and installation of the new assembly.			
	Quantity	1 Cab			
	Job Cost	\$6,202.88			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspections and repairs as required.				



Component 27		Building - Mechanical Systems		Domestic Water Supply	
					
Component Description	Supply system to provide hot and cold water to the building via a main distribution system. Typically includes risers, branch lines, valves and backflow preventers. Backflow preventers are required on the main service and where irrigation and fire sprinkler systems connect to the water supply.				
Reserve History	Year of Acquisition	2009			
	Description	Replacement completed March 2009 by Brighter Mechanical.			
Potential Deterioration	Pinhole leaks at elbows. Contact between dissimilar metals can cause deleterious electrochemical reactions. Turbulence caused by improper bends and soldering can create leaks. Connections to fixtures can wear and break. Plastic resins can chemically change over time and become brittle. Vibration and stress can weaken joints. Valves can seize.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	4 years			
	Remaining Lifespan	21 years			
Funding Analysis	Description	The substantial replacement in 2009 had a reported cost of \$163,413.			
	Work	Full-scale replacement of plumbing systems is not typical. A budget equal to 10% of the estimated cost of the component is provided for periodic major repairs every 25 years.			
	Quantity	1 System			
	Job Cost	\$21,910.88			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include replacing worn or corroded pipes as required.				

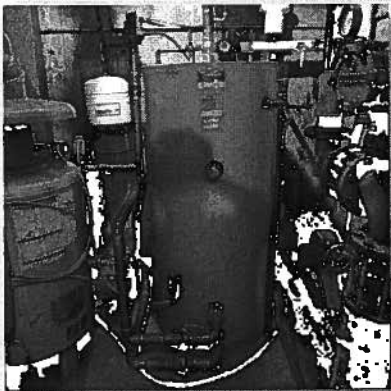



Component 28		Building - Mechanical Systems		Sprinkler System - Dry (Garage Only)	
					
Component Description	A fire sprinkler system is an active fire protection measure, consisting of a water supply system that provides adequate pressure and flow rate to a water distribution piping system, onto which fire sprinklers are connected. The most common types of fire sprinkler systems are Wet and Dry pipe systems. They are used for different environments. The subject building has a dry system serving the parkade only.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction. In 2013, the dry sprinkler valve and air compressor are to be replaced at an anticipated cost in the \$8,000 to \$9,000 range.			
Potential Deterioration	Fire sprinkler systems are composed of various components such as valves, pumps, and gauges. These components are susceptible to mechanical failure.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age, and is routinely inspected by Ace Fire Prevention Ltd, who noted in 2011 a valve may require replacement.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	24 years			
	Remaining Lifespan	1 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	A fire sprinkler system needs to be maintained regularly to comply with numerous regulations. The System is inspected and tested for operational readiness, and parts failure. A budget equal to 7% of the estimated cost of the component is provided for periodic major repairs every 25 years.			
	Quantity	1 System			
	Job Cost	\$8,599.02			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection, with exception of recommended replacements described above. The life of this component may be prolonged by effective maintenance.				

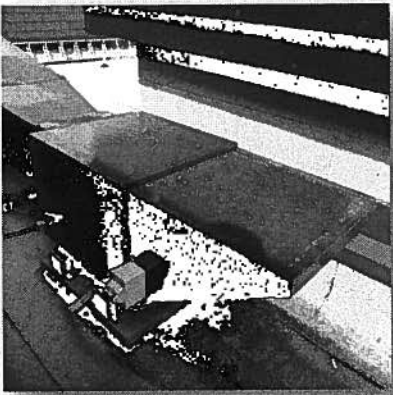
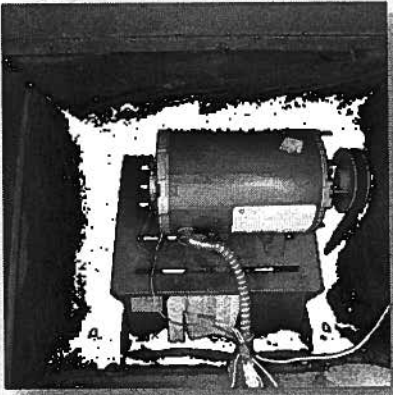


Component 29		Building - Mechanical Systems		Boiler - Domestic Hot Water	
Component Description	The subject A. O. Smith natural gas commercial boiler system produces hot water for domestic purposes. The hot water is distributed through a 119 gallon hot water storage tank (seperate component).				
Reserve History	Year of Acquisition	2009			
	Description	Component has been replaced since original construction.			
Potential Deterioration	Corrosion and limestone deposits can build up inside the pipes causing leaks. The burners and thermal coupling units may fail. Additional failiures may occure from metal fatigue.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	20 years			
	Effective Age	4 years			
	Remaining Lifespan	16 years			
Funding Analysis	Description	Unknown expenditures have been spent on this component to date.			
	Work	Removal and disposal of old boiler. Replace with new boiler and connections to distribution systems and fuel systems.			
	Quantity	1 Boiler			
	Job Cost	\$6,897.09			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. Replacement is recommended at the end of the manufacturer's recommended life.				

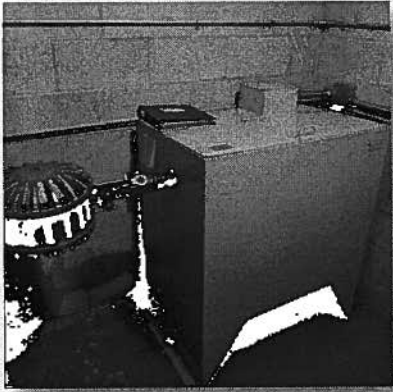



Component 30		Building - Mechanical Systems		Hot Water Storage Tank	
					
Component Description	A hot water storage tank is used to store hot water for domestic use. Hot water tanks may have built-in heaters or may use an external heat-exchanger from another system, including gas, oil, and electric. The subject system uses a natural gas fired boiler connected to the 119 gallon A. O. Smith hot water storage tank.				
Reserve History	Year of Acquisition	2009			
	Description	Component has been replaced since original construction.			
Potential Deterioration	Corrosion and limestone deposits can build up inside the tanks causing leaks. The burners and thermal coupling units may fail.				
Condition Analysis	Based upon a visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	15 years			
	Effective Age	4 years			
	Remaining Lifespan	11 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Removal and disposal of old tank. Replace with new tank.			
	Quantity	1 Tank			
	Job Cost	\$3,567.61			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. Replacement is recommended at the end of the manufacturer's recommended life.				

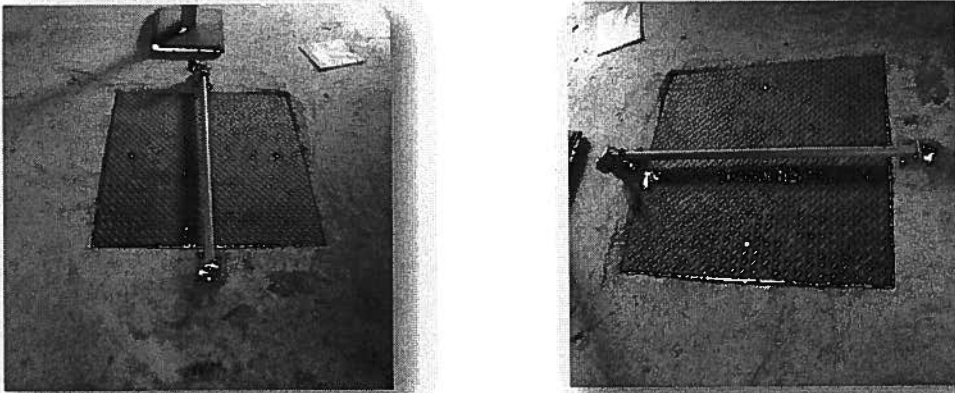


Component 31 - 32		Building - Mechanical Systems		Terminal & Packaged Units - Air Handling	
					
Component Description	Air handling units (AHU) typically include a blower, heating and / or cooling elements, and dampers. Other accessories include sound and vibration dampeners. AHUs that handle 100% outside air are called make-up air units (MUA) and AHUs that are located on roofs are called rooftop units (RTU.) Heating sections can be hydronic, direct-fired, or indirect-fired. Cooling sections can be evaporative or use a chilled water loop from an integrated or separate chiller unit.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction with repairs as required. North fan was replaced in 2002.			
Potential Deterioration	Burners in fuel-fired equipment can deteriorate. Electrical failure of fans and controls. Cooling sections can leak. Metal cabinets can corrode.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	20 years			
	Effective Age	11 years			
	Remaining Lifespan	9 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Remove existing equipment and controls so connections can be reused, replace with similar equipment, and balance and re-commission the system.			
	Quantity	2 Unit			
	Job Cost	\$25,543.74			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include periodic inspection and repair or replacement of damaged motors and air handling systems.				

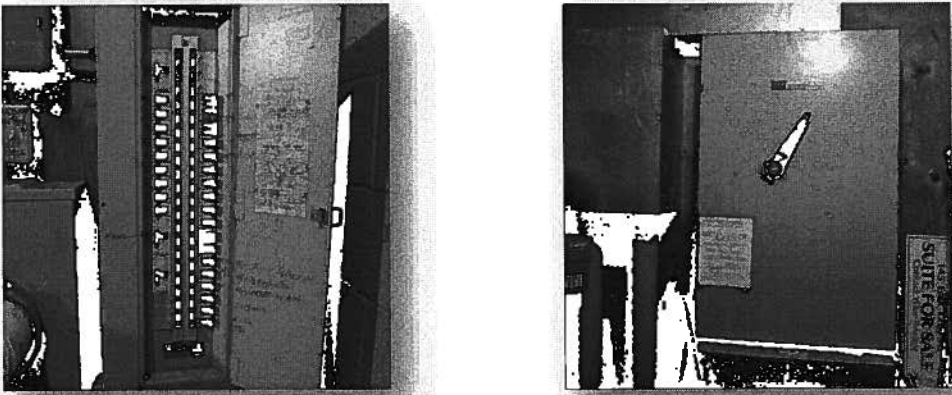


Component 33		Building - Mechanical Systems		Elevator Replacement - Hydraulic	
					
Component Description	Hydraulic elevators use a hydraulic ram system comprising a tank, pump, valve, and a cylinder. Upward movement is created by the electric motor pumping oil into the cylinder causing the piston to lift the elevator cab. To descend, the valve releases the oil from the cylinder back into the oil tank.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	Deterioration could include wear and tear of mechanical components including bearings, gears, valves, and pump. Electrical failures of relays, contactors, motor windings, and processors may occur over time. Leaks from hydraulic connections may also occur, as may door operator failures. Single-bottom cylinders built prior to 1977 risk failure due to cylinder corrosion or electrolytic action. Systems of this type will require retrofit or replacement (B44-2007 safety code).				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	20 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	Unknown total reserve expenditures have been spent on this component to date. The maintenance contract is with Eltec Elevator Ltd.			
	Work	A budget equal to 33% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	1 Elevator			
	Job Cost	\$53,916.31			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. Ongoing maintenance routines and preventive maintenance are required.				

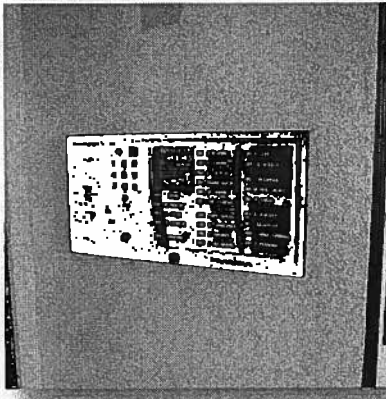


Component 3/4		Building - Mechanical Systems		Sump Pump	
					
Component Description	The sump pump is located below the parkade grade in a locked pit - access was unavailable.				
Reserve History	Year of Acquisition	2007			
	Description	Component has been replaced since original construction.			
Potential Deterioration	Pump failure may occur over time due to wear and tear. Subject pumps were replaced in approximately 2006/2007.				
Condition Analysis	No visual inspection possible, this component is assumed to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	15 years			
	Effective Age	6 years			
	Remaining Lifespan	9 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Remove old pump, replace with new unit.			
	Quantity	2 Pumps			
	Job Cost	\$3,908.10			
Deficiency Analysis	No major deficiencies were indicated at the time of property inspection. The life of this component may be prolonged by effective maintenance and repairs as required.				

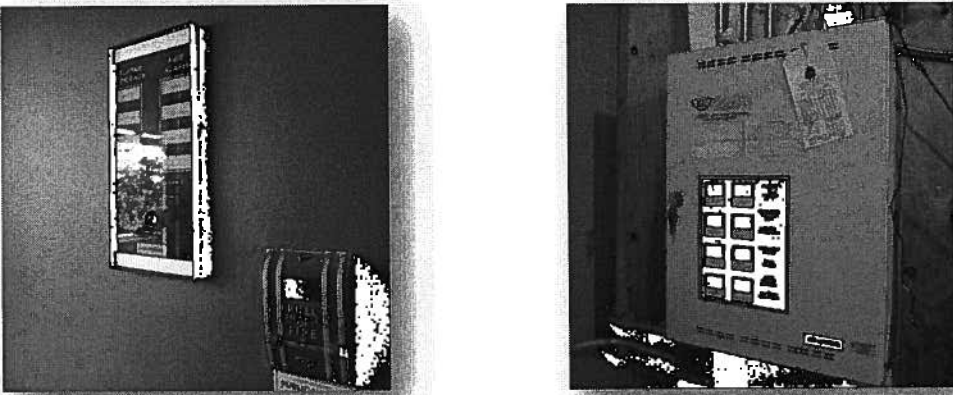


Component 35		Building - Electrical Systems		Electrical Distribution System and Fixtures	
					
Component Description	<p>The building is served by a 600 amp main electrical service. The power is stepped down in a main electrical room, with a subpanel for common electrical services. There are individual breaker panels in the strata lots for each strata unit, which are not included in this component. The wiring consists of shielded cable and copper wire inside metal conduit.</p>				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	<p>Includes potential loosening of connections, component failure, degrading of wire.</p>				
Condition Analysis	<p>Based upon a partial visual-inspection, this component appears to be in average condition for its age.</p>				
Life Cycle Analysis	Expected Lifespan	20 years			
	Effective Age	7 years			
	Remaining Lifespan	13 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Removal and replacement of components as required. A budget equal to 10% of the estimated cost of the component is provided for periodic major repairs every 20 years.			
	Quantity	1 System			
	Job Cost	\$16,717.82			
Deficiency Analysis	<p>No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspection and subsequent repairs as required.</p>				





Component 36		Building - Electrical Systems		Entry System - Intercom	
					
Component Description	Entry phone systems are located at the entry point to the common area of the building, typically in the front lobby. There are several different types of systems. These typically include a terminal with alpha numeric display and a key pad. These systems are usually tied into the main entry door via a mag lock or electrical lock release system.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	This component can suffer electrical failure from wear and tear or exposure to elements. In addition, vandalism or physical damage can occur. Typically these units are replaced when they become functionally obsolete or when parts become unavailable or superior equipment becomes available. Exterior terminals will tend to have a shorter service life.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	20 years			
	Effective Age	15 years			
	Remaining Lifespan	5 years			
Funding Analysis	Description	No known expenditures have been spent on this component to date.			
	Work	Removal of old system installation and setup of replacement system. Integration with connected components where required.			
	Quantity	1 System			
	Job Cost	\$8,876.54			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance and adequate protection from the elements.				


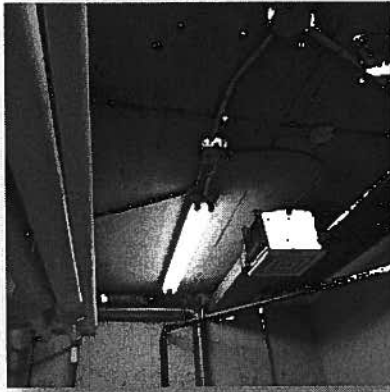


Component 37		Building - Electrical Systems		Fire Alarm System	
					
Component Description	An automatic fire alarm system is designed to detect fire by monitoring environmental changes associated with combustion. In general, a fire alarm system is classified as either automated, manual, or both. Automatic fire alarm systems are intended to notify the building occupants and emergency service responders in the event of a fire or other emergency. The system may include pull stations, enunciators, a fire panel, heat and smoke detectors, fire hoses, and fire extinguishers.				
Reserve History	Year of Acquisition	2012			
	Description	Component has been repaired / replaced since original construction.			
Potential Deterioration	Includes electrical failure, vandalism, and functional obsolescence. Exterior terminals will tend to have a shorter service life.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	15 years			
	Effective Age	1 years			
	Remaining Lifespan	14 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Repair and / or replacement of system after results of regular testing periods.			
	Quantity	1 System			
	Job Cost	\$14,655.37			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. Periodic fire alarm testing is required.				




Component 38		Building - Amenities		Storage Lockers	
					
Component Description	Storage lockers are typically located in common areas of the building. They are typically built of wood or chain link. This component includes gates, wire mesh to ceiling, hinges, floor fasteners, and latch / hardware. The subject building has individual wood construction storage lockers.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	Includes wear and tear on latches / hinges / floor fasteners, impact damage, vandalism, wear and tear, moisture, and corrosion or rot if humidity is high.				
Condition Analysis	Based upon a visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	40 years			
	Effective Age	15 years			
	Remaining Lifespan	25 years			
Funding Analysis	Description	No known expenditures have been spent on this component to date.			
	Work	Repairs or replacement as required to the lockers, latches, hinges, and floor fasteners. A budget equal to 50% of the estimated cost of the component is provided for periodic major repairs every 40 years.			
	Quantity	24 Lockers			
	Job Cost	\$7,734.21			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspection for damaged lockers / latches / hinges / floor fasteners and repair / replace as required.				

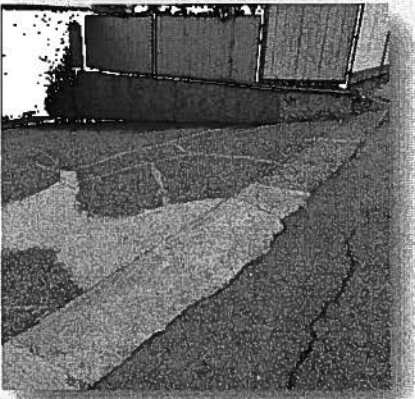
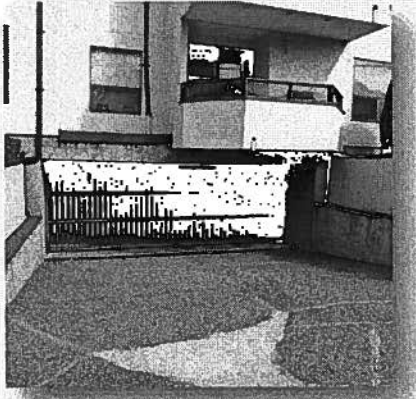


Component 39		Building - Amenities		Laundry Room	
					
Component Description	This component comprises all of the reserve items and materials of the common laundry room, including flooring, wall finish, ceiling finish, fixtures, furnishings, appliances and decorations. The appliances are Maytag Commercial models.				
Reserve History	Year of Acquisition	1985			
	Description	Laundry room original to the building construction, washer and dryer replaced in 2003.			
Potential Deterioration	This component will typically experience wear and tear from owner and visitor use, which could include marking / damage to the wall surfaces including impact damage, damage to the flooring due to use, obsolescence of fixtures and furnishings due to diminished utility or dated design / aesthetics. The washer and dryer will experience relatively heavy wear and tear and are Maytag Commercial models.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	15 years			
	Remaining Lifespan	15 years			
Funding Analysis	Description	Unknown total reserve expenditures have been spent on this component to date.			
	Work	Removal and disposal of old furnishings and fixtures, potentially re-painting / re-flooring, and replacement of fixtures and furnishings. Special conditions may include staged project completion due to access limitations.			
	Quantity	110 SF			
	Job Cost	\$1,944,27			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspection for damage and subsequent repairs as required.				





Component 40		Common Site Improvements	Site Services - Sewer and Water
			
Component Description	<p>This component refers to sub-surface piping such as sewer system and drainage, and water supply system from roadway to building main. Storm sewer system includes storm sewer lines, catch basins, man holes, and connections to the individual units. Sanitary sewer system includes lines and service connections. Also includes any ancillary equipment such as sump pumps and sewage pumps and tanks.</p>		
Reserve History	Year of Acquisition	1985	
	Description	Original to the building construction.	
Potential Deterioration	<p>This component can be affected by erosion, freeze / thaw cycles, corrosion, and in some cases physical damage from excavation.</p>		
Condition Analysis	<p>No visual-inspection possible, this component is assumed to be in average condition for its age.</p>		
Life Cycle Analysis	Expected Lifespan	35 years	
	Effective Age	28 years	
	Remaining Lifespan	7 years	
Funding Analysis	Description	<p>Unknown total reserve expenditures have been spent on this component to date.</p>	
	Work	<p>Excavation and replacement of damaged component on an item by item basis. Will require shut down of building service for the duration. A budget equal to 15% of the estimated cost of the component is provided for periodic major repairs every 35 years.</p>	
	Quantity	20 LF	
	Job Cost	\$1,639.91	
Deficiency Analysis	<p>No major deficiencies were noted. The life of this component may be prolonged by effective maintenance which could include repairs as required.</p>		





Component 41		Common Site Improvements		Concrete Paving	
					
Component Description	This component is for additional concrete paving and curbing, not allocated for in walkways or parkade. Concrete is a composite construction material composed primarily of aggregate, cement, and water. Concrete is poured using Slip-form paving or Fixed-form paving. Slip-form is used when large amounts of concrete must be placed efficiently. Fixed-form paving, where stationary forms are placed to hold the concrete mixture.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	The concrete is subject to physical damage from traffic. Additional damage from substrate erosion, freeze / thaw cycles and salt damage. The majority of concrete pavement failures are not caused by failure of the concrete slab but by problems with the materials beneath the slab.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in fair / average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	28 years			
	Remaining Lifespan	2 years			
Funding Analysis	Description	Unknown total reserve expenditures have been spent on this component to date.			
	Work	Remove and replace damaged concrete. May have to be done in stages to allow access to continue. A budget equal to 25% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	272 SF			
	Job Cost	\$1,506.23			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection, however much patchwork and past crack repair is evident. The life of this component may be prolonged by effective maintenance which could include applying sealant at regular intervals, and repairs as required.				

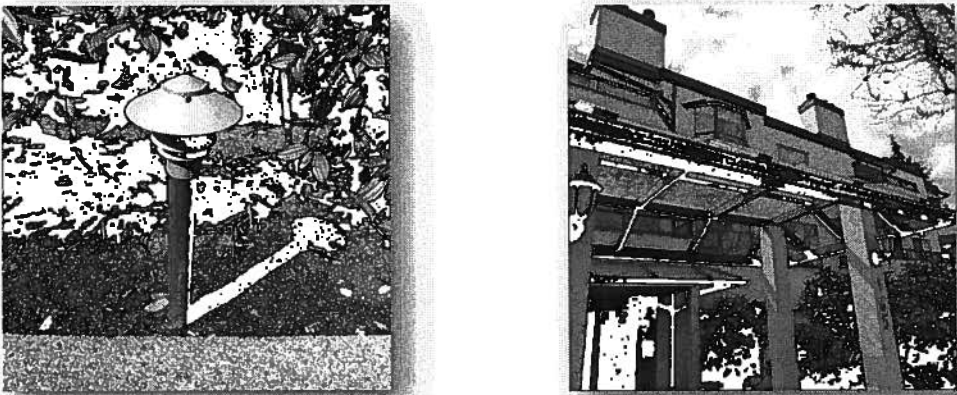


Component 42		Common Site Improvements		Concrete Paving - Walkways and Front Entry	
					
Component Description	This component is for additional concrete paving allocated for in walkways and front entry area. Concrete is a composite construction material composed primarily of aggregate, cement, and water. Concrete is poured using Slip-form paving or Fixed-form paving. Slip-form is used when large amounts of concrete must be placed efficiently. Fixed-form paving, where stationary forms are placed to hold the concrete mixture.				
Reserve History	Year of Acquisition	1985			
	Description	Partially replaced (side walkways), and partial past repairs to the front entry and front entrance walkway.			
Potential Deterioration	The concrete is subject to physical damage from traffic. Additional damage from substrate erosion, freeze / thaw cycles and salt damage. The majority of concrete pavement failures are not caused by failure of the concrete slab but by problems with the materials beneath the slab.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in fair to good condition for its age.				
Life Cycle Analysis	Expected Lifespan	20 years			
	Effective Age	19 years			
	Remaining Lifespan	1 years			
Funding Analysis	Description	Unknown total reserve expenditures have been spent on this component to date.			
	Work	Remove and replace damaged concrete. May have to be done in stages to allow access to continue.			
	Quantity	250 SF			
	Job Cost	\$4,512.44			
Deficiency Analysis	Front entry and front walkway have had past patchwork, but is nearing end of life. The life of this component, once repaired/replaced, may be prolonged by effective maintenance which could include applying sealant at regular intervals, and repairs as required.				





Component 43		Common Site Improvements		Concrete Patio	
					
Component Description	This reserve item considers the concrete patio slab. Concrete is a composite construction material composed primarily of aggregate, cement, and water. Concrete is poured using Slip-form paving or Fixed-form paving.				
Reserve History	Year of Acquisition	1985			
	Description	Primarily original to the building construction.			
Potential Deterioration	Damage from substrate erosion, freeze / thaw cycles and salt damage. The majority of concrete pavement failures are not caused by failure of the concrete slab but by problems with the materials beneath the slab. Impact damage, cracking, water fractures due to freezing.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in poor / average / good condition for its age.				
Life Cycle Analysis	Expected Lifespan	25 years			
	Effective Age	20 years			
	Remaining Lifespan	5 years			
Funding Analysis	Description	Unknown total reserve expenditures have been spent on this component to date.			
	Work	Remove and replace damaged concrete. May have to be done in stages to allow access to continue. A budget equal to 25% of the estimated cost of the component is provided for periodic major repairs every 25 years.			
	Quantity	785 SF			
	Job Cost	\$3,120.67			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include applying sealant at regular intervals, and repairs as required.				




Component 44		Common Site Improvements		Exterior Lighting	
					
Component Description	This component considers all exterior lighting in the complex, including front entry, landscaping, and lamp posts.				
Reserve History	Year of Acquisition	1985			
	Description	Primarily original to the building construction.			
Potential Deterioration	Deterioration primarily results from exposure to elements, corrosion and physical damage.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	25 years			
	Remaining Lifespan	5 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Remove and replace as required. An allowance is allocated for minor electrical work. A budget equal to 50% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	1 Allowance			
	Job Cost	\$2,728.15			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective continuous maintenance.				

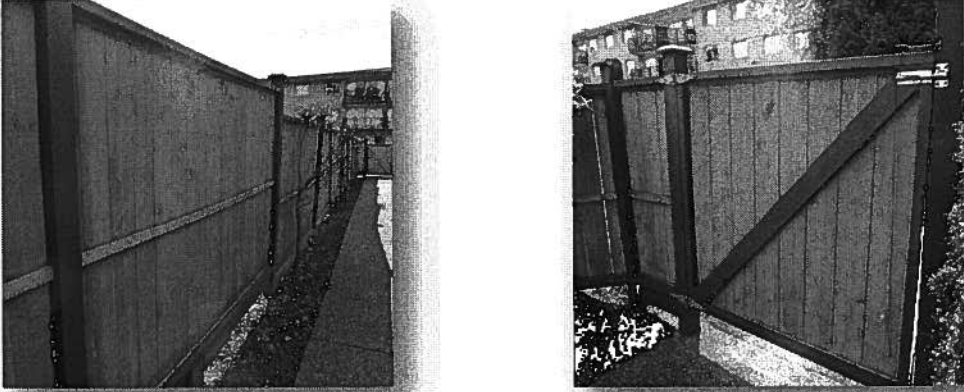


Component 45		Common Site Improvements	Exterior Landscaping
			
Component Description	Exterior landscaping may be comprised of grass, trees, shrubbery, associated gardens, walkways, irrigation system, and various plants.		
Reserve History	Year of Acquisition	1985	
	Description	Primarily original to the building since original construction. Drainage work conducted in 2012 with installation of concrete for drainage.	
Potential Deterioration	Includes exposure to the elements, such as wind, rain, snow, freeze-thaw cycles, and extreme temperature / humidity changes. Some plants are subject to fungus and disease. Additional deterioration can be caused by lack of water and nutrients. Physical damage can occur to the plants.		
Condition Analysis	Based upon a visual-inspection, this component appears to be in average condition for its age.		
Life Cycle Analysis	Expected Lifespan	15 years	
	Effective Age	8 years	
	Remaining Lifespan	7 years	
Funding Analysis	Description	Unknown total reserve expenditures have been spent on this component to date.	
	Work	Replace / repair walkways, irrigation system, diseased or damaged trees, or change landscaping for aesthetic purposes. A budget equal to 10% of the estimated cost of the component is provided for periodic major repairs every 15 years.	
	Quantity	6,500 SF	
	Job Cost	\$2,150.36	
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance, including regular landscaping.		

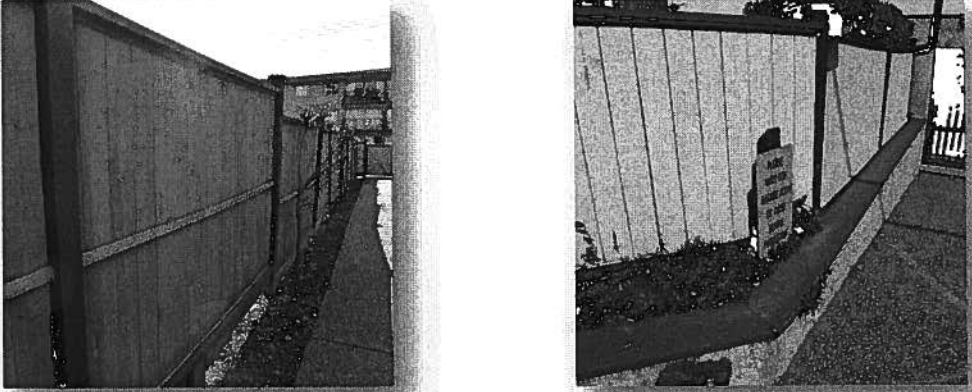


Component 46		Common Site Improvements		Retaining Walls - Concrete	
					
Component Description	Includes concrete or wood retaining walls for the complex. Retaining walls over four feet high must be approved by a qualified engineer.				
Reserve History	Year of Acquisition	1985			
	Description	Original to the building construction.			
Potential Deterioration	Retaining walls are susceptible to hydraulic pressures, seismic movement, and physical damage from impact. Additional damage from substrate erosion, freeze / thaw cycles and salt damage. Wood is subject to weathering from the elements, rotting and insect damage.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in average condition for its age.				
Life Cycle Analysis	Expected Lifespan	30 years			
	Effective Age	20 years			
	Remaining Lifespan	10 years			
Funding Analysis	Description	Unknown total expenditures have been spent on this component to date.			
	Work	Patch and replace as needed. An allowance equal to 10% of estimated cost of construction is provided for periodic major repairs. A budget equal to 25% of the estimated cost of the component is provided for periodic major repairs every 30 years.			
	Quantity	28 LF			
	Job Cost	\$1,917.00			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance.				



Component 47		Common Site Improvements		Fencing - Wood	
					
Component Description	This component describes the perimeter fencing. The fencing is typically cedar with posts inset into concrete. Wood fencing adds a level of privacy.				
Reserve History	Year of Acquisition	2005			
	Description	Component has been replaced since original construction.			
Potential Deterioration	Wood fencing can suffer from impact damage, insect infestation, poor maintenance and seismic movement. Exposure to the elements, including rotting, and UV damage can deteriorate the fence. Concrete surfaces can crack or crumble with excessive movement or water ingress.				
Condition Analysis	Based upon a partial visual-inspection, this component appears to be in good condition for its age.				
Life Cycle Analysis	Expected Lifespan	20 years			
	Effective Age	7 years			
	Remaining Lifespan	13 years			
Funding Analysis	Description	Unknown total reserve expenditures have been spent on this component to date.			
	Work	Remove and replace fencing as required.			
	Quantity	300 LF			
	Job Cost	\$12,509.80			
Deficiency Analysis	No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance and repairs as required.				



Component 48		Common Site Improvements		Fencing - Stain	
					
Component Description	<p>This reserve item considers the preparation, painting or staining of the fencing component. The type of paint which is suitable will be dependent on several factors, including the type of surface and potentially old and obsolete paint. Surface preparation such as scraping, and differing application methods are included. If staining, the fencing must be clean and dry prior to application of stain, which may be followed up with a sealer coat.</p>				
Reserve History	Year of Acquisition	2011			
	Description	Component has been repaired / replaced since original construction.			
Potential Deterioration	<p>Includes exposure to the elements, such as wind, rain, snow, freeze-thaw cycles, and extreme temperature changes. UV light may deteriorate the paint / stain and cause fading. Physical surface damage may occur from debris, vandalism, and impact damage.</p>				
Condition Analysis	<p>Based upon a partial visual-inspection, this component appears to be in good condition for its age.</p>				
Life Cycle Analysis	Expected Lifespan	5 years			
	Effective Age	2 years			
	Remaining Lifespan	3 years			
Funding Analysis	Description	Unknown total reserve expenditures have been spent on this component to date.			
	Work	Preparation of the surfaces to be painted or stained, including potentially sanding, scraping, masking, finish coats, followed by clean up. Additional special conditions may include safety precautions and safeguarding the work area perimeter.			
	Quantity	2,400 SF			
	Job Cost	\$8,730.37			
Deficiency Analysis	<p>No major deficiencies were noted at the time of visual inspection. The life of this component may be prolonged by effective maintenance which could include regular inspection for damage and subsequent repairs as required.</p>				



Component 49		Common Site Improvements		Depreciation Report	
Component Description	BC Legislated Depreciation Report				
Reserve History	Year of Acquisition	1985			
	Description	Initial Report			
Potential Deterioration	N/A				
Condition Analysis	N/A				
Life Cycle Analysis	Expected Lifespan	3 years			
	Effective Age	0 years			
	Remaining Lifespan	3 years			
Funding Analysis	Description	N/A			
	Work	N/A			
	Quantity	1 Report			
	Job Cost	\$0.00			
Deficiency Analysis	N/A				



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