normac
appraisals ltd.

308 - 788 Beatty Street
Vancouver, BC, V6B 2M1
Tel: 604-221-8258
Fax: 604-224-1445

Strata LMS 879

Riverpointe

Depreciation Report

Presented to:

The Owners, Strata LMS 879

Riverpointe

15110 - 15160 108 Avenue

Surrey, BC, V3R 0T6

c/o Mr. Carl Sloback, Strata Agent

Hugh & McKinnon Realty

14007 - 16th Avenue

White Rock, BC, V4A 1P9

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September 19, 2014

The Owners, Strata LMS 879
Riverpointe
15110 - 15160 108 Avenue
Surrey, BC, V3R 0T6

c/o Mr. Carl Sloback, Strata Agent
Hugh & McKinnon Realty
14007 - 16th Avenue
White Rock, BC, V4A 1P9

Thank you for the opportunity to produce your Strata's Depreciation Report (the "Report" or "DR"). The Report was prepared at the request of Strata LMS 879—Riverpointe ("Strata") or its representative, on behalf of the Owners.

The purpose of the Report is to help the Strata make informed decisions about managing the renewal of common property assets. The Report describes the reserve fund concepts and major reserve fund items. It provides current and future replacement costs and provides alternative funding plans. The financial model is a complex document and should be reviewed in detail and within the context of this report. A list of definitions is included in the appendices.

A draft financial model report was presented to members of the Strata Council and updates were made based on the feedback provided.

We recommend that a review of the Reserve Fund capital spending, income and funding assumptions be carried out annually by the Strata Corporation to monitor the Reserve Fund balance at or near the time of the Annual Budget meetings.

As the physical and financial state of the commonly owned assets change, the Report will require updating. We recommend that a new Report be carried out every 3 years as per the Strata Property Act. Normac Appraisals Ltd. ("Normac") would be pleased to continue as your provider in the future.

We appreciate the opportunity to prepare this Report for you.

Respectfully submitted,

NORMAC APPRAISALS LTD.

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LIST OF COMPONENTS

1.0 INTRODUCTION

Normac Appraisals Ltd was retained by the owners of the Strata or their representative to prepare a Depreciation Report. The Strata constructed circa 1994, consists of two hundred and sixty-six (266) suites in 6 low-rise apartment buildings with concrete underground parkades, amenity rooms, and various site improvements.

The purpose of the Report is to help the Strata make informed decisions about managing the renewal of common property assets. We inspected the complex, discussed the complex with a representative of the owners and reviewed the documents made available to us. From these interviews, documents and visual review we prepared this Report. A list of definitions is included in the appendices.

The Report is prepared to meet the requirements of the BC legislation and follows established Reserve Fund Planning Standards of the Real Estate Institute of Canada that exceed the regulatory requirements. These standards, presented throughout this Report, consist of investigations, analyses and calculations that provide realistic and supportable reserve fund estimates.

This Report outlines our review of the common assets and our estimates of the assets' life-cycle as well as the cost to replace these assets. As the common assets change and age, the Report will require updating.

1.1 STRATA OVERVIEW

All building components are subject to physical deterioration as a result of exposure to elements, general usage, impact damage, or due to technological advancements. This deterioration results in the requirement for maintenance and/or renewal strategies over time.

This Report identifies the common asset components and assesses their quality, normal life span, and present condition. To further help with planning a time schedule for repairs and/or replacement is presented.

The property assets are considered to be in good condition overall. In preparing this Report we noted that the Strata takes great pride in the property and is quite active in its management and maintenance. The table below provides a summary of the key property information.

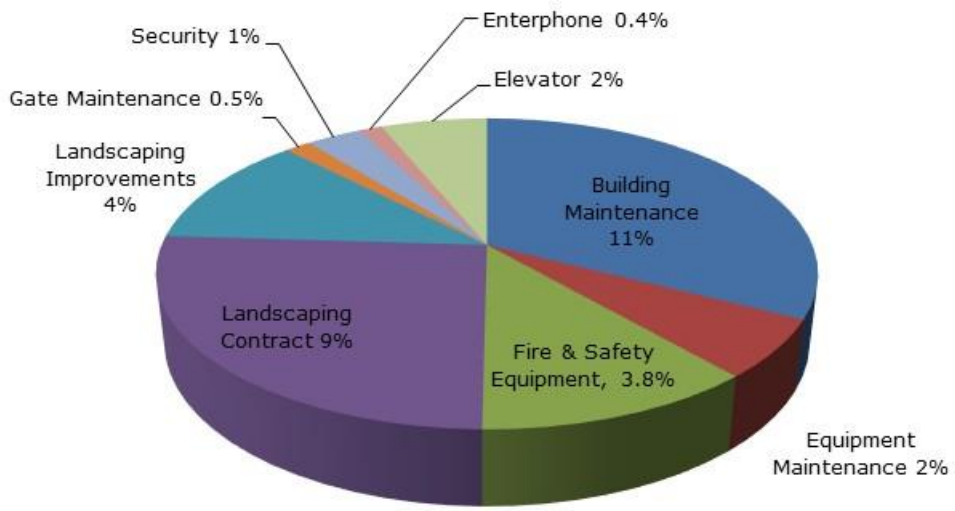
Property Overview	
Strata type	Residential
Usage	Apartments
Date of construction	1994
Number of buildings	6
Number of strata lots	266
Number of stories above grade	3
Total site area (square feet)	269,455
Combined building area with garages/parkade (square feet)	437,100

1.2 MAJOR MAINTENANCE

The Strata undertakes maintenance activities and funds them through the operating budget. During the last fiscal year end, the Strata devoted 33% of their operating budget to maintenance of different systems. Maintenance activities help ensure the Strata's building components survive their full potential. We understand that maintenance items are being addressed on an ongoing basis.

Annual Building Maintenance

	2013
Building Maintenance	77,217
Equipment Maintenance	14,417
Fire & Safety Equipment	27,559
Landscaping Contract	61,210
Landscaping Improvements	27,876
Gate Maintenance	3,580
Security	7,669
Enterphone	3,173
Elevator	14,769
Total	237,470
	33%

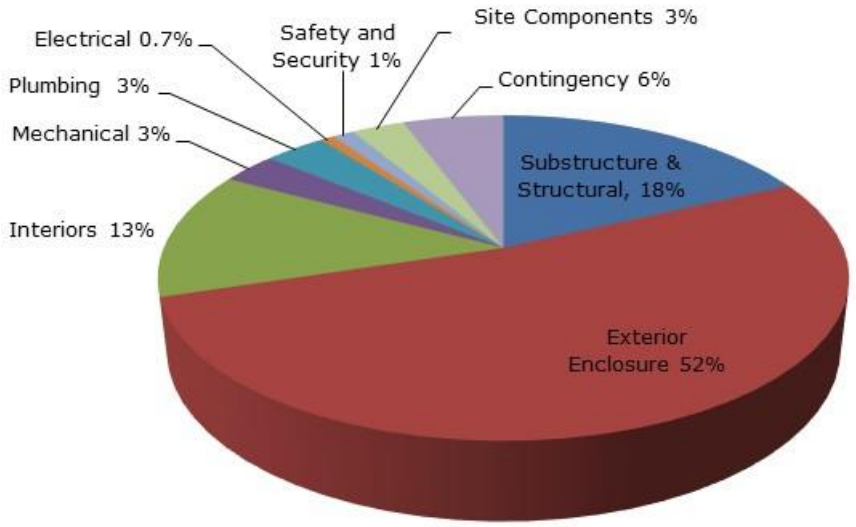


1.3 MAJOR RENEWAL AND REPAIR PLANNING

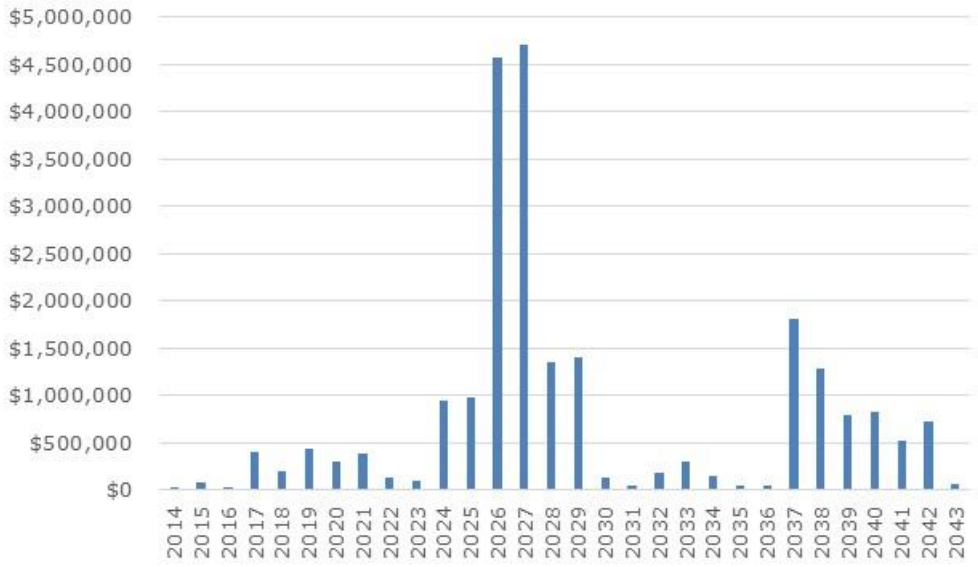
It is estimated that over the next 30 years, there will need to be an investment in renewing assets. Estimated costs have been calculated using cost guides, contractor quotations, historical repair costs, and our own programs and databases. The breakdown of estimated expenditures by major component is listed below.

Major Expenditures	Replacement Costs in Current $
Substructure and Structural	1,949,800
Exterior Enclosure	7,241,000
Interiors	772,600
Mechanical	587,100
Plumbing	564,100
Electrical	50,000
Safety and Security	212,700
Site Components	396,700
Contingency	26,600
	11,800,600

The graph below shows the breakdown of expenditures by major component type over 30 years.



The chart below shows the value of expenditures by year.



1.4 FINANCIAL REVIEW

A key part of preparing a Depreciation Report is the financial planning and review. We reviewed the documents available to determine the starting position of the Strata's operating and renewal planning and historical expenditures.

Below are key financial figures that form the starting point for the financial model.

Financial Overview	
Last complete fiscal year end	Dec. 31, 2013
Budgeted total strata fees	$ 837,797
Budgeted fees for operating expenses/maintenance	$ 714,797
Average maintenance fees per unit per month	$ 224
Budgeted fees for contingency reserve fund contributions	$ 123,000
Average CRF fees per unit per month	$ 39
Reserve balance at end of last fiscal year	$ 219,524
Material threshold	$ 35,740

1.5 BENCHMARK

After physically reviewing the components, reviewing the documents, assessing the lifespan of the components a Benchmark Analysis was prepared. The Benchmark Analysis shows the reserve components, including the life cycle analysis and the cost estimates on a single spreadsheet. The Benchmark Analysis can be found in Section 7.0 of the Report.

The estimates represent the optimum reserve fund contributions without regard to the current financial position of the Strata Corporation or the current reserve fund contributions by unit owners. Actual costs may vary depending on the time of tendering, the scope of work and the economic climate. However costs used assume quality construction and current standards.

A summary of the Benchmark Analysis figures is shown below:

Summary Benchmark Analysis Data	
Current replacement costs	$ 11,800,600
Future replacement costs	$ 17,555,247
Current reserve fund requirements	$ 6,147,660
Future reserve fund accumulation	$ 7,806,992
Future reserve fund requirements	$ 9,774,855
Annual optimal reserve fund contributions	$ 683,508
Average annual optimal reserve contribution per month per unit	$ 214
Interest rate	2%
Inflation rate	3%

1.6 FUNDING OPTIONS

After reviewing the components, estimating costs and renewal dates for major building components, three funding scenarios are developed and presented. These variations of funding can help the Strata make informed decisions about funding levels, timing of funding, and different types of funding.

We noted that the Strata is currently meeting the statutory minimum balance required under the legislation. However the current legislation does not optimally determine the amount of funding required to maintain and renew assets in an optimal condition or present methods to avoid, minimize or plan for special levies.

The three funding scenarios presented are described in more detail starting in Sections 8 & 10 but can be summarized as follows.

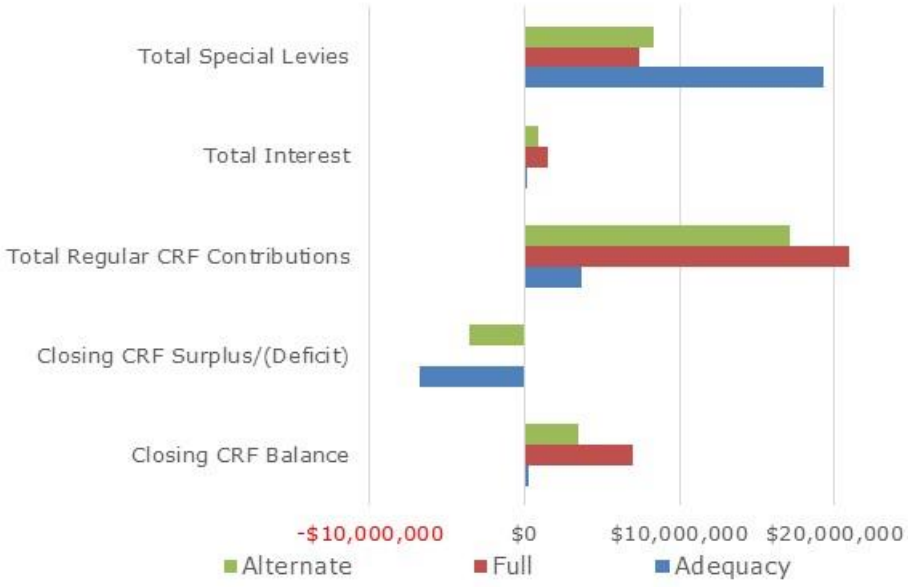
- **Adequacy—**this is a minimally funded model. The bottom line for this funding model is that sufficient funds are available for expenditures just as needed but no more.
- **Full Funding—**as the name describes this is a maximum funding model. Monthly Contingency Reserve Fund fees are increased early with minimal special levies.
- **Alternate Funding—**this funding model is a hybrid between the minimum and fully funded models. Monthly contributions are increased over time with a varying amount of special levies.

There are many different variations of funding that can be prepared. The table below shows a summary of the three funding options presented.

3 Funding Models, Comparison of Contributions over 30 Years

	Funding Type		
	Adequacy	**Full**	**Alternate**
Average annual CRF contributions	$ 123,000	$ 699,823	$ 570,574
Average CRF contributions per month per unit	$ 39	$ 219	$ 179
Average annual special levies	$ 642,633	$ 245,833	$ 276,667
Average annual special levies per month per unit	$ 201	$ 77	$ 87
Average CRF and special levies per month per unit	$ 240	$ 296	$ 265
Percent of full funding value	3%	100%	50%

The graph below shows a summary of the results of the three funding options, over 30 years.



2.0 RECOMMENDATIONS

Due to its past performance, the reserve fund for the Strata, with proper funding, will be in a good position.

Normac's recommendations, set out below and detailed in this report, will assist the Strata to achieve and maintain an appropriate reserve fund. The sufficiency of a reserve fund not only requires the test of an estimated fully funded reserve fund, but also requires a test as to 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 sufficient.

In our opinion, the current reserve fund balance, recommended annual contributions and earned investment income will sufficiently fund immediate and future reserve fund expenditures.

1. The Strata should continue to review and execute a long-term contingency reserve fund strategy.

2. Major repairs and replacements should continue to be recorded in, and funded from, a separate reserve fund account.

3. The reserve fund should be fully invested in guaranteed securities, yielding at least 2.0% per annum.

4. The Strata Corporation should make such expenditures as necessary to maintain the property in optimum condition.

5. If not done so already the Strata may wish to consider forming a sub-committee to the Strata Council for contingency reserve fund planning.

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 Strata should update the Depreciation Report Plan every three (3) years.

8. Estimates from contractors should be obtained for repairs within 1-2 years of the component's expected major repair or replacement.

9. Approval for Reserve Fund spending is required. The accumulated funds in the Reserve Fund are available for any major repairs or replacements of a common asset, so long as prior Strata Corporation approval has been granted.

The Strata Property Act provides that the Strata Corporation prepares their own plan for future funding of the contingency reserve fund and that the Strata is not bound by the recommendations of the reserve fund planner. Subject to the requirements set out in the Strata Property Regulation, the Strata must determine the amount of the annual contribution to the contingency reserve fund.

3.0 CERTIFICATION

We hereby certify that we are prescribed persons empowered to conduct Depreciation Reports, as stipulated in Section 94 of the Strata Property Act, Revision 2009 and that Alfred Lam personally reviewed the property on May 5, 2014, and that he personally examined the building plans and/or documents as identified herein. To the best of our knowledge and belief, the information and data used herein are true and correct.

The Depreciation Report Plan was prepared in conformity with the Reserve Fund Study Standards, published by the Real Estate Institute of Canada, and it complies with the Strata Property Act 1998, Regulation 238/2011 (please refer to Appendix—C).

We have no interest, present or prospective, in the property or its management. Neither the employment to prepare this Depreciation Report Plan nor the compensation is contingent on the amount of the Reserve Fund estimates reported. We confirm that we are qualified persons under the Strata Act. Moreover, we are solely responsible for the Reserve Fund estimates reported herein. Those signing the Report are covered by the Errors & Omissions Insurance of Normac.

Cameron Carter, B.Comm, RIBC, CRP | President

Alfred H Y Lam, BASc. in Civil Engineering, CRP | Senior Depreciation Report Planner

4.0 DEPRECIATION REPORT PROCESS

PURPOSE AND METHODOLOGY

A Depreciation Report is a financial planning tool used to establish long term planning for common property and common assets—and to establish a Contingency Reserve Fund ("CRF") schedule for these assets.

The Report provides the following elements:

1. it identifies the common reserve components and assesses their quality, normal life span, and present condition;
2. it estimates the remaining serviceable years for each of the common 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, along with investment interest projected, in order to fund future reserve fund expenditures.

The Depreciation Report is a practical guide to assist the Strata Council in planning budgets, maintenance programs, and major repairs and replacements of assets.

REPORT ASSUMPTIONS

The Report is not intended to accurately predict the failure of building systems. The scheduling provided for capital projects is based on a number of factors—both technical and non-technical in nature—which may be interdependent with other work. The actual year during which the various items of work are carried out will depend on a number of factors that may not exist or be apparent at the time the Report was prepared.

Reviews in the Report are based on random sampling and a visual review of the surface conditions. Estimating reserves for major structural repairs, major mechanical components such as sewage, or common components not visible, are difficult to predict or quantify. As a result, the report provides estimates for these components.

This Report covers common expenses that usually occur less often than once a year or that do not usually occur. Expenses that usually recur are assumed to be covered by the Operating Fund and are not included in this report. There is also a material threshold test for common reserve expenses which is the greater of $5,000 or 5% of the current operating budget. We have assumed a $35,740 threshold for this property. Items less than the material threshold are not included in the financial model for practical purposes. In some cases, an aggregate for an asset will be included in the report even though the individual components that form the assets have a replacement cost of less than the material threshold.

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

NORMAC PLANNING STANDARDS

Regulation 238/2011 under the Strata Property Act, 1998, requires that a Depreciation Report Plan consist of a physical analysis of the building components and a financial analysis of the Strata's Contingency Reserve Fund (please refer to Appendix—C).

Normac Appraisals Ltd. follows established Reserve Fund Planning Standards of the Real Estate Institute of Canada 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.

REVIEW OF RECORDS

Our review and analysis of the Strata's common assets is based on our visual review, the complex's data as well as on a review of the documents the Strata or its representative provided to Normac. These records may include:

1. Strata Plans and Architectural Drawings
2. Financial Records
3. Maintenance records
4. Past remediation work performed
5. Insurance appraisals
6. Bylaws

5.0 PROPERTY DESCRIPTION AND BUILDING COMPONENTS

The Strata constructed circa 1994, consists of two hundred sixty-six (266) suites in 6 low-rise apartment buildings with concrete underground parkades, amenity rooms, and various site improvements.

Site plan

S1 — Foundation & Structure

Year Installed	1994
Expected Life Span	80+
Observed Condition	19
Repair or Replace	2018

Description: The buildings have conventionally reinforced cast-in-place concrete foundation walls and columns that support the superstructures. The foundation walls likely sit on cast-in-place concrete strip footings and columns supported by reinforced pad footings. There are concrete slabs-on-grade within the parkades located below the buildings that are sloped to catch basins for drainage. There are also crushed stones along the perimeters of the exterior foundation walls to assist in directing water to the perforated drainage tiles at the base of the footings.

The above-grade framing of the buildings consist of wood-framed superstructures, including floor joists, stud wall framing, engineered wood roof trusses and columns and beams that sit on top of the suspended reinforced concrete roof slabs of the parkade.

Repair History: We understand that the foundations and structures are part of the original construction. We are not aware of any replacements or significant repairs to this component. Isolated occurrences of leaks and cracks have been repaired from the operating fund.

Visual Review: The wood-framed structure and foundation of the building were typically concealed by exterior cladding and finishes. As indicated on the architectural drawings, the exterior side of the foundation were to be protected with a damp-proofing or waterproofing membrane but this could not be confirmed through a visual review at all locations. The interior sides of the foundation walls, viewed from within the parkade, had white painted parking lines painted on the surface of the slab-on-grade and stall numbers painted on the walls. From the interior of the parkade we noted some typical cracking and spalling along the foundation walls. We also noted some efflorescence which could indicate past water ingress; however, we noted no active leaks during our inspection.

Recommendations: The foundation and structure can deteriorate due to several factors such as hydrostatic pressure, seismic activity, and water infiltration through the cracks in foundation walls and exterior wall cladding, as well as typical building settlement. Foundation walls located below grade are susceptible to leakage if cracks form along the walls allowing moisture to penetrate into the parkade area.

Structural components typically last the life of the buildings, so full replacements have not been considered. However, there is potential for failure for some of the waterproofing. In the plan we have included an allowance for isolated concrete repairs to the below-grade perimeter foundation walls every 15 years to address any cracked or spalled areas and to mitigate water penetration, starting in 2018. Typically these repairs would include the injection of waterproofing materials into cracks along the concrete foundation walls. Similar repairs to the parkade floor and ceiling slabs have been included (refer to S2—Parkade).

S2 — Parkade

Year Installed	1994
Expected Life Span	various
Observed Condition	19
Repair or Replace	various

Description: There is a two-storey parkade below the MacKenzie building; the suspended slab is typically covered with a traffic topping. There are also individual single-storey parkades located below the footprints of the other five buildings. The parkades have reinforced suspended concrete roof slabs that support the above-grade wood superstructure of the buildings. Portions of the roof slab/deck, extend beyond the exterior wall framing of the buildings creating a buried roof deck that is protected with a waterproofing membrane below hard and soft landscaping materials. This includes all of the individual patio pads of the 1st floor. Lighting of the parkade areas is provided by fluorescent lights.

Repair History: Through Strata minutes, we learned that some repairs in the amount of $12,675 were done in 2013 by Nova Concrete to prevent water ingress into the parkade. We are not aware of any other major repairs or replacements.

Visual Review: It is assumed that concealed components, such as steel reinforcements and joints with water-stops, were designed in accordance with the building code and that they were installed as specified. The majority of the ceiling was covered by insulation and visibility was limited.

Where checked, we noted some localized areas of efflorescence at the ceiling. There were also some typical cracking at the ceiling and floor slabs. The catch basins were noted to be unclogged and there were no signs of pooling water.

Recommendations: The reinforced concrete structure of the parkade is susceptible to deterioration that can rapidly accelerate due to exposure to moisture and de-icing salts. Moisture and salts may enter through cracks and come in contact with the reinforcing steel within the slabs causing it to oxidize and detach from the concrete surrounding it. Periodic concrete repairs and replacement of the membrane on the surface of the roof deck are required to keep the structure protected. Periodic injection of waterproofing material into cracks at the underside of the exposed parkade roof deck can also be completed to mitigate any water infiltration. These injections may assist in deferring replacement of the waterproofing membrane, but are not a permanent solution.

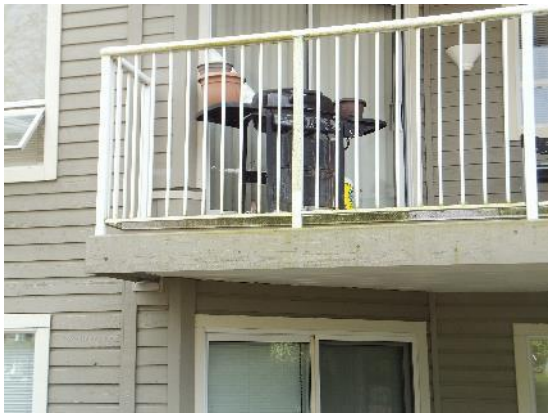
To maintain longevity, some repairs should be performed to keep the structure protected. Typically these repairs would include routing and sealing of cracks, installation of new elastomeric waterproofing membrane on the suspended floor slab, and re-waterproofing the parkade roof decks. This includes the removal and replacement of the overburden/landscaping materials.

We have included a provision for some isolated concrete repairs projects to address some cracked or spalled areas of the parkade with the foundation repairs (refer to S1—Foundation & Structure). Assuming the completion of the planned repairs, as needed, and that there are no chronic leaking issues, we have reserved for a two-year phased replacement of the buried roof deck waterproofing membrane in 2028 and 2029. Future replacements are planned for every 30 years thereafter. Consistent with typical lifespans, replacement of the traffic topping is planned for 2019 and every 25 years thereafter.

S3 — Balconies

Year Installed	2009
Expected Life Span	15-20
Observed Condition	4
Repair or Replace	2026

Description: There are wood-framed balconies on the second and third floors of the buildings throughout the complex. The flooring of these balconies is protected with vinyl waterproofing membranes. There are also some first-floor balconies over the parkade slabs which are protected with liquid-applied waterproofing membranes. Drainage of the balconies is provided by natural slope.



Repair History: We understand that the balcony waterproofing membranes were replaced as part of a large rehabilitation project in 2009. The project also included the replacement of balcony guards, targeted cladding repairs of the buildings, painting and caulking of the buildings, and new gutter systems. We understand that Common Ground Construction Ltd. was contracted as the Contractor and RDH Building Engineering Ltd. was contracted as the Consultant. As indicated by the Certificate of Completion, the total cost of the project was $5,185,250 and was funded through special levies.

Visual Review: Review of the balconies was performed by visual inspection from around the building perimeters. It is assumed that the balcony components were designed in accordance with the building code and that they were installed as specified with good construction standards. It is also assumed that the balconies we reviewed were an accurate representation of the overall balcony condition.

Where checked, the balcony floor membranes appeared to be intact. We noted no cracks or delamination of the surface but some discolouration was noted, particularly around the edges. Consistent slopes were noted on the balconies and appeared to be sufficient.

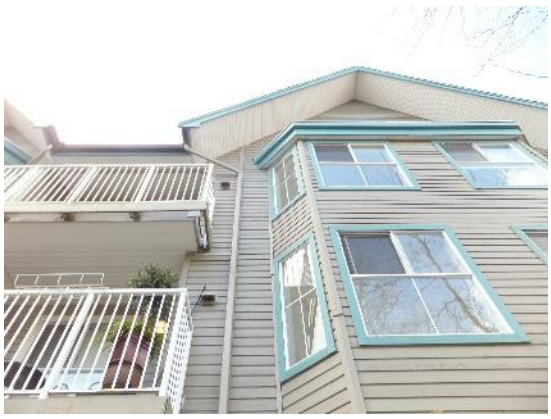
Recommendations: On the whole, the majority of the structure of the balconies is expected to last the life of the property assuming water does not penetrate behind the protective membrane. The membranes that protect the structure of the balconies typically last 15-20 years. The lifespan is largely dependent on exposure to the elements and maintenance efforts. Failure of the membranes could allow moisture to migrate downwards and saturate the substrate material. Because the membranes are unprotected and serve also as a walking surface, they are prone to more damage and more frequent renewals.

We reserved for the replacement of the balcony waterproofing membranes in 2026 and 2027 in a phased replacement and every 15 year thereafter. We have also reserved for an allowance for some framing repairs at the same time. The replacements are planned to coincide with the cladding and window replacements to minimize disruption to the Strata as well as to minimize costs (refer to EE3—Exterior Cladding and EE4—Windows & Sliding Doors).

S4 — Balconies, Guards, Metal

Year Installed	2009
Expected Life Span	40-50
Observed Condition	4
Repair or Replace	n/a

Description: The balcony guard assemblies consist of aluminum picket style guards, which are side-mounted to the outer perimeter edge of the balconies.



Repair History: We understand that the balcony guards, as mentioned above, were replaced as part of the large rehabilitation project in 2009. The total cost of the entire project was $5,185,250 and was funded through special levies.

Visual Review: Our observations from grade led us to assume that all guards are similar.

Where checked, the appearance of the balcony guards was consistent throughout the buildings and they appeared to be secured attached with no abnormal damages noted.

Recommendations: Metal guard assemblies have a typical life expectancy of 40-50 years. We recommend that along with the annual inspection of the balcony assemblies the Strata take note and monitor the condition and the firm attachment of the guards as well.

As the aluminum guards are expected to last beyond the scope of the Report, they have been excluded from the plan. Any localized repairs are anticipated to be below the threshold of the Report and are therefore assumed to be funded through the operating budget.

EE1 — Flat Roofing		
Year Installed	2013	**Description:** The flat roofs over the "turret" sections of the buildings consist of conventional flat roof assemblies. There are 2-ply SBS modified bitumen waterproofing membranes with granular embedded cap sheets installed over the underlying roof structures. Drainage is accomplished at all roof areas via internal roof drains.
Expected Life Span	20-25	
Observed Condition	1	
Repair or Replace	2037	

Did Not Access	Did Not Access

Repair History: We understand that $1,000,000 was approved in 2013 for the complete roof replacements of the buildings. It was also approved to fund the project with $200,000 from the contingency reserve fund and the remaining $800,000 through a one-time special levy. As of the date of our site inspection, four buildings (Capilano, Thompson, Fraser, and Seymour) were completed. We were advised by the Caretaker that the two remaining buildings (MacKenzie, Harrison) is scheduled for completion this year.

Visual Review: The flat roofs were not accessed and cannot be commented on but are assumed to be wearing consistently with similar roofs having similar exposure.

Recommendations: 2-ply modified bitumen roofing membranes have a typical life expectancy of 20-25 years. Failure of these assemblies can occur due to many factors such as poor installation and improper seam overlapping, excessive ponding, loss of granules along the cap sheet of the exposing the asphalt membrane to UV rays that assist in premature deterioration.

The roofs of the MacKenzie and the Harrison buildings are assumed to be completed this year. Afterwards, the plan allows for the two-year phased replacement of the flat roof area in 2037 and 2038 on a 25 year cycle. Beyond replacement projects, we recommend the Strata perform periodic, perhaps annual, inspections of all roofing types and complete any necessary maintenance and repairs to mitigate premature failures.

EE2 — Sloped Roofing

Year Installed	2013
Expected Life Span	20-25
Observed Condition	1
Repair or Replace	2037

Description: Asphalt shingles are installed throughout the sloped roofs of the building. There is a main roof that covers the top of each of the buildings.

Repair History: We understand that $1,000,000 was approved in 2013 for the complete roof replacements of the buildings. It was also approved to fund the project with $200,000 from the contingency reserve fund and the remaining $800,000 through a one-time special levy. As of the date of our site inspection, four buildings (Capilano, Thompson, Fraser, and Seymour) were completed. We were advised by the Caretaker that the two remaining buildings (MacKenzie, Harrison) is scheduled for completion this year.

Visual Review: Concealed components were not visible and our visual inspection was limited to around the building perimeters. The shingles of the recently-replaced sloped roofs appeared to be intact and without noticeable curling or cracking, where checked. We also noted no moss growth or discolouration.

Recommendations: Asphalt roofs typically perform satisfactorily for 20-25 years as long as the installation work is performed with good building standards. However, due to the rainy climate of the lower mainland, lifespans tend to be shorter and they require more frequent maintenance and repairs.

As the roofs of the two remaining buildings that are yet to be replaced have already been budgeted for, the expenditure is excluded from the plan; they are, however, anticipated to be replaced this year. For a future project, we have reserved for the two-year phased replacements in 2037 and 2038 and every 25 years thereafter. This budget includes replacements of the gutters, downspouts, and fascia boards. It is advisable that the Strata continue to have regular if not annual inspections of the sloped roof to note any curl or delamination of the shingles. Localized repairs, which we assume are funded from operations, are often critical in preserving the overall integrity and service life of the roof. First signs of leaks should be noted and should be carefully monitored as they may be an indication of a roof failure.

EE3 — Exterior Cladding

Year Installed	1994, 2009
Expected Life Span	30-40
Observed Condition	19, 4
Repair or Replace	2026

Description: The building is primarily clad with horizontal wood siding. The majority of the cladding utilise a face-sealed system. Some sections of the cladding incorporate rainscreen technology consisting of an air cavity behind the cladding surface for ventilation and drainage.

Repair History: We understand that some targeted repairs to the cladding, particularly at the "turret" sections, were done as part of a large rehabilitation project in 2009. As mentioned above, the total cost of the project was $5,185,250 and was funded through special levies.

Visual Review: Review was based on our study of the available building plans and visual inspections from around the building perimeters. The original sections of exterior siding, as indicated on the architectural plans, were face-sealed. The sections that were replaced during the rehabilitation project in 2009 were noted to incorporate rainscreen technology; this observation was supported by the presence of through-wall flashings separating floor levels at these sections. Where checked, neither the rehabilitated sections nor the original sections showed evidence of staining, cracking, or curling.

Recommendations: Typically with regular maintenance (washing, sealing, and/or painting) the exterior cladding systems have a life expectancy of 30-40 years. To assist the cladding in surviving its lifespan, the plan allows for painting of the all of the siding, wood trim, and fascia, and the re-application of sealants around the windows, doors, and cladding transition areas, which is further discussed in the EE6— Painting & Caulking.

Without reports or complaints of leaks or other issues, we expect the exterior cladding will last until the end of its typical lifespan. We have therefore planned for a two-year phased replacement of the original sections of exterior cladding in 2026 and 2027 and every 35 years thereafter. The sections that were rehabilitated in 2009 are anticipated to last beyond the scope of the Report and are therefore excluded. We have included soffits with the cladding replacement costs. The replacement is planned to include rainscreen technology, consistent with the rehabilitated sections and with current building codes. The replacement is planned to coincide with the balcony repairs to minimize disruption to the Strata (refer to S3—Balconies). It is also planned to coincide with the window replacements to optimize transition details and cost benefits (refer to EE4—Windows & Sliding Doors).

EE4 — Windows & Sliding Doors

Year Installed	1994
Expected Life Span	25-35
Observed Condition	19
Repair or Replace	2026

Description: The windows and sliding glass doors consist of double-glazed aluminum-framed units. There is an assortment of fixed and operable window assemblies. There are metal head flashings installed above the windows.

There are also glazed panels at the top of the entrance canopies.

Repair History: We understand the majority of the windows and sliding doors are original to the building construction. We are not aware of any major repairs or replacements.

Visual Review: Windows were reviewed through visual inspections around the perimeter of the buildings. The windows were generally intact and undamaged. Some of the windows were not protected by overhangs. Where checked, we noted head flashings were installed above the windows. The flashings at the rehabilitated sections were noted to extend fully past the sides of the windows, however, the original sections of flashings do not. We noted no fogging of windows during our site review and we are also not aware of any condensation issues from documented reports or complaints.

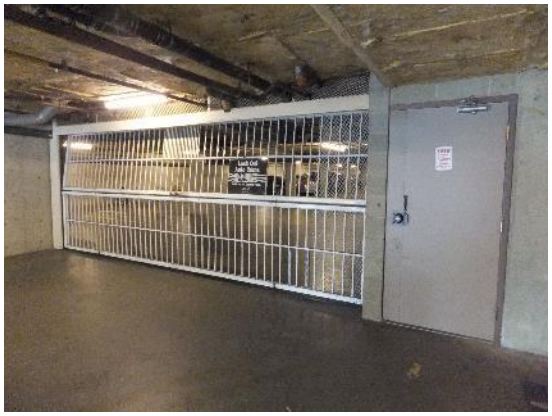
Recommendations: Aluminum window frame assemblies typically have a life expectancy of 25-35 years. Operable windows are susceptible to premature frame twisting as well as damaged or broken hardware and hinges. Over time the weather-stripping can become brittle and start to deteriorate. We assume that periodic replacement of some windows and/or repairs to flashings will occur prior to the planned replacement of the window assemblies but they are assumed to be addressed on an as-needed basis out of the operating budget.

Due to their age, we have planned for a two-year phased replacement of the windows in 2026 and 2027. This has been planned to coincide with the cladding replacement to minimize cost and disruption to the Strata (refer to EE3—Exterior Cladding). The glazed panels of the entrance canopies are included.

EE5 — Exterior Doors

Year Installed	1994
Expected Life Span	various
Observed Condition	19
Repair or Replace	2019

Description: Common exterior doors include the parkade gates, the service room doors, main lobby entrance doors, exit doors, and balcony swing doors. There is a storefront door assembly that provide access into the main lobbies of each building. There is a prefinished metal overhead door with fixed pickets that provides access to each parkade. The parkade gates are controlled remotely. Service doors and exit doors consist of metal swing doors. There are also some balcony swing doors with glass inserts. The doors are equipped with self-closers and other standard locks and hardware.



Repair History: We understand the exterior doors are original to the building construction. We are not aware of any major repairs or replacements.

Visual Review: Where checked, the exterior doors including the parkade gates appeared to operate properly and smoothly. We noted no significant damage to the doors. The self-closers on the stairwell doors appeared to function adequately.

We assumed all fire-rated doors were consistent with the required fire ratings as required by the local fire authority.

Recommendations: Door materials generally last for many years. Temperature changes may sometimes cause doors and gates to expand or contract and not close properly. In addition, locks and hardware may become defective over time and may require repairs or replacements.

As the exterior doors are expected to wear at different rates, a full replacement at the same time is not anticipated. We have reserved an allowance for repairs or replacements of some exterior doors in 2019, and every 15 years thereafter.

Major repairs or replacements of the sliding glass doors have been included with EE4—Windows & Sliding Doors.

EE6 — Exterior Painting & Caulking

Year Installed	2009
Expected Life Span	8-10
Observed Condition	4
Repair or Replace	2017

Description: Exterior components that are typically painted include the exterior cladding, the wooden fascia that surround the outer edges of the balconies and the bottom of the sloped roof perimeters, and the wooden trim boards that surround window and sliding door openings.

Sealants are applied at window and door perimeters, as well as at transition joints between the siding and other building components.

Repair History: We understand that painting and caulking of the buildings, as mentioned above, were part of the large rehabilitation project in 2009. The total cost of the entire project was $5,185,250 and was funded through special levies.

Visual Review: We assumed that the painting and caulking used was of an approved material suitable for exterior applications.

We noted consistent painting of the building exterior. We noted some staining of localized areas, particularly with the areas near vegetation or near the ground. Where checked, caulking was in place around window perimeters and was flexible.

Recommendations: Paint provides an additional layer of protection against the elements for all hygroscopic components and assists in maintaining their longevity but it does eventually deteriorate over time. Caulking, on the other hand, contributes to the airtightness of the buildings; proper caulking not only contributes to lower heating costs but prevents water ingress into interfaces between different building materials. Special care should be taken in the selection of painting and caulking for different materials. At least two coats of paint should be applied. Only exterior-grade caulking should be used and a qualified contractor should be hired. A contractor will be able to further suggest the most suitable materials.

To assist in deferring the replacements of the exterior cladding, we have reserved for a painting and caulking project in 2017. Future projects are planned for every 10 years thereafter; however, the project in 2027 has been omitted as the cladding and window replacements are planned to occur that that time and typically includes for painting and caulking.

EE7 — Soffits, Gutters, & Downspouts

Year Installed	2009
Expected Life Span	30-40
Observed Condition	4
Repair or Replace	n/a

Description: There are perforated aluminum soffits installed at the underside of roof overhangs and balconies throughout the buildings. There are aluminum gutters and downspouts installed for drainage of the roof areas.

Repair History: We understand that the gutter system, which presumably includes downspouts, was replaced in 2009 as part of the large rehabilitation project mentioned earlier. As indicated by the Certificate of Completion, the total cost of the project was $5,185,250 and was funded through special levies. We did not, however, see an itemized work contract and are not aware of the costs associated specifically with the gutter system.

Visual Review: Review of the soffits, gutters and downspouts were done by visual inspection primarily from around the building perimeters. Where checked, we noted no sagging or cracking of the soffits. In general, they appeared in relatively good condition. However, we noted some staining of soffit sections, particularly around open vents. Where checked, the gutters were installed with a leaf guard system. We noted no indications of overflows and no accumulation of leaves or other debris. We also noted the downspouts were securely attached to the gutters and connected to the perimeter drains.

Recommendations: The perforations in the soffits allow air exchanges into the roof areas. Any clog or damage to the soffits may potentially restrict air flow to the roof and cause premature deterioration to the roof framing. Gutters and downspouts work in unison to carry water collected at the sloped roof to the perimeter drains. Faulty gutters and downspouts may cause a backlog of water which may lead to rotting of the fascia boards and exterior cladding.

Periodic inspections should be performed to ensure the adequate performance of the soffits, gutters, and downspouts. The soffits immediately next to open vents should ideally be replaced with non-perforated types to avoid warm moist air exiting the vents from re-entering the attic space. As the costs of these replacements and other localized repairs are anticipated to cost below the Report threshold, they are assumed to be funded through the operating budget. Generally, the soffits, gutters, and downspouts will perform satisfactorily for the life of the sloped roof. However, it is recommended, from a cost perspective, that these components be replaced at the same time as the repairs or replacement of a major building component.

As a result, we have included the replacement of the soffits with EE3—Exterior Cladding. We have also included the replacement of the gutters and downspouts with EE2—Sloped Roofing.

I1 — Lobbies & Vestibules

Year Installed	2010
Expected Life Span	10-15
Observed Condition	3
Repair or Replace	2024

Description: The main entrance lobby and vestibule of each building is covered with tiles, painted walls and ceilings. Some of the lobbies also have sections covered with carpet. Components within the lobbies include but are not limited to several upholstered sofas and wooden coffee tables. Lighting of the lobbies and vestibules are provided by pot lights and fluorescent fixtures, respectively.

Repair History: Through Strata minutes, we learned that an interior refurbishment project took place in 2010. The project included the painting and re-carpeting/re-tiling of all common interior areas, including the amenity areas. The total cost of the project was $369,560.82 and was funded through a combination of special levies and contingency reserve fund.

Visual Review: We noted no major damage to the interior finishes within the lobby and vestibule areas. Generally the floor tiles were level, where checked. We noted no ripping or tearing of the carpets and the painting was consistent. We also noted the light fixtures were in working order. The interior finishes were clean and appeared to be well maintained.

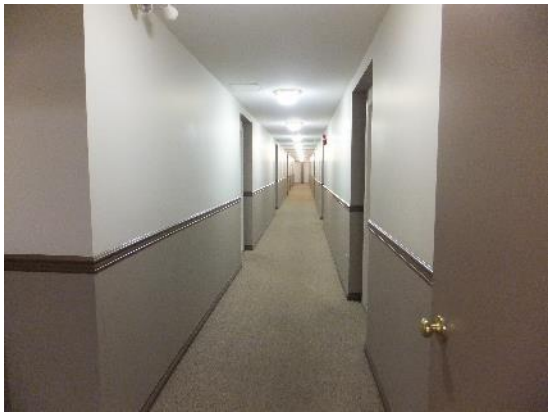
Recommendations: Lobbies experience higher foot traffic than any other locations of the buildings. Furniture is also likely to be moved through the lobbies. As a result, walls and floors often suffer faster deterioration. We recommend continued maintenance of the lobbies as existing practices are ensuring the longevity of these assets. As there is potential of failure or damages to some of the lobby components, or perhaps a future desire to change some of the components for aesthetic reasons, we have included an allowance in the Report.

As a result, we have reserved for an allowance for the lobbies, phased over two consecutive years, in 2024 and 2025 and anticipate the same expenditure every 15 years thereafter. As is typical practice, the allowance includes the refurbishment of interior finishes and some repairs or upgrades to the lighting, and other decorative components.

I2 — Corridors & Stairwells

Year Installed	2010
Expected Life Span	10-15
Observed Condition	3
Repair or Replace	2024

Description: The corridors and stairwells are finished with carpeted flooring, and painted walls and ceilings. Lighting of these areas is provided by ceiling-mounted fixtures.



Repair History: We understand that the replacement of the carpets and the painting of walls and ceiling at the corridors and stairwells were part of a large interior refurbishment project in 2010, as mentioned above. The total cost of the project was $369,560.82 and was funded through a combination of special levies and contingency reserve fund.

Visual Review: We noted no major damage to the interior finishes within the corridors or stairwells. Any minor scuffs noted were attributed to owner/tenant moving of furniture or similar items but were not deemed to be serious or concerning.

Generally the carpeting was intact and all painted areas appeared to be clean and generally free of any noticeable damage. The light fixtures appeared to be consistent and in working order. Overall the corridor and stairwell interior finishes appeared in good condition and well maintained.

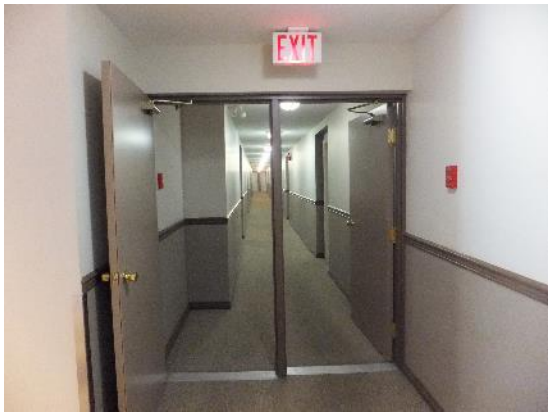
Recommendations: Corridors and stairwells can be susceptible to damage caused by high traffic of people and furniture moving in and out. Items such as the floors and walls are the most at risk of being scraped or damaged and they should be regularly reviewed by the Strata to ensure that small issues do not escalate.

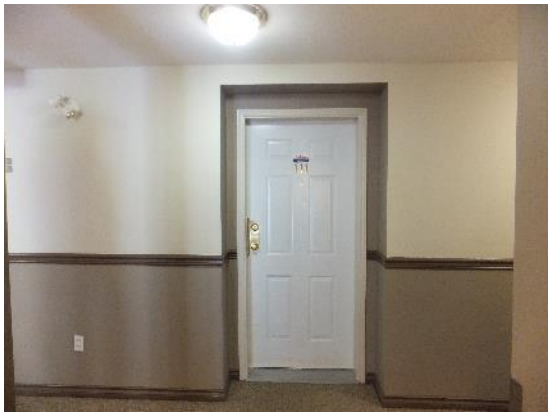
We have reserved a budget for the refurbishment of the corridors and stairwells, phased over two consecutive years, in 2024 and 2025. This is planned to coincide with the refurbishments of the lobbies due to similarity of materials and economic benefits. Future refurbishments are planned to occur in 15-year cycles.

I3 — Interior Doors

Year Installed	1994
Expected Life Span	10-30
Observed Condition	19
Repair or Replace	2022

Description: Interior doors include the individual suite entrance doors and the fire doors at each corridor. The suite doors consist of metal-skinned doors. The fire doors at the corridors consist of hollow metal doors.





Repair History: We understand the majority of the interior doors are original to the building construction. We are not aware of any major repairs or replacements.

Visual Review: Where checked, the suite doors were consistent and we noted no signs of damage or significant deterioration. They were noted to operate properly and close firmly into their frames. We did not note any issues with the self-closing mechanisms at the firewall locations.

Recommendations: Interior doors will generally remain functional for many years. However, there is potential for failure of the closers, locks, hinges, handle-sets, etc.

The interior doors are not expected to require a full replacement at the same time. Localized repairs are assumed to be funded through the operating budget. We reserved an allowance for major repairs or replacements of some interior door assemblies. This budget is reserved for 2022 and every 10 years thereafter. As the corridor fire doors are intended to resist the rapid spread of fire in the case on such an incident, their condition is critical. We recommend their regular inspection to ensure their proper working condition.

I4 — Amenities - Lounge		
Year Installed	2010	**Description:** The lounge is located on the upper floor in the amenities area of the Capilano building. The main recreation area of the lounge is carpeted. Components include but are not limited to some wooden tables and chairs, a sectional sofa set, a fireplace, and a television. The attached kitchen is covered with ceramic tiles and includes some typical appliances and wooden cabinetry. There is also an attached storage room and a washroom and they are covered with carpet and ceramic tiles, respectively. There are painted walls and ceilings throughout the lounge. Heating is provided by electric baseboards. With the exception of the storage room that is lighted with ceiling-mounted fluorescent fixtures, all other areas of the lounge are lighted with pot lights.
Expected Life Span	10-15	
Observed Condition	3	
Repair or Replace	2024	

Repair History: We understand the amenity areas were re-carpeted/re-tiled in conjunction with other common areas in 2010, as mentioned above. The total cost of the project was $369,560.82 and was funded through a combination of special levies and the contingency reserve fund.

Visual Review: Review was based on visual inspection without any specific testing of equipment.

Where checked, the carpet was clean and without any noticeable damage. The tile floors were intact and we noted no chipped or cracked areas. The walls were noted to be consistently painted. The furniture and equipment within the lounge and kitchen appeared to be well maintained. Lighting within these areas was noted to be in working condition.

Recommendations: Amenity areas are often significant for the appeal and value of the complex. Continued maintenance is required to maintain the cleanliness and the service life of these rooms.

As there is potential for failure or damages to some of the lounge components, or perhaps a future desire to change some of the components for aesthetic reasons, we have included an allowance in the Report. We have reserved for an amenity allowance in 2024 and anticipate the same expenditure every 15 years thereafter.

I5 — Amenities - Exercise Room, Sauna, & Whirlpool		
Year Installed	2010	**Description:** The exercise room is part of the amenities area that is attached to the side of the Capilano building. Specifically, it is located on the bottom floor. Interior finishes include carpeting and painted walls and ceilings. Lighting is provided by ceiling-mounted fluorescent fixtures. Exercise equipment includes but is not limited to a total gym station, a stair-climber, two treadmills, and two exercise bikes. The whirlpool is enclosed within a corner of the exercise room by partition walls and sliding glass doors. There is a Pantera P20 sand filter and a 3/4 HP pump serving the whirlpool; they are located within a separate room in the amenities area. There is a men's and a women's bathroom. They are covered with tile floors and tiled/painted walls and painted ceilings and include typical bathroom fixtures. There is also a sauna on this same floor.
Expected Life Span	10-15	
Observed Condition	3	
Repair or Replace	n/a	

Repair History: We understand the exercise room was re-carpeted as part of a larger interior refurbishment project in 2010, as mentioned above. The total cost of the project was $369,560.82 and was funded through a combination of special levies and contingency reserve fund spending. We were advised by the Caretaker that the whirlpool heater was recently replaced and the jet pump was recently rebuilt. We are not aware of the costs involved but assumed it was taken care of through the buildings' maintenance budget.

Visual Review: Review was based on visual inspection without any specific testing of equipment.

Where checked, the carpet and tiles were clean and without any noticeable damage. The walls were noted to be consistently painted. The exercise equipment appeared to be in good condition and well maintained. Lighting of the area was noted to be in working condition.

Recommendations: As mentioned above, it is often important to maintain the cleanliness and the service life of amenity areas to maintain appeal and value of the complex. Moreover, exercise equipment is subject to wear and tear through usage.

Consistent with the Strata's past practice, we have reserved a budget for the refurbishment of the exercise room, sauna, and whirlpool together with I4—Amenities – Lounge. We have also reserved an allowance for some replacement of exercise equipment at this same time.

I6 — Amenities - Caretaker Suite

Year Installed	1994
Expected Life Span	various
Observed Condition	various
Repair or Replace	n/a

Description: There is a Caretaker Suite at Unit #107 of the Capilano building. The suite is a currently vacant one-bedroom apartment unit with a three-piece bathroom, fully equipped kitchen, gas fireplace, and hot water tank. Interior finishes include carpet and ceramic flooring, and painted walls and ceiling. The kitchen consists of wooden cabinetry with a laminate countertop. Lighting is a common-use guest suite consisting of a one bedroom layout with a private full bathroom. The interior finishes include carpeted and linoleum flooring with painted drywall walls and ceilings. Lighting within the suite is provided by ceiling-mounted fixtures.

Repair History: We understand that the guest suite is part of the original construction. We are not aware of any major repairs or replacements.

Visual Review: Review was based on visual inspections without specific testing of any equipment.

The interior finishes, including the carpet flooring and painted walls and ceilings were noted to be undamaged and appeared to be well maintained. We noted no abnormal wear or damage to the kitchen appliances.

Recommendations: Generally, Caretaker suites require minor repairs and/or other maintenance with each change of tenancy. Typical items that will likely require attention will be the flooring, wall paint, appliances and bathrooms. We have assumed that much of these updates is done as part of regular maintenance activities.

We have included in the plan allowances for periodic upgrades to the Caretaker suite together with I4— Amenities – Lounge.

M1 — Elevators, Hydraulic

Year Installed	1994
Expected Life Span	25-30
Observed Condition	19
Repair or Replace	2019

Description: There is a hydraulic elevator at each building serving all floors and the corresponding underground parkade. They are manufactured by Richmond Elevator Maintenance Ltd. and currently serviced by Schindler Elevator Corporation. The elevator machines, elevator controller and the main disconnect switches are each located within the respective elevator machine room at the parkade level. The switches are manufactured by Commander and are each rated at 100A.

Repair History: We understand the elevators are original to the building construction. We are not aware of any major repairs or replacements.

Visual Review: Review was based on the elevator operation on the day of our inspection as well as any documentation that was provided to us.

Inspection and maintenance of the elevators is performed monthly by Schindler Elevator Corporation and service maintenance logs were found in the elevation machine rooms. Elevator operation was smooth and relatively quiet from our on-site experience.

Recommendations: Proper maintenance of the elevators is important. Not only is the proper function of the elevators a matter of convenience but also a matter of safety. By having a monthly inspection of all elevator components, like this Strata does, the elevators can likely operate with minimal to no interrupted service. While the elevators are assumed to meet all current standards, they typically phase out every 25-30 years and will require further upgrades or replacements. Typical modernization includes upgrades to the control system, electrical wirings, tank, door operators & locks, as well as the light fixtures. Some cosmetic cab upgrades are generally done at this same time. As the elevators are continually maintained by a service provider and are without reports of any issues, they are anticipated to last until the end of their typical lifespans.

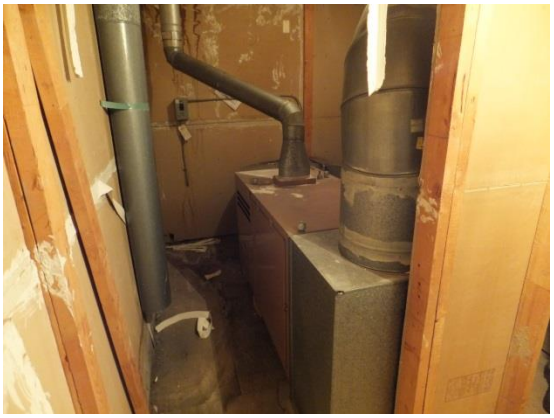
As a result, we have reserved a budget for modernizations and upgrades of the elevators in 2019 and every 25 years thereafter.

M2 — HVAC Systems

Year Installed	1994
Expected Life Span	15-30
Observed Condition	19
Repair or Replace	2021

Description: At each building, there is a make-up air unit located within an attic space that supplies fresh air to the corridors of each floor and the lobby. The units are manufactured by Reznor.

Supplemental heat in the common areas is provided by electric baseboard heater units. There are also chimney flues extending above the main flat roof for the gas-fired fireplaces of the suites.



Repair History: We understand, through Strata minutes, that the motor of a make-up air unit at the Mackenzie building was replaced in 2009. We did not see the work contract for this work and are not aware of the costs involved. We also understand that two other make-up air units have received repairs in 2010 for the amount of $4,600.

Visual Review: Where checked, the make-up air unit showed no signs of rust or deterioration. To the best of our knowledge, there have been no complaints or unresolved issues. As advised by the Caretaker, the equipment is currently maintained by Hallmark Heating and is assumed to be in working condition. We noted no abnormal wear or damage to the electric baseboards. They appeared to be in operable condition.

Recommendations: We recommend continual work and maintenance of the make-up air units with a qualified service contractor. The lifespan of these units typically range from 15-30 years; however, the lifespans also depend largely on usage rather than their age. Due to the long hours of operation of these units, periodic repairs are unavoidable and are critical in achieving the equipment's full service life. Considering the units' age, we have planned for their replacements in 2021 and every 25 years thereafter.

The chimney flues and electric baseboards are not anticipated to require replacements at the same time. As their individual replacements are below the Report threshold, they are assumed to be funded through the operating budget.

M3 — Parkade Ventilation & Exhaust

Year Installed	1994
Expected Life Span	15-20
Observed Condition	19
Repair or Replace	n/a

Description: There are wall-mounted exhaust fans and gas monitors located within the parkades. The gas monitors are manufactured by QEL Quatrosense Environmental Ltd. (Model QAS-101). There are also some smaller exhaust fans within individual service rooms.

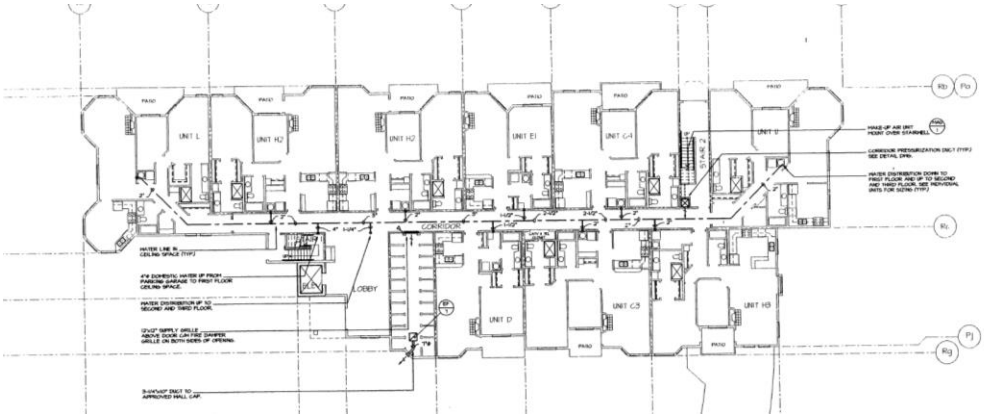
Repair History: We understand that the ventilation and exhaust systems are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: Where checked, we noted no abnormal wear or damage to the HVAC equipment. Based on our understanding, there have also been no complaints or unresolved issues regarding the units and they are assumed to be in good working condition.

Recommendations: The typical life expectancy of the ventilation system in the parkade is 15-20 years. Over time as new technologies emerge, replacement repair parts of the systems will become scarce and obsolete. Eventual replacement of the system is expected.

As the parkade ventilation and exhaust equipment typically wear at different rates according to usage, they are not expected to require replacements at the same time. Their replacements costs are also expected to be below the Report threshold. As a result, and consistent with the Strata's past practice, we assume their replacements or repairs will continue to be funded through the operating budget on an as-needed basis.

P1 — Domestic Water System		
Year Installed	1994	**Description:** Domestic water typically enters the buildings via buried piping fed from the main municipal line connected to a combined incoming domestic water and suppression line supply line through the parkade wall. The line splits into the domestic water line and suppression line. Domestic water is distributed to the building floors through horizontal runs concealed within the first floor ceiling space and further delivered to upper floors through risers. The water is heated by individual hot water heaters within the suites.
Expected Life Span	25-30	
Observed Condition	19	
Repair or Replace	2024	



Repair History: We understand that the domestic water distribution piping is original to the building construction. We are not aware of any major repairs or replacements.

Visual Review: As the piping was generally concealed behind walls and ceilings, their condition could not be visually inspected. Copper piping was assumed to be installed throughout the building, consistent with its age. The piping was also assumed to age under normal conditions. Without documented reports or complaints, they were assumed to be in operable condition.

Recommendations: Domestic water piping can fail due a number of reasons including the thinning of pipe walls over time, corrosion, settling of the building, quality of materials, and installation practices. The service life of copper piping in BC, in general, tends to be less than other provinces due to BC's soft domestic water. Soft water lacks the minerals which form a protective layer within the copper piping. The result is accelerated metal deterioration and pinhole leaks and therefore a shorter service life. Under normal circumstances, the typical lifespans of domestic water copper piping can be expected to last approximately 25-30 years.

Without any reports of leaks, we expect the distribution piping to last until the end of its expected lifespan. We have therefore reserved for their replacement in 2024 and every 30 years thereafter.

As the hot water heater of the amenity area is anticipated to be at a cost below the Report threshold, it is assumed to be taken care of, on an as-needed basis, from the operating budget.

EL1 — Electrical System

Year Installed	1994
Expected Life Span	50+
Observed Condition	19
Repair or Replace	2023

Description: Electrical service is supplied to each building from buried municipal service supplied to various pad-mounted transformers that are presumably owned and maintained by BC Hydro and brought into the switchgear unit located in the main electrical rooms on the parkade level of each corresponding building. The units are manufactured by Commander and are rated at 1200A, 120/208V, 3-phase, 4-wire. The units house various meter centers that vary between 400A and 600A. The individual electrical meters are located within the electrical closets at the corridors.

Repair History: We understand that the electrical systems are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: It was assumed that the electrical system was installed to good building standards and in accordance to the electrical code. Inspections were limited due to the concealed nature of the majority of the electrical system. The electrical equipment and the panels were all clearly labelled and visible wirings were neatly tied onto the walls and these are generally indications of professional workmanship. No complaints were documented for the electrical systems and they were assumed to be in operable condition.

Recommendations: The lifespan of electrical systems are typically in excess of 50 years and as a result a full replacement is not anticipated in the next 30 years.

We do anticipate some repairs to maintain the systems and to keep them in good working condition. We have therefore reserved an allowance in 2023 for some repairs to the switchgear units and the related electrical components. Future allowances are planned for every 15 years thereafter.

It is good practice to have a licensed electrical contractor perform annual inspections of the equipment.

SS1 — Fire Alarm System & Emergency Power		
Year Installed	1994	**Description:** Each building is equipped with an Edwards Systems Technology (EST) 6632 fire alarm system. The annunciator panels are mounted on a wall within the main lobbies. There are fire bells, smoke detectors, battery-packed emergency lights and pull stations located throughout the common areas of the buildings.
Expected Life Span	25-30	
Observed Condition	19	
Repair or Replace	2021	

Repair History: We understand that the fire alarm systems are part of the original construction. We are not aware of any major repairs or replacements to these components.

Visual Review: The functionality and operation of the system cannot be commented on as they could not be tested or reviewed during our site inspection. It was assumed that these systems are installed and maintained to industry standards and in accordance to current fire codes.

We understand the fire alarm system is currently serviced by Legacy Fire & Safety. The next service was indicated on the service tag to be due on or before June 27, 2014. The service is assumed to be completed since our inspection with no issues. We are unaware of any significant issues with the fire alarm system and emergency lighting. Assuming no unresolved issues, the system is believed to be in good working condition.

Recommendations: Fire alarm systems typically have lifespans of 25-30 years. However, some replacement parts may remain available for some years beyond that, depending on the model. The fire alarm systems are critical in allowing sufficient time for occupants to escape, should an emergency arise. New, up-to-date systems are less vulnerable to false, nuisance alarms. Over time, new technologies emerge and older systems become obsolete and become virtually impossible to find replacement parts. Under special circumstances, the system may require replacement earlier at the discretion of the local fire department if there is a significant change in code regulations. These code changes can trigger mandatory full-scale system upgrades, however, these scenarios are impossible to predict and have not been considered in our estimates or Report.

Based on the age of the systems, we have reserved a budget for their replacements in 2021 and every 25 years thereafter. Localized repairs may be required when and if units are being renovated and are assumed to be at the expense of the Unit Owner. We assume that replacements of individual devices are included as a part of the monthly service agreement with the service contractor.

SS2 — Suppression System

Year Installed	1994
Expected Life Span	60
Observed Condition	19
Repair or Replace	2024

Description: It is assumed that a combined incoming water line enters each building and branches into a suppression line that is protected with a backflow prevention valve. The buildings are each equipped with a dry suppression system that supplies the sprinklers of the parkade level and a wet suppression system that supplies the fire department connections located near the front entrances of the buildings. There are also fire extinguishers locked inside glass-faced cabinets within the buildings and fire hydrants located throughout the complex.

Repair History: We understand that the fire suppression lines are part of the original construction. We are not aware of any replacements or significant repairs to this component.

Visual Review: The functionality and operation of the system cannot be commented on as they could not be tested or reviewed during our site inspection. Review was based on common construction standards as well as the indications from service tags.

Components that are expected to be installed were all in place and corresponding labels and inspection tags of each component were placed in a visible manner. The inspection tags indicated the next service of the suppression valves and fire extinguishers to be due on or before June 27, 2014. The service is assumed to have been completed with no issues.

Recommendations: Generally, we expect the components of the suppression systems to last the life of the buildings. We assume that since the systems are maintained by the service contractor, individual components that require replacement throughout the years have been done, as recommended, through the operating budget.

Although it is not expected that full replacement of the suppression systems will be required within the next 30 years, we have budgeted allowances for periodic repairs or replacements of some piping to occur in 2024 and every 20 years thereafter.

SS3 — Access Control & Security System

Year Installed	1994
Expected Life Span	25-30
Observed Condition	19
Repair or Replace	2021

Description: There are wall-mounted enterphone panels located near the front entrances to the buildings. The enterphone systems are Enterphone 2000 systems manufactured by Viscount. The parkade gates are controlled remotely. There are two security cameras installed for each building. There is also an alarm system installed to protect the lounge.

Repair History: We understand the access control and security systems are original to the building construction. We are not aware of any major repairs or replacements.

Visual Review: We were advised by the Caretaker that the security cameras are currently inoperable. We are not aware of any reported issues with the enterphones. Our visual inspection did not uncover any signs of unusual or unexpected wear or deterioration. The alarm system for the lounge was noted to be in working condition.

Recommendations: Typical enterphone systems phase out in 25 years with replacements parts available for up to approximately another 10 years after that, depending on the model.

Considering the enterphone systems' age and their operable conditions, we have planned for their replacements in 2021 and every 25 years thereafter. We have also included an allowance for some repairs or upgrades to the fob system and security camera systems at this same time. While we understand the security cameras are not currently operational, their costs are anticipated to be below the Report threshold and are assumed to be funded through the operating budget when the Strata sees fit. Parkade gate operators typically wear and break down according to their usage, as opposed to their age. They are also unlikely to require replacements at the same time. As their costs are expected to cost lower than the Report threshold, they are also assumed to be replaced on an as-needed basis from the building maintenance budget.

SRV — Buried Site Services & Drainage

Year Installed	1994
Expected Life Span	80
Observed Condition	19
Repair or Replace	n/a

Description: Site services include sanitary and storm piping, gas piping, and electrical wirings. They are supplied to the building via buried conduits and piping fed from main municipal lines below the adjacent roads. Site drainage is accomplished with natural sloping of the hard and soft landscaping components to various catch basins throughout the site. There is also an irrigation system for the complex and it is controlled through Hardie rain dial controllers that are wall-mounted within the Mechanical Rooms.

Repair History: Through Strata minutes, we learned that a section of the water main was repaired in 2011. We did not see the work contract and are not aware of the scope and costs involved. We are not aware of any other major repairs or replacements to this component.

Visual Review: Buried site services were not visually inspected due to their concealed locations. Review of these systems was done by the limited amount seen from the surface as well as comparison to typical building standards.

Where checked, there were no signs of pooling water. We noted various catch basins throughout the site and they appeared to be properly placed to serve the building site. However, we noted some clogging of the drain pipes; they appeared to be partially filled with leaves, branches and other organic matter. We also noted some sections of drain tiles to be above ground and are exposed to the elements as well as physical damage.

Recommendations: Buried site service lines endure regular wear. In particular, sanitary and storm piping that are located below grade may experience penetrations by the growth of tree roots. Due to the concealed nature of these components, deficiencies are not easily noticed. Reports from Strata owners about any interrupted services will often be the first and only sign of any defects to the buried site service systems. We assume that the buried services and drainage have a remaining life that extend beyond the scope of this Report and full replacements have therefore not been considered. Periodic repairs are, however, needed to give these systems their full service life.

We have included an allowance in the plan for buried site services and drainage with S1—Foundation & Structure, Site1—Paving, and Site2—Landscaping & Miscellaneous. The sanitary drainage systems within the building, including the risers to the suites, are expected to last beyond the scope of the DR so they have not been included.

SITE1 — Paving		
Year Installed	1994	**Description:** There is an asphalt roadway with sections of concrete pavers located around the buildings and which provides vehicular access to the parkades. The parkades are accessed by concrete access ramps. There is rolled concrete curbing along the perimeter of the roadway. There is also a north-south walkway bisecting the property from 108th Avenue to Ferguson Diversion. This main walkway and others around the property consist primarily of interlocking pavers and cast-in-place concrete.
Expected Life Span	30-35	
Observed Condition	19	
Repair or Replace	2028	

Repair History: We understand the paving is original to the building construction. We are not aware of any major repairs or replacements.

Visual Review: Where checked, the roadways were generally level and undamaged with the exception of a few localized sections. We noted some staining of pavers, particularly at areas close to vegetation and soil. We also saw evidence of cracks on the paving, however this appeared to be typical deterioration for this type of component of this age. We noted saw-cuts within the rolled curbs to allow for expansion and contraction.

Recommendations: Paving is exposed to the elements, particularly in the form of rain and snow. Pressure from vehicles can further deteriorate the paving. The paving materials generally last for many years. However, the serviceability of the paving depends on more than the materials themselves. The preparation of the underlay often dictates the service life of these components. We recommend the periodic cleaning of all paved surfaces. Moss growth should be cleared to avoid excessive moisture from retaining on the paved surfaces. We anticipate some localized repairs to be required to the asphalt roadway to extend their overall serviceable life. As these localized repairs are expected to be below the Report threshold, we assume they will be funded from the operating budget.

For a full-scale project, we have reserved for the replacement of the asphalt roadway in two-year phases, in 2028 and 2029 and every 30 years thereafter. We have also reserved for a partial replacement or repairs to some concrete curbs and walkways as well as buried site services at this same time.

SITE2 — Landscaping & Miscellaneous

Year Installed	1994
Expected Life Span	15-25
Observed Condition	19
Repair or Replace	2015

Description: Site landscaping consists of various hard and soft landscaping components. Soft landscaping includes the trees, shrubbery, flowerbeds and sodded areas that are incorporated throughout the site. Hard landscaping includes the masonry retaining walls, exterior lights, and the various signage of the property.

Repair History: We understand the majority of the landscaping is part of the original construction and is currently maintained by an independent landscaping contractor. We were advised by the Caretaker that numerous trees have been cut down due to roots imposing on the walkways. We understand that these have generally been funded through the building's annual maintenance budget.

Visual Review: The operation of the lights was not observed as our inspection took place during the daytime. Exposed wooden components are assumed to be pressure treated.

The soft landscaping was generally well maintained. Some tree trunk stumps were noted throughout the complex. We were advised by Council that the trees were cut down in recent years due to their uplifting effect on adjacent walkways. We were also advised of a large dead tree behind the Seymour building and the Strata's plans to have it cut down in the coming year. Some of the wooden posts of the building signs were noted be deteriorating, specifically at their base.

Recommendations: Although landscaping is typically maintained by the landscape contractor, as some components age they will require removal and/or replacement.

We have reserved for a landscape allowance to occur every 15 years to address more major upgrades that extend above the regular maintenance of components such as the periodic removal and replacement of site vegetation (trees and shrubbery) as well as re-pointing repairs to the brick-clad guard walls, and repairs/replacements of wooden fencing, metal guardrails, and exterior lighting (refer to Site3—Fencing & Site Guards). The first allowance has been planned to occur in 2015 and every 15 years thereafter. The first allowance is expected to address the cutting of some more trees and the repairs to some building signage, consistent with the Strata's plans. In addition, an allowance for buried site services has been included and is anticipated for the repairs of the exposed and/or clogged drain tiles (refer to SRV—Buried Site Services & Drainage).

SITE3 — Fencing & Site Guards

Year Installed	1994
Expected Life Span	15-20
Observed Condition	19
Repair or Replace	n/a

Description: There is wood fencing on the north side of the Seymour building that separates the Strata from its neighbour. There are also short brick-clad walls topped with metal picket guards and separated by brick-clad columns with concrete caps around the complex perimeter.

Repair History: We understand that the fencing and site guards are original to the building construction. We are not aware of any major repairs or replacements to these components.

Visual Review: The individual fencing and guard connections to the ground appeared to be intact, although we did not perform any physical testing regarding strength and code compliance.

Where checked, the wooden fences showed signs of their age through discolouration and some wood deterioration. There were also some localized damaged sections but they appeared to have been repaired. The brick-clad guard walls around the perimeter were noted to be generally undamaged and without indications of leaning or bowing. However, the mortar joints in between the bricks were in varying conditions with some minor cracking noted. We noted no abnormal damage or wear of the concrete caps or metal picket guardrails.

Recommendations: As the materials age and are exposed to the elements they will begin to deteriorate. Areas of concern are at the base of the wood support posts where the wood is in direct contact with the soil. The brick-clad guard walls and metal guardrails, while anticipated to last beyond the scope of the DR, require some repairs to maintain their longevity. These repairs typically include re-pointing of the mortar joints and some localized replacements of metal guardrail sections.

We have reserved an allowance for the replacement and/or repairs of the fencing and site guards together with Site2—Landscaping & Miscellaneous.

6.0 FINANCIAL ANALYSIS

6.1 BENCHMARK ANALYSIS, OVERVIEW AND EXPLANATION

We have prepared a Benchmark Analysis, found in Section 7.0, which forms the foundation for the financial part of the Report. The Benchmark shows the reserve components, including the life cycle and cost estimates. The estimates follow reserve fund practices, which provide for inflationary cost increases over time and interest income from reserve fund investments.

COMPONENT CLASSIFICATION

Reserve fund components are classified in terms of building groups, common element facilities and site improvements.

LIFESPAN ANALYSIS

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

1. Type of Component
2. Utilization
3. Material
4. Workmanship
5. Quality
6. Exposure to Weather Conditions
7. Functional Obsolescence
8. Environmental Factors
9. Regular Maintenance
10. Preventive Maintenance
11. Observed Condition

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

1. Actual age of the component
2. Maintenance of the component
3. Observed deficiencies of the component
4. Repair and replacement experience
5. Probability of hidden conditions

The Lifespan analysis culminates in component life span estimates, as follows:

1. **Expected Life Span—**each reserve component is analyzed in terms of component type, quality of construction, statistical records and normal life experience.

2. **Observed Condition Analysis—**this is the critical analysis of a reserve component and consists of determining the effective age of the reserve component within its normal life cycle based on the observed condition of the reserve component. The validity of this analysis depends on the experience of the Depreciation Report planner or analyst, as this is a subjective estimate rather than an objective assessment.

3. **Repair or Replacement Analysis—**this refers to an estimate of the number of years before the first instance of major repair or full replacement. When the first instance is a full replacement the number years is simply the expected lifespan minus the observed condition. In the event of a repair, the number presented indicates the estimated remaining life before a major repair should be done. Reserve expenditures should and must be made during the remaining life span to maintain building components and facilities in good condition.

A lifespan analysis is a subjective, or empirical, assessment of the life cycle status of a reserve component. The lifespan of a reserve component is subject to change due to numerous factors. The actual date of repair or replacement can only be viewed as an approximation; we believe that the larger goal is to understand that funds should be reserved for these

components so that they can be maintained in optimum condition, thereby maximizing their lifespan.

COST ESTIMATES

Reserve fund component assessments and current cost estimates are based on our investigation, observation, analyses and our experience.

Estimated costs have been calculated using construction cost services including RS Means, National Construction Estimator, Get-A-Quote, and Marshall & Swift Valuation System, modified as to time, location and quality of construction. We also verified estimates by quotations from contractors, fabricators and suppliers. Moreover, we have used our own programs and cost compilations and databases.

All costs are estimates and are subject to confirmation at the time competitive bids are obtained from contractors specializing in the repair or replacement work required. Actual costs may vary depending on the time of tendering, the scope of work and the economic climate. Major repair and replacement of components requires detailed design, preparation of tender documents as well as tendering and quality assurance during construction.

Reducing standards of renewal/repairs for Contingency Reserve Fund items or deferring items would result in lower required annual contributions, but may also result in collateral deterioration and/or damage— which may end up inflating remedial costs considerably.

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

1. **Quality of construction—**replacement cost estimates are based on the assumption of using quality materials, as specified or built, or in the case of older developments, as required under current building code regulations, at contractors' prices, using union labour and current construction techniques, and including contractors' overhead and profit. The costs of repairs and/or replacements of many reserve components are invariably higher than original building costs when contractors have considerable latitude in planning their work and can utilize economies of scale to keep costs within construction budgets. In contrast, repair work must frequently be performed in an expedient manner with proper safety precautions and within certain constraints. Cost estimates take into account such additional costs as special construction, safety installations, limited access, noise abatements, and the convenience of the occupants.

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

3. **Taxes—**the Goods and Services Tax ("GST") and where applicable the Provincial Sales Tax ("PST") applies to all repairs and replacements including disposal costs. Therefore, these costs are included in the reserve fund estimates hereinafter.

RENEWAL STRATEGIES

In implementing a renewal of an asset, the Strata can consider different implementation strategies namely:

Localized Renewal—these are projects that are localized to a particular part of the building or property. Different areas of the building or property may be subject to accelerated wear and tear due to different weather exposure or different usage.

Phased Repairs—these are projects where a repair or a renewal of a component is undertaken in a phased approach. They are carried out over multiple periods. The financial toll, in a particular year, on Owners is reduced when the work occurs, but overall, due to remobilization costs and the fluctuations of inflation and market conditions the total completion costs may be higher.

Complete Replacements—these are projects that are implemented as one complete repair. Owners can leverage economies of scale and thereby reduce the overall cost but the financial burden for a particular year is often high.

Co-ordinating—this is when more than one project is completed all at once to take advantage of economies of scale or favorable market conditions. The Owners shorten the duration of the burden as well as lowering their overall costs.

6.2 FINANCIAL ASSUMPTIONS

LONG TERM INFLATION RATE

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

The most widely recognized construction cost service providing periodic cost indices is Statistics Canada.

Overall Average Annual Cost Changes , last 23 years (1989 – 2012)	2.93%
Average Annual Cost Changes, last 10 years (2003 – 2012)	4.04%
Average Annual Cost Changes, last 5 years (2006-2011)	-0.5%
Annual Change Data, 4th quarter 2011 to 4th quarter 2012	3.1%
Source: Statistics Canada	

We have selected an inflation rate of **3.0%** for calculating the future major repairs and replacement of assets' cost for the Strata Corporation's Reserve Fund.

LONG TERM INTEREST RATE

Investment income can be a significant source of reserve fund revenue and it is important 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. Of note, British Columbia Credit Unions have no limits on amounts insured in their regular accounts.

The ability of Strata Corporations to earn the highest rate of interest available in the marketplace, given the restricted conditions of investments, depends on the expertise of

financial management and the amount of available funds for investment. The benchmark calculations and the Reserve fund projections are based on the assumption that reserve fund contributions are constantly and continuously invested.

Prudent reserve fund investment practices require that investments are reasonably matched with anticipated expenditures, ensuring liquidity. Therefore funds should be invested in a laddered portfolio, which ensures that reserve funds are available when needed.

Investment opportunities are widely advertised, ranging from bank deposits, term deposits and guaranteed investment certificates (GICs) to money market instruments and government bonds. The following are investment returns achievable for Strata Corporations, given various reserve fund balances:

GIC's, up to $99,999 balance		**Gov. Canada Bonds Yield**	
Term (years):		**Term (years):**	
1 – 1.5	1.13%	1 – 3	1.25%
1.5 – 2	1.28%	3 – 5	1.77%
5	2.08%	5 – 10	2.38%
10	2.30%	10+	3.03%
Source: RBC, BoM, TD Canada Trust, Bank of Canada			

Considering the investment opportunities available, a policy of investing in secured guaranteed investments, and having examined the historical rate of return, we have selected a **2.0%** interest rate in the Report. Actual rates of return will vary according to minimum balances, term, and financial instruments chosen.

ROUNDING

Due to rounding of calculations, there may be minor discrepancies in the data, which are not deemed significant.

6.3 CASH FLOW MODELS AND PROJECTIONS

CASH FLOW MODELS

Three cash flow models along with their respective graphs, cash-flow tables, and projections are presented for review as detailed below. The Cash Flow Models are similar to the projections except that they only present cash inflows and outflows by year. The three different funding scenarios run for the Strata are described as follows:

> **Adequacy—**this is a minimum financial model. It is a summary of the cash flow and projections if minimum efforts are made. Any shortfalls in the Contingency Reserve Fund against needed expenditures are funded with one yearly contribution increase and the rest via special levies. The bottom line for this funding model is that sufficient funds are available for expenditures as needed but no more.
>
> **Full Funding—**this financial model works towards getting the Strata to a full funding position by the end of 30 years whereby the amount of asset that's depreciated is reflected in the Contingency Reserve Fund balance. Monthly contributions to the

Contingency Reserve Fund are increased at the beginning of the cycle and then level off over time with minimal special levies.

Alternative Funding—this financial model works towards getting the Strata to 50% of the Full Funding model position by the end of 30 years, whereby the amount of asset that's depreciated is reflected in the Contingency Reserve Fund balance. Monthly contributions to the Contingency Reserve Fund are increased over time and level off over time with a varying amount of special levies.

PROJECTIONS

The projections are similar to the cash flow models except they show additional detail. In particular the projections show the reserve fund requirement relative to the reserve fund balance and determines a surplus or a deficit. Like the cash flow models, the projections show cash positions, cash inflows, cash available, cash expenditures and a calculated reserve deficiency or surplus. You will find the following terms in the projections:

Reserve Fund – Opening Balance—this is the reserve fund position at the beginning of each and year which consist of 1) bank deposits, 2) qualified investments, and 3) accrued interest earned.

Annual CRF Contributions—these are total regular reserve fund contributions.

Annual Special Levies—these are total special levies raised in that particular year.

Annual Reserve Fund Interest Income—this is calculated interest on the opening cash balance.

Total Cash Resource—these represent the total cash resources available in any fiscal year and include the current year's cash flow.

Expenditures—these are annual expenditures listed in the categories established by the Depreciation Report.

Reserve Fund 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.

Reserve Fund Requirement— this is the amount required to be in the reserve fund assuming full funding as adjusted and calculated each year.

Reserve Surplus (Deficiency)—this figure shows the difference between the actual Reserve Fund Closing Balance and the Reserve Fund Requirements, as calculate from year to year.

THE RESERVE SURPLUS (DEFICIENCY) EXPLAINED

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

The most direct and stringent measure of the sufficiency of the reserve fund is the Reserve fund deficiency analysis, whereby the actual Reserve Fund Closing Balance is compared with the Reserve Fund Requirement. The most lenient measure of the sufficiency is that sufficient funds are available for an expenditure just before its needed but no more without regard to the deficiency analysis.

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

A reserve fund surplus, particularly when such surplus is increased by excessive Reserve fund contributions, means that unit owners have contributed too much to the reserve fund too quickly. A reserve fund deficit indicates that owners have not contributed enough to a fully funded reserve fund, causing the difference between a fully funded reserve fund and the actual reserve fund balance.

Therefore the sufficiency of a reserve fund not only requires the test of an estimated fully funded reserve fund, but also requires a test as to sufficient cash resources to fund 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 sufficient.

6.4 STATUTORY MINIMUM FUNDING

We have reviewed the statutory minimum funding reserve requirements of the Strata Regulation en. B.C. Reg. 238/2011, Sch. 1, s. 2., which states that:

> *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.*

We have assumed 25% of the current operating budget to be the minimum statutory funding.

7.0 THE BENCHMARK ANALYSIS

Benchmark Analysis									
Strata LMS 879, 266 Units									
Inflation Rate, 3%									
Interest Rate, 2%									
				Replacement Cost		Reserve Fund			
Reserve Components		Origin	Years To Repair/ Replace	Current	Future	Current Requirement	Future Accumulation	Future Requirement	Annual Requirement
S1	Foundation & Structure; Repair	1994	5	145,400	168,558	96,933	107,022	61,536	11,825
S2a	Parkade; Repair	1994	15	1,342,100	2,090,948	671,050	903,145	1,187,803	68,685
S2b	Parkade, Suspended Slabs,	1994	6	61,100	72,957	46,436	52,294	20,662	3,275
S3	Balconies; Waterproofing, Replace	2009	13	401,200	589,176	53,493	69,199	519,976	35,420
EE1	Flat Roofing; Torch On, Replace	2013	24	66,200	134,571	2,648	4,259	130,312	4,283
EE2	Sloped Roofing; Asphalt Shingles,	2013	24	1,011,700	2,056,578	40,468	65,090	1,991,488	65,462
EE3	Exterior Cladding; Replace	1994	13	4,027,400	5,914,373	2,531,509	3,274,776	2,639,596	179,805
EE4	Windows & Sliding Doors; Metal,	1994	13	1,752,900	2,574,193	1,101,823	1,425,325	1,148,867	78,259
EE5	Exterior Doors; Partial Replace	1994	6	55,000	65,673	33,000	37,163	28,510	4,519
EE6	Exterior Painting & Caulking; Replace	2009	4	327,800	368,942	196,680	212,893	156,049	37,861
I1	Lobbies & Vestibules; Refurbish	2010	11	121,200	167,769	32,320	40,186	127,583	10,485
I2	Corridors & Stairwells; Refurbish	2010	11	476,800	660,003	127,147	158,091	501,912	41,246
I3	Interior Doors; Refurbish	1994	9	82,100	107,122	8,210	9,812	97,310	9,976
I4	Amenities - Lounge; Refurbish	2010	11	92,500	128,042	24,667	30,670	97,372	8,002
M1	Elevators, Hydraulic; Modernization	1994	6	450,000	537,324	342,000	385,148	152,176	24,124
M2	HVAC Systems; Replace	1994	8	137,100	173,674	93,228	109,231	64,443	7,508
P1	Domestic Water System; Replace	1994	11	564,100	780,846	357,263	444,212	336,634	27,664
EL1	Electrical System; Repair	1994	10	50,000	67,196	16,667	20,317	46,879	4,281
SS1	Fire Alarm System & Emergency	1994	8	75,000	95,008	51,000	59,755	35,253	4,107
SS2	Suppression System; Repair	1994	11	68,700	95,097	30,915	38,439	56,658	4,656
SS3	Access Control & Security System;	1994	8	69,000	87,407	46,920	54,974	32,433	3,779
SITE1	Paving; Replace	1994	15	346,700	540,147	173,350	233,306	306,841	17,743
SITE2	Landscaping & Miscellaneous; Repair	1994	2	50,000	53,045	43,333	45,084	7,961	3,941
	Contingency		0	26,600	26,600	26,600	26,600	26,600	26,600
	Totals			**$11,800,600**	**$17,555,247**	**$ 6,147,660**	**$ 7,806,992**	**$ 9,774,855**	**$ 683,508**

8.0 CASH FLOW SUMMARIES

8.1 ADEQUACY CASH FLOW

Adequacy-Cash flow Summary												
Strata LMS 879, 266 Units												
		Total Contingency Reserve Fund Contributions Collected										
		Total				Avg per Unit per Month**						
Year	CRF Opening Balance	Regular Annual	% CRF Change ***	Special Levy	Total	Regular	Special Levy	Total	Interest Earned	Total Cash Inflow	Estimated Expenses	CRF Closing Balance
2014	$ 219,524	$ 123,000	n/a	$ -	$ 123,000	$ 39	$ -	$ 39	$ 4,390	$ 127,390	$ 27,398	$ 319,516
2015	319,516	123,000	0%	-	123,000	39	-	39	6,390	129,390	81,265	367,642
2016	367,642	123,000	0%	-	123,000	39	-	39	7,353	130,353	29,067	468,928
2017	468,928	123,000	0%	-	123,000	39	-	39	9,379	132,379	398,880	202,426
2018	202,426	123,000	0%	50,000	173,000	39	16	54	4,049	177,049	199,395	180,080
2019	180,080	123,000	0%	313,000	436,000	39	98	137	3,602	439,602	439,053	180,628
2020	180,628	123,000	0%	183,000	306,000	39	57	96	3,613	309,613	309,436	180,805
2021	180,805	123,000	0%	278,000	401,000	39	87	126	3,616	404,616	389,785	195,636
2022	195,636	123,000	0%	-	123,000	39	-	39	3,913	126,913	141,829	180,719
2023	180,719	123,000	0%	-	123,000	39	-	39	3,614	126,614	102,944	204,390
2024	204,390	123,000	0%	802,000	925,000	39	251	290	4,088	929,088	952,599	180,878
2025	180,878	123,000	0%	854,000	977,000	39	268	306	3,618	980,618	981,177	180,319
2026	180,319	123,000	0%	4,452,000	4,575,000	39	1,395	1,433	3,606	4,578,606	4,577,972	180,953
2027	180,953	123,000	0%	4,588,000	4,711,000	39	1,437	1,476	3,619	4,714,619	4,715,312	180,260
2028	180,260	123,000	0%	1,231,000	1,354,000	39	386	424	3,605	1,357,605	1,356,983	180,882
2029	180,882	123,000	0%	1,271,000	1,394,000	39	398	437	3,618	1,397,618	1,397,693	180,807
2030	180,807	123,000	0%	-	123,000	39	-	39	3,616	126,616	126,608	180,815
2031	180,815	123,000	0%	-	123,000	39	-	39	3,616	126,616	45,285	262,146
2032	262,146	123,000	0%	-	123,000	39	-	39	5,243	128,243	190,606	199,783
2033	199,783	123,000	0%	164,000	287,000	39	51	90	3,996	290,996	310,651	180,128
2034	180,128	123,000	0%	26,000	149,000	39	8	47	3,603	152,603	151,800	180,930
2035	180,930	123,000	0%	-	123,000	39	-	39	3,619	126,619	50,968	256,580
2036	256,580	123,000	0%	-	123,000	39	-	39	5,132	128,132	52,497	332,215
2037	332,215	123,000	0%	1,535,000	1,658,000	39	481	519	6,644	1,664,644	1,815,953	180,906
2038	180,906	123,000	0%	1,162,000	1,285,000	39	364	403	3,618	1,288,618	1,288,780	180,745
2039	180,745	123,000	0%	675,000	798,000	39	211	250	3,615	801,615	801,864	180,496
2040	180,496	123,000	0%	699,000	822,000	39	219	258	3,610	825,610	825,920	180,186
2041	180,186	123,000	0%	394,000	517,000	39	123	162	3,604	520,604	519,806	180,983
2042	180,983	123,000	0%	602,000	725,000	39	189	227	3,620	728,620	728,875	180,728
2043	180,728	123,000	0%	-	123,000	39	-	39	3,615	126,615	64,565	242,777
* *Note: figures presented are rounded.*												
***Note: Avg per Unit per Month is calculated as the total divided by the number of units. Entitlement unit calculations will differ.*												
* ***Note: The % change relates to the change in CRF contributions, not the % change of all strata fees.*												

8.2 FULL FUNDING CASH FLOW

Full Funding-Cash flow Summary*												
Strata LMS 879, 266 Units												
		Total Contingency Reserve Fund Contributions Collected										
		Total				Avg per Unit per Month**						
Year	CRF Opening Balance	Regular Annual	% CRF Change ***	Special Levy	Total	Regular	Special Levy	Total	Interest Earned	Total Cash Inflow	Estimated Expenses	CRF Closing Balance
2014	$ 219,524	$ 123,000	n/a	$ -	$ 123,000	$ 39	$ -	$ 39	$ 4,390	$ 127,390	$ 27,398	$ 319,516
2015	319,516	159,900	30%	-	159,900	50	-	50	6,390	166,290	81,265	404,542
2016	404,542	207,870	30%	-	207,870	65	-	65	8,091	215,961	29,067	591,436
2017	591,436	249,444	20%	125,000	374,444	78	39	117	11,829	386,273	398,880	578,829
2018	578,829	299,333	20%	-	299,333	94	-	94	11,577	310,909	199,395	690,343
2019	690,343	359,199	20%	125,000	484,199	113	39	152	13,807	498,006	439,053	749,296
2020	749,296	431,039	20%	-	431,039	135	-	135	14,986	446,025	309,436	885,885
2021	885,885	517,247	20%	125,000	642,247	162	39	201	17,718	659,965	389,785	1,156,065
2022	1,156,065	568,972	10%	-	568,972	178	-	178	23,121	592,093	141,829	1,606,329
2023	1,606,329	625,869	10%	-	625,869	196	-	196	32,127	657,996	102,944	2,161,380
2024	2,161,380	688,456	10%	500,000	1,188,456	216	157	372	43,228	1,231,683	952,599	2,440,464
2025	2,440,464	757,301	10%	500,000	1,257,301	237	157	394	48,809	1,306,111	981,177	2,765,398
2026	2,765,398	833,032	10%	2,500,000	3,333,032	261	783	1,044	55,308	3,388,340	4,577,972	1,575,765
2027	1,575,765	892,589	7%	2,500,000	3,392,589	280	783	1,063	31,515	3,424,105	4,715,312	284,558
2028	284,558	892,589	0%	500,000	1,392,589	280	157	436	5,691	1,398,280	1,356,983	325,855
2029	325,855	892,589	0%	500,000	1,392,589	280	157	436	6,517	1,399,106	1,397,693	327,268
2030	327,268	892,589	0%	-	892,589	280	-	280	6,545	899,135	126,608	1,099,795
2031	1,099,795	892,589	0%	-	892,589	280	-	280	21,996	914,585	45,285	1,969,095
2032	1,969,095	892,589	0%	-	892,589	280	-	280	39,382	931,971	190,606	2,710,460
2033	2,710,460	892,589	0%	-	892,589	280	-	280	54,209	946,798	310,651	3,346,608
2034	3,346,608	892,589	0%	-	892,589	280	-	280	66,932	959,521	151,800	4,154,329
2035	4,154,329	892,589	0%	-	892,589	280	-	280	83,087	975,676	50,968	5,079,037
2036	5,079,037	892,589	0%	-	892,589	280	-	280	101,581	994,170	52,497	6,020,709
2037	6,020,709	892,589	0%	-	892,589	280	-	280	120,414	1,013,003	1,815,953	5,217,760
2038	5,217,760	892,589	0%	-	892,589	280	-	280	104,355	996,944	1,288,780	4,925,925
2039	4,925,925	892,589	0.0%	-	892,589	280	-	280	98,518	991,108	801,864	5,115,169
2040	5,115,169	892,589	0%	-	892,589	280	-	280	102,303	994,893	825,920	5,284,141
2041	5,284,141	892,589	0%	-	892,589	280	-	280	105,683	998,272	519,806	5,762,607
2042	5,762,607	892,589	0%	-	892,589	280	-	280	115,252	1,007,841	728,875	6,041,574
2043	6,041,574	892,589	0%	-	892,589	280	-	280	120,831	1,013,421	64,565	6,990,430

** Note: figures presented are rounded.*

***Note: Avg per Unit per Month is the result of dividing the total by the number of units. Entitlement unit calculations will differ.*

** **Note: The % change relates to the change in CRF contributions, not the % change of all strata fees.*

8.3 ALTERNATIVE CASH FLOW

Alternate -Cash flow Summary*												
Strata LMS 879, 266 Units												
		Total Contingency Reserve Fund Contributions Collected										
		Total				Avg per Unit per Month**						
Year	CRF Opening Balance	Regular Annual	% CRF Change ***	Special Levy	Total	Regular	Special Levy	Total	Interest Earned	Total Cash Inflow	Estimated Expenses	CRF Closing Balance
2014	$ 219,524	$ 123,000	n/a	$ -	$ 123,000	$ 39	$ -	$ 39	$ 4,390	$ 127,390	$ 27,398	$ 319,516
2015	319,516	159,900	30%	-	159,900	50	-	50	6,390	166,290	81,265	404,542
2016	404,542	207,870	30%	-	207,870	65	-	65	8,091	215,961	29,067	591,436
2017	591,436	249,444	20%	-	249,444	78	-	78	11,829	261,273	398,880	453,829
2018	453,829	299,333	20%	-	299,333	94	-	94	9,077	308,409	199,395	562,843
2019	562,843	359,199	20%	-	359,199	113	-	113	11,257	370,456	439,053	494,246
2020	494,246	431,039	20%	-	431,039	135	-	135	9,885	440,924	309,436	625,734
2021	625,734	495,695	15%	-	495,695	155	-	155	12,515	508,210	389,785	744,159
2022	744,159	545,265	10%	-	545,265	171	-	171	14,883	560,148	141,829	1,162,477
2023	1,162,477	599,791	10%	-	599,791	188	-	188	23,250	623,041	102,944	1,682,574
2024	1,682,574	659,770	10%	-	659,770	207	-	207	33,651	693,422	952,599	1,423,397
2025	1,423,397	683,522	4%	-	683,522	214	-	214	28,468	711,990	981,177	1,154,209
2026	1,154,209	683,522	0%	3,500,000	4,183,522	214	1,096	1,311	23,084	4,206,606	4,577,972	782,843
2027	782,843	683,522	0%	3,500,000	4,183,522	214	1,096	1,311	15,657	4,199,179	4,715,312	266,710
2028	266,710	683,522	0%	650,000	1,333,522	214	204	418	5,334	1,338,856	1,356,983	248,583
2029	248,583	683,522	0%	650,000	1,333,522	214	204	418	4,972	1,338,494	1,397,693	189,383
2030	189,383	683,522	0%	-	683,522	214	-	214	3,788	687,310	126,608	750,085
2031	750,085	683,522	0%	-	683,522	214	-	214	15,002	698,524	45,285	1,403,324
2032	1,403,324	683,522	0%	-	683,522	214	-	214	28,066	711,588	190,606	1,924,306
2033	1,924,306	683,522	0%	-	683,522	214	-	214	38,486	722,008	310,651	2,335,663
2034	2,335,663	683,522	0%	-	683,522	214	-	214	46,713	730,235	151,800	2,914,098
2035	2,914,098	683,522	0%	-	683,522	214	-	214	58,282	741,804	50,968	3,604,934
2036	3,604,934	683,522	0%	-	683,522	214	-	214	72,099	755,621	52,497	4,308,057
2037	4,308,057	683,522	0%	-	683,522	214	-	214	86,161	769,683	1,815,953	3,261,787
2038	3,261,787	683,522	0%	-	683,522	214	-	214	65,236	748,758	1,288,780	2,721,765
2039	2,721,765	683,522	0%	-	683,522	214	-	214	54,435	737,957	801,864	2,657,859
2040	2,657,859	683,522	0%	-	683,522	214	-	214	53,157	736,679	825,920	2,568,618
2041	2,568,618	683,522	0%	-	683,522	214	-	214	51,372	734,894	519,806	2,783,706
2042	2,783,706	683,522	0%	-	683,522	214	-	214	55,674	739,196	728,875	2,794,027
2043	2,794,027	683,522	0%	-	683,522	214	-	214	55,881	739,402	64,565	3,468,864

** Note: figures presented are rounded.*

***Note: Avg per Unit per Month is the result of dividing the total by the number of units. Entitlement unit calculations will differ.*

** **Note: The % change relates to the change in CRF contributions, not the % change of all strata fees.*

9.0 EXPENDITURE TABLE

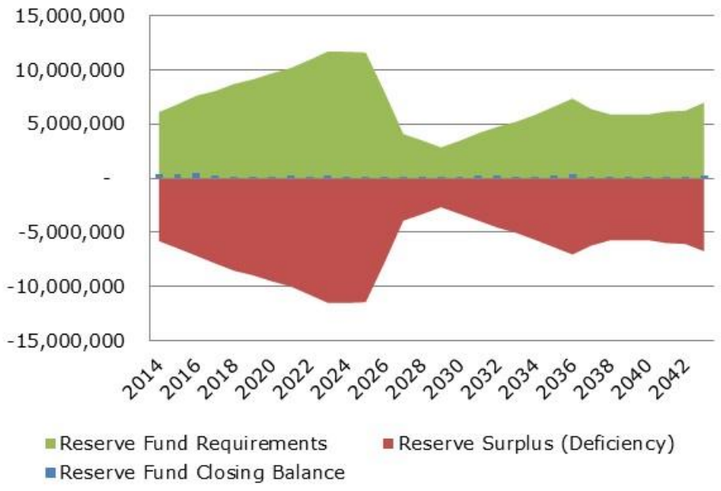
Strata LMS 879, 266 Units																															
Last fiscal year end, Dec. 31, 2013																															
Inflation Rate 3%; Interest Rate 2%																															
				2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Expenditures		**First Yr**	**Repeat X Yrs**																												
S1	Foundation & Structure; Repair	2018	15	-	-	-	-	168,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-	262,609	-	-	-	-	-	-	-	-	-
S2a	Parkade; Repair	2028	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,045,503	1,076,868	-	-	-	-	-	-	-	-	-	-	-	-	-
S2b	Parkade, Suspended Slabs, Waterproofing; Repair	2019	25	-	-	-	-	-	72,957	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S3	Balconies; Waterproofing, Replace	2026	15	-	-	-	-	-	-	-	-	-	-	-	-	294,581	303,418	-	-	-	-	-	-	-	-	-	-	-	-	458,948	472,716	-
EE1	Flat Roofing; Torch On, Replace	2037	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	67,285	69,304	-	-	-	-
EE2	Sloped Roofing; Asphalt Shingles, Replace	2037	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,028,245	1,059,092	-	-	-	-
EE3	Exterior Cladding; Replace	2026	35	-	-	-	-	-	-	-	-	-	-	-	-	2,957,207	3,045,923	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EE4	Windows & Sliding Doors; Metal, Replace	2026	35	-	-	-	-	-	-	-	-	-	-	-	-	1,287,122	1,325,735	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EE5	Exterior Doors; Partial Replace	2019	15	-	-	-	-	-	65,673	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102,316	-	-	-	-	-	-	-	-
EE6	Exterior Painting & Caulking; Replace	2017	10	-	-	-	368,942	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	666,350	-	-	-	-	-
I1	Lobbies & Vestibules; Refurbish	2024	15	-	-	-	-	-	-	-	-	-	-	83,875	86,392	-	-	-	-	-	-	-	-	-	-	-	-	-	130,675	134,595	-	-
I2	Corridors & Stairwells; Refurbish	2024	15	-	-	-	-	-	-	-	-	-	-	329,969	339,868	-	-	-	-	-	-	-	-	-	-	-	-	-	514,081	529,504	-	-
I3	Interior Doors; Refurbish	2022	10	-	-	-	-	-	-	-	-	107,122	-	-	-	-	-	-	-	-	-	143,963	-	-	-	-	-	-	-	-	193,474	-
I4	Amenities - Lounge; Refurbish	2024	15	-	-	-	-	-	-	-	-	-	-	64,021	65,941	-	-	-	-	-	-	-	-	-	-	-	-	-	99,742	102,735	-	-
M1	Elevators, Hydraulic; Modernization	2019	25	-	-	-	-	-	268,662	276,722	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
M2	HVAC Systems; Replace	2021	25	-	-	-	-	-	-	-	173,674	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
P1	Domestic Water System; Replace	2024	30	-	-	-	-	-	-	-	-	-	-	390,399	402,110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EL1	Electrical System; Repair	2023	15	-	-	-	-	-	-	-	-	-	67,196	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,689	-	-	-	-
SS1	Fire Alarm System & Emergency Power; Replace	2021	25	-	-	-	-	-	-	-	95,008	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SS2	Suppression System; Repair	2024	20	-	-	-	-	-	-	-	-	-	-	47,515	48,940	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SS3	Access Control & Security System; Replace	2021	25	-	-	-	-	-	-	-	87,407	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SITE1	Paving; Replace	2028	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	270,038	278,139	-	-	-	-	-	-	-	-	-	-	-	-	-
SITE2	Landscaping & Miscellaneous; Repair	2015	15	-	53,045	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82,642	-	-	-	-	-	-	-	-	-	-	-	-
	Contingency	n/a	n/a	27,398	28,220	29,067	29,939	30,837	31,762	32,715	33,696	34,707	35,748	36,821	37,925	39,063	40,235	41,442	42,685	43,966	45,285	46,643	48,043	49,484	50,968	52,497	54,072	55,694	57,365	59,086	60,859	62,685	64,565
	Total Expenditures			$ 27,398	$81,265	$29,067	$398,880	$199,395	$ 439,053	$309,436	$389,785	$141,829	$102,944	$ 952,599	$981,177	$4,577,972	$4,715,312	$1,356,983	$1,397,693	$126,608	$45,285	$190,606	$ 310,651	$151,800	$50,968	$52,497	$1,815,953	$1,288,780	$ 801,864	$825,920	$519,806	$728,875	$64,565

10.0 PROJECTION SUMMARIES

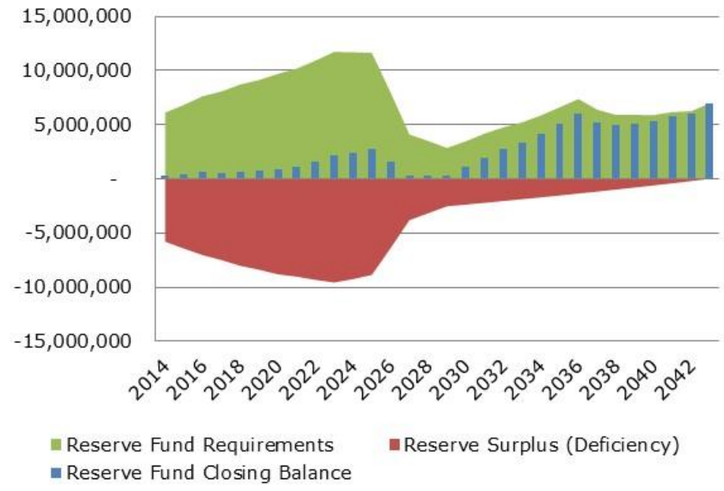
Strata LMS 879, 266 Units																														
Last fiscal year end, Dec. 31, 2013																														
Inflation Rate 3%; Interest Rate 2%																														
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Adequacy																														
Reserve Fund - Opening Balance	$219,524	$319,516	$367,642	$468,928	$202,426	$180,080	$180,628	$180,805	$195,636	$180,719	$204,390	$180,878	$180,319	$180,953	$180,260	$180,882	$180,807	$180,815	$262,146	$199,783	$180,128	$180,930	$256,580	$332,215	$180,906	$180,745	$180,496	$180,186	$180,983	$180,728
Change in Monthly Contributions	n/a	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Annual CRF Contributions	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000	123,000
Annual Special Levies	-	-	-	-	50,000	313,000	183,000	278,000	-	-	802,000	854,000	4,452,000	4,588,000	1,231,000	1,271,000	-	-	-	164,000	26,000	-	-	1,535,000	1,162,000	675,000	699,000	394,000	602,000	-
Annual Reserve Fund Interest Income	4,390	6,390	7,353	9,379	4,049	3,602	3,613	3,616	3,913	3,614	4,088	3,618	3,606	3,619	3,605	3,618	3,616	3,616	5,243	3,996	3,603	3,619	5,132	6,644	3,618	3,615	3,610	3,604	3,620	3,615
Total Cash Resources	346,914	448,907	497,995	601,307	379,475	619,681	490,241	585,421	322,548	307,334	1,133,478	1,161,496	4,758,925	4,895,572	1,537,865	1,578,500	307,423	307,431	390,389	490,779	332,730	307,549	384,712	1,996,859	1,469,524	982,360	1,006,105	700,789	909,603	307,343
Total Expenditures	27,398	81,265	29,067	398,880	199,395	439,053	309,436	389,785	141,829	102,944	952,599	981,177	4,577,972	4,715,312	1,356,983	1,397,693	126,608	45,285	190,606	310,651	151,800	50,968	52,497	1,815,953	1,288,780	801,864	825,920	519,806	728,875	64,565
Reserve Fund Closing Balance	319,516	367,642	468,928	202,426	180,080	180,628	180,805	195,636	180,719	204,390	180,878	180,319	180,953	180,260	180,882	180,807	180,815	262,146	199,783	180,128	180,930	256,580	332,215	180,906	180,745	180,496	180,186	180,983	180,728	242,777
Reserve Fund Requirements	6,120,262	6,844,910	7,636,249	8,073,602	8,719,186	9,138,025	9,694,857	10,182,477	10,927,805	11,726,925	11,692,372	11,628,550	7,966,656	4,094,186	3,502,594	2,858,461	3,472,529	4,180,203	4,756,709	5,224,700	5,860,901	6,610,659	7,373,882	6,388,915	5,911,422	5,911,294	5,887,108	6,168,551	6,246,555	6,990,429
Reserve Surplus (Deficiency)	($5,800,745)	($6,477,268)	($7,167,321)	($7,871,175)	($8,539,107)	($8,957,397)	($9,514,052)	($9,986,841)	($10,747,086)	($11,522,535)	($11,511,494)	($11,448,231)	($7,785,704)	($3,913,926)	($3,321,712)	($2,677,654)	($3,291,715)	($3,918,057)	($4,556,926)	($5,044,572)	($5,679,971)	($6,354,078)	($7,041,668)	($6,208,009)	($5,730,677)	($5,730,798)	($5,706,922)	($5,987,568)	($6,065,827)	($6,747,652)
Full																														
Reserve Fund - Opening Balance	$219,524	$319,516	$404,542	$591,436	$578,829	$690,343	$749,296	$885,885	$1,156,065	$1,606,329	$2,161,380	$2,440,464	$2,765,398	$1,575,765	$284,558	$325,855	$327,268	$1,099,795	$1,969,095	$2,710,460	$3,346,608	$4,154,329	$5,079,037	$6,020,709	$5,217,760	$4,925,925	$5,115,169	$5,284,141	$5,762,607	$6,041,574
Change in Monthly Contributions	n/a	30%	30%	20%	20%	20%	20%	20%	10%	10%	10%	10%	10%	7.1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.0%	0%	0%
Annual CRF Contributions	123,000	159,900	207,870	249,444	299,333	359,199	431,039	517,247	568,972	625,869	688,456	757,301	833,032	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589	892,589
Annual Special Levies	-	-	-	125,000	-	125,000	-	125,000	-	-	500,000	500,000	2,500,000	2,500,000	500,000	500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Reserve Fund Interest Income	4,390	6,390	8,091	11,829	11,577	13,807	14,986	17,718	23,121	32,127	43,228	48,809	55,308	31,515	5,691	6,517	6,545	21,996	39,382	54,209	66,932	83,087	101,581	120,414	104,355	98,518	102,303	105,683	115,252	120,831
Total Cash Resources	346,914	485,807	620,503	977,709	889,738	1,188,349	1,195,321	1,545,850	1,748,158	2,264,324	3,393,064	3,746,575	6,153,738	4,999,870	1,682,838	1,724,961	1,226,403	2,014,380	2,901,067	3,657,259	4,306,129	5,130,005	6,073,207	7,033,713	6,214,705	5,917,033	6,110,061	6,282,414	6,770,449	7,054,995
Total Expenditures	27,398	81,265	29,067	398,880	199,395	439,053	309,436	389,785	141,829	102,944	952,599	981,177	4,577,972	4,715,312	1,356,983	1,397,693	126,608	45,285	190,606	310,651	151,800	50,968	52,497	1,815,953	1,288,780	801,864	825,920	519,806	728,875	64,565
Reserve Fund Closing Balance	319,516	404,542	591,436	578,829	690,343	749,296	885,885	1,156,065	1,606,329	2,161,380	2,440,464	2,765,398	1,575,765	284,558	325,855	327,268	1,099,795	1,969,095	2,710,460	3,346,608	4,154,329	5,079,037	6,020,709	5,217,760	4,925,925	5,115,169	5,284,141	5,762,607	6,041,574	6,990,430
Reserve Fund Requirements	6,120,262	6,844,910	7,636,249	8,073,602	8,719,186	9,138,025	9,694,857	10,182,477	10,927,805	11,726,925	11,692,372	11,628,550	7,966,656	4,094,186	3,502,594	2,858,461	3,472,529	4,180,203	4,756,709	5,224,700	5,860,901	6,610,659	7,373,882	6,388,915	5,911,422	5,911,294	5,887,108	6,168,551	6,246,555	6,990,429
Reserve Surplus (Deficiency)	($5,800,745)	($6,440,368)	($7,044,813)	($7,494,773)	($8,028,844)	($8,388,729)	($8,808,972)	($9,026,412)	($9,321,476)	($9,565,545)	($9,251,908)	($8,863,152)	($6,390,891)	($3,809,628)	($3,176,739)	($2,531,192)	($2,372,734)	($2,211,108)	($2,046,248)	($1,878,092)	($1,706,572)	($1,531,622)	($1,353,173)	($1,171,155)	($985,497)	($796,125)	($602,966)	($405,944)	($204,981)	$0
Alternate																														
Reserve Fund - Opening Balance	$219,524	$319,516	$404,542	$591,436	$453,829	$562,843	$494,246	$625,734	$744,159	$1,162,477	$1,682,574	$1,423,397	$1,154,209	$782,843	$266,710	$248,583	$189,383	$750,085	$1,403,324	$1,924,306	$2,335,663	$2,914,098	$3,604,934	$4,308,057	$3,261,787	$2,721,765	$2,657,859	$2,568,618	$2,783,706	$2,794,027
Change in Monthly Contributions	n/a	30%	30%	20%	20%	20%	20%	15%	10%	10%	10%	3.6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.0%	0%	0%
Annual CRF Contributions	123,000	159,900	207,870	249,444	299,333	359,199	431,039	495,695	545,265	599,791	659,770	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522	683,522
Annual Special Levies	-	-	-	-	-	-	-	-	-	-	-	-	3,500,000	3,500,000	650,000	650,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annual Reserve Fund Interest Income	4,390	6,390	8,091	11,829	9,077	11,257	9,885	12,515	14,883	23,250	33,651	28,468	23,084	15,657	5,334	4,972	3,788	15,002	28,066	38,486	46,713	58,282	72,099	86,161	65,236	54,435	53,157	51,372	55,674	55,881
Total Cash Resources	346,914	485,807	620,503	852,709	762,238	933,299	935,170	1,133,944	1,304,306	1,785,518	2,375,996	2,135,386	5,360,815	4,982,022	1,605,566	1,587,076	876,693	1,448,608	2,114,912	2,646,314	3,065,898	3,655,902	4,360,554	5,077,740	4,010,545	3,459,723	3,394,538	3,303,512	3,522,902	3,533,430
Total Expenditures	27,398	81,265	29,067	398,880	199,395	439,053	309,436	389,785	141,829	102,944	952,599	981,177	4,577,972	4,715,312	1,356,983	1,397,693	126,608	45,285	190,606	310,651	151,800	50,968	52,497	1,815,953	1,288,780	801,864	825,920	519,806	728,875	64,565
Reserve Fund Closing Balance	319,516	404,542	591,436	453,829	562,843	494,246	625,734	744,159	1,162,477	1,682,574	1,423,397	1,154,209	782,843	266,710	248,583	189,383	750,085	1,403,324	1,924,306	2,335,663	2,914,098	3,604,934	4,308,057	3,261,787	2,721,765	2,657,859	2,568,618	2,783,706	2,794,027	3,468,864
Reserve Fund Requirements	6,120,262	6,844,910	7,636,249	8,073,602	8,719,186	9,138,025	9,694,857	10,182,477	10,927,805	11,726,925	11,692,372	11,628,550	7,966,656	4,094,186	3,502,594	2,858,461	3,472,529	4,180,203	4,756,709	5,224,700	5,860,901	6,610,659	7,373,882	6,388,915	5,911,422	5,911,294	5,887,108	6,168,551	6,246,555	6,990,429
Reserve Surplus (Deficiency)	($5,800,745)	($6,440,368)	($7,044,813)	($7,619,773)	($8,156,344)	($8,643,779)	($9,069,123)	($9,438,318)	($9,765,328)	($10,044,351)	($10,268,976)	($10,474,341)	($7,183,814)	($3,827,476)	($3,254,011)	($2,669,077)	($2,722,445)	($2,776,879)	($2,832,403)	($2,889,037)	($2,946,803)	($3,005,725)	($3,065,825)	($3,127,128)	($3,189,656)	($3,253,435)	($3,318,490)	($3,384,845)	($3,452,528)	($3,521,565)

11.0 GRAPHS AND ILLUSTRATIONS

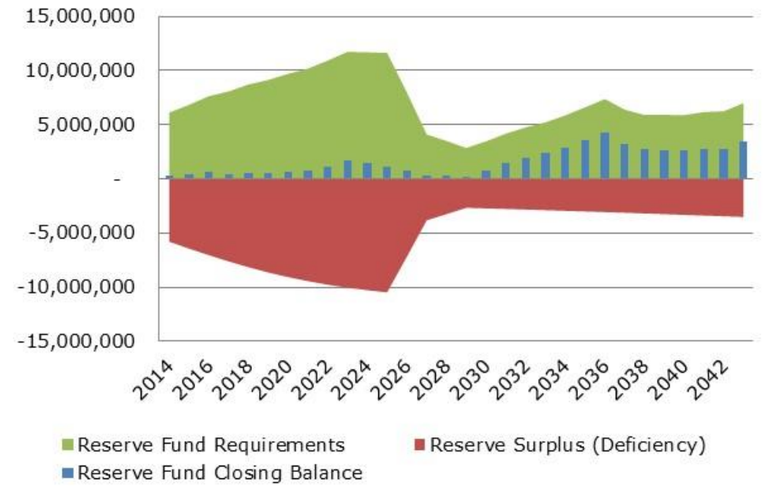
ADEQUACY – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



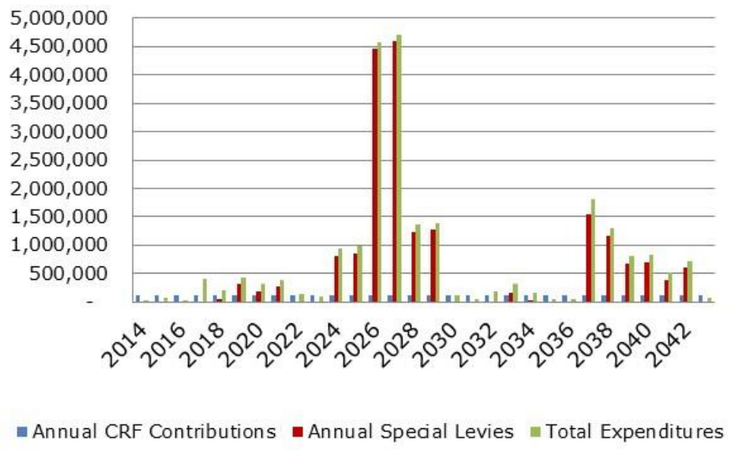
FULL FUNDING – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



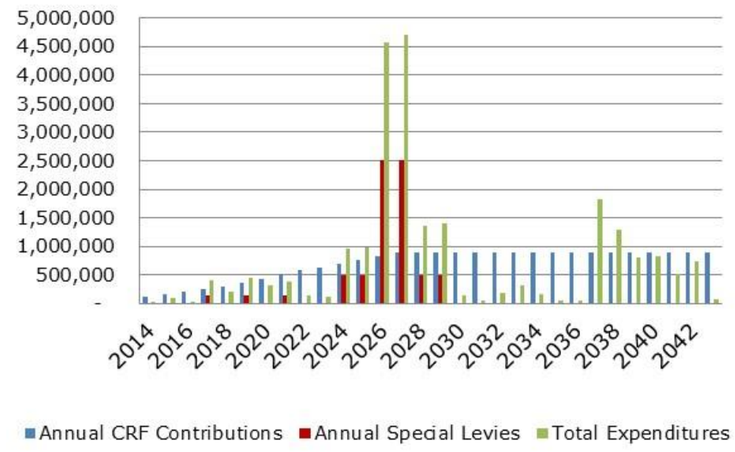
ALTERNATIVE – RESERVE REQUIREMENTS, SURPLUS (DEFICIT) AND FUND BALANCE



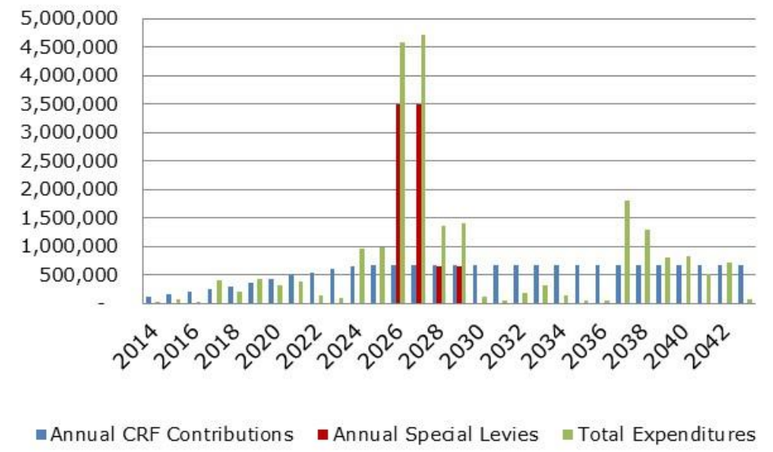
ADEQUACY – CONTRIBUTIONS COMPARED TO EXPENDITURES



FULL FUNDING – CONTRIBUTIONS COMPARED TO EXPENDITURES



ALTERNATIVE – CONTRIBUTIONS COMPARED TO EXPENDITURES



12.0 APPENDIX A—TERMS OF REFERENCE

The Client to whom this Depreciation Report is addressed may use it in deliberations affecting the subject property only, and in doing so, the Report must not be extracted—it must be read and used in its entirety for the specific property.

We assumed that the subject property is structurally sound, complies with all environmental standards, and is void of any condition that may affect this Report. We provided sufficient information to aid the Strata in selecting suitable renewal and maintenance strategies while endeavouring to limit the cost of obtaining this information.

Conclusions are based on a visual review of a sample of each component. No permanent finish or fixture will be removed for the purpose of inspecting components. No building envelope condition assessment, exploratory openings, testing, structural audit, destructive testing, moisture-test, legal survey, soil tests, environment assessment, detailed quantity survey compilations, engineering or exhaustive physical examinations were conducted as these are not within the Scope of the Report.

The condition of visible components was observed and the status of maintenance in general was reported, but there was no comment on functional operation. Our employees were not required to operate any shut down heating or air conditioning system or operate any such system during periods of weather which could possibly damage that system. They were not required to clear snow or ice, foliage, furniture or any other obstacle which prevents visual inspection of any component, finish or fixture. Our employees may report on, but were not obligated to report hazardous substances or other contaminants.

Our employees were not required to light or extinguish any gas pilot light or solid fuel fire. Our employees were not required to enter any area of the building: 1. where head room is less than three (3) feet, 2. where the access opening is less than thirty (30) inches square, 3. where access could possibly cause damage to the structure or finish and 4. where there is a possible threat of personal injury.

We prepared the Depreciation Report using our best efforts with the information and practices that are available to us at the time of preparing the Report. We further used our best efforts to make assumptions as to future costs and interest rates to predict future funding. However, these assumptions are based on future events that may not be foreseeable at the time of the Report.

This Report is considered a Restricted Report. The use of this document is restricted to the Strata named in this proposal for the assessment and planning their capital funding. It cannot be used for any other purpose. Possession of this Report, or a copy thereof, does not carry with it the right of publication. Notwithstanding the foregoing, the applicant herein has permission to reproduce the Report in whole or in part for the legitimate purposes of providing information to the Strata Council or unit owners such as attaching the Report to a Form B. The Client agrees that Normac Appraisals Ltd. ("Normac") does not assume any responsibility or liability for any losses suffered by the Strata or any other parties as a result of any use of this Report contrary to the provisions of this paragraph. This Report is not intended to be used for mortgage nor for insurance purposes or for use as a pre-purchase inspection for potential buyers.

We reserve the right, but will be under no obligation, to review our calculations referred to in the Report and, if we consider it necessary, to revise our conclusions in the light of any

information existing at the date of the Report which becomes known to us after the date of the Report.

The Client agrees that any and all claims, whether such claims sound in contract or tort, which the Client has or hereafter may have against Normac (including all staff), in any way arising out of or related to Normac's duties and responsibilities pursuant to this Contract, shall be limited to three times the fee charged under this Contract. In addition to the limitation of liability listed above, Normac will not assume any liability for any consequential loss, injury or damages suffered by the client, including, but not limited to, loss of use, earnings and business interruption.

The Client expressly agrees that Normac's officers, directors, employees, agents and sub-consultants shall have no personal liability to the client in respect of a claim, whether in contract, or tort. The Strata expressly agrees that it will bring no proceedings and take no action in any court of law against any of Normac's officers, directors, employees, agents, and sub-consultants in their personal capacity.

Information used in the creation of the Report furnished by others such as explanations, surveys, building plans, and strata plans are assumed to be correct. However, Normac assumes no liability for the accuracy of such information. Reference to a sketch, blueprint, or strata plan appearing in the Report is only for the purpose of assisting the reader to visualize the property.

The Report does not intend to record all existing deficiencies. It is likely that these deficiencies—or conditions not uncovered during the Report—may affect the costs, timing or effectiveness of the provided recommendations.

The recommendations in this Report are based on our experience and on generally accepted practise. The long-term effectiveness of these recommendations cannot be assessed beyond present knowledge and experience. A detailed assessment of previous financial records, studies and reports has not been made to substantiate the Strata Corporation's current financial position. The recommendations in this Report are based on the information available at the time of carrying out the DR. Should associated repair/restoration/renewal work reveal additional information; the recommendations may have to be revisited.

Cost estimates presented in this Report are based on approximate quantities and our judgement and experience with similar projects. The cost estimates are to be interpreted as an order of magnitude budget estimate, subject to confirmation by competitive tendering. The cost estimates are also subject to change and are dependent upon some factors over which we have no control, namely market condition, contractor availability, methods and bidding practices, and the cost of labour, materials, and equipment etc.

In issuing this Report, Normac Appraisals Ltd. does not assume any of the duties or liabilities of the designers, builders or past or present owners of the subject property. Owners, prospective purchasers, tenants or others who use or rely on the contents of the Report do so with the understanding as to the limitations of the cursory field review undertaken and the understanding that the Consultant cannot be held liable for damages they may suffer in respect to the purchases, ownership, or use of the subject property.

13.0 APPENDIX B—STRATA FEEDBACK

Strata Comments	
Nil	

14.0 APPENDIX C—B.C.'S STRATA PROPERTY ACT—DEPRECIATION REPORT

With respect to the Strata Property Act, [SBC 1998] CHAPTER 43, Part 1 — Definitions and Interpretation

"**bare land strata plan**" means
(a) a strata plan on which the boundaries of the strata lots are defined on a horizontal plane by reference to survey markers and not by reference to the floors, walls or ceilings of a building, or

(b) any other strata plan defined by regulation to be a bare land strata plan;

"**common property**" means
(a) that part of the land and buildings shown on a strata plan that is not part of a strata lot, and

(b) pipes, wires, cables, chutes, ducts and other facilities for the passage or provision of water, sewage, drainage, gas, oil, electricity, telephone, radio, television, garbage, heating and cooling systems, or other similar services, if they are located

(i) within a floor, wall or ceiling that forms a boundary
  (A) between a strata lot and another strata lot,
  (B) between a strata lot and the common property, or
  (C) between a strata lot or common property and another parcel of land, or

(ii) wholly or partially within a strata lot, if they are capable of being and intended to be used in connection with the enjoyment of another strata lot or the common property;

For purposes of the act, Regulation 89/2013 Part b.2(1), a **depreciation report must include** all of the following:

1.0 A physical component inventory and evaluation that complies with section 2 and includes:
  1.1 A summary of repairs and maintenance work for common expenses respecting the items listed in section 2.2 that usually occur less often than once a year or that do not usually occur
  1.2 A financial forecasting section that complies with section 3
  1.3 The name of the person from whom the depreciation report was obtained and include:
    1.3.1 That person's qualifications
    1.3.2 The error and omission insurance, if any, carried by that person
    1.3.3 The relationship between that person and the strata corporation
  1.4 The date of the report
  1.5 Any other information or analysis that the strata corporation or the person providing the depreciation report considers appropriate

2.0 For the purposes of sections 1.1 and 1.2, **the physical component inventory and evaluation must**:
  2.1 Be based on an on-site visual inspection of the site and, where practicable, of the items listed in section 2.2
  2.2 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:
    2.2.1 The building's structure
    2.2.2 The building's exterior, including roofs, roof decks, doors, windows and skylights
    2.2.3 The building's systems, including the electrical, heating, plumbing, fire protection and security systems

2.2.4 Common amenities and facilities
2.2.5 Parking facilities and roadways
2.2.6 Utilities, including water and sewage
2.2.7 Landscaping, including paths, sidewalks, fencing and irrigation
2.2.8 Interior finishes, including floor covering and furnishings
2.2.9 Green building components
2.2.10 Balconies and patios

2.3 Identify common property and limited common property that the strata lot owner, and not the strata corporation, is responsible to maintain and repair

3.0 For the purposes of subsection 1.2 the **financial forecasting section must include**:
3.1 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
3.2 A description of the factors and assumptions, including interest rates and rates of inflation, used to calculate the costs referred to in 3.1
3.3 A description of how the contingency reserve fund is currently being funded
3.4 The current balance of the contingency reserve fund minus any expenditures that have been approved but not yet taken from the fund
3.5 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 2.2

4.0 For the purposes of section 3.5, the cash-flow funding models may include any one or more of the following:
4.1 Balances of, contributions to and withdrawals from the contingency reserve fund
4.2 Special levies
4.3 Borrowings

5.0 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

6.0 A **qualified person is**:
6.1 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 sections 1.0 to 4.0.

7.0 The following periods are prescribed to obtain a Depreciation Report:
7.1 3 years after the strata corporation has obtained a Depreciation Report
7.2 18 months after the strata corporation has waived the requirement with a ¾ resolution passed at an AGM or special general meeting
7.3 12 months within the prescribed period after the strata corporation, by a ¾ resolution passed at an AGM or special general meeting has waived the requirement

Permitted investments for investment of money held in contingency reserve fund and collected on special levies:

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

(a) a savings account or chequing account with a financial institution outside of British Columbia insured by the Canada Deposit Insurance Corporation;

(b) a term deposit or a guaranteed investment certificate, if the deposit or certificate

(i) is insured by the Canada Deposit Insurance Corporation or the Credit Union Deposit Insurance Corporation of British Columbia, and

(ii) has a predetermined rate or predetermined rates of interest;

(c) a treasury bill issued by the government of Canada;

(d) any bond, debentures or other evidence of indebtedness issued or guaranteed by the government of Canada or a province, or issued by a corporation incorporated under the laws of Canada or a province, if, at the time of purchase,

(i) the bond, debentures or other evidence of indebtedness has a remaining term to maturity of 5 years or less,

(ii) the interest and principal of the bond, debenture or other evidence of indebtedness are payable in Canadian dollars, and

(iii) the bond, debenture or other evidence of indebtedness has a rating of A or higher from DBRS Limited;

(e) a fixed income exchange-traded fund traded on an exchange in Canada, if, at the time of purchase,

(i) the funds portfolio does not contain securities other than bonds, debentures and other evidence of indebtedness,

(ii) the holdings in the fund portfolio are denominated in Canadian dollars;

(iii) the average remaining term to maturing of the holdings in the fund's portfolio is 5 years or less, and

(iv) 98 percent or more of the value of the holdings in the fund's portfolio have a rating of BBB or higher as reported by the issuer of that fund.

Strata Property Regulation:
http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/12_43_2000#section6.2

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

15.0 APPENDIX D—DEFINITIONS

Adequacy—refers to a term used to describe one of the financial models presented. It is a summary of the cash flow and projections if current funding levels continue and minimum efforts are made. Any shortfalls in the Contingency Reserve Fund against needed expenditures are funded with one yearly contribution increase and the rest via special levies. The bottom line for this funding model is that sufficient funds are available for expenditures as needed but no more.

Alternative Funding— refers to one of the financial models presented. This financial model works towards getting the Strata to an alternative funding position by the end of 30 years. Annual Contingency Reserve Fund Contributions to the Contingency Reserve Fund are increased early in the cycle and level off over time with minimal special levies.

Annual Contingency Reserve Fund Contributions— refers to the annual payments made by owners towards the contingency reserve fund.

Annual Reserve Fund Requirement—refers to the hypothetical ideal amount of annual Contingency Reserve Fund Contributions made by the owners to fund major repair or replacement of the Building Component at the end of their life.

Building Component—refers to the various parts of the Strata's assets under discussion. For example the Strata's roof, exterior cladding or domestic hot water system is a building component.

Change in Monthly Contributions—refers to the percentage rate at which the Annual Contingency Reserve Fund Contribution is increased or decreased when compared to the prior year.

Complete Replacements—refers to projects that are implemented as one complete repair. Owners can leverage economies of scale and thereby reduce the overall cost but the financial burden for a particular year is often high.

Co-ordinating—refers to projects when more than one repair is completed all at once to take advantage of economies of scale or favorable market conditions. The Owners thus shorten the duration of the burden as well as lowering their overall costs.

Current Replacement Costs—refers to the total amount for all major repairs and replacements for all building components at current prices.

Current Reserve Fund Requirements—refers to a hypothetical ideal balance of the Contingency Reserve Fund at the current date, if full funding of the Contingency Reserve Fund had taken place since the first day of the Strata's inception. It is a notion of a "pay a portion for usage" contribution to the Contingency Reserve Fund, based on the effective age of building components and their repair or replace date. This is used in the Benchmark as part of the calculation to determine a hypothetical ideal annual Contingency Reserve funding amount.

Expected Lifespan—refers to the anticipated life span of a Building Component, starting from the date of original construction/installation until the date of replacement of the component. The life-cycle is usually discussed in terms of frequency.

Full Funding—refers to one of the financial models presented. This financial model works towards getting the Strata to a full funding position by the end of 30 years whereby the Contingency Reserve Balance equals the Reserve Fund Requirements. Regular contributions to

the Contingency Reserve Fund are increased at the beginning of the cycle and then level off over time with minimal special levies.

Future Replacement Cost—refers to the amount for major repair and replacement of a Building Component in the future at the end of its expected life span.

Future Reserve Fund Accumulation—refers to the hypothetical amount that would be in the future Contingency Reserve Fund at the end of the components' life, by adding the Current Reserve Fund Requirement plus compound interest on the Current Reserve Fund Requirement. This is used in the Benchmark as part of the calculation to determine a hypothetical ideal annual Contingency Reserve funding amount.

Future Reserve Fund Requirements—refers to the amount of future funding of the Contingency Reserve Fund required to pay for major repair or replacements of Building Components at the end of their life, assuming the current Contingency Reserve Fund balance equalled the Current Reserve Fund Requirement or the hypothetical ideal contributions was made. It is the mathematical difference between the Future Replacement Cost and the Future Reserve Fund Accumulation. This is used in the Benchmark as part of the calculation to determine an ideal annual Contingency Reserve contribution.

Inflation Rate—refers to the annual inflation rate, used to reflect assumed increases to current cost estimates, and used to arrive at future expenditure predictions. For this Report we use Statistics Canada's Construction Price Index as it reflects more closely construction materials and services fluctuations.

Interest Rate—refers to the assumed annual interest earned on the Contingency Reserve Fund Balance. Any interest gained is added to the Contingency Reserve Fund.

Localized Renewal—refers to repair or replacement projects that are localized to a particular part of the building or property. Different areas of the building or property may be subject to accelerated wear and tear due to different weather exposure or different usage.

Minimum Contingency Reserve Balance—refers to statutory minimum required Contingency Reserve Fund balance.

Operating Fund—refers to a Strata's regular annual budget where regular annual repair and maintenance costs are funded and where we assume costs of repairs of less than $5,000 are funded.

Phased Repairs—refers to projects that present a repair or a renewal of a component in a phased approach. They are carried out over multiple periods. The financial toll in a particular year to Owners is reduced when the work occurs, but overall, due to remobilization costs and fluctuations in inflation and market conditions, the total completion costs may be higher.

Reserve Fund Opening Balance—refers to the balance in the Reserve Fund at the start of the Strata's fiscal year.

Years Remaining until Repair or Replacement—refers to the anticipated life span of a component, starting from the date of original construction/installation until major repair or full replacement of the component is required. This estimate is based on apparent conditions and not limited to the time remaining for the component's "standard" expected life. The actual service life achieved of a building component is dependent on a number of factors and assumes that regular maintenance is carried out.

16.0 APPENDIX E—TEAM BIOGRAPHIES (PROVIDED AS REQUIRED BY THE STRATA ACT)

Cameron Carter, B. Comm., RI (BC), CRP
President

Cameron Carter is a seasoned professional in the real estate industry. He is the founder and president of Normac and has been successfully serving Strata Corporation clients for 15 years, having completed thousands of replacement cost appraisals and hundreds of depreciation reports. His knowledge and experience with strata construction costs, building code upgrades, and municipal bylaws is significant. A member of the Real Estate Institute of Canada (REIC), Cameron is a designated Certified Reserve Planner (CRP).

Gina Arsens, CA, CBV, CRP
Vice President

Gina Arsens has 20 years of business and financial experience. She has reviewed hundreds of depreciation reports and prepared and reviewed hundreds of financial plans and models during her career. She has significant experience as a CFO and a CEO. She's held various financial and leadership roles in her career starting with a successful articling period with PricewaterhouseCoopers to most recently being the CEO of an international software company. In 2009, Gina had the distinction of being named one of BC's Top 40 under 40 by Business in Vancouver. She is a Chartered Accountant (CA), a Chartered Business Valuator (CBV) and a designated CRP.

Aaron Wittstock, BBA, PGCV, CRP
Senior Manager

Aaron Wittstock joined Normac at the beginning of 2011 and has carried out thousands of property inspections and conducted municipal bylaw research and replacement cost estimates for both residential and commercial properties. He is an experienced insurance appraiser and depreciation report planner. Aaron holds a Bachelor's degree in Business Administration from Xavier University and has a Post-Graduate Certificate in Real Property Valuation (PGCV) from the Sauder School of Business at UBC. Aaron is also a member of the REIC and is a CRP. He is also a Candidate Member of the Appraisal Institute of Canada working toward the AACI – P.App. Designation.

Alfred HY Lam, BASc in Civil Engineering, IIT, CRP
Senior Depreciation Report Planner

Alfred joined Normac with experience designing and inspecting residential and commercial buildings. He started his career in the UBC Department of Civil Engineering in 2003 performing concrete strength tests comparing steel reinforcements. After working in operations and in an engineering firm he joined Normac. He obtained his degree in Civil Engineering from the University of BC in 2005 and completed the Home Inspection Program from BCIT in 2011. Alfred is an experienced building inspector and depreciation report planner. Alfred is also a designated CRP with the REIC.

Herman Kwok, BASc in Materials Engineering, MEng in Building Science
Depreciation Report Planner

Herman obtained his Master of Engineering degree from BCIT in the field of Building Science and also holds a Bachelor of Applied Science degree from UBC with a specialization in Materials Manufacturing and Performance. For his Masters in Engineering, his final dissertation was titled "Experimental Investigation of Moisture Transfer between Concrete Foundation and Sill Plate." He is a member of the British Columbia Building Envelope Council and an experienced depreciation report planner.

Kelvin Liu, BASc Civil Engineering, MASc. Building Science (Candidate)
Depreciation Report Planner

Kelvin is in the final stages of obtaining his Master's degree of Applied Science in Building Science program at BCIT. Kelvin has in depth experience having previously worked for engineering consultant and contracting firms both locally and internationally. Kelvin also holds a Bachelor's of Science degree in Civil Engineering with a Structural Emphasis at Purdue University. He is a member of the Association of Professional Engineers and Geoscientists of British Columbia as well as the Sustainable Building Advisor Institute Program. Kelvin is also an experienced depreciation report planner.

Liam Bailey, BSc. Eng. (Hons) in Construction Engineering and Management
Depreciation Report Planner

Liam began his career at Normac after moving to Vancouver from Ireland. In 2008 he obtained his Diploma in Construction from Southern Regional College and in 2012 a Bachelor of Science Degree in Construction Engineering and Management from the University of Ulster. He is experienced in both construction practices and in building inspections and is an experienced depreciation report planner.

Lynda Davies, CRP
Client Services Manager

Lynda joined Normac over 10 years ago and has been an integral part of the company's growth ever since. Formerly a successful real estate agent, Lynda joined Normac from GE Capital in 2003. Lynda is responsible for all client service interaction and satisfaction. Lynda is highly skilled and knowledgeable having performed thousands of administrative reviews on cost appraisals. She ensures all processes are followed, reports meet the criteria set by the company, proposals are issued and co-ordinates all office activity. Lynda is a member of the REIC and is a CRP.

17.0 APPENDIX F—MAINTENANCE ACTIVITIES

Below are some maintenance activities that the Strata can undertake to promote longevity of some of the Strata's common assets:

For the outside envelope or enclosure

- Inspect for cracks, leaks, broken items, staining, efflorescence
- Report water ingress
- Regularly undertake sealing & painting, including touch ups
- Remove vegetation or any matter away from the building(s)
- Review downspouts & flashing for water being directed away from the building and there are no clogs or build up
- Watch out that cleaning doesn't affect the quality of the product or sealants or seals
- Review for corrosion of metal fasteners, joints, downspouts & flashing

For the roof

- Inspect for missing granules, shingle quality (curled, broken, cracked or missing), excessive moss growth
- Remove foreign objects from the roof
- Check for missing or damaged flashing, eaves troughs, downpipes, caulking or sealing
- Check for standing or pooling water
- Check for overflowing eaves troughs or downspouts
- Check for staining

For decks, balconies, or terraces

- Remove dirt, leaves, twigs and moss regularly
- Report water ponding
- Keep vents clear of dirt and debris
- Report and inspect for peeling of deck or balcony membrane from the wall
- Report and inspect for seams of the membranes coming apart
- Check strength of guard rails
- Check and report and concrete spalling, cracking and rust marks
- Keep barbeques away from the building's enclosure

Windows and Exterior Doors

- Clean any accumulation of dirt at the window or door sills
- Clean glass regularly with soap and water. Use a professional to wash your windows, be careful of pressure washing as water may be driven into the building envelope
- Report any worn out weather stripping
- Report loose or missing seals
- Report black staining inside walls, in corners
- Report any condensation between the layers of glass
- Keep humidity inside the house to a minimum
- Promote good air circulation and ventilation in each home (use exhaust fans, open windows, humidifiers)

More information can be found on BC Housing, Homeowner Protection Office. For more in-depth information of maintenance activities go to http://www.hpo.bc.ca/homeowners.

Normac Adds Value:

- ✓ Unparalleled Experience
- ✓ Exceptional Service
- ✓ Independent and unbiased
- ✓ Clear reporting
- ✓ Value Added Benefits

normac
appraisals ltd.

308 - 788 Beatty Street, Vancouver, BC V6B 2M1
phone: 604-221-8258 fax: 604-224-1445
E-mail: info@normac.ca