



RESERVE FUND REPORT - DRAFT

**FRONTIER PLACE
240040 FRONTIER PLACE
ROCKY VIEW COUNTY, ALBERTA**

CONDOMINIUM CORPORATION #1010603



February 09, 2023

File No. RI 125453

Condominium Corporation #1010603
c/o Barclay Street Real Estate
Suite 200, 407 - 8 Avenue S.W.
Calgary, Alberta
T2P 1E5

Attention: Tracey Leflar

**RE: Reserve Fund Report
Frontier Place
240040 Frontier Place
Rocky View County, Alberta
Condominium Corporation #1010603**

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

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

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

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

Yours truly,

Reliance Asset Consulting Inc.



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EXECUTIVE SUMMARY

Condominium Details:	Frontier Place 240040 Frontier Place Rocky View County, Alberta
Condominium Number:	1010603
Property Description:	16 Unit Commercial Complex
Year of Construction:	2010
Report Date:	February 09, 2023
Inspection Date:	August 03, 2022
Plan Commencement Date:	March 01, 2023
Financial Year End:	February 28

Limiting Conditions & Assumptions

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

Copyright Provisions

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



ASSUMPTIONS, CONCLUSIONS, AND RECOMMENDATIONS

Assumptions

The Stabilized Interest Rate for the study horizon was set at 3% per annum and a short-term interest rate of 2% was utilized for the first five years. The Stabilized Inflation Rate was set at 3.5% per annum.

Conclusions

As of the beginning of this study's financial plan February 28, 2023 the Corporation is approximately 55% funded per the current reserve fund requirements.

The goal of the financial plan(s) recommended is to maintain approximately a 7% - 54% funded position during the 30-year study horizon. At this level of funding the corporation should be able to adequately provide for all regularly expected expenditures for the next 30 years and additionally 40 years. The plan also provides a buffer for some pre-mature failures if they occur. The plan is designed to provide a fair and stabilized reserve contribution for future owners. If the recommended plan is followed, reserve contribution increases should be fairly stable and should remove the likelihood of special assessments. However as pre-mature failures and unforeseen repairs do occur it is impossible to predict this with certainty. These conclusions are based on the provision that the interest rates and inflation rate assumptions remain reflective of the local economy, and regular maintenance is being completed. Although short term higher inflation is currently projected and in place this has been reflected in the adjustment of current costs and the long-term rates remain in effect.

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

The Corporation's Estimated Reserve Fund Balance as of February 28, 2023: \$ 71,060

Recommendations

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



RESERVE FUND STUDY, REPORT, AND PLAN REQUIREMENTS

Introduction

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

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

38(1) Subject to the regulations, a corporation shall, from funds levied under section 39(1)(a) or under section 39.1, establish and maintain a reserve fund that is reasonably sufficient to provide for major repairs and replacement of the following, where the repair or replacement is of a nature that does not normally occur annually:

- (a) any real and personal property of the corporation;
- (b) the common property;
- (c) managed property.

(1.01) Notwithstanding subsection (1), funds from the reserve fund may be used for

- (a) a reserve fund study and reserve fund report required by the regulations,
- (b) any other report prepared by an expert examining the condition of the real and personal property of the corporation, the common property and managed property, and
- (c) any other purpose provided for in the regulations.

(1.1) If, before the coming into force of subsection (1)(c) as enacted by section 1(2)(a) of the *Statutes Amendment Act, 2013*, a corporation was required by bylaw to repair and replace property of an owner of a bare land unit, the collection and expenditure of funds to repair and replace that property are valid if

- (a) the collection and expenditure occurred on or after the date the bylaw took effect under this Act, and
- (b) the collection and expenditure would have been in compliance with subsection (1) if subsection (1)(c) as enacted by section 1(2)(a) of the *Statutes Amendment Act, 2013* had been in force at the time the collection and expenditure occurred.



(2) Notwithstanding subsection (1), funds shall not be taken from a reserve fund for the purpose of making capital improvements unless

(a) the removal of funds for that purpose is authorized by a special resolution or is necessary to maintain property referred to in subsection (1) to comply with health, building and maintenance and occupancy standards as required by law, and

(b) there will be sufficient funds remaining in the reserve fund to meet the requirements of subsection (1).

(3) The money in the capital replacement reserve fund of the corporation is an asset of the corporation and no part of that money shall be refunded or distributed to any owner of a unit except where the owners and the property cease to be governed by this Act.

(4) For the purposes of this section and section 39.1, the following are not capital improvements:

(a) the replacement of existing real and personal property of the corporation, the common property or managed property with

(i) the contemporary equivalent of an obsolete property, or

(ii) a lower cost equivalent of the existing property.

(1) (b) any other replacement prescribed by the regulations



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

Section 23

Physical Analysis

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

Financial Analysis

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



Study and Report

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

The Reserve Plan

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

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

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



STANDARD LIMITING CONDITIONS AND ASSUMPTIONS

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

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

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

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

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

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

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



The distribution of cost and other estimates in this report apply only under the program of utilization as identified in this report. The estimates herein must not be used in conjunction with any other study and may be invalid if so used. Unless otherwise noted, all fees, costs, and cost estimates are expressed in Canadian dollars. The agreed compensation for services rendered in preparing this report does not include fees for consultations and/or arbitrations, if any. Should personal appearances be required in connection with this report, additional fees will have to be negotiated.

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

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

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

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

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

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



SCOPE OF INVESTIGATION AND ANALYSIS

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

The inspection process was based on the following:

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

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

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



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

This report is subject to the following terms and conditions:

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

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UNDERLYING ASSUMPTIONS

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

Interest & Inflation

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

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

Estimated Long Term Stabilized Inflation Rate:	3.50%
Estimated First Five-Year Interest Rate:	2.00%
Estimated Long Term Stabilized Interest Rate:	3.00%

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

Demolition and Disposal Costs

The estimates herein include provisions for demolition and disposal costs including dumping fees. These costs have been rising in recent years. Particularly, dumping of certain materials has become problematic and very costly. It appears that certain codes and environmental regulations will become more stringent in future years, all of which will further impact disposal costs. Hazardous materials such as asbestos require further review and are outside the scope of the analysis given these can be extensive and volatile in nature.

Goods and Services Tax

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

Engineering Reports and Other Studies

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



Repair and Replacement Cost Estimates

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

Property Management and Maintenance

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

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

Special Assumptions and Terms of Reference

Special Assumptions

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

Windows and Doors.

The Condominium Property Act

Under Section 9 of the Condominium Property Act, Revised September 2000, the Corporation is responsible for all doors and windows of a unit that are located on the exterior walls of the unit (Section 9, Subsection 2b), unless otherwise stipulated in the condominium plan. The provisions of the Condominium Property Act supersede the corporation's bylaws. Therefore, all costs for the maintenance, repair and replacement of all doors and windows of a unit that are located on the exterior walls of the unit are the responsibility of the condominium corporation unless, by the appropriate legal process, responsibility for the windows and doors is transferred to the unit owners.

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

Other Exclusions

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

(1) NONE



SUBJECT PROPERTY INFORMATION

The property is described municipally and legally as follows:

**Frontier Place
240040 Frontier Place
Rocky View County Alberta
Condominium Corporation #1010603**

Frontier Place is located in Rocky View Country Alberta. The building is made up of 16 units, all commercial. The parcel is constructed on a relatively flat piece of land. Paved parking is available at the front and there is a gravel road at the rear.

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THE RESERVE FUND PROCESS

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

Physical Analysis

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

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

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

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



Reserve Component: Concrete Foundations

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

Reserve Component: Canopies

Physical Description:	Canopies provide a covered area for entrances while additionally enhancing aesthetic appeal.
Items Included:	Metal Canopies
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Minor oxidation was noted.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from adverse weather conditions, UV Rays, and general wear.



Reserve Component: Caulking

Physical Description:	Caulking is used to provide a water-resistant seal between dissimilar materials, expansion joints and minor gaps. The seal is used to provide water protection to the underlying structure.
Items Included:	Exterior Caulking
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Tested caulking was pliable, minor separation around the windows was noted.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Potential deterioration can occur from UV rays, freeze thaw cycles, extreme heat or cold, and physical damage. All of these items can cause the water seal to fail and cause damage to the underlying structure.

Reserve Component: Exterior Doors

Physical Description:	Exterior doors are used for the purposes of exit and entry from dwellings and buildings. They have various styles and construction materials, being either wood, vinyl, metal, aluminum, or combinations of all of the above. Exterior doors can be of either hollow or solid construction. Optional safety hardware can include windows, panic bars, and hydraulic closing systems.
Items Included:	Aluminum Entry Door
Type of Component:	Exclusion
Observed Condition:	No issues were reported or observed. The component is considered the owner's responsibility as per bylaw 2.2.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Exterior doors are typically affected by weather damage, misuse, wear and tear, physical damage, UV rays, and or oxidation.



Reserve Component: Garage Door(s)

Physical Description:	Garage doors provide access to parking areas and include the tracks, springs, and rollers. Sectional garage doors are made of multiple panels hinged together. The springs and rollers will eventually wear and require replacement.
Items Included:	Metal Sectional Commercial
Type of Component:	Exclusion
Observed Condition:	Minor damage was observed. The component is considered the owner's responsibility as per bylaw 2.2.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from physical damage, wear and tear, and oxidization.

Reserve Component: Windows

Physical Description:	Windows are transparent or translucent opening that allows the passage of light. Most windows are glazed with a coating that helps prevent heat loss and/or gain. Most modern style windows have either two or three glazed panes with a vacuum between the panes to help the insulation factor. Windows come in many styles and materials, including metal, vinyl, wood, fiberglass, and aluminum. Styles include casement, slider, awning, fixed, hung, and double hung.
Items Included:	Metal Casement
Type of Component:	Exclusion
Observed Condition:	The component is considered the owner's responsibility as per bylaw 2.2.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from misuse, improper installation, expansion and contraction, extreme weather conditions, and ultra violet rays. Most common deterioration is the seals around the panes breaking, and water penetration in to the frame causing rot.



Reserve Component: Building Exterior Lights

Physical Description:	Building exterior lights provide illumination to entry ways for units and other common buildings.
Items Included:	Building Exterior Lights
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Assumed to be functional.
Typical Life Expectancy:	25
Estimated Effective Age:	12
Estimated Remaining Life:	13
Potential Deterioration:	Potential deterioration can occur from improper installation, weather conditions, and physical damage.

Reserve Component: Exterior Doors - Utility

Physical Description:	Exterior doors are used for the purposes of exit and entry from dwellings and buildings. They have various styles and construction materials, being either wood, vinyl, metal, aluminum, or combinations of all of the above. Exterior doors can be of either hollow or solid construction. Optional safety hardware can include windows, panic bars, and hydraulic closing systems.
Items Included:	Utility Doors
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Tested door was functional.
Typical Life Expectancy:	40
Estimated Effective Age:	12
Estimated Remaining Life:	28
Potential Deterioration:	Exterior doors are typically affected by weather damage, misuse, wear and tear, physical damage, UV rays, and or oxidation.



Reserve Component: Metal / Aluminum Siding

Physical Description:	Metal or Aluminum siding is an exterior cladding that is finished with a factory applied paint. The siding is installed on the exterior over top of waterproofed wood wall.
Items Included:	Metal / Aluminum Siding
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some discolouration was observed, otherwise no issues.
Typical Life Expectancy:	45
Estimated Effective Age:	12
Estimated Remaining Life:	33
Potential Deterioration:	Potential deterioration can occur from the sun's UV rays causing discolouration, improper installation, freeze thaw cycles, and physical damage.

Reserve Component: Metal Roof

Physical Description:	Metal roofing system is an overlapping channeled system that is attached to the underlying structure via screws. This system in most cases is maintenance free, however the screws that attach to the structure may need to be tightened every 10-15 years.
Items Included:	Metal Roof
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Some water staining was observed. No issues were reported.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from improper installation and adverse weather conditions.



Reserve Component: Plumbing Systems - Piping Common Only

Physical Description: Storm and sanitary drain lines and risers are a combination of cast iron or ABS and PVC piping. Domestic water is provided via copper and/or plastic lines. Back flow preventers are installed for water lines.

For purposes of this report, it is assumed that these plumbing systems were installed in accordance with all applicable codes and regulations as required by law. It was not possible to conduct tests or inspections of these plumbing systems.

Items Included: Plumbing Systems - Water & Sewer

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

Observed Condition: No issues were reported.

Typical Life Expectancy: N/A

Estimated Effective Age: N/A

Estimated Remaining Life: N/A

Potential Deterioration: General wear.



Reserve Component: Plumbing Water System - Pump and Controller

Physical Description:	Heating and plumbing systems are supported by various equipment. This equipment may include controllers which regulate temperatures of heating elements like boilers, and furnaces. Pumps which circulate water through plumbing lines to either distribute water or provide pressure to the heating and cooling systems. Expansion tanks which provide relief of excess pressure in the systems in order relieve thermal expansion and pressure surges. Compressors which provide additional pressure for plumbing and heating systems.
Items Included:	Heat Pumps, Controllers
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Leaks and chemical build up was observed on the water pump, recommend repairs as required. No issues were reported.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from improper use, operating conditions, and general wear.



Reserve Component: Electrical Systems

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

Reserve Component: Life Safety Systems

Physical Description:	Life safety systems include systems used to help prevent or help provide safety in the case of an emergency. This reserve provision covers all life safety systems. It is assumed that the fire alarm and safety systems conform to current regulations and code requirements.
Items Included:	Exit Signs, Pull Stations
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Allowance for repair or replacement as recommended by annual fire inspection.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from physical damage, and general wear.



Reserve Component: Fire Alarm / Annunciator Panel(s)

Physical Description:	A fire alarm or annunciator panel will indicate the zone and approximate physical location of the source of a fire alarm in the building. The annunciator may also include lamps and audible warning devices to indicate failures of alarm circuits.
Items Included:	Annunciator Panel
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported.
Typical Life Expectancy:	30
Estimated Effective Age:	12
Estimated Remaining Life:	18
Potential Deterioration:	Deterioration can occur from physical damage, general wear, and excess heat as it is an electrical system.

Reserve Component: Interior Lighting

Physical Description:	Interior lighting is required for common areas in order to provide safety and adequate light. Aesthetics or enhanced energy savings based on new technology may also influence when these items will be replaced. This reserve specifically excludes all emergency lighting.
Items Included:	Interior Lighting - Hallways
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	No issues were reported or observed.
Typical Life Expectancy:	30
Estimated Effective Age:	12
Estimated Remaining Life:	18
Potential Deterioration:	Deterioration can occur from physical damage.



Reserve Component: Consulting Services

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

Reserve Component: Reserve Fund Study

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



Reserve Component: Asphalt Paving - Repairs

Physical Description:	Asphalt paving is a composite material it consists of asphalt (used as a binder) and mineral aggregate mixed, then laid down in layers and compacted typically over a gravel base.
Items Included:	Asphalt Paving Topping
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Minor deterioration was observed, otherwise no issues.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from physical damage, improper installation, freeze thaw cycles, chemical damage, and general wear.

Reserve Component: Concrete Works

Physical Description:	Concrete works are poured or pre-cast concrete that is not considered part of any building structure. This reserve provides for repairs to the foregoing components. As replacement of these reserve items is not typically required, this provision is for periodic repairs only. This is essentially a contingency reserve, which should be reviewed on a regular basis.
Items Included:	Walkways & Parking Aprons
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Minor deterioration was observed.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from improper installation or manufacturing, erosion, physical damage, excess use of salt or other corrosive materials, and settlement.



Reserve Component: Gravel Road

Physical Description:	Gravel roads are typically packed small stone base and larger stone overlay. Gravel roads are susceptible to erosion and water drainage should be monitored.
Items Included:	Gravel Road
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	Some uneven surfaces were noted.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from water erosion, general use, freeze thaw cycles, compaction, and improper installation.

Reserve Component: Landscaping

Physical Description:	Landscaping includes site grading, lawns, trees, shrubs, and plants. This reserve provides for periodic replacement or removal of the above items.
Items Included:	General Landscaping
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	No issues were reported or observed.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	N/A



Reserve Component: Septic and Cistern Tank

Physical Description:	It is assumed that the sanitary / water tanks will be inspected on a periodic basis. The sludge removal and inspection of the tank should be done approximately every two to five years.
Items Included:	Septic and Cistern Tank
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	No issues were reported.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from settlement and freeze thaw cycles.

Reserve Component: Underground Services

Physical Description:	It is assumed that the sanitary / water tanks will be inspected on a periodic basis. The sludge removal and inspection of the tank should be done approximately every two to five years.
Items Included:	Septic and Cistern Tank
Type of Component:	Allowance - The reserve provides for the partial replacement or repair of the component.
Observed Condition:	No issues were reported.
Typical Life Expectancy:	N/A
Estimated Effective Age:	N/A
Estimated Remaining Life:	N/A
Potential Deterioration:	Deterioration can occur from settlement and freeze thaw cycles.



Reserve Component: Asphalt Paving - Complete Lift

- Physical Description:** Asphalt paving is a composite material it consists of asphalt (used as a binder) and mineral aggregate mixed, then laid down in layers and compacted typically over a gravel base.
- Items Included:** Asphalt Paving Topping
- Type of Component:** Replacement - The reserve provides for the full replacement of the component with a similar system and material.
- Observed Condition:** Minor deterioration was observed, otherwise no issues.
- Typical Life Expectancy:** 35
- Estimated Effective Age:** 8
- Estimated Remaining Life:** 27
- Potential Deterioration:** Deterioration can occur from physical damage, improper installation, freeze thaw cycles, chemical damage, and general wear.

Reserve Component: Chain Link Fencing

- Physical Description:** A chain-link fence is a type of woven fence usually made from galvanized or coated steel wire. The wires run vertically and are bent into a zig-zag pattern.
- Items Included:** Chain Link Fencing
- Type of Component:** Replacement - The reserve provides for the full replacement of the component with a similar system and material.
- Observed Condition:** No issues were reported or observed.
- Typical Life Expectancy:** 40
- Estimated Effective Age:** 12
- Estimated Remaining Life:** 28
- Potential Deterioration:** Deterioration can occur from physical damage, freeze thaw cycles, and adverse weather conditions.



Reserve Component: Electronic Gate

Physical Description:	Metal hand railings, and fencing provide protective boundaries for the complex and units. The component is either painted or powder coated to protect the metal from oxidization.
Items Included:	Gates - Electronic
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Assumed to be functional. No issues were reported.
Typical Life Expectancy:	30
Estimated Effective Age:	12
Estimated Remaining Life:	18
Potential Deterioration:	Oxidization, extreme weather conditions, wear and tear, and physical damage.

Reserve Component: Painting: Metal Bolder

Physical Description:	All exterior wood should be painted or stained on a regular basis in order to prevent water penetration. Proper paint cycles can help prevent premature deterioration of the wood.
Items Included:	Painting: Metal Bolder
Type of Component:	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
Observed Condition:	Some damage and oxidation were observed.
Typical Life Expectancy:	8
Estimated Effective Age:	0
Estimated Remaining Life:	8
Potential Deterioration:	Possible deterioration can occur from sun, and rain exposure, wear and tear.



Financial Analysis

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

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

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

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

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

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

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



Component Depreciation Analysis Frontier Place - Commercial

January 17, 2023
Interest Rate (1st - 5 Years) : 2.00%
Interest Rate: 3.00%
Inflation Rate: 3.50%

■ -Indicates Long Life (Allowed) Component

Component	Horizon Years *	Effective Age *	Remaining Life *	Current Replacement Cost *	Future Replacement Cost *	Current Reserve Requirement *	Future Reserve Fund Accumulation	Future Reserve Fund Requirements	Annual Assessment *
Foundations									
Concrete Foundations	N/A	N/A	N/A	\$20,000	\$56,136	\$667	\$1,619	\$54,517	\$786
Exterior									
Canopies	N/A	N/A	N/A	\$4,500	\$12,631	\$150	\$364	\$12,267	\$177
Caulking	N/A	N/A	N/A	\$1,400	\$3,309	\$56	\$117	\$3,192	\$64
Exterior Doors	N/A	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0
Garage Door(s)	N/A	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0
Windows	N/A	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0
Building Exterior Lights	25	12	13	\$3,500	\$5,474	\$1,680	\$2,350	\$3,124	\$172
Exterior Doors - Utility	40	12	28	\$9,900	\$25,940	\$2,970	\$6,471	\$19,469	\$319
Metal / Aluminum Siding	45	12	33	\$262,400	\$816,574	\$69,973	\$176,756	\$639,818	\$7,675
Roofing									
Metal Roof	N/A	N/A	N/A	\$90,000	\$356,333	\$2,250	\$7,340	\$348,993	\$2,808
Mechanical/Safety									
Plumbing Systems - Piping Common Only	N/A	N/A	N/A	\$22,000	\$61,749	\$733	\$1,779	\$59,970	\$865
Plumbing Water System - Pump and Controller	N/A	N/A	N/A	\$5,000	\$14,034	\$167	\$405	\$13,629	\$197
Electrical									
Electrical Systems	N/A	N/A	N/A	\$10,000	\$23,632	\$400	\$838	\$22,794	\$457
Life Safety Systems	N/A	N/A	N/A	\$300	\$842	\$10	\$24	\$818	\$12
Fire Alarm / Annunciator Panel(s)	30	12	18	\$5,500	\$10,216	\$2,200	\$3,567	\$6,649	\$228
Interior Lighting	30	12	18	\$600	\$1,114	\$240	\$389	\$725	\$25
Professional Fees									
Consulting Services	N/A	N/A	N/A	\$4,800	\$11,344	\$192	\$402	\$10,942	\$219
Reserve Fund Study	5	0	5	\$2,500	\$2,969	\$0	\$0	\$2,969	\$538
Site									
Asphalt Paving - Repairs	N/A	N/A	N/A	\$16,700	\$46,873	\$557	\$1,352	\$45,521	\$656
Concrete Works	N/A	N/A	N/A	\$7,000	\$19,648	\$233	\$566	\$19,082	\$275
Gravel Road	N/A	N/A	N/A	\$54,600	\$129,033	\$2,184	\$4,573	\$124,460	\$2,497
Landscaping	N/A	N/A	N/A	\$69,000	\$193,669	\$2,300	\$5,583	\$188,086	\$2,712
Septic and Cistern Tank	N/A	N/A	N/A	\$18,000	\$50,522	\$600	\$1,456	\$49,066	\$708
Underground Services	N/A	N/A	N/A	\$200	\$561	\$7	\$17	\$544	\$8
Asphalt Paving - Complete Lift	35	8	27	\$111,600	\$282,523	\$25,509	\$53,965	\$228,558	\$4,001
Chain Link Fencing	40	12	28	\$34,600	\$90,658	\$10,380	\$22,617	\$68,041	\$1,115
Electronic Gate	30	12	18	\$15,000	\$27,862	\$6,000	\$9,728	\$18,134	\$621
Painting: Metal Bolder	8	0	8	\$1,200	\$1,580	\$0	\$0	\$1,580	\$164
TOTALS: 100% FUNDED *				\$770,300	\$2,245,226	\$129,458	\$302,278	\$1,942,948	\$27,299
TOTALS: 75% FUNDED *				--	--	\$97,094	--	--	\$20,474

* See Glossary at the end for details.



Component Depreciation Analysis Summary

1) Current Replacement Costs of Reserve Components..... \$770,300

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

2) Future Replacement Costs of Reserve Components..... \$ 2,245,226

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

3) Current Reserve Fund Requirement..... \$ 129,458

Reserve Fund Requirements is the current amount of depreciation of all the components evaluated in this study. The amount is calculated by dividing the effective age by the horizon years of each component and multiplying by the current replacement cost. In the case of allowed components this is one year of depreciation. Without consideration of pooled funds this amount should be the amount that the current owners have offset with funds in the Corporation's reserve fund. However, as a corporation's amount of components increase this requirement should decrease. This amount should be considered an upper limit of funding and not a goal to achieve.

4) Future Reserve Fund Accumulations..... \$ 302,278

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

5) Future Reserve Fund Requirements..... \$1,942,948

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

6) Annual Reserve Fund Assessments..... \$ 27,299

The Annual Assessment is the annual sum of all the depreciation occurring to each component evaluated in the study. The amount assumes interest will be accumulated on the amount and does not consider the pooling of funds. Once the pooling of funds is considered this amount becomes an upper limit of funding assuming the current balance of the fund does not have a significant deficiency. Maintaining an annual assessment that is somewhere between 75% - 100% of the amount above is typically required to maintain a fund. This assessment amount is utilized to calculate the ongoing depreciation and the deficiency in relation to the actual balances of the Corporation's reserve fund. Which results in a percent funded amount. A contribution amount for the next 30 years has to be balanced with the current and future position of the fund and may not be reflective of this amount.

Amounts for points 1 to 6 above are prepared without regard to the current financial position of the corporation or the current reserve fund contributions by the unit owners, and as such, they represent the depreciation, and accumulation of interest on said depreciation. These amounts should be considered upper limits of funding and are balanced with pooled funding to arrive a practical funding level in the resulting cash flows that follow in this report.



Horizon Cash Flow Analysis (Recommended)

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

Opening Balances

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

Cash Flows

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

Total Cash Resources

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

Total Expenditures

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

Closing Balances

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

Percent Funded

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

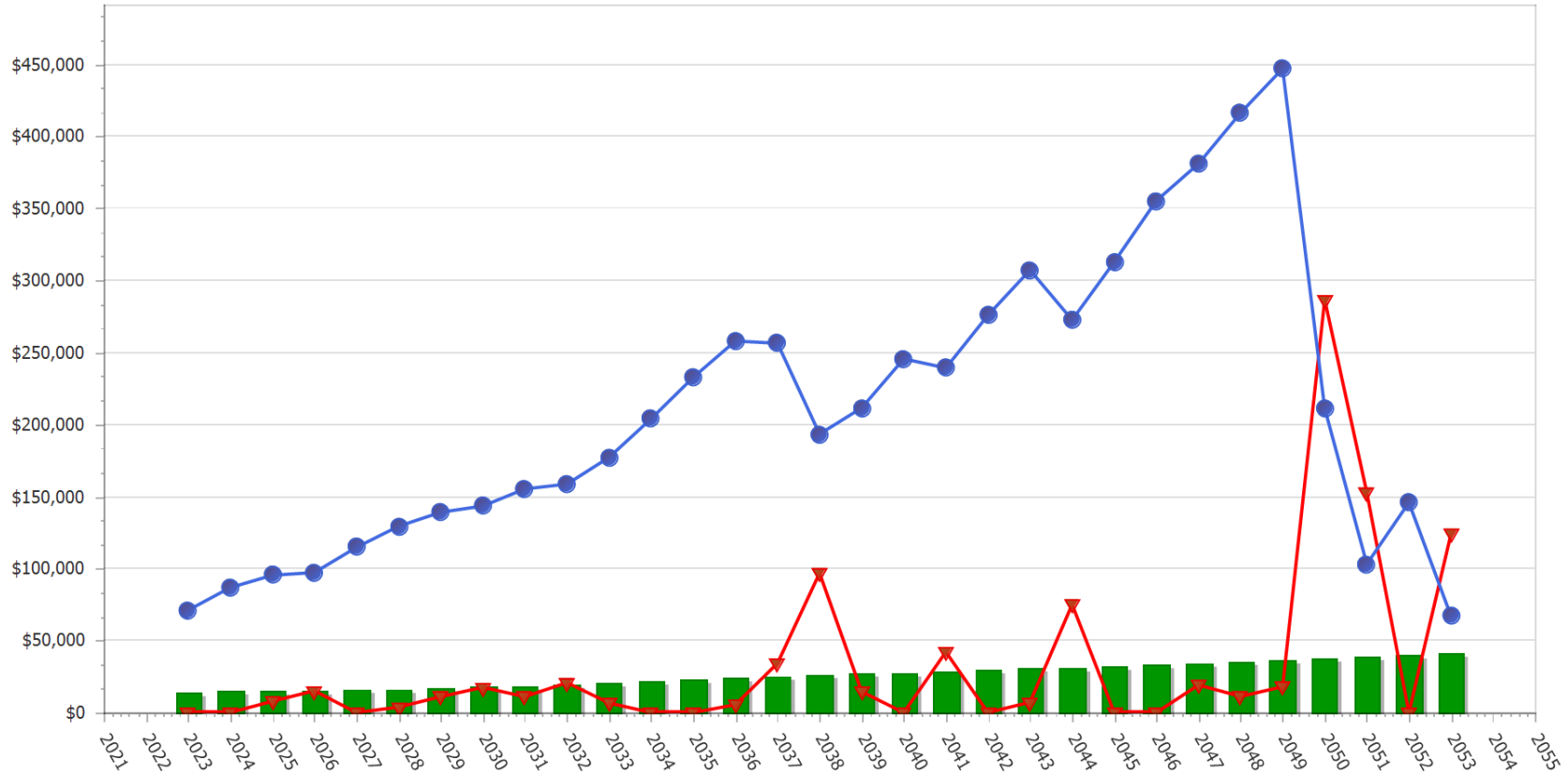
Percent funding levels are shown to help the corporation gauge their current position in regard to all their common component expenses. 100% funding if achieved would be considered the upper limit of funding recommended. Lower levels of funding are recommended in most cases due to the theory of pooled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



Funding Horizon Chart - Model 30 Years Final
Frontier Place - Commercial - 1010603

Stabilized Long Term Inflation Rate - 3.50%
Stabilized Long Term Interest Rate - 3.00%
First Five Year Interest Rate - 2.00%

Contributions Special Assessments Expenses Closing Balance



Minimum Closing Balance in Year 30 :\$67,000

Total Cash Outlay: \$788,476

Total Expenditures: \$980,970



Short Term Interest Rate (Years 1-5): **2.00%**

Long Term Interest Rate: **3.00%**

Inflation Rate: **3.50%**

Frontier Place - Commercial-1010603
30 Years - Reserve Fund Horizon Schedule

	Year Beginning	Opening Balance	Reserve Contributions	Special Assessments & Additional Allocations	Estimated Interest	Estimated Expenses	Closing Balance	Year End
1	01-Mar-23	\$71,060	\$14,276	\$0	\$1,421	\$0	\$86,757	28-Feb-24
2	29-Feb-24	\$86,757	\$14,700	\$0	\$1,735	\$7,850	\$95,342	28-Feb-25
3	01-Mar-25	\$95,342	\$15,100	\$0	\$1,907	\$15,150	\$97,199	28-Feb-26
4	01-Mar-26	\$97,199	\$15,600	\$0	\$1,944	\$0	\$114,743	28-Feb-27
5	01-Mar-27	\$114,743	\$16,100	\$0	\$2,295	\$3,819	\$129,319	28-Feb-28
6	29-Feb-28	\$129,319	\$16,900	\$0	\$3,880	\$11,050	\$139,049	28-Feb-29
7	01-Mar-29	\$139,049	\$17,700	\$0	\$4,171	\$17,550	\$143,370	28-Feb-30
8	01-Mar-30	\$143,370	\$18,600	\$0	\$4,301	\$11,030	\$155,241	28-Feb-31
9	01-Mar-31	\$155,241	\$19,500	\$0	\$4,657	\$20,800	\$158,598	28-Feb-32
10	29-Feb-32	\$158,598	\$20,500	\$0	\$4,758	\$6,676	\$177,180	28-Feb-33
11	01-Mar-33	\$177,180	\$21,500	\$0	\$5,315	\$0	\$203,995	28-Feb-34
12	01-Mar-34	\$203,995	\$22,600	\$0	\$6,120	\$0	\$232,715	28-Feb-35
13	01-Mar-35	\$232,715	\$23,700	\$0	\$6,981	\$5,474	\$257,922	28-Feb-36
14	29-Feb-36	\$257,922	\$24,900	\$0	\$7,738	\$34,200	\$256,360	28-Feb-37
15	01-Mar-37	\$256,360	\$26,100	\$0	\$7,691	\$96,838	\$193,313	28-Feb-38
16	01-Mar-38	\$193,313	\$26,900	\$0	\$5,799	\$14,531	\$211,481	28-Feb-39
17	01-Mar-39	\$211,481	\$27,700	\$0	\$6,344	\$0	\$245,525	28-Feb-40
18	29-Feb-40	\$245,525	\$28,500	\$0	\$7,366	\$42,142	\$239,249	28-Feb-41
19	01-Mar-41	\$239,249	\$29,400	\$0	\$7,177	\$0	\$275,826	28-Feb-42
20	01-Mar-42	\$275,826	\$30,300	\$0	\$8,275	\$7,224	\$307,177	28-Feb-43
21	01-Mar-43	\$307,177	\$31,200	\$0	\$9,215	\$75,050	\$272,542	28-Feb-44
22	29-Feb-44	\$272,542	\$32,100	\$0	\$8,176	\$0	\$312,818	28-Feb-45
23	01-Mar-45	\$312,818	\$33,100	\$0	\$9,385	\$0	\$355,303	28-Feb-46
24	01-Mar-46	\$355,303	\$34,100	\$0	\$10,659	\$19,140	\$380,922	28-Feb-47
25	01-Mar-47	\$380,922	\$35,100	\$0	\$11,428	\$11,208	\$416,242	28-Feb-48
26	29-Feb-48	\$416,242	\$36,200	\$0	\$12,487	\$17,950	\$446,979	28-Feb-49
27	01-Mar-49	\$446,979	\$37,300	\$0	\$13,409	\$286,573	\$211,115	28-Feb-50
28	01-Mar-50	\$211,115	\$38,400	\$0	\$6,333	\$152,748	\$103,100	28-Feb-51
29	01-Mar-51	\$103,100	\$39,600	\$0	\$3,093	\$0	\$145,793	28-Feb-52
30	29-Feb-52	\$145,793	\$40,800	\$0	\$4,374	\$123,967	\$67,000	28-Feb-53



Projected Cash Flow - Model 30 Years Final
Frontier Place - Commercial - 1010603

Stabilized Long Term Inflation Rate - 3.50%
Stabilized Long Term Interest Rate - 3.00%
First Five Year Interest Rate - 2.00%

Year Beginning	2022-03-01	2023-03-01	2024-02-29	2025-03-01	2026-03-01	2027-03-01	2028-02-29	2029-03-01	2030-03-01	2031-03-01
Year	0	1	2	3	4	5	6	7	8	9
Opening Balance	\$56,950	\$71,060	\$86,757	\$95,342	\$97,199	\$114,743	\$129,319	\$139,049	\$143,370	\$155,241
Planned Contributions	\$13,860	\$14,276	\$14,700	\$15,100	\$15,600	\$16,100	\$16,900	\$17,700	\$18,600	\$19,500
Additional Allocations										
Interest Income	\$250	\$1,421	\$1,735	\$1,907	\$1,944	\$2,295	\$3,880	\$4,171	\$4,301	\$4,657
Special Assessments		\$0								
Cash Resources	\$71,060	\$86,757	\$103,192	\$112,349	\$114,743	\$133,138	\$150,099	\$160,920	\$166,271	\$179,398
Reserve Components										
Concrete Foundations										
Canopies										
Caulking						\$850				
Exterior Doors										
Garage Door(s)										
Windows										
Building Exterior Lights										
Exterior Doors - Utility										
Metal / Aluminum Siding										
Metal Roof										
Plumbing Systems - Piping Common Only			\$7,850							
Plumbing Water System - Pump and Controller									\$1,650	
Electrical Systems										
Life Safety Systems										
Fire Alarm / Annunciator Panel(s)										
Interior Lighting										
Consulting Services										\$2,200
Reserve Fund Study						\$2,969				
Asphalt Paving - Repairs									\$5,500	
Concrete Works									\$2,300	
Gravel Road				\$15,150						\$18,600
Landscaping								\$17,550		
Septic and Cistern Tank							\$11,050			
Underground Services										
Asphalt Paving - Complete Lift										
Chain Link Fencing										
Electronic Gate										
Painting: Metal Bolder									\$1,580	
Total Expenses	\$0	\$0	\$7,850	\$15,150	\$0	\$3,819	\$11,050	\$17,550	\$11,030	\$20,800
Closing Balance	\$71,060	\$86,757	\$95,342	\$97,199	\$114,743	\$129,319	\$139,049	\$143,370	\$155,241	\$158,598
Planned Contributions	\$13,860	\$14,276	\$14,700	\$15,100	\$15,600	\$16,100	\$16,900	\$17,700	\$18,600	\$19,500
Prev Year Contributions		\$13,860	\$14,276	\$14,700	\$15,100	\$15,600	\$16,100	\$16,900	\$17,700	\$18,600
Avg Inc. Per Unit Per Month	\$0	\$2	\$2	\$2	\$3	\$3	\$4	\$4	\$5	\$5
Percent Funded -Max Level 54.3%	55%	54%	52%	48%	49%	49%	47%	45%	45%	43%
Contribution Increase	\$13,860	\$416	\$424	\$400	\$500	\$500	\$800	\$800	\$900	\$900
Year End	2023-02-28	2024-02-28	2025-02-28	2026-02-28	2027-02-28	2028-02-28	2029-02-28	2030-02-28	2031-02-28	2032-02-28



Projected Cash Flow - Model 30 Years Final
Frontier Place - Commercial - 1010603

Stabilized Long Term Inflation Rate - 3.50%
Stabilized Long Term Interest Rate - 3.00%
First Five Year Interest Rate - 2.00%

Year Beginning	2032-02-29	2033-03-01	2034-03-01	2035-03-01	2036-02-29	2037-03-01	2038-03-01	2039-03-01	2040-02-29	2041-03-01
Year	10	11	12	13	14	15	16	17	18	19
Opening Balance	\$158,598	\$177,180	\$203,995	\$232,715	\$257,922	\$256,360	\$193,313	\$211,481	\$245,525	\$239,249
Planned Contributions	\$20,500	\$21,500	\$22,600	\$23,700	\$24,900	\$26,100	\$26,900	\$27,700	\$28,500	\$29,400
Additional Allocations										
Interest Income	\$4,758	\$5,315	\$6,120	\$6,981	\$7,738	\$7,691	\$5,799	\$6,344	\$7,366	\$7,177
Special Assessments										
Cash Resources	\$183,856	\$203,995	\$232,715	\$263,396	\$290,560	\$290,151	\$226,012	\$245,525	\$281,391	\$275,826
Reserve Components										
Concrete Foundations						\$11,150				
Canopies	\$3,150									
Caulking										
Exterior Doors										
Garage Door(s)										
Windows										
Building Exterior Lights				\$5,474						
Exterior Doors - Utility										
Metal / Aluminum Siding										
Metal Roof						\$50,250				
Plumbing Systems - Piping Common Only					\$11,850					
Plumbing Water System - Pump and Controller							\$2,150			
Electrical Systems						\$8,400				
Life Safety Systems										
Fire Alarm / Annunciator Panel(s)									\$10,216	
Interior Lighting									\$1,114	
Consulting Services									\$2,950	
Reserve Fund Study	\$3,526					\$4,188				
Asphalt Paving - Repairs							\$7,250			
Concrete Works							\$3,050			
Gravel Road						\$22,850				
Landscaping					\$22,350					
Septic and Cistern Tank										
Underground Services										
Asphalt Paving - Complete Lift										
Chain Link Fencing										
Electronic Gate									\$27,862	
Painting: Metal Bolder							\$2,081			
Total Expenses	\$6,676	\$0	\$0	\$5,474	\$34,200	\$96,838	\$14,531	\$0	\$42,142	\$0
Closing Balance	\$177,180	\$203,995	\$232,715	\$257,922	\$256,360	\$193,313	\$211,481	\$245,525	\$239,249	\$275,826
Planned Contributions	\$20,500	\$21,500	\$22,600	\$23,700	\$24,900	\$26,100	\$26,900	\$27,700	\$28,500	\$29,400
Prev Year Contributions	\$19,500	\$20,500	\$21,500	\$22,600	\$23,700	\$24,900	\$26,100	\$26,900	\$27,700	\$28,500
Avg Inc. Per Unit Per Month	\$5	\$5	\$6	\$6	\$6	\$6	\$4	\$4	\$4	\$5
Percent Funded -Max Level 54.3%	43%	44%	46%	46%	44%	36%	36%	38%	36%	38%
Contribution Increase	\$1,000	\$1,000	\$1,100	\$1,100	\$1,200	\$1,200	\$800	\$800	\$800	\$900
Year End	2033-02-28	2034-02-28	2035-02-28	2036-02-28	2037-02-28	2038-02-28	2039-02-28	2040-02-28	2041-02-28	2042-02-28



**Projected Cash Flow - Model 30 Years Final
Frontier Place - Commercial - 1010603**

**Stabilized Long Term Inflation Rate - 3.50%
Stabilized Long Term Interest Rate - 3.00%
First Five Year Interest Rate - 2.00%**

Year Beginning	2042-03-01	2043-03-01	2044-02-29	2045-03-01	2046-03-01	2047-03-01	2048-02-29	2049-03-01	2050-03-01	2051-03-01	2052-02-29
Year	20	21	22	23	24	25	26	27	28	29	30
Opening Balance	\$275,826	\$307,177	\$272,542	\$312,818	\$355,303	\$380,922	\$416,242	\$446,979	\$211,115	\$103,100	\$145,793
Planned Contributions	\$30,300	\$31,200	\$32,100	\$33,100	\$34,100	\$35,100	\$36,200	\$37,300	\$38,400	\$39,600	\$40,800
Additional Allocations											
Interest Income	\$8,275	\$9,215	\$8,176	\$9,385	\$10,659	\$11,428	\$12,487	\$13,409	\$6,333	\$3,093	\$4,374
Special Assessments											
Cash Resources	\$314,401	\$347,592	\$312,818	\$355,303	\$400,062	\$427,450	\$464,929	\$497,688	\$255,848	\$145,793	\$190,967
Reserve Components											
Concrete Foundations											\$18,700
Canopies						\$5,300					
Caulking	\$1,400										
Exterior Doors											
Garage Door(s)											
Windows											
Building Exterior Lights											
Exterior Doors - Utility									\$25,940		
Metal / Aluminum Siding											
Metal Roof											\$84,200
Plumbing Systems - Piping Common Only							\$17,950				
Plumbing Water System - Pump and Controller					\$2,850						
Electrical Systems											\$14,050
Life Safety Systems	\$300										
Fire Alarm / Annunciator Panel(s)											
Interior Lighting											
Consulting Services								\$4,050			
Reserve Fund Study	\$4,974					\$5,908					\$7,017
Asphalt Paving - Repairs					\$9,550						
Concrete Works					\$4,000						
Gravel Road		\$28,100									
Landscaping		\$28,400							\$36,150		
Septic and Cistern Tank		\$18,550									
Underground Services	\$550										
Asphalt Paving - Complete Lift								\$282,523			
Chain Link Fencing									\$90,658		
Electronic Gate											
Painting: Metal Bolder					\$2,740						
Total Expenses	\$7,224	\$75,050	\$0	\$0	\$19,140	\$11,208	\$17,950	\$286,573	\$152,748	\$0	\$123,967
Closing Balance	\$307,177	\$272,542	\$312,818	\$355,303	\$380,922	\$416,242	\$446,979	\$211,115	\$103,100	\$145,793	\$67,000
Planned Contributions	\$30,300	\$31,200	\$32,100	\$33,100	\$34,100	\$35,100	\$36,200	\$37,300	\$38,400	\$39,600	\$40,800
Prev Year Contributions	\$29,400	\$30,300	\$31,200	\$32,100	\$33,100	\$34,100	\$35,100	\$36,200	\$37,300	\$38,400	\$39,600
Avg Inc. Per Unit Per Month	\$5	\$5	\$5	\$5	\$5	\$5	\$6	\$6	\$6	\$6	\$6
Percent Funded -Max Level 54.3%	39%	34%	36%	38%	38%	39%	39%	22%	12%	15%	7%
Contribution Increase	\$900	\$900	\$900	\$1,000	\$1,000	\$1,000	\$1,100	\$1,100	\$1,100	\$1,200	\$1,200
Year End	2043-02-28	2044-02-28	2045-02-28	2046-02-28	2047-02-28	2048-02-28	2049-02-28	2050-02-28	2051-02-28	2052-02-28	2053-02-28



PLANNERS RECOMMENDATIONS

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

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

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

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



CORPORATIONS RESERVE FUND PLAN

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

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

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

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

DRAFT



PLANNERS QUALIFICATIONS

Daniel B. Jablonski, CRP

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

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

Michael Lau, P.Eng, PMP

Michael's qualifications as a reserve fund provider are based on Education and Experience in the fields of manufacturing engineering, project management and economic evaluation.

He has more than twelve years experience in the Oil and Gas industry as a development engineer and project engineer. In addition, he is also experienced in various economic evaluations and a PMP (Project Management Professional) designation holder.

Michael has been involved in the real estate industry since 2017 as a licensed realtor in the Province of Alberta.



PLANNERS CERTIFICATION

**FRONTIER PLACE
240040 FRONTIER PLACE
ROCKY VIEW COUNTY, ALBERTA
CONDOMINIUM CORPORATION #1010603**

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

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