



**TURNBURY AT CRYSTAL SHORES  
MILLIGAN DRIVE & 32 STREET  
OKOTOKS, ALBERTA  
CONDOMINIUM #0212152**

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**RESERVE FUND REPORT**

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**Prepared For**

Condominium #0212152  
c/o Peka Management Ltd.  
105, 1002 - 8 Avenue  
Canmore, Alberta  
T1W 0C4

**Prepared By**

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November 20, 2015

File No. 7029

Condominium Corporation #0212152  
c/o Peka Management Ltd.  
105, 1002 - 8 Avenue  
Canmore, Alberta  
T1W 0C4

Attention: Chuck Patel

**RE: Reserve Fund Report  
Turnbury at Crystal Shores  
Milligan Drive & 32 Street  
Okotoks, Alberta  
Condominium #0212152**

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.**  
**Signature on Original Document**

Harold D. Weidman, CRP  
HDW/cw

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## Executive Summary

**Condominium Details:**           **Turnbury at Crystal Shores**  
Milligan Drive & 32 Street  
Okotoks, Alberta

**Condominium Number:**       0212152

**Property Description:**       77 Unit Townhouse complex.

**Year of Construction:**       2003

**Report Date:**                 November 20, 2015

**Inspection Date:**            September 01, 2015

**Plan Commencement Date:**   August 01, 2016

**Financial Year End:**         July 31

**Reserve Fund Requirements:**

Current Replacement Costs .....	\$ 2,306,500
Future Replacement Costs .....	\$ 4,894,007

### 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. In order to recognize the full scope of this report it must be reviewed in its entirety.

## Assumptions, Conclusions, & Recommendations

### Assumptions:

The Stabilized Interest Rate for the study horizon was set at 3% per annum and a short term interest rate of 1.25% 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 July 31, 2016 The Corporation is approximately 27% funded according to the current reserve fund requirements.

The goal of the financial plan(s) recommended is to maintain approximately a 65% funded position during the 25-year study horizon. At this level of funding the corporation should be able to adequately provide for all regularly expected expenditures for the next 25 years and additionally 40 years. The plan also provides a slight 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.

Note to Reader: The above percentage funding levels should not be confused with an accountant's definition of percentage funded. An accountant's determination of percentage funded is typically in relation to the figures prepared in the Horizon Projected Cash Flow. Where if the plan indicates in a prescribed year the balance should be \$100,000 as an example. An accountant's determination of the funding level is the deviance from this amount not a complete consideration of the all component expenses.

### Recommendations:

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

## Reserve Fund Study, Report, & 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 regards to the Corporation's Reserve Fund:

#### Section 38

(1) A corporation shall, subject to the regulations, establish and maintain a capital replacement reserve fund to be used to provide sufficient funds that can reasonably be expected to provide for major repairs and replacement of:

- (a) any real and personal property and the common property owned by the Corporation,
- (b) the common property, and
- (c) any property of an owner in respect of a bare land unit that the corporation is required by bylaw to repair and replace,

where the repair and replacement is of a nature that does not normally occur annually”.

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

- (a) the collection and expenditure occurred on or after the date the bylaw took effect under this Act, and
- (b) the collection and expenditure would have been in compliance with subsection (1) if subsection (1)(c) had been in force at the time the collection and expenditure occurred.

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

- (a) the removal of funds for that purpose is authorized by a special resolution, and
- (b) after the removal of funds pursuant to the special resolution, there are sufficient funds remaining in the capital replacement reserve fund to meet the requirements of subsection (1).

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

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

**Section 23**

**Physical Analysis**

(1) The board must retain a qualified person 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 25 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 qualified person must also do the following:

- (a) determine the current amount of funds, if any, included in the corporation's reserve fund;
- (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) whether or not the person is an employee or agent of or otherwise associated with the corporation or any person who performs management or maintenance services for the corporation;
- (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.

(5) 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.

(6) Notwithstanding that 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 & Assumptions

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

1. 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.
2. 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.
3. 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.
4. 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.
5. 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 on the basis of 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 with the most accurate cost ascertained at the time the component is to be actually replaced. Reserve fund requirements are subject to change and must be reviewed and modified over time, not greater than every five years. In essence, 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.

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6. In order 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.
7. The distribution of cost and other estimates in this report apply only under the program of utilization as identified in this report. The estimates herein must not be used in conjunction with any other 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.
8. 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.
9. 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 are based on the assumption 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.
10. 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.

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11. 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.
12. 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.
13. This report is based on the assumption 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 & Analysis

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

The inspection process was based on the following:

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

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

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

**Items 1, 2, 3, and 4 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 at a later date.

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This report is subject to the following terms and conditions:

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

## Underlying Assumptions

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

### Interest & Inflation

The basic concept in reserve fund planning is to forecast the necessary amount of reserve required to meet the future financial needs of the complex. This involves factoring future costs and the future value of invested funds. In order 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:

<b>Estimated Long Term Stabilized Inflation Rate:</b>	<b>3.50%</b>
<b>Estimated First Five Year Interest Rate:</b>	<b>1.25%</b>
<b>Estimated Long Term Stabilized Interest Rate:</b>	<b>3.00%</b>

**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 take into account 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 is considered to be proactive regular monitoring and repair of a component to ensure it functions properly over its life instead of reacting when the component fails or does not perform to a required industry standard. 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

#### A) Operating Expense Items

The expenditures for the following components were considered to be either nominal in nature or recurring on a periodic or annual basis. These types of expenditures are typically drawn from the general operating budget. These components were therefore treated as miscellaneous items that were excluded from the reserve fund. These miscellaneous components included the following:

1. Annual landscaping maintenance.
2. Inspections, testing and maintenance for any landscaping irrigation system if they exist.
3. Reserve Fund Study Fee which does not constitute depreciating property as a real asset replacement has been excluded whereas consulting fees which are integrated into design and placement of a specific component has been included.



B) Special Assumptions

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

The Corporation is registered as a Bareland. According to Section 38.1(c) of the Condominium Property Act the Corporation is responsible for all common property as well as any managed property of an owner in respect of a bare land unit that the corporation is required by bylaw to repair and replace. In this regard the following is to be included as per the Corporations Bylaws:

Exterior Wall Materials  
Roofs  
Eaves and Downspouts  
Fascia  
Driveways and Walkways  
Landscaping

**Other Exclusions**

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

1. NONE
2. Reserve Fund Study Fee which does not constitute a depreciating component as a real property asset

## Subject Property Information

The property is described municipally and legally as follows:

**Turnbury at Crystal Shores**  
Milligan Drive & 32 Street  
Okotoks, Alberta  
T1S 2B4  
Condominium #0212152

The subject property is located in the Town of Okotoks. Turnbury at Crystal Shores is a bareland condominium consisting of 77 legal units; 76 being residential, and the balance being common property. The units are all four level split townhouses are contained in 18 blocks in an attached configuration.

## The Reserve Fund Process

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

### 1. Physical Analysis

All of 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). Over the 25-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

<b>Physical Description:</b>	The foundation consists of poured concrete footings and poured concrete steel reinforced walls. If properly installed and waterproofed these components are expected to last the lifespan of the building. This reserve provides for repairs to the above items. As replacements of these items are not typically required, this provision is for periodic repairs only. It is not intended to provide for replacement. This is essentially a contingency reserve that should be reviewed periodically. For purposes of this study, a contingency expenditure for repairs to the foundation was injected into each of the five-year planning blocks within the Cash Flow analysis.
<b>Items Included:</b>	Concrete Foundations
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	No issues were reported.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Potential Deterioration can occur from hydraulic pressure, seismic pressure, water infiltration, and settling.

### Reserve Component: Attic Ventilation and Insulation

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

### Reserve Component: Stairs and Deck - Repairs

<b>Physical Description:</b>	Exterior stair cases have wood or metal supporting structure with varying stair and tread materials. The tread should provide a surface that will limit slipping in adverse weather conditions.
<b>Items Included:</b>	Wood Stairs
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Select stringers were split, otherwise no issues were reported or observed.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Potential deterioration can occur from general wear, and water erosion.

### Reserve Component: Balcony / Deck Hand Railings

<b>Physical Description:</b>	Metal, Glass, and wood hand railings are manufactured from wood, aluminum, metal, and or tempered glass. The railings are fastened via bolts to the underlying structure in order to provide a safety barrier for residents.
<b>Items Included:</b>	Pre-Finished Aluminum Railings
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Hand railing materials are intact however select stair railings were unstable due to fasteners and stringers.
<b>Typical Life Expectancy:</b>	35
<b>Estimated Effective Age:</b>	3
<b>Estimated Remaining Life:</b>	32
<b>Potential Deterioration:</b>	Potential deterioration is caused by oxidation, wear and tear, UV rays, and physical damage.

### Reserve Component: Stairs and Treads

<b>Physical Description:</b>	Exterior stair cases have wood or metal supporting structure with varying stair and tread materials. The tread should provide a surface that will limit slipping in adverse weather conditions.
<b>Items Included:</b>	Wood Stairs
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Select stringers were split, otherwise no issues were reported or observed.
<b>Typical Life Expectancy:</b>	30
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	17
<b>Potential Deterioration:</b>	Potential deterioration can occur from general wear, and water erosion.

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**Reserve Component: Wood Preserved Porches/Decks/Balconies**

<b>Physical Description:</b>	Wood porches or decks are structures that extend the usable area of the dwelling by providing an outside surfaced area. The decks or porches are wood frame structure supported by concrete piles or extending wood beams from the dwelling. The component covers the replacement of the decking and possible repairs or replacements of the underlying frame.
<b>Items Included:</b>	Wood Preserved Decks/Balcony Structure
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Hangers have limited nails on joists, select decking boards have twisted, otherwise no issues were reported or observed.
<b>Typical Life Expectancy:</b>	30
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	17
<b>Potential Deterioration:</b>	Deterioration can occur from adverse weather conditions, water penetration, physical damage, and general use.

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**Reserve Component: Brick Veneer**

<b>Physical Description:</b>	Brick Veneer is applied to the outside surface of the structure in front of a water sealed wood or O.S.B. wall. Typically, there is a cavity that exists between the brick and this wall to allow for air circulation and water drainage which is aided by weeping holes at the top and bottom of the brick wall. Typically, the brick wall should last the lifetime of the building structure if properly installed.
<b>Items Included:</b>	Brick Veneer
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	No issues were reported or observed.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Potential deterioration can occur from water penetration, expansion and contraction, improper installation, and physical damage. These may result in mortar cracks, and or the brick face deteriorating or falling off.



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### Reserve Component: Exterior Doors

<b>Physical Description:</b>	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.
<b>Items Included:</b>	Metal Exterior Doors
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Component is considered the owner's responsibility, with the exception of the utility shed.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Exterior doors are typically affected by weather damage, misuse, wear and tear, vandalism, UV rays, and or oxidation.

### Reserve Component: Garage Door(s)

<b>Physical Description:</b>	Garage doors provide access to parking areas and include the tracks, springs, and rollers. Roll up garage doors are made of a single flexible steel roll. The springs and rollers will eventually wear and require replacement.
<b>Items Included:</b>	Metal Sectional
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Component is considered the owner's responsibility, with the exception of the utility shed.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Deterioration can occur from physical damage, wear and tear, and oxidization.

### Reserve Component: Parging

<b>Physical Description:</b>	Parging is a cement based substance that is typically troweled on the exterior of concrete to provide a uniform and water resistant finish.
<b>Items Included:</b>	Parging
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Minor deterioration and cracking was observed, recommend repair as required.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Deterioration can occur from physical damage, water damage, adverse weather conditions, settlement, and freeze thaw cycles.

### Reserve Component: Pressed Board

<b>Physical Description:</b>	Pressed board is manufactured from wood fibre and glue or epoxy that is pressed together to form a board material.
<b>Items Included:</b>	Pressed Board Trim
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Apart from some deterioration on edges of wing walls. Very minor warping of trim was observed, otherwise no issues.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Potential deterioration can occur from general wear and tear, and improper installation.

### Reserve Component: Wood Shakes

<b>Physical Description:</b>	Exterior wood shakes are utilized as a water shedding exterior and are overlapped in order to provide proper water shedding. If properly maintained and replaced as required, wood shakes should have an extended life. Exterior wall wood shakes are primarily used to accent exterior sections.
<b>Items Included:</b>	Wood Shakes
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Some minor warping, and improper installation was observed, otherwise no issues.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Possible deterioration can occur from weather damage, wear and tear.

### Reserve Component: Wood Trim

<b>Physical Description:</b>	The exterior walls have painted or stained wood trim. Trim is used typically in transition areas or wall openings in order to provide an added aesthetic appeal and aide in future replacements of window and door openings.
<b>Items Included:</b>	Wood Trim & Beams
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	No issues were reported or observed.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Possible deterioration can occur from weather damage, wear and tear.

### Reserve Component: Building Exterior Lights

<b>Physical Description:</b>	Building exterior lights provide illumination to entry ways for units and other common buildings.
<b>Items Included:</b>	Building Exterior Lights
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	No issues were reported or observed.
<b>Typical Life Expectancy:</b>	25
<b>Estimated Effective Age:</b>	3
<b>Estimated Remaining Life:</b>	22
<b>Potential Deterioration:</b>	Potential deterioration can occur from improper installation, weather conditions, and physical damage.

### Reserve Component: Eaves & Downspouts

<b>Physical Description:</b>	Eaves and Downspouts when properly installed provide proper drainage from the roof to the surface drainage systems. Typical construction is prefinished metal or aluminum, with varying depths and widths.
<b>Items Included:</b>	Eaves & Downspouts
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Underlying materials had signs of water staining, recommend ongoing monitoring, sealing, and diverting where possible.
<b>Typical Life Expectancy:</b>	35
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	22
<b>Potential Deterioration:</b>	Potential deterioration can occur from improper installation, freeze thaw cycles, UV rays, extreme weather conditions, and physical damage.

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**Reserve Component: Metal Fascia/Flashing**

<b>Physical Description:</b>	Metal or Aluminum fascia is the band situated vertically under a roof edge in order to provide waterproofing for the structure as well as a visually appealing surface. Flashing provides a water shedding surface in order to divert water from exterior openings and edges of exterior finishes where water can rest or penetrate more easily.
<b>Items Included:</b>	Metal Fascia/Flashing
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	No issues were reported or observed.
<b>Typical Life Expectancy:</b>	35
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	22
<b>Potential Deterioration:</b>	Potential deterioration can occur from adverse weather conditions, UV rays, improper installation and physical damage.

**Reserve Component: Painting: Wood / Trim (High Exposure Areas)**

<b>Physical Description:</b>	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.
<b>Items Included:</b>	Wood Painting / Caulking
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Exposed underlying materials were observed on a majority of door trims, and high water traffic areas.
<b>Typical Life Expectancy:</b>	3
<b>Estimated Effective Age:</b>	2
<b>Estimated Remaining Life:</b>	1
<b>Potential Deterioration:</b>	Possible deterioration can occur from sun, and rain exposure, wear and tear.

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**Reserve Component: Painting: Wood / Trim (Vertical Areas)**

<b>Physical Description:</b>	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.
<b>Items Included:</b>	Wood Painting / Caulking
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Minor fading was observed in white sections, along with select sections that have exposed underlying materials. otherwise no issues.
<b>Typical Life Expectancy:</b>	6
<b>Estimated Effective Age:</b>	2
<b>Estimated Remaining Life:</b>	4
<b>Potential Deterioration:</b>	Possible deterioration can occur from sun, and rain exposure, wear and tear.

**Reserve Component: Soffits**

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

### Reserve Component: Vinyl Siding

<b>Physical Description:</b>	Vinyl siding is a plastic polymer exterior cladding that is finished with a UV protective coating. The siding is installed on the exterior over top of waterproofed wood wall.
<b>Items Included:</b>	Vinyl Siding
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Select minor areas with water staining were observed, otherwise no issues.
<b>Typical Life Expectancy:</b>	35
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	22
<b>Potential Deterioration:</b>	Potential deterioration can occur from the suns UV rays causing discolouration, improper installation, freeze thaw cycles causing brittleness and cracking, and physical damage.

## Reserve Component: Windows

<b>Physical Description:</b>	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.
<b>Items Included:</b>	Vinyl Sliders on Shed only.
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Component is considered the owner's responsibility, with the exception of the utility shed.
<b>Typical Life Expectancy:</b>	25
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	12
<b>Potential Deterioration:</b>	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: Asphalt Shingles - I

<b>Physical Description:</b>	An asphalt or fiberglass shingle roofing system is an overlapping style roofing system that is typically applied over waterproof paper over a wood roof structure. The shingles or squares are layered material with a paper or fiberglass base that is then coated with asphalt and ceramic granules. Periodic inspections are recommended to insure the maximum life span of the system.
<b>Items Included:</b>	Asphalt Shingles
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Roofing system replaced between circa 2012 and 2016.
<b>Typical Life Expectancy:</b>	22
<b>Estimated Effective Age:</b>	3
<b>Estimated Remaining Life:</b>	19
<b>Potential Deterioration:</b>	Potential deterioration is caused by Ultra violet rays, physical and weather damage, extreme heat, drastic temperature fluctuations, expansion and contraction, improper installation, and improper attic ventilation.

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**Reserve Component: Plumbing Systems & Pumps - Common Only**

<b>Physical Description:</b>	<p>Storm and sanitary drain lines and risers are a combination of cast iron or ABS and PVC piping. The lower level includes sanitary and storm drains to the street, as well as floor drains and potentially sumps.</p> <p>Domestic water is provided via copper and/or plastic lines. Back flow preventers are installed for water lines.</p> <p>For purposes of this report, it is assumed that these plumbing and heating 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.</p>
<b>Items Included:</b>	Potable Water, and Sanitary Plumbing Lines Common Only
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	A maintenance program for sump pumps was noted in the minutes, otherwise no issues.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Deterioration can occur from physical damage, and internal wear from water recirculation.

### Reserve Component: Electrical Systems - Common Only

<b>Physical Description:</b>	This reserve includes the various distribution panels, electrical cables, and wiring connections located within the building. This category specifically excludes all of the underground electrical systems located on the exterior of the building.
<b>Items Included:</b>	Electrical systems
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	No issues were reported.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Possible deterioration can occur from excessive heat in panels and electrical rooms, and overloaded circuits.

### Reserve Component: Concrete Works

<b>Physical Description:</b>	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.
<b>Items Included:</b>	Walkways, Driveways.
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Minor spalling and cracking was observed otherwise no issues.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Deterioration can occur from improper installation or manufacturing, erosion, physical damage, excess use of salt or other corrosive materials, and settlement.

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### Reserve Component: Exterior Lighting

<b>Physical Description:</b>	Exterior lights provide illumination to common areas for owner and visitor safety.
<b>Items Included:</b>	Street/Walkway Lampposts or Bollards
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	No issues were reported.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	General wear and tear, settlement, and water penetration.

### Reserve Component: Irrigation System

<b>Physical Description:</b>	Underground sprinkler systems are designed from plastic polymer materials and are run in various zones in order to provide irrigation for landscaping. The systems may require partial replacement as components deteriorate.
<b>Items Included:</b>	Irrigation System
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	No issues were reported.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Deterioration can occur from excess flow rates, general erosion, and frozen lines.

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**Reserve Component: Landscaping**

<b>Physical Description:</b>	Landscaping includes site grading, lawns, trees, shrubs, and plants. This reserve provides for periodic replacement or removal of the above items.
<b>Items Included:</b>	Landscaping
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Some minor negative drainage was observed, and trees should be monitored for contact with buildings.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	N/A

## Reserve Component: Underground Services

**Physical Description:**

1. Sewer

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

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

2. Water

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

3. Electrical

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

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

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

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<b>Items Included:</b>	Underground Services
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	No issues were reported.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Deterioration can occur from settlement, and freeze thaw cycles.

### Reserve Component: Wood Fencing

<b>Physical Description:</b>	Wood fencing is a free standing structure designed to restrict movement across a boundary. Wood fencing is typically constructed using concrete poured posts with beams that cross the posts in order to provide support for the wooden boards.
<b>Items Included:</b>	Wood Fencing
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	No issues were reported or observed.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Wood fencing is a free standing structure designed to restrict movement across a boundary. Wood fencing is typically constructed using concrete poured posts with beams that cross the posts in order to provide support for the wooden boards.

### Reserve Component: Asphalt Paving

<b>Physical Description:</b>	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.
<b>Items Included:</b>	Asphalt Paving Topping
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Minor deterioration was observed, otherwise no issues.
<b>Typical Life Expectancy:</b>	30
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	17
<b>Potential Deterioration:</b>	Deterioration can occur from physical damage, improper installation, freeze thaw cycles, chemical damage, and general wear.

### Reserve Component: Chain Link Fencing

<b>Physical Description:</b>	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.
<b>Items Included:</b>	Chain Link Fencing
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	No issues were reported or observed. Fence is being repaired as required.
<b>Typical Life Expectancy:</b>	25
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	12
<b>Potential Deterioration:</b>	Deterioration can occur from physical damage, freeze thaw cycles, and adverse weather conditions.



### Reserve Component: Gazebo

<b>Physical Description:</b>	Gazebos are wood frame structures designed to provide sitting and recreation areas for unit owners.
<b>Items Included:</b>	Gazebo & Pergolas
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	No issues were reported or observed.
<b>Typical Life Expectancy:</b>	30
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	17
<b>Potential Deterioration:</b>	Deterioration can occur from adverse weather conditions, general wear and tear, water penetration, and settlement.

### Reserve Component: Painting: Wood

<b>Physical Description:</b>	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.
<b>Items Included:</b>	Wood Painting
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	Horizontal sections of fence and pergola have exposed underlying materials otherwise no issues.
<b>Typical Life Expectancy:</b>	6
<b>Estimated Effective Age:</b>	4
<b>Estimated Remaining Life:</b>	2
<b>Potential Deterioration:</b>	Possible deterioration can occur from sun, and rain exposure, wear and tear.

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**Reserve Component: Signage**

<b>Physical Description:</b>	Signage is used to display information about the complex. Signs can be constructed from metal, wood, stone, and composite materials. It may in most cases be replaced for aesthetic purposes.
<b>Items Included:</b>	Signage
<b>Type of Component:</b>	Replacement - The reserve provides for the full replacement of the component with a similar system and material.
<b>Observed Condition:</b>	No issues were reported or observed.
<b>Typical Life Expectancy:</b>	25
<b>Estimated Effective Age:</b>	13
<b>Estimated Remaining Life:</b>	12
<b>Potential Deterioration:</b>	Deterioration can occur from wear and tear, physical damage, settling, and adverse weather conditions.

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**Reserve Component: Miscellaneous Components (1)**

<b>Physical Description:</b>	<p>All of these components could vary significantly in terms of their total life spans. Some may only require repairs during the 25-year study horizon. Others may require partial or total replacement during this same time period. Based on a visual non-invasive review, all of these components appeared to be in average condition as at the date of inspection. It was not possible to conduct tests or inspections of these components. Therefore, it is assumed that all of the foregoing items are in proper working order and in average condition. It is also assumed that no repairs are required at this time.</p> <p>In order to recognize the variance in life expectancies and the types of reserve fund expenditures that may be required for all of the foregoing components, the analysis herein expensed the appropriate amount every five years during the study horizon. For purposes of this report, an expenditure for repairs and/or replacement of these various items, during the 25-year study horizon, was injected into each of the five-year planning blocks within the Cash Flow analysis.</p>
<b>Items Included:</b>	Exterior doors, garage door(s), parking, windows, electrical systems - common only.
<b>Type of Component:</b>	Allowance - The reserve provides for the partial replacement or repair of the component.
<b>Observed Condition:</b>	Varies.
<b>Typical Life Expectancy:</b>	N/A
<b>Estimated Effective Age:</b>	N/A
<b>Estimated Remaining Life:</b>	N/A
<b>Potential Deterioration:</b>	Varies

## 2. 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:

- A) **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 25-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.

- B) A **Historical Reserve Fund Analysis** was prepared based on any provided current and prior year financial statements of the corporation. This document shows the history of contributions to and expenditures from the reserve fund. This analysis will reveal patterns within the reserve fund which will be used when the Projected Cash Flow Analysis is prepared.
- C) 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 of these 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.
- D) **Planners Recommendations** are provided based on the analysis of the above three steps in order to sufficiently fund the Corporation. The recommendations are provided that the corporation can follow and/or implement in order to sustain the reserve fund including the process of annual updates as required by the Act.

# RESERVE FUND REPORT

## TURNBURY AT CRYSTAL SHORES



### Component Depreciation Analysis Turnbury at Crystal Shores - Townhouses Excludes Windows and Doors

November 18, 2015

Interest Rate (1st - 5 Years) : 1.25%

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 *
<b>Foundations</b>									
Concrete Foundations	N/A	N/A	N/A	\$25,600	\$60,499	\$1,024	\$2,144	\$58,355	\$1,215
<b>Structure</b>									
Attic Ventilation and Insulation	N/A	N/A	N/A	\$11,500	\$38,336	\$329	\$926	\$37,410	\$414
Stairs and Deck - Repairs	N/A	N/A	N/A	\$44,100	\$123,780	\$1,470	\$3,568	\$120,212	\$1,799
Balcony / Deck Hand Railings	35	3	32	\$131,200	\$394,480	\$11,246	\$26,582	\$367,898	\$4,864
Stairs and Treads	30	13	17	\$41,200	\$73,941	\$17,853	\$27,085	\$46,856	\$1,817
Wood Preserved Porches/Decks/Balconies	30	13	17	\$176,400	\$316,581	\$76,440	\$115,969	\$200,612	\$7,778
<b>Exterior</b>									
Brick Veneer	N/A	N/A	N/A	\$48,200	\$113,908	\$1,928	\$4,037	\$109,871	\$2,287
Pressed Board	N/A	N/A	N/A	\$4,000	\$11,227	\$133	\$323	\$10,904	\$163
Wood Shakes	N/A	N/A	N/A	\$12,300	\$29,068	\$492	\$1,030	\$28,038	\$584
Wood Trim	N/A	N/A	N/A	\$19,200	\$45,374	\$768	\$1,608	\$43,766	\$911
Building Exterior Lights	25	3	22	\$11,400	\$24,299	\$1,368	\$2,407	\$21,892	\$566
Eaves & Downspouts	35	13	22	\$90,900	\$193,754	\$33,763	\$59,382	\$134,372	\$3,473
Metal Fascia/Flashing	35	13	22	\$210,600	\$448,896	\$78,223	\$137,576	\$311,320	\$8,046
Painting: Wood / Trim (High Exposure Areas)	3	2	1	\$12,500	\$12,937	\$8,333	\$8,437	\$4,500	\$4,444
Painting: Wood / Trim (Vertical Areas)	6	2	4	\$12,500	\$14,344	\$4,167	\$4,379	\$9,965	\$2,370
Soffits	35	13	22	\$117,700	\$250,879	\$43,717	\$76,887	\$173,992	\$4,497
Vinyl Siding	35	13	22	\$299,000	\$637,322	\$111,057	\$195,324	\$441,998	\$11,423
<b>Roofing</b>									
Asphalt Shingles - I	22	3	19	\$454,800	\$874,354	\$62,018	\$99,819	\$774,535	\$25,327
<b>Mechanical/Safety</b>									
Plumbing Systems & Pumps - Common Only	N/A	N/A	N/A	\$27,900	\$65,935	\$1,116	\$2,337	\$63,598	\$1,324
<b>Site</b>									
Concrete Works	N/A	N/A	N/A	\$99,200	\$234,434	\$3,968	\$8,308	\$226,126	\$4,706
Exterior Lighting	N/A	N/A	N/A	\$15,000	\$35,449	\$600	\$1,256	\$34,193	\$712
Irrigation System	N/A	N/A	N/A	\$37,400	\$88,385	\$1,496	\$3,132	\$85,253	\$1,774
Landscaping	N/A	N/A	N/A	\$64,100	\$151,484	\$2,564	\$5,368	\$146,116	\$3,041
Underground Services	N/A	N/A	N/A	\$20,000	\$47,265	\$800	\$1,675	\$45,590	\$949
Wood Fencing	N/A	N/A	N/A	\$69,400	\$164,009	\$2,776	\$5,812	\$158,197	\$3,293
Asphalt Paving	30	13	17	\$165,400	\$296,839	\$71,673	\$108,737	\$188,102	\$7,293
Chain Link Fencing	25	13	12	\$14,200	\$21,457	\$7,384	\$9,663	\$11,794	\$751
Gazebo	30	13	17	\$31,000	\$55,635	\$13,433	\$20,380	\$35,255	\$1,367
Painting: Wood	6	4	2	\$12,100	\$12,962	\$8,067	\$8,270	\$4,692	\$2,288
Signage	25	13	12	\$10,900	\$16,471	\$5,668	\$7,417	\$9,054	\$577
<b>Miscellaneous/Contingencies</b>									
Miscellaneous Components (1)	N/A	N/A	N/A	\$16,800	\$39,703	\$672	\$1,407	\$38,296	\$797
<b>TOTALS: 100% FUNDED *</b>				<b>\$2,306,500</b>	<b>\$4,894,007</b>	<b>\$574,546</b>	<b>\$951,245</b>	<b>\$3,942,762</b>	<b>\$110,850</b>
<b>TOTALS: 75% FUNDED *</b>				<b>--</b>	<b>--</b>	<b>\$430,910</b>	<b>--</b>	<b>--</b>	<b>\$83,138</b>

(1) Windows and Doors are considered the unit owners responsibility, with the exception of the utility shed. These items are funded through the miscellaneous component.

\* See Glossary at the end for details.

RESERVE FUND REPORT  
TURNBURY AT CRYSTAL SHORES

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### Component Depreciation Analysis Summary

- 1) Current Replacement Costs of Reserve Components** .....\$2,306,500

This is the sum total 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** .....\$ 4,894,007

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**.....\$ 574,546

These are reserve fund estimates based on the notion of effective age. This is the amount that should have been contributed by unit owners. This is the amount that the corporation would have in its reserve fund at the end of the first forecast year if it were fully funded. Any surplus-deficiency will be addressed in the funding analysis over the horizon of the budgeting study. These reserve funds should be held by the corporation and invested in the appropriate securities.
- 4) Future Reserve Fund Accumulations** .....\$ 951,245

These are the current reserve fund requirements together with compound interest over the remaining life spans of the components.
- 5) Future Reserve Fund Requirements**.....\$3,942,762

These are the amounts to be funded by the unit owners to the reserve fund plus any interest earned.
- 6) Annual Reserve Fund Assessments**.....\$ 110,850

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

**Notice**

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

RESERVE FUND REPORT  
TURNBURY AT CRYSTAL SHORES

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**Historical Reserve Fund Analysis**

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

The financial statements for the fiscal years:.....	2015-2012
The budget statement for the fiscal year ending: .....	July 31, 2016

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 study also examines the preventative maintenance programs that have been utilized historically for each of the components.

The Corporation's Estimated Reserve Fund Balance as of July 31, 2016: \$154,324

RESERVE FUND REPORT  
TURNBURY AT CRYSTAL SHORES



**Historical Analysis**  
**Turnbury at Crystal Shores - Townhouses**

November 18, 2015

Year End	7/31/2016	7/31/2015	7/31/2014	7/31/2013	7/31/2012
Opening Balance	\$167,574	\$167,009	\$116,124	\$216,792	\$247,468
Contributions	\$105,000	\$100,000	\$92,000	\$92,000	\$68,000
<b>Additional Allocations</b>					
Interest Income	\$1,750	\$1,796	\$2,362	\$3,204	\$2,763
Special Assessments					
<b>Reserve Components</b>					
Concrete Foundations					
Attic Ventilation and Insulation					
Stairs and Deck - Repairs					
Balcony / Deck Hand Railings					
Stairs and Treads					
Wood Preserved Porches/Decks/Balconies					\$87,159
Brick Veneer					
Pressed Board					
Wood Shakes					
Wood Trim					
Building Exterior Lights				\$8,032	
Eaves & Downspouts					
Metal Fascia/Flashing					
Painting: Wood / Trim (High Exposure Areas)					
Painting: Wood / Trim (Vertical Areas)				\$46,331	
Soffits					
Vinyl Siding					
Asphalt Shingles - I	\$120,000	\$101,231	\$43,477	\$141,509	
Plumbing Systems & Pumps - Common Only					
Concrete Works					
Exterior Lighting					
Irrigation System					
Landscaping					
Underground Services					
Wood Fencing					
Asphalt Paving					
Chain Link Fencing					
Gazebo					
Painting: Wood					\$14,280
Signage					
Miscellaneous Components (1)					
<b>Total Expenditures</b>	<b>\$120,000</b>	<b>\$101,231</b>	<b>\$43,477</b>	<b>\$195,872</b>	<b>\$101,439</b>
<b>Closing Balance</b>	<b>\$154,324</b>	<b>\$167,574</b>	<b>\$167,009</b>	<b>\$116,124</b>	<b>\$216,792</b>
Operating And Reserve Contributions	\$269,040	\$269,040	\$250,800	\$228,000	\$214,320
Planned Reserve Contributions	\$105,000	\$100,000	\$92,000	\$92,000	\$68,000
Operating Budget	\$164,040	\$169,040	\$158,800	\$136,000	\$146,320
Avg Condo Fee Per Month	\$291	\$291	\$271	\$247	\$232
Avg Percent Of Condo Fees Per Month	39%	37.2%	36.7%	40.4%	31.7%



**RESERVE FUND REPORT**  
**TURNBURY AT CRYSTAL SHORES**

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### **Horizon Cash Flow Analysis (Recommended)**

This analysis projects the estimated expenditures from the reserve fund for the complex over a specified time horizon and also recommends a contribution and funding plan for the 25 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 and every 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 total of the reserve fund expenditures for all of the components in a given fiscal year. It is assumed that all reserve fund expenditures will be made at the beginning of each fiscal year.

#### **Closing Balances**

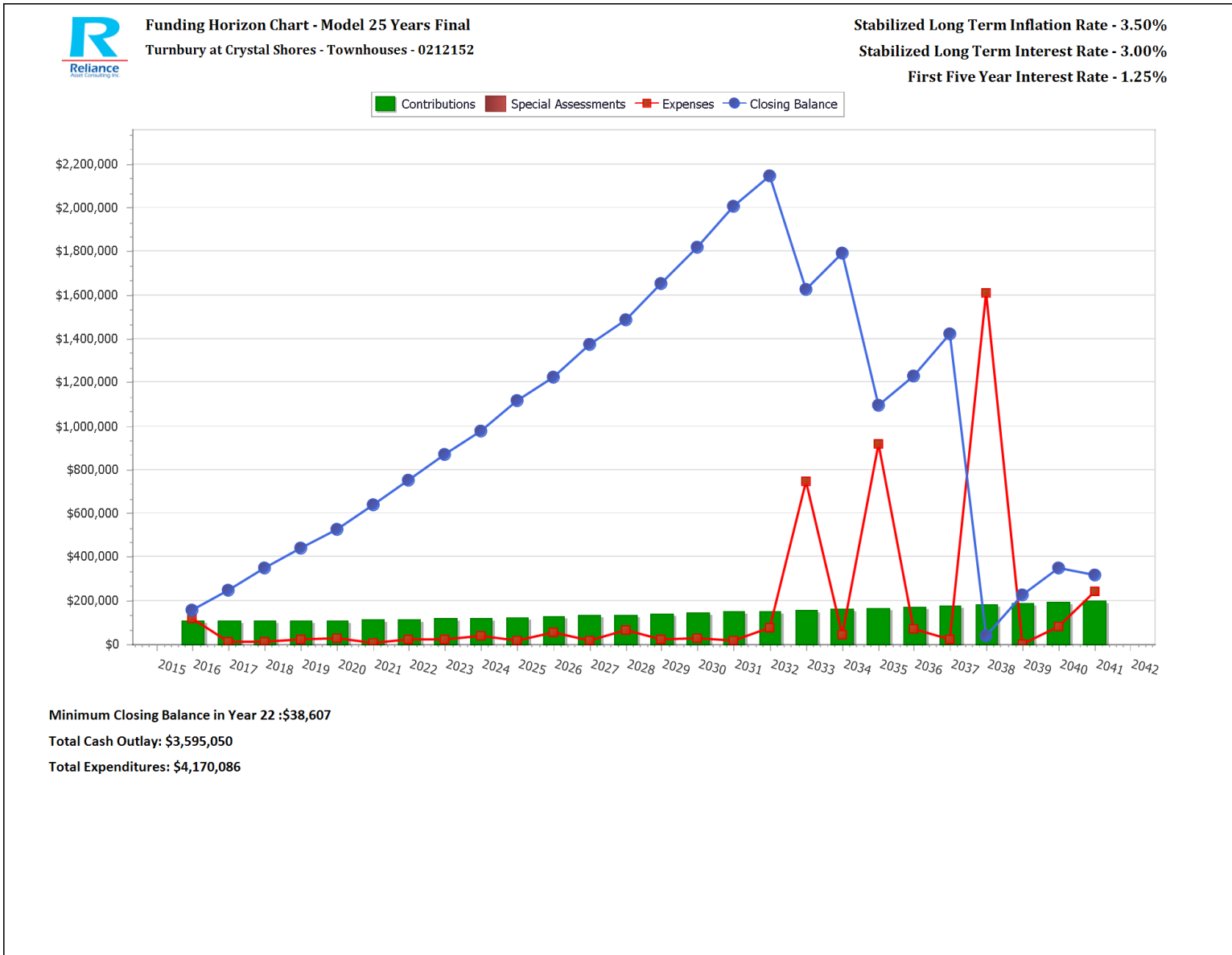
This amount is equal to the Total Cash Resources minus the Total Expenditures. This amount is carried forward to the next fiscal year as the Opening Balance.

#### **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 regards to all of their common component expenses. 100% funding if achieved would be the upper limit of funding recommended, this level of funding provides for a fair funding model for current and future owners. If properly updated a 100% funding model should adequately fund the components listed for the life of the corporation. Higher funding levels like 100% funding may not always be practical to achieve and are typically reached near or after the 25-year funding horizon. Lower percent funding levels may be utilized that will sufficiently fund the plan. These models may result in increases to the reserve fund contributions and increase the chances of special assessments as the project ages. Depending on the nature of the complex a lower percent funding model may provide for adequate funding where most common expenses do not occur in a short span of time. The provided cash flows will more accurately reflect each individual complex's requirements.

# RESERVE FUND REPORT TURNBURY AT CRYSTAL SHORES



# RESERVE FUND REPORT

## TURNBURY AT CRYSTAL SHORES



Short Term Interest Rate (Years 1-5): **1.25%**


Long Term Interest Rate: **3.00%**

Inflation Rate: **3.50%**

### Turnbury at Crystal Shores - Townhouses-0212152 25 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-Aug-16	\$154,324	\$106,050	\$0	\$1,929	\$12,937	\$249,366	31-Jul-17
2	01-Aug-17	\$249,366	\$107,100	\$0	\$3,117	\$12,962	\$346,621	31-Jul-18
3	01-Aug-18	\$346,621	\$108,200	\$0	\$4,333	\$20,100	\$439,054	31-Jul-19
4	01-Aug-19	\$439,054	\$109,300	\$0	\$5,488	\$28,688	\$525,154	31-Jul-20
5	01-Aug-20	\$525,154	\$110,400	\$0	\$6,564	\$3,350	\$638,768	31-Jul-21
6	01-Aug-21	\$638,768	\$113,700	\$0	\$19,163	\$22,650	\$748,981	31-Jul-22
7	01-Aug-22	\$748,981	\$117,100	\$0	\$22,469	\$19,803	\$868,747	31-Jul-23
8	01-Aug-23	\$868,747	\$120,600	\$0	\$26,062	\$38,783	\$976,626	31-Jul-24
9	01-Aug-24	\$976,626	\$124,200	\$0	\$29,299	\$16,500	\$1,113,625	31-Jul-25
10	01-Aug-25	\$1,113,625	\$127,900	\$0	\$33,409	\$52,314	\$1,222,620	31-Jul-26
11	01-Aug-26	\$1,222,620	\$131,700	\$0	\$36,679	\$16,100	\$1,374,899	31-Jul-27
12	01-Aug-27	\$1,374,899	\$135,700	\$0	\$41,247	\$65,778	\$1,486,068	31-Jul-28
13	01-Aug-28	\$1,486,068	\$139,800	\$0	\$44,582	\$19,549	\$1,650,901	31-Jul-29
14	01-Aug-29	\$1,650,901	\$144,000	\$0	\$49,527	\$24,586	\$1,819,842	31-Jul-30
15	01-Aug-30	\$1,819,842	\$148,300	\$0	\$54,595	\$16,650	\$2,006,087	31-Jul-31
16	01-Aug-31	\$2,006,087	\$152,700	\$0	\$60,183	\$73,450	\$2,145,520	31-Jul-32
17	01-Aug-32	\$2,145,520	\$157,300	\$0	\$64,366	\$742,996	\$1,624,190	31-Jul-33
18	01-Aug-33	\$1,624,190	\$162,000	\$0	\$48,726	\$43,600	\$1,791,316	31-Jul-34
19	01-Aug-34	\$1,791,316	\$166,900	\$0	\$53,739	\$919,585	\$1,092,370	31-Jul-35
20	01-Aug-35	\$1,092,370	\$171,900	\$0	\$32,771	\$68,026	\$1,229,015	31-Jul-36
21	01-Aug-36	\$1,229,015	\$177,100	\$0	\$36,870	\$21,000	\$1,421,985	31-Jul-37
22	01-Aug-37	\$1,421,985	\$182,400	\$0	\$42,660	\$1,608,438	\$38,607	31-Jul-38
23	01-Aug-38	\$38,607	\$187,900	\$0	\$1,158	\$0	\$227,665	31-Jul-39
24	01-Aug-39	\$227,665	\$193,500	\$0	\$6,830	\$81,700	\$346,295	31-Jul-40
25	01-Aug-40	\$346,295	\$199,300	\$0	\$10,389	\$240,541	\$315,443	31-Jul-41

**RESERVE FUND REPORT**  
**TURNBURY AT CRYSTAL SHORES**

 <b>Projected Cash Flow - Model 25 Years Final</b> <b>Turnbury at Crystal Shores - Townhouses - 0212152</b>		<b>Stabilized Long Term Inflation Rate - 3.50%</b> <b>Stabilized Long Term Interest Rate - 3.00%</b> <b>First Five Year Interest Rate - 1.25%</b>								
		8/1/2015	8/1/2016	8/1/2017	8/1/2018	8/1/2019	8/1/2020	8/1/2021	8/1/2022	8/1/2023
Year Beginning	0	1	2	3	4	5	6	7	8	9
Opening Balance	\$167,574	\$154,324	\$249,366	\$346,621	\$439,054	\$525,154	\$638,768	\$748,981	\$868,747	\$976,626
Planned Contributions	\$105,000	\$106,050	\$107,100	\$108,200	\$109,300	\$110,400	\$113,700	\$117,100	\$120,600	\$124,200
Additional Allocations										
Interest Income	\$1,750	\$1,929	\$3,117	\$4,333	\$5,488	\$6,564	\$19,163	\$22,469	\$26,062	\$29,299
Special Assessments	\$0	\$0								
Cash Resources	\$274,324	\$262,303	\$359,583	\$459,154	\$553,842	\$642,118	\$771,631	\$888,550	\$1,015,409	\$1,130,125
<b>Reserve Components</b>										
Concrete Foundations										
Attic Ventilation and Insulation										
Stairs and Deck - Repairs				\$12,200						
Balcony / Deck Hand Railings										
Stairs and Treads										
Wood Preserved Porches/Decks/Balconies										
Brick Veneer										
Pressed Board										
Wood Shakes								\$3,900		
Wood Trim							\$4,700			
Building Exterior Lights										
Eaves & Downspouts										
Metal Fascia/Flashing										
Painting: Wood / Trim (High Exposure Areas)		\$12,937			\$14,344			\$15,903		
Painting: Wood / Trim (Vertical Areas)					\$14,344					
Soffits										
Vinyl Siding										
Asphalt Shingles - I	\$120,000									
Plumbing Systems & Pumps - Common Only										
Concrete Works										
Exterior Lighting										\$6,800
Irrigation System							\$9,200			
Landscaping				\$7,900			\$8,750			\$9,700
Underground Services										
Wood Fencing									\$22,850	
Asphalt Paving										
Chain Link Fencing										
Gazebo										
Painting: Wood			\$12,962						\$15,933	
Signage										
Miscellaneous Components (1)						\$3,350				
<b>Total Expenses</b>	<b>\$120,000</b>	<b>\$12,937</b>	<b>\$12,962</b>	<b>\$20,100</b>	<b>\$28,688</b>	<b>\$3,350</b>	<b>\$22,650</b>	<b>\$19,803</b>	<b>\$38,783</b>	<b>\$16,500</b>
Closing Balance	\$154,324	\$249,366	\$346,621	\$439,054	\$525,154	\$638,768	\$748,981	\$868,747	\$976,626	\$1,113,625
Planned Contributions	\$105,000	\$106,050	\$107,100	\$108,200	\$109,300	\$110,400	\$113,700	\$117,100	\$120,600	\$124,200
Prev Year Contributions		\$105,000	\$106,050	\$107,100	\$108,200	\$109,300	\$110,400	\$113,700	\$117,100	\$120,600
Avg Inc. Per Unit Per Month	\$0	\$1	\$1	\$1	\$1	\$1	\$4	\$4	\$4	\$4
Percent Funded -Max Level 73.3%	27%	37%	44%	49%	53%	57%	60%	62%	64%	66%
Contribution Increase	\$105,000	\$1,050	\$1,050	\$1,100	\$1,100	\$1,100	\$3,300	\$3,400	\$3,500	\$3,600
Year End	7/31/2016	7/31/2017	7/31/2018	7/31/2019	7/31/2020	7/31/2021	7/31/2022	7/31/2023	7/31/2024	7/31/2025


(1) Windows and Doors are considered the unit owners responsibility, with the exception of the utility shed. These items are funded through the miscellaneous component.

**RESERVE FUND REPORT**  
**TURNBURY AT CRYSTAL SHORES**

 <b>Projected Cash Flow - Model 25 Years Final</b> <b>Turnbury at Crystal Shores - Townhouses - 0212152</b>		<b>Stabilized Long Term Inflation Rate - 3.50%</b> <b>Stabilized Long Term Interest Rate - 3.00%</b> <b>First Five Year Interest Rate - 1.25%</b>								
		8/1/2025	8/1/2026	8/1/2027	8/1/2028	8/1/2029	8/1/2030	8/1/2031	8/1/2032	8/1/2033
Year Beginning	10	11	12	13	14	15	16	17	18	19
Opening Balance	\$1,113,625	\$1,222,620	\$1,374,899	\$1,486,068	\$1,650,901	\$1,819,842	\$2,006,087	\$2,145,520	\$1,624,190	\$1,791,316
Planned Contributions	\$127,900	\$131,700	\$135,700	\$139,800	\$144,000	\$148,300	\$152,700	\$157,300	\$162,000	\$166,900
Additional Allocations										
Interest Income	\$33,409	\$36,679	\$41,247	\$44,582	\$49,527	\$54,595	\$60,183	\$64,366	\$48,726	\$53,739
Special Assessments										
Cash Resources	\$1,274,934	\$1,390,999	\$1,551,846	\$1,670,450	\$1,844,428	\$2,022,737	\$2,218,970	\$2,367,186	\$1,834,916	\$2,011,955
<b>Reserve Components</b>										
Concrete Foundations										
Attic Ventilation and Insulation										
Stairs and Deck - Repairs		\$16,100								\$21,200
Balcony / Deck Hand Railings										
Stairs and Treads								\$73,941		
Wood Preserved Porches/Decks/Balconies								\$316,581		
Brick Veneer										
Pressed Board										
Wood Shakes					\$5,000					
Wood Trim			\$5,800						\$7,150	
Building Exterior Lights										
Eaves & Downspouts										
Metal Fascia/Flashing										
Painting: Wood / Trim (High Exposure Areas)	\$17,632			\$19,549			\$21,675			\$24,031
Painting: Wood / Trim (Vertical Areas)	\$17,632						\$21,675			
Soffits										
Vinyl Siding										
Asphalt Shingles - I										\$874,354
Plumbing Systems & Pumps - Common Only	\$13,100									
Concrete Works										
Exterior Lighting									\$9,300	
Irrigation System			\$11,300						\$13,900	
Landscaping			\$10,750			\$11,950			\$13,250	
Underground Services										
Wood Fencing							\$30,100			
Asphalt Paving								\$296,839		
Chain Link Fencing			\$21,457							
Gazebo								\$55,635		
Painting: Wood					\$19,586					
Signage			\$16,471							
Miscellaneous Components (1)	\$3,950					\$4,700				
<b>Total Expenses</b>	<b>\$52,314</b>	<b>\$16,100</b>	<b>\$65,778</b>	<b>\$19,549</b>	<b>\$24,586</b>	<b>\$16,650</b>	<b>\$73,450</b>	<b>\$742,996</b>	<b>\$43,600</b>	<b>\$919,585</b>
Closing Balance	\$1,222,620	\$1,374,899	\$1,486,068	\$1,650,901	\$1,819,842	\$2,006,087	\$2,145,520	\$1,624,190	\$1,791,316	\$1,092,370
Planned Contributions	\$127,900	\$131,700	\$135,700	\$139,800	\$144,000	\$148,300	\$152,700	\$157,300	\$162,000	\$166,900
Prev Year Contributions	\$124,200	\$127,900	\$131,700	\$135,700	\$139,800	\$144,000	\$148,300	\$152,700	\$157,300	\$162,000
Avg Inc. Per Unit Per Month	\$4	\$4	\$4	\$4	\$5	\$5	\$5	\$5	\$5	\$5
Percent Funded -Max Level 73.3%	67%	69%	69%	71%	72%	73%	73%	67%	68%	55%
Contribution Increase	\$3,700	\$3,800	\$4,000	\$4,100	\$4,200	\$4,300	\$4,400	\$4,600	\$4,700	\$4,900
Year End	7/31/2026	7/31/2027	7/31/2028	7/31/2029	7/31/2030	7/31/2031	7/31/2032	7/31/2033	7/31/2034	7/31/2035

(1) Windows and Doors are considered the unit owners responsibility, with the exception of the utility shed. These items are funded through the miscellaneous component.

**RESERVE FUND REPORT**  
**TURNBURY AT CRYSTAL SHORES**

 <b>Projected Cash Flow - Model 25 Years Final</b> <b>Turnbury at Crystal Shores - Townhouses - 0212152</b>		Stabilized Long Term Inflation Rate - 3.50%				
		Stabilized Long Term Interest Rate - 3.00%				
		First Five Year Interest Rate - 1.25%				
Year Beginning	8/1/2035	8/1/2036	8/1/2037	8/1/2038	8/1/2039	8/1/2040
Year	20	21	22	23	24	25
Opening Balance	\$1,092,370	\$1,229,015	\$1,421,985	\$38,607	\$227,665	\$346,295
Planned Contributions	\$171,900	\$177,100	\$182,400	\$187,900	\$193,500	\$199,300
Additional Allocations						
Interest Income	\$32,771	\$36,870	\$42,660	\$1,158	\$6,830	\$10,389
Special Assessments						
Cash Resources	\$1,297,041	\$1,442,985	\$1,647,045	\$227,665	\$427,995	\$555,984
<b>Reserve Components</b>						
Concrete Foundations						\$30,250
Attic Ventilation and Insulation						
Stairs and Deck - Repairs						
Balcony / Deck Hand Railings						
Stairs and Treads						
Wood Preserved Porches/Decks/Balconies						
Brick Veneer						\$56,950
Pressed Board						
Wood Shakes		\$6,350				
Wood Trim					\$8,750	
Building Exterior Lights			\$24,299			
Eaves & Downspouts			\$193,754			
Metal Fascia/Flashing			\$448,896			
Painting: Wood / Trim (High Exposure Areas)			\$26,644			\$29,541
Painting: Wood / Trim (Vertical Areas)			\$26,644			
Soffits			\$250,879			
Vinyl Siding			\$637,322			
Asphalt Shingles - I						
Plumbing Systems & Pumps - Common Only	\$18,500					
Concrete Works						\$117,200
Exterior Lighting						
Irrigation System					\$17,100	
Landscaping		\$14,650			\$16,250	
Underground Services	\$19,900					
Wood Fencing					\$39,600	
Asphalt Paving						
Chain Link Fencing						
Gazebo						
Painting: Wood	\$24,076					
Signage						
Miscellaneous Components (1)	\$5,550					\$6,600
<b>Total Expenses</b>	<b>\$68,026</b>	<b>\$21,000</b>	<b>\$1,608,438</b>	<b>\$0</b>	<b>\$81,700</b>	<b>\$240,541</b>
<b>Closing Balance</b>	<b>\$1,229,015</b>	<b>\$1,421,985</b>	<b>\$38,607</b>	<b>\$227,665</b>	<b>\$346,295</b>	<b>\$315,443</b>
Planned Contributions	\$171,900	\$177,100	\$182,400	\$187,900	\$193,500	\$199,300
Prev Year Contributions	\$166,900	\$171,900	\$177,100	\$182,400	\$187,900	\$193,500
Avg Inc. Per Unit Per Month	\$5	\$6	\$6	\$6	\$6	\$6
Percent Funded -Max Level 73.3%	57%	60%	4%	18%	24%	22%
Contribution Increase	\$5,000	\$5,200	\$5,300	\$5,500	\$5,600	\$5,800
Year End	7/31/2036	7/31/2037	7/31/2038	7/31/2039	7/31/2040	7/31/2041

(1) Windows and Doors are considered the unit owners responsibility, with the exception of the utility shed. These items are funded through the miscellaneous component.

## 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. 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.

In order 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 actually 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 actually achieved by the condominium corporation, then the data, analyses, and conclusions contained herein may require adjustment.
4. The corporation should use the reserve fund to perform major repairs and replacements to the common elements. The reserve funds cannot be commingled with any other funds of the corporation.
5. The corporation should review the reserve fund every year to ensure that the underlying assumptions are still valid and that the estimates remain current. The annual report must detail and the following:
  - i. The amount of the reserve fund as of the last day of the immediately preceding fiscal year;
  - ii. All the payments made into and out of the reserve fund for that year and the sources and uses of those payments;
  - iii. A list of the depreciating property that was repaired or replaced during that year and the costs incurred in respect of the repair or replacement of that property.

RESERVE FUND REPORT  
TURNBURY AT CRYSTAL SHORES

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

**NOTICE:** Failure to implement an appropriate reserve fund strategy will result in large special assessments in the future when major repairs and replacements have to be carried out.



## Corporations Reserve Fund Plan

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

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

(a) under which a reserve fund is to be established, if one has not already been established, and

(b) setting forth the method of and amounts needed for funding and maintaining the reserve fund.

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

## Planners Qualifications

### **Harold D. Weidman, CRP**

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

In 2001 he received the CRP (Certified Reserve Planner) designation from the Real Estate Institute of Canada. In addition, he is a member of the Canadian Condominium Institute.

Harold Weidman has been involved in the real estate industry since 1976, and has experience in insurance appraisals, and depreciated costing of improvements for residential, commercial, and industrial properties. Mr. Weidman has appeared as an expert witness before the Government Municipal Board and the Calgary Assessment Review Board in matters related to Reserve Fund Planning. As well Mr. Weidman has completed consulting assignments applying reserve fund study principals as a cost-benefit analysis for disposal decisions.

### **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.

## Planners Certification

**TURNBURY AT CRYSTAL SHORES  
MILLIGAN DRIVE & 32 STREET  
OKOTOKS, ALBERTA  
CONDOMINIUM #0212152**

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) 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.
- 3) 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.
- 4) 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.
- 5) 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.
- 6) I have the knowledge and experience to complete the assignment competently.
- 7) The undersigned personally inspected the within described property. The nature and extent of the property inspection is set forth within the report.

**Signature on Original Document**

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Harold D. Weidman, CRP  
(Reviewed but not inspected by)

**Signature on Original Document**

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Daniel B. Jablonski, CRP

Report Date: November 20, 2015