

COURT FILE NUMBER

1701-07807

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

**IN THE MATTER OF THE *COMPANIES ACT*, RSA 2000, c
C-21.**

AND

**IN THE MATTER OF THE *JUDICATURE ACT*, RSA 2000, c
J-2.**

AND

**IN THE MATTER OF SHEPHERD'S VILLAGE
MINISTRIES LTD.**

DOCUMENT

**REPORT OF KPMG INC., IN ITS CAPACITY AS THE
COURT APPOINTED LIQUIDATOR OF SHEPHERD'S
VILLAGE MINISTRIES LTD. AND IN ITS CAPACITY AS
THE COURT APPOINTED INVESTIGATOR OF
CONDOMINIUM PLAN NO. 0020672**

DATED JANUARY 4, 2021.

PREPARED BY KPMG INC.

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

Liquidator

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1. INTRODUCTION AND PURPOSE OF REPORT

Introduction

1. Shepherd's Village Ministries Ltd. ("**SVM**") was organized as a not-for-profit company pursuant to Part 9 of the *Companies Act*, RSA 2000, c C-21 (the "**CA**"), as amended, on June 3, 1999.
2. SVM's primary purpose was to build housing accommodations for mature adults and senior citizens. As such, SVM built a condominiumized independent living facility in Valleyview, Alberta consistent with that objective and the concept conceived by the local Lutheran church in Valleyview, Alberta.
3. The assets of SVM are:
 - a) A parcel of undeveloped raw land ("**Lot A**"); and
 - b) A bare land condominium project which has been partially developed and re-divided to include the following: (i) an eight-plex with residential condominium units (the "**8-Plex**"); (ii) 35 semi-detached /row housing style residential condominium units (the "**Row Housing**"); (ii) four vacant lots which have not been developed (the "**Vacant Lots**"); and the remainder parcel which forms the common property of the condominium project ("**Unit 52**", together with the 8-Plex, Row Housing and Vacant Lots, "**Shepherd's Village**") (collectively the "**Lands**"). A diagram of the Lands is attached hereto as **Appendix "A"**.
4. Portions of the 8-Plex and Row Housing are subject to life leases (the "**Life Leases**"), which run for the lifetime of one or more of the named individual resident(s) of those units (the "**Life Residents**"). Specifically, two units in the 8-Plex and 34 units in the Row Housing are subject to Life Leases which have been registered against title to those units. The Life Leases have proven to be complex legal structures.
5. The remaining six units in the 8-Plex and one unit in the Row Housing, (seven units in total) are rental units occupied by tenants (the "**Rental Units**").

6. While it is not part of proceedings commenced in Alberta Court of Queen's Bench Action No. 1501-00955 against other Lutheran Church entities pursuant to the *Companies Creditors' Arrangement Act* (Canada) (the "**CCAA Proceedings**"), the CCAA Proceedings create uncertainty for SVM going forward including determining the identity, nature and extent of all of its stakeholders.
7. The Lands, with the exception of Lot A, are subject to Condominium Plan 0020672, as re-divided, (the "**Condo Plan**"). The Condo Plan was registered pursuant section 4 of the Condominium Property Act, R.S.A 2000, c C-22 (the "**CPA**"). Following registration of the Condo Plan, pursuant to section 25 of the CPA, a condominium corporation with the name "Condominium Plan No. 0020672" was established (the "**Condo Corp**").
8. SVM was named in a number of related class action lawsuits (the "**Related Litigation**"). To date, no material steps have been taken against SVM in the Related Litigation.
9. As a result of CCAA Proceedings, Related Litigation, ongoing issues with the complexity of managing the Life Leases, and various cash flow difficulties, SVM needed to consider taking extraordinary steps to restructure its affairs.
10. On March 8, 2017, the Directors of SVM passed a special resolution authorizing the commencement of winding up of it's affairs by seeking the appointment of a liquidator.
11. On June 8, 2017, the Court of Queen's Bench of Alberta (the "**Court**") granted an order (the "**Order**") appointing KPMG Inc. ("**KPMG**") as liquidator over all of the property, assets and undertakings of SVM (the "**Liquidator**") pursuant to sections 214, 215(1), 216(1), and 240(1) of the CA, R.S.A. 2000, c. C-21 and section 13(2) of the *Judicature Act*, RSA 2000, c J-2.
12. On June 5, 2018, the Court granted an order adjourning the requirement by the Liquidator to pass its accounts pursuant to section 247 of the CA and paragraph 17 of the Order until June 8, 2019.
13. The Order granted on June 8, 2017 appointing the Liquidator did not include the Condo Corp and as a result, the Liquidator did not have the ability to investigate the Condo Corp's activities and accordingly on February 15, 2019, the Liquidator applied to the Court to be appointed as an investigator over the Condo Corp.

14. On February 27, 2019, the Court granted two orders that, *inter alia*:
 - a) Appointed KPMG as Investigator of the Condo Corp (the “**Investigator**”) pursuant to section 67(2) of the CPA;
 - b) Subdivide Unit 52 (including discharging the Caveat from Shepherd’s Village); and
 - c) Thereafter, sell the Life Leases to Life Residents and sell the Residual Lands.
15. Further background to the liquidation, including a summary of assets and liabilities, was provided in the Liquidator’s first report dated July 31, 2017 (the “**First Report**”) and the Liquidator’s second report dated February 15, 2019 (the “**Second Report**”).
16. All materials filed with the Court and all orders granted by the Court in connection with the liquidation will be made available to creditors and other interested parties in electronic format on the Liquidator’s website: www.kpmg.ca/shepherdsvillage (the “**Liquidator’s Website**”).

Purpose of the Liquidator's Third Report

17. This is the Liquidator's third report (the "**Third Report**" or the "**Report**") and is filed to provide this Honourable Court with the following:
 - a) An update on the Liquidator's activities since the Second Report;
 - b) The Liquidator's Interim Statement of Receipts and Payments to December 31, 2020;
 - c) An update on the reconstitution of a Condo Corp including proposed changes to the Condo Corp bylaws to comply with the current CPA requirements;
 - d) The proposed transfer of Unit 52 to the Condo Corp; and
 - e) A plan for conversion of the life leases to a fee simple interest.
18. The Liquidation and the Condo Corp investigation have since proceeded concurrently. Given the significant interconnectedness of the two proceedings, the Liquidator/Investigator has, for the benefit of the SVM estate and to reduce duplication of costs, effectively managed both proceedings as one. Effectively, resolution of the SVM estate without resolution of the Condo Corp matters (as more fully explained below) or vice versa was simply impossible given the nature of both the Liquidator's and the Investigator's roles.
19. Furthermore, the activities performed to date including the subdivision application in respect of Unit 52, the repairs and maintenance of the Property, the reserve fund study and ongoing management of the estate have been carried out to resolve the various matters requiring resolution in respect of both the Liquidation and the Condo Corp investigation.
20. Given the interconnectedness of both proceedings and the inability to resolve the Liquidation issues without resolving the investigation issues, this Third Report includes the activities performed by the Liquidator and the Investigator to jointly resolve all matters and conclude both proceedings.
21. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the First Report and/or the Second Report.

Restrictions and Scope Limitation

22. In preparing this report, the Liquidator has been provided with, and has relied upon, unaudited and other financial information, books and records (collectively, the “**Information**”) prepared by SVM and/or their representatives, and discussions with SVM’s management and/or representatives.
23. The Liquidator has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided and in consideration of the nature of evidence provided to this Honourable Court. However, the Liquidator has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Liquidator expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.
24. The Liquidator has prepared this Report in connection with the Liquidator’s Application filed January 4, 2020. This Report should not be relied on for other purposes including, but not limited to, by any prospective purchaser or investor in any transaction with the Liquidator.
25. Information and advice described in this Report has been provided to the Liquidator by its legal counsel, Dentons Canada LLP (“**Counsel**”), was provided to assist the Liquidator in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
26. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

2. LIQUIDATOR'S ACTIVITIES SINCE THE SECOND REPORT

Maintenance

27. At appointment, fees due from Life Residents (“**Residents’ Contributions**”) were paid directly to an SVM bank account (the “**SVM Account**”). Historically SVM utilized the Residents’ Contributions for ongoing costs including the salary of the Property Manager, ongoing maintenance, repairs, and snow removal (collectively, the “**Operating Costs**”) and deposited the remaining balance annually in the Condo Corp’s reserve account to form the reserve fund. At no time were the Residents’ Contributions paid directly to the Condo Corp.
28. At the request of the Bank of Montreal (“**BMO**”), the SVM Account was closed in December 2017. The Liquidator was utilizing the SVM Account to collect the Residents’ Contributions and pay the Operating Costs. Following the account closure, Liquidator set up an operating trust account which has been collecting Residents’ Contributions and paying Operating Costs.
29. The Liquidator has retained this operational structure on an ongoing basis, namely that SVM collects the Residents’ Contributions and pays the Operating Costs on a monthly basis, with any surplus funds being preserved in the trust account.

Subdivision of Unit 52

30. As described in the Second Report, the Liquidator intended to Subdivide Unit 52 such that a portion of the unit will remain as common property to the Shepherd’s Village (these include parts in-between existing buildings, the sunroom, and the maintenance garage) and the remainder would be a large enough parcel that could be sold to a prospective purchaser (the “**Subdivided Portion**”);
31. Accordingly, the Liquidator made a subdivision application to the Town of Valleyview (“**The Town**”) to separate the Subdivided Portion on or around October 16, 2019, with the understanding that no conditions would be applied to the subdivision approval.

32. The Town approved the Application on or about November 5, 2019. However, the approval was subject to the following:
- a) Legal survey to register plan; and
 - b) Road access to be provided to Unit 52 in accordance with Section 9 of the *Municipal Government Act Subdivision and Development Regulation* (Alta Reg 43/2002) (“**MGA Reg**”).
33. The Liquidator is not in a position to undertake construction of road access. The Liquidator, through Counsel, worked with The Town during the period of November 5, 2019 to June 29, 2020, by proposing alternative methods to allow The Town to fully comply with Section 9 of the MGA Reg. The Town formally rejected all proposals as of June 29, 2020.
34. Accordingly, the Liquidator has been unable to subdivide Unit 52 and has decided to not list same sale. Given the suggested listing price of Unit 52 in its current state of approximately \$50,000, The Town’s position in respect of road access, the high development costs and the limited market for such a property, the Liquidator recommends retaining the entire parcel as common property and transferring same to the Condo Corp.

Sale of non-Life Lease units and land

35. The Liquidator has retained the services of Mr. Ronald Armeneau of Royal LePage Redwillo Realty (the “**Realtor**”) to list the following for sale as part of the liquidation plan approved by the Court on March 1, 2019:
- a) The undeveloped lot owned by SVM located north of 54th Avenue and east of 55th and 56th Avenue (“**Lot A**”) plan 7820986, Block A; and
 - b) The 7 units (the “**Units**”) that are not subject to life leases.
36. Lot A has been listed for \$90,000 plus GST. Five of the Units have been listed for \$79,000. The other two Units have larger square footage and have been listed for \$89,000 and \$134,000 respectively.
37. To date no acceptable offers have been received for either Lot A or the Units.

Administrative Matters

38. The Liquidator has attended to and continues to attend to various administrative including:
- a) Fielding questions from Life Residents and family members;
 - b) Processing accounts payable;
 - c) Attending to banking matters;
 - d) Obtaining and reviewing archived records;
 - e) Attending to routine staffing matters; and,
 - f) Responding to queries from the monitor of the CCAA Proceeding and its counsel.

Asset Maintenance

39. As part of maintaining ongoing operations, the Liquidator continues to undertake various repairs and maintenance to maintain the value of the assets including:
- a) Hiring contractors to complete landscaping and snow removal requirements;
 - b) Replacing furnaces in units where the product had reached the end of their lifecycle;
 - c) Testing and maintaining sump pumps in working order;
 - d) Adjusting eaves troughs to extend farther away from the sunroom to reduce water concerns;
 - e) Completing external repairs to various units including ramps, decks, and roofing; and
 - f) Engaging contractors to complete an assortment of miscellaneous repairs including electrical, plumbing, drywall, framing, amongst other necessary but minor fixes.
40. In addition, the Liquidator has reviewed and determined appropriate strategies to progress which are discussed in more detail later:
- a) Reconstitution of the Condo Corp and;
 - b) Resolution of the Life Leases.

3. RECONSTITUTION OF THE CONDO CORP

41. As discussed in the Second Report, the Lands, with the exception of Lot A, are subject to the Condo Plan. The Condo Plan was registered pursuant to section 4 of the CPA. Following registration of the Condo Plan, pursuant to section 25 of the CPA, the Condo Corp was established.
42. The Liquidator was of the view that SVM and the Condo Corp were not in compliance with various sections of the CPA and accordingly sought and obtained an order of this Court dated February 27, 2019, whereby the Liquidator was appointed Investigator of the Condo Corp (the “**Investigator Order**”). A copy of the Investigator Order is attached as **Appendix “B”**.
43. Upon appointment as Investigator, the Liquidator undertook a further and more detailed review of the Condo Corp, transferred the Condo Corp’s reserve fund to a trust account, and began to develop a strategy to reconstitute the Condo Corp appropriately.
44. Following a review of the available books and records of the Condo Corp, the Investigator has been unable to verify whether any of the following have historically taken place:
 - c) Establishment of a board of directors;
 - d) Appointment of officers;
 - e) The holding of annual general meetings;
 - f) The required filings at land titles office setting forth the names and addresses of the board of directors;
 - g) The completion of a reserve fund study; or
 - h) The recording of minutes for any meetings that may have been held in the past.
45. As part of its investigation, the Investigator commissioned a reserve fund study by Morrison Hershfield (the “**Reserve Study**”). A copy of the Reserve Study is attached as **Appendix “C”**.
46. The current balance of the Condo Corp reserve fund is approximately \$278,936 (the “**Reserve Fund**”).

47. The Reserve Study's key findings are as follows:
- a) No special assessment has been recommended at this time. However, the Reserve Study indicates that there are some ongoing settlement/drainage issues which will require a separate settlement/drainage assessment study which a future board of the Condo Corp should commission once appointed; and
 - b) It is recommended that the monthly condominium fees be increased in 2021 by approximately 16% with incremental yearly increases thereafter as set out in the Reserve Study. The recommended increases are required to fund current and projected maintenance/repairs required on the units and the noted common property over the next five to seven years.
48. The Investigator reviewed the existing bylaws of the Condo Corp. (the "**Current Bylaws**") to ensure they were both fit for purpose and compliant with the recent changes to the CPA. A copy of the Current Bylaws is attached hereto as **Appendix "D"**.
49. The Current Bylaws were found to be deficient in several matters and will require amendments to be compliant. Recommended amendments to the current Bylaws include:
- a) Inclusion of a standard insurable unit description;
 - b) Additional clarity on the requirements of the capital replacement reserve fund, including without limitation setting forth the additional requirements for each annual report in respect of the capital replacement reserve fund;
 - c) Update of the requirements in respect of permitted borrowing by the Condo Corp;
 - d) Deletion of references to the developer having seats on the board of directors;
 - e) Updates to annual general meeting requirements, including without limitation updates to timing for annual general meetings, reporting and notice requirements and proxies;
 - f) Updates to fine amounts in order to align with the CPA and its regulations;
 - g) Updates to insurance requirements to refer to the standard insurable unit description and include a requirement for the purchase by owner of deductible insurance;

- h) Allow for notices by electronic means subject to consent by an owner; and
 - i) Clarification on the imposition of new rules and regulations by the Condo Corp.
50. A copy of the proposed amended Bylaws is attached hereto as **Appendix “E”**.
51. Additionally, to comply with the CPA, a board of directors will need to be elected as soon as possible and should comprise three to five members.
52. Finally, to comply with the CPA, the Condo Corp will need to hold an annual general meeting (“**AGM**”) as soon as possible to consider a number of resolutions including, inter alia, the following:
- a) Election of board of directors;
 - b) Appointment of officers;
 - c) Amendment of the Bylaws;
 - d) Review of the Reserve Study;
 - e) Increase to condominium fees; and
 - f) Appointment of a property manager
53. Once an AGM has been held and the Condo Corp is properly constituted with all recommended motions being considered and passed, the Liquidator will transfer the balance of the Reserve Fund to the Condo Corp.
54. On or about November 24, 2020, the Investigator wrote to all the residents of the Condo Corp detailing the above matters with respect to the Condo Corp and requesting any parties interested in becoming board members of the Condo Corp to contact the Liquidator.
55. If the requested Order is granted, the Investigator will cause to be convened an AGM at which the Condo Corp will be duly reconstituted and the Investigator will no longer be required.

4. LIFE LEASES

56. The Liquidator and Counsel have obtained and reviewed the Life Leases.
57. All 36 Life Leases contain the same or similar standard terms and conditions, with minor variations to account for personal information of the various life lessors, the entry price for that unit, and the commencement date.
58. Further to the work undertaken and detailed in the Second Report, the Liquidator has finalized a mechanism for conversion of the Life Leases from a leasehold interest to a fee simple interest.
59. Following a review of the Life Leases, it was determined that the entrance fees paid by the Life Residents to acquire their respective Life Leases ranged from \$59,000 to \$253,500 based on the size, location and style of the particular unit.
60. As also discussed, the primary concern of the Life Residents was that they not “lose” their homes for which many had paid a large sum of money and they expressed a desire to own their respective units through a conversion to a fee simple structure.
61. As the Life Leases do not generate a profit which would make them lucrative to a prospective purchaser and they come with a future financial risk (discussed in the Second Report), it was determined that the best way of monetizing the Life Leases is to transfer them to the respective Life Residents, or their estates in the case of recently deceased Life Residents, for a transfer fee plus all associated legal fees and disbursements required to complete the conveyancing required for registration at Alberta Land Titles.
62. Further research and development of the above plan by the Liquidator has been undertaken, and the current planned approach for the Liquidator is to apply for an Order of this Honourable Court to allow it to provide an option to all Life Residents to convert their Life Lease to a fee simple ownership for a fee of \$10,000 (plus GST), plus all associated legal fees and disbursements for each sale (the “**Fee**”).

63. The Liquidator is of the view that the Fee properly reflects the time spent resolving this issue for the Life Residents and contributes to the costs of maintaining the property and overseeing the liquidation as well as the time and costs spent on the unsuccessful applications for the subdivision of Unit 52, which will now be retained by the Condo Corp.
64. Accordingly, on or about November 24, 2020, the Liquidator wrote to all 36 Life Lease Residents to set out an overview of the process by which the Life Lease Residents (or their estate) will convert the leasehold interest in their particular condominium unit to a fee simple interest (the “**Conversion**”).
65. The Liquidator is of the view that the proposed conversion has a number of significant benefits for the current Life Residents including:
- a) Provision of standard fee simple condominiumized ownership of their property without the restrictions of lifetime-only ownership and the impact that may have on the Life Residents’ estates and family;
 - b) Bringing certainty to the ongoing situation; and
 - c) Allowing, in conjunction with the reconstitution of the Condo Corp for a path to exit liquidation for the development.
66. Given the significant benefits of the Conversion the Liquidator is seeking approval from this honorable court to move forward with the conversion. Upon approval, it is anticipated that the Life Residents will have two months to make the election to exercise the Conversion or surrender their Life Lease.
67. Any Life Resident that does not wish to undertake a conversion would be required to vacate the unit within 60 days, or upon a timeline agreed to with the Liquidator, which period shall not exceed 90 days, so that the unit can be listed for sale.

5. INTERIM STATEMENT OF RECEIPTS AND PAYMENTS

68. The Liquidator's payments during the course of the administration of the liquidation have primarily related to the preservation of the Lands and other required costs, such as insurance, landscaping, among other necessary expenditures.
69. All costs incurred for the preservation and operation of SVM have been met through Residents' Contributions (as detailed previously) paid to SVM.
70. Below is a summary of the Liquidator's interim receipts and payments to December 31, 2020. The complete interim statement of receipts and payments is attached as **Appendix "F"**.

| Liquidator's and Investigator's Interim Statement of Receipts and Payments | | |
|---|---------|----------------|
| For the Period June 8, 2017 to December 31, 2020 | | |
| CAD \$ | | |
| Receipts: | | |
| Residents' contribution | 602,921 | |
| Reserve fund | 278,936 | |
| Funds at date of possession | 7,354 | |
| Miscellaneous other receipts | 5,179 | |
| Interest allocation | 3,900 | |
| Total Receipts | | 898,290 |
| Payments: | | |
| Repairs & maintenance | 138,513 | |
| Contractors | 105,422 | |
| Insurance | 87,174 | |
| Property Manager wages | 57,560 | |
| Municipal taxes | 56,067 | |
| Reserve fund transfers | 35,650 | |
| Utilities | 33,999 | |
| Telephone, cable & internet | 24,171 | |
| GST paid | 13,949 | |
| Community services | 11,967 | |
| Reserve fund study | 6,650 | |
| Miscellaneous expense | 5,656 | |
| Operating expense | 2,645 | |
| Consulting expense | 2,625 | |
| Bank charges | 2,532 | |
| Employee expense | 2,415 | |
| Total Payments | | 586,995 |
| Excess Receipts over Payments | | 311,295 |

71. As at December 31, 2020, the Liquidator holds \$311,295 in operating cash with the reserve fund contribution of \$278,936 held in a redeemable GIC.

Professional Fees

72. The Liquidator, the Investigator and their respective Counsel have not rendered any invoices to date in respect of this matter to date, and accordingly no professional fees have yet been paid.
73. The table below shows professional fees and costs incurred to date for both the Liquidation and the Investigation (the “**Professional Fees**”). As explained previously, the Professional Fees are presented as one account given that the interconnected nature of this matter makes it meaningless and impracticable to separate the Liquidator’s fees from those of the Investigator (or either’s counsel).

| Professional Fees Summary | | | |
|--|---------------------------------|---------------|----------------|
| Service Period | Fees & Disbursements | GST | Total |
| Liquidator/ Investigator | | | |
| June 2, 2017 - August 25, 2017 | 96,707 | 4,835 | 101,543 |
| August 26, 2017 - December 31, 2017 | 51,124 | 2,556 | 53,681 |
| January 1, 2018 - December 31, 2020 | 237,743 | 11,887 | 249,630 |
| Total Liquidator/ Investigator Fees | 385,574 | 19,279 | 404,853 |
| Liquidator/ Investigator's Counsel | | | |
| September 14, 2016 - December 31, 2020 | 281,909 | 14,095 | 296,005 |
| Total Counsel Fees | 281,909 | 14,095 | 296,005 |
| Total Professional Fees | 667,483 | 33,374 | 700,858 |

74. Copies of the invoices described therein, including detailed time analysis, will be made available to this Honourable Court upon request.
75. The Liquidator and Investigator seek approval of the Professional Fees. The Liquidator is of the view that the Professional Fees incurred are fair and reasonable reflecting the time and services provided at market rates in discharge of the activities and duties described herein and in prior Reports.
76. The Fees collected from the life lease conversion will be used to partially pay for the professional fees incurred to date. This will not be sufficient to fully pay the professional fees incurred, therefore, any realization from the 7 Units not subject to life leases and Lot A will be used to pay the remaining professional fees outstanding and future fees incurred.

6. RECOMMENDATIONS

77. This Third Report is respectfully submitted to this Honourable Court seeking:
- a) Approval of this Report and the activities of the Liquidator and Investigator described herein;
 - b) Approval of the Liquidator's Interim Statement of Receipts and Payments to December 31, 2020;
 - c) Approval of the Professional Fees and disbursements to date;
 - d) Approval to proceed with the recommendations set out in paragraphs 49 to 54 of this Report in respect of the reconstitution of the Condo Corp; and
 - e) Approval to proceed with the recommendations set out in paragraphs 61 to 67 of this Report in respect of the Conversion.

All of which is respectfully submitted this 4th day of January, 2021.

**KPMG INC., Court-appointed Liquidator of
SHEPHERD'S VILLAGE MINISTRIES LTD.,
and Court-appointed Investigator of Condominium Plan No. 0020672
and not in its personal or corporate capacity**



Per: Neil A. Honess
Senior Vice President

APPENDIX “A”
DIAGRAM OF THE LANDS

NOTE:
FOR ANY ENDORSEMENT, REGISTRATION MEMORANDUM, NOTIFICATION OR OTHER ENTRY THAT IS TO BE MADE ON THE PLAN, PLEASE SEE THE CONDOMINIUM ADDITIONAL SHEET (CS) WHICH HAS BEEN ADDED TO THE PLAN: 062 0433 PURSUANT TO THE CONDOMINIUM PROPERTY REGULATION.

| CONDOMINIUM UNIT FACTOR TABLE (UNIT FACTORS ARE BASED ON UNIT AREAS) | | |
|---|-------------|---|
| UNIT NUMBER | UNIT FACTOR | APPROXIMATE UNIT AREA (m ²) |
| 33 | 96 | 320.53 |
| 34 | 72 | 239.31 |
| 35 | 91 | 302.02 |
| 36 | 94 | 313.77 |
| 37 | 72 | 238.56 |
| 38 | 81 | 268.56 |
| 39 | 103 | 343.01 |
| 40 | 84 | 280.32 |
| 41 | 68 | 226.74 |
| 42 | 81 | 269.87 |
| 43 | 91 | 301.94 |
| 44 | 90 | 298.78 |
| 45 | 79 | 263.44 |
| 46 | 67 | 223.77 |
| 47 | 89 | 297.65 |
| 48 | 86 | 285.58 |
| 49 | 58 | 193.25 |
| 50 | 68 | 227.33 |
| 51 | 75 | 250.94 |
| 52 | 6412 | 21339.84 |
| TOTAL | 7957 | 26485.18 |

ALBERTA LAND SURVEYOR:
ROSS O. METCALFE



LAND TITLES
PLAN No 092 5762

ENTERED AND REGISTERED
ON May 28, 2009
INSTRUMENT No 092 170 386

Dwain MacNeill
A. D. REGISTRAR
N.A.L.R.D.

LOCAL AUTHORITY: TOWN OF VALLEYVIEW

REGISTERED OWNER'S: SHEPHERD'S VILLAGE MINISTRIES LTD.

OWNERS/DEVELOPERS ADDRESS:

SHEPHERD'S VILLAGE MINISTRIES LTD.
7100 ADA BOULEVARD
EDMONTON ALBERTA T5B 4E4

ENGINEER/ARCHITECT CERTIFICATION:

RE: POST TENSIONED CABLES - SECTION 10(1) (B), CONDOMINIUM PROPERTY ACT

THIS PLAN IS ACCOMPANIED BY A CERTIFICATE REGARDING POST TENSIONED CABLES SIGNED BY ROSS O. METCALFE, A.L.S. STATING THERE ARE NO POST TENSIONED CABLES LOCATED ON OR WITHIN THE BUILDING OR THE PROPERTY ON WHICH THE BUILDING IS LOCATED.

LEGEND:

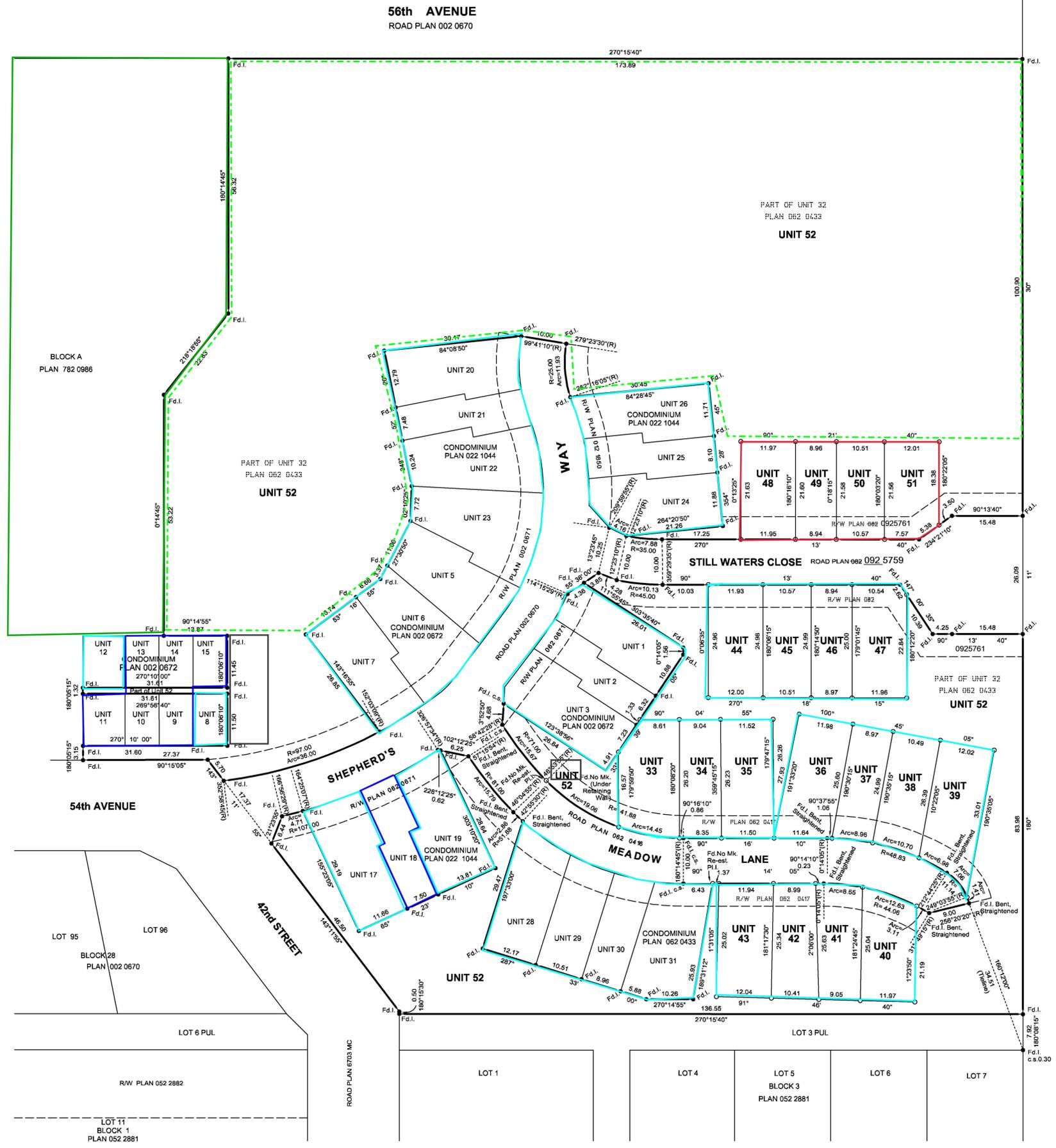
STATUTORY IRON POSTS FOUND SHOWN THIS: ●
STATUTORY IRON POSTS PLACED SHOWN THIS: ○
ALL STATUTORY IRON POSTS PLACED ARE MARKED: P034
DISTANCES ARE IN METRES AND DECIMALS THEREOF AND ARE BETWEEN POSTS UNLESS OTHERWISE SHOWN.
DIMENSIONS SHOWN ALONG CURVILINEAR BOUNDARIES ARE ARC DISTANCES.
AREA DEALT WITH BY THIS PLAN BOUNDED THIS: [Red outline]
AND CONTAINS 18 UNITS, TOTAL AREA COMPRISING 2.84 ha.
BEARINGS ARE GRID(UTM) AND ARE DERIVED FROM REGISTERED ROAD PLAN 082

ABBREVIATIONS:

c.s. Countersunk
P.U.L. Public Utility Lot
R/W Right of Way
R Radius
R' Radial
Arc Arc distance
Sec. Section
Twp. Township
Rge. Range
W.S.M. West of the Fifth Meridian

NOTES:

1. Unit factors are based on Unit Areas.
2. The boundary of any Unit is governed by the monuments placed Pursuant to the surveys act.



Unit 52 (Green dashed box)
Vacant Lots (Red solid box)
Life Lease (Blue solid box)
SVM Rental (Blue solid box)
Lot A (Green solid box)

S.E. 1/4 Sec. 22-70-22 W.5M.

SHEPHERD'S VILLAGE

PLAN SHOWING SURVEY OF
BARE LAND CONDOMINIUM REDIVISION OF
UNIT 32 AND 7957 UNDIVIDED ONE TEN THOUSANDTHS SHARES IN COMMON PROPERTY WITHIN
BARE LAND CONDOMINIUM PLAN 062 0433

(S.E. 1/4 Sec.22 Twp.70 Rge.22 W.5M.)

TOWN OF VALLEYVIEW



SCALE - 1:500

MIDWEST SURVEYS INC.
ROSS O. METCALFE, A.L.S.

Drawn by: VFP

Checked by: ROM

PEACE RIVER PHONE: 780-624-1800 FAX: 780-624-1078

Dwg.: PW-0026-07-CP

APPENDIX “B”
INVESTIGATOR ORDER

I hereby certify this to be a true copy of
the original Order
Dated this 01 day of March 2019
for Clerk of the Court

Clerk's stamp:



COURT FILE NUMBER 1701-07807
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
**IN THE MATTER OF THE COMPANIES ACT, R.S.A.
2000, c C-21.**
AND
**IN THE MATTER OF THE JUDICATURE ACT, R.S.A.
2000, c J-2.**
AND
**IN THE MATTER OF SHEPHERD'S VILLAGE
MINISTRIES LTD.**
APPLICANT **KPMG INC., in its capacity as liquidator of
SHEPHERD'S VILLAGE MINISTRIES LTD.**
DOCUMENT **ORDER**
ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT Dentons Canada LLP
Bankers Court
15th Floor, 850 - 2nd Street S.W.
Calgary, Alberta T2P 0R8
Attention: David Mann / Afshan Naveed
Ph. (403) 268-7097 / 7015 Fx. (403) 268-3100
File No.: 533650-8
DATE ON WHICH ORDER WAS
PRONOUNCED: February 27, 2019
LOCATION WHERE ORDER WAS
PRONOUNCED: Calgary, Alberta
NAME OF JUDGE WHO MADE THIS
ORDER: The Honourable Madame Justice C. Dario

ORDER

(Condo Corp.)

UPON the application of KPMG INC., in its capacity as liquidator (the "Liquidator") of Shepherd's Village Ministries Ltd. ("SVM") for the appointment of an investigator pursuant to s. 67(2) of the *Condominium Property Act*, R.S.A. 2000, c C-22 in respect of The Owners: Condominium Plan No. 0020672 (the

"Company"); AND UPON having read the Second Report of the Liquidator dated, February 15, 2019 (the "Second Report"); and the Affidavit of Service of Terry Trojanoski, filed (the "Service Affidavit"); AND UPON hearing counsel for the Liquidator and any other counsel or other interested parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPOINTMENT

2. Pursuant to section 67 (2) of the *Condominium Property Act*, R.S.A 2000, c C-22 (the "CPA"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c J-2, KPMG Inc. is hereby appointed as investigator over the Company (the "Investigator").

INVESTIGATOR'S POWERS

3. The Investigator is hereby empowered and authorized, but not obligated, to act at once in respect of the Company and, without in any way limiting the generality of the foregoing, the Investigator is hereby expressly empowered and authorized to do any of the following where the Investigator considers it necessary or desirable:
 - (a) to review the Company's compliance with the CPA and thereafter report to the Court;
 - (b) to take possession of and exercise control over any bank accounts or other property (the "Property") held in the name of the Company and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (c) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (d) to take control of and manage, operate and carry on the business of the Company, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Company;
 - (e) to the extent practicable, have the financial statements of the Company prepared;

- (f) to the extent practicable, determine the current status of the reserve fund, as required by section 38 of the CA;
- (g) to subdivide any portions of the Property, as may be necessary;
- (h) to organize and, if necessary or appropriate, hold an annual general meeting;
- (i) to assist with the formation of a board of directors for the Company;
- (j) to review, and to the extent necessary, modify the existing by-laws of the Company;
- (k) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Investigator's powers and duties, including without limitation those conferred by this Order;
- (l) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Company or any part or parts thereof;
- (m) to receive and collect all monies and accounts now owed or hereafter owing to the Company and to exercise all remedies of the Company in collecting such monies, including, without limitation, to enforce any security held by the Company;
- (n) to settle, extend or compromise any indebtedness owing to or by the Company;
- (o) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Investigator's name or in the name and on behalf of the Company, for any purpose pursuant to this Order;
- (p) to undertake environmental or workers' health and safety assessments of the Property and operations of the Company;
- (q) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Company, the Property or the Investigator, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Investigator to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (r) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business without the approval of this Court in respect of any transaction not exceeding \$5,000.00.
- (s) to report to, meet with and discuss with such affected Persons (as defined below) as the Investigator deems appropriate all matters relating to the Property and the

Investigatorship, and to share information, subject to such terms as to confidentiality as the Investigator deems advisable;

- (t) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Investigator for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Investigator in its capacity as Investigator of the Company and not in its personal capacity;
- (u) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Investigator, in the name of the Company;
- (v) to exercise any shareholder, partnership, joint venture or other rights which the Company may have; and
- (w) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Investigator takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Company, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INVESTIGATOR

4. (i) The Company, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Investigator of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Investigator, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Investigator upon the Investigator's request.
5. All Persons shall forthwith advise the Investigator of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer

programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Investigator or permit the Investigator to make, retain and take away copies thereof and grant to the Investigator unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Investigator due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Investigator for the purpose of allowing the Investigator to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Investigator in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Investigator. Further, for the purposes of this paragraph, all Persons shall provide the Investigator with all such assistance in gaining immediate access to the information in the Records as the Investigator may in its discretion require including providing the Investigator with instructions on the use of any computer or other system and providing the Investigator with any and all access codes, account names, and account numbers that may be required to gain access to the information. Should the Investigator seek to enforce its rights set out in sections 4 (access to property in its possession or control), 5 (access to a computer) or 6 (access to a computer and/or disclosure of access codes, account names and account numbers) against a Life Resident or the tenant of any of the Rental Units (as such terms are defined in the Second Report of the Liquidator), without such party's consent, the Investigator shall first apply to the Court for such enforcement right on notice by personal service to the affected party.

NO PROCEEDINGS AGAINST THE INVESTIGATOR

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Investigator except with the written consent of the Investigator or with leave of this Court.

NO PROCEEDINGS AGAINST THE COMPANY OR THE PROPERTY

8. No Proceeding against or in respect of the Company or the Property shall be commenced or continued except with the written consent of the Investigator or with leave of this Court and any and all Proceedings currently under way against or in respect of the Company or the Property are

hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the Company or an action, suit or proceeding that is taken in respect of the Company by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Company or the Investigator or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided, however, that nothing in this Order shall:

- (a) empower the Company to carry on any business that the Company is not lawfully entitled to carry on;
- (b) prevent the filing of any registration to preserve or perfect a security interest;
- (c) prevent the registration of a claim for lien; or
- (d) exempt the Company from compliance with statutory or regulatory provisions relating to health, safety or the environment.

10. Nothing in this Order shall prevent any party from taking an action against the Applicant where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH THE INVESTIGATOR

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Company, except with the written consent of the Company and the Investigator, or leave of this Court

CONTINUATION OF SERVICES

12. All persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Company, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Company

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Company or exercising any other remedy provided under such agreements or arrangements. The Company shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Company in accordance with the payment practices of the Company, or such other practices as may be agreed upon by the supplier or service provider and each of the Company and the Investigator, or as may be ordered by this Court.

INVESTIGATOR TO HOLD FUNDS

13. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Investigator from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Investigator (the "**Post Investigatorship Accounts**") and the monies standing to the credit of such Post Investigatorship Accounts from time to time, net of any disbursements provided for herein, shall be held by the Investigator to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

14. Subject to employees' rights to terminate their employment, all employees of the Company shall remain the employees of the Company until such time as the Investigator, on the Company's behalf, may terminate the employment of such employees. The Investigator shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Investigator may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Investigator shall disclose personal information of identifiable individuals to

prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Investigator, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Company, and shall return all other personal information to the Investigator, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. (a) Notwithstanding anything in any federal or provincial law, the Investigator is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Investigator's appointment; or
 - (ii) after the Investigator's appointment unless it is established that the condition arose or the damage occurred as a result of the Investigator's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Investigator from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Investigator to remedy any environmental condition or environmental damage affecting the Property, the Investigator is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Investigator, if the order is in effect when the Investigator is appointed, or during the period of the stay referred to in clause (ii) below, the Investigator:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;

- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Investigator, if the order is in effect when the Investigator is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Investigator to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Investigator had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE INVESTIGATOR'S LIABILITY

- 17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Investigator shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property.

INVESTIGATOR'S ACCOUNTS

- 18. The Investigator and counsel to the Investigator shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Investigator and counsel to the Investigator shall be entitled to the benefits of and are hereby granted a charge (the "**Investigator's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$100,000.00 as security for their professional fees and disbursements incurred at the normal rates and charges of the Investigator and such counsel, both before and after the making of this Order in respect of these proceedings, and the Investigator's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, C B-3.
- 19. The Investigator and its legal counsel shall pass their accounts from time to time.
- 20. Prior to the passing of its accounts, the Investigator shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Investigator or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

GENERAL

21. The Investigator may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
22. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Investigator will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Investigator's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
23. Nothing in this Order shall prevent the Investigator from acting as a trustee in bankruptcy of the Company.
24. The style of cause of the within Action shall be amended to include the following: "*In the matter of the Condominium Property Act, RSA 2000, c C-22.*"
25. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Investigator and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
26. Service of this Order shall be deemed good and sufficient by:
 - (a) serving the same on:
 - (i) the persons listed on the Service list, as appended to the Service Affidavit; and
 - (ii) any other parties attending or represented at the application for this Order; andand service on any other person is hereby dispensed with.
27. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



Justice of the Court of Queen's Bench of Alberta

APPENDIX “C”
RESERVE FUND STUDY



MORRISON HERSHFIELD

Reserve Fund Study - FINAL

Shepherds Village Condominium Corporation 092 5762

54 Avenue and 45 Street Valleyview, Alberta



Presented to:

Shepherds Village Ministries Ltd.

c/o Dentons Canada LLP
Afshan Naveed
15th Floor Bankers Court
850 – 2nd Street SW
Calgary, AB T2P 0R8

Report No 2035228.00
November 19, 2020



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APPENDIX D: Cash Flow Plan 1

Table 2.1 – Cash Flow Plan 1 (30 Year Term)

Table 3.1 – Summary of Cash Flow Plan 1

Graph 1.1 - Summary of Cash Flow Plan 1

1. INTRODUCTION

Morrison Hershfield is pleased to present you with your 2020 Reserve Fund Study report and to assist you in your task of maintaining the fiscal and physical health of your Corporation. This study has been prepared in accordance with our proposal dated August 19, 2020 and your authorization form dated August 20, 2020. This document was prepared in general compliance with the requirements of the *Condominium Property Act* and its Regulations (as of January 1, 2020).

This report is subject to the limitations identified in Appendix B.

Property Description

The property is landscaped and has roadways accessing each garage and additional parking areas. The roadways have been reported to be municipally owned. There are 11, one-storey multiplex buildings and an eight-plex totaling 43 residential units, a maintenance shop and a gazebo, common space areas within the eight-plex (corridor, sunroom, two washrooms, office and basement room) and two common space buildings. The buildings are wood-framed with IFC (insulated concrete form) foundation with vinyl siding, brick veneer, vinyl windows and asphalt shingle roofs. It was reported in the previous RFS that the building ages vary from 2000 to 2009 with the breakdown as follows:

- 2000 – two duplexes and one triplex
- 2001 – eight-plex, the maintenance shop, and the gazebo
- 2002 – one triplex
- 2004 – two triplexes
- 2006 – two fourplexes
- 2007 – one fourplex
- 2008 – one triplex
- 2009 – one fourplex

Additional property details and any assumptions regarding the corporation's responsibilities for capital repairs and replacements is included in Appendix A (Condominium Data Sheet).

PROJECT TEAM AND QUALIFICATIONS

As per Section 23 (3) of the Condominium Property Regulation, the report must provide:

- i) The qualifications of the person to carry out the reserve fund study; and
 - ii) A signed statement that the person is a reserve fund study provider and no grounds of disqualification under sections 21.1 or 21.2 of the Regulation apply.
- a. Morrison Hershfield Limited (MH) prepared this report. MH is a prominent, privately held, multi-disciplinary engineering and management firm. Our mandate is to provide services and solutions that will assist our clients in achieving their objectives in a cost effective, efficient, professional, and friendly manner. The firm was established in 1946 and has a broad range of engineering, architectural and specialist skills that are used to serve clients in the public and private sectors. MH has been in Alberta for over 30 years. Our Building Specialty Services division specializes in investigating the condition of existing buildings, providing solutions, and helping clients implement the solutions. Areas of expertise include cladding systems (roofs, walls, windows, and doors), parkade slabs, post tensioned slabs, paving, landscape issues, mechanical systems, and electrical systems.

This Reserve Fund Study report has been prepared and/or reviewed by various personnel. The following are the personnel, their qualifications, and the respective disciplines for which each was responsible:

- Hafsa Salman, Dip. Architectural Technology, of MH conducted the on-site evaluation and reporting of architectural and structural components.
 - Johnathon Bain, P.Eng., of MH provided building enclosure senior review of the study.
 - Derek Zilke, Dip. Architectural Technology, of MH is the Project Manager.
- b. The required signed statement is included in the Closure section of this report.

2. PHYSICAL ASSESSMENT

This study is based on a review of relevant documents provided by the Condominium Corporation and a visual review of the items for which the Corporation is responsible for repairs and replacements as described in the Condominium Data Sheet (Appendix A). The following documents were reviewed:

- Condominium Plan No. 092 5762 (one sheet), dated May 28, 2009
- Condominium bylaws dated January 25, 2016
- Financial information as provided by KPMG

The visual reviews were completed on September 7, 2020 by Hafsa Salman of Morrison Hershfield. We were accompanied by Carmen Wood, Site Manager and three future board members.

We accessed the following areas:

- Units 2, 3, 4 and 5 in the eight-plex and townhouse unit 103
- Roof attic spaces in units 2, 3, 4 and 103 and sloped roofs reviewed from grade
- Common property areas
- Service rooms
- The site

Current condition and recommendations by component are included in the **Condition Assessment** section of this report, as well as in the attached tables (**Table 1 – Expenditures Table** in Appendix C and **Table 2 – Cash Flow Plan** in Appendix D).

Prior to reading the remaining sections of this report, please see **Appendix B – Reserve Fund Study Information** for information related to: study objectives; report limitations and assumptions; report format and definitions of terms used; explanation of financial terms, assumptions and calculations; Condominium Property Act requirements as related to reserve fund studies; and glossary of building terms.

The component inventory excludes capital expenses less than \$2,000. We assume these smaller items will be addressed in the operating budget. Following accounting standards, we identify a fiscal year by the year in which it ends. For example, the 2017/2018 fiscal year is referred to throughout as 2018. To maintain consistency in calculations, a component's year of acquisition is also shown as the fiscal year rather than the calendar year.

In summary, we recommend planning for the following renewal projects and/or studies over the next six years. Recommended studies / evaluations are highlighted.

| Item No. | Recommendations | Fiscal Year of Expenditure | Expenditure Budget (in current fiscal year dollars) |
|----------|--|----------------------------|---|
| 4.1.2.1 | Structural/drainage assessment | 2021 | \$60,000 |
| 4.2.3.1a | Replace asphalt shingle roofs built in 2000-2004 | 2021 | \$273,000 |
| 4.7.2.1b | Repaint wood decks | 2021 | \$5,000 |
| 4.4.4 | Replace furnace | 2022 | \$5,000 |
| 4.7.1.1 | Replace asphalt parking lot | 2022 | \$8,000 |
| 4.7.6.1 | Repair gazebo | 2022 | \$10,000 |
| 4.2.1.1b | Repair vinyl siding | 2023 | \$5,000 |
| 4.2.1.2 | Repoint and repair brick cladding | 2025 | \$3,000 |
| 4.3.1.1a | Replace basement finishes including stair flooring | 2025 | \$8,000 |
| 4.7.1.2b | Replace asphalt driveways | 2025 | \$17,000 |
| 4.7.4.1 | Repair retaining wall | 2025 | \$5,000 |
| 4.8.1.1 | Complete reserve fund study | 2025 | \$7,000 |
| 4.2.3.1b | Replace asphalt shingle roofs built in 2006-2009 | 2026 | \$245,000 |
| 4.4.6.2 | Replace sump pump | 2026 | \$2,000 |
| 4.7.6.2 | Replace site furniture | 2026 | \$2,000 |

It is important to note that any significant project should be preceded with a detailed review of that specific component. For example, a roof review will determine the actual condition of the roof and further refine scope and replacement cost estimates, as well as remaining life. Once this is done, the timing and budget of the replacement project can be adjusted to reflect the analysis findings.

Similarly, regular building envelope assessments will assist in prioritizing renewals as the life expectancies of those components approach. Windows, for example, may be deferred well beyond their useful service life if it is known that they are not contributing to any damage to the wall assembly and owners are satisfied with their appearance and thermal performance.

Further, we note that while a number of large projects in the future may be shown to occur within a single year (due to the nature of assigning many of the service lives in general five-year increments), in reality major projects may be completed in separate years. As the reserve fund study is updated over time, and the timing of these projects become closer, adjustments can be made as necessary.

3. FINANCIAL ANALYSIS

Our findings indicate that your current level of annual reserve fund contributions (\$30,000) in fiscal year (FY) 2020, increased yearly by inflation, will result in a negative balance within the next 30 years and therefore not comply with the Condominium Act. An increase in contributions is required to help ensure a positive reserve fund balance over the next 30 years and to help ensure that you have sufficient funds to finance the anticipated capital repairs and replacements over the report term.

One reserve fund cash flow plan is presented below. It is the Corporation's responsibility to review the plan, and to create a funding plan that is best suited to the Corporation.

CASH FLOW PLAN 1 (see appendix D for tables)

This plan applies a one-time increase in contribution level (from \$30,000 to \$49,696, an increase of 65.7%) to account for anticipated capital expenditures over the next 30 years. After the initial increase, the contribution amount is then increased annually by inflation only (3%) for the first 10 years, thereafter the annual increase is adjusted to 1%.

It should be noted that due to the recommended assessments (structural and drainage) in the near term, it is likely that a special assessment will be required to complete the recommended repairs. The special assessment has not been included in the cash flow plan as the cost of repair is dependant on the findings of the assessments.

A recommended minimum balance (\$16,261 in FY 2027) is maintained over the report term (see the Appendix B for discussion about the recommended minimum balance).

Funding Plan

It is our opinion that the plan meets the needs of the Condominium Act and helps to ensure that the Corporation is planning for the large reserve fund expenditures that are anticipated beyond the minimum-mandated reporting term.

As per the Condominium Property Act, it is the Corporation's responsibility to establish a funding plan based on this study.

As part of your consideration of the funding plan, we recommend that you review the minimum balance amounts, and the approach that we applied in setting these amounts. See Appendix B for an explanation of the "minimum balance". Any concerns that you have should be addressed in your funding plan of choice.

We also recommend that you review this reserve fund study with your accountants as another step to confirm it meets the needs of your Corporation and is in keeping with their accepted principles.

4. CONDITION ASSESSMENT

4.1 Structure

4.1.1 Substructure

4.1.1.1 Foundations

Description/History/Condition

Based on our site observations, the foundation walls appear to be IFC supported on strip footing below.

The foundation walls are generally at the same level as grade. Areas where the foundation walls are higher than the grade (typically only four inches) have exposed waterproofing membrane.

Water penetration at the beam pockets within the foundation walls was observed throughout the units (townhouses and the eight-plex units). It was also reported by the site manager that water is entering the mechanical room through an electrical conduit coming from a transformer at the south east side of the eight-plex and travelling to the floor drain in the mechanical room or towards the sump pump near the south most wall.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 100 |
| Component Condition | Fair |



Photo 4.1.1.1-1 Water penetration at electrical conduit



Photo 4.1.1.1-2 Typical beam pocket condition



Photo 4.1.1.1-3 Typical exposed waterproofing on IFC foundation



Photo 4.1.1.1-4 Typical level of grade to foundation wall

Recommendations

Generally, the foundations are expected to last the life of the buildings. Further assessments are required to determine the cause and repair strategy of the water penetration. This is further discussed in the Superstructure section.

4.1.1.2 Slab on Grade

Description/History/Condition

At the lowest level in each building, in the garages and the maintenance shop, the floor consists of a concrete slab-on-grade. At units accessed, we noted isolated cracking likely due to settlement; however, no heaving of the slabs was observed.

It was reported by the site manager that there is snow and ice buildup on the floor of the maintenance shop through the winter and during the spring thaw. MH observed a gap between the foundation wall and the floor, varying in size, at the east wall of the complex.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 100 |
| Component Condition | Good |



Photo 4.1.1.2-1 Typical crack on slab-on-grade



Photo 4.1.1.2-2 Gap between foundation wall and slab-on-grade

Recommendations

The slab-on-grade is expected to last the life of the building. Filling the gap between the slab-on-grade and the foundation walls with a flexible type material is recommended. This repair is expected to be at a cost below the report threshold and is therefore not included in the reserve fund.

Assessments are required to determine the cause and repair strategy of the water penetration. This is further discussed in the Superstructure section.

No funds have been allocated to the reserve fund for this element.

4.1.2 Superstructure

4.1.2.1 Wood Structure

Description/History/Condition

The above grade portion of the buildings are assumed to be of wood frame construction with the majority of the superstructure being concealed by cladding or interior finishes.

It was reported by the site manager that the top of the wall between the bedrooms in units 3 and 5 has shifted down and now there is a gap between the wall and the ceiling. MH observed from the exterior of the units the soffit appears to be angled in towards the building. MH also observed that the gypsum wall board is cracking in many units typically at the tops of door frames and at ceiling joints.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 100 |
| Component Condition | Fair |



Photo 4.1.2.1-1 Ceiling gap between unit 3 and 5



Photo 4.1.2.1-2 Shifted soffit



Photo 4.1.2.1-3 Crack in gypsum at door head

Recommendations

Generally, the interior protected structural components are expected to last the life of the building. However, based on the observed water penetration at the foundations, cracks in the slab-on-grade, the shifting of the wall at units 3 and 5 and the cracks in the gypsum walls boards, further investigation is recommended. Therefore, funds have been allocated to complete a structural/drainage assessment for the complex.

4.2 Building Envelope

4.2.1 Exterior Walls

4.2.1.1 Vinyl Siding

Description/History/Condition

The exterior walls of each building are clad with vinyl siding.

Generally, the vinyl siding is in fair condition as the bottom of the vinyl siding is damaged likely due to impact damage.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 35 |
| Component Condition | Fair |



Photo 4.2.1.1-1 Typical vinyl siding



Photo 4.2.1.1-2 Typical damaged vinyl siding

Recommendations

Funds have been allocated to repair the vinyl siding over time (to address local issues such as impact damage).

Funds have also been allocated for replacement of the vinyl siding at the end of its service life. To have a better understanding of replacement timing and expected budget, a detailed condition assessment of the vinyl siding (exterior walls in general) is recommended as it approaches the end of its lifecycle. Funds for evaluations such as this are included in the Miscellaneous Professional Reviews section.

4.2.1.2 Brick Veneer

Description/History/Condition

There is brick veneer at garage facades and at canopy columns. The brick veneer is supported on concrete piles below grade or on the slab-on-grade, per site observations.

Generally, the brick veneer is in good condition, and no issues were reported or observed.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 35 |
| Component Condition | Good |



Photo 4.2.1.2-1 Typical stone column

Recommendations

Generally, brick cladding is expected to last the life of the building with minor repairs and general maintenance only. Funds have been allocated to repoint and repair the brick veneer periodically.

4.2.2 Windows and Doors

4.2.2.1 Vinyl Windows

Description/History/Condition

There are common property vinyl framed windows in the sunroom, gazebo, and the office. The windows are fixed and operable slider windows with double-glazed units and insect screens. Weather stripping is installed to prevent water and air penetration when the windows are closed.

No issues were reported or observed. Per the bylaws, the windows at individual units are unit owner responsibility. We recommend that windows be included in the reserve fund study as they are integral to the building envelope and their failure can affect the framing (and structure) within the walls.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 25 |
| Component Condition | Good |



Photo 4.2.2.1-1 Typical vinyl windows at the octuplex common areas

Recommendations

Funds have been allocated to replace the windows at the end of their service lives.

Complete repairs and replacements related to weather stripping on an as-needed basis as part of regular maintenance.

4.2.2.2 Entrance Doors and Rear Doors

Description/History/Condition

There are insulated metal doors in wood frames with sidelite windows and insert windows at the main entrance and rear deck of the sunroom. There are also two insulated metal doors in metal frames, one at the west side of the eight-plex and one at the west side of the maintenance shop.

The doors are equipped with lock sets and door closers. Weather stripping is installed to prevent water and air penetration when the doors are closed.

No issues were reported or observed. Per the bylaws, exterior doors part of individual units are unit owner responsibility. We recommend that exterior doors be included in the reserve fund study as they are integral to the building envelope and their failure can affect the framing (and structure) within the walls.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 25 |
| Component Condition | Good |



Photo 4.2.2.2-1 Main entrance door



Photo 4.2.2.2-2 Rear deck sunroom doors



Photo 4.2.2.2-3 Metal exit door

Recommendations

Funds have been allocated to replace the doors at the end of their service lives.

Complete repairs and replacements related to weather stripping are assumed to be completed on an as-needed basis as part of regular maintenance.

4.2.2.3 Overhead Garage Doors

Description/History/Condition

There are three overhead sectional doors at the maintenance shop. Weather stripping is installed at the jambs and bottom of the door to prevent water and air penetration when the doors are closed.

Water penetration from the bottom of the doors was reported by the site manager to occur during the winter and the spring thaw; as discussed in the slab-on-grade section.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 25 |
| Component Condition | Fair |



Photo 4.2.2.3-1 Typical garage door

Recommendations

Funds have been allocated to replace the insulated metal overhead doors at end of their service lives. See the recommendation for a structural/drainage assessment in the Superstructure section for the water penetration issue.

Complete repairs and replacements related to weather stripping are assumed to be completed on an as-needed basis as part of regular maintenance.

4.2.3 Roofs

4.2.3.1 Asphalt Shingle Roofs

Description/History/Condition

There is a steep-sloped roof at each building that is finished with 3-tab asphalt shingles. Attic areas are insulated and vented to the exterior with a perforated aluminum soffit.

MH observed that the shingles are generally cupping and degranulating and in fair to poor condition. Generally, the shingles have either passed their service life or are nearing the end of their service lives.

There was no evidence of water ingress within the attic spaces reviewed. However, water staining was observed at unit 3 over the fireplace. Also, an unsealed vent stack was observed within the attic space at unit 4. An unsealed vent stack allows water to penetrate the attic space through the gap between the vent and the roofing. This may be the cause of the water staining at unit 3.

| | |
|---------------------------------|-------------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 25 |
| Component Condition | Poor - Fair |



Photo 4.2.3.1-1 Typical 2000 / 2004 roof valleys



Photo 4.2.3.1-2 Typical 2006 / 2009 roof



Photo 4.2.3.1-3 Unsealed vent stack

Recommendations

Funds have been allocated to replace the shingles at end of their service lives, including all associated work such as local sheathing replacement, flashing replacement, and joint sealing.

Complete a review of all vent stacks and seal any unsealed penetrations as a maintenance item.

4.2.3.2 Eavestroughs and Downspouts

Description/History/Condition

Roof stormwater drainage is managed by prefinished aluminum eavestroughs and downspouts that discharge at grade level.

MH observed some eavestroughs have evidence of impact damage and some downspout extensions are missing or damaged. It was also reported by the site manager that the north side of the eight-plex eavestroughs are leaking.

| | |
|---------------------------------|-------------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 25 |
| Component Condition | Poor – Fair |



Photo 4.2.3.2-1 Typical eavestroughs and downspout

Recommendations

Funds have been allocated to replace the eavestroughs and downspouts timed to occur with the roof replacements.

4.2.3.3 Fascia

Description/History/Condition

The fascia cladding is prefinished aluminum trim.

No issues were reported or observed.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 50 |
| Component Condition | Good |



Photo 4.2.3.3-1 Typical fascia cladding

Recommendations

Funds have been allocated to replace the fascia cladding at end of their service lives, timed to occur with every second shingle replacement.

4.2.3.4 Soffits

Description/History/Condition

There are prefinished perforated aluminum panel soffits on the underside of roof overhangs. The perforations are intended to provide ventilation to the attic spaces.

No issues were reported or observed.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 50 |
| Component Condition | Good |



Photo 4.2.3.4-1 Typical soffit

Recommendations

Funds have been allocated to replace the soffit cladding end of their service lives, timed to occur with the vinyl cladding replacement.

4.3 Interior Finishes

4.3.1 Interior Finishes and Furnishings

4.3.1.1 Eight-plex Common Areas

Description/History/Condition

The eight-plex common areas consist of two washrooms, sunroom, office, basement room and a corridor.

The floor finishes include carpet, tile, linoleum and, laminate hardwood with painted wood baseboards. The ceilings are finished with painted gypsum board and ceiling tile. The walls are generally painted, or wall papered.

There is a small kitchenette with wood cabinets and a dishwasher and various sofas, chairs, and tables in the sunroom area.

Generally, the carpet is showing signs of wear at select areas and the basement area has some gypsum board and flooring removed due to water damage.

Finishes

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 25 |
| Component Condition | Fair |

Decor

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 30 |
| Component Condition | Fair |



Photo 4.3.1.1-1 Sunroom finishes and furniture



Photo 4.3.1.1-2 Sunroom kitchenette



Photo 4.3.1.1-3 Main floor washroom



Photo 4.3.1.1-4 Basement amenity space

Recommendations

Funds have been allocated to replace the basement finishes that have been removed, and at the end of their service life thereafter.

Funds have also been allocated to refinish the common area spaces and to replace the furniture end of their service lives.

4.3.2 Interior Doors

4.3.2.1 Suite Doors

Description/History/Condition

The interior eight-plex doors are painted wood doors in wood frames.

Door hardware consists of doorknobs and deadbolts. No issues were reported or observed.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 100 |
| Component Condition | Good |



Photo 4.3.2.1-1 Typical interior door

Recommendations

The interior doors are expected to last for the life of the building. We expect that any individual door repairs or replacements will be carried out as needed as part of maintenance.

Refinishing of the doors is included in the eight-plex Common Areas fund.

4.4 Mechanical Systems

4.4.1 Water Supply

Description/History/Condition

Water for domestic service is provided from a water main to the buildings by underground piping.

No drawings were available to confirm the buried water piping layout; however, it is typical for a main distribution line (supplied from a municipality water main) to be located below the roads and for branch lines to connect from this main line to each building. The branch lines typically enter each building at the basement of one unit (where the line will split to serve each unit, and where the water meters will be located). Buried water supply lines located within property boundaries are typically owned by the landowner (Condominium Corporation).

| | |
|---------------------------------|--------------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 100 |
| Component Condition | Assumed Good |

Recommendations

The buried lines are generally expected to last the life of the building. However, if a repair or replacement is required the cost is typically very high given the need for excavation and for replacement of overburden and site finishes. Therefore, a minimum balance has been carried in the reserve fund to allow for unforeseen repairs, such as repairs to buried service lines.

4.4.2 Gas Supply System

Description/History/Condition

Natural gas is supplied to the buildings by buried lines through the exterior walls. There are meters and regulators at the exterior of each unit.

No issues were reported.

| | |
|---------------------------------|---------|
| Year of Installation | Unknown |
| Typical Life Cycle of Component | N/A |
| Component Condition | N/A |

Recommendations

No funds have been allocated to the reserve fund for this element as the buried lines, meters and regulators are assumed to be owned by the utility supplier.

4.4.3 Natural Gas Fireplace

Description/History/Condition

There is a double-sided natural gas fireplace in the sunroom.

It was reported by the site manager that the fireplace does not turn on as the pilot light is out.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 20 |
| Component Condition | Poor |



Photo 4.3.2.1-1 Fireplace

Recommendations

Funds have been allocated to replace the fireplace at the end of its service life.

The fireplace and flue should be periodically cleaned and inspected periodically. We assume this will be completed as part of regular maintenance.

4.4.4 Furnace

Description/History/Condition

Heating and ventilation in the eight-plex common areas is provided by a forced air furnace, located in the basement. The details are as follows; "American Standard Inc", model AUD120C954J0 serial P4142F61G natural gas-fired heating (120,000 Btuh input heating capacity).

No issues were reported or observed.

| | |
|---------------------------------|---|
| Year of Installation | Installed in 2001 Manufactured in 1999 |
| Typical Life Cycle of Component | 20 |
| Component Condition | Fair |



Photo 4.3.2.1-1 Furnace

Recommendations

Funds have been allocated to replace the furnace at the end of its service life.

4.4.5 Hot Water Heater

Description/History/Condition

Hot water is supplied to the common area by a hot water heater located in an adjacent unit. We assume this hot water heater is part of common property as it provides common areas with hot water. No issues were reported.

| | |
|---------------------------------|--------------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 20 |
| Component Condition | Assumed good |

Recommendations

Funds have been allocated to replace the hot water heater at the end of its service life.

4.4.6 Drainage Systems

4.4.6.1 Stormwater Drainage

Description/History/Condition

Stormwater from roofs and paved areas is generally discharged to the landscaped areas which are generally managed by a swale that typically run to the north side of the site, per site observations. Water is then drained from site via overland drainage to ultimately evaporate or be absorbed into the ground.

The grading and paving have settled throughout the complex, the grading is generally level with the top of the foundation walls and is sloped towards the building. There is one area at the rear of units 201-213 where the grade is sloped away from the buildings.

It has been reported by the site manager that there is severe water ponding at the front of the eight-plex during rain/snow fall and during the spring thaw. The water in this area travels north, then into the basement of the eight-plex (through beam pocket openings as previously discussed) or it travels north-west on Shepherds Way.

| | |
|---------------------------------|------|
| Year of Installation | N/A |
| Typical Life Cycle of Component | 100 |
| Component Condition | Poor |

Recommendations

Further investigation is recommended for the site storm drainage issues as part of the structural/drainage assessment in the Substructure section. Funds have not been allocated for this component as budgets are contingent on the findings of the assessment.

4.4.6.2 Stormwater Sump Pump

Description/History/Condition

There is one sump pump in the basement of the eight-plex that pumps water out to the north side of the eight-plex toward the lake. There are also sump pumps within units, however these are assumed to be unit-owner responsibility.

No service issues were reported.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 25 |
| Component Condition | Good |

Recommendations

Funds have been allocated to replace the pump at the end of its service life.

4.5 Electrical Systems

4.5.1 Main Electrical Distribution

Description/History/Condition

Electrical power is provided to the buildings from pad-mounted transformers (located throughout the site). Buried electrical conductors provide power to the buildings. Electrical meters are typically located at the exterior wall of each block (one per unit), there are unit meters in the mechanical room of the eight-plex for units and common areas within that building.

No electrical distribution issues were known to the board member interviewed.

| | |
|---------------------------------|---------|
| Year of Installation | Unknown |
| Typical Life Cycle of Component | N/A |
| Component Condition | N/A |

Recommendations

No funds have been allocated to the reserve fund for this element as the transformer boxes, buried lines, and townhouse meters are assumed to be owned by the utility supplier.

4.5.2 Main Distribution (Eight-plex)

Description/History/Condition

There is a main distribution has a main fused disconnect switch, a branch circuit panel and main meter centers in the mechanical room of the eight-plex. No service issues were reported.

| | |
|---------------------------------|--------------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 45 |
| Component Condition | Assumed good |

Recommendations

Funds have been allocated to replace the main power distribution system at the end of its service life.

4.5.3 Electrical Meters (Eight-plex)

Description/History/Condition

There are meter centre stacks in the mechanical room for each unit within the eight-plex and the common areas. No service issues were reported.

| | |
|---------------------------------|--------------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 45 |
| Component Condition | Assumed good |



Photo 4.4.6.2-1 Typical meters

Recommendations

Funds have been allocated to replace the meter centers at the end of its service life.

4.5.4 Electrical Panelboard (Eight-plex)

Description/History/Condition

There is a panelboard manufactured by Federal Pioneer. The panel is used for the common areas within the eight-plex.

No service issues were reported.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 45 |
| Component Condition | Good |



Photo 4.4.6.2-1 Panelboard

Recommendations

Funds have been allocated to replace the distribution and branch circuit panels at the end of their service lives.

4.5.5 Lighting

4.5.5.1 Interior Light Fixtures (Eight-plex)

Description/History/Condition

Interior light fixtures within the eight-plex common areas are generally a mix of wall sconces, pot lights and strip fluorescent fixtures.

No issues were observed or reported.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 20 |
| Component Condition | Good |



Photo 4.5.5.1-1 Typical strip fluorescent fixtures



Photo 4.5.5.1-2 Typical wall sconce

Recommendations

Funds have been allocated to replace the light fixtures with LED fixtures (current industry standard) at the end of their service lives.

We assume bulbs will be replaced individually when needed as part of regular maintenance.

4.5.5.2 Exterior Light Fixtures

Description/History/Condition

There are exterior wall-mounted sconces at the majority of each exterior door (at each unit entrance door, rear door, garage door and common space exits/entrances). There are also exterior pot lights at the underside of the overhang at the rear deck of the sunroom.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 30 |
| Component Condition | Good |

Recommendations

Funds have been allocated as an allowance to replace the exterior light fixtures as needed.

We assume bulbs will be replaced individually when needed as part of regular maintenance.

4.5.5.3 Exterior Light Posts

Description/History/Condition

The exterior light posts are painted steel controlled by photocells.

No issues were observed.

| | |
|---------------------------------|------|
| Year of Installation | 2000 |
| Typical Life Cycle of Component | 60 |
| Component Condition | Good |



Photo 4.5.5.3-1 Typical light post

Recommendations

Funds have been allocated to replace the light poles at the end of their service lives.

4.6 Fire and Life Safety Systems

4.6.1 Suppression Systems

4.6.1.1 Fire Hydrants

Description/History/Condition

There are two fire hydrants throughout the property.

While an annual hydrant inspection report was not provided, no service issues were reported.

| | |
|---------------------------------|--------------|
| Year of Installation | 2000 |
| Typical Life Cycle of Component | 40 |
| Component Condition | Assumed good |



Photo 4.6.1.1-1 Typical fire hydrant

Recommendations

Funds have been allocated to replace the hydrants at the end of their service lives. Failure to replace the hydrants would be a fire safety hazard, and a violation of the Fire Code.

Complete annual inspections as part of regular maintenance.

4.6.2 Detection Equipment

Description/History/Condition

The eight-plex is equipped with smoke alarms in the corridor, sunroom and basement.

The annual fire alarm inspection report was not provided, and no service issues were reported.

| | |
|---------------------------------|--------------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 25 |
| Component Condition | Assumed good |

Recommendations

Replace individual devices on an as-needed basis as part of regular maintenance.

Complete annual inspections as required by the Fire Code as part of regular maintenance.

4.6.3 Emergency Lighting

Description/History/Condition

Emergency lights are located throughout the eight-plex to help with egress in emergency situations. They consist of remote head fixtures powered by battery packs.

No service issues were reported.

| | |
|---------------------------------|--------------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 25 |
| Component Condition | Assumed good |

Recommendations

Replace emergency lights and battery packs individually on an as-needed basis as part of regular maintenance.

Complete annual inspections as required by the Fire Code as part of regular maintenance.

4.6.4 Exit Signs

Description/History/Condition

There are illuminated exit signs at exit doors at the eight-plex.

No service issues were reported or observed.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 25 |
| Component Condition | Good |

Recommendations

Replace exit signs individually on an as-needed basis as part of regular maintenance.

4.7 Site Improvements

4.7.1 Paving

4.7.1.1 Asphalt Parking Lot

Description/History/Condition

Access to the buildings is via Shepherds Way, Meadow Lane and Still Water Close. There is an asphalt paved parking lot at the south side of the eight-plex.

MH observed dense cracking throughout, heaving/settlement, isolated potholes and a sink hole at the electrical transformer. It was reported that water and ice accumulate throughout the parking area as there is no defined drainage path as previously discusses in the Stormwater Drainage section.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 30 |
| Component Condition | Poor |



Photo 4.7.1.1-1 Typical paving condition

Recommendations

Given the condition of the asphalt surface, we suspect poor compaction and/or washout of the materials supporting the asphalt pavement. Therefore, funds have been allocated to replace the asphalt, the base/sub-base materials and creating a new drainage path. We recommend that prior to this renewal, the assessment recommended in the Superstructure section is completed to assist in accurately designing a drainage path.

Replace individual precast concrete wheel stops as needed as part of regular maintenance.

4.7.1.2 Asphalt Driveways

Description/History/Condition

There is an asphalt-paved driveway at each unit. Some driveways are individual, and some are shared.

MH observed all the driveways have settled below the garage slab-on-grade; however, the paving is generally in fair condition as there are some isolated cracks.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 30 |
| Component Condition | Fair |



Photo 4.7.1.2-1 Typical driveway

Recommendations

A repair allowance has been allocated to the reserve fund to all for repairs to the driveways as needed. Funds have also been allocated as an allowance to replace the asphalt paved at the driveways as needed over time.

4.7.1.3 Asphalt Walkway

Description/History/Condition

There are on-grade asphalt walkways located around the lake and leading to Shepherds Way.

MH observed isolated cracks in the walkways but with no obvious evidence of differential settlement.

| | |
|---------------------------------|------|
| Year of Installation | 2000 |
| Typical Life Cycle of Component | 30 |
| Component Condition | Fair |



Photo 4.7.1.3-1 Typical asphalt walkway

Recommendations

Funds have been allocated to replace the asphalt sidewalks at the end of their service lives.

Funds have also been included as an allowance for minor repairs to asphalt paving (e.g. isolated heaving or settlement, isolated cracks etc.). This allowance is intended to cover all asphalt site components.

4.7.2 Decks

4.7.2.1 Wood Decks

Description/History/Condition

There are three common property wood decks with ramps located at each of the common entrances to the eight-plex.

MH observed that the wood is generally weathered and deteriorating.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 30 |
| Component Condition | Fair |



Photo 4.7.2.1-1 Wood deck at corridor entrance



Photo 4.7.2.1-2 Wood deck at sunroom



Photo 4.7.2.1-3 Wood deck at lake

Recommendations

Funds have been allocated to replace the wood decks and associated exposed wood canopies.

Funds have also been allocated to periodically repaint the exterior decks to protect the wood substrate.

4.7.2.2 Exterior Handrails

Description/History/Condition

There are prefinished metal picket handrails at the lake deck and the main entrance deck.

No issues were observed or reported.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 50 |
| Component Condition | Good |



Photo 4.7.2.2-1 Typical handrails

Recommendations

Funds have been allocated to replace the handrails at the end of their service life.

4.7.3 Signage

4.7.3.1 Exterior Signs

Description/History/Condition

There are informational signs throughout the property and there is also a property identification stone sign at the south side of the property supported on a brick veneer platform.

No issues were reported or observed.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 50 |
| Component Condition | Good |



Photo 4.7.3.1-1 Main Shepherds Village sign

Recommendations

Replace the informational signage individually as needed as part of regular maintenance. The stone Shepherds Village sign is expected to last the life of the building, and no funds have been allocated to the reserve fund for this element.

4.7.4 Retaining Walls

4.7.4.1 Retaining Walls

Description/History/Condition

There are stacked stone retaining walls behind units 203 to 209 and units 111 to 115. There is also a poured concrete retaining wall around the lake.

MH observed that the stacked stone retaining walls are showing indications of settlement and overturning failure.

| | |
|---------------------------------|--------|
| Year of Installation | Varies |
| Typical Life Cycle of Component | 100 |
| Component Condition | Fair |



Photo 4.7.4.1-1 Stacked stone retaining wall



Photo 4.7.4.1-2 Shifted stacked stone retaining wall

Recommendations

The stacked stone retaining walls are expected to last the life of the complex (assuming proper design and installation). It is recommended that an assessment of the shifting be completed as part of the assessment recommended in the Superstructure section.

In the interim, funds have been allocated as an allowance for local repairs as needed.

4.7.5 Landscaping

4.7.5.1 Soft Landscaping

Description/History/Condition

Soft landscaping includes sod, plantings, trees, topsoil, and planters.

MH observed settlement of the grading around the building throughout the property as discussed previously in this report.

| | |
|---------------------------------|------|
| Year of Installation | N/A |
| Typical Life Cycle of Component | 100 |
| Component Condition | Poor |

Recommendations

It is recommended to complete the assessment discusses in the Superstructure section of this report. Funds have not been allocated for regrading as the cost will be depend on the findings of the assessments.

4.7.6 Other

4.7.6.1 Lake Gazebo

Description/History/Condition

There is a wood-framed gazebo, clad with vinyl siding, vinyl frame windows, storm door and an asphalt shingle roof.

No issues were reported.

| | |
|---------------------------------|------|
| Year of Installation | 2001 |
| Typical Life Cycle of Component | 30 |
| Component Condition | Good |



Photo 4.7.6.1-1 Gazebo

Recommendations

Funds have been allocated to replace the vinyl siding, windows, and the asphalt shingles in their respective sections in the report.

Funds have been allocated to replace the storm door and complete repairs as needed to the gazebo.

4.7.6.2 Exterior Site Furniture

Description/History/Condition

There is a wood bench with metal frame. There are also exterior wicket type chairs and table inside the gazebo.

| | |
|---------------------------------|---------|
| Year of Installation | Unknown |
| Typical Life Cycle of Component | 20 |
| Component Condition | Good |



Photo 4.7.6.2-1 Wicker chairs and table

Recommendations

Funds have been allocated to replace the bench, chairs, and table at the end of their service lives.

4.8 Professional Services

4.8.1 Consulting Services

4.8.1.1 Reserve Fund Studies

Description/History/Condition

The Reserve Fund Study is a dynamic document, which will change over time as repairs/replacements are carried out on the common elements and interest/inflation rates change.

Recommendations

Complete Reserve Fund Study updates in accordance with the Condominium Property Act or earlier, as needed.

5. CLOSURE

This Reserve Fund Study presents possible funding strategies that will provide adequate funding to cover anticipated major repairs and renewals expected in the next 30 years. It has been developed based on the information provided to us by Condominium Corporation 092 5762 and our review of the site.

The undersigned confirm that Morrison Hershfield is a reserve fund study provider and no grounds for disqualification under section 21.1 or 21.2 of Alberta Regulation 168/2000 (Condominium Property Regulation) apply.

The Reserve Fund Study is a dynamic document that will change over time as repairs/renewals are carried out on the common elements and interest/inflation rates change. The repairs and renewals we have forecasted in the Capital Plan do not represent a fixed schedule for renewals; repairs or renewals may be required sooner or later than we have anticipated. Similarly, the opinions of probable cost we have presented can vary due to a number of reasons including changing market conditions, availability of newer materials and systems, and increased or decreased scope of work than we have identified. As such, regular updates to this Reserve Fund Study are necessary to re-assess the needs of your building. At a minimum, you are required to complete a Reserve Fund Study Update within five years of the date of this study.

Thank you for trusting Morrison Hershfield to complete this study. Please contact us at any time if you wish to update this study or to pursue the recommended investigations and/or capital projects. We would be pleased to provide a proposal to perform any of the additional investigations identified. We also provide full engineering design, tender, construction management and contract administration services for major repair or replacement projects required at your site and welcome the opportunity to provide Engineering services to assist you with these undertakings.

If you have any questions, please contact the undersigned.

Yours truly,

MORRISON HERSHFIELD LIMITED



Hafsa Salman, Architectural Technologist
Building Science Consultant

Johnathon Bain, P.Eng.
Building Enclosure Engineer
Seal limited to Building Envelope

APPENDIX A

CONDOMINIUM DATA SHEET

CONDOMINIUM DATA SHEET

| Shepherds Village | | | |
|--|---|---------------------|------------------------------------|
| Address: | 54 Avenue and 45 Street | Constructed: | 2000 to 2009 |
| Type / Units: | 43 residential units (within on eight-plex and 11 townhome buildings) | Stories: | One |
| Common Spaces: | Sunroom, basement area, corridor, and gazebo | Parking: | On grade parking lot and driveways |
| Other Details: | Bareland condominium | | |
| <p>Your condominium is a bareland condominium under plan 092 5762. Bareland condominiums include common property and managed property (as defined by the Condominium Property Act, condominium plan, and bylaws). In a bareland condominium, the Corporation is responsible for repairs and replacement of both the common and managed property.</p> | | | |
| <p>ASSUMPTIONS</p> <p>Based on the information provided, our interpretation of the responsibilities for repairs and replacements of the building components and systems includes (but may not be limited to) the following:</p> | | | |
| <p>Unit Owners</p> <ul style="list-style-type: none"> • All components within unit boundaries (i.e. from the back of the finishing material on this inside face of the unit inward, per the Condominium Property Act and Condominium Plan) • Exterior windows and doors (per the Condominium Bylaws) | | | |
| <p>Condominium Corporation</p> <ul style="list-style-type: none"> • Building structures • Exterior walls all components from the backside face of the interior gypsum board outward) • Exterior windows and doors (at common areas only) • Wood decks (At common areas only) • Roofing systems • Building common areas • Components related to providing utilities to the units (i.e. water supply, storm and sanitary drainage, electrical supply, etc.) • Mechanical systems and components (that serve more than one residential unit) • Electrical systems and components (that serve more than one residential unit) • Site (outdoor paving and landscaping) | | | |

APPENDIX B

GENERAL RESERVE FUND STUDY INFORMATION

RESERVE FUND STUDY GENERAL INFORMATION

OBJECTIVES

The objective of this study is to provide the Board of Directors with sufficient information to enable you to:

- a) Contribute to your Capital Replacement Reserve Fund account, to be used for major repair and replacement of common and/or managed property items and assets of the Corporation.
- b) Determine the annual contributions necessary to maintain an adequate balance for the 30 year period of this study.
- c) Satisfy legislation, including the *Condominium Property Act, 2000* and associated regulations, related to Reserve Funds.

LIMITATIONS AND ASSUMPTIONS

This report is intended for the sole use of Condominium Corporation 092 5762, and must not be distributed or used by others without our knowledge (with the exception of disclosure to potential purchasers of units of Condominium Corporation 092 5762). It is based on the documents and information provided to us and the findings at the time of our on-site investigation.

It is a basic assumption that any correspondence, material, data, evaluations, and reports furnished by others are free of latent deficiencies or inaccuracies except for apparent variances discovered during the completion of this report.

Unless specifically noted in this report, no testing, verification of operation of systems, physical review of subsurface conditions or concealed systems and components, review of concealed elements, intrusive openings, opening of system components for internal inspection, detailed analysis or design calculations were conducted, nor were they within the scope of this review.

Some of the findings herein are based on a random sampling visual review of the surface conditions, discussions with The Board and/or their designated representatives, and review of relevant documents. Observations were made only of those areas that were readily accessible during our review. Deficiencies existing but not recorded in this report were not apparent given the level of study undertaken. Components not included have not been reviewed, and if their conditions need to be known, further study will be required.

It is possible that unexpected conditions may be encountered at the building/facility that have not been explored within the scope of this report. Should such an event occur, MH should be notified in order that we may determine if modifications to our conclusions are necessary.

In issuing this report, MH does not assume any of the duties or liabilities of the designers, builders or owners of the subject property. Owners, prospective purchasers, tenants or others who use or rely on the contents of this report do so with the understanding as to the limitations of the documents reviewed and the general visual inspection undertaken, and understand that MH cannot be held liable for damages they may suffer in respect to the purchase, ownership, or use of the subject property.

Professional judgment was exercised in gathering and analyzing the information obtained and in the formulation of the conclusions. Like all professional persons rendering advice, we do not act as insurers of the conclusions we reach, but we commit ourselves to care and competence in reaching those conclusions. No other warranties, either expressed or implied, are made.

REPORT FORMAT

Terms used in our report are defined below:

| COLUMN | DESCRIPTION |
|---|--|
| Description / History / Condition | A brief description of the component, deficiencies observed by MH (if any), and problems or previous repairs reported by site staff or Condominium Corporation representative(s). |
| Year of Installation | This is assigned based on available data from drawings or reports, readily accessible nameplate information on equipment, or interviews with site staff. Where the year is not known, MH provides an estimate based on observed condition. Year reflects the fiscal year in which the component was acquired, not necessarily the calendar year. |
| Typical Life Cycle | Standard lifespan, assuming normal maintenance, based on our experience and manufacturer's recommendations. A piece of equipment may have a typical lifespan for complete replacement, as well as a typical lifespan for a recommended repair with a much shorter frequency. A lifecycle of 99 shows a one-time project, or study. A lifecycle of 100 indicates that the component is expected to last the life of the facility. |
| Component Condition | Excellent Functioning as intended, as new condition. Good Functioning as intended; limited (if any) deterioration observed. Fair Function and operation exhibiting wear or minor deterioration, normal maintenance frequency. Poor Function and operation failing; significant deterioration and distress observed; increased maintenance attention has been required. Not Reviewed –applicable to concealed systems, such as buried services, or where access was not provided to MH to review a component Not Applicable – used for Evaluations/Studies/Reports/Surveys |
| Recommendations | Our recommended approach for reserve fund budgeting. |
| Item No. | In the expenditures table, this is the item number that corresponds to the main body of the report (###). |
| System | System to which the component belongs. |
| Present Age | Based on current year and the known or estimated year of installation. Provided in years. |
| Adjustment to Life Expectancy | An adjustment (in number of years) to the "typical service life" based on actual current condition of the component. |
| Years over which Expenditure is Phased | Normally projects are completed in one year. However, larger projects may be phased over several consecutive years. |

| COLUMN | DESCRIPTION |
|---------------------------|---|
| Expenditure Budget | <p>This represents our opinion of probable cost, in current fiscal year dollars, including consulting services (design, tendering and construction review) and contingencies where we believe it is appropriate. The cost for these services can vary significantly depending on the size, scope and degree of complexity of the project. Applicable taxes are also included.</p> <p>Opinions of probable cost are provided only as an indication of possible cost of remedial work. The repair or replacement costs are based on published construction cost data, recent bid prices on similar work, information provided by the owner, and our professional judgment. More precise opinions of probable cost would require more detailed investigation to define the scope of work.</p> <p>The costs in this report are typically referred to as Class D estimates ($\pm 50\%$), defined by the Budget Guidelines for Consulting Engineering Services as: "A preliminary estimate which, due to little or no site information, indicates the approximate magnitude of cost of the proposed project, based on the client's broad requirements. This overall cost estimate may be derived from lump sum or unit costs for a similar project. It may be used in developing long term capital plans and for preliminary discussion of proposed capital projects."</p> <p>The opinions of probable cost we have presented can vary due to a number of reasons including changing market conditions, availability of newer materials and systems, and increased or decreased scope of work than we have identified.</p> <p>All opinions of probable cost assume that regular annual maintenance and repairs will be performed to all elements at the facility. All costs in the Condition Assessment and Capital Plan tables are identified in current fiscal year dollars.</p> |
| Expenditures Table | <p>This table shows MH's opinion of the probable cost to carry out the recommendations (in current fiscal year dollars) during the planning horizon. The repairs and replacements we have forecasted do not represent a fixed schedule for replacements; repairs or replacements may be required sooner or later than we have anticipated.</p> |

Table 1 (Expenditures Table) and **Table 2 (Cash Flow Plan Table(s))** in Appendices C and D show MH's opinion of the probable cost to carry out the recommendations (in current fiscal year dollars) during the Reserve Fund Study planning period. The repairs and replacements we have forecasted do not represent a fixed schedule for replacements; repairs or replacements may be required sooner or later than we have anticipated.

Review of the Tables may reveal several "contingency allowances" that occur in a single year of the study period. Though these contingencies will likely not all take place in one year, and may not be required at all, it is prudent to budget for such repairs since failure of some components is unpredictable.

FINANCIAL TERMS, ASSUMPTIONS AND CALCULATIONS

Inflation

The Government of Canada and the Bank of Canada inflation-control policy is aimed at keeping inflations at agreed to target values. At present the target range is 1 to 3 per cent, with the Bank's monetary policy aimed at keeping inflation at the 2 per cent target midpoint. This policy has continued to be renewed since implementation in 1991, and currently extends to December 31, 2021. Inflation of building and site construction work and materials are a small subset of this overall average and may or may not closely reflect it, which is why we default to a recommended 3% conservative long term inflation rate.

The total annual estimated expenditures are shown in the **Expenditures Table and Cash Flow Plan** (Appendices C and D), in current fiscal year dollars. The expenditures shown in the **Cash Flow Scenario** are inflated annually by the inflation percentage shown.

Interest

We have applied an interest rate based on historical averages (i.e. 5%, such that there remains a 2% spread between interest and inflation (the "real rate of return"). While this may not be in line with current rates, it is presumed that the rate over the 30-year reporting term will vary and that the average rate may be more aligned with the historical rate than the current rate.

The interest earned on the Reserve Fund for each year is based on a **Mid-Year Interest Calculation** in accordance with generally accepted accounting practice. Over the 30-year period, the calculated interest is lower than calculating Simple Interest, therefore it is a more conservative method for calculating interest.

With the Mid-Year Interest Calculation, the interest earned on the Reserve Fund is calculated at the middle of the fiscal year assuming that half the expenses have been taken out of the Reserve Fund and half the annual contribution has been deposited into the Reserve Fund. Therefore, Interest is calculated as follows:

$$Interest = InterestRate \times \left(StartingBalance - \frac{Expenses}{2} + \frac{AnnualContribution}{2} \right)$$

Starting Balance

MH requested information regarding the Reserve Fund balance at the start of the current fiscal year in the start-up questionnaire. Where appropriate documents are provided, we confirm the opening balance against the financial statements provided. We assume Board of Directors confirms the starting balance is correct to the best of their knowledge prior to authorizing us to finalize the report.

Contributions

MH requested information regarding the present annual contribution to the Reserve Fund. Where appropriate documents are provided, we confirm the contribution amount against these documents. We assume the Board of Directors confirms the current annual contribution is correct (or near-correct, understanding that there may be a margin of error) to the best of their knowledge prior to authorizing us to finalize the report.

Future annual contributions are calculated based on the estimates of life expectancy and opinions of probable cost, Minimum Reserve Fund Balance, and the assumptions for inflation and interest. Sample annual contributions that would result in an adequate Reserve Fund are indicated in **Table 2 (Cash Flow Plan)**.

When large expenses are anticipated in the near future and the existing Reserve Fund Balance is relatively low, increases to the annual contribution may not be sufficient. Increasing the annual contribution to an amount that can accommodate the major expenses is typically not considered a suitable funding plan since the Reserve Fund Balance often becomes relatively high for the remainder of the study period. Excess funds in a Reserve Fund cannot be used for any other purpose except for the major repairs and replacements for which they have been budgeted.

In such cases, Other Contributions are considered in the Cash-Flow Plan. These contributions can be in the form of special assessments or surplus funds that the Board has indicated will be available from other sources (i.e. transferred from operating budgets or contingency funds).

Minimum Reserve Fund Balance

The minimum balance is the lowest balance that the reserve fund is allowed to go down to within the **Cash Flow Plan**. It typically falls within, or just beyond a year in which numerous and/or very large expenditures are anticipated (the “critical year”). The intent of the minimum balance is to act as a contingency or “buffer” in such years, given the “high-level” nature of estimating in reserve fund studies. The contingency is also for unforeseen issues, such as breakage of buried piping.

We typically recommend carrying a minimum balance that is equal to around 10 to 20% of the expenditures in the critical year. The minimum balance in the Cash Flow Plan follow this recommendation, except where the Board requests otherwise. If the Board requests a minimum balance that is higher than 20% of the critical year, we will carry the higher amount provided it is reasonable.

REQUIREMENTS UNDER THE CONDOMINIUM ACT

Reserve Fund Study Report

As per section 23 (1) of the Condominium Property Regulation (AR 168/2000), the reserve fund study report must include:

- An inventory of all items for which major repairs or replacements will be required in the next 30 years;
- The present condition of these items;
- An estimate as to when each component will need to be repaired or replaced;
- The estimated costs of the repairs or replacements (current year value);
- The life expectancy of the items following the repair or replacement.

The above requirements are met in the **report** and in **Table 1 (Expenditures Table)**.

Reserve Fund Study Process

As per section 23 (2) of the Condominium Property Regulation (AR 168/2000), the reserve fund study process must include:

- On-site visual inspection of all visible components of the depreciating property.
- Interview with members of the board and if considered necessary by the reserve fund provider, the manager or managers for the corporation, or employees of the corporation.
- Review of relevant documents, including the condominium plan, construction documents and maintenance records.

The Condominium Property Act (Section 38 (1)) states that a capital replacement reserve fund is to be used for major repairs and replacements to the property for which the Corporation is responsible, where the repair or replacement is of a nature that does not normally occur annually.

It is our interpretation that “maintenance” type repairs are not intended to be paid for using reserve funds. For the purpose of this study, we have used a threshold of \$2,000 to help separate “major” repairs from “maintenance” type repairs. In some cases, we exclude repairs that have a value greater than \$2,000 if such repairs are completed on an annual or more frequent basis. Repairs or replacements that are considered to be “maintenance” type repairs are not included in this report.

The above requirements are met by the scope of work completed.

Funding Scenario

As per Section 23 (2) of the Condominium Property Regulation (AR 168/2000), the reserve fund study report must:

- 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 38 of the Condominium Property Act;
- c) Describe the basis for determining the above.

The above requirements are met in **Table 2 (Cash Flow Plan)**.

Board Responsibilities

As per Section 23 (4) of the Condominium Property Regulation (AR 168/2000), upon receiving the reserve fund study report, the Board must approve a reserve fund plan setting forth the method of and amounts needed for funding and maintaining the reserve fund. This plan must provide that sufficient funds will be available to repair and/or replace the depreciating property in accordance with the reserve fund report. A further duty includes providing copies of the reserve fund plan to the unit owners.

Timing of Studies

The Reserve Fund Study is a dynamic document that will change over time as repairs/replacements are carried out on the common property and interest/inflation rates change. The repairs and replacements we have forecasted do not represent a fixed schedule for replacements; repairs or replacements may be required sooner or later than we have anticipated. Similarly, the opinions of probable cost we have presented can vary due to a number of reasons including changing market conditions, availability of newer materials and systems, and increased or decreased scope of work than we have identified. As such, regular updates to this Reserve Fund Study are necessary to re-assess your needs.

The Corporation is required to complete a Reserve Fund Study every five years maximum (as specified by AR 168/2000, Section 29 (30)). This is the minimum requirement for conducting Reserve Fund Studies.

However, the Board should consider an earlier update if any significant changes in the condition of the common property becomes apparent, or if there are any significant changes to the cash flow due to unforeseen conditions.

GLOSSARY OF BUILDING TERMS

The following is a list of terms and abbreviations which may have been used in the report produced for the noted project. All of the terms and abbreviations used are standard within the industry, but the glossary may be of some aid for those not familiar with construction terms.

| | |
|---------------------|---|
| Air Barrier | Refers to a combination of materials and components, including joints, that control the flow of air through an assembly, limiting the potential for heat loss and condensation due to air movement. |
| Air Leakage | Refers to airflow through a space like a wall or roof assembly. The outward leakage of air is known as exfiltration and the inward leakage is known as infiltration. Exfiltration of warm, humid interior air will carry water vapour into the assembly which may condense if it contacts a cool enough surface. |
| Ampere (A) | The unit of measurement of electric current. The greater the amperage, the larger the size of the conductor required to carry the current. |
| Annunciator Panel | A lighted panel that provides information about the location of an activated fire alarm in a building, typically located near the main entrance of a building. |
| Backflow Preventer | A device used in plumbing systems to prevent potentially contaminated water from moving back into the clean water supply. |
| Balcony | Refers to a horizontal surface exposed to the outdoors but projected from the building so that it is not located over a living space. |
| Base Coat | Refers to the initial wet state material, either factory or field-mixed, used to encapsulate the reinforcing mesh (e.g., in liquid applied balcony waterproofing or in EIFS applications). |
| Bitumen | The term covering numerous mixtures of hydrocarbons such as those found in asphalt and mineral pitch. |
| Building Envelope | Refers to those elements of the building that separate inside conditioned space from outside unconditioned space, and includes walls, windows, doors, roofs, balcony decks (over occupied living space) and foundations. Sometimes referred to as “building enclosure” or an “environmental separator” in building codes. |
| Building Paper | Refers to a breather-type asphalt sheathing paper which is rated in minutes (15, 30 or 60), based on preventing water flow through it for number of minutes in accordance with a standard test. |
| Built-Up Roof (BUR) | Refers to a waterproof system constructed of multiple felt layers mopped down with hot bitumen. |
| Capillary Break | Refers to the gap between parallel layers of material sufficient to break the surface tension of water, which is typically a minimum of 10 mm (3/8”). |

| | |
|----------------------------------|---|
| Caulking | Material with widely different chemical compositions used to make a seam or joint air-tight or watertight. |
| CCTV | Closed Circuit Television, a video camera system that transmits video images to specific monitors as opposed to broadcasting the signal over air waves. Typically used in security applications. |
| CFM | Cubic feet per minute, the common unit of air flow measurement. |
| Cladding | Refers to a material or assembly that forms the exterior skin of the wall and is exposed to the full force of the environment. Cladding types include stucco, EIFS, metal panels, brick/stone veneer, wood siding, and vinyl siding. |
| Control Joint | Also, <i>Movement Joint</i> , a continuous joint in a structure or element, used to regulate the amount of cracking and separation resulting from relative movement. |
| Condenser | A device used to remove heat from refrigerating equipment by circulating hot refrigerant gas through coils in the unit and blowing outdoor air across the coils with a fan. Cooling the gas causes it to condense back into a liquid. |
| Cooling Tower | A device used to cool condenser water in a chiller by evaporation. Condenser water is sprayed into the top of the cooling tower. The droplets fall through the tower as air is blown upward through the tower, partly evaporating the droplets, which cools the remaining water. Water leaving the cooling tower is typically 10 degrees cooler than when it entered. |
| Deck | Refers to a horizontal surface exposed to the outdoors, located over a living space, and intended for moderate use but not for access to other areas of the building. |
| Delamination | Refers to a separation along a plane parallel to the surface. |
| Dew Point | Refers to the temperature at which air containing a constant amount of water vapour reaches the saturation point. As the temperature decreases, it has a lower capacity to contain moisture. Condensation can occur at or below the dew point temperature. |
| Direct Expansion | A refrigeration method in which an air cooling coil contains refrigerant rather than a secondary coolant glycol or brine. |
| Drained (also Rainscreen) Cavity | Refers to a design strategy whereby a positive drainage plane is created immediately behind the exterior cladding material, sufficient in width to break the surface tension of water, and to allow incidental water entering the wall system to drain by gravity with the aid of flashings and membranes. |
| Drip Edge | Refers to a projection detailed to direct water run-off away from wall, window, balcony or roofing element. |

| | |
|---|--|
| Efflorescence | Refers to the dissolved salts in the material (such as concrete or brick) being transported by water and redeposited on the surface after evaporation. |
| EIFS | Refers to <i>Exterior Insulated Finish System</i> and generally consists of layers of rigid insulation adhered or fastened to the substrate and finished with thin coats (lamina) of reinforced cementitious material and a finish coat of acrylic stucco. |
| EPDM (Ethylene Propylene Diene Monomer) | Refers to a waterproofing sheet membrane made of vulcanized rubber. These membranes, usually single-ply applications, may be installed fully bonded to the substrate with an adhesive, or may be “loose-laid” with only the laps and terminations of the membranes adhered. |
| Exhaust Air | Air mechanically removed from a building to reduce the concentration of moisture, cooking odours, and other contaminants from the building. |
| Face-seal | Refers to a building envelope strategy where the performance of the exterior wall is dependent on the ability of the exterior surface of the cladding, windows and associated sealant to shed water and prevent its infiltration. This system cannot accommodate water that penetrates past the exterior face since a positive drainage path and/or additional continuous barrier to water penetration are not provided. |
| Fan Coil Unit | A device consisting of a fan and water coil that can heat an area by circulating hot water through the coil and cool by circulating chilled water through the coil. |
| Fibre Saturation (of wood) | Refers to the point where the cell walls are fully swollen, but the cells are otherwise empty of liquid water, also known as the <i>fibre saturation point</i> . |
| Finish Coat | Refers to the final wet state material, which provides colour and texture, applied over the reinforced base coat. |
| Fire Detector | A fire alarm system component which senses the presence of a possible fire through the presence of smoke particles or heat (i.e. smoke detector, heat detector). |
| Fishmouth | Refers to a deficiency in the installation of waterproofing membranes (roofing, self-adhering membranes, etc.) which results in a fold in the edge of the membrane, through which water can penetrate. |

| | |
|------------------|---|
| Flashing | <p>Refers to sheet metal or other material used in roof or wall construction and designed to shed water (typically sloped outwards, with a drip edge to shed water). Used in conjunction with:</p> <ul style="list-style-type: none">• <i>Cap or parapet flashing</i>: top of wall, pier, column or chimney.• <i>Saddle flashing</i> an upturn, sloping transition piece between a horizontal and vertical plane, e.g. balcony cap and wall intersection.• <i>Head/sill flashing</i>: at head or sill of window opening or other penetration.• <i>Base flashing</i>: at bottom edge of wall surface. <p><i>Cross cavity (or through-wall flashing in masonry application)</i>: a flashing which sheds water from the moisture barrier plane to the exterior, through the cladding.</p> |
| Glazing | <p>A generic term for the transparent, or sometimes translucent, material in a window or door. Often, but not always, glass.</p> |
| Glazing Bead | <p>A molding or stop around the inside of a frame to hold the glass in place.</p> |
| Glazing Unit | <p>That part of a window which includes more than one glazing layer sealed around the outside edge to prevent air or moisture from entering the airspace and eliminating dirt and condensation between glazings.</p> |
| Gum Lip | <p>Refers to a method of sealing a flashing to a wall surface whereby the top edge of the flashing is bent outwards to form a caulk-filled cavity (typically at the termination of a waterproofing membrane).</p> |
| Heat Exchanger | <p>A device used to heat a fluid or gas with another fluid or gas without the two streams coming in direct contact with each other and mixing. For example, a radiator heats air using hot water. The air and water circulate through the heat exchanger (the radiator) but do are prevented from coming in contact with each other by the radiator.</p> |
| Heat Pump | <p>A mechanical device designed to provide both winter heating and summer cooling.</p> |
| HID | <p>High Intensity Discharge, a generic term for mercury, vapour, metal halide and high pressure sodium light fixtures. Light in these fixtures is produced by an electric arc between two electrodes.</p> |
| House Panelboard | <p>A panelboard which supplies power to common area loads.</p> |
| Housewrap | <p>Refers to a sheet plastic material which is used as a sheathing paper, generally between the wall sheathing material and the exterior cladding. Although recognized as a proprietary term, in this report <i>housewrap</i> is used to represent a generic group of materials. One common type of housewrap consists of spun-bonded Polyolefin (SBPO), another is made of perforated polyethylene. Their resistance to liquid water is high, but resistance to water vapour is lower than many common “vapour barrier” materials.</p> |
| Hydronic Heating | <p>A means of heating a space through the use of hot water circulated through heating coils or a radiator in the space.</p> |

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| Initiating Device | A fire alarm system component which initiates a fire alarm (i.e. pull station). |
| Inverted Roof | Where the roof membrane is located below the insulation and ballast (also Protected Membrane Roof). |
| Joist | One of several parallel, horizontal and relatively closely spaced concrete, wood or steel members directly supporting a floor or roof slab or deck. |
| kVA | Kilo-Volt-Ampere, the unit used to measure apparent power. This is what is charged by the utility. |
| kW | Kilowatt, the unit used to measure real power. This is power that is actually used by the customer. |
| Lintel | A horizontal structural support above an opening in a wall. |
| Maintenance | Refers to a regular process of inspection, cleaning and minor repairs of envelope elements and exterior systems such as roof, walls, windows, gutters, downspouts and drains. Cleaning is for normal activities for those items as required on a regular basis, such as leaves from gutters and drains in the fall and cleaning lint from dryer vents. Minor repairs are for small projects for reinstating failed elements such as areas of cracked caulking or peeling paint. |
| Makeup Air | Fresh, outdoor air that is mechanically introduced to a building to make up for the air removed from buildings by exhaust systems. |
| Moisture Content (MC) | Refers to the weight of water contained in the wood, expressed as a percentage of the weight of oven-dry wood. The term "oven-dry" indicates there is no moisture in the cell fibres or the cell cavities. |
| Movement Joint or Control Joint | Refers to a continuous joint in a structure, cladding or other element which allows differential movement of portions of the building structure (expansion joint), or prevents or localizes cracking of brittle materials, such as stucco, concrete or masonry, where movement needs to be controlled (control joint). |
| Operation | Operation of the building or envelope refers to normal occupancy of the building where the envelope is affected by interior space conditioning, changes to light fixtures, signs, vegetation and planters, and accidental damage or vandalism. |
| Panelboard | A component of an electrical distribution system which divides an electrical power feed into subsidiary circuits, while providing a protective fuse or circuit breaker for each circuit all contained in a common enclosure. |
| Penetration | Of the building or envelope refers to normal occupancy of the building where the envelope is affected by interior space conditioning, changes to light fixtures, signs, vegetation and planters, and accidental damage or vandalism. |

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| Punch Window | Refers to the architectural style of the window being expressed as a single “punched” opening surrounded by the cladding material, as opposed to being arranged in vertical or horizontal strips of several window units. |
| Relative Humidity | Refers to the ratio (expressed as a percentage) of the amount of moisture within the air to the maximum amount of moisture that the air could possibly contain for a given temperature. |
| Renewals / Replacement | Refers to the replacement of all aged or worn elements of a facility and are typically for components with life cycles in excess of one year. Renewal costs are generally large, occur infrequently and primarily form the basis for a Reserve Fund. A Reserve Fund is required for the major repair and replacement of common elements and assets of the Owner/Operators. The amounts to be contributed to the Fund are calculated on the basis of life expectancy and expected repair and replacement costs. |
| Retaining Wall | A wall constructed to hold back earth, water or other backfill. |
| Riser | Pipes or ductwork used to transport water, effluent, air, or service cables vertically through a multi-storey building for distribution of services. |
| Roof Structural Deck | An elevated platform consisting of a variety of materials such as wood planks or metal pans, often supported by structural joists, beams and columns made of steel or wood, all structurally designed to support loads such as a roofing system. |
| Saddle | Refers to the transition of small horizontal surfaces, such as the top of a balcony guardrail or parapet wall, with a vertical surface, such as a wall. |
| Scaling | A degradation of the surface of a concrete element, consisting of local flaking or peeling away of the near-to-surface sand and cement portion of hardened concrete or mortar. |
| Scupper | Refers to a metal pipe or trough section creating a drainage overflow from a roof or balcony to a downpipe or to a surface below. |
| Sealant | A flexible material used on the inside (or outside) of a building to seal gaps in the building envelope in order to prevent uncontrolled air infiltration and exfiltration. |
| Sealed Units | Two pieces (lites) of glass sealed around the perimeter, increasing the thermal resistance of the window. |
| Shear Wall | A wall that resists horizontal forces applied in the plane of the wall, usually due to wind or seismic effects (also Flexural Wall). |
| Sheathing | Refers to a material used to provide structural stiffness to the wall framing and to provide structural backing for the cladding and sheathing paper. Typical materials are OSB (oriented strand board), plywood, or gypsum board. |

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| Sheathing Membrane | Refers to a material or combination of materials in an exterior wall whose purpose is to retard penetration of incidental water further into the wall structure once past the cladding. Commonly used materials are building paper or housewrap. |
| Signaling Device | A fire alarm system component which visually or audibly alarms (i.e. bell, strobe). |
| Slab-on-Grade | A concrete floor slab placed directly on compacted fill and deriving its support from this fill (also Slab-on-Ground). |
| Spall | Refers to a fragment of material, such as concrete or masonry, detached from a larger mass by a physical blow, weather action, internal pressure or efflorescence within the mass (sub-fluorescence). |
| Stack Effect | Refers to air movement caused by warmer air rising over colder air. Warm interior air in a building is trying to rise over the colder exterior air. The resulting pressure differences in building can lead to air leakage and imbalanced mechanical ventilation systems. |
| Strapping | Refers to the use of wood or other material, typically $\frac{3}{8}$ " to $\frac{3}{4}$ " in thickness, to form a drainage cavity and act as a capillary break behind the cladding. |
| Stucco | A finish consisting of cement plaster, used for coating exterior building surfaces. |
| Surfactant | Refers to an agent (e.g., detergent) that, when mixed with water, breaks the surface tension of water drops, thus enabling easier absorption of water through a material. Without surfactants, water would have a greater tendency to remain as drops on the surface of a given material. |
| Switchboard | A board or panel equipped with apparatus for controlling the operation of a system of electric circuits. |
| Symptoms | Refers to visual evidence, such as staining or wetting of surfaces, loss of strength, material delamination or cracking, peeling paint, debonded coatings, etc., which suggests a performance problem within the exterior envelope of a building. |
| Terminal Board | An insulating base on which terminals for wires or cables have been mounted. |
| Thermal Bridge | Refers to a material with higher thermal conductivity transferring heat through an assembly with lower thermal conductivity. For example, a stud in a wall will transfer more heat than the surrounding insulation, reducing the overall insulative value of the system. |
| Thermographic Scanning | Also known as infra-red scanning. A photograph that detects hot spots of electrical equipment or temperature differences at building surfaces. |

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| Uninterruptible Power Supply (UPS) | A power electronic device primarily used as a back-up power source for computers and computer networks to ensure on-going operation in the event of a power failure. Sophisticated units also have power conditioning and power monitoring features. |
| UV | Refers to ultra-violet radiation (from the sun), which has a degrading effect on many membrane and sealing materials (asphalt based) unless protected by an appropriate shielding layer. |
| Vapour Barrier | A material or combination of materials having a high resistance to water vapour diffusion, used to separate a high water vapour pressure environment from a low water vapour pressure environment. |
| Vapour Retarder Barrier | Refers to a material having a high resistance to water vapour diffusion that is located within the assembly to control the flow of vapour and limit the potential for condensation due to diffusion. |
| Vent | An opening placed in a facing wall or window assembly to promote circulation of air within a cavity behind the facing, usually to encourage drying of the cavity and/or to moderate the pressure across the facing. |
| Volt (V) | A unit of potential energy equal to the potential difference between two points on a conductor carrying a current of 1 ampere. |
| Weather Strip | A strip of material placed around an operating window or door to reduce air leaks. |
| Weephole | Refers to an opening placed in a wall or window assembly to permit the escape of liquid water from within the assembly. Weepholes can also act as vents. |
| Weeping Tiles | Drainage pipes placed at the base of foundation walls. |
| Window | <p>Refers to a manufactured assembly of a frame, sash, glazing and necessary hardware, made to fit an opening in a wall.</p> <ul style="list-style-type: none">• <i>Windowsill</i>: horizontal member at the base of a window opening• <i>Window head</i>: horizontal member at the top of a window opening• <i>Window jamb</i>: either of the vertical members at the sides of a window opening• <i>Mullion</i>: vertical member between glazed units• <i>Rail</i>: horizontal member between glazed units• <i>Glazing</i>: The glass portion of the window• <i>IGU</i>: Insulated glazing unit. Double or triple panes of glass sealed together to provide insulation value. The still gas between the panes acts as the insulation.• <i>Condensation track</i>: a channel at the interior sill level of the window intended to intercept small amounts of water condensing on the interior surface of the glass. |

APPENDIX C

Expenditures Table (Table 1)

Table 1 - Expenditures Table
Shepherds Village RFS - November 19, 2020

| Item No. | System | Recommendations | Typical Life Cycle (years) | Present Age (years) | Adjustment To Life Expectancy (years) | Time To Next Expenditure (years) | Time to Subsequent Expenditure (years) | Years Over Which Expenditure is Phased | Expenditure Budget (in current fiscal year dollars) |
|----------|----------------------------|---|----------------------------|---------------------|---------------------------------------|----------------------------------|--|--|---|
| 4.1.2.1 | Wood Structure | Structural/drainage assessment | 100 | 99 | 0 | 1 | 100 | 1 | \$60,000 |
| 4.2.1.1a | Vinyl Siding | Replace vinyl siding | 35 | 10 | 1 | 26 | 35 | 2 | \$226,000 |
| 4.2.1.1b | Vinyl Siding | Repair vinyl siding | 5 | 2 | 0 | 3 | 5 | 1 | \$5,000 |
| 4.2.1.2 | Brick Veneer | Repoint and repair brick cladding | 10 | 5 | 0 | 5 | 10 | 1 | \$3,000 |
| 4.2.2.1 | Vinyl Windows | Replace windows | 25 | 19 | 4 | 10 | 25 | 1 | \$22,000 |
| 4.2.2.2 | Entrance and Rear Doors | Replace exterior doors | 25 | 19 | 4 | 10 | 25 | 1 | \$12,000 |
| 4.2.2.3 | Overhead Garage Doors | Replace garage doors at maintenance shop | 25 | 19 | 4 | 10 | 25 | 1 | \$6,000 |
| 4.2.3.1a | Asphalt Shingle Roofs | Replace asphalt shingle roofs built in 2000-2004 | 25 | 19 | -5 | 1 | 25 | 2 | \$273,000 |
| 4.2.3.1b | Asphalt Shingle Roofs | Replace asphalt shingle roofs built in 2006-2009 | 25 | 14 | -5 | 6 | 25 | 2 | \$245,000 |
| 4.2.3.2a | Eavestrough and Downspouts | Replace eavestroughs and downspouts installed in 2000-2004 | 25 | 19 | -5 | 1 | 25 | 2 | \$7,000 |
| 4.2.3.2b | Eavestrough and Downspouts | Replace eavestroughs and downspouts installed in 2006-2009 | 25 | 14 | -5 | 6 | 25 | 2 | \$7,000 |
| 4.2.3.3a | Fascia | Replace fascia installed in 2000-2004 | 50 | 19 | 0 | 31 | 50 | 1 | \$6,000 |
| 4.2.3.3b | Fascia | Replace fascia installed in 2006-2009 | 50 | 14 | 0 | 36 | 50 | 1 | \$7,000 |
| 4.2.3.4a | Soffit | Replace soffit installed in 2006-2009 | 50 | 14 | -10 | 26 | 50 | 1 | \$4,000 |
| 4.2.3.4b | Soffit | Replace soffit installed in 2006-2009 | 50 | 14 | -10 | 26 | 50 | 1 | \$3,000 |
| 4.3.1.1a | Octuplex Common Areas | Replace basement finishes including stair flooring | 25 | 19 | 0 | 6 | 25 | 1 | \$7,000 |
| 4.3.1.1b | Octuplex Common Areas | Replace sunroom finishes including kitchenette and corridor | 25 | 19 | 9 | 15 | 25 | 1 | \$15,000 |
| 4.3.1.1c | Octuplex Common Areas | Replace washroom finishes and fixtures | 25 | 19 | 9 | 15 | 25 | 1 | \$10,000 |
| 4.4.3 | Natural Gas Fireplace | Replace fireplace | 20 | 19 | 9 | 10 | 20 | 1 | \$3,000 |
| 4.4.4 | Furnace | Replace furnace | 20 | 19 | 1 | 2 | 20 | 1 | \$5,000 |
| 4.4.5 | Hot Water Heater | Replace hot water heater | 25 | 19 | 1 | 7 | 25 | 1 | \$2,000 |
| 4.4.6.2 | Stormwater Sump Pump | Replace sump pump | 25 | 19 | 0 | 6 | 25 | 1 | \$2,000 |
| 4.5.2 | Main Distribution | Replace main distribution system | 45 | 19 | 0 | 26 | 45 | 1 | \$7,000 |
| 4.5.3 | Electrical Meters | Replace electrical meter centers | 45 | 19 | 0 | 26 | 45 | 1 | \$8,000 |
| 4.5.4 | Electrical Panelboard | Replace electrical panelboard | 45 | 19 | 0 | 26 | 45 | 1 | \$3,000 |
| 4.5.5.1 | Interior Lighting | Replace interior light fixtures | 20 | 19 | 10 | 11 | 20 | 1 | \$5,000 |
| 4.5.5.2 | Exterior Lighting | Replace exterior Light Fixtures | 5 | 0 | 5 | 10 | 5 | 1 | \$4,000 |
| 4.5.5.3 | Exterior Light Posts | Replace light posts | 60 | 19 | 0 | 41 | 60 | 1 | \$14,000 |
| 4.6.1.1 | Fire Hydrant | Replace fire hydrant | 40 | 20 | 0 | 20 | 40 | 1 | \$3,000 |
| 4.7.1.1 | Asphalt Parking Lot | Replace asphalt parking lot | 30 | 19 | -9 | 2 | 30 | 1 | \$8,000 |
| 4.7.1.2a | Asphalt Driveways | Repair asphalt driveways | 5 | 0 | 3 | 8 | 5 | 1 | \$5,000 |
| 4.7.1.2b | Asphalt Driveways | Replace asphalt driveways | 5 | 0 | 0 | 5 | 5 | 1 | \$17,000 |
| 4.7.1.3a | Asphalt Sidewalks | Replace asphalt sidewalk | 30 | 19 | -3 | 8 | 30 | 2 | \$16,000 |
| 4.7.1.3b | Asphalt Sidewalks | Repair asphalt paving | 5 | 0 | 5 | 10 | 5 | 1 | \$2,000 |
| 4.7.2.1a | Wood Decks | Replace wood decks | 30 | 19 | 0 | 11 | 30 | 1 | \$10,000 |
| 4.7.2.1b | Wood Decks | Repaint wood decks | 10 | 9 | 0 | 1 | 10 | 1 | \$5,000 |
| 4.7.2.2 | Exterior Handrails | Replace handrails | 50 | 19 | 0 | 31 | 50 | 1 | \$5,000 |
| 4.7.4.1 | Retaining Walls | Repair retaining wall | 10 | 0 | 0 | 10 | 10 | 1 | \$5,000 |
| 4.7.6.1 | Lake Gazebo | Repair gazebo | 30 | 19 | -9 | 2 | 30 | 1 | \$8,000 |
| 4.7.6.2 | Exterior Site Furniture | Replace site furniture | 20 | 19 | 7 | 8 | 20 | 1 | \$2,000 |
| 4.8.1.1 | Reserve Fund Study | Complete reserve fund study | 5 | 0 | 0 | 5 | 5 | 1 | \$7,000 |

APPENDIX D

Cash Flow Plan 1

Table 2.1 – Cash Flow Plan 1 (30 Year Term)

Table 3.1 – Summary of Cash Flow Plan 1

Graph 1.1 - Summary of Cash Flow Plan 1

Table 2.1
Cash Flow Plan 1
Shepherds Village RFS - November 19, 2020

Inflation Rate 3.0%
Interest Rate 5.0%
Starting Fund 278,935
Periods per year 12
Fiscal Year End January 31

Note: Fiscal Years are named by the calendar year in which they end.

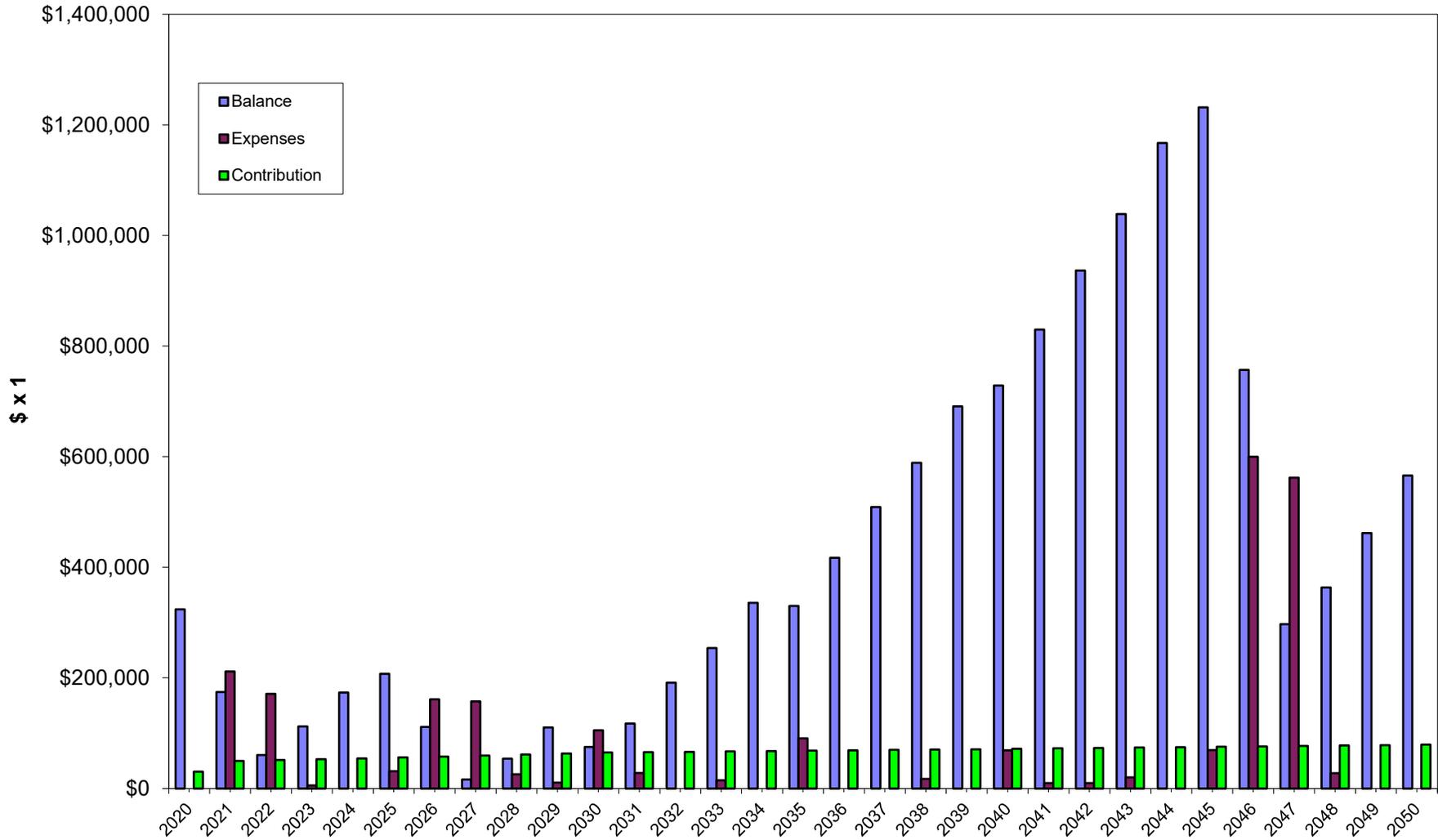
| | Starting Balance | 278,935 | 323,632 | 174,323 | 60,431 | 111,894 | 173,150 | 207,057 | 111,235 | 16,261 | 53,753 | 110,269 | 74,800 | 117,292 | 190,956 | 253,928 | 335,787 | 329,809 | 416,852 | 508,952 | 588,921 | 691,057 | 728,679 | 829,730 | 936,289 | 1,038,516 | 1,166,840 | 1,231,522 | 756,511 | 297,014 | 363,223 | 461,679 | | |
|----------|---|---------|---------|---------|---------|---------|---------|---------|---------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|---------|---------|---------|---------|--|--------|
| | Total Expense | 0 | 211,150 | 170,805 | 5,464 | 0 | 31,300 | 161,197 | 157,424 | 25,335 | 10,438 | 104,825 | 27,685 | 0 | 14,685 | 0 | 90,362 | 0 | 0 | 17,024 | 0 | 68,632 | 9,301 | 9,581 | 19,736 | 0 | 69,095 | 599,532 | 561,986 | 27,455 | 363,223 | 461,679 | | |
| | Interest | 14,697 | 12,145 | 5,726 | 4,203 | 6,952 | 9,273 | 7,763 | 3,110 | 1,708 | 4,001 | 4,514 | 4,685 | 7,518 | 10,851 | 14,383 | 16,234 | 18,211 | 22,581 | 26,777 | 31,219 | 34,628 | 38,010 | 43,074 | 48,166 | 53,789 | 58,497 | 48,489 | 25,696 | 16,103 | 20,120 | 25,062 | | |
| | Contribution | 30,000 | 49,696 | 51,187 | 52,723 | 54,305 | 55,934 | 57,612 | 59,340 | 61,120 | 62,954 | 64,842 | 65,491 | 66,146 | 66,807 | 67,475 | 68,150 | 68,832 | 69,520 | 70,215 | 70,917 | 71,626 | 72,343 | 73,066 | 73,797 | 74,535 | 75,280 | 76,033 | 76,793 | 77,561 | 78,337 | 79,120 | | |
| | Lump Sum Contribution | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Ending Balance | 323,632 | 174,323 | 60,431 | 111,894 | 173,150 | 207,057 | 111,235 | 16,261 | 53,753 | 110,269 | 74,800 | 117,292 | 190,956 | 253,928 | 335,787 | 329,809 | 416,852 | 508,952 | 588,921 | 691,057 | 728,679 | 829,730 | 936,289 | 1,038,516 | 1,166,840 | 1,231,522 | 756,511 | 297,014 | 363,223 | 461,679 | 565,861 | | |
| Item | Fiscal Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | | |
| 4.1.2.1 | Structural/drainage assessment | | 61,800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.1.1a | Replace vinyl siding | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.1.1b | Repair vinyl siding | | | | 5,464 | | | | | 6,334 | | | | | 7,343 | | | | | | | | | | | | | | | | | | | |
| 4.2.1.2 | Repaint and repair brick cladding | | | | | | 3,478 | | | | | | | | | 4,674 | | | | | | | | | | | | | | | | | | |
| 4.2.2.1 | Replace windows | | | | | | | | | | | 29,566 | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.2.2 | Replace exterior doors | | | | | | | | | | | 16,127 | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.2.3 | Replace garage doors at maintenance shop | | | | | | | | | | | 8,063 | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.3.1a | Replace asphalt shingle roofs built in 2000-2004 | | 140,595 | 144,813 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.3.1b | Replace asphalt shingle roofs built in 2006-2009 | | | | | | | 146,271 | 150,660 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.3.2a | Replace eavestroughs and downspouts installed in 2000-2004 | | 3,605 | 3,713 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.3.2b | Replace eavestroughs and downspouts installed in 2006-2009 | | | | | | | 4,179 | 4,305 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.3.3a | Replace fascia installed in 2000-2004 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.3.3b | Replace fascia installed in 2006-2009 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.3.4a | Replace soffit installed in 2006-2009 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.2.3.4b | Replace soffit installed in 2006-2009 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.3.1.1a | Replace basement finishes including stair flooring | | | | | | | 8,358 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.3.1.1b | Replace sunroom finishes including kitchenette and corridor | | | | | | | | | | | | | | | | 23,370 | | | | | | | | | | | | | | | | | |
| 4.3.1.1c | Replace washroom finishes and fixtures | | | | | | | | | | | | | | | | 15,580 | | | | | | | | | | | | | | | | | |
| 4.4.3 | Replace fireplace | | | | | | | | | | | 4,032 | | | | | | | | | | | | | | | | | | | | | | |
| 4.4.4 | Replace furnace | | | 5,305 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.4.5 | Replace hot water heater | | | | | | | | 2,460 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.4.6.2 | Replace sump pump | | | | | | | 2,388 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.2 | Replace main distribution system | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.3 | Replace electrical meter centers | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.4 | Replace electrical panelboard | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.5.1 | Replace interior light fixtures | | | | | | | | | | | 6,921 | | | | | | | | | | | | | | | | | | | | | | |
| 4.5.5.2 | Replace exterior Light Fixtures | | | | | | | | | | 5,376 | | | | | | 6,232 | | | | | | | | | | | | | | | | | |
| 4.5.5.3 | Replace light posts | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.6.1.1 | Replace fire hydrant | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.7.1.1 | Replace asphalt parking lot | | | 8,487 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.7.1.2a | Repair asphalt driveways | | | | | | | | | 6,334 | | | | | 7,343 | | | | | | | | | | | | | | | | | | | |
| 4.7.1.2b | Replace asphalt driveways | | | | | | 19,708 | | | | | 22,847 | | | | | 26,485 | | | | | | | | | | | | | | | | | |
| 4.7.1.3a | Replace asphalt sidewalk | | | | | | | | | | 10,134 | 10,438 | | | | | | | | | | | | | | | | | | | | | | |
| 4.7.1.3b | Repair asphalt paving | | | | | | | | | | | 2,688 | | | | | | | | | | | | | | | | | | | | | | |
| 4.7.2.1a | Replace wood decks | | | | | | | | | | | | 13,842 | | | | | | | | | | | | | | | | | | | | | |
| 4.7.2.1b | Repaint wood decks | | | 5,150 | | | | | | | | | 6,921 | | | | | | | | | | | | | | | | | | | | | |
| 4.7.2.2 | Replace handrails | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.7.4.1 | Repair retaining wall | | | | | | | | | | | | 6,720 | | | | | | | | | | | | | | | | | | | | | |
| 4.7.6.1 | Repair gazebo | | | 8,487 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.7.6.2 | Replace site furniture | | | | | | | | | | | | 2,534 | | | | | | | | | | | | | | | | | | | | | |
| 4.8.1.1 | Complete reserve fund study | | | | | | | 8,115 | | | | | | 9,407 | | | 10,906 | | | | | | | | | | | 14,656 | | | | | | 16,991 |

**Table 3.1
Reserve Fund Summary of
Cash Flow Plan 1
November 19, 2020
Shepherds Village RFS**

| | |
|---|---------------|
| Assumed Interest Rate | 5.0% |
| Assumed Inflation Rate | 3.0% |
| Reserve Fund Balance at Start of 2020 | \$ 278,935.00 |
| Minimum Reserve Fund Balance (within report term) | \$ 16,260.78 |
| Number of units: | 43 |

| Report Year | Fiscal Year | Opening Balance | Annual Contribution | Other Contribution | Monthly Contribution | % annual increase in contribution (over previous year) | Annual contribution per unit (average) | Monthly contribution per unit (average) | Estimated Future Inflated Expenditures | Projected Interest Earned | Closing Balance |
|-------------|-------------|-----------------|---------------------|--------------------|----------------------|--|--|---|--|---------------------------|-----------------|
| 0 | 2020 | \$ 278,935 | \$ 30,000 | \$ - | \$ 2,500 | <i>not confirmed</i> | \$ 698 | \$ 58 | \$ - | \$ 14,697 | \$ 323,632 |
| 1 | 2021 | \$ 323,632 | \$ 49,696 | \$ - | \$ 4,141 | 65.7% | \$ 1,156 | \$ 96 | \$ 211,150 | \$ 12,145 | \$ 174,323 |
| 2 | 2022 | \$ 174,323 | \$ 51,187 | \$ - | \$ 4,266 | 3.0% | \$ 1,190 | \$ 99 | \$ 170,805 | \$ 5,726 | \$ 60,431 |
| 3 | 2023 | \$ 60,431 | \$ 52,723 | \$ - | \$ 4,394 | 3.0% | \$ 1,226 | \$ 102 | \$ 5,464 | \$ 4,203 | \$ 111,894 |
| 4 | 2024 | \$ 111,894 | \$ 54,305 | \$ - | \$ 4,525 | 3.0% | \$ 1,263 | \$ 105 | \$ - | \$ 6,952 | \$ 173,150 |
| 5 | 2025 | \$ 173,150 | \$ 55,934 | \$ - | \$ 4,661 | 3.0% | \$ 1,301 | \$ 108 | \$ 31,300 | \$ 9,273 | \$ 207,057 |
| 6 | 2026 | \$ 207,057 | \$ 57,612 | \$ - | \$ 4,801 | 3.0% | \$ 1,340 | \$ 112 | \$ 161,197 | \$ 7,763 | \$ 111,235 |
| 7 | 2027 | \$ 111,235 | \$ 59,340 | \$ - | \$ 4,945 | 3.0% | \$ 1,380 | \$ 115 | \$ 157,424 | \$ 3,110 | \$ 16,261 |
| 8 | 2028 | \$ 16,261 | \$ 61,120 | \$ - | \$ 5,093 | 3.0% | \$ 1,421 | \$ 118 | \$ 25,335 | \$ 1,708 | \$ 53,753 |
| 9 | 2029 | \$ 53,753 | \$ 62,954 | \$ - | \$ 5,246 | 3.0% | \$ 1,464 | \$ 122 | \$ 10,438 | \$ 4,001 | \$ 110,269 |
| 10 | 2030 | \$ 110,269 | \$ 64,842 | \$ - | \$ 5,404 | 3.0% | \$ 1,508 | \$ 126 | \$ 104,825 | \$ 4,514 | \$ 74,800 |
| 11 | 2031 | \$ 74,800 | \$ 65,491 | \$ - | \$ 5,458 | 1.0% | \$ 1,523 | \$ 127 | \$ 27,685 | \$ 4,685 | \$ 117,292 |
| 12 | 2032 | \$ 117,292 | \$ 66,146 | \$ - | \$ 5,512 | 1.0% | \$ 1,538 | \$ 128 | \$ - | \$ 7,518 | \$ 190,956 |
| 13 | 2033 | \$ 190,956 | \$ 66,807 | \$ - | \$ 5,567 | 1.0% | \$ 1,554 | \$ 129 | \$ 14,685 | \$ 10,851 | \$ 253,928 |
| 14 | 2034 | \$ 253,928 | \$ 67,475 | \$ - | \$ 5,623 | 1.0% | \$ 1,569 | \$ 131 | \$ - | \$ 14,383 | \$ 335,787 |
| 15 | 2035 | \$ 335,787 | \$ 68,150 | \$ - | \$ 5,679 | 1.0% | \$ 1,585 | \$ 132 | \$ 90,362 | \$ 16,234 | \$ 329,809 |
| 16 | 2036 | \$ 329,809 | \$ 68,832 | \$ - | \$ 5,736 | 1.0% | \$ 1,601 | \$ 133 | \$ - | \$ 18,211 | \$ 416,852 |
| 17 | 2037 | \$ 416,852 | \$ 69,520 | \$ - | \$ 5,793 | 1.0% | \$ 1,617 | \$ 135 | \$ - | \$ 22,581 | \$ 508,952 |
| 18 | 2038 | \$ 508,952 | \$ 70,215 | \$ - | \$ 5,851 | 1.0% | \$ 1,633 | \$ 136 | \$ 17,024 | \$ 26,777 | \$ 588,921 |
| 19 | 2039 | \$ 588,921 | \$ 70,917 | \$ - | \$ 5,910 | 1.0% | \$ 1,649 | \$ 137 | \$ - | \$ 31,219 | \$ 691,057 |
| 20 | 2040 | \$ 691,057 | \$ 71,626 | \$ - | \$ 5,969 | 1.0% | \$ 1,666 | \$ 139 | \$ 68,632 | \$ 34,628 | \$ 728,679 |
| 21 | 2041 | \$ 728,679 | \$ 72,343 | \$ - | \$ 6,029 | 1.0% | \$ 1,682 | \$ 140 | \$ 9,301 | \$ 38,010 | \$ 829,730 |
| 22 | 2042 | \$ 829,730 | \$ 73,066 | \$ - | \$ 6,089 | 1.0% | \$ 1,699 | \$ 142 | \$ 9,581 | \$ 43,074 | \$ 936,289 |
| 23 | 2043 | \$ 936,289 | \$ 73,797 | \$ - | \$ 6,150 | 1.0% | \$ 1,716 | \$ 143 | \$ 19,736 | \$ 48,166 | \$ 1,038,516 |
| 24 | 2044 | \$ 1,038,516 | \$ 74,535 | \$ - | \$ 6,211 | 1.0% | \$ 1,733 | \$ 144 | \$ - | \$ 53,789 | \$ 1,166,840 |
| 25 | 2045 | \$ 1,166,840 | \$ 75,280 | \$ - | \$ 6,273 | 1.0% | \$ 1,751 | \$ 146 | \$ 69,095 | \$ 58,497 | \$ 1,231,522 |
| 26 | 2046 | \$ 1,231,522 | \$ 76,033 | \$ - | \$ 6,336 | 1.0% | \$ 1,768 | \$ 147 | \$ 599,532 | \$ 48,489 | \$ 756,511 |
| 27 | 2047 | \$ 756,511 | \$ 76,793 | \$ - | \$ 6,399 | 1.0% | \$ 1,786 | \$ 149 | \$ 561,986 | \$ 25,696 | \$ 297,014 |
| 28 | 2048 | \$ 297,014 | \$ 77,561 | \$ - | \$ 6,463 | 1.0% | \$ 1,804 | \$ 150 | \$ 27,455 | \$ 16,103 | \$ 363,223 |
| 29 | 2049 | \$ 363,223 | \$ 78,337 | \$ - | \$ 6,528 | 1.0% | \$ 1,822 | \$ 152 | \$ - | \$ 20,120 | \$ 461,679 |
| 30 | 2050 | \$ 461,679 | \$ 79,120 | \$ - | \$ 6,593 | 1.0% | \$ 1,840 | \$ 153 | \$ - | \$ 25,062 | \$ 565,861 |

**Graph 1.1 - Reserve Fund Balances, Expenses and Contributions for
Cash Flow Plan 1**



Actual annual values for contribution, forecast, expenditures, and balance can be found in Table 2.1