2.10 CONSULTING AND CONTINGENCY

2.10.1. General

CONTINGENCY

Estimated Cost of Project (per Phase): $15,000
Assumed Repair/Replacement Years: Yearly
Priority Classification: Desirable

We recommend budgeting an allowance for repairs which may be required from time to time that are not contemplated elsewhere in this document. Actual expenditures may vary in timing and magnitude.

A phased cost is provided for unanticipated capital expenditures.

2.10.2. Professional Fees

BUILDING EXTERIOR VISUAL ASSESSMENT

Estimated Cost of Project (per Phase): $5,000
Assumed Repair/Replacement Years: 2026, 2031, 2036, 2041, 2046 and 2051
Priority Classification: Essential

The City of Calgary requires a Building Exterior Visual Assessment every five years with the first report due January 2021

A cost is provided to conduct the Building Exterior Visual Assessment every five years.

2.10.3. Reserve Fund Studies

RESERVE FUND STUDY

Estimated Cost of Project (per Phase): $5,300
Assumed Repair/Replacement Years: 2027, 2032, 2037, 2042, 2047 and 2052
Priority Classification: Essential

The Condominium Act requires an updated Reserve Fund Study at minimum 5 year intervals.

A cost is provided to update the Reserve Fund Study every five years.

3. FINANCIAL ASSESSMENT

3.1 ESTIMATES AND ASSUMPTIONS

3.1.1. Cost Estimates

The cost estimates provided in this document for replacement projects represent 100% of the total replacement cost unless specifically noted otherwise. Where deterioration is anticipated to be of a limited or isolated nature, we have budgeted for system repair instead of replacement. The repair allowances in this study represent our estimates of the total expenditures likely to be required to complete the stated repairs at the time(s) shown. We caution that the extent of repairs required may vary from the estimates provided, particularly when the repairs are forecasted to occur many years in the future. Further, the extent of the required expenditures may increase if repairs are delayed relative to the proposed work schedule.

It is the Corporation's responsibility to conduct such investigations and detailed design work as may be required to accurately establish the construction costs prior to any repair or replacement project.

3.1.2. Phasing

Entuitive has phased repair and replacement projects as appropriate to better reflect the most probable scheduling of the work and to mitigate the impact of large projects on the Reserve Fund balance. The phasing of projects is intended to be indicative only; actual phasing should be determined closer to the time at which work is undertaken. Components with an Assumed Repair/Replacement Year listed as Not Applicable is indicative that the expense falls outside the 30-Year horizon of the report.

3.1.3. Interest Rates

We have applied the interest rate of 2.79% to the next 30 years of the study period. The interest rates used in this study are based upon the Corporation's Reserve Fund Investments. The interest rate has been applied to the average of the opening and closing balance in each year of the study period. Actual rates being earned by the Corporation on Reserve Funds may vary.

Interest earnings are detailed in the Capital Expenditure Plan and Cash Flow Tables. Based upon the plan presented, we anticipate that interest earnings will fund approximately $2,948,865 over the study period.

We recommend that the Corporation engage the services of a financial consultant specializing in Condominium Reserve Funds to allow the Corporation to maximize Reserve Fund Investment rates of return.

3.1.4. Contribution Increase Rates

The Condominium Property Act of Alberta does not provide a clear definition of what constitutes a sufficiently funded Reserve Fund. However, it is generally accepted that a fully funded Reserve Fund is one in which annual increases to Reserve Fund Contributions will be in line with the

assumed rate of inflation. Inflationary increases in contributions are deemed to be equitable to current and future owners as the annual contributions are constant (in real dollar terms) over time.

Inflation on consumer goods in Canada is typically measured by the Consumer Price Index, or CPI. Monetary policy, set by the Bank of Canada, is designed to target small and stable increases in the CPI of 1% to 3% per annum. For the purposes of this study the rate of inflation is determined utilizing an average of the Construction Price Index as calculated by Statistics Canada over the most recent 15-Year period for the location and type of structure in this study.

The contribution increase rates recommended for the first five years of the study period may not equal the Long-Term Contribution Increase Rate in order to eliminate any deficits or large surpluses. These differences are described subsequently with the proposed funding plan.

3.1.5. Expenditure Inflation Rates

Over extended periods of time, the Construction Price Inflation Rate is generally similar to the national rate of inflation in the general economy. Local markets conditions and type of building may result in a variance from the general inflation rate. A 15-Year Average for similar buildings for the geographic region has been utilized. Therefore, the rate of inflation has been set at 2.85%.

3.2 FINANCIAL INFORMATION

The first year of the study period has been set at fiscal 2023, ending December 31, 2023. We have used an estimated opening balance of $1,993,373 as of January 1, 2023, based upon the financial documentation supplied to us. We understand that the annual contribution for the first fiscal year is $600,000.

Additional Contributions in the form of Special Levies, Loans, and/or Operating Transfers are required in 2023 in the amount of $100,000 for the funding of remainder of the interior remediation and drainage work.

3.3 RECOMMENDED FUNDING PLANS

This Reserve Fund Study Report has assumed that the Corporation shall elect to maintain a minimum balance of $599,674 commencing with the first fiscal year of the study period, with the minimum balance increasing in subsequent years at the specified rate of inflation. The minimum balance chosen is equivalent to the average annual Reserve Fund Expenditures forecasted for the study period. A graph of the Reserve Fund balance throughout the study period using the proposed funding plan is provided below.

Figure 1: Reserve Fund Balance by Year Using Proposed Funding Plan

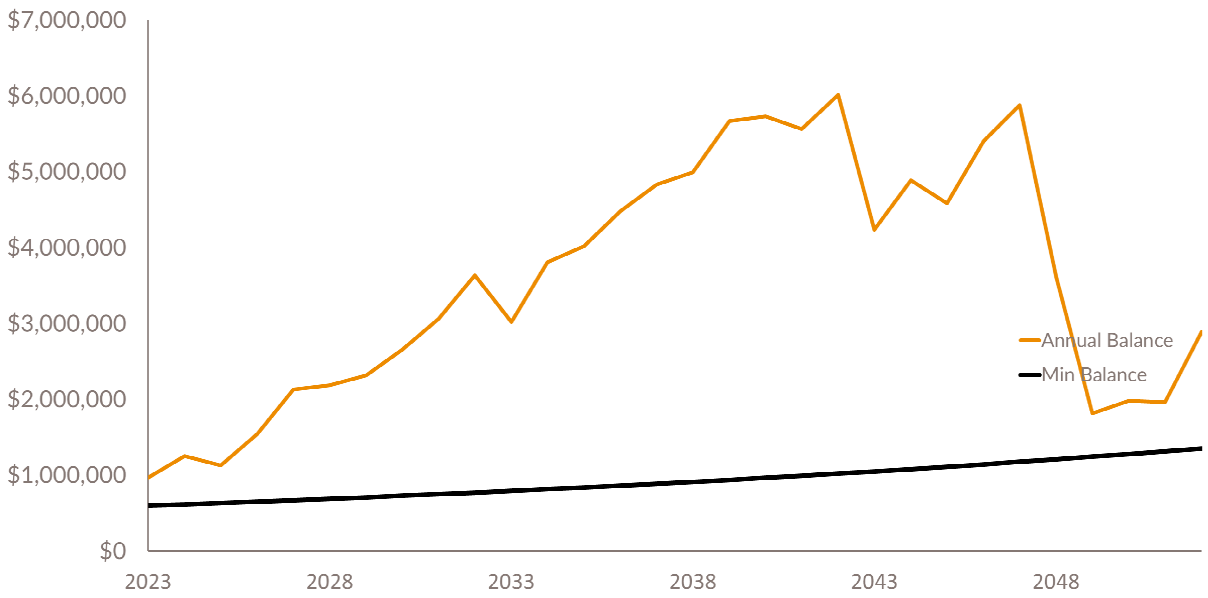


Table 1: Reserve Fund Allocations per Year under Proposed Funding Plan

YEAR	CHANGE IN CONTRIBUTION PER UNIT PER MONTH	AVERAGE CONTRIBUTION PER UNIT PER MONTH
2023	N/A	$ 452.20
2024	-$ 54.91	$ 397.29
2025	$ 9.93	$ 407.22
2026	$ 10.18	$ 417.40
2027	$ 10.44	$ 427.83

Caution: The ideal balance of the Reserve Fund is the amount recommended for each year of the reserve fund study to pay for major repairs and replacements. It is based on estimates of when the work will be needed. If there is not enough money in the Reserve Fund to pay for major repairs and replacements, the Unit Owners may be required to pay for those costs through a Special Levy or Loan.

When comparing the actual balance with the ideal balance, be aware that some work may be done earlier or later than expected or may be paid for from an account other than the Reserve Fund. When this happens, the comparison may no longer show whether the amount of money in the Reserve Fund is adequate.

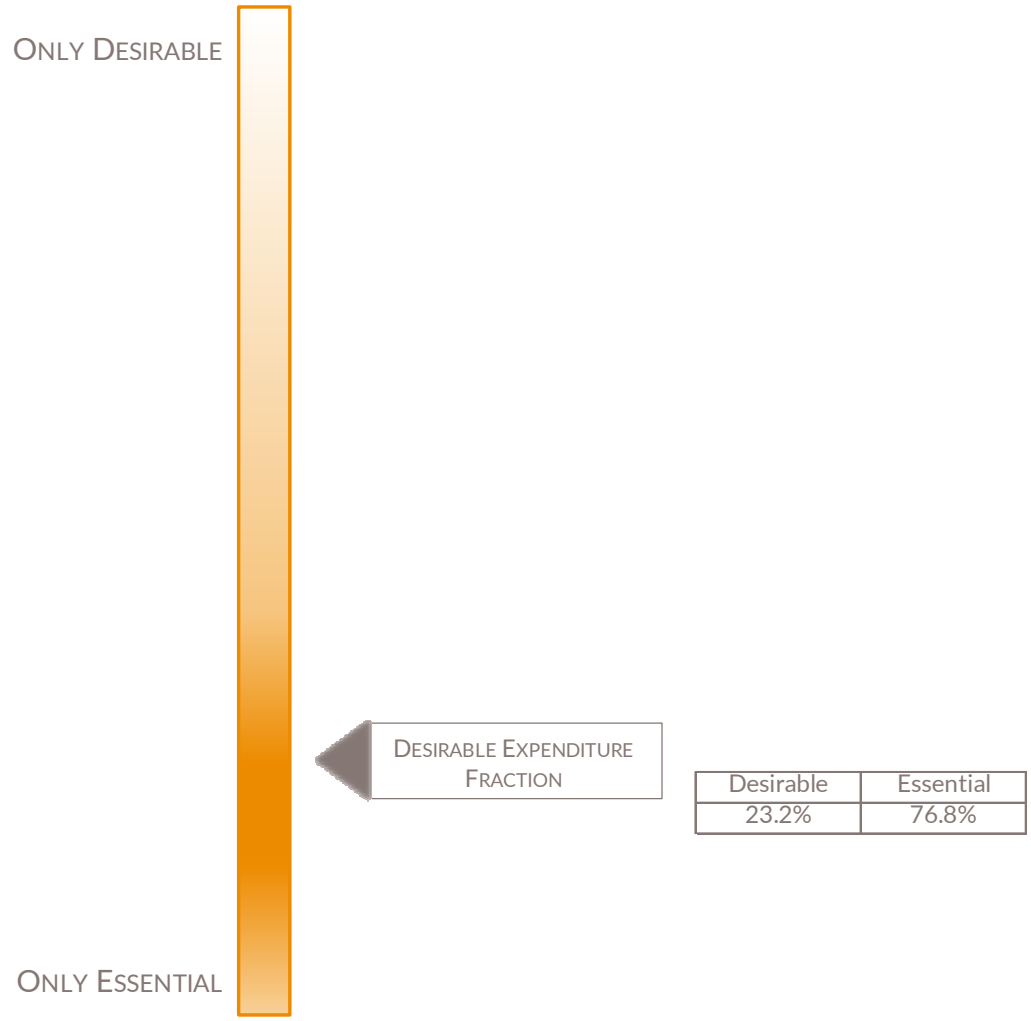
4. PERFORMANCE ENDICATORS

In order to assist Condominium Corporation No. 8310696 better understand the condition of its property, the state of its Reserve Fund, and the impacts of the proposed funding plan, we have provided the following Reserve Fund Performance ENdicators.

4.1 EXPENDITURE PRIORITY

Each item shown in the Capital Expenditure Plan has been classified as either “Essential” or “Desirable”. Essential items are those which are necessary for the continued satisfactory operation of the building. “Desirable” projects are those which maintain or improve the aesthetic appeal of the property and would include components such as interior finishes, various site works, and landscaping expenses. Based upon the plan presented in this document, 76.8% of the budgeted expenditures have been deemed “Essential” and the remaining 23.2% have been deemed “Desirable”.

Figure 2: Expenditure Priority



A reduction in required contributions could be achieved by increasing the service life of "Desirable" line items. Similarly, the aesthetic appeal of the property could be enhanced by decreasing the service life of "Desirable" line items. We recommend that the Board consider the trade-off between contributions and the aesthetic appeal of the property to ensure that this document accurately reflects the Board's intentions.

4.2 AVERAGE RESERVE FUND CONTRIBUTION PER UNIT

The average Reserve Fund contribution per Unit is calculated by dividing the annual Reserve Fund allocation by the number of Units (excluding Parking and Storage Units) in the development and by 12 months per year. We calculate that, in the next fiscal year, the average contribution will be approximately $397 per Unit per month.

Table 2: Contribution Table under Proposed Funding Plan

RESERVE FUND CONTRIBUTION TABLE						
YEAR	ANNUAL CONTRIBUTION	% INCREASE OVER PREVIOUS YEAR	OTHER CONTRIBUTION (Special Levy, Loan, Operating Transfer)	TOTAL RESERVE FUND CONTRIBUTION	AVERAGE CONTRIBUTION PER UNIT PER MONTH	CHANGE IN CONTRIBUTION PER UNIT PER MONTH
2023	$ 600,000	N/A	$ 100,000	$ 700,000	$ 452.20	N/A
2024	$ 615,000	2.5%	$ -	$ 615,000	$ 397.29	-$ 54.91
2025	$ 630,375	2.5%	$ -	$ 630,375	$ 407.22	$ 9.93
2026	$ 646,134	2.5%	$ -	$ 646,134	$ 417.40	$ 10.18
2027	$ 662,288	2.5%	$ -	$ 662,288	$ 427.83	$ 10.43
2028	$ 678,845	2.5%	$ -	$ 678,845	$ 438.53	$ 10.70
2029	$ 695,816	2.5%	$ -	$ 695,816	$ 449.49	$ 10.96
2030	$ 713,211	2.5%	$ -	$ 713,211	$ 460.73	$ 11.24
2031	$ 731,042	2.5%	$ -	$ 731,042	$ 472.25	$ 11.52
2032	$ 749,318	2.5%	$ -	$ 749,318	$ 484.06	$ 11.81
2033	$ 768,051	2.5%	$ -	$ 768,051	$ 496.16	$ 12.10
2034	$ 787,252	2.5%	$ -	$ 787,252	$ 508.56	$ 12.40
2035	$ 806,933	2.5%	$ -	$ 806,933	$ 521.27	$ 12.71
2036	$ 827,107	2.5%	$ -	$ 827,107	$ 534.31	$ 13.03
2037	$ 847,784	2.5%	$ -	$ 847,784	$ 547.66	$ 13.36
2038	$ 868,979	2.5%	$ -	$ 868,979	$ 561.36	$ 13.69
2039	$ 890,703	2.5%	$ -	$ 890,703	$ 575.39	$ 14.03
2040	$ 912,971	2.5%	$ -	$ 912,971	$ 589.77	$ 14.38
2041	$ 935,795	2.5%	$ -	$ 935,795	$ 604.52	$ 14.74
2042	$ 959,190	2.5%	$ -	$ 959,190	$ 619.63	$ 15.11
2043	$ 983,170	2.5%	$ -	$ 983,170	$ 635.12	$ 15.49
2044	$ 1,007,749	2.5%	$ -	$ 1,007,749	$ 651.00	$ 15.88
2045	$ 1,032,943	2.5%	$ -	$ 1,032,943	$ 667.28	$ 16.28
2046	$ 1,058,766	2.5%	$ -	$ 1,058,766	$ 683.96	$ 16.68
2047	$ 1,085,236	2.5%	$ -	$ 1,085,236	$ 701.06	$ 17.10
2048	$ 1,112,366	2.5%	$ -	$ 1,112,366	$ 718.58	$ 17.53
2049	$ 1,140,176	2.5%	$ -	$ 1,140,176	$ 736.55	$ 17.96
2050	$ 1,168,680	2.5%	$ -	$ 1,168,680	$ 754.96	$ 18.41
2051	$ 1,197,897	2.5%	$ -	$ 1,197,897	$ 773.84	$ 18.87
2052	$ 1,227,844	2.5%	$ -	$ 1,227,844	$ 793.18	$ 19.35

4.3 AVERAGE EXPENDITURE PER UNIT

The average expenditure per Unit is calculated by dividing total study period expenditures (expressed in current dollars) by the number of Units (excluding Parking and Storage Units) in the development and by 12 months per year.

We calculate that, over the duration of the study period, the Corporation can expect to spend an average of $387 per Unit per month on capital major repair and replacement projects. The average expenditures per unit are less than the contribution per unit in the next fiscal year.

Table 3: Cash Flow Table under Proposed Funding Plan

RESERVE FUND CASH FLOW TABLE

Opening Balance of the Reserve Fund:	$ 1,993,373
Minimum Reserve Fund Balance (as Indicated in this Table):	$ 967,907
Assumed Annual Inflation Rate for Reserve Fund Expenditures (15-Year Average Construction Price Index)	2.85%
Assumed Annual Interest Rate for Interest Earned on the Reserve Fund (Average Corporation Rates)	2.79%

YEAR	OPENING BALANCE	RECOMMENDED ANNUAL CONTRIBUTION	ESTIMATED INFLATION-ADJUSTED EXPENDITURES	ESTIMATED INTEREST EARNED	PERCENTAGE INCREASE IN RECOMMENDED ANNUAL CONTRIBUTIONS	CLOSING BALANCE
2023	$ 1,993,373	$ 700,000	$ 1,766,717	$ 41,251	N/A	$ 967,907
2024	$ 967,907	$ 615,000	$ 362,003	$ 30,921	-12.1%	$ 1,251,825
2025	$ 1,251,825	$ 630,375	$ 785,676	$ 33,175	2.5%	$ 1,129,698
2026	$ 1,129,698	$ 646,134	$ 270,248	$ 37,228	2.5%	$ 1,542,813
2027	$ 1,542,813	$ 662,288	$ 126,482	$ 51,159	2.5%	$ 2,129,778
2028	$ 2,129,778	$ 678,845	$ 683,206	$ 60,112	2.5%	$ 2,185,529
2029	$ 2,185,529	$ 695,816	$ 624,943	$ 62,750	2.5%	$ 2,319,152
2030	$ 2,319,152	$ 713,211	$ 444,060	$ 69,327	2.5%	$ 2,657,630
2031	$ 2,657,630	$ 731,042	$ 398,327	$ 79,788	2.5%	$ 3,070,133
2032	$ 3,070,133	$ 749,318	$ 277,015	$ 93,414	2.5%	$ 3,635,849
2033	$ 3,635,849	$ 768,051	$ 1,472,493	$ 92,774	2.5%	$ 3,024,181
2034	$ 3,024,181	$ 787,252	$ 98,112	$ 95,179	2.5%	$ 3,808,501
2035	$ 3,808,501	$ 806,933	$ 705,513	$ 109,037	2.5%	$ 4,018,958
2036	$ 4,018,958	$ 827,107	$ 482,010	$ 118,425	2.5%	$ 4,482,479
2037	$ 4,482,479	$ 847,784	$ 628,483	$ 129,744	2.5%	$ 4,831,524
2038	$ 4,831,524	$ 868,979	$ 844,759	$ 136,850	2.5%	$ 4,992,594
2039	$ 4,992,594	$ 890,703	$ 363,254	$ 148,510	2.5%	$ 5,668,553
2040	$ 5,668,553	$ 912,971	$ 1,007,253	$ 158,825	2.5%	$ 5,733,096
2041	$ 5,733,096	$ 935,795	$ 1,260,827	$ 157,389	2.5%	$ 5,565,454
2042	$ 5,565,454	$ 959,190	$ 672,520	$ 161,294	2.5%	$ 6,013,417
2043	$ 6,013,417	$ 983,170	$ 2,902,953	$ 142,780	2.5%	$ 4,236,415
2044	$ 4,236,415	$ 1,007,749	$ 484,361	$ 127,088	2.5%	$ 4,886,891
2045	$ 4,886,891	$ 1,032,943	$ 1,466,755	$ 131,944	2.5%	$ 4,585,022
2046	$ 4,585,022	$ 1,058,766	$ 379,598	$ 139,138	2.5%	$ 5,403,328
2047	$ 5,403,328	$ 1,085,236	$ 765,345	$ 157,182	2.5%	$ 5,880,402
2048	$ 5,880,402	$ 1,112,366	$ 3,511,846	$ 132,245	2.5%	$ 3,613,167
2049	$ 3,613,167	$ 1,140,176	$ 3,014,125	$ 75,612	2.5%	$ 1,814,830
2050	$ 1,814,830	$ 1,168,680	$ 1,050,922	$ 52,939	2.5%	$ 1,985,527
2051	$ 1,985,527	$ 1,197,897	$ 1,271,454	$ 55,059	2.5%	$ 1,967,028
2052	$ 1,967,028	$ 1,227,844	$ 367,676	$ 67,727	2.5%	$ 2,894,924

5. CLOSURE

Please do not hesitate to contact our office with any questions or concerns you may have. We look forward to continuing to collaborate with the Corporation.

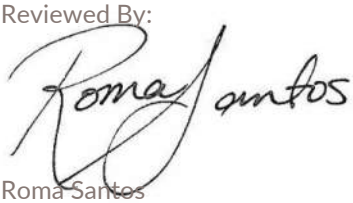
Sincerely,

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APPENDIX A
ADDITIONAL PHOTOS



Photo 1 Example of Corrosion at Balcony Railings



Photo 2 Example of Localized Masonry Repairs Required



Photo 3 Deteriorated Wood Terrace Surface – Unit Owner Responsibility



Photo 4 Typical Terrace Drain



Photo 5 Owner Installed Air Conditioning Unit



Photo 6 Example of Previous Parkade Crack Injection Repairs



Photo 7 Water Seepage on Lowest Parkade Level



Photo 8 Parkade Fencing



Photo 9 Locker Room/Steam Room/Change Rooms Under Renovation



Photo 10 Newly Installed Wall in Pool Area



Photo 11 4th Floor Commercial Entrance



Photo 12 Building Operations Workshop



Photo 13 Garbage/Recycling Area



Photo 14 Example of Traffic Membrane Deterioration at Parkade Entrance



Photo 15 Damaged Commercial Window – Owner Responsibility



Photo 16 Impact Damage at Driveway Entrance Planter

APPENDIX B
TABLES AND CHARTS