

Mariner Cove Housing Co-operative

ASSET MANAGEMENT PLAN

January 21, 2015

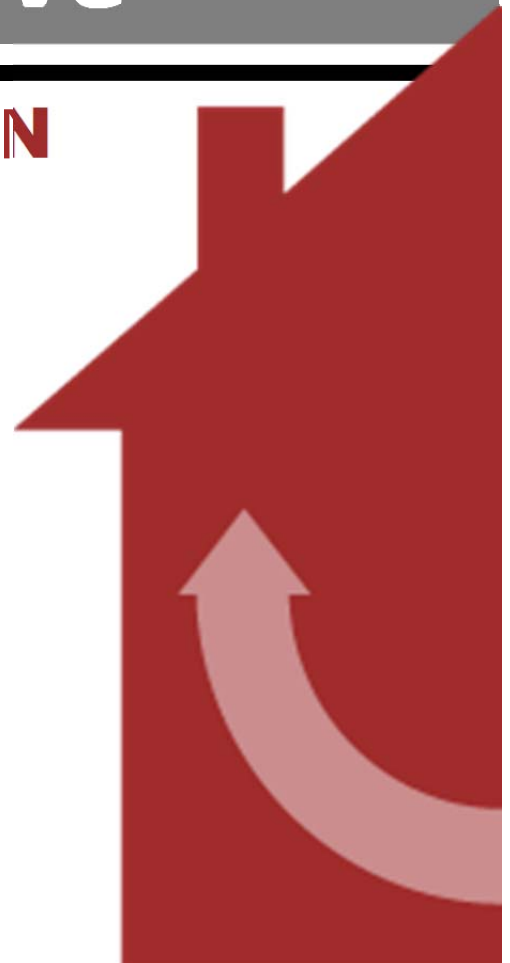


TABLE OF CONTENTS

Executive Summary.....	2
Purpose, Objectives and Methodology.....	3
Purpose of the Plan	3
Objectives	4
Methodology	4
Building Component Description and Status	5
General Description & Unit Mix	5
Status.....	6
Renewal Schedule	7
Work Within the Next Five Years (2015-2019).....	8
Adjustments to BCA Recommendations	10
Financial Plan	10
Revenue.....	12
Financing	13
Replacement Reserve Funds	14
Assumptions.....	15
Next Steps	16
Adopting the Asset Management Plan	16
Implementing the Asset Management Plan.....	16
Annual Review and Five-Year Asset Management Plan Update	16
Maintenance Plan.....	16
Limitations	17
Glossary.....	18
Appendix A – Mariner Cove Input on Building Assets	20
Appendix B – Renewal Schedule	20
Appendix C – Financial Plan	20

EXECUTIVE SUMMARY

Mariner Cove Housing Co-operative (herein referred to as “Mariner Cove”) was established in 1989 and owns a 38-unit townhouse complex located at 4660 52A Street in Delta, British Columbia. The co-op buildings have been well maintained and have minimal envelope or structural issues.

Mariner Cove requested that CHF BC commission a building condition assessment on the co-op’s behalf, and develop an asset management plan (AMP). This AMP includes both a schedule of capital works and an integrated long-term operational and capital budget. The plan covers a period of 30 years.

Because the co-op was established under the Federal Co-operative Housing Program, the co-op’s original loan is an index-linked mortgage rather than a conventional mortgage. The date of the final payment on that mortgage is not strictly defined, but is estimated to occur on December 1, 2021. From that point, money that would have been allocated to paying off debt can be committed to increased replacement reserve fund contributions without significant increases in revenue. This will allow the co-op to save for future capital replacements. No additional borrowing is forecast.

Major work on the co-op has been consolidated into two critical years: 2030 and 2040. In 2030, a large amount of work is scheduled for the exterior of the co-op buildings. This will include replacement of the following components: roofing, siding, exterior doors, soffits, fascia, eavestroughs and downspouts. The cost of this work is estimated at approximately \$1,900,000. An additional \$2,316,000 will be spent in 2040 to pay for the renewal of the windows, sliding doors, kitchens, bathrooms, water mains and sewers.

Housing charges are scheduled for moderate increases to allow the co-op to account for inflation and provide the necessary revenue to cover operating costs and debt servicing. Mariner Cove has already approved a 2% increase for 2015. In this year, the renewal plan also projects a one-time contribution to the replacement reserve fund from the operating surplus of \$20,000. From 2016 to 2021, annual increases are scheduled to be 2.5%. Once the co-op has paid off its first mortgage, revenue demands will decrease significantly. A one-time 3% decrease in housing charges has been scheduled for 2022. This reduction will reset the co-op’s revenue to avoid inflated housing charges out of alignment with actual expenses. All other years will see a 2% annual increase of housing charges to account for inflation.

Regular reviews and updates of the plan with renewed building condition assessments will help the co-op ensure its long-term viability.

PURPOSE, OBJECTIVES AND METHODOLOGY

PURPOSE OF THE PLAN

Across Canada, housing co-ops are facing a range of challenges including aging buildings in need of significant repair, the expiry of Operating Agreements with government and the end of subsidies associated with those agreements. Asset Management Plans (AMPs) give co-ops the tools they need to make informed decisions to maintain the health of their buildings. They help co-ops answer the question:

How much should be spent, what should it be spent on and when should the work be undertaken to ensure that the co-op is delivering quality housing at the lowest life cycle cost?

How much should be spent, and what should it be spent on?

A professional assessment of a co-op's buildings is critical to providing a sound answer to this question. CHF BC, on behalf of Mariner Cove, commissioned a Building Condition Assessment from IRC Building Systems Group. IRC engineers studied the co-op's maintenance records and building plans before conducting a site visit that included a thorough review of exterior wall components, roofing systems, common areas (including electrical and mechanical rooms), and a sample of residential units. The BCA details the status of the building components and systems, makes recommendations on their estimated remaining lifespan, and estimates the anticipated cost of renewal or replacement.

When should the work be done?

In many cases engineers offer date *ranges* for anticipated work, particularly where health and safety concerns do not demand immediate action. The asset management plan's renewal schedule adapts the recommendations from the BCA to reflect the co-op's financial situation and members' priorities to determine when the work should be done. The intention is to optimize spending and convenience while realizing the full typical service life of the components and systems whenever possible.

How will the co-op pay for the work?

The financial plan proposed by the AMP is based on the renewal schedule and the co-op's financial records. When necessary, the financial plan gives recommendations on securing financing, adjusting housing charges and allocating replacement reserve contributions. The financial plan can be incorporated into the co-op's current budgeting process and must be regularly updated to remain useful to the co-op.

OBJECTIVES

LIFE SAFETY & SECURITY

The viability of a co-op is inextricably connected to the condition of its buildings. It is imperative that co-op buildings be properly maintained to safeguard the health, safety and security of the members, and to ensure that the co-op can continue into the future.

SUSTAINABILITY

Environmentally sustainable and resource-efficient practices impact the health, well-being and financial security of a co-op's members. Whenever possible, recommendations should increase energy efficiency, water conservation, and waste reduction to help improve the overall sustainability of the co-op.

QUALITY OF FIXTURES & FINISHES

Fixtures and finishes should not only enhance aesthetics but also provide appropriate quality, durability, and functionality without necessarily being expensive. Fixtures and finishes that strike this balance help retain current members, attract new members and enhance the quality of life provided by the co-op.

AFFORDABILITY / MIX

Mariner Cove has created an inclusive community that embraces diversity. It is a priority to maintain this diversity by creating security for current members and welcoming new members who will enhance the co-op's culture.

PRIORITIZED FRAMEWORK

The expert analysis of the buildings' condition and needs should be adapted into a functional, prioritized framework that enables the ongoing stewardship of the co-op. This framework should enable Mariner Cove to make informed decisions on how to best tend to the structural and fiscal needs of the co-op.

IMPLEMENTATION

The plan should include recommendations to on how to implement and pay for the work that is necessary to ensure the long-term health of the co-op. The co-op should be able to maintain and update the plan so that the plan evolves with the needs of the co-op and its buildings.

METHODOLOGY

DOCUMENTS REVIEWED

The AMP was initiated with a review of documents to understand the history and current status of the co-op. These documents included:

- General Ledgers from 2008 to 2014
- Budget for 2015
- Audited Financial Statements from 2013
- Current rent roll
- BC Assessment Notice for 2014
- Operating Agreement
- Loan/Mortgage Agreement
- Co-op Rules
- Co-op Policies

BUILDING CONDITION ASSESSMENT

IRC Building Science Group (IRC) conducted a site visit on July 21, 2014. In addition to examinations of exterior components and common areas, the engineers also inspected Units 6, 11, 23 and 36. The engineers' findings can be found in the BCA Report that was completed in September 2014.

MEMBER SURVEY

A questionnaire was sent to all co-op members. A summary of the responses received from co-op members in relation to the established asset management objectives can be found in **Appendix A**. The top issues for members who responded were installing new flooring, upgrading the kitchens, improving the lighting, repairing and repainting the trim, creating communal compost, upgrading bathrooms, installing new interior doors, and upgrading the playground.

ASSET MANAGEMENT PLAN

A 30-year renewal schedule was developed based on the recommendations from the BCA, member questionnaire results and other documents reviewed (see list above). The schedule was incorporated into a 30-year financial plan which includes Mariner Cove's operating revenues and expenditures. This plan identifies and projects a recommended scenario to pay for the necessary work.

WORKSHOP

A workshop was conducted with CHF BC and representatives of Mariner Cove on November 24, 2014. At the workshop, CHF BC presented and reviewed the findings in the AMP. The purpose of the workshop was to inform the Board and attendees of the scope of anticipated work, cost estimates for that work, risks and opportunities, and Mariner Cove's financial capacity to pay for the work. The workshop also sought feedback from Mariner Cove on its priorities and preferred options for revenue and expenditures.

FINAL REPORT

The input from the workshop has been incorporated into an updated renewal schedule and financial plan to be found in **Appendices B and C** of this report.

BUILDING COMPONENT DESCRIPTION AND STATUS

GENERAL DESCRIPTION & UNIT MIX

Mariner Cove Housing Co-operative owns 16 townhouse buildings built in 1990. The buildings contain 2 four-bedroom units, 22 three-bedroom units and 14 two-bedroom units for a total of 38 units. Each unit has a patio, yard, and a carport. The co-op also has an office, a shed, a playground and a meeting room with a bathroom and kitchenette.

STATUS

In general, Mariner Cove's buildings are well-maintained and are in good condition. The following is a brief summary of the status of Mariner Cove's building components and systems derived from the BCA. For detailed information, please refer directly to the BCA.

STRUCTURAL

The foundation exhibits minor cracks and spalling, a condition in which concrete breaks off or crumbles. It is recommended that these defects be repaired as maintenance expenditures. A contingency should be set aside for potential repairs in 20 years.

BUILDING EXTERIOR

Recent work has been done on the exterior of the building. The roofing, eavestroughs and downspouts were replaced in 2009. They are given a rating of "good/fair" along with the siding and the exterior doors. It is estimated that these components will require replacement in ten to twenty years. Before replacement, any broken or damaged components should be replaced as maintenance expenditures.

Currently the roofing is exhibiting signs of debris, sediment and organic growth which should be removed as a maintenance expense to ensure the component reaches its typical expected lifespan. The eavestroughs should also be cleaned regularly and any missing debris strainers and leaf guards should be replaced. There were several locations where the downspouts were disconnected or damaged. These should be repaired as a maintenance expense.

The windows and sliding glass doors were installed in 2010 and are given a rating of "good" with replacement estimated in twenty years or more. Most of the units have storm doors which protect exterior doors and reduce air leakage around the door exteriors. Storm doors should be installed on units that currently do not have them. The existing storm doors have a rating of "fair/good" and should be replaced in 10 to 20 years.

It is recommended that exterior components be repainted and new sealants be applied in two to five years. When holes are made in the exterior, it is important that they are properly sealed to ensure that water does not penetrate the envelope and cause damage to the underlying structure.

BUILDING INTERIOR

As part of the BCA, engineers assessed 10% of the suites and found that the interior components (e.g. countertops, appliances, flooring, plumbing fixtures) vary in age and condition. The co-op replaces items as necessary and when units turn over.

It is recommended that the bathrooms and kitchens be updated in five to ten years. The interior finishes in the common areas have estimated remaining lifespans of ten to twenty years.

The BCA calls for replacing the remaining in-suite components on an annual or as-needed basis. This includes the flooring, stoves, refrigerators and small capital items such as exhaust fans, heaters and plumbing fixtures. When the exhaust fans are replaced, consideration should be given to upgrading to

high-efficiency, high-volume air evacuation fans to improve ventilation and decrease potential moisture issues.

In twenty years, consideration may be given to increasing the attic insulation from 6" to 14" to improve energy efficiencies. During the inspection it was noted that members were storing items in some attic spaces. This practice may compress the insulation and reduce its efficiency. The co-op may wish to educate members to avoid this practice.

MECHANICAL AND PLUMBING SYSTEMS

The hot water heaters are replaced on an as-needed basis and it is recommended that the co-op continue with this practice. To date, the co-op has not observed problems with its plumbing system, however the BCA recommends setting aside a contingency for potential future repairs in the next five to ten years. The fire and domestic water mains, and the storm and sanitary sewers and drainage were given ratings of "good" with renewal recommended in twenty years or more.

ELECTRICAL SYSTEMS

The exterior lighting system and the interior lighting fixtures in the common room are rated as "fair", with an estimated remaining lifespan of five to ten years. The power and distribution in the townhouses, which accounts for the replacement or rebuild of the electrical switchgear and common electrical panels, is given the rating of "good/fair" with replacement estimated for ten to twenty years. The power and distribution in the common areas is rated as good and is given an estimated remaining lifespan of twenty years or more.

SITE COMPONENTS

The asphalt pavement was replaced in 2013 and is projected to last twenty years or more. In five to ten years, repairs should be made to concrete components, and the fencing along the south perimeter should be replaced. Consideration may be given to painting or staining the fencing to protect the wood and to present a uniform appearance for aesthetic purposes (and co-op marketability).

The playground appears to be original to construction and includes a multi-activity climber with a slide. In five to ten years, it is recommended that the playground equipment be replaced. Currently, there is grass beneath the playground, but no specialized surfacing to protect users from falls has been added. Installation of rubber matting is recommended in the next two years to reduce safety risks and potential liability issues.

RENEWAL SCHEDULE

The renewal schedule can be found in **Appendix B**. It is designed to provide Mariner Cove with an immediate action plan for short-term work and a long-term strategy to prepare for future work. The schedule relies upon the BCA to indicate the current status of the components and systems, and applies priorities communicated by the co-op to create a plan customized to Mariner Cove's needs.

Mariner Cove's buildings are generally in good repair. The co-op has kept up on regular maintenance and has undertaken some significant repairs. Most of the major components do not require immediate

attention, which means the first year of major spending (over \$200,000) will occur in 2022 when the kitchens and bathrooms are scheduled for renewal. In 2030, most of the envelope components are scheduled for renewal with an estimated cost of just over \$1,900,000. The windows, sliding doors, kitchens, bathrooms, water mains and sewers will require approximately \$2,300,000 of work in 2040. Other components have been scheduled for renewal as needed throughout the plan.

The renewal schedule is dependent on the on-going maintenance of the buildings' components to ensure that they achieve their estimated lifespan. It is also imperative that the co-op adhere to the financial plan (updated as necessary to reflect changed circumstances) to ensure that it is capable of paying for the work as it becomes necessary.

The actual cost of the work will be determined by the bidding process which should be conducted by a professional project coordinator. The highest anticipated amount is the figure used in the financial plan to project a conservative estimate.

**It is important to note that the repair, replacement and improvement schedule is organized by fiscal year, not calendar year. Mariner Cove's fiscal year ends on November 30: fiscal year 2017 refers to the period between December 1, 2016, and November 30, 2017.*

WORK WITHIN THE NEXT FIVE YEARS (2015-2019)

Within the next five years, the renewal schedule anticipates work on the following items: playground surfacing, kitchens, bathrooms, and other in-suite components. The work is estimated to cost just under \$200,000. Table 1 lists the components that will require work and shows projected costs.

Table 1: Capital Expenditures Planned within the Next Five Years

Year	Component	Cost
2015	Playground Surfacing	\$ 19,125
	Kitchens	\$ 9,016
	Bathrooms	\$ 4,508
	Carpets & Flooring	\$ 11,877
	Stoves	\$ 1,253
	Refrigerators	\$ 1,831
	Automatic Storage Water Heaters	\$ 3,073
	Small Capital Costs	\$ 918
	Miscellaneous Capital Allowance	\$ 1,199
2016	Kitchens	\$ 9,196
	Bathrooms	\$ 4,598
	Carpets & Flooring	\$ 12,115
	Stoves	\$ 1,278
	Refrigerators	\$ 1,868
	Automatic Storage Water Heaters	\$ 3,134
	Small Capital Costs	\$ 936
	Miscellaneous Capital Allowance	\$ 1,222

Year	Component	Cost
2017	BCA & RFS Update	\$ 5,306
	Kitchens	\$ 9,380
	Bathrooms	\$ 4,690
	Carpets & Flooring	\$ 12,357
	Stoves	\$ 1,304
	Refrigerators	\$ 1,905
	Automatic Storage Water Heaters	\$ 3,197
	Small Capital Costs	\$ 955
	Miscellaneous Capital Allowance	\$ 1,247
2018	Kitchens	\$ 9,568
	Bathrooms	\$ 4,784
	Carpets & Flooring	\$ 12,604
	Stoves	\$ 1,330
	Refrigerators	\$ 1,944
	Automatic Storage Water Heaters	\$ 3,261
	Small Capital Costs	\$ 974
	Miscellaneous Capital Allowance	\$ 1,272
2019	Kitchens	\$ 9,759
	Bathrooms	\$ 4,880
	Carpets & Flooring	\$ 12,856
	Stoves	\$ 1,356
	Refrigerators	\$ 1,982
	Automatic Storage Water Heaters	\$ 3,326
	Small Capital Costs	\$ 994
	Miscellaneous Capital Allowance	\$ 1,297
Total		\$ 199,678

**Small capital costs include lower-cost (below ~\$1,000) interior components such as baseboard heaters, interior doors and smoke alarms. Miscellaneous capital expenditures cover small, individual expenses such as irrigation system, signage and storage sheds.*

ANNUAL EXPENDITURES

The schedule sets aside an annual allocation to cover small capital costs, miscellaneous capital expenditures, flooring, appliances and hot water heaters. These items are typically replaced on an annual schedule or as they fail. This annual allocation allows the co-op to cover the cost of these expenses as they arise and carry over excess funds to a following year. These expenditures are consistent throughout the schedule and are adjusted over time to accommodate inflation (currently estimated at 2% per year).

CHF BC offers co-ops discounted pricing for appliances, flooring and other commercial services. Please visit CHF BC's website at www.chf.bc.ca/save-more for more information.

Table 2: Annual Expenditure Renewal Schedule

Component	Units per year	Years between upgrades
Flooring	3-4	12
Stoves	2-3	17
Refrigerators	2-3	15
Hot water heaters	2-3	15

Consideration may be given to scheduling the replacement of components as a group, such as all of the refrigerators at the same time, instead of individually upon failure. This approach can lead to cost savings when the co-op is purchasing and installing items in larger quantities.

KITCHENS AND BATHROOMS

As the kitchens and bathrooms have not undergone major revisions since the buildings were constructed in 1990, their components are nearing the end of their service life. The schedule plans for all of the kitchens and bathrooms to be upgraded by 2022 after the first mortgage has ended. To account for units that may need to be renewed before that date, either due to current condition or to coincide with unit turnover, smaller annual allocations have been included for 2015 to 2021. These will account for renewing one to two units per year. Upgrading a unit's kitchen and bathroom at the same time is recommended where possible to minimize inconvenience to members. The next renewal period for the kitchens and bathrooms is scheduled for 2040, when all units will be upgraded at the same time.

ADJUSTMENTS TO BCA RECOMMENDATIONS

Although the renewal schedule accepts the BCA's conclusions on what components need repairs, it adapts the proposed schedule. This means that the costs are the same with the exception of potential inflation. Adjustments are made to meet the co-op's priorities, to consolidate work on similar components or to economically optimize spending.

For Mariner Cove's AMP, adjustments have been made to the schedule for the exterior painting and sealants. To ensure that the buildings are painted during major construction years (2030 and 2040), the next action is slated for 2020. This extends beyond the range of two to five years recommended by the engineers by one year. The renewal cycle was also adjusted to ten years, which is still within the recommended range. Mariner Cove's buildings are clad in vinyl siding, which does not require painting. Typically, painting the exteriors helps to extend the lifespan of critical exterior components. As the items being painted at Mariner Cove are primarily trim, the benefit of a shorter renewal schedule can be considered to be minimal.

FINANCIAL PLAN

A detailed financial plan can be found in **Appendix D**. It is designed to ensure that the co-op has the ability to pay for required repairs, maintain a reasonable balance in the replacement reserve fund and pay for expenditures in the operating budget without sharp rises in housing charges or exceeding market rents for equivalent rental accommodation.

Mariner Cove's mortgage is held by a private lender, and, due to nature of the Federal Co-operative Housing Program which established the Index-Linked Mortgage framework, the loan does not have a precisely defined last payment date. The financial plan estimates that the final payment will occur at the end of 2021. In 2026 the co-op Operating Agreement will end and Mariner Cove will lose federal assistance. The financial plan assumes that the co-op will continue to realize full housing charges.

Once the first mortgage is paid, money that would have been allocated to paying off debt can be committed to increased replacement reserve fund contributions. A one-time contribution of \$20,000 from the operating surplus to the replacement reserve fund has been scheduled for 2015. This will allow Mariner Cove to pay for necessary renewals without the need for new borrowing. In the event that the co-op pays off its ILM debt early, the co-op's position will only be improved. A better evaluation of this prospect can be expected when the co-op updates its plan in three to five years' time.

Mariner Cove has already approved a 2% housing charge increase for 2015. Annual housing charge increases of 2.5% have been scheduled for 2016 to 2021. In 2022 housing charges will be reduced by 3% to account for the end of the first mortgage and reduced revenue needs for the co-op. All other years will see a 2% annual increase of housing charges to account for inflation.

Budgetary projections for the first five years of the plan will be the most accurate. For this reason, it is important to consistently record what work is done and how much is spent, and to periodically update the entire plan. This will keep the document relevant to the needs of the co-op and allow for more accurate future planning.

Table 3 provides a summary of the first five years of the financial plan. The individual aspects of the financial plan are discussed at further length, below, and a summary of the assumptions applied to the financial plan can be found in the following section.

Table 3: Financial plan summary for next five years (2015-2019)

OPERATING BUDGET					
FISCAL YEAR ENDED: Nov 30	2015	2016	2017	2018	2019
Revenue	540,770	547,207	559,151	571,395	583,944
Expenses	174,205	180,569	187,204	194,124	201,340
Replacement Reserve Allocation	60,000	35,426	40,735	46,059	51,392
NET OPERATING INCOME	306,565	331,212	331,212	331,212	331,212
Debt Obligation	330,306	331,212	331,212	331,212	331,212
Operating Surplus/Deficit	-3,741				
Supplementary RRF Contribution	- 20,000				
Opening Surplus/Deficit	25,070	1,330	1,330	1,330	1,330
ENDING SURPLUS/DEFICIT	1,330	1,330	1,330	1,330	1,330

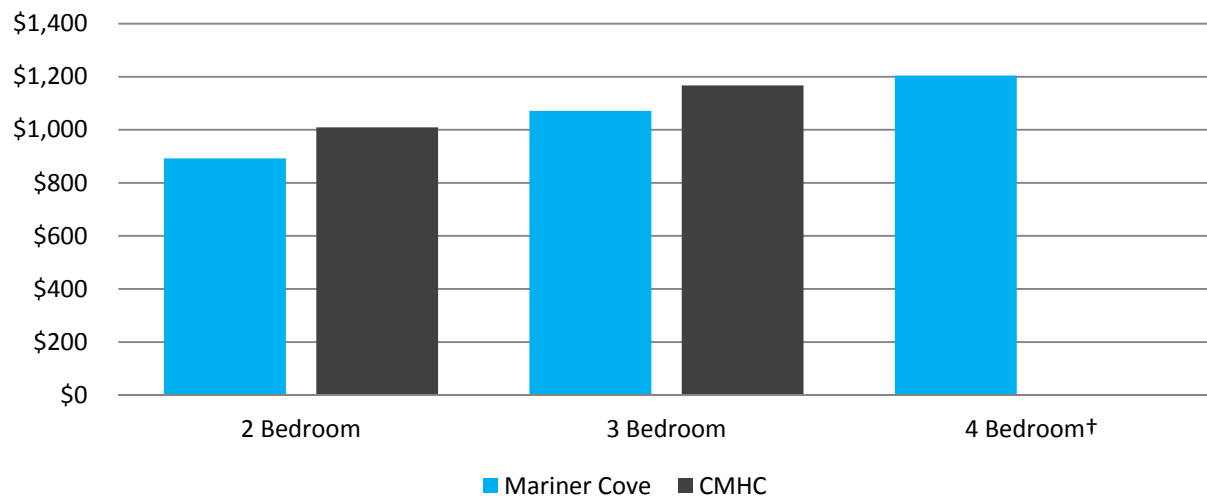
CAPITAL PROJECT/REPLACEMENT RESERVE					
	2015	2016	2017	2018	2019
Opening Balance	50,850	58,863	60,882	62,249	73,568
Annual Allocation (incl. supplement)	60,000	35,426	40,735	46,059	51,392
Projected Total Revenue	60,814	36,367	41,709	47,055	52,569
Renewal Expenditures	52,800	34,349	40,342	35,736	36,451
BALANCE ENDING	58,863	60,882	62,249	73,568	89,685

REVENUE

Housing charges (including government subsidy) accounted for 87% of Mariner Cove's income of \$543,400 in 2014. Additional income is derived from federal assistance, which will end in 2022. This revenue loss is accounted for in the financial plan. Additional revenue sources, such as interest or penalties, are not included in the financial projections due to the fact that they are small amounts that cannot be accurately projected due to their inconsistent nature.

When compared to the CMHC market rents in 2013, Mariner Cove's housing charges were collectively 10% lower than the average comparable rents in Delta.

Chart 1: Mariner Cove Member Contributions Compared to CMHC Market Rents in 2013*



**CHMC rates taken from the Fall 2013 Rental Market Report, section 1.1.2.*

†Average rents for 4-bedroom units are unavailable.

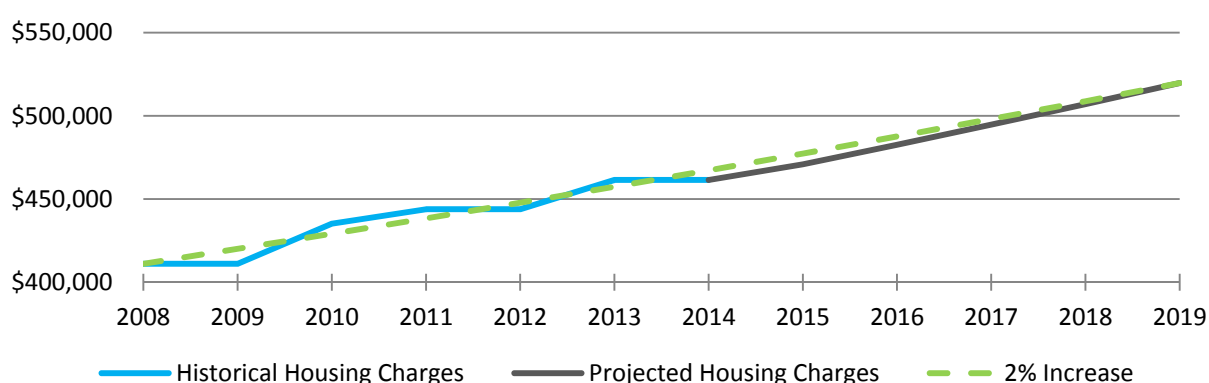
At the end of the Cooperative Housing Rent Supplement Agreement in 2026, low-income members will no longer receive rental assistance from BC Housing. The financial plan assumes that, from that time, the revenue from housing charges will be equivalent to all members paying the then-full housing charges. The co-op may choose to offer discounted rent to low-income members, but the “full housing charges” will need to be increased to make up the revenue in the absence of a renewal of the rent supplement program currently in place. (CHF BC is advocating for co-ops through the “You Hold the Key Campaign”, making the argument for the Province of BC to continue to offer rent supplement supports

to co-ops after their original agreements end. For more information see www.chf.bc.ca/eoacampaign2014.)

Over the past nine years, Mariner Cove has increased housing charges by 11% with various incremental increases that ranged from 0% to 6%. Although these increases brought the housing charges closer to market averages and helped cover inflationary costs, they were inconsistent and may have created unnecessary uncertainty or hardship for members. If the co-op had sustained a level increase over the same number of years, they would have achieved the same result with minimal fluctuations.

Chart 2 shows Mariner Cove's housing charge increases since 2008 and projects the increases recommended in this report.

Chart 2: Mariner Cove's Historical Housing Charges Compared to Stabilized Increases



The financial plan calls for moderate annual increases to total housing charge revenue over the length of the plan. Mariner Cove has approved a 2% increase for 2015. An annual increase of 2.5% is scheduled for 2016 through 2021. In 2022, the financial plan includes a 3% reduction to housing charges in alignment with the loss of the first mortgage. (Note: as indicated previously, there remains uncertainty in the mortgage end date.) From 2023 through the end of the plan, annual increases will be lowered to 2%. This schedule will account for inflation and provide the necessary revenue to cover operating costs and debt servicing. It is important to note that the projected housing charge increases are not guaranteed and may need to be changed to account for unexpected expenses or changes in financial environment (e.g. interest rate increases).

FINANCING

Mariner Cove has a first mortgage, secured under the federal Index-Linked Mortgage (ILM) program which ran between 1985 and 1991 to assist with the development of housing co-operatives. This mortgage type shows variations in the amount paid annually, and the final payment date depends on changes in the consumer price index over the course of the loan. Based on past payments, the financial plan projects estimated annual payments and anticipates a final payment date in 2021. Due to the variable nature of this loan, there is a level of uncertainty regarding these projections.

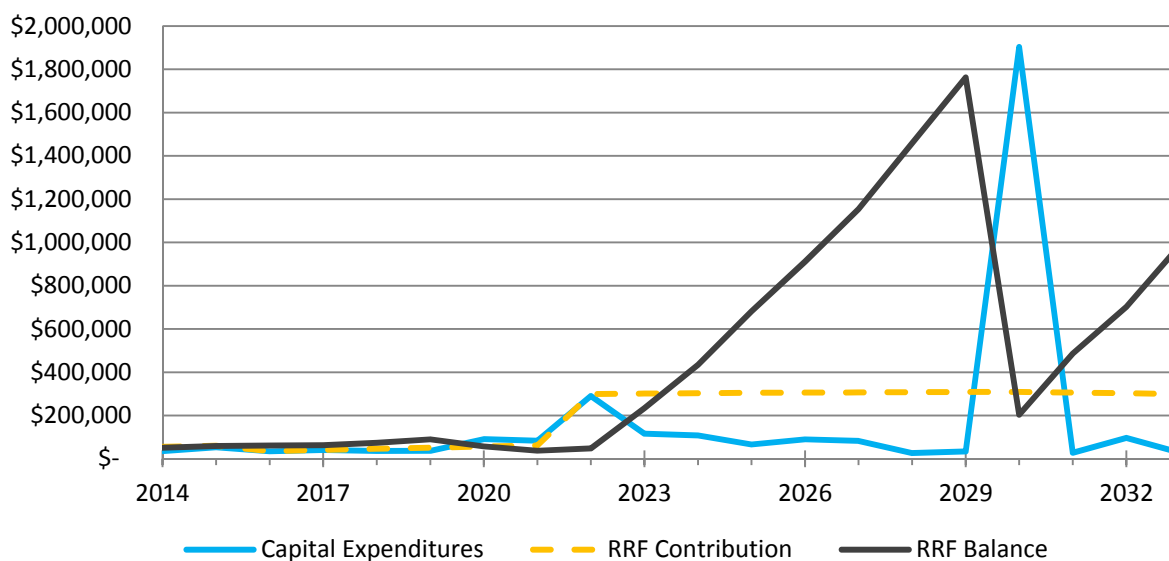
After the first mortgage is paid, the plan reallocates the money previously used for debt servicing to the replacement reserve fund. This allows the co-op to save for future capital expenditures and eliminates the need for new borrowing. When the co-op renews its AMP in three to five years, it can revisit the option to reduce its housing charges by borrowing for future work.

REPLACEMENT RESERVE FUNDS

Having the renewal schedule allows the co-op to estimate future expenditures and save accordingly. The replacement reserve fund serves a vital function for the co-op. It not only helps the co-op save for future repairs, but it also serves as an emergency fund that the co-op can access in the event that urgent repairs are necessary. For this reason, it is recommended to maintain a minimum balance of \$2,000 per unit (\$76,000 in current dollars) to be prepared for unexpected expenses.

At the end of 2014, the balance of the replacement reserve fund was \$44,630 after an annual contribution of \$55,000. When the Operating Agreement expires, Mariner Cove will have greater flexibility in determining how much it will contribute annually to the replacement reserve fund. The financial plan specifies optimal annual contributions to the replacement reserve fund to maximize the co-op's savings for future work. Chart 3 demonstrates how contributions to the replacement reserve fund enable the co-op to pay for scheduled repairs in conjunction with targeted borrowing.

Chart 3: Replacement Reserve Fund Balance and Planned Expenditures (20-Year)



INVESTING REPLACEMENT RESERVES

Under its current Operating Agreement, Mariner Cove faces restrictions on how it is able to invest the money in its replacement reserve fund. When the Operating Agreement ends, the co-op will have the ability to choose its investments with greater freedom; giving it a wider range of investment opportunities (such as mutual funds). This freedom will offer the possibility of higher returns on co-op investments, but may also involve higher risk.

In the renewal schedule there are periods where the co-op is saving for a projected expenditure and may choose to explore investment opportunities that could balance short-term (lower risk) deposits and longer-term (possibly higher risk) investments. This would allow the co-op to have funds on hand for unplanned, emergency repairs while potentially earning a higher rate of return on longer term investments. To determine the optimal investment strategy that offers the best return while protecting the original investment, Mariner Cove should seek professional advice.

ASSUMPTIONS

An asset management plan is a long-term planning tool. It is based on estimates from technical reports and current financial information, but it also requires a number of assumptions. It is important to understand the limitations of any projections and that the assumptions need to be periodically reviewed. Some key assumptions used in the development of the Mariner Cove plan are as follows:

- **Component Replacement vs. Maintenance:** Maintenance expenses are excluded from the renewal schedule. They are considered to be operating expenses and are incurred for the ongoing function of the site components and are usually smaller in value than replacement costs. Examples include repair of damaged insect screens, lawn care and cleaning the eavestroughs. The plan assumes that the co-op will conduct regular maintenance of co-op property which will enable the components to achieve typical lifespans.
- **Contingency:** The AMP assumes contingency costs at 20% for all components except the flooring and appliances which have no contingency. Engineers recommended a +30/-15% variance to be allocated for an inclusive budget. The selection of 20% is intended to protect the co-op from underfunding and from borrowing funds in excess of its needs.
- **Fees:** Professional fees for inspection and contract administration, when necessary, are estimated at 7% in line with the BCA reports. Where design and specification fees are required, it will also be necessary to include inspection and contract administration fees for a total estimate of 15%. Please reference the BCA for more information on these fees.
- **Inflation and Expenses:** For 2015, the co-op's approved operating budget was used. For the succeeding years, the AMP projects 2% annual inflation for most operating expenses. Inflation for property taxes and utilities is calculated at 5%.
- **Interest:** The interest rate applied to the replacement reserve fund in the financial plan is calculated at 1.6% until the end of the Operating Agreement in 2026 and 2% thereafter.
- **Operating Surplus:** Any surpluses earned by the co-op can be used to recover previous operating shortfalls, used for future operating expenses, or used as a supplementary contribution to the Replacement Reserve Fund. Once the co-op is out of its operating agreement, it will have greater flexibility on how it uses its surpluses.
- **Replacement Cost Estimates:** Replacement costs were taken from the BCA. A detailed explanation of how these costs were determined can be found in the BCA.

- **Revenue:** Vacancy loss is calculated at 1% annually. At the end of the Cooperative Housing Rent Supplement Agreement in 2026, low-income members will no longer receive rental assistance from BC Housing. The financial plan assumes that, from that time, the revenue from housing charges will be equivalent to all members paying the then-full housing charges.
- **Sales Taxes:** A sales tax (GST) rate of 5% is used. Where applicable, PST is included in the base cost of the component replacement.

NEXT STEPS

ADOPTING THE ASSET MANAGEMENT PLAN

When Mariner Cove decides to proceed with the implementation of the Asset Management Plan, it will need to pass a resolution to adopt the plan and implement the plan's recommendations.

IMPLEMENTING THE ASSET MANAGEMENT PLAN

Mariner Cove should begin to schedule the repairs indicated by the schedule and hire a project manager to oversee the work when indicated. The project manager would begin by detailing the scope of work in preparation for tendering and developing a detailed schedule of tasks and timeline.

ANNUAL REVIEW AND FIVE-YEAR ASSET MANAGEMENT PLAN UPDATE

Mariner Cove's board and maintenance administration should conduct an annual review of the AMP to prepare for work scheduled in the next fiscal year and update actual costs of work completed. In addition to this internal review, Mariner Cove should consider a full review and update of the AMP and the BCA at least every three to five years.

MAINTENANCE PLAN

To maximize the typical service life of its building components, it is important for the co-op to develop a maintenance plan. This plan will serve as a system to schedule work, assign tasks and record completed work. To create a useful maintenance plan, the following steps are recommended:

1. Create a schedule for cleaning and inspections.

Many components should be cleaned and inspected on a regular basis for potential issues (damage, clogs, etc.) that may affect their typical service life. For example, eavestroughs and downspouts should be cleared of debris and inspected for loose fastenings, dents and missing screens before and winter. Creating a schedule for this work helps discover potential problems before they become problematic and expensive. Regular inspections ultimately extend the typical service life of components. A template for a maintenance inspection checklist developed by BC Housing can be found online at www.bchousing.org/resources/HPK/Maintenance/HPK_Samp_Maint_Checklist.pdf.

2. Develop a reporting process.

Co-ops need systems to receive and track building-related issues reported by members, staff and outside contractors. When a problem is discovered, there should be a process in place to report the issue and ensure that it is repaired in a timely fashion. No matter what systems is used to manage repairs, it should be accessible to all members and address issues in a consistent manner to ensure that small problems do not grow to larger, more expensive problems.

3. Maintain records.

To keep the asset management plan current, it is important to record when work is done and to track any potential issues observed during routine maintenance and inspections. Architectural drawings, specifications, warranties and operating manuals should also be stored in an accessible location for easy reference. Ideally these should be available in digital form to permit easy backups and facilitate communication with outside consultants.

LIMITATIONS

CHF BC prepared this report solely for the client named. The responsibilities of the Co-operative Housing Federation of BC (CHF BC) are as described in the Terms of Reference and The Scope of Work (below). The material in this report reflects the opinion of CHF BC at the time of preparation and within the terms of reference as agreed. Any use, which a Third Party makes of this report, or any reliance on decisions based on it, are the responsibility of such Third Parties.

CHF BC does not warrant the accuracy of the information provided to CHF BC by Mariner Cove. The content of the BCA commissioned by CHF BC on behalf of Mariner Cove is the sole responsibility of IRC Group.

TERMS OF REFERENCE

CHF BC was authorized by Mariner Cove Housing Co-operative to develop an Asset Management Plan. The purpose of the plan was to create a renewal schedule complete with recommendations for repair and/or replacements within the next 30-year period and to develop a 30-year financial plan including budget estimates for replacement costs and funding requirements.

SCOPE OF WORK

The work was performed in general accordance with CHF BC Asset Management Plan Agreement dated August 13, 2014. This work included:

- Review of documentation made available to CHF BC.
- Commissioning of an engineering firm to assess the condition of the co-op's property and develop a Building Condition Assessment (BCA).
- Creation of a renewal schedule with recommendations for repairs and/or replacements within the next 30 years, along with estimated costs of work.

- Development of a 30-year financial plan including an estimated operating budget, anticipated schedule of housing charge increases, and analysis of potential financing opportunities.

GLOSSARY

ASSET MANAGEMENT PLAN (AMP)

An AMP is a long-term plan based on a technical assessment of the co-op's physical assets. It integrates financial elements with a consideration of when and how building components should be replaced or renewed. It is usually based on one or more engineering studies (e.g. Building Condition Assessments or Building Envelope Condition Assessments) and includes recommendations for on-going operations and maintenance practices.

BUILDING CONDITION ASSESSMENT (BCA)

The BCA is a technical report, usually prepared by engineers, that provides an overview of the status of all building components and systems. Professionals review architectural drawings and other documents, and make a visual inspection of the co-op's buildings to understand each of the building components (structural elements, mechanical systems, interior finishes, etc.). The resulting report will include estimates of when the various components should be replaced, how much such replacements would cost, and which should be prioritized.

BUILDING ENVELOPE CONDITION ASSESSMENT (BECA)

Another kind of technical report, it is similar to a Building Condition Assessment but more targeted. It focuses on the components and systems that make up the building envelope (i.e. the outside of the building, including walls and roofs). The professionals who carry out the assessment may use destructive testing to better evaluate the state of the envelope, rather than rely solely on visual inspections.

This kind of report is sometimes known as a building enclosure condition assessment.

CMHC ASSISTANCE

Federal Government funding provided to the co-op for its annual operating and debt service costs, and its allocation for long term replacements. CMHC Assistance payments will discontinue when the co-op pays out its first mortgage.

COMPONENTS & SYSTEMS

Building components and systems are also known as capital assets or capital items. These are the structural elements of the co-op buildings, major pieces of equipment, and other significant property elements that need to be replaced or renewed over the life of the co-op. These include:

- major building components, such as roofs, exterior walls, waterproofing, doors and windows;
- major building services, such as heating and hot water systems, septic tanks and air-handling systems;
- standard equipment for units, such as stoves, fridges, toilets, sinks, counters and cabinets;
- safety features, such as fire alarm systems, fire fighting equipment, and emergency lighting;

- interior floors and carpeting;
- parking lots and garages, garbage systems, intercom systems, fences, and laundry equipment.

Systems are groupings of components that serve a common purpose. For example, pipes, valves and water heaters are all components of the plumbing system.

Co-ops generally pay for replacing building and site components or major repairs using their replacement reserve fund. Small inexpensive parts, such as locks, should be paid out of the regular operating budget.

DEBT COVERAGE RATIO

The debt coverage ratio is a measure used by lenders to evaluate the financial capabilities of a borrower. It is the ratio of net operating revenue to debt obligations. A value of less than one would mean a borrower does not generate enough revenue to cover its debt obligations. When net operating income includes an allocation for contingency/capital reserves, the ratio is ideally greater than 1.0.

DEBT SERVICE

Debt service is the amount of money the co-op must spend to meet its obligations to repay any loans to public or private lenders. It includes both principal and interest payments.

ECONOMIC RENT (OR ECONOMIC HOUSING CHARGES)

Economic rent is a term sometimes used to describe the amount of revenue from housing charges necessary for the co-op to cover all its expenses (operating expenses and debt service) and break even. The true economic rent will cover the costs of long-term replacements, not just regular operating expenses.

ESTIMATED REMAINING LIFESPAN

Estimated remaining lifespan is the length of time professionals anticipate remains until a specific component should be replaced. Engineers determine this timeframe by using the industry standards as a baseline and adjusting the estimate to reflect the observed status of the component.

FISCAL YEAR

The fiscal year is a period used for reporting the financial performance of the organization. In many cases, fiscal years differ from calendar years. For Mariner Cove the fiscal year ends in November, so fiscal year 2017 would refer to the period from December 1, 2016 through November 30, 2017. Fiscal years, not calendar years, are shown in the financial plan and the renewal schedule.

OPERATING REVENUE

Operating revenue is income derived from a co-op's everyday business operations. This includes housing charges and other income such as money from laundry or parking fees.

OPERATING EXPENSES

Operating expenses are costs associated with the operation and maintenance of the co-op. They include taxes, utilities, insurance, maintenance, professional and administration fees. Debt service and money contributed to the replacement reserve fund are not operating expenses.

NET OPERATING INCOME (NOI)

The net operating income is calculated by subtracting the operating expenses and replacement reserve allocation from the operating revenue. This does not include debt service.

REPLACEMENT RESERVE FUND

The replacement reserve fund is the account used to pay for replacement or repair of capital items. The money in the replacement reserve fund comes from annual or monthly contributions from the operating budget and any additional lump sum contributions.

A replacement reserve fund is sometimes referred to as the capital reserve.

SECURITY OF TENURE FUND

A co-op reserve fund with the purpose of providing short term housing charge reductions for members not in receipt of BC Housing's occupancy charge subsidy (rent subsidy). The co-op is not currently making allocations to this fund.

SURPLUS/DEFICIT

Current year: this is net operating income less debt service costs for one fiscal year.

Accumulated (Opening): this is the ongoing total of current year surpluses/deficits since the co-op's first fiscal year.

TYPICAL SERVICE LIFE

The typical service life is the average length of time components can be expected to retain their functionality based on industry standards.

APPENDICES

Appendix A – Mariner Cove Input on Building Assets

Appendix B – Renewal Schedule

Appendix C – Financial Plan

APPENDIX A - Mariner Cove Input on Building Assets

Issue	Members' Responses							Total
New flooring		x	x		x	x	x	5
Upgrade kitchens			x		x		x	3
Improve lighting		x	x					2
Repair/repaint trim		x					x	2
Communal compost		x			x			2
Upgrade bathroom		x			x			2
New interior doors			x				x	2
Playground						x	x	2
Improve security	x							1
New shed		x						1
Continue to replace fences		x						1
Larger recycle bins		x						1
Overhousing		x						1
Increase RRF balance/investment		x						1
Laundry caulking & drainage		x						1
Upgrade interiors			x					1
Upgrade siding				x				1
Upgrade hot water tanks					x			1
Increase energy efficiency						x		1
Possible mould							x	1
Power wash exterior							x	1
Create bicycle storage area							x	1
More 1-bedroom units							x	1

APPENDIX B - Renewal Schedule

Component	Age	Avg. Life	Next Event	Quantity	Unit	Cost Per Unit	Prof. Fee
Structure							
Foundations and Structure	24	50	2036	1	Job	24,000	15%
Exterior							
Shingle Roofing	5	18	2030	37000	Sq. Ft.	10	15%
Low Slope Roofing - Carports	5	20	2030	7403	Sq. Ft.	16	15%
Siding	24	35	2030	64500	Sq. Ft.	5	7%
Windows	4	30	2040	5100	Sq. Ft.	43	15%
Soffit, Fascia, Eavestroughs and Downspouts	24	40	2030	38	Each	3,200	
Exterior Doors	24	35	2030	38	Each	775	7%
Sliding Patio Doors	4	25	2040	38	Each	1,250	7%
Storm Doors	2	25	2037	38	Each	400	
Exterior Painting	24	10	2020	1	Job	18,000	
Exterior Sealants	24	10	2020	38	Each	400	7%
Interior							
Kitchen Upgrades	24	18	2015	38	Each	4,500	
Bathroom Upgrades	24	18	2015	38	Each	2,250	
Flooring	24	15	2014	3	Each	3,697	
Interior Finishes - Common Areas	24	12	2024	1	Job	7,000	
Stoves	24	18	2014	2	Each	585	
Refrigerators	24	15	2014	3	Each	570	
Attics and Related	24	50	2027	39	Each	850	7%
Small Capital Costs	24	10	2014	1	Each	720	
Mechanical, Electrical, Plumbing, Fire/Safety							
Automatic Storage Water Heaters	24	15	2014	3	Each	803	
Plumbing Piping and Related	24	30	2024	1	Job	76,000	7%
Fire and Domestic Watermains - Replacement	24	50	2040	1	Job	300,000	15%
Fire and Domestic Watermains - Repairs	24	50	2026	1	Job	10,000	
Storm and Sanitary Sewers and Drainage	24	50	2040	1	Job	150,000	15%
Power and Distribution - Common	24	50	2035	1	Job	10,000	15%
Power and Distribution	24	40	2032	38	Each	900	
Interior Lighting Fixtures - Common	24	20	2021	1	Job	5,000	
Common Exterior Lighting	24	25	2021	1	Job	16,500	
Site and Grounds							
Asphalt Pavement	1	25	2037	24000	Sq. Ft.	3	7%
Concrete Components	24	15	2024	1	Job	21,000	
Wood Fencing	24	25	2023	1800	Feet	32	
Playground Equipment	24	15	2021	1	Each	10,000	
Playground Surfacing	24	15	2015	1	Each	15,000	
Miscellaneous							
BCA and RFS Update		3	2017	1	Each	4,000	
Miscellaneous	24	10	2014	1	Job	940	

APPENDIX B - Renewal Schedule

Component	2014	2015	2016	2017	2018
<u>Structure</u>					
Foundations and Structure					
<u>Exterior</u>					
Shingle Roofing					
Low Slope Roofing - Carports					
Siding					
Windows					
Soffit, Fascia, Eavestroughs and Downspouts					
Exterior Doors					
Sliding Patio Doors					
Storm Doors					
Exterior Painting					
Exterior Sealants					
<u>Interior</u>					
Kitchen Upgrades		7,213	7,357	7,504	7,654
Bathroom Upgrades		3,606	3,679	3,752	3,827
Flooring	11,090	11,312	11,538	11,769	12,004
Interior Finishes - Common Areas					
Stoves	1,170	1,193	1,217	1,242	1,266
Refrigerators	1,710	1,744	1,779	1,815	1,851
Attics and Related					
Small Capital Costs	720	734	749	764	779
<u>Mechanical, Electrical, Plumbing, Fire/Safety</u>					
Automatic Storage Water Heaters	2,410	2,458	2,507	2,558	2,609
Plumbing Piping and Related					
Fire and Domestic Watermains - Replacement					
Fire and Domestic Watermains - Repairs					
Storm and Sanitary Sewers and Drainage					
Power and Distribution - Common					
Power and Distribution					
Interior Lighting Fixtures - Common					
Common Exterior Lighting					
<u>Site and Grounds</u>					
Asphalt Pavement					
Concrete Components					
Wood Fencing					
Playground Equipment					
Playground Surfacing		15,300			
<u>Miscellaneous</u>					
BCA and RFS Update				4,245	
Miscellaneous	940	959	978	998	1,017
Expenditure (Future Cost Value)	18,040	44,520	29,804	34,645	31,009
Professional Fees					
Sales Taxes	902	2,226	1,490	1,732	1,550
Contingency	814	6,054	3,054	3,964	3,177
Total Renewal Expenditures	19,756	52,800	34,349	40,342	35,736

APPENDIX B - Renewal Schedule

Component	2019	2020	2021	2022	2023
<u>Structure</u>					
Foundations and Structure					
<u>Exterior</u>					
Shingle Roofing					
Low Slope Roofing - Carports					
Siding					
Windows					
Soffit, Fascia, Eavestroughs and Downspouts					
Exterior Doors					
Sliding Patio Doors					
Storm Doors					
Exterior Painting		20,271			
Exterior Sealants		17,118			
<u>Interior</u>					
Kitchen Upgrades	7,807	7,964	8,123	142,357	
Bathroom Upgrades	3,904	3,982	4,061	71,178	
Flooring	12,244	12,489	12,739	12,994	13,254
Interior Finishes - Common Areas					
Stoves	1,292	1,318	1,344	1,371	1,398
Refrigerators	1,888	1,926	1,964	2,004	2,044
Attics and Related					
Small Capital Costs	795	811	827	844	860
<u>Mechanical, Electrical, Plumbing, Fire/Safety</u>					
Automatic Storage Water Heaters	2,661	2,714	2,768	2,824	2,880
Plumbing Piping and Related					
Fire and Domestic Watermains - Replacement					
Fire and Domestic Watermains - Repairs					
Storm and Sanitary Sewers and Drainage					
Power and Distribution - Common					
Power and Distribution					
Interior Lighting Fixtures - Common			5,743		
Common Exterior Lighting			18,953		
<u>Site and Grounds</u>					
Asphalt Pavement					
Concrete Components					
Wood Fencing					68,837
Playground Equipment			11,487		
Playground Surfacing					
<u>Miscellaneous</u>					
BCA and RFS Update		4,505			4,780
Miscellaneous	1,038	1,059	1,080	1,101	1,123
Expenditure (Future Cost Value)	31,629	74,155	69,090	234,672	95,177
Professional Fees		1,198			
Sales Taxes	1,581	3,768	3,455	11,734	4,759
Contingency	3,241	11,684	10,609	43,661	15,696
Total Renewal Expenditures	36,451	90,805	83,153	290,066	115,632

APPENDIX B - Renewal Schedule

Component	2024	2025	2026	2027	2028
<u>Structure</u>					
Foundations and Structure					
<u>Exterior</u>					
Shingle Roofing					
Low Slope Roofing - Carports					
Siding					
Windows					
Soffit, Fascia, Eavestroughs and Downspouts					
Exterior Doors					
Sliding Patio Doors					
Storm Doors					
Exterior Painting					
Exterior Sealants					
<u>Interior</u>					
Kitchen Upgrades					
Bathroom Upgrades					
Flooring	13,519	13,789	14,065	14,346	14,633
Interior Finishes - Common Areas	8,533				
Stoves	1,426	1,455	1,484	1,514	1,544
Refrigerators	2,084	2,126	2,169	2,212	2,256
Attics and Related				42,883	
Small Capital Costs	878	895	913	931	950
<u>Mechanical, Electrical, Plumbing, Fire/Safety</u>					
Automatic Storage Water Heaters	2,938	2,997	3,056	3,118	3,180
Plumbing Piping and Related	30,881	31,499	32,129		
Fire and Domestic Watermains - Replacement					
Fire and Domestic Watermains - Repairs			12,682		
Storm and Sanitary Sewers and Drainage					
Power and Distribution - Common					
Power and Distribution					
Interior Lighting Fixtures - Common					
Common Exterior Lighting					
<u>Site and Grounds</u>					
Asphalt Pavement					
Concrete Components	25,599				
Wood Fencing					
Playground Equipment					
Playground Surfacing					
<u>Miscellaneous</u>					
BCA and RFS Update			5,073		
Miscellaneous	1,146	1,169	1,192	1,216	1,240
Expenditure (Future Cost Value)	87,004	53,929	72,763	66,220	23,803
Professional Fees	2,162	2,205	2,249	3,002	
Sales Taxes	4,458	2,807	3,751	3,461	1,190
Contingency	13,995	7,312	11,009	9,630	1,074
Total Renewal Expenditures	107,619	66,253	89,772	82,312	26,068

APPENDIX B - Renewal Schedule

Component	2029	2030	2031	2032	2033
<u>Structure</u>					
Foundations and Structure					
<u>Exterior</u>					
Shingle Roofing		507,931			
Low Slope Roofing - Carports		162,606			
Siding		442,723			
Windows					
Soffit, Fascia, Eavestroughs and Downspouts		166,931			
Exterior Doors		40,429			
Sliding Patio Doors					
Storm Doors					
Exterior Painting		24,710			
Exterior Sealants		20,866			
<u>Interior</u>					
Kitchen Upgrades					
Bathroom Upgrades					
Flooring	14,926	15,224	15,529	15,839	16,156
Interior Finishes - Common Areas					
Stoves	1,575	1,606	1,638	1,671	1,704
Refrigerators	2,301	2,347	2,394	2,442	2,491
Attics and Related					
Small Capital Costs	969	988	1,008	1,028	1,049
<u>Mechanical, Electrical, Plumbing, Fire/Safety</u>					
Automatic Storage Water Heaters	3,244	3,308	3,375	3,442	3,511
Plumbing Piping and Related					
Fire and Domestic Watermains - Replacement					
Fire and Domestic Watermains - Repairs					
Storm and Sanitary Sewers and Drainage					
Power and Distribution - Common					
Power and Distribution				48,846	
Interior Lighting Fixtures - Common					
Common Exterior Lighting					
<u>Site and Grounds</u>					
Asphalt Pavement					
Concrete Components					
Wood Fencing					
Playground Equipment					
Playground Surfacing		20,592			
<u>Miscellaneous</u>					
BCA and RFS Update	5,383			5,713	
Miscellaneous	1,265	1,290	1,316	1,343	1,369
Expenditure (Future Cost Value)	29,663	1,411,553	25,260	80,325	26,281
Professional Fees		135,862			
Sales Taxes	1,483	77,371	1,263	4,016	1,314
Contingency	2,172	278,475	1,140	12,074	1,186
Total Renewal Expenditures	33,318	1,903,261	27,663	96,415	28,781

APPENDIX B - Renewal Schedule

Component	2034	2035	2036	2037	2038
<u>Structure</u>					
Foundations and Structure			37,104		
<u>Exterior</u>					
Shingle Roofing					
Low Slope Roofing - Carports					
Siding					
Windows					
Soffit, Fascia, Eavestroughs and Downspouts					
Exterior Doors					
Sliding Patio Doors					
Storm Doors				23,969	
Exterior Painting					
Exterior Sealants					
<u>Interior</u>					
Kitchen Upgrades					
Bathroom Upgrades					
Flooring	16,479	16,809	17,145	17,488	17,838
Interior Finishes - Common Areas			10,822		
Stoves	1,739	1,773	1,809	1,845	1,882
Refrigerators	2,541	2,592	2,644	2,696	2,750
Attics and Related					
Small Capital Costs	1,070	1,091	1,113	1,135	1,158
<u>Mechanical, Electrical, Plumbing, Fire/Safety</u>					
Automatic Storage Water Heaters	3,581	3,653	3,726	3,800	3,876
Plumbing Piping and Related					
Fire and Domestic Watermains - Replacement					
Fire and Domestic Watermains - Repairs					
Storm and Sanitary Sewers and Drainage					
Power and Distribution - Common		15,157			
Power and Distribution					
Interior Lighting Fixtures - Common					
Common Exterior Lighting					
<u>Site and Grounds</u>					
Asphalt Pavement				94,614	
Concrete Components					
Wood Fencing					
Playground Equipment			15,460		
Playground Surfacing					
<u>Miscellaneous</u>					
BCA and RFS Update		6,063			6,434
Miscellaneous	1,397	1,425	1,453	1,482	1,512
Expenditure (Future Cost Value)	26,806	48,562	91,275	147,030	35,450
Professional Fees		2,273	5,566	6,623	
Sales Taxes	1,340	2,542	4,842	7,683	1,772
Contingency	1,210	5,478	13,935	25,000	2,596
Total Renewal Expenditures	29,356	58,855	115,618	186,336	39,818

APPENDIX B - Renewal Schedule

Component	2039	2040	2041	2042	2043
<u>Structure</u>					
Foundations and Structure					
<u>Exterior</u>					
Shingle Roofing					
Low Slope Roofing - Carports					
Siding					
Windows		362,713			
Soffit, Fascia, Eavestroughs and Downspouts					
Exterior Doors					
Sliding Patio Doors		79,487			
Storm Doors					
Exterior Painting		30,122			
Exterior Sealants		25,436			
<u>Interior</u>					
Kitchen Upgrades		286,154			
Bathroom Upgrades		143,077			
Flooring	18,194	18,558	18,929	19,308	19,694
Interior Finishes - Common Areas					
Stoves	1,920	1,958	1,997	2,037	2,078
Refrigerators	2,805	2,862	2,919	2,977	3,037
Attics and Related					
Small Capital Costs	1,181	1,205	1,229	1,254	1,279
<u>Mechanical, Electrical, Plumbing, Fire/Safety</u>					
Automatic Storage Water Heaters	3,954	4,033	4,114	4,196	4,280
Plumbing Piping and Related					
Fire and Domestic Watermains - Replacement		502,025			
Fire and Domestic Watermains - Repairs					
Storm and Sanitary Sewers and Drainage		251,013			
Power and Distribution - Common					
Power and Distribution					
Interior Lighting Fixtures - Common			8,534		
Common Exterior Lighting					
<u>Site and Grounds</u>					
Asphalt Pavement					
Concrete Components	34,453				
Wood Fencing					
Playground Equipment					
Playground Surfacing					
<u>Miscellaneous</u>					
BCA and RFS Update			6,828		
Miscellaneous	1,542	1,573	1,604	1,637	1,669
Expenditure (Future Cost Value)	64,049	1,710,217	46,154	31,408	32,036
Professional Fees		174,707			
Sales Taxes	3,202	94,246	2,308	1,570	1,602
Contingency	8,226	337,368	4,462	1,417	1,446
Total Renewal Expenditures	75,478	2,316,538	52,924	34,396	35,084

APPENDIX C - Financial Plan

FISCAL YEAR ENDED: Nov 30	2014	2015	2016	2017	2018
Revenue					
AMP Housing Charge Revenue	541,617	540,770	552,734	564,799	577,166
Member Contribution	461,496	470,842	482,613	494,678	507,045
Assistance from CMHC	80,121	69,928	70,121	70,121	70,121
Vacancy Losses			-5,527	-5,648	-5,772
Other Revenue	400				
Interest revenue	1,382				
Total Revenue	543,399	540,770	547,207	559,151	571,395
Expenses					
Insurance	22,000	22,000	23,100	24,255	25,468
Property Taxes	19,000	33,000	34,650	36,383	38,202
Utilities	41,000	41,000	43,050	45,203	47,463
Professional Fees	6,000	6,000	6,120	6,242	6,367
Management Fees	21,000	21,000	21,420	21,848	22,285
Repairs and Maintenance	28,275	38,325	39,092	39,873	40,671
Administration	5,915	6,315	6,441	6,570	6,702
Dues, Education and Committees	4,460	4,565	4,656	4,749	4,844
GST	2,000	2,000	2,040	2,081	2,122
Special Items - Repayment of Share Capital	7,500				
Total Expenses	157,150	174,205	180,569	187,204	194,124
Replacement Reserve Allocation					
Annual Allocation	55,000	40,000	35,426	40,735	46,059
Net Operating Income	331,249	306,565	331,212	331,212	331,212

Debt Obligation					
Firtst Mortgage	329,936	330,306	331,212	331,212	331,212
Total Debt Obligation	329,936	330,306	331,212	331,212	331,212
Surplus/Deficit					
Operating	1,313	- 3,741			
Supplementary RRF Contribution		- 20,000			
Opening	23,757	25,070	1,330	1,330	1,330
Ending Surplus/Deficit	25,070	1,330	1,330	1,330	1,330

Capital Project/Replacement Reserve					
Opening Balance	30,364	50,850	58,863	60,882	62,249
Annual Allocation	55,000	60,000*	35,426	40,735	46,059
Interest Rate	1.60%	1.60%	1.60%	1.60%	1.60%
Interest Earned	486	814	942	974	996
Projected Revenue	55,486	60,814	36,367	41,709	47,055
Renwal Costs					
Future Cost Value	35,000	52,800	34,349	40,342	35,736
Balance Ending	50,850	58,863	60,882	62,249	73,568

Debt Coverage Ratio (NOI/Debt Servicing Cost)	1.00	0.93	1.00	1.00	1.00
Loan to Value Ratio	20%	17%	15%	12%	9%

*Includes Supplementary RRF Contribution

APPENDIX C - Financial Plan

FISCAL YEAR ENDED: Nov 30	2019	2020	2021	2022	2023
Revenue					
AMP Housing Charge Revenue	589,842	602,836	616,153	529,651	540,244
Member Contribution	519,721	532,715	546,032	529,651	540,244
Assistance from CMHC	70,121	70,121	70,121		
Vacancy Losses	-5,898	-6,028	-6,162	-5,297	-5,402
Other Revenue					
Interest revenue					
Total Revenue	583,944	596,807	609,992	524,355	534,842
Expenses					
Insurance	26,741	28,078	29,482	30,956	32,504
Property Taxes	40,112	42,117	44,223	46,434	48,756
Utilities	49,836	52,328	54,944	57,691	60,576
Professional Fees	6,495	6,624	6,757	6,892	7,030
Management Fees	22,731	23,186	23,649	24,122	24,605
Repairs and Maintenance	41,484	42,314	43,160	44,023	44,904
Administration	6,836	6,972	7,112	7,254	7,399
Dues, Education and Committees	4,941	5,040	5,141	5,244	5,349
GST	2,165	2,208	2,252	2,297	2,343
Special Items - Repayment of Share Capital					
Total Expenses	201,340	208,868	216,721	224,915	233,465
Replacement Reserve Allocation					
Annual Allocation	51,392	56,727	62,059	299,440	301,377
Net Operating Income	331,212	331,212	331,212		

Debt Obligation					
Firtst Mortgage	331,212	331,212	331,212		
Total Debt Obligation	331,212	331,212	331,212		
Surplus/Deficit					
Operating					
Supplementary RRF Contribution					
Opening	1,330	1,330	1,330	1,330	1,330
Ending Surplus/Deficit	1,330	1,330	1,330	1,330	1,330

Capital Project/Replacement Reserve					
Opening Balance	73,568	89,685	57,402	37,456	47,579
Annual Allocation	51,392	56,727	62,059	299,440	301,377
Interest Rate	1.60%	1.60%	1.60%	1.60%	1.60%
Interest Earned	1,177	1,794	1,148	749	952
Projected Revenue	52,569	58,521	63,207	300,189	302,328
Renwal Costs					
Future Cost Value	36,451	90,805	83,153	290,066	115,632
Balance Ending	89,685	57,402	37,456	47,579	234,275

Debt Coverage Ratio (NOI/Debt Servicing Cost)	1.00	1.00	1.00		
Loan to Value Ratio	6%	3%	0%	0%	0%

APPENDIX C - Financial Plan

FISCAL YEAR ENDED: Nov 30	2024	2025	2026	2027	2028
Revenue					
AMP Housing Charge Revenue	551,049	562,070	573,312	584,778	596,473
Member Contribution	551,049	562,070	573,312	584,778	596,473
Assistance from CMHC					
Vacancy Losses	-5,510	-5,621	-5,733	-5,848	-5,965
Other Revenue					
Interest revenue					
Total Revenue	545,539	556,450	567,579	578,930	590,509
Expenses					
Insurance	34,129	35,836	37,627	39,509	41,484
Property Taxes	51,194	53,754	56,441	59,263	62,226
Utilities	63,604	66,785	70,124	73,630	77,312
Professional Fees	7,171	7,314	7,460	7,609	7,762
Management Fees	25,097	25,599	26,111	26,633	27,166
Repairs and Maintenance	45,802	46,718	47,652	48,605	49,577
Administration	7,547	7,698	7,852	8,009	8,169
Dues, Education and Committees	5,456	5,565	5,676	5,790	5,905
GST	2,390	2,438	3,108	3,171	3,234
Special Items - Repayment of Share Capital					
Total Expenses	242,390	251,705	262,052	272,219	282,836
Replacement Reserve Allocation					
Annual Allocation	303,149	304,744	305,526	306,711	307,673
Net Operating Income					

Debt Obligation					
First Mortgage					
Total Debt Obligation					
Surplus/Deficit					
Operating					
Supplementary RRF Contribution					
Opening	1,330	1,330	1,330	1,330	1,330
Ending Surplus/Deficit	1,330	1,330	1,330	1,330	1,330

Capital Project/Replacement Reserve					
Opening Balance	234,275	434,491	681,672	911,060	1,153,680
Annual Allocation	303,149	304,744	305,526	306,711	307,673
Interest Rate	1.60%	1.60%	2%	2%	2%
Interest Earned	4,686	8,690	13,633	18,221	23,074
Projected Revenue	307,835	313,434	319,160	324,932	330,747
Renwal Costs					
Future Cost Value	107,619	66,253	89,772	82,312	26,068
Balance Ending	434,491	681,672	911,060	1,153,680	1,458,359

Debt Coverage Ratio (NOI/Debt Servicing Cost)					
Loan to Value Ratio	0%	0%	0%	0%	0%

APPENDIX C - Financial Plan

FISCAL YEAR ENDED: Nov 30	2029	2030	2031	2032	2033
Revenue					
AMP Housing Charge Revenue	608,403	620,571	629,880	639,328	648,918
Member Contribution	608,403	620,571	629,880	639,328	648,918
Assistance from CMHC					
Vacancy Losses	-6,084	-6,206	-6,299	-6,393	-6,489
Other Revenue					
Interest revenue					
Total Revenue	602,319	614,365	623,581	632,935	642,429
Expenses					
Insurance	43,558	45,736	48,023	50,424	52,946
Property Taxes	65,338	68,605	72,035	75,637	79,418
Utilities	81,177	85,236	89,498	93,973	98,671
Professional Fees	7,917	8,075	8,237	8,401	8,569
Management Fees	27,709	28,263	28,828	29,405	29,993
Repairs and Maintenance	50,569	51,580	52,612	53,664	54,738
Administration	8,333	8,499	8,669	8,843	9,019
Dues, Education and Committees	6,023	6,144	6,267	6,392	6,520
GST	3,299	3,365	3,432	3,501	3,571
Special Items - Repayment of Share Capital					
Total Expenses	293,923	305,504	317,601	330,240	343,446
Replacement Reserve Allocation					
Annual Allocation	308,396	308,862	305,980	302,695	298,983
Net Operating Income					

Debt Obligation					
First Mortgage					
Total Debt Obligation					
Surplus/Deficit					
Operating					
Supplementary RRF Contribution					
Opening	1,330	1,330	1,330	1,330	1,330
Ending Surplus/Deficit	1,330	1,330	1,330	1,330	1,330

Capital Project/Replacement Reserve					
Opening Balance	1,458,359	1,762,604	203,457	485,843	701,839
Annual Allocation	308,396	308,862	305,980	302,695	298,983
Interest Rate	2%	2%	2%	2%	2%
Interest Earned	29,167	35,252	4,069	9,717	14,037
Projected Revenue	337,563	344,114	310,049	312,412	313,020
Renwal Costs					
Future Cost Value	33,318	1,903,261	27,663	96,415	28,781
Balance Ending	1,762,604	203,457	485,843	701,839	986,078

Debt Coverage Ratio (NOI/Debt Servicing Cost)					
Loan to Value Ratio	0%	0%	0%	0%	0%

APPENDIX C - Financial Plan

FISCAL YEAR ENDED: Nov 30	2034	2035	2036	2037	2038
Revenue					
AMP Housing Charge Revenue	658,651	668,531	678,559	688,738	699,069
Member Contribution	658,651	668,531	678,559	688,738	699,069
Assistance from CMHC					
Vacancy Losses	-6,587	-6,685	-6,786	-6,887	-6,991
Other Revenue					
Interest revenue					
Total Revenue	652,065	661,846	671,774	681,850	692,078
Expenses					
Insurance	55,593	58,373	61,291	64,356	67,574
Property Taxes	83,389	87,559	91,937	96,534	101,360
Utilities	103,605	108,785	114,224	119,936	125,932
Professional Fees	8,741	8,916	9,094	9,276	9,461
Management Fees	30,593	31,205	31,829	32,466	33,115
Repairs and Maintenance	55,832	56,949	58,088	59,250	60,435
Administration	9,200	9,384	9,571	9,763	9,958
Dues, Education and Committees	6,650	6,783	6,919	7,057	7,199
GST	3,642	3,715	3,789	3,865	3,942
Special Items - Repayment of Share Capital					
Total Expenses	357,246	371,668	386,743	402,501	418,976
Replacement Reserve Allocation					
Annual Allocation	294,819	290,178	285,031	279,349	273,102
Net Operating Income					

Debt Obligation					
First Mortgage					
Total Debt Obligation					
Surplus/Deficit					
Operating					
Supplementary RRF Contribution					
Opening	1,330	1,330	1,330	1,330	1,330
Ending Surplus/Deficit	1,330	1,330	1,330	1,330	1,330

Capital Project/Replacement Reserve					
Opening Balance	986,078	1,271,263	1,528,011	1,727,984	1,855,557
Annual Allocation	294,819	290,178	285,031	279,349	273,102
Interest Rate	2%	2%	2%	2%	2%
Interest Earned	19,722	25,425	30,560	34,560	37,111
Projected Revenue	314,541	315,603	315,591	313,909	310,213
Renwal Costs					
Future Cost Value	29,356	58,855	115,618	186,336	39,818
Balance Ending	1,271,263	1,528,011	1,727,984	1,855,557	2,125,951

Debt Coverage Ratio (NOI/Debt Servicing Cost)					
Loan to Value Ratio	0%	0%	0%	0%	0%

APPENDIX C - Financial Plan

FISCAL YEAR ENDED: Nov 30	2039	2040	2041	2042	2043
Revenue					
AMP Housing Charge Revenue	709,555	720,198	731,001	741,966	753,095
Member Contribution	709,555	720,198	731,001	741,966	753,095
Assistance from CMHC					
Vacancy Losses	-7,096	-7,202	-7,310	-7,420	-7,531
Other Revenue					
Interest revenue					
Total Revenue	702,459	712,996	723,691	734,546	745,565
Expenses					
Insurance	70,952	74,500	78,225	82,136	86,243
Property Taxes	106,428	111,750	117,337	123,204	129,364
Utilities	132,229	138,841	145,783	153,072	160,725
Professional Fees	9,651	9,844	10,041	10,241	10,446
Management Fees	33,777	34,453	35,142	35,845	36,562
Repairs and Maintenance	61,643	62,876	64,134	65,416	66,725
Administration	10,157	10,360	10,568	10,779	10,995
Dues, Education and Committees	7,343	7,489	7,639	7,792	7,948
GST	4,021	4,102	4,184	4,267	4,353
Special Items - Repayment of Share Capital					
Total Expenses	436,202	454,214	473,051	492,752	513,360
Replacement Reserve Allocation					
Annual Allocation	266,257	258,782	250,640	241,794	232,205
Net Operating Income					

Debt Obligation					
First Mortgage					
Total Debt Obligation					
Surplus/Deficit					
Operating					
Supplementary RRF Contribution					
Opening	1,330	1,330	1,330	1,330	1,330
Ending Surplus/Deficit	1,330	1,330	1,330	1,330	1,330

Capital Project/Replacement Reserve					
Opening Balance	2,125,951	2,359,250	348,679	553,369	771,835
Annual Allocation	266,257	258,782	250,640	241,794	232,205
Interest Rate	2%	2%	2%	2%	2%
Interest Earned	42,519	47,185	6,974	11,067	15,437
Projected Revenue	308,777	305,967	257,614	252,861	247,642
Renwal Costs					
Future Cost Value	75,478	2,316,538	52,924	34,396	35,084
Balance Ending	2,359,250	348,679	553,369	771,835	984,393

Debt Coverage Ratio (NOI/Debt Servicing Cost)					
Loan to Value Ratio	0%	0%	0%	0%	0%