

Notes from 2023 Owners Budget Meeting for Response and/or Consideration

December 7, 2022, 7:00 p.m. (Party Room and on Zoom)

Thanks to Kim and Scott for the many hours they spent this year on development of a draft 2023 budget, which is then considered and debated by the Board to create a budget to bring to the Owners Budget Meeting. This year, as always, the Board had a robust discussion regarding the necessary fee increase required to address the effects of the higher inflation rate, large increases in gas and snow clearing costs, and the need to continue to increase our operating equity.

Points Made by More Than One Owner Present at the Meeting

- 1) When there is an increase in condo fees caused by extraordinary events (e.g., inflation, one-off projects or repairs, some budgeting lines estimated at lower levels than actuals, etc.), these increases are compounded each year following. Has the Board considered a special assessment (particularly if the assessment is small) so that this compounding effect is minimised?
 - a) The Board discusses each line item at length prior to setting the draft budget. They are aware the money collected belongs to the owners and every effort is made to increase fees only to what is needed. Special assessments appeal to some owners (to avoid compounding effects on fees) and not to others (as they appear on Status Certificates until the end of the year when all assessments have been paid). Any surplus at year end is allocated to the operating equity unless the operating equity account is at a sufficient balance; in this case the surplus goes to reduce condo fee increases. In 2021 the Board approved a special assessment directly related to extraordinary events (coronavirus impacts and sediment project expenses) that were non-recurring in nature. To avoid future year impacts of these extraordinary events on our condominium fees, they were addressed via a special assessment.

- 2) Historically, RG2 has had lower condo fees than RG1. However, this year our fees are higher.
 - a) In 2022 the RG1 fees were on average ~\$20 higher than those of RG1. For 2023 RG2 fees are slightly higher than those of RG1 (between \$5/month and \$29/month depending on the size of the unit). RG1 has a larger operating equity

balance that allows them to draw from it to decrease their condo fees. RG2 continues to rebuild our operating equity to an appropriate balance.

Items/Questions Requiring Additional Investigation and Response

- 1) Is the deductible for floods on our RG2 insurance policy set at \$15,000 or \$25,000; could this be communicated to owners so that they can check their personal insurance policies for appropriate coverage?
 - a) Insurance information is included in the PICs (one was sent recently) and in the AGM package. The PIC is the process by which we are to provide owners with the most recent information. Currently, the deductible for floods is \$25,000, and remains at \$25,000 for the 2023 coverage. Owners are encouraged to contact their insurance providers to determine if their policy covers this deductible should damage be caused by their individual unit.
- 2) Does the CMG Liability Insurance cover subcontractors as the agreement indicates it covers employees but does not stipulate subcontractors?
 - a) Subcontractors are covered by CMG liability insurance; Kim will follow up with CMG re wording in the RG2 Agreement.
- 3) In the past the Board tried to determine whether increases in our Cleaning Services contract resulted in increases to our cleaning staff on site. Has this continued?
 - a) While the point is well taken, the cleaners' salaries are not the business of the corporation and there is no requirement to share them with us.
- 4) The SF budget does not show any funds allocated to tree stump removal or replacement of trees damaged during the storms. What is the plan?
 - a) The SFC is developing a plan with the Landscape Contractor's horticulturist. It will be shared with the Boards and communicated to owners. The goal has been to reduce maintenance costs and maintain an appearance that reflects well on the corporations.
- 5) Could a value for \$ evaluation on our security contract (Iron Horse) be completed? Would it be possible to perform this exercise on one contract service each year without adding significant time on task?
 - a) The Board and Management could investigate; however; history indicates the hourly rate is standard for this type of business (security) and the service contract terms are similar.
- 6) Could the SFC minutes be published? Who manages shared facilities?
 - a) In the past, SFC minutes were posted on our website. This will be done again. The SFC does not meet as often as the condo boards. Kim Renwick is the property manager for shared facilities; Frank Paterson at RG1 assumed this responsibility in the past and does not wish to take it on again. RG2 representatives on SFC are Larry Boisvert and Branislav Vračarić. Minutes of RG2 meetings contain a report from the SFC.

Items for Board Consideration

- 1) Could there be a summary with the draft budget that indicates the Reserve Fund expenses paid out in the current year so that owners have an idea what is covered?
 - a) Scott indicated there is nothing taken from the reserve fund account that is not an actual reserve fund expense. Each month, the withdrawals from both the reserve fund and operation accounts are reviewed to ensure costs are allocated appropriately; any incorrect allocations are reversed. In the future, the reserve fund expenses paid out in the current year compared to what was planned in the Reserve Fund Study will be included in the draft budget package.