

AGM 2023 Speaking Notes

Good evening everyone and welcome to the 2023 Lake at Heritage Pointe Owners Association annual general meeting. My name is Rick Gallant, and I'm the current chair of the Board of Directors here at the Lake at Heritage Pointe.

We sincerely appreciate your continuing interest and participation in this very important annual community meeting. In order to facilitate the meeting we have prepared a presentation to provide an overview of the association's activities over the last year and at the end of the presentation we will open the floor for questions.

(Slide: 2023 AGM Meeting Agenda – Quorum)

We are pleased to confirm that with 47 participants here tonight and with a total of 29 proxy forms having been received, we have quorum for tonight's meeting.

As far as the "Proof of Meeting" requirement is concerned, we hand-delivered the AGM package to every residence in the Lake at Heritage Pointe on May 25th.

In addition to the notification of the AGM, the delivered package also contained a letter to residents from the board chair, the agenda for the meeting, a proxy form, a board of directors nomination form, a copy of the 2021 AGM Minutes, and a copy of the 2021 Audited Financial Statements.

At this point I would like to entertain a motion to approve the agenda as presented in the AGM package.

(Slide: 2022 AGM Meeting Minutes)

Now I would like to entertain a motion to approve the minutes of last year's AGM as presented in the AGM package.

We have received a few emails that had questions or issues for us to cover during the AGM. We appreciated getting these questions in advance and hope that we cover them adequately during the presentation.

A total of four names were received for consideration to being nominated to the 2023/2024 Board of Directors. This means that we will be entertaining nominations from the floor later in the meeting to fill our allowed complement of 7 directors for the 2023/24 Board. We would be particularly interested in someone with an accounting/finance background to fill the role as Treasurer and someone with a safety/security background to lead our ongoing safety and security efforts.

We have targeted to keep this presentation to an hour, but will take as much time as is necessary to answer questions. Our speaking notes and the AGM presentation will be posted on the LAHP website in the weeks ahead.

(Slide: Here's what's ahead)

OK, so here's what's ahead.....

- A reminder of who is currently on the association board as well as acknowledgement of our great community manager and the rest of our contracting team that supports him to keep our community operating well.
- An update on developments being planned in and around the Hamlet as well as a few county related items.
- We'll talk about our Board Mission Statement before providing updates on the various initiatives and work efforts of the Board over the last year.
- You'll hear about Capital Improvements that have occurred and ones that are planned for this year.
- An update on our water diversion licences and the sale of a portion of one of them to Heritage Crossing.
- We'll acknowledge the support we have received from the Dunbow Recreation Board over the last couple years and we'll discuss our plans for the Isle Playground Project and a CFEP application we have submitted to help fund it.
- We have a couple slides on our Security Initiatives Committee work and forward plans.
- We have updates for The Summer Ahead and what our community event calendar is looking like.
- Similar to past AGM's you'll hear about our aquatic ecosystem and our ongoing green space enhancement efforts.
- As with last year, I have included a Real Estate Update plus I will review how our Architectural Design and Landscape Guidelines work.
- Then we'll provide an overview of our financial performance for 2022 and our budget for 2023. We'll also be looking for your support in appointing our auditors for next year.
- Lastly, we'll be seeking nominations for the 2023/2024 Board of Directors and potentially having an election vote.

(Slide: Your 2021/22 Board of Directors)

Let me begin by introducing you to your current volunteer Board of Directors

Rick Gallant – Chair, Secretary and Life Cycle Committee Lead

Glenn Ruskin – Vice-Chair and Water Committee Lead

Carey Donkervoort – Treasurer and Contractor Lead (not able to attend tonight due to another commitment)

Jo Scott – IT, Communications, Playground Committee and Events Committee Lead

Brent Fraser – Architectural Design and Landscape Guidelines Lead

Jim Chuey – Safety and Security Lead

I would like to personally thank all of the board members for their contributions over the last year. We had quite a year, both with security challenges and with a challenging winter for our lake and fish population. We negotiated the renewal of all of our community service contracts,

completed our irrigation system restoration and garden bed enhancement projects, finalized the design and funding support for our new playground and progressed the sale of a portion of one of our water diversion licences. I think you will see we accomplished a lot.

(Slide: Extended Family)

Now I would like to introduce you to our extended team that helps us advance all of the work in our community.

Amanda Philips is our book keeper and has been part of our extended team for 2 years now. She is working with us part time, having a full time position working with a not for profit organization in Calgary as a Senior Operations Manager. She brings 20 years of experience working with our treasurer's favorite accounting software. Amanda is originally from the UK, and lives in Calgary, just 10 minutes down the road in the community of Somerset. Thank-you Amanda for all you do to help keep our books of account in order.

Also part of our team are our contractors, Divcon and PLNT. Brandon Pool and his staff with Divcon are our mechanical contractors who handle a myriad of tasks and projects around the community and their staff also take care of all of our lawn mowing in the community green spaces. Brandon's mom Mary Pool takes care of all the plants in our garden beds. James Littlewood and Branden Gartley with PLNT are our horticultural contractors and are responsible for maintaining the lake house park and our community shrubs and trees. They also do all of our sidewalk and parking lot snow removal.

While we are recognizing extended family, I would like to extend a quick shout out to the Water Committee. This is a group of residents that meet once a month for 7 months of the year, with a mandate entitled, Eyes on the Lake, assisting the board with everything and anything related to our lake. Joining Glenn on this committee are: Brian Ysebart, Bryan Dozzi, Graham Purves, Colin Anderson, Ryan McKimmie, Don Waldorf and Jim Chuey. A couple committee members are stepping down this year, so, if you have an interest, contact Les or Glenn and they'll point you in the right direction and answer any questions that you might have.

Also, a quick shout out to our playground committee led by Jo Scott, and including Diane Anderson, Jonathan Cassetta, Bill Duke, Christine Gordon and Ryan Nieszner. This group of residents has come together to help facilitate the process of replacing and enhancing our Heritage Isle Playground. Last year they organized a community engagement survey, reviewed the results and recommended the key attributes required for the new playground, reviewed the results of the playground RFP and recommended the preferred supplier. They also worked with the preferred supplier to refine the playground design to be exactly what we need for our community. But more on that later.

Finally we would like to recognize the contributions of our Security Initiatives Committee led by Jim Chuey, with the help of Neil and Marie Wallace, Jerry and Rene Krcek, Todd Brown, Ryan McKimmie, Trevor Yeaman and Glenn Osmak. This team came together quickly after several

B&E incidents in November 2022 and brainstormed some potential measures to address security in our community. They also organized our April 26 Open House and conducted a survey to get community input on their proposed initiatives. We'll also have more on that later.

(Slide: Les Turner)

Our new community manager, Les, has worked in community development and recreation management his entire career, and has been a great asset to our community since coming on board in 2021. Those of you who have engaged him over the last year will attest that he brings an unending passion and an incredible work ethic to the position. If you have not met him yet, his office is at the lake house and if the gate is open he is there. Please reach out and introduce yourself if you have not done so already.

Since Les joined us, he has been working tirelessly on expanding community engagement through numerous community events and activities. I think it is safe to say Les has been amazed at the breadth and scope of the job and has thoroughly enjoyed rolling up his sleeves and getting things done. The favourite part of the job for him is engaging with all of you and, through your feedback, working to make our community a great place to live and play.

(Slide: Hamlet of Heritage Pointe Development)

As we discussed last year, there is a lot of development going on in the Hamlet of Heritage Pointe and we have been monitoring progress and engaging as necessary to make sure these developments don't adversely affect the Lake at Heritage Pointe.

The Serenity Residential project, located southeast of the Heritage Pointe golf course, has had its Area Structure Plan, Land Use applications and Request for Subdivision approved by Council. Shovels should hit the ground within the next year.

A second development, Pine Springs Estates, by Rarebuilt Homes off Pine Creek Road, just north of Heritage Lake Mews has already started their civil work to develop the 22 lots for a small community of 22 acreages with a pond, walking path and lots of trees. The amendment to the Hamlet Residential District land use rules that was applied for was passed by Council on January 26, 2022. You are likely all aware of the work going on at the west entrance for them to tie into Corix's potable water system.

A third development is currently in the exploratory phase on the piece of land north of the Rarebuilt Homes development along Pine Creek Road. While still in the early planning stages, the initial concept is for 14 villas or senior's bungalows in a small community.

A new development called "Heritage Crossing" has been proposed as a 163-home development for the land south of Dunbow Road, between 2nd and 8th Streets. The Area Structure Plan has been approved by council but the developers still require council approval of a Request for

Subdivision. This is the group that has offered to purchase a portion of one of our water diversion licences to supply water for their planned community.

A developer has also applied to annex 400 acres of county land near the Sirocco golf club. And just to answer your next question, the city does not typically annex developed land so the developed land in the hamlet should be safe from the city's reach.

LaunchPad Heritage Pointe is a new outdoor golf driving range, golf simulation, and restaurant complex that opened their doors to the public on June 30, 2022. We have been working with the developer to address the lights which are affecting residents on the east side of the community.

In addition to these developments, we have also been engaged in the Corix rate application to the Alberta Utilities Commission. We have submitted a letter highlighting our concerns with the rate application and have been engaged with the other Heritage Pointe communities in submitting additional input to the AUC for their consideration during the review process.

Finally, last Fall, the county held an open house to share the short and long-term vision for Dunbow Road between Macleod and Deerfoot Trails and to seek community input on the second Dunbow Road Interchange Study. This second study was an updated look at the traffic flows on Dunbow Road between highways 2 and 2A, and included the Foothills County proposed interchange upgrades to accommodate the ever-increasing traffic in the area. We provided some very clear input on the proposed changes to access for our community and asked the county to reconsider their plan.

(Slide: Board Mission Statement)

You will see here our **Board Mission Statement** which is to:

- **Preserve the appearance and protect the property values of our community through active volunteers, professional management services and friendly, engaged staff who provide exceptional service for our residents to enjoy the lake house, beach, amenities, and event programs.**

Know that your board works hard to pursue this mission statement and does their very best to meet this objective.

The picture on this slide shows the first impression one gets of our community when you first drive in. I know that the various boards over the years have worked hard on improving our entrance and this is an important continual improvement item for us.

(Slide: Continual Improvements)

On the subject of continual improvements, here are some photos of what we've been working on over the last year. An ongoing project for 2022, was the work on our community green space irrigation system and we are happy to report that the system is finally fully operational

again. Our focus this year will be on optimizing and fine-tuning the performance of the system. On landscaping, we made huge progress, and completed the last of the garden bed enhancements. We also refurbished all of the community docks, replaced some of the aeration system compressors, cleaned the aeration system diffusers, upgraded the west entrance camera system and several gates and replaced the community banners. A major project for 2023 and 2024, based on the Life Cycle Study, is the replacement and enhancement of the Heritage Isle playground and the upgrade of the other 2 playgrounds. We've made significant progress as mentioned previously and we will talk more about next steps in a few minutes.

I've lived in the community for 17 years and I know each and every board during this time has had a focus on continual improvement. The original Life Cycle Study, completed in 2018, provided a very detailed long term plan for maintaining the community's assets and supported the establishment of our community Reserve Fund. The Reserve Fund has allowed us to complete a number of major projects including the addition of the garage, the repaving of the main parking lot and the lake house, upper pond and north dock pathways, the structural and aesthetic improvements to the lake house, the replacement of the lakehouse shingles and eavestroughs, and the garden enhancement and irrigation projects just mentioned, over the last 5 years. As mandated at the time of the establishment of the Reserve Fund, the Life Cycle Study is to be updated every 5 years and we are happy to report that we are anticipating receiving the results of the updated study in the next month or two. We will be using the study results and recommendations to plan our project spending over the next 5 years. In the financials segment, we will give you an update on how all of these improvements are being accounted for in terms of budgeting and investment.

(Slide: Raw Water Diversion Licences)

As discussed in the 2 letters circulated with your 2023 fee invoices in January, the LAHPOA owns two raw water diversion licences that allow us to divert raw water from the Bow River to irrigate our green spaces and maintain the level of the lake. One of those licences was granted in perpetuity (it does not expire) and the other one was granted with a ten year term that expired on February 1, 2023. I'm happy to report that we were successful in renewing this second licence for its full volume even though we have barely needed it over the last 10 years. As described in our previous communication, we have undertaken to sell the portion of this licence that we do not need and have executed an agreement with a local developer to purchase 80,000 m³ of this licence for \$650,000. We are now in the process of applying for the transfer of this volume through Alberta Environment and Parks and expect the transfer to be complete by year end.

(Slide: Dunbow Rec Board)

I mentioned earlier the generous support that the Dunbow Recreation Board has made available to help us purchase a variety of recreational equipment for our community, from assorted watercraft, and cross-country ski track setting equipment to a variety of sports equipment including fishing, baseball, soccer and pickleball equipment. We work hard at

providing comprehensive and compelling applications for these grants that help leverage the funds from our Reserve Fund to provide a broad range of recreational equipment for your use.

(Slide: Heritage Isle Playground Replacement and Enhancement)

Last year we submitted an application for a DRB grant for \$25,000 to help replace the Heritage Isle Playground. The grant was approved and we used the commitment of those funds and a planned contribution from our Reserve Fund to help support an application for a \$125,000 CFEP grant that will allow us to install a much more modern playground that will engage children of all ages and abilities. Unfortunately, our CFEP application was declined in January, but when we questioned the basis for the rejection we were told that the program was simply oversubscribed and that we should re-apply, which we have done. We are expecting an answer on our second application in July.

The picture here shows the final design chosen for the playground with equipment intended to engage children of all ages and abilities.

(Slide: Security Initiatives 1)

As mentioned previously, a Security Initiatives Committee was established late last year to look at possible security enhancements for our community. The Committee organized an Open House on April 26 to seek community input on their proposed ideas and followed up with a survey that went out to our community email list. 52 households attended the open house and 84 households in total responded to the Committee's survey. Based on the survey, 85% of respondents were moderately or highly concerned about crime in our community. The highest concern issues were Home Burglaries and Vehicle B&Es or thefts. 78% of respondents were willing to pay up to \$100 per year more in HOA fees to improve security in our community.

(Slide: Security Initiatives 2)

As a result of the feedback received, the Board has decided to implement some of the easy quick wins identified by the Committee including: adding a security orientation for residents to our New Resident Welcome Package; standardizing our incident data gathering; formalizing a partnership with the RCMP; and reviewing best practices of other communities. In addition, we will be undertaking to upgrade the entrance camera systems at both community entrances and investigating options to have them monitored for suspicious vehicle activity. Based on the survey results we also investigated implementing a Neighbourhood Watch program in our community. However, our call for interested volunteers resulted in less than 10% of residents indicating an interest in the program and at this level we were advised that the program would not succeed. As an alternative, the Committee is investigating setting up WhatsApp groups for residents to share security observations. If you are interested in being part of a WhatsApp group for your part of the community, let Les know and he will point you in the right direction.

(Slide: The Summer Ahead)

Ok, what will the summer ahead look like this year?

We officially opened the lake house and beach for the season on June 17th. We are fully staffed, helping residents enjoy all that our beach area and lake has to offer. We encourage you to come out and check out the new kayaks or any of the myriad of water craft and toys we have available to enjoy a day at the lake.

The lake house will be open and staffed from 9:00 am to 9:00 pm every day until August 19 and then we will be closing an hour earlier until September 4 when the season ends.

While our community is an almost idyllic place to live and play, we have had some issues with vandalism and with unruly behaviour by young adults at the North Dock, particularly late in the evening. Many of them were from outside the community participating in underage drinking, loud, foul language and showing a disregard to the properties of nearby residents. We took a number of steps including regular patrols by our community manager, installation of game cameras to monitor the area, repairing the North Dock access system and installation of additional signage to discourage this behaviour. We also engaged concerned residents to help us find a solution here and to let us know when things were getting out of hand.

While we think we now have this issue under control, we will be continuing our efforts to address this issue this summer. If any community member sees an issue around the North Dock area or unruly or vulgar behaviour anywhere on the lake we ask you to immediately call the community manager. Thank you for your patience on this issue, and with your help we think we can keep it under control.

(Slide: Community Events)

As part of our mission statement, the board (aka Les) actively promotes and organizes a variety of community events including our annual parade of garage sales, photos with Santa, light up the night sleigh rides, fly fishing and ice fishing clinics, an annual ice fishing derby, an Easter Egg Hunt, a haunted Hallowe'en walk, wine and paint night, Wine tasting, Scotch tasting, a hiking club, a Show and Shine, a Stampede breakfast and more. Les has been a key driving force over the last year in coming up with interesting new community events and in promoting and organizing them. He is keen to hear your ideas for other events or activities and is always looking for folks to lead a new activity or to help organize an existing one.

Our second annual Show and Shine occurred on June 10th. We were delighted with how successful our first annual event was and while we had a few less cars this year the weather was much more cooperative. I hope some of you were able to enjoy a burger, a beer and some great cars.

On the Stampede breakfast front, we are delighted to announce that planning is well underway for this very popular event. It takes months of preparation to put this event on, due to the fund

raising that needs to happen and all of the logistics involved, and we got started a couple months ago. So mark July 8th in your calendars and plan to spend the morning with us in the lake house parking lot for a Stampede breakfast prepared by our very own Foothills Fire Department.

(Slide: Aquatic Ecosystem)

The lake is our crown jewel of the community. We hear comments from residents who either know people that live on other lakes or have come from other lake communities and they all boast that our water quality and lake environment is unmatched. I think a good indicator of this is how nature has adopted our manmade lake as their own. On any given day you'll see our resident pair of loons and plenty of other bird life all around our lake. While Ospreys, Eagles and Loons can challenge our fish management program we're lucky to have them back year after year. On fish management, we do stock our lake twice a year. This year, in May, we stocked the lake with 320 Rainbow trout and 80 Tiger trout, adding to our already healthy populations of Rainbow trout, Brook trout and Brown trout. Once again, in the Fall, we will be doing another stocking as we did last year.

(Slide: Real Estate Update)

Continuing with our inaugural real estate update from last year, I reached out to Mike Niemans again this year for an update.

Mike Niemans is a Remax Real Estate agent that lives here in our community and is a huge supporter of the community, annually donating and funding such things as our Parade of Garage Sales event, pumpkin carving as well as light up the night.

Mike started our conversation with a comment that the housing market is still going "gang busters" and that the prices in Heritage Pointe continue to be the highest they have ever been! Mike reiterated his comment from last year that the Lake at Heritage Pointe is no longer considered "way outside the city". With communities like Legacy and Riverstone butting up against us, we're now almost considered part of the city and we will continue to see the effect of this change in perception over the next 5 years. If someone is looking at a home in the south end of Calgary they now regularly include Heritage Pointe in the list of communities they are interested in when engaging a realtor.

Mike also described the impact of the increase in interest rates on housing demand throughout the Calgary region. He indicated there had been a bit of cooling off in the Fall but that the market is now back and going like gang busters as buyers have accepted that higher interest rates are likely here to stay for a while. The Lake at Heritage Pointe has a unique appeal with the type of homes found here, including the architectural designs, big lots, plenty of green space, a well maintained community plus the attraction of our lake. As demand has increased, the inventory of homes has gone down. In Pre-Covid times, there regularly were 30 to 40 listings in the community at any time. Mike remarked that in early May of this year there were

only 5 homes for sale, and that 4 homes had sold in the previous 30 days, so there is effectively only a one month inventory of homes for sale. This morning there were only 3 properties in our community for sale.

So, with demand outstripping supply, homes are selling quickly and at higher prices. He suspects we will look back on May and June as “the craziest months ever” in terms of how quickly homes sold. When you would regularly see homes sell in 70 -90 days in the past, the average days on the market this year are 35 with the average sale price, year to date, here for our community, being 1.181 M\$, with a range of 805 k\$ to 1.995 M\$.

The message here is that we live in a very desirable estate community, one that we can be very proud of and one where the value of our home investment is in very good shape.

(Slide: Architectural Design and Landscape Guidelines)

As part of maintaining the unique appearance and appeal of our community, we have Architectural Design and Landscape Guidelines in place. As a reminder, these guidelines are for any changes to the exterior of your home or major appearance changes around your property.

Some of these changes would include:

The addition of fencing to your property - there are two approved styles in the guidelines.

Major landscape changes.

Exterior material changes such as stone, stucco, siding or garage doors.

Color changes to your home.

Structural changes or additions to your home.

Sheds, gazebos, privacy screens and decks.

Addition of solar panels to your roof.

Driveway replacements or repairs.

All of these need to be preapproved and follow the Architectural Design and Landscape Guidelines that are registered covenants on your property.

When you are in the planning stages of any of these potential changes to your property please alert the Community Manager, submitting your plans to him. Les will then consult with Brent Fraser, the board member dedicated to this file, who will then send the request to the Board for approval. Additionally, there is a signed declaration form that needs to be included, ensuring neighbors on both sides of your property have been made aware of your request. No one likes surprises, and this is in place to keep your neighbors aware of your request to the Board. Note that a neighbor can't stop a project once Board approval is made, this is simply a mechanism of communication between adjacent property owners.

Thank you in advance to all the residents that are following these guidelines. More details on what these guidelines include can be found on the LAHP website.

(Slide: The Lake at Heritage Pointe)

This is the last slide before we dive into the financial report.

Here are just a few pictures that remind us all about the wonderful community we call home. Your board of directors are dedicated to preserving and growing all aspects of living comfortably and safely at the Lake at Heritage Pointe.

Carey Donkervoort, our Treasurer, has had a variety of executive financial roles in the last 40 years and he has brought a new level of accountability and financial detail to the Treasurer role as well as managing our financial assets to ensure they generate some return until such time as we need them. Unfortunately, Carey couldn't be with us tonight so I will try to cover these next few slides that Carey has prepared on our finances for the year.

(Slide: 2023 Association Fees Budgeted Per Household – Total Budget \$1,628)

This first slide is a pie chart which displays the breakdown of where your homeowner fees will be spent and allocated this year (2023).

From the top of the chart and going clockwise, the expense items and cost per household are shown in descending order from largest to smallest.

\$771, or 48% of your fees are spent under the first three expense lines of Waste Removal; Landscaping and Snow Removal; and Repairs and Maintenance. Within these three categories, we outsource the work under maintenance service contracts and pay three main contractors:

1. T&T Disposal Services for our 3-cycle waste removal
2. DIVCON Ltd. for landscaping, garden beds, and other repairs and maintenance
3. PLNT Inc. for landscaping, tree maintenance and snow removal

\$209, or 13% of your fees are spent on Management Consulting Services, which is within the range of fees normally charged by professional property and asset management service companies, which charge between 10-15% of total revenues, depending upon the size of the community and its related operations.

\$168, or 10% of your fees are used to pay for utilities for the Lake House, the irrigation pump and aeration compressors and for pumping raw water from the Bow River for topping up the lake each year.

\$95, or 6% of your fees are spent on Wages and benefits for the hourly paid staffing required to operate the Lake House and beach over the summer months.

\$90, or 5% of your fees are spent on Administration, including insurance, professional fees (i.e. bookkeeping, audit, and legal fees), office and miscellaneous expenses.

\$20, or 1% of your fees are spent on purchasing fish stock for the year.

\$18, or 1% of your fees are spent on security initiatives as discussed earlier.

\$11, or 1% of your fees are spent on events and programs.

Finally, \$245, or 15% of your fees go towards Capital Asset Additions, Replacements of Enhancements and the annual Amortization expense of capital assets. Amortization is a non-cash item, which represents the annual depreciation of capital assets with a useful life of more than a year.

(Slide: Statement of Operations for the 2022 Actual year end results in comparison to the 2022 Budget and 2021 prior year results).

This next slide is the Statement of Operations for the 2022 Actual year end results in comparison to the 2022 Budget and 2021 prior year results. You will see on the far right for each line item, a brief explanation of changes from the previous year.

I will not go into too much detail in explaining all changes, however I will highlight and explain the significant areas that I feel are most appropriate for this presentation.

In summary, total revenues of \$794k was higher by \$35k over the prior year. Association fees were increased by 2.85% in line with the 2021 average CPI index for the Calgary region which accounts for \$21k of the increase, and with COVID restrictions removed we saw an increase in Facility Rentals and Sponsorships plus much higher interest rates on our investment accounts accounting for the other \$14k.

Further down, total expenses of \$697k was \$48k, or 7.4% higher than the prior year.

There was \$10k in additional spending versus last year to repair and maintain our irrigation system and \$34k for additional raw water from the Bow River to feed the now fully operational irrigation system. There was also increased spending of \$13k for events with the COVID restrictions removed and \$9k for security system upgrades and licencing fees and a new preventative maintenance contract for the security gates and cameras.

All of this was partially offset with a \$20k reduction in Management Consulting fees with the hiring of our new community manager.

Overall, we finished the 2022 year with an Excess of Revenue over Expenses in the amount of \$97k, which was \$13K lower than 2021.

Finally, we were \$16k over budget for the year, primarily due to the increased cost of pumping raw water from the Bow River.

In the end, we continue to be in a healthy financial position for managing the affairs of the association by ensuring that we have sufficient operating and reserve funds available to support cash flow requirements as they arise going forward.

(Slide: Reserve Fund 2022 Actual Results compared to the 2022 Budget)

The next slide is the Reserve Fund 2022 Actual Results compared to the 2022 Budget. The reserve fund increased by \$118k for the year, closing the year off with a cash reserve balance of \$429k.

The allocated funds from Homeowner Association fees was collected in accordance with the budget in the amount of \$129k. There was also a Board approved transfer of operating funds of \$37k which was \$8k less than planned.

Total capital expenditures of \$53k was spent from the Reserve Fund, which was \$14k lower than our planned budget. We were underspent versus budget in a few areas but the most significant items were Repairs and Upgrades to the Irrigation System which was lower by \$7k versus plan and upgrades to the west entrance cameras and two gates which was under plan by \$5k.

(Slide: 2023 Operating Budget compared to the 2022 Results)

The next slide is the 2023 Operating Budget compared to the 2022 Results. Total budget revenues of \$875k are planned to be up by \$81k, or 10.3% over 2022.

Association fees, including both Operating and those allocated to the Reserve Fund are planned to be up by \$38k. While the year over year average increase in the consumer price index for the Calgary region was 6.9%, the Board has determined that an increase of 5% is sufficient to manage both the short and long term needs of the organization.

Facility rentals, events, and sponsorship revenue are planned to be up by \$19K as we continue to add events and programs to the community calendar. With the significant increase in interest rates over the last year, interest income is projected to be up \$21k over last year.

On the expense side, total budget expenses of \$755k is planned to be up by \$58k, or 8.3% over 2022.

With inflation running high, and all of our contracts up for renewal at the end of last year there was upward pressure on contract rates for 2023. Our T&T Waste Handling contract increased \$14k or 10.6%. Our snow removal contract rates also increased and we have budgeted to replace some trees which has increased Landscaping costs by \$7k or 6%. Management Consulting Fees are up by \$19k or 23% primarily due to costs for the updated Life Cycle Study. Events and facility rentals are up \$17k or 93% which is largely offset by the increased revenue for these activities noted above. We've also planned on a \$3k increase in Administration largely due to expected increases in audit and legal fees. With the completion of our major irrigation system repairs and upgrades we are projecting a \$6k or 6% reduction in Repairs and Maintenance.

Overall, we are budgeting for \$120k in excess revenues over expenses for 2023, which is planned to be up from 2022 by \$23k. This surplus will be used to fund 2023 capital asset purchases of \$367k including the additional capital spending for the Heritage Isle playground upgrade.

(Slide: 2023 Reserve Fund Budget)

This next slide is the 2023 Reserve Fund Budget. The Reserve Fund is budgeted to decrease by \$14k to close off the 2023 year-end with a cash reserve balance of \$415k.

Total capital expenditures of \$367k are budgeted for 2023, which is planned to be up by \$313k from the prior year spend primarily driven by the Heritage Isle Playground upgrade and the relocation of the old Heritage Isle equipment to the other the two community playgrounds.

Other capital projects which we are budgeting to spend in accordance with the life cycle study include, optimizing the performance and effectiveness of the irrigation system for \$15k, replacing trees in the community green spaces for \$5k, restoring additional garden beds for \$5k, and updating the Life Cycle Study for \$15k.

(Slide: Capital Reserve Fund Cash Flow Chart for 15 years 2018 to 2032)

The Reserve Fund Cash Flow chart shows the: Reserve Fund annual funding from Association fees; annual capital expenditures; and year end balances for the next 15 years – 5 years of actual results from 2018-2022 and a 10 year forecast for 2023-2032. The projected timing and amount of capital expenditures is based on the Life Cycle Study commissioned by the Association back in 2018 and is based on a professional engineering study.

During the next 10 years (between 2023-2032), we are projecting to spend about \$1.7M in capital expenditures and deposit about \$1.8M in Reserve Fund fees and interest revenue.

You will note a significant increase in planned expenditures in 2023 associated with the Heritage Isle Playground Replacement and Enhancement Project. We have applied for and are expecting to be awarded a substantial government grant to help subsidize the total cost of the playground upgrade of \$300k. The Association is planning to spend \$140k out of the reserve fund in 2023 and to allocate \$160k from government grants and sponsorships that we anticipate receiving later this year.

The reserve fund balances at the end of each year are projected to stay within the range of \$400K-\$500K over the next 5 years until the year 2027 and then for the 5 years afterwards, to the year ending 2032, are projected to grow to around \$600K. Of course, we will be receiving an updated Life Cycle Study in the next few months and a number of the projections from the previous study are likely to change based on work we have been doing over the last several years.

(Slide: Questions)

(Slide: Appointment of Auditors for 2023)

The Board recommends we appoint Kenway Mack Slusarchuk Stewart LLP as our auditors for 2023. They are familiar with our organization, having been our auditors for the last 9 years, and have conducted thorough audits of our financial records at a competitive rate.

Now I would like to entertain a motion to accept Kenway Mack Sluarchuk Stewart LLP as our auditors for 2023.

(Slide: Board of Directors for 2023/24)

As we received only 4 nominations for the 7 available board positions, we would like to seek nominations from the floor in order to fill out all of the positions on the board. As mentioned previously, we are particularly interested in candidates with accounting/finance backgrounds and safety/security backgrounds.

Call for nominations once. // Call for nominations twice. // Nominations closed. ?? Vote?

The new board will have their first meeting together in the next couple weeks, and at that time the roles of Chair, Vice Chair, Secretary, Treasurer and committee leads will be assigned.

(Slide: Thank You)

Thank-you for your attention tonight. I'm hoping this presentation has given you some insight into what's happening in and around the community and provided some details on how your HOA fees are managed.

If you have any questions about this presentation or want to share any thoughts you have, please send me a note, you can reach me through Les.

Thank you again and have a great night.