**METROPOLITAN TORONTO CONDOMINUM CORPORATION NO. 1295**

**“The St. James”**

**MINUTES OF THE OWNERS’ INFORMATION MEETING**

**REGARDING THE RESERVE FUND STUDY**

Multipurpose Room, Main Floor, 39 Jarvis Street, Toronto ON

Held on Wednesday, November 25, 2015 at 7:00 pm

**Present:**

Eric Blanchard President

Mary Jo Smith Treasurer

Michael Elliott Director

Nikki Zamparo Director

**With Regrets:**

Pamela Jones Vice President/Secretary

**By Invitation:**

Joe Jarzabek Property Manager, Brookfield Condominium Services Ltd.

Bruce Davidson Engineer in Training, Brown & Beattie Ltd.

Rebecca Morison Recording Secretary, INaMINUTE Ltd.

1. **CALL TO ORDER**

With proper notice of the meeting having been served and a quorum of Directors present, E. Blanchard, Board President, duly called the meeting to order at 7:05 p.m. and presided as Chair.

1. **RESERVE FUND STUDY**

E. Blanchard explained that the Corporation retained Brown & Beattie LLP, a highly reputable Engineering firm, to perform an updated Reserve Fund Study and building assessment. An outline of the plan was distributed to Owners in advance of the meeting, and a copy of the full Reserve Fund Study will be made available to Owners upon request.

E. Blanchard reported that the Board was pleased with the Engineers’ report. Based on the recommendations in the report, the Board approved a more aggressive front-end loading of common element fee increases over the next few years, in part to comply with the new regulatory framework that will come into force with the updated *Condominium Act* (the “Act”).

E. Blanchard introduced B. Davidson from Brown & Beattie, who attended the meeting to present the details of the Engineers’ report.

B. Davidson explained the purpose of the Reserve Fund and Reserve Fund Study. The study is performed to ensure that the Reserve Fund is sufficient to cover the anticipated major repairs and replacements in the building over time. The Reserve Fund Study is a statutory requirement under the Act, which also requires that the study be updated every three (3) years. The Act requires a physical assessment of the building every six (6) years.

B. Davidson advised that the Engineers’ report accounted for requirements of full replacements versus localized repairs. For example, an average life expectancy of a roof is 25 years, with regular weather exposure and routine maintenance, and would be slated for replacement after that time; whereas other items can be addressed effectively on a localized repair basis, such as leaks in the garage. He noted that structural and code related deficiencies must be addressed in a timely fashion, which is part of the reason why the Reserve Fund Study must be regularly updated.

The study provided that the first critical year is 2031. Therefore, the Corporation has 15 years to come up with the required funding for the planned expenditures.

B. Davidson presented a document which compares the Reserve Fund Study prepared by Brown & Beattie to the previous study prepared by Ontech. The new Reserve Fund contributions up to 2021 are higher than the study prepared by Ontech; and after 2021, the annual contributions are lower. This is due to the recommended approach by Brown & Beattie to front-load the Reserve Fund contributions in order to build up the fund more quickly.

B. Davidson advised that the major concerns for any building from an engineering perspective are structural concerns of water penetration and maintaining the concrete in good condition. He explained that esthetic concerns in the building are more discretionary; although he noted those expenditures do affect property values. For esthetic issues, the Engineers therefore take additional instructions from the Board. If the Corporation decides to deviate significantly from the study projections, the contribution schedule will be revised accordingly.

E. Blanchard inquired about the strategy of front-loading contributions in order to build up the Reserve Fund over the next three (3) years. B. Davidson noted the benefits of having a well-funded reserve balance to cover expenses, particularly structural expenses, that may arise; as well as the statutory obligation to have a properly funded Reserve Fund – and the new legislation is anticipated to be even more stringent in this regard. He noted that it is easier to replace a smaller percentage, and avoid the “snowball effect” of catching up a larger percentage.

**An Owner (Unit 504**) inquired about the standard of “adequately funded”.

**B. Davidson** advised that the standard is met by following the Reserve Fund Study prepared by the Engineers.

**Mr. John Johnston (Unit 401)** reported about the potential legislative requirement of mandatory Reserve Fund minimums based on age of the building, regardless of a particular study.

**B. Davidson** advised that the new legislation will likely stipulate triggers that will require a new Reserve Fund Study, such as the depletion of a Reserve Fund below certain levels.

Discussion ensued on Reserve Fund expenses in older buildings versus newer buildings, and B. Davidson advised that newer buildings have the benefit of time – with typically fewer expenses in early years, and more time to build up the fund before major expenditures are needed.

**Mr. Quintin Johnstone (Units 806 and 311)** reported that under the previous legislation, there was an objective standard which required putting 10% of the Corporation’s funds into the Reserve Fund. Under the current legislation, the government imposed a subjective standard which mandates Reserve Fund contributions in accordance with a building’s particular Reserve Fund Study and technical audit.

**Mr. Howard Dayton (Unit 505)** inquired about the comparison chart showing that the end total in the year 2030 will be a lower amount than the Ontech study. The Brown & Beattie study ended with $5,339,887 total by 2030, versus the most recent Ontech study showed $5,655,410.

**M.J. Smith** advised that the latest Reserve Fund Study front-ends the Reserve Fund contributions such that less funding will be required overall to address the anticipated repairs and replacements. She also noted the impact of interest rate changes since the last study. There may also be an impact of the particular Engineers’ opinions regarding the state of repair of the building’s fixtures.

**B. Davidson** concurred that there is a difference in the approach with the Brown & Beattie study, which divides the increases more evenly over time, and front-loading rather than back-loading the contributions. This has an impact on the overall funding total.

**E. Blanchard** noted that the 28% increase reflects an increase to the Reserve Fund contributions, and not to the common element fees. The increase in the common element fees will be about 5% for the next three (3) years, and then will be flat thereafter. Based on the current projections, the amount paid by Owners will be the same over a 10 year period; it is just that the amounts will be higher in the first three (3) years.

**An Owner** inquired about the objective of this meeting.

**The Board** advised that this funding plan recommended by Brown & Beattie has already been reviewed and approved by the Board, and this meeting is for the purpose of advising Owners of the plan and explaining the rationale behind it. The plan will come into effect March 1, 2016.

**Mr. John Johnston (Unit 401)** thanked the Board for obtaining this new perspective on the study. He inquired about Brown & Beattie’s assessment of the building, including whether there were any particularly notable issues from the Engineers’ perspective.

**B. Davidson** confirmed that there was nothing particularly remarkable in the Engineering assessment. He cited the upper terraces that might require some repairs in the future, as well as some minor garage leaks forecasted for 2017/2018 which can be addressed with local repairs until the full replacement project scheduled in about eight (8) years.

**J. Johnston** inquired about corridor refurbishment.

**M.J. Smith** advised that the next corridor refurbishment project will take place in 2018.

**Mr. Quintin Johnstone (Units 806 and 311)** inquired about the party room repairs slated for 2016, and whether the Engineers make those determinations objectively.

**B. Davidson** stated that the Engineers work with the Board on esthetic items like the party room.

**Q. Johnstone** inquired about the contingency fund in item 9.2.

**B. Davidson** reported that this contingency fund reflects the conservative approach required of condominium corporations, and permits flexibility for items that the Engineers are not able to predict with specificity in advance. The Reserve Fund Study captures the Corporation’s large items, and it is more difficult to anticipate small repair work.

**An Owner (Unit 504**) inquired about the common element fees per square foot in relation to comparable buildings, with a view to resale value.

**B. Davidson** reported that prospective purchasers will see what is on the status certificate. It is difficult to know whether other buildings are in a surplus or deficit position, however, he noted that all buildings will be in the same position of needing to meet the new statutory requirements.

**M.J. Smith** reported that the Board did a survey of common element fees in comparable buildings and found the average cost was $0.75 per square foot, and this building was at $0.74.

**3.0 OTHER BUSINESS**

E. Blanchard reported that the Property Management services from Brookfield have been renegotiated to provide for a Property Manager on site 2.5 days per week commencing in January 2016. The fees paid to Brookfield will not increase, yet the level of service should increase with increased Management presence. The building’s library will be turned into a Property Management Office. A new Property Manager will be taking over this role as J. Jarzabek’s responsibilities at other buildings prevent him from being able to spend 2.5 days per week at this site.

E. Blanchard reported about the renovations planned for the amenities room. A notice with more details of the plans will be distributed to Owners on November 26, 2015.

**Ms. Sandra Burley (Unit 506)** advised that she has had the opportunity to use the amenities area for amateur productions and would like to be able to continue using the space.

**Mr. John Johnston (Unit 401)** inquired about a guest suite in the building, and the possibility of using a portion of the renovated amenities area for this purpose.

**The Board** noted that this is a good idea and the Board will investigate further.

**An Owner (Unit 412)** inquired about the North market.

**M. Elliott** reported that an archeological survey was done, and the City of Toronto is currently in the planning process.

**4.0 CLOSE OF MEETING**

It was the consensus of those present to close the meeting at 8:02 p.m., as there was no further business to discuss.

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Director Date

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Director Date