

**Yellowknife Condominium Corporation #8
Meeting, August 23, 2011 7:00pm
Northern United Place**

Present and good standing:

131 139 242 250 318 321 339 418 451 459 566 574 586 606
620 627

Present and not in good standing:

218 408 413 437 449 544 576 613

Tenants:

404

At 7:30 only 24 members were present. Required 108 for a quorum. According to our Bylaws Section 5.05 – Adjournment for Lack of Quorum, the meeting was adjourned for one week from tonight, same place and same time.

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Meeting, August 23, 2011 7:00pm
Northern United Place**

Present and good standing:

103 131 139 216 221 226 240 250 301 303 304 310 318 321
329 341 342 343 402 410 418 435 451 463 545 555 572
574 586 606 611 620 627 541 643 648 655

Present and not in good standing:

121 218 405 408 413 437 449 544 576 613 650

Tenants

224 404

At 7:30 there were 48 members present. According to our Bylaws under Section 5.05 those who are present shall be deemed as a quorum.

1. Call to Order

Meeting called to order by Wanda at 7:30pm

2. Budget

Aldin had the budget on the overhead for those present to review and go through.

- Table showing expenses from last 10 years and projections for end of year expenses based on current costs and pro-rated to end of year
- 2012 Projections – best guess of what things will cost – some items less straightforward than others
- Recommended budget, as presented by Board for approval by members.

a) Bank charges and fees

- going up because of running payments through debit machine we have to pay for this service therefore we have charges for all of these transactions including having to run payments through the second time if they were returned the first time.
- 643: Where is income? (clarified)

b) Bookkeeping

- 580: Has problem with cost of bookkeeping tender offer (of \$56 000 annually for bookkeeping) – as small business owner, thinks that they can find someone to do it for less and are settling for first offer.

655: Issue with legality – must be able to deem that bid unworthy or cancel it in order to decline it (resident who works with these things regularly) – is 580 aware of the work that bookkeepers do?

- Wade: 2003-2006: had really unreliable bookkeepers, not worth cheaping out on it (worth paying more for good, complete work); also, only ones who have responded to request for tenders since 2007; provide multitude services above “bookkeeping”

- Tamlin: also questions this, needs someone to put the work into finding others if they want the quality; charges would go down considerably if people paid condo fees on time

- 654: “We are not an easy customer.”

- 408: Bookkeepers take on a great deal of additional work – GICs, Savings, mailouts, etc. Do we get charged for mailing supplies?

- Aldin: This is part of separate budget line.

- Wade: includes year-end audit from bookkeepers

c) Bad Debts:

- This year “only \$174” (plus some other components for \$10 000)
- Wade: likely will be more to be added to that list, haven't QUITE gotten there yet, but likely will

d) Collection Services

- 402: Different company? Yes – Aurora Collections (only local collection agency)

e) Insurance costs

- have come down over last few years
- What are we insuring? Property, director's insurance, Bobcat, etc.

f) Park Management

- 655: Is this Mike's Contract?

- Aldin: Yes.

- Does he have another contract for maintenance?

- Aldin: Yes. Mike can hire outside assistance (Wade or others) as required, and that money is separate.

- 655: Is this a conflict of interest, since Wade sits on the Board?

- Yes (general consensus)

- discussion of recusing self from discussion (643) and voting on contract.
- Aldin: Hasn't been a problem so far, definitely potential for conflict, but we all have a vested interest in seeing the property values not go down
- 655: brought this up in 2007; declares it because he is hired to work on properties
- Wade: lots of people have property in Northlands, but this isn't his only business
- 643 agrees, if Wade is receiving contracts through the board could be conflict, but if Mike needs help, maybe we should be putting the jobs out to tender
- 655 agrees
- Aldin: disagrees because it ties our hands about actually getting things done
- 655: do we have a baseline?
- Wade: in emergencies, much easier to get someone in the property and accessible to work on things
- 643: really needs to know how Wade is getting additional information from the board that would affect his business opportunities, how is this giving him an advantage.

221: When you know that a property's coming available, going into foreclosure, etc, you can have an advantage.

Wade: frequently board comes to him for information on these things, not the other way around.

655: Comment about the Board and responsiveness to emails in the past.

General discussion between 655 and Wade about some email conversations.

655: Clarify what Mike does (Arranging for contractors, equip. maintenance, paying insurance, booking meeting spaces, vehicle towing)

g) Property taxes

402: What are we paying property taxes for? (common areas, storage & locking, roads, etc.)

h) Repairs/Maintenance total: biggest item

- Budgeted based on an average after bad years (2010), but there was a huge expense based on frost & water mains

- Maybe this year is the outlier and shouldn't be taken as part of the pattern

- Best case projection from last 10 years: \$280 000 – rounded up, but may want to change that based on his graph.

- Because 2010/11 were both expensive years, is hard to project: are they anomalies, or sign of things to come? Has 3 estimates, one low, one middle, one high. \$300 000 is very hopeful.

221: Why don't we have detailed information for the 9 missing years 2002-2011? At least from 2007, when they've been doing the numbers – can't vote on something with no historical data.

655: used to work at an accounting firm, they should have that.

580: Back to bookkeeping: if we're being charged that much to clean up that mess, we should have those numbers.

655: Doesn't that include Mike's Contract? That's \$60 000, leaving only \$240 000 for maintenance

580: Can't expect anyone to take it seriously if there are no numbers

Tamlin: are you referring specifically to the bookkeeping or maintenance budget?

580: both

221: Can see why you made the projections, but would be helpful to see the trends from last few years.

648: Can try to get the info, but they needed much more time.

221: Should be able to get that immediately (not blaming board), but this is a red flag. Could request supplemental information.

Wade: Board only recently decided that they needed to see all that information, so this is an evolving budget, every budget past has been passed without that information. That space just appeared because the BOD decided that it needed to be filled in.

655: I helped create this, they should have this on their computer system

Wade: May have had that information, was never presented to board or membership with that info

221: Can/should still get the history

Aldin: can't get it today, right now, have breakdown of last year's budget;

574: Motion: Board of Directors are to direct accounting firm to provide schedule of accounts payable associated with parks repair and maintenance so we get those numbers from now on.

Seconded by 580.

Motion Approved.

i) Office & Storage

580: Why did it jump from \$4700 to \$19 000 from 2010 to 2011

Aldin: "Call it a discrepancy" (Probably transcribed it wrong)

j) Legal Expenses

Aldin: ongoing court cases to get money from people. Had lawyer legislating new bylaws (why so high in 2011)

580: Had provisions for liens on property, so why collections too? Do we need to do both?

General: Collections is separate

Wade: legal comes from lawyers, bylaws, etc. Collections is to retrieve cash, we don't use lawyers for that.

580: Can now put liens on people's property because of changed bylaw

Wade: We always could

Aldin/Wade/Wanda: Discussion about land titles, still is a block of legal work to be done, deadline (end of year) is next week, Aug. 31.

k) Audit Expenses

408: Who does the audit?

Aldin: Mackay (audits the accountants, not involved in the day-to-day)

408: Mandated to have it?

Aldin: yes

l) Equipment amortization

Bobcat & Visa machine: costs spread over the years, may have a little bit left over next year

655: So should that have been \$500 for this year?

Aldin changes number to \$400

Wade: this is the value, not price. We already bought it, that's what amortization is. Not ACTUALLY an expense.

m) Utility bills: 90% water, 10% power:

Aldin: Metered when water goes in and comes out of the park, difference is what we pay for. Each unit pays for theirs, additional wastage is billed to condo corp. We lose about 40% (not out of line with rest of city)

221: will be interesting to see what happens to the waste numbers when water system is replaced.

Wade: Some waste is through bleeders in winter to keep from freezing. Would like to fix

408: when motion was carried about more details, I'd like to see water wastage included on that in separate line, trying to figure out if the meters are working, or if we're double paying for water.

Wade: homeowner is responsible for meter, and any of that is deducted from the condo water bill. Have numbers – Mike will show them to you.

Aldin: can add that to the list of information requested.

508: Where's the meter measuring the water?

Aldin: Near Franklin

508: Have engineering friends who are curious about it, may look into it.

655: Streetlights? (who is in charge of them/paying for them to run) If they're on all day long, who do we call?

408: number on them, call that.

Wade: more meters & bleeders to try to regulate, b/c of freezing, etc.

General discussion about sewers.

Total annual costs: \$537 000
+ 10% capital replacement fee
+ Cash investments: \$400 000 (2011 year end)

Aldin: No major funds set aside for breaks & Capital replacements
Year end cash situation isn't bad.

221: What type of investments (GICs)

580: Who was doing investment? (same guys)

408: Thought that \$50 of payments was designated to "reserve fund"

Aldin: we take 10% of monthly income and set it aside, but we need to pay bills, so we sometimes have to not renew a GIC in order to get it into our operating cash (and vice versa, to reinvest in GICs)

408: But that's tracked?

Aldin: Yes, audited financial statements reflect that.

408: And what's required?

Aldin: Condo act tells us to do a study on upcoming expenses, etc. Haven't done so, but have gotten an assessment (basically same); got 4 options on how to fix infrastructure. Seems apparent that things are now getting worse, and we as a board feel that pipes need to be replaced (no disagreement). Based on study, we should have the money set aside to replace them (\$18 million), but we don't, because we're not going to get a bunch of \$60 000 liens on properties that don't affect our cash position. That money should have been set aside from 1990 (when it became a condo), but was not required at the time. Law

came into effect in 2009 – most condos got bit by that, and had to get special assessment (which ended up being \$4000/unit, not \$60 000), so more affordable.

(Straying into infrastructure plan.)

655: Monthly fees: Total is based on assumption that everyone is paying – do we know the actual revenue is?

Wade: Bad debts is supposed to show what we haven't collected, not written off. From year-end to year-end, should show what we haven't gotten.

655: Monthly fees?

Wade: Not a lot of details available, just pointed out recently

Aldin: we get 20% less than the assessed amount every month. We have financials from June, can try to show you after. Arrears is \$210 000 (approx), so we're getting \$500 000.

Wade: BUT some people haven't paid in 3 years, so it's hard to tell.

221: Your income statement should show that – from accountant – what is outstanding CURRENTLY.

Wade: Bring concerns, this is valid, and clearly we have knowledge that it is a problem that needs to be fixed.

574: Motion that Board of Directors direct accounting firm/auditors to make a schedule that outlines accounts receivables for condo members and breaks down what accounts receivables that we've received the current year and previous years (since 2007).

655: Seconded

404: Are we talking budget or income statement? 2 separate issues.

648: Are you wanting to see a breakdown of what's on the balance sheet, or on the income statement differentiating between what we budgeted and what we've gotten? Breakdown of uncollectable this year vs. previous year, or how much we HAVE received this year?

221: In this year, what have we gotten?

654: I would like to see what we did collect last year and what we can anticipate collecting this year.

General discussion about accounts receivables and what kind of documented information we're looking for.

Wade: You want to see annually how much we get of our projected condo fees.

(YES. Also, comparison to last years)

574: Motion is about our audited financial statements.

655: We want what's missing.

221: We want to know what we CAN collect.

Aldin: We're trying to collect \$619 000, only collecting \$400 000. Cash position should be growing to help us set up for capital improvements. If we ask for more, will we actually get more money?

408: If this motion is approved, will this be a valid budget to vote for?

Wade: Yes, can be amended as we go.

Leonard: There is a schedule for cash flow (cash coming in/going out)

574 wants a separate schedule for condo fees – Leonard thinks there might be one.

Aldin: Will take budget and requests to Mackay so we don't have to get language right at the moment.

Motion Approved.

Aldin: 8% for delinquencies.

655: does 8% sound reasonable? Or are you guessing?

Aldin: 8% is the ratio between our budget last year and what we actually spent. If delinquency rate stays the same, we won't grow our cash savings at all.

655: So you're punishing us for the people who don't pay?

Aldin/Wade: No, the people who aren't paying their fees are punishing you. Already saw a huge decrease in how many people pay with just \$200/month.

642: Question really is do we agree to not have any extra money, do we agree to the potential of not being able to save anything, OR do we raise condo fees.

Wade: We're not sitting pretty, at this rate, we'll be out of cash in no time.

329: Unhappy about situation

Wade: We're not trying to punish anyone, we're trying to be financially viable. And yeah, there are people who can't afford their fees.

221: Not to dwell, but let's do a shame list for people who don't pay their fees.

Wade: Looking at foreclosing on people who haven't paid their fees in a long time. City can do it because taxes are owed to the city; if we do it, we're publishing personal info about our condo members. Can't do it in the paper – can do it elsewhere!

321: If there's a break (in pipes) and they aren't paying their condo fees, why should I have to pay for their maintenance?

Wade: Not legally allowed to cut them off.

321: but if we can't fix our water and sewer...

Wade: the city sells off houses – we can do the same thing, but we have no priority with banks. Can't deny service for non payment of condo fees.

650: Wants to thank the board members, feels bad that they volunteer and get beat up at meetings. Understands frustrations of audience, want answers, and maybe we can do a better job on reporting so people feel more well informed about these issues. Thanks for looking out for our interests. I'm going to continue to be responsible and pay my fees, I don't want to be embarrassed by my home, and I want the board to keep working hard for us. We all need to work collectively towards living in a better place, and am willing to work towards that.

(General support)

Aldin: Back to budget. 8% delinquencies keeps us "even".

To break even next year, condo fees need to be \$233/unit – no gains to cash position, this is just to hold fast.

What's a reasonable amount to have in reserve? Probably about \$350 000, but would have to raise fees additionally. Are heading towards \$300/month to break even.

655: Mike provides a breakdown of the work he's done each month to the board. Can that be circulated? As well as minutes?

Wade: all the content, no personal information. If membership is alright with that, can do!

Aldin: What should we be putting away, and what should we be saving?

643: is it better to pay a smaller additional amount now, than have to increase it substantially every year? Still working on getting the problems... don't want to wait for an emergency.

Aldin: if we wait for another year, we'll have to put it up again. \$200 or \$210 won't be enough.

221: Infrastructure & budget go hand in hand. Almost need an infrastructure update before we can approve budget. Where's the solution?

Wade: No one wants to pay this, but budget is reality – we know the risks of raising condo fees (people not paying) – but what else do we do?

221: No, seems to be no option.

Wade: we have to TRY to get on a level playing field, have to show that we're making an effort, especially if we're requesting money from feds.

343: No way for the board to "punish" those who aren't paying, so we can't reject service, our hands are tied. Are there any things that we can do (that are legal)?

Wade: Again, we can try foreclosing on the worst perpetrators as an inspiration to others, new bylaws might give us an option.

408: No one wants to move to Northlands, by foreclosing you're just putting the pressure on.

643: What I'd like to hear are some options about raising the fees, and what it would give us (in the bank, etc)

Aldin: At \$200/month, we are unlikely to break even next month. At \$210, we have a chance. At \$220, we have a chance to put some money away. All dependent on what happens with our actual costs, and whether people keep paying their condo fees. Too many variables.

643: Thank you.

Aldin: Proposed that we increase our maintenance/repairs to \$400 000, which evens out to \$243/month/unit (w/ same delinquency rate).

606: Power upgrade went in stages – can we do the same thing for water, so we don't need all the money up front?

Wade: They charged the units for the upgrade, because Northlands owns the utility, and we need the money upfront (at least 10%). Same as geothermal – can't ask in increments.

655: Does anyone know how many of the pipes HAVE been replaced already?

Wade: even some of the new ones aren't working because of ground shifting, have to do massive amounts at one time. Can't re-use or hook up to existing.

Ted: I can agree to increase, but I see it as temporary. If we don't know what's going to happen, leave condo fees as is, but if we need additional money, do special assessment to get it.

221: Everything that we've put in the ground so far is useless, waste.

643: I would find it a lot harder to come up with a lump sum than a small adjustment in a monthly payment.

410: Are there options for a lump sum?

Aldin/Wade: Probably not, we'd have to go to collections, so lose 25% right away.

410: Has an option to be put out to the city that they could look at the engineering study?

Wade: they'd put it out to tender, so we'd need money up front. Staff shortages, etc. means that they can't tender without upfront cash.

408: Could we monitor a bit closer to do increases as an annual thing, and then postpone fee increases when necessary?

Wade: 3 months notice, already waiting until December before condo fee increases go into effect.

408: Worried about people who aren't here, will they stop paying?

Wade: they had a chance to come here too, just like everyone here.

655: Even with lacking info, you're expecting us to vote on this?

643: none of the missing info is going to change my mind right now about a fee increase.

402: how critical is it that the budget pass tonight?

Wade: Has to pass in order to move forward, one way or another.

Wanda: need budget passed for year end (next week)

329: Motion to pass budget, with adjusted amortization costs, with increase to start \$220/month/unit for condo fees effective January 1, 2012.

643: Seconded.

Wade: condo fee effective until August 2012.

Yea: 20

No: 4

Abstain: 0

Motion passed.

3. Infrastructure Update

408: We are required to provide water to Reddi Mart area – will that continue post infrastructure renovations?

Wade: won't matter, because the city will be providing it; in meantime, suggesting that they get new source.

408: Technically in \$18 million, we're feeding an extra 14 units – will that change the amount?

Wade: we're not compensated for that, agreement made 20 years ago.

Wade: has been following up with City for answers, but for multiple reasons haven't gotten an answer – is following up this year to ask that they take back infrastructure with unpaved roads. Would cut \$4 million off \$18, would decrease maintenance costs significantly. Can GNWT find us low/no interest loan – asking about this for \$18 million loan. Hassle your candidates – find out what they're going to do for us, what money is available to us – lowest voter turnout in YK, encourage people to get out and vote, this election could decide our infrastructure payment for the next 25 years.

221: Why should we put in all new infrastructure for the City to just take it over?

Wade: it's our responsibility, it's ours to replace. Local improvement tax OR condo fee. We're on the same level as everyone else, except land tax is 15% less.

655: Thanks, can this be posted on the website?

Wade: that's come up in the last couple weeks.

Aldin: Working on summary document, this is new: document will break down situation, where we're going, where we might be able to get funding.

410: Local improvement tax is route we're looking at, how far-close-whatnot are we for setting a date for membership to agree to apply to the city?

Wade: we have to put plebiscite out to membership, but need best possible number. So we need to see what we can get from GNWT, feds & municipality, because we need 66.6% of our membership to approve it, so tough to say. Request is going into city next week, response could go quickly. GNWT moving slow because of election, Feds are moving slowly.

410: Is there something that we (membership) can do to help that process?

Wade: discussion of letter writing campaign, or something, don't want to ruffle the wrong feathers. Have to be careful about it, but definitely something we can do.

Duff Spence: VOTE – get out and vote. Duff Spence (MLA candidate) – if you don't vote, they don't care.

Wade: will put a questionnaire out to the candidates, and post replies on the website.

(General discussion about geothermal issue)

Ted: Do we have anything in writing from anyone? "City has promised etc." Where can we get a copy of that? (City will take back infrastructure with unpaved roads)

Wade: Will put it on website. (committed to October 1 deadline for that)

Ted: And you said taxes won't go up?

Wade: Land taxes & assessment will go up by 15% - 15% reduction came from stigma on Northlands (trailer park)

602: it'll go up by more than that

Wade: no, same as other trailer parks – same formula that they use everywhere, they use in Northlands, minus 15%. So when infrastructure is replaced, stigma goes, land tax goes up by 15%. Only thing that will bring taxes up is new assessment. So – taxes may go up, we have no say, and we have nothing in writing saying anything different.

Kevin: Any historical documents would be useful – but the board is a volunteer board, so please be patient if they're not up anytime soon.

Wade: Need a volunteer, or whenever we have time. We are 10 of 1000 and this is volunteer job.

606: Question about contacting press?

Wade: Not a bad thing, as a board, we can't direct you to contact press, but if you want to, good for politicians, good for everyone to know our frustrations, but if a member wants to, you can feel free.

Wanda: sent stories to Federal ministers, Mayor Van Teghem etc. as lobbying.

Wade: can put forward information, etc. but have no control over an investigative reporter, so have to be careful.

Wade adjourns meeting at 9:45pm

DRAFT