

Carleton Condominium Corporation no. 379

NOTICE OF FUTURE FUNDING OF THE RESERVE FUND (UNDER SUBSECTION 94 (8-10) OF THE *CONDOMINIUM ACT, 1998*)

Updated May 1, 2020

TO: All owners of Carleton Condominium Corporation No. 379

On November 15, 2017, the Board received the Class 3 Reserve Fund Updated Study Not Based on a Site Visit dated November 06, 2017 (Study), prepared by Newbridge Engineering Inc. which was conducted in accordance with subsection 94 of the *Ontario Condominium Act, 1998*. The board reviewed the Study and has updated the proposed plan for the future funding of the reserve fund that the board has determined will ensure that, in accordance with the regulations made under the *Condominium Act, 1998*, the reserve fund will be adequate for the major repair and replacement of the common elements and assets of the corporation.

The Study and the Board have used the following definition of the word adequate:

“a reserve fund is adequate when the contributions reach a level at which they can remain constant, increasing only by inflation from year to year thereafter, and provided this is expected to result in a positive balance, including a reasonable buffer for contingencies, throughout the life of the plan.”

This notice contains:

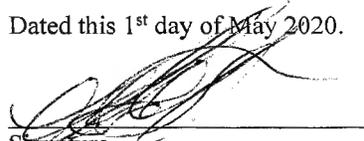
1. A Summary of the Study – Cash Flow Table.
2. A Summary of the proposed Board’s funding Plan – Cash Flow Table; and the Contribution Table.
3. A statement indicating the areas in which the proposed funding Plan differs from the Study.

This fiscal year 2020/21, the average contribution per unit per month to the reserve fund is \$213.24. Based on the Board’s proposed funding Plan, the average increase in contribution per unit per month will be:

- a. 2021/22 = \$6.40;
- b. 2022/21 = \$6.59;
- c. 2023/24 = \$6.79;

The updated proposed funding Plan has been implemented on May 1, 2020.

Dated this 1st day of May 2020.



Signature
Lloyd Scott

Print Name

President/Treasurer/Secretary

Board Position



Signature
Veronica Phelan-Munroe

Print Name

Vice President

Board Position

The persons signing have the authority to bind the corporation.

Carleton Condominium Corporation no. 379

Summary of the

CLASS 3 RESERVE FUND UPDATED STUDY NOT BASED ON A SITE VISIT DATED NOVEMBER 06, 2017 (STUDY)

Updated May 1, 2020

The following is a summary of the Class 3 Reserve Fund Updated Study Not Based on Site Inspection dated November 06, 2017 (Study) prepared by Newbridge Engineering Inc. for Carleton Condominium Corporation No. 379.

Section 94 (1) of the *Condominium Act, 1998*, requires the corporation to conduct periodic studies to determine whether the amount of money in the reserve fund and the amount of contributions collected by the corporation are adequate to provide for the expected costs of major repair and replacement of the common elements and assets of the corporation. As a result, the corporation has obtained the Study.

The estimated expenditures from the reserve fund for the next thirty (30) years are set out in the Study - Cash Flow Table. In this summary, the term “annual contribution” means the total amount to be contributed each year to the reserve fund, exclusive of interest earned on the reserve fund. The recommended annual contribution for fiscal year 2020/21, including interest, is \$270,122 based on the estimated expenditures and the following:

Opening Balance of the Reserve Fund for 2020/21 is \$714,033

Minimum Reserve Fund Balance during the projected period is \$151,427 (2030/31)

Assumed Annual Inflation Rate for the reserve Fund Expenditures is 3.0 %

Assumed Annual Interest Rate for interest earned on the Reserve Fund is 2.0 %

The Study may be examined with fourteen (14) days written notice to our Property Manager at the property management office once it opens in accordance with covid-19 constraints.

Capital Integral Property Management
1600 Laperriere Ave. - suite 205
Ottawa, Ontario, K1Z 8P5
Attention: Property Manager CCC # 379

Or, arrangements can be made to have it examined at the condominium office 6523 Bilberry Dr. (NOTE: there will not be access to copying if done at the condominium office.) Arrangements may be made to provide copies of the document at the owner's expense.

Carleton Condominium Corporation no. 379

Summary of the CLASS 3 RESERVE FUND UPDATED STUDY NOT BASED ON A SITE VISIT DATED NOVEMBER 06, 2017 (STUDY)

BOARD'S PROPOSED PLAN FOR FUTURE FUNDING OF THE RESERVE FUND

Updated May 1, 2020

The following is a summary of the board's updated proposed Plan for the future funding of the reserve fund.

The Board of Carleton Condominium Corporation 379 (CCC 379) has reviewed the Class 3 Reserve Fund Updated Study NOT Based on Site Inspection dated November 06, 2017 (Study) prepared by Newbridge Engineering Inc. for CCC 379. The Board has proposed a *plan* for the future funding of the reserve fund that the Board has determined will ensure that, in accordance with the regulations made under the *Condominium Act, 1998*, the reserve fund will be adequate for the major repair and replacement of the common elements and assets of the corporation.

The Board has implemented the following definition of the word adequate:

"a reserve fund is adequate when the contributions reach a level at which they can remain constant, increasing only by inflation from year to year thereafter, and provided this is expected to result in a positive balance, including a reasonable buffer for contingencies, throughout the life of the plan."

The Board has adopted the funding recommendations of the Study and will implement them as set out in the contribution table.

The total annual contribution, including interest, under the proposed plan for the 2020/21 fiscal year is \$266,122 which is a decrease of \$4,000 from the Study amount.

The proposed Plan for Future Funding of the Reserve Fund may be examined with fourteen (14) days written notice to our Property Manager at the property management office once it opens in accordance with covid-19 constraints.

Capital Integral Property Management
1600 Laperriere Ave. - suite 205
Ottawa, Ontario, K1Z 8P5
Attention: Property Manager CCC # 379

Or, arrangements can be made to have it examined at the condominium office 6523 Bilberry Dr. (NOTE: there will not be access to copying if done at the condominium office.)

Refer to the **Board's Plan - Cash Flow Table** and the **Board's Plan – Contribution Table** both attached.

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Differences Between the

CLASS 3 RESERVE FUND UPDATED STUDY NOT BASED ON A
SITE VISIT DATED NOVEMBER 06, 2017 (STUDY)

And

The BOARD'S PROPOSED PLAN FOR FUTURE FUNDING OF THE
RESERVE FUND

Updated May 1, 2020

The Plan for Future Funding of the Reserve Fund proposed by the board differs from the Class 3 Reserve Fund Updated Study NOT Based on Site Inspection dated November 06, 2017 (Study) prepared by Newbridge Engineering Inc. for CCC 379 in the following respects:

2017/18

The Study shows that we should have \$410,682 in the reserve fund at the close out of 2017/18 FY April 30, 2018. The actual amount in the reserve fund is \$417,121 (audited) a positive difference of \$6,439. The actual expenses and interest for the following are different than the Study as follows:

- a. Interest earned in the bank and GICs was \$1,146 more than planned.
- b. Expenses were \$79,504 vs the Study \$84,797.
- c. An extra \$6,500 was put into the account from the operating account surplus which was included in the Study.

2018/19

The board has agreed to not lock our entire reserve fund savings into 5-year GICs that are non-redeemable at this time, as the boards of the future may need money to respond to unforeseen repairs each year. To provide flexibility to be able to respond to unforeseen events, thus reducing the chance of the requirement for a special assessment, the assumed annual interest earned on the Reserve Fund will be made up of:

- a. approximately \$100,000 will be kept in cash currently earning a low variable rate of interest of approximately 0.9 %; and
- b. GIC savings - the board has arranged to have a GIC(s) mature each year (laddering) in case the boards of the future need to have additional funds available due to unforeseen repairs.

To obtain higher rates we have to lock in money for up to 5 years, which is tempting but not always advisable, or accept better short-term rates which are offered as specials.

To offset the expected shortfall to the interest earned for the reserve fund in 2018/19 and future short-term years the board has included an additional contribution of \$7,300 from the 2017/18 operating account surplus. This extra amount was put into the reserve account in September 2018.

The actual expenses and interest for the following are different than the Study as follows:

- a. Interest earned in the bank and GICs was \$1,343 more than planned.

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- b. Expenses were \$38,029 vs the Study \$87,367 – extra interest was earned, and some work was moved to the next FY.
- c. Additional contribution from the operating account surplus was \$7,300.
- d. Surplus carryover from the previous FY \$6,439.

The reserve fund ended the FY with \$652,238 (audited) compared to the study of \$587,817 a surplus of \$64,421.

2019/20

The actual expenses and interest for the following are different than the Study as follows:

- a. Interest earned in the bank and GICs is estimated to be \$4,984 more than planned.
- b. Expenses are estimated to be \$42,119 vs the Study \$148,928 – extra interest was earned, and some work was moved to the next FY.
- c. Surplus carryover from the previous FY \$64,421.

The Study expected to have a balance of \$714,034 and we are expecting to have a balance of \$890,248 (not audited) a surplus of \$176,214 to the Study. Once again, work had to be moved to the following FY as it was not able to be completed in this FY.

2020/21

Now that the board's plan of having a GIC(s) coming due in each FY has been met, it is expected that the interest rates that we should be able to obtain will be equal to or more than 2 % as we will be able to invest for 5 years if it makes sense to do so or to obtain better rates for shorter timeframes, if available. This should be sufficient to offset any shortfall to the interest estimated in the study. Each FY we will be reviewing the reserve fund requirement and, if there is a surplus in the operating account, an additional contribution may be put into the reserve if deemed needed. The affect that COVID-19 will have on the interest rates will have to be closely monitored to determine the future affect that it will have on the Board's Plan.

As the reserve fund is based on best educated estimates, the board has agreed that it would be better to slightly over contribute than under contribute so that the reserve fund is kept in a positive balance compared to the Study.

The reserve fund study based on site inspection, due to be delivered to the Board for their review by November 6th, 2020, will bring our future planning up to date. Changes to the current Plan may have to be made.

The planned expenses and interest for the following are different than the Study as follows:

- a. Interest earned estimate in the bank and GICs is estimated to be \$2,557 more than the Study amount.
- b. Expenses are estimated to be \$227,622 vs the Study \$109,684. The actual expenses for this FY will be determined by our board inspection to confirm the necessity for the planned replacements or major repairs and their actual costs. Identified work via the Study may not have to be done this FY and will be moved to a future year(s).

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- c. The amount to be contributed to the reserve fund was reduced by \$4,000 for this FY. The effects of COVID-19 are unknown at this time, particularly related to interest earned for the immediate to mid-term future, as the Bank of Canada interest rates have been reduced to 0.25% with the possibility of further cuts which will reduce the banking GIC rates available to us.
- d. The surplus carryover from the previous FY is \$176,214

The Study estimated to have a balance of \$890,357 and we are estimating to have a balance of \$947,190 (not audited) for a surplus, compared to the Study, of \$56,833. There are some major expenses planned for the future e.g. replacement of all chimneys, window replacements, siding replacements, eavestrough etc.

**Carleton Condominium Corporation No. 379
Future Funding of the Reserve Fund May 1, 2020**

STUDY - CASH FLOW TABLE				contributions	Assumed 3 % annual		Percentage	
			Study	From	Estimated	2 % annual	Increase in	End
Fiscal	Actual/	Opening	Recommended	Operating	Inflation	Estimated	Recommended	Fiscal Year
Year	Estimate	Balance	annual	Account	Adjusted	Interest	Annual	Closing
			contribution	Surplus	Expenses	Earned	Contribution	Balance
2017/18	estimate	238,278	247,200	6,500.00	84,797	3,501	3.00	410,682
2018/19	estimate	410,682	254,616		87,367	9,886	3.00	587,817
2019/20	estimate	587,817	262,254		148,928	12,890	3.00	714,033
2020/21	estimate	714,033	270,122		109,684	15,885	3.00	890,357
2021/22	estimate	890,357	278,226		135,163	19,238	3.00	1,052,657
2022/23	estimate	1,052,657	286,573		136,656	22,552	3.00	1,225,126
2023/24	estimate	1,225,126	295,170		147,294	25,981	3.00	1,398,983
2024/25	estimate	1,398,983	304,025		424,112	26,779	3.00	1,305,675
2025/26	estimate	1,305,675	313,146		420,946	25,035	3.00	1,222,909
2026/27	estimate	1,222,909	322,540		363,796	24,046	3.00	1,205,699
2027/28	estimate	1,205,699	332,216		586,093	21,575	3.00	973,398
2028/29	estimate	973,398	342,183		611,239	16,777	3.00	721,119
2029/30	estimate	721,119	352,448		636,568	11,581	3.00	448,580
2030/31	estimate	448,580	363,022		666,115	5,941	3.00	151,427
2031/32	estimate	151,427	373,912		51,900	6,249	3.00	479,688
2032/33	estimate	479,688	385,130		269,256	10,753	3.00	606,314
2033/34	estimate	606,314	396,683		534,122	10,752	3.00	479,628
2034/35	estimate	479,628	408,584		714,204	6,536	3.00	180,545
2035/36	estimate	180,545	420,841		257,444	5,245	3.00	349,187
2036/37	estimate	349,187	433,467		204,406	9,274	3.00	587,522
2037/38	estimate	587,522	446,471		154,336	14,672	3.00	894,329
2038/39	estimate	894,329	459,865		197,708	20,508	3.00	1,176,993
2039/40	estimate	1,176,993	473,661		93,594	27,341	3.00	1,584,401
2040/41	estimate	1,584,401	487,871		373,260	32,834	3.00	1,731,845
2041/42	estimate	1,731,845	502,507		107,041	38,592	3.00	2,165,902
2042/43	estimate	2,165,902	517,582		352,060	44,973	3.00	2,376,397
2043/44	estimate	2,376,397	533,109		89,315	51,966	3.00	2,872,157
2044/45	estimate	2,872,157	549,103		101,846	61,916	3.00	3,381,329
2045/46	estimate	3,381,329	565,576		57,253	72,710	3.00	3,962,362
2046/47	estimate	3,962,362	582,543		67,926	84,393	3.00	4,561,373

**Carleton Condominium Corporation No. 379
Future Funding of the Reserve Fund May 1, 2020**

BOARD'S PLAN - CASH FLOW TABLE							
			BOARD	Additional	Assumed	Assumed	End
			Planned	Contribution	3 % annual	2 % annual	Fiscal Year
Fiscal	Actual/	Opening	annual	From	Inflation	Estimated	Closing
Year	Estimate	Balance	contribution	Operating	Adjusted	Interest	Balance
				Account **	Expenses	Earned *	
2017/18	Actual	238,278	247,200	6,500	79,504	4,649	417,123
2018/19	Actual	417,123	254,616	7,300	38,029	11,229	652,239
2019/20	Actual	652,239	262,254		42,119	17,874	890,248
2020/21	estimate	890,248	266,122		227,622	18,442	947,191
2021/22	estimate	947,191	274,106		133,577	15,987	1,103,707
2022/23	estimate	1,103,707	282,329		141,398	16,142	1,260,780
2023/24	estimate	1,260,780	290,799		146,415	25,809	1,430,973
2024/25	estimate	1,430,973	299,523		423,207	26,533	1,333,822
2025/26	estimate	1,333,822	308,508		420,014	24,711	1,247,028
2026/27	estimate	1,247,028	317,764		362,835	48,299	1,250,255
2027/28	estimate	1,250,255	327,297		585,104	21,577	1,014,026
2028/29	estimate	1,014,026	337,116		610,220	16,699	757,620
2029/30	estimate	757,620	347,229		635,519	11,420	480,750
2030/31	estimate	480,750	357,646		665,034	5,691	179,053
2031/32	estimate	179,053	368,375		50,787	5,907	502,548
2032/33	estimate	502,548	379,427		268,109	10,314	624,180
2033/34	estimate	624,180	390,809		532,941	10,212	492,261
2034/35	estimate	492,261	402,534		712,987	5,891	187,698
2035/36	estimate	187,698	414,610		256,191	4,488	350,605
2036/37	estimate	350,605	427,048		203,116	8,401	582,939
2037/38	estimate	582,939	439,859		153,007	13,677	883,469
2038/39	estimate	883,469	453,055		196,339	19,387	1,159,571
2039/40	estimate	1,159,571	466,647		92,184	26,086	1,560,120
2040/41	estimate	1,560,120	480,646		371,808	31,441	1,700,399
2041/42	estimate	1,700,399	495,066		105,545	37,053	2,126,973
2042/43	estimate	2,126,973	509,917		350,519	43,283	2,329,655
2043/44	estimate	2,329,655	525,215		87,728	50,118	2,817,260
2044/45	estimate	2,817,260	540,971		100,211	59,903	3,317,923
2045/46	estimate	3,317,923	557,201		55,569	70,525	3,890,079
2046/47	estimate	3,890,079	573,917		66,191	82,029	4,479,834

* the Board's plan is to have approximately \$100,000 in cash earning 0.9% in case of an emergency

**Carleton Condominium Corporation No. 379
Future Funding of the Reserve Fund May 1, 2020**

BOARD'S PLAN - CONTRIBUTION TABLE						
Fiscal Year	Actual/ Estimate	Planned annual contribution	% Increase Over Previous Year	Other Contribution(s)	Total Contribution Each year to Reserve fund	Other Contribution description and when in the FY the amount will be contributed
2017/18	Actual	247,200	3.00	6,500.00	253,700	from 2016/17 surplus; moved to the reserve in September 2017
2018/19	Actual	254,616	3.00	7,300.00	261,916	from 2017/18 surplus; moved to the reserve in September 2018
2019/20	Actual	262,254	3.00		262,254	
2020/21	Actual	266,122	1.47		266,122	
2021/22	estimate	274,106	3.00		274,106	
2022/23	estimate	282,329	3.00		282,329	
2023/24	estimate	290,799	3.00		290,799	
2024/25	estimate	299,523	3.00		299,523	
2025/26	estimate	308,508	3.00		308,508	
2026/27	estimate	317,764	3.00		317,764	
2027/28	estimate	327,297	3.00		327,297	
2028/29	estimate	337,116	3.00		337,116	
2029/30	estimate	347,229	3.00		347,229	
2030/31	estimate	357,646	3.00		357,646	
2031/32	estimate	368,375	3.00		368,375	
2032/33	estimate	379,427	3.00		379,427	
2033/34	estimate	390,809	3.00		390,809	
2034/35	estimate	402,534	3.00		402,534	
2035/36	estimate	414,610	3.00		414,610	
2036/37	estimate	427,048	3.00		427,048	
2037/38	estimate	439,859	3.00		439,859	
2038/39	estimate	453,055	3.00		453,055	
2039/40	estimate	466,647	3.00		466,647	
2040/41	estimate	480,646	3.00		480,646	
2041/42	estimate	495,066	3.00		495,066	
2042/43	estimate	509,917	3.00		509,917	
2043/44	estimate	525,215	3.00		525,215	
2044/45	estimate	540,971	3.00		540,971	
2045/46	estimate	557,201	3.00		557,201	
2046/47	estimate	573,917	3.00		573,917	