

Board of Directors Meeting Agenda
CCHC Boardroom
February 16, 2012
4:00 pm – 6:00 pm

1. Approval of Agenda
2. Approval of January 26, 2012 Minutes
3. Business arising from minutes: none
4. Committee Reports
 - a. PAH Project Planning Committee: verbal report
 - b. Financial Sustainability Committee: verbal report
5. Report from Managing Director
Motion to accept the Managing Director's report for information
6. New Business
 - a. The Hector at Palliser Village Building Reserve Fund
Motion to approve the policy as presented/amended
Motion to approve the establishment of The Hector building reserve fund investment account
Motion to approve the transfer of \$28,050 to The Hector building reserve fund
7. In Camera Items:
 - a. Intergovernmental Issue
8. Direction to Council
9. Next meeting dates:
 - a. Shareholder Meeting: February 21 2012
 - b. Board Meetings: Confirmed: March 15, 2012
 Proposed: April 19, 2012
 May 17, 2012
 June 21, 2012
 August 23, 2012
 September 20, 2012
 October 18, 2012
10. Meeting adjournment

A majority of the Directors in office shall constitute a quorum. In the case of an equality of votes, the Chair shall be entitled to a second or casting vote.

Board of Directors Meeting Minutes

DRAFT

Thursday, January 26, 2012

CCHC Boardroom

Board members in attendance:

John Borrowman (4:02pm)
Hans Helder
Bob Kocian
Garth Lyon

Kimber Meister
Brent Rosvold
Dan Sparks (4:04pm)

Others in attendance:

Jennifer Bisley, Managing Director, CCHC
Gary Buxton, Town Liaison to CCHC

Regrets Cathy Robinson

There being a quorum, Garth Lyon called the meeting to order at 4:00 pm.

1) Agenda Approval

Moved by Bob Kocian to approve the agenda as amended, with the addition of *7e Legal Issue*.

Carried unanimously

2) Approval of Minutes

Motion 2012.01

Moved by Hans Helder that the Board approve the Minutes of the December 15 2011 Board meeting as presented.

Carried unanimously

3) Business Arising from Minutes:

a) Subcommittee Terms of Reference

Motion 2012.02

Moved by John Borrowman that the Board approve the PAH Project Planning Committee Terms of Reference as amended.

Carried unanimously

APPROVED Motion 2012.08 February 16, 2012
CANMORE COMMUNITY HOUSING CORPORATION

4) **Committee Reports:**

a) **PAH Project Planning Committee: CMHC Seed Funding**

Motion 2012.03

Moved by Brent Rosvold to authorize the PAH Project Planning Committee to submit an application for \$20,000 in CMHC Seed Funding.

Carried unanimously

5) **Report from Managing Director:**

Motion 2012.04

Moved by Dan Sparks to accept the Managing Director's report for information.

Carried unanimously

6) **New Business:**

a) **BOWDA Recommendation to Acquire Market Units**

Motion 2012.05

Moved by Bob Kocian to accept the report for information and to direct CCHC Administration to provide a response to BOWDA.

Carried unanimously

b) **CCHC Financial Policies**

Motion 2012.06

Moved by Kimber Meister to approve the CCHC Statements of Policy and Procedure (SPP) 4.01 *Financial Management Primer* as presented, and SPP 4.05 *Cash Management* as amended.

Carried unanimously

7) **In Camera Items**

Moved by John Borrowman to go in camera at 5:14 pm

a) **Audit Issue**

Moved by Hans Helder to come out of camera at 5:20pm

Motion 2012.07

Moved by Kimber Meister that the Board approve the 2011 Draft Trial Balance for audit purposes and authorize the Managing Director to submit it to the Auditor.

Carried unanimously

Moved by Dan Sparks to go in camera

b) **Contract Issue**

c) **Intergovernmental Issue**

APPROVED Motion 2012.08 February 16, 2012
CANMORE COMMUNITY HOUSING CORPORATION

Jennifer Bisley left the meeting at 5:46 pm

d) **Personnel Issue**

Jennifer Bisley returned to the meeting at 5:55 pm

e) **Legal Issue**

Moved by Bob Kocian to come out of camera at 6:01 pm

8) **Direction to Council**: none

9) **Confirmation of next Meeting Dates**

- a) February 16, 2012 Board meeting
- b) February 21, 2012 Shareholder Meeting

10) **Motion to Adjourn**

Moved by Bob Kocian to adjourn the meeting at 6:02pm

Carried unanimously.

Chair

Managing Director

APPROVED Motion 2012.08 February 16, 2012
CANMORE COMMUNITY HOUSING CORPORATION

BOARD MEETING DATE: February 16, 2012
SUBJECT/TOPIC: **Managing Director's Report**
PURPOSE: To update the Board on CCHC activities

PRIORITIES

1. DEVELOP A FINANCIAL SUSTAINABILITY MODEL

Terms of Reference approved. Met and discussed draft structure and assumptions. Draft ready for committee review by end of February.

2. PLAN A PAH PROJECT

Terms of Reference completed for approval. Funding application for project business plan to be submitted.

MANDATE AND ACTIVITY HIGHLIGHTS

1. HOUSING PROGRAMS

> New database to manage client and property information installed.

PAH Program - Ownership

PAH List: 12

Current Listings:

For Sale by Owner:	1 x 2 bed at Coyote Ridge	\$270,278 (conditional sale)
	1 x 2 bed at Mineside Court	\$228,776
For Sale by CCHC:	1 x 2 bed at Mineside Court	\$236,119
	1 x 3 bed at Mineside Court(NEW)	\$349,900 (option to purchase)

PAH Program - The Hector Rental Occupancy Rate: Target 95%

January: 98% 1 x 2 bed accessible unit available

February: 98% 1 x 2 bed accessible unit available

> Unaudited statements show cash surplus of \$28,050 after operating and financing costs available for Building Reserve Fund.

2. RESEARCH AND ADVICE

> Met with Patrick Sorfleet regarding Town Employee Housing Policy.

> Provided PAH Assessed Values for property tax purposes as of July 1, 2011 to town assessor

3. COMMUNICATION

- > Inquiries and website visits increased significantly after a quiet fourth quarter in 2011. Note that the website was down for maintenance in November. The statistics indicate a greater interest in rental accommodation than ownership.

PAH Inquiries (walk-ins/phone/email)				
	Oct 11	Nov 11	Dec 11	Jan 12
Rent	9	9	8	14
Buy	3	2	4	9
General/Other	0	8	1	1
Total	12	19	13	24
Website Visits				
New Visitors	257	-	218	471
Returning Visitors	362	-	343	492
Views: Listings	352	-	182	333
Views: Buy	142	-	85	154
Views: Rent	139	-	97	228

- > An inquiry tracking system is being implemented to better track all inquiries from initial contact to application in order to better understand the barriers to applying.

4. GENERAL ADMINISTRATION

- > Continued with 2011 audit preparation.
- > Draft human resource policies completed and submitted to Town of Canmore Human Resources for review prior to presenting them for approval by the Board at the next Board meeting.

PERFORMANCE MEASURES

PAH Program: Owned

1. Applications approved: Target: 20 Approved YTD: 1 (5%)
2. Average # of days units held in inventory: comparison to 2010 and 2011
Reporting quarterly

PAH Program: Rental

1. Applications approved: Target: 45 Approved YTD: 4 (9%)
2. Occupancy rate: Target: 95% YTD: 98%

Customer Satisfaction Survey: Target: less than 5% not satisfied
Reporting end of 2012

Prepared by: Jennifer Bisley, Managing Director
Prepared on: February 13, 2012

MEETING DATE: February 16, 2012

SUBJECT/TOPIC: **The Hector at Palliser Village Building Reserve Fund - Proposed**

PURPOSE: For decision

ISSUE: The 2011 cash surplus at the Hector at Palliser Village is to be transferred to a Building Reserve Fund.

RECOMMENDATION:

That the CCHC Board

- 1) Approve SPP 4.07 The Hector at Palliser Village Building Reserve Fund Policy
- 2) Approve the establishment of an investment account for The Hector at Palliser Village Building Reserve Fund
- 3) Approve the transfer of \$28,050 to The Hector Building Reserve Fund from The Hector BVCU Account.

BACKGROUND:

The 2012 Hector Cash Budget identifies contributions to a building reserve fund from rental income surpluses after operating and financing costs. In 2010, the rental property had a cash deficit and no transfer was made to a building reserve fund.

The Reserve Fund Report 2011 shows an opening balance of \$40,000 in 2011, expenditures of \$15,900 for the painting of wood railing and stairs, and a closing balance of \$24,100.

The 2011 cash budget shows a total contribution of \$25,002 from rental surpluses. Unaudited 2011 results show that \$11,500 was spent on painting as required by the Reserve Fund Report, which was allocated to maintenance charges, leaving a cash surplus of \$28,050 after operating and financing charges. CCHC holds this surplus in The Hector Bank account which was restricted by Motion 2011.15 solely for purposes of managing The Hector at Palliser Village rental project.

Gary Buxton, the Acting GM of Municipal Infrastructure, has given CCHC the direction to establish a building reserve fund with the cash surplus on the condition that an appropriate policy controlling the use of these funds is in place.

CCHC Cash Management Policy (Section 5.02 of SPP 4.05 approved by Motion 2012.06) requires that:

All new bank accounts and investment accounts shall require a resolution of the Board of Directors, which shall include any conditions around the use of segregated funds. Segregated funds shall be kept in a bank account separate from operational funds. Investment accounts may be held in cash, provincial or federal treasury bills or GICs.

DISCUSSION:

Financial management policies, procedures and controls ensure that the organization makes the most effective use of its funds, is protected from undue financial risks, and is safeguarded against fraud and theft. This is important for the Board to provide assurance to its members and exercise prudent stewardship of its funds.

The draft Statement of Policy and Procedure (SPP) 4.07 The Hector Building Reserve Fund Policy identifies conditions on the use of the reserve fund, as required by Town Administration and CCHC cash management policy. It is designed to provide clear direction to the Board and staff, but allow staff some flexibility in procedure.

CCHC currently holds all its cash and investments at the Bow Valley Credit Union in cash or GIC investments with interest rates ranging between 0.85% to 1.35%. For security and consistency with our current investment practices, it is recommended that the reserve fund be established as an investment account at the BVCU.

CCHC is aware that higher returns may be realized through independent deposit brokers who specialize in GICs, high interest savings accounts and fixed income investments. Section 6.04(b) of the CCHC Cash Management Policy requires that periodically, but no less than every three years, the Managing Director will review the performance of investments and consider other options and suppliers if necessary. At that time, CCHC may choose to take another approach to its investments of reserves.

ALTERNATIVES:

- 1) Not approve the policy and transfer the cash surplus to the Town of Canmore's PAH Reserve Fund
- 2) Amend the policy and the amount to be transferred to the Building Reserve Fund.

ATTACHMENTS: SPP 4.07 The Hector at Palliser Village Building Reserve Fund Policy
2012 Hector Cash Budget

Prepared by: Jennifer Bisley, Managing Director
Prepared on: February 13, 2012

STATEMENT of POLICY and PROCEDURE (SPP)			
POLICY	THE HECTOR AT PALLISER VILLAGE BUILDING RESERVE FUND	SPP No.	4.07
Section:	Financial Management	Issued:	Feb 16 2012
Issue to:	All Manual Holders	Effective:	Feb 16 2012
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**SPP 4.07 THE HECTOR AT PALLISER VILLAGE
BUILDING RESERVE FUND POLICY**

1 PURPOSE

- 1.01 The purpose of this Statement of Policy and Procedure is to specify the conditions on the establishment of and use of a segregated building reserve fund for The Hector at Palliser Village.

2 SCOPE

- 2.01 This policy applies to the Board of Directors, the Managing Director, and all employees involved in the handling of cash.

3 RESPONSIBILITY

- 3.01 It is the responsibility of the Board of Directors to set guidelines for cash balances and investments, reflecting prudent stewardship of member/donor funds and to assure itself that cash and investments are being managed and controlled effectively.
- 3.02 It is the responsibility of the Managing Director to ensure that:
- Cash and investments are managed according to guidelines set out by the Board of Directors.
 - Internal controls are established over the handling and access to cash.
 - Cash forecasts are performed on a periodic basis.
 - Investments and cash balances are reviewed monthly, and reconciliations of bank balances and bank deposits are performed monthly.
 - Sufficient evidence is provided to the Board of Directors to ensure that the cash and investments are being managed and controlled effectively.

4 DEFINITIONS

- 4.01 **"Bank reconciliation"** is a comparison between the bank's record of transactions and the records of the organization. After taking into account deposits not yet recorded and outstanding cheques the two records should be in agreement.
- 4.02 **"Internal Controls"** are mechanisms such as reports, reviews and procedures that are designed to ensure policies are effectively adhered to and reduce the risk of fraud or error.

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5. POLICY

5.01 The Hector at Palliser Village Building Reserve Fund Policy

- (a) CCHC will establish and maintain a Building Reserve Fund ("the Fund") for The Hector at Palliser Village.
- (b) The Fund is segregated and will be kept separate from funds for operations and other investments. It may be held in cash, provincial or federal treasury bills, or GICs.
- (c) The Building Reserve Fund is an interest bearing reserve and all interest will be retained in the reserve account.
- (d) The Fund is to be accessed solely for the costs of major repairs and/or replacement of building components as identified in The Hector Reserve Fund Analysis ("the Plan") dated October 24, 2011, and any subsequent revisions of the Plan. The Plan is to be updated at a minimum of every five years.
- (e) The use of the Building Reserve Fund for scheduled major repairs and replacement of building components will be by decision of the Managing Director should the cost be within fifteen per cent of the forecasted repair or replacement cost.
- (f) The use of the Building Reserve Fund for major repairs and replacement of building components not included in the Plan, or outside the schedule, or which will cost more than fifteen per cent of the forecasted repair or replacement cost, will be by decision of the Board of Directors.
- (g) Assets for the Building Reserve Fund shall come from net rental revenues from The Hector at Palliser Village, after operating and financing costs, and may come from development revenues, contributions and/or surpluses, as approved by the Board.

6 PROCEDURES

6.01 Banking Accounts and Authorization

- (a) New bank and investment accounts must be approved by a resolution of the Board of Directors.
- (b) The Managing Director and/or the Board of Directors have the authority to approve the use of the Building Reserve Fund for major repairs and replacement as specified in 5.01(e) and (f). Notwithstanding this, transfers to and from this segregated fund must be approved by the Board of Directors.
- (c) All cheques, wire transfers to external accounts, or internal transfers from this bank account will require two signatures by authorized signatories

STATEMENT of POLICY and PROCEDURE (SPP)			
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approved by resolution of the Board of Directors. Signatories are typically members of the Executive Committee and the Managing Director.

- (d) Every bank account will be reconciled monthly. Discrepancies must be reported to the bank in writing immediately and followed up. Any errors by staff must be corrected immediately. Bank reconciliation forms will be retained for seven years.

6.02 **Cash Forecasts**

- (a) Annually, the Managing Director will review cash requirements for major repairs and replacements at The Hector at Palliser Village and take necessary steps to ensure that sufficient cash is available.

6.03 **Investments**

- (a) Annually, the Managing Director will report to the Executive Committee of the Board of Directors on the performance of the investment portfolio including effective yield.
- (b) Periodically, but no less than every three years, the Managing Director will review the performance of investments and consider other options and suppliers if necessary.

7 **REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE**

SPP 2.05* – Risk Management
 SPP 4.01 – Financial Management Primer
 SPP 4.02* – Revenues
 SPP 4.03* – Expenses
 SPP 4.04* – Assets
 SPP 4.05 – Cash Management
 SPP4.06* – Budgets, Forecasts and Reporting
 * *policies under development*

8 **ATTACHMENTS**

The Hector at Palliser Village Reserve Fund Analysis, October 24, 2011.

 Chair

 Managing Director



2012 The Hector Cash Budget

	Actual 2010	Budget 2011	Budget 2012	Notes
RENTAL REVENUE	\$ 526,436	\$ 593,792	\$ 593,792	
OPERATING EXPENSES				
Insurance	\$ 0	\$ 5,419	\$ 5,528	1
Management fees	38,506	44,534	47,503	
Maintenance and repair	22,840	25,202	35,190	2
Utilities	47,949	65,765	51,500	3
Landscaping/snow removal	8,046	13,260	15,600	
Security	6,957	5,000	6,375	
Other	4,557	4,000	4,080	
TOTAL OPERATING EXPENSES	\$ 128,854	\$ 163,180	\$ 165,776	
DEBT FINANCING: INTEREST	\$ 322,382	\$ 276,340	\$ 269,824	4
SURPLUS BEFORE CAPITAL PAYMENTS	\$ 75,200	\$ 154,271	\$ 158,192	
DEBT FINANCING: PRINCIPAL	\$ 115,827	\$ 129,250	\$ 135,767	4
BUILDING CAPITAL RESERVE FUND	\$ 0	\$ 25,002	\$ 28,000	5
NET CASH SURPLUS/(DEFICIT)	\$ (40,627)	\$ 19	\$ (5,575)	
TRANSFER (TO)/FROM PAH RESERVE	\$ 40,627	\$ (19)	\$ 5,575	6
BALANCED CASH BUDGET	\$ -	\$ -	\$ -	

Notes:

- 1 The Town of Canmore paid insurance in 2010, but not from rental revenues, resulting in a nil amount for 2010.
- 2 Maintenance costs will be higher in 2012 as construction deficiency work will be complete and the owner will be responsible for the repair and maintenance of all building components. It should be noted that a preventative maintenance program was initiated in 2010.
- 3 Actual utility expenses are lower than initially budgeted. The budget is adjusted for 2012.
- 4 Annual debt servicing payments (interest and principal) on the \$6.759 million municipal debenture decreased from \$475,666 to \$405,590 due to a debenture pay down of \$1.076 million in October 2010. The debenture balance will be \$5.316 million at the end of 2012.
- 5 A capital reserve fund plan was completed in 2011. This is a recommended amount to be set aside, but actual transfers are at the discretion of the Town as owner.
- 6 Cash deficits are the responsibility of the owner, the Town of Canmore. Cash deficits are budgeted to be offset by a transfer from the PAH Reserve Fund.