

MINUTES

BRAITHWAITE ESTATES IMPROVEMENT DISTRICT

Meeting 39th Annual General Meeting
Date **THURSDAY, MARCH 24, 2016**
Time 7:30 p.m.
Place Kerry Park Recreation Centre - Social Lounge

Present Robin Brett, Chair; Francis Hugo, Vice-Chair; Michael Croft, Trustee; David McLachlan, Trustee; Alan Seal, Operator; Karen Bereczki, Administrator; George Morine, Auditor.

Absent Charles Davidson, Treasurer.

Call to Order 7:30 p.m.

INTRODUCTION

Chair Robin Brett called the meeting to order, introduced the head table and welcomed 17 residents of the District.

Ms. Brett advised that the meeting was called for the following purposes:

- (a) To receive from the Trustees a report on the conditions of the works and a statement of the financial condition of the Improvement District;
- (b) To discuss with the Trustees any matter relating to the works or finances of the Improvement District;
- (c) To fix the honorarium of the Trustees for the ensuing year;
- (d) To elect one Trustee to serve for a "2" year term, and two Trustees to each serve for a "3" year term.

ADOPTION OF MINUTES

Minutes of the March 26, 2015, Annual General Meeting were distributed to the residents in attendance.

Moved: Gerry Giles
 Second: Tom Harkins

Carried: That the March 26, 2015 Annual General Meeting minutes be accepted as circulated.

AUDITORS REPORT *George A. Morine, CA, CPA*

George Morine of the CA firm Anton, Bryson & Schindler (formerly Morine & Co.), was introduced as the District's auditor. Mr. Morine referred to the audited financial statements as circulated, and briefly reviewed the schedules contained therein.

We have audited the consolidated statement of financial position of BEID as at December 31, 2015, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended. These consolidated financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Moved: Jackie Baker

Second: Peter Dorn

Carried: That the fiscal 2015 Auditor's Report be accepted as presented.

The Chair thanked Mr. Morine for presenting the Auditor's Report, and excused him from the balance of the meeting

TRUSTEES' REPORT *Robin Brett, Chair*

Braithwaite Estates Improvement District is a local government body responsible for water services to this community. It was brought into existence by the Province in a document known as Letters Patent. The Letters Patent outline the district, its boundaries and the services it will provide to the residents, and the powers that can be exercised by the elected board of trustees. These powers include the ability to enact and enforce regulations and charges, to assess and collect taxes, to acquire, hold and dispose of lands, to borrow money and expropriate lands required to carry out its functions.

Improvement Districts are similar in structure to a municipality but are more informal and usually only provide one services such as water, fire protection or street lighting. There are more than 200 Improvement Districts operating in the province, largely brought into existence in rural areas because there was no alternative form of governance available, suitable or desirable for the community.

When I say that Improvement Districts are like Municipalities, we are in fact governed by the same Local Government Act as Municipalities and Regional Districts.

It does not mean that as elected Trustees we get to do whatever we want. We are subject to supervision by the Ministry of Community Services. Bylaws are overseen by the ministry and are registered with the Inspector of Municipalities. In addition each year the Ministry requires that we file an annual report, submit the audited financial statements, the minutes of the AGM and a budget for each of the funds for the upcoming year.

On page nine of your financial statement you will see each of these funds laid out. When combined it appears that the district has ample funds, however it must be noted that we are not allowed to borrow from one fund to prop up deficits in another fund.

Operating Fund

We are allowed to have moderate surpluses but we are not allowed to budget for profit, so in the Operating Fund we basically set rates to cover our expenses. Trustees pay close attention to the budget and we are lucky to have Karen who has years of experience and history with the district to draw on when she prepares the budget. Consider the \$57,109 surplus in the Operating Fund at the end of 2015. That operating surplus has been accumulated over the 40 years that the district has been in operation – that is an average of \$1,427 surplus each year. That is how carefully we budget and how close we come to our budget each year. We are holding the line of water rates but right now our costs are rising faster than our rates.

Renewal and Reserve Fund

About six years ago it was mandated by the province that improvement districts establish savings to pay for replacement of infrastructure once the life of that infrastructure is at its end. We were very fortunate that one of our trustees, Michael Croft, started this fund long before it was mandated by the province. Michael insists to this day that he doesn't understand financial statements but he did establish this very important fund, simply relying on his basic belief that we should save for major repairs in advance of need. This has allowed our district to accumulate more in our Renewal and Reserve fund than other districts have managed to do, who started later. Starting earlier also allowed us to boost our savings with more interest, because we started at a time when interest rates were much higher than they are now.

The monthly figure we are supposed to contribute to this fund come from specific calculations – very simply it's the total of the replacement costs of the assets when their life is over, divided by the number of remaining years to reach that age, and then broken down into a yearly and finally a monthly figure. At the present time we are not meeting that budgeted amount, and taxes will need to go up for the first time in twelve years.

Generally it is taxes that provide the money for the renewal and reserve fund. The reason for this is because when we bill taxes we bill everyone, including the bare land owners. We can't bill bare land owners for water because they don't use water. If we didn't bill taxes there would be no way to get bare land people to pay into the district upkeep at all. We feel that it is important that bare land people do pay into the district because when they eventually want to access district water, they want a district that is up to date in its repairs, not falling

apart. By taxing, the district gets the bare land people to contribute a share towards this upkeep.

Now that the district is over 40 years old we are starting to draw more on this Renewal and Reserve fund to do major repairs. **In 2015** we replaced the old pump house and did other major repairs at that site (\$53,583.22). We also removed an old buried vault and valve at the tower site, realigned the drainage so that it goes right into the ditch instead of spilling out onto the road and cleaned up the entire tower site and roadway (\$19,084.56). Hydrant #2 and #8 were replaced (\$19,379.50). We also extended a waterline and re-hooked up two homes to this new main line so that they are better served (\$6,717.50), and we purchased a generator (\$32,563.33). This is a diesel generator and comes on automatically when the power goes out. We also removed connections to the old unused Farnsworth Pump House. The money for these upgrades, replacements and repairs came from both the Capital Expenditure Charge and Renewal and Reserve funds and totaled \$131,328.11.

CEC Funds

These funds come from developers and are restricted by the provincial government to use for only items that increase the water capacity of the district – basically for new wells or new water towers. These funds cannot be used for any other purpose like repairs or replacing assets we already own.

Backflow Fund

Trustee Francis Hugo was called upon to explain why BEID has a Backflow Fund and what backflow meters do and why they are important.

Aquifer Levels

Many people picture an aquifer as an underground river, and indeed if you Google aquifers they look like that in drawings. In fact, our aquifer is more like a giant sponge filled with sand and gravel, with water slowly moving through it. Trustee Francis Hugo was called upon again to talk about aquifers, aquifer levels and conservation in light of last years “drought”.

BEID Assets

As trustees we have a simple duty to protect the four assets of the district. These include:

- **the human resource assets** (it’s always safety first with our staff and contractors)
- **the physical assets (the infrastructure)** - so if you put a building on our easement you will have to take it off because when a line springs a leak we don’t want to be dismantling your building as well as digging for the leak at 3 a.m. Likewise if you decide to dig a moat on top of our easement and waterline we will make you stop.
- **the financial assets** - We absolutely have to meet our budgets. Years ago Improvement Districts could rely on provincially sponsored loans – called Debentures – to do major replacements and repairs. Those debentures are no longer available. We are on our own and the province is not coming to rescue us financially. If we don’t make it, the alternative is to be turned over to the CVRD. If that happens we will have mandatory chlorination and water restrictions whether we need them or not. So believe me when I say that we take our duties to protect our financial assets very seriously.

- **The water assets** - The other authority that governs Improvement Districts is the Health Department. An improvement district our size is required to test water once a week for pathogens like ecoli and fecal coliform. We are now also testing quarterly for Nitrates and Nitrites, and we do a complete chemical analysis of the water yearly. Our water tests results come directly from the lab to our operator, the chair, the health department and our administrator for distribution to the trustees. If anything is wrong in our tests, the Environmental Health officer takes control and gives us our instructions until the situation is resolved. We tend to test weekly for more parameters than the Health Department requires, because we know that some of those non health related tests give us warning when the system needs flushing or even temporarily cleaning with chlorine the way we had to last year. For 40 years this district has made it a policy to clear up any minor issues before the health department ever has to step in, and your present trustees continue on with that same policy.

TRUSTEE HONORARIUM

The Chair advised the honorarium is currently \$7000 per year, as set by the ratepayers at the March 26, 2015 AGM. This amount is divided into six equal parts - the four Trustees receive one part each (\$1,166.67) and the Chair receives two parts (\$2,333.32). The honorarium was last increased from \$6,000 to \$7,000 by ratepayers at the April 8, 2012 AGM.

Moved: Peter Dorn
Second: Tom Harkins

Carried: That the trustee honorarium be set at \$7,000.00 for the 2016 fiscal.

ELECTION OF TRUSTEES

Chair Robin Brett noted that this AGM is a sad time because we have to say good-bye to a long serving Trustee who has moved out of the district. Michael Croft has served as a trustee for nearly 24 years, many of those years as Chair. Because of his work experience he has been the go-to person for information on anything to do with electrical, plumbing and controls – basically everything mechanical in the district. His experience will be greatly missed. Michael is also responsible for starting the Renewal and Reserve fund many years ago; putting this district light years ahead financially. He will be missed for his unstinting dedication to this district, and the people it serves. He will also be missed on this board for the fairness and good judgment he has brought to every situation, and for the zany sense of humour he has inflicted on all of us. As for me, the person who caused him to be nominated as a trustee in the first place, he has my abject apology. Mike, you have our best wishes for your new life in Cowichan Bay. You will be missed.

And now as his last official duty, Trustee Michael Croft was asked to say a few words and conduct the elections for new trustees.

Trustee Michael Croft expressed satisfaction in serving as Trustee and encouraged other property owners to consider representing their community as Trustee.

He then explained the election process as follows:

Pursuant to Section 684(1) of the *Local Government Act*, in order to vote at an election for improvement district trustees, a person must be:

- a) a Canadian citizen
- b) 18 years of age or older
- c) an owner of land within the improvement district
- d) entitled to be registered as a voter under the *Elections Act*.

Every person who is qualified to be a voter in an improvement district is also qualified to be a trustee.

The trustees' terms of office were accounted for: Francis Hugo and Charles Davidson terms have expired. They have each agreed to stand for re-election.

Michael Croft has relocated and is no longer living in the District.

Francis Hugo nominated Gerry Giles. Accepted (three year term).

Gerry Giles nominated Francis Hugo. Accepted (two year term).

Tom Harkins nominated Charles Davidson. Accepted (three year term).

Further nominations were called for three times, and when no further nominations were received nominations were declared closed.

Charles Davidson, Gerry Giles and Francis Hugo were declared elected by acclamation.

Congratulations were extended to each candidate.

OTHER BUSINESS

General discussion and Q&A ensued. Since there was no other business forthcoming, the Chair thanked the owners for attending, and the meeting was adjourned.

ADJOURNMENT

The Annual General Meeting adjourned at 9:05 p.m.

CERTIFIED CORRECT

Chairperson

Administrator