



**MINUTES
9th ANNUAL GENERAL MEETING**

March 4, 2017

THE OWNERS, STRATA PLAN BCS2634

Conducted on site at lower level restaurant

Owners eligible to vote at this 9th Annual General Meeting:

"C" fraction owners were entitled to vote at this Annual General Meeting (AGM).

Representative of the Developer in Attendance:

Ken Delf, President, Painted Boat Developments

Representatives of the Management Company in Attendance:

Walter Kohli, President, Sofien Management Ltd.

Adam Paling, Resort Manager

Tracey Thompson, Administrator

Simon Gleeson, Maintenance Specialist

Recorder:

Joan Foster

1. Registration of Owners and Certification of Proxies:

All 31 residential units were represented in person, or by proxy. There were 20 owners and guests attending this meeting. Voting rights consisted of 25 C owners, 2B owners, 2 A owners, and 2 D owners.

2. Determination of Quorum:

Quorum for an annual or special general meeting is eligible voters holding 1/3 of the strata corporation's votes, present in person or by proxy. It was therefore confirmed that a quorum was present.

3. Call to Order by Chairperson:

The meeting was called to order at 11 a.m. by the Chair, Ken Delf.

4. Proof of Notice of Meeting:

The Notice of Meeting dated January 15, 2017 was circulated to all owners by mail.

5. MOTION: To Approve the Agenda, Notice of Meeting, Registration of Owners and Proxies, and Approve of the Minutes from the AGM held on April 2, 2016:

Moved: Jonathan Kline
Seconded: Ken Delf
Carried. The Registration of Owners and Proxies, the Notice of Meeting, Agenda and the Minutes of the AGM held on April 2, 2016 were approved.

6. Council Report/Report from the Developer:

Ken Delf reported on behalf of council and as the Developer.

The market for sales continues to be slow, and owners were encouraged to communicate to others the opportunities for ownership and the benefits that arise from ownership.

It was also noted that the resort management team is improving all aspects of the resort, to the benefit of the owners and renters. Painted Boat is a unique resort and recently earned a position with TripAdvisor as one of the top 25 hotels in Canada.

7. Strata Manager's Report:

Preamble:

- Walter Kohli, President of Sofien Management has managed the property for two years, and has improved the resort experience in many ways.

Report Summary:

- The complete Management Report as presented may be viewed on the Owners section of the Painted Boat website. Most of the management team was in attendance with the exception of Cheryl MacKinnon, Marketing and Communications Consultant; Sharli Clayton, Guest Services Manager; Leah Sutherland, Head Housekeeper; and the Spa Manager, position to be filled.

Key Operational Activities:

- Leadership, owner relations, community relations, reputation building, and maintenance upgrading all contribute towards an extended season. This means increased winter occupancy and higher average daily rental rates.

Marketing Summary:

- The details of marketing strategies are outlined in the report and posted on the Owners section of the Painted Boat website. Rentals have increased significantly in the "shoulder" season, including a 25% overall annual increase when compared to 2015.
- Maintenance summary, Replacement and Contingency Reserve Fund summaries, property tax review status and the impact of 1-bedroom "lock-off" rentals are also detailed in the report available on the Owner's section of the website.

8. Report on Insurance:

There was a general discussion on insurance. Management has improved coverage while reducing cost.

**9. Financial Statements for the Year Ended February 28, 2017 presented for the Strata and the Owners Corporations:
Strata Corporation**

Tracey Thompson provided owners and attendees with detailed financial statements. These financial statements have been updated to reflect year to date amounts. These current year-to-date financial statements are available on the Owners' Section of the Painted Boat website.

Discussion led by Tracey Thompson and Ken Delf.

As of February 28, 2017:

\$41,413 in the operating bank account
\$87,336 in the Contingency Reserve Fund
\$43,222 in the Replacement Reserve Fund

Income/Expense Statements:

Strata Corporation:

- The deficit of expenditures over revenues was (\$5,324).
- Propane costs were a major contributor to the increased expenses, in part because the pool was heated for a longer period of time than the previous year. Propane is ordered in large amounts, and an order may occur near the end of the fiscal year, yet provide propane into the following (2017-2018) fiscal year.
- Hydro costs are expected to decrease due to efficiencies in bulb types being installed.
- Laundry was \$4131 over budget due in part to repair and cost of products. Similarly to propane, products ordered near the end of the fiscal year will be consumed in the next fiscal year.

Owners Corporation:

- Total excess of year to date revenues over expenditures was \$12,355.
- Property taxes were \$13,743 less than budget due to management's successful appeal
- Most other expenses were either slightly above or below budget.

Contingency Reserve Fund (CRF):

- The contribution to the 2016-2017 fiscal year remaining available for future years was \$3,403 (excess of revenue over expenditures).
- The 2015-2016 surplus of \$31,359 was contributed to the CRF.
- Expenditures included hot water tanks (\$31,523), irrigation (\$10,500), Villa painting and caulking (\$10,383) along with laundry rickshaws, signage, pool repair, lighting, dangerous tree removal, Villa post staining and repairs.
- The Strata Corporation contribution remains at 20% of budgeted expenditures (\$47,066).

Replacement Reserve Fund (RRF):

- The deficit of revenues over expenses was (\$51,755).
- Total Operating Expenses were \$81,755 including replacement linens (\$16,224), barbeques and shut-off valves (\$14,665), deposit on bucket chair replacement (\$14,960), TV replacement (\$21,773), towel replacement, knife-set replacement, and Villa replenishment.

- Owners are being asked to increase the RRF contribution from \$30,000 to \$45,000 (see motion below).

MOTION: to approve fiscal year 2016-2017 financial statements:

Moved by: Paul Elkington
Seconded by: Toby Larsen
Carried. The Financial Statements were approved as presented.

10. Operating Budget for March 1, 2017 - February 28, 2018 presented.

Presentation by Tracey Thompson

Budget notes:

- The proposed 2017/2018 budget is \$780,955 an increase of \$29,337 over the previous budget.
- This represents a modest increase and Exhibit H lists the Total Fees for each Quarter Interest per Month (posted on the Owners section of the Painted Boat website).

MOTION: to approve the Operating Budgets for the Strata and Owners Corporations for fiscal year as at February 2017 as presented:

Moved by: Paul Elkington
Seconded by: Toby Larsen
Carried. The February 2017 Operating Budgets were approved.

11. Deferral of Depreciation Report 2017:

All strata corporations are required to have a Depreciation Report prepared then updated every three years. The Depreciation Report completed in 2014 was very positive about the construction and maintenance of the resort and provided a “template” for management to refer to regarding asset management. Owners may vote annually to defer the report. Owners may decide to defer based on their confidence in the management to identify, update, and repair resort assets.

MOTION: to defer the Depreciation Report update

Moved by: Jonathan Kline
Seconded by: Toby Larsen
Carried. The motion to defer the Depreciation Report update was approved with one vote not in favour.

12. By-law amendment to reflect Rental Levels:

During the July 1, 2015 – June 30, 2016 Assessment Period occupancy approached the 50% threshold, which (if surpassed) would result in such villa (the full unit consisting of four quarters) being designated “mixed classification”. Any unit who rents more than 50% of their nights for short term (less than 7 night) stays would forfeit the “grandfathered” residential

status of their unit permanently and become 'split classified' where a portion of their assessment value would be taxed at residential mil rates (residential # 1) and a portion would be classed at Commercial mil rates (commercial # 6) according to the formula provided by BC Assessment and would fluctuate with overall rental nights.

Sofien Management heard from quite a few owners interested in optimizing their rental income, and has distributed information of the "+50%" option and its tax implications. It is important to note the tax implications apply to individual Villa units and not to a quarter share or to the resort as a whole.

To change to mixed-use the bylaw must be amended to provide owners with a legal choice to select either Residential or Mixed-use classification for the entire villa.

MOTION: To amend the existing strata bylaw to provide an option for Villa rentals to exceed 50% occupancy, with the wording as follows:

A Resort Strata lot may not be rented for periods of less than 7 days to persons, or a person, as an overnight accommodation for more than 49% of the time during any 12-month period ending June 30.

Notwithstanding the foregoing, provided a Quarter Interest Owner in a Resort Strata lot agrees in writing, the Resort Strata lot may be rented during the Quarter Interest Owners Period of Use for periods of less than 7 days to persons, or a person, as an overnight accommodation for 50% or more of the time during any 12 month period ending on June 30 provided the Resort Strata lot is rented by such Quarter Interest Owner in accordance with the Rental Management Agreement, it being understood that this could impact the class for the purpose of determining property taxes by BC Assessment and that the Quarter Interest Owners who have agreed to increase the rental period also consent to pay any increases in taxes to the Strata Corporation that may result from such change.

Moved by: Ken Delf

Seconded by: David Minson

Carried. The motion to amend the bylaw wording was approved with 29 in favour and two opposed.

13. Review and Approval of Proposed Replacement Fund (Villa Interiors):

The council recommended an increase the RRF contribution from \$30,000 to \$45,000 and this increase is included in the Budget Worksheet presented. This amounts to approximately \$15.00 per quarter per month. The expenditures in the past fiscal year and anticipated expenditures in the 2017-2018 necessitate this recommended increase. Projected item expenses include the balance of Phase 1 cost of bucket chair replacement, 10 washing machines, pots and pans for some units, Phase 2 of 3 for linen replacements, 11 barbeques, and bedside table lamps.

Moved by: Ken Delf

Seconded by: Jonathan Kline

Carried. The motion to increase the contribution to the RRF was approved.

14. Election of Strata Council:

As per the Strata Property Act, the existing Council members resigned. Discussion ensued. All previous council members agreed to run for the coming year.

- Ken Delf
- Jonathan Kline
- Patrick Kleine
- Mike Harstone
- Julie Prior
- Paul Elkington
- Ken Legasse
- Don Buchanan (alternate)

Nominations were solicited from the floor, and none were received. The current slate forms the council for the coming year.

16. Other business:

• **Rental Approval Form**

A Rental Approval Form was circulated in which Quarter Interest Owners could agree that the Strata Lot may be rented for periods of less than 7 days, and specifies that Sofien Management will calculate the tax variance for each Quarter Interest Owner that chooses this rental option. (NOTE: the Rental Approval Form will be available on the Owner's section of the Painted Boat website.)

• **One bedroom lock-off option**

Previous management had modified 13 non-loft units such that one bedroom and one bathroom could be locked, allowing the unit to be rented to one or two persons at a reduced rate. This is a popular option, particularly in the non-peak seasons. The 1 bedroom lock-off units generated 1044 room nights and the 2 bedroom lock-off units generated 433 room nights. Combining both options, the average bookings generated \$363.00, indicative mainly of 2-night stays. Some owners of "non lock-off" units have expressed an interest in similar treatment. Discussion ensued, and there was agreement that if all four Quarter Share owners unanimously agree then the villa may be modified by management to be a "lock-off" unit.

17. Adjournment of meeting:

Moved: Paul Elkington

Seconded: Madonna McLafferty

Carried. Motion to adjourn the meeting was approved at 1:15 p.m.