

From: Michael Burton <mburton@hspm.ca>

Date: Sat, Jan 7, 2023 at 11:27 AM

Subject: Annual General Meeting - General Fund Deficit Issue

To: Huron Shores Property Management <huronshores@hspm.ca>

Dear Harbourview Residence Owners,

You may recall at the AGM a question was raised regarding the Board's plans to address the current General Fund Deficit. This deficit is a consequence of budgeting a shortfall in annual revenue to cover annual expenses over a number of years. This approach is taken to limit the impact of Common Fee increases year over year on the owners. Unfortunately, over time it does result in a deficit or loss that must be addressed.

The deficit is projected to be \$73,400 at the end of the next fiscal year. There are basically three options to address this deficit. A Special Assessment; a significant increase in Common Fees or offset the deficit through savings. The Board has a plan to address the issue that will not require a significant Common Fee Increase nor a Special Assessment.

As you may be aware the Reserve Fund Study projects a \$162,100 funding requirement for a new parking lot in 2029. That amount is included in the annual Common Fees that are contributed annually to the Reserve Account. In fact, your Board arranged to have the developer donate a new parking lot a few years ago so the \$162,100 expense will not be required for 2029.

A new Reserve Fund Study is due to be completed this year. It will reduce approximately \$27,000 per year the required contribution to the Reserve Account resulting in savings to the ECC 118 Corporation. The Board's plan is to apply these savings to the General Fund Deficit each year. That means the deficit will be offset in 2.7 years.

As noted, The Board's plan will avoid the need for a Special assessment or a significant increase in Common Fees. This is considered the most prudent strategy as owners are experiencing higher costs due to the cost of living and in some cases interest rate increases. Your Board feels this would be an inopportune time to add to that cost burden when in fact future savings will be available to address the General Fund deficit. This approach will also stabilize the need for future Common Fees to cover operating expenses with only manageable inflationary increases over the same period.

I do apologize for the delay in providing the information on this subject. The Board had to meet several times regarding plan options, and we also wanted to consult with the new auditors to inform them of the plan. The Board welcomes your comments on this strategy.

Regards,

Michael F. Burton, Property Manager

mburton@hspm.ca

519-916-1113

Huron Shores Property Management, 1010 University Ave W Suite 106, Windsor, N9A 5S4