

Minutes of the CCOC Board of Directors Meeting of Wednesday, December 19, 2018

Present: Bill Rooney (President/Chair), Abra Adamo, Dallas Alderson (Vice-President), Glen Allen, Kerry Beckett, Josh Bueckert (Treasurer), Sarah Button, James Clark, Penny McCann, Andrew McNeill, Lee Pepper, AnaLori Smith (Secretary), Jesse Steinberg. Chris Yordy,
Staff: Ray Sullivan, Amanda Tompkins (guest), Louis Vezer (recorder)

1. Call to order:

The meeting called to order at 7:03 PM.

2. Adoption of agenda:

The Board adopted the agenda. (M/S/C, J. Bueckert/L. Pepper)

3. Adoption of the regular and *in camera* minutes of November 28, 2018:

The Board approved the regular minutes and approved that the *in camera* minutes be brought forward to January's meeting. (M/S/C, J. Bueckert/L. Pepper)

4. Declaration of conflict of interest: None

5. Business arising from the previous minutes:

- a) **Percy borrowing:** Staff are still currently in the process of working out agreements with CMHC and the city for mortgage insurance.

Lisgar borrowing: Refinancing proposal was rejected by the CMHC co-investment fund, but the criteria for that particular program is now more flexible, as CCOC and many others requested. CCOC staff are working to re-submit an application to CMHC in January within this new criteria.

- b) **Celebration of People:** The Board congratulated AnaLori Smith on her Celebration of People Advocacy Award.

6. Executive Committee Report:

- a) **Bill Rooney's fill-in:** For the period of January 2019-April 2019, Bill will be out of the

country. Bill requested volunteers to be appointed for a temporary seat on the Executive Committee. Penny McCann volunteered.

Dallas Alderson will temporarily replace Bill Rooney as chair of Executive and the Board, and Penny McCann will be an additional member-at-large on Executive Committee.

(M/S/C A. McNeill, S. Button)

7. Personnel Committee Report

a) **Benefits policy changes:**

Ray reiterated the previously-approved change to the health insurance provider for CCOC which took place earlier this year, with the exception of drug coverage it expanded benefits.

Personnel made an amendment to the policies on reimbursement for travel that allows full reimbursement for actual cost were the costs are being charged to an external client, such as in the case of Cahdco work.

The Board requested that the Personnel Committee review the policy for reimbursement of taxi fares as there is a concern that ride-sharing services, which aren't bound to the same regulations as taxis, may engage in unethical practices.

(M/S/C A. McNeill, A. Adamo)

b) **Job equity evaluations:**

Ray summarized the three phases of the evaluation process and let the Board know that, after approval from the Personnel Committee, Phase 1 (internal equity) is now complete. Phase 2, which will examine the external equity of each position, has delivered a preliminary report of its findings which didn't show much of a difference between what CCOC pays for its positions compared to what the market pays. Personnel will examine that information at the next meeting.

8. Finance Committee Report:

a) **Terms of Reference:** Finance Committee terms of reference will be brought back in January/February along with all other standing committees.

b) **Bad Debt:** The Board approves the recommendation from Finance Committee to write off \$3,969.00 in bad debt for CCOC.

(M/S/C J. Bueckert, S. Button)

c) **2019 operating budget:**

Amanda Tompkins presented.

Market rents were updated to reflect an increase of 3% from the prior year. Vacancy costs decreased with a 1.5% average vacancy rate in all buildings.

The Board supported including subsidy costs in former Section 95 EOA properties under the internal subsidy line on the budget. Ray presented an overview of each subsidy type.

The Operating Subsidy from the city includes negative subsidies for some properties where the benchmark revenues are greater than benchmark costs (not including the property tax portion).

Parking revenue remains strong, compared to laundry revenue which was forecast to decrease by 4%. Geothermal rates to tenants will see an increase of 2.5%, slightly greater than increase imposed on us by Corix. MicroFit solar electricity revenue has decreased; sometime fuses on panels burn out and we lose days of electrical generation. Long term, we are looking to install remote monitoring.

It is expected that property taxes will increase by 6.9% after MPAC reassessments. Staff are trying to get some property tax refunds for Beaver Barracks and will meet with the City in January to continue the discussion. Property insurance rates have increased by 4%.

The Maintenance Admin portion of the Repairs & Maintenance line has moved to the General Admin section of the budget so that Repairs & Maintenance is strictly building maintenance. The impact this has had on the budget is \$874,000 has moved from Maintenance and has been added to Admin. Admin costs have not gone up significantly overall, but they are now consolidated on a single line.

Hydro rates have decreased, however the budget assumes the 2017 rates as the baseline. Water costs have increased by 7.5%.

Each portfolio's surpluses and deficits were explained. Beaver Barracks has been running a \$500,000.00 annual deficit which is the result of: far higher than expected property taxes; inefficiencies in the geothermal system, and; the increased cost for Hydro. Engineering modifications are being made to the geothermal system which have the potential to save up to \$60,000 annually.

The board approved the 2019 CCOC operating budget, showing a projected **\$480,468** surplus from operations. (M/S/C, J. Bueckert/S. Button)

d) Long-term Financial Plan update:

With assistance from Amanda, Ray presented the update to the long term financial plan, as recommended by Finance Committee. The theme of the presentation was cows.

Provincial Reform Properties are coming to the end of their mortgages after 2022, but neither the Province nor the City have released any policy statement on what will happen. For the purposes on long-term planning, CCOC assumes that rent subsidies will continue but other form of subsidy will cease (operating subsidy and property tax subsidy).

We are also keeping a close eye on the percentage of revenue from government sources. If it drops below 40%, we lose one of two HST subsidies and this could cost us close to \$200k/year. We have been hovering on that threshold for a couple years.

The projections of the replacement reserve balances from 2016 to 2027 were presented. The core of the long term financial plan is a series of planned top-ups to replacement reserves to keep balances at a minimum acceptable level.

The key difference in this update, compared to previous years, is that we have incorporated the cost of refinancing two properties. It will cost us up to \$400k/year to service that new debt. This reduces projected surpluses considerably. Essentially, rather than recognizing that \$400k/year as surplus and injecting it into replacement reserves every year, we are “spending” it every year of new mortgages so we can inject \$6million into capital projects right away.

The 2019 update, one year from now, will include new Building Condition Assessment data for larger properties, which will likely show changes to spending in the long term capital plan.

The Board adopted the 2018 long term financial plan as recommended:

1. Refinance two EOA properties for a total of \$6 million
2. Allocate remaining balance of “re-generation fund” to office renovation (approx. \$500k)
3. Make additional (“top-up”) contributions to capital replacement reserves:

2019: \$175k	2023: \$525k	2027-2029: \$500k
2020: \$ 50k	2024: \$575k	2030+: \$ 800k
2021: \$325k	2025: \$800k	
2022: \$475k	2026: \$1,200k	
4. Allocate \$1 million /year from 2027 onwards to future housing development
(M/S/C A. McNeill, D. Alderson)

9. Development Committee Report

a) Arlington redevelopment: the siding is almost done and handover is expected in mid-January. The project is still on budget and rent-up is projected for March.

b) The Board moved in camera to discuss a potential new CCOC project.

(M/S/C, J. Clark/P. McCann)

The Board moved ex camera to resume the agenda.

(M/S/C, J. Clark/P. McCann)

10. Tenant and Community Engagement Committee: No report since there was no meeting in December.

11. Facilities Management Committee Report:

The Corix geothermal modifications project is underway and the possibility of a cooling tower for the roof is being researched, however, it will take years to cool the ground and rebalance the system.

Tompkins co-op has disconnected themselves from the Lebreton Flats district heating system and Ann Marie Mason is moving ahead with the boilers for 170 Booth and 33 Rochester.

The committee also discussed using the Asset Planner software supplied by the City and the Committee recommends that we wait to see if it has any value for CCOC.

12. Rental Committee Report:

The committee reviewed vacancy rate statistics. The City-wide vacancy rate is now only 1.6%. The committee discussed our success in helping house refugees, 3 years after our commitment to set aside 5 market rent tenancies for this purpose.

13. Policy Research and Advocacy Committee (PRAC!):

No December meeting. The Committee will meet on January 16, 2019 on a renewed 2-year mandate.

14. Corporate Business: None.

15. Conference / Associations' Report: None.

16. Other Business:

a) Beaver Barracks Property Taxes:

CCOC had previously ended the court action on the property tax exemption at very early stages when we determined our case wasn't strong enough. The administrative appeals are still going forward with MPAC for the 2012 and 2016 assessment years.

MPAC has offered settlements for the 2012 assessment year that would lead to savings of \$45,000 for the 4-year period.

For 2016, the parking spaces were not totally factored in and the commercial spaces were not assessed at all by MPAC. This has been favourable to CCOC but will eventually catch up to the corporation once the reassessments are undertaken. The recommendation of the consultants is to proceed as they are hoping they could save CCOC \$75,000.00 in property taxes and that the overall outcome will be favourable to the corporation. The board agreed with this approach.

17. Adjournment The meeting adjourned at 9:10 PM.

(M/C, J.Clark)

Secretary of the Board

Date