

TO: ALL OWNERS, QUEEN'S QUAY RESIDENCES, M.T.C.C. 690

December 4, 2017

The Board of Directors has received, reviewed and approved the Class 1 2017 Reserve Study for MTCC #690, which covers a 30-year period starting on January 1, 2018. The study has been completed by RDH Building Science Inc.

### **Context**

In accordance with the Condominium Act all condominium corporations must have a reserve study covering 30 years forward and an accompanying funding plan that cannot go into a deficit. This reserve study must be updated every 3 years. The Board has decided that in order to always have the most accurate and up to date information, we will execute every three years a full Class 1 Reserve Study (not just an update to the existing one).

### **Explanation**

The small increase from 2017 to 2018 amounting to an average of \$12 per unit represents a 2% increase from 2017 accounting for about 0.4% of the 1.72% overall increase in fees in 2018. This increase in the reserve fund contribution is the last increase as per the funding plan of the 2014 reserve study.

The funding model adopted for the new 2017 reserve study provides no increase in the reserve fund contribution for the 30 years covered by the study. However, should we indeed proceed exactly as provided in the funding model over the next 30 years, the reserve fund would dip to negative territory in 2039 and 2047. As this is not permitted under the Condominium Act, special assessments have been included in the funding model for those years. However, it is not the intent of the board to resort to special assessments. As these deficits are so far away in the future, there will be many more reserve studies in the interim, and contributions will be adjusted to reflect the new findings in those future studies and to avoid special assessments.

Notice of Future Funding of the Reserve Fund Attached

## Notice of Future Funding of the Reserve Fund

(under subsection 94 (9) of the *Condominium Act, 1998*)

TO: All Owners in MTCC 690

The board has received and reviewed a Class 1 dated November 27, 2017 prepared by RDH Building Science Inc., and has proposed a plan for the future funding of the reserve fund that the board has determined will ensure that, in accordance with the regulations made under the *Condominium Act, 1998*, the reserve fund will be adequate for the major repair and replacement of the common elements and assets of the corporation.

This notice contains:

1. A summary of the reserve fund study.
2. A summary of the proposed funding plan.
3. A statement indicating the areas, if any, in which the proposed funding plan differs from the reserve fund study.

At the present time the average contribution per unit per month to the reserve fund is \$607.

Based on the proposed funding plan, the average increase in contribution per unit) per month will be:

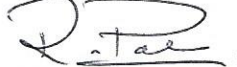
2018	\$12
2019	\$0
2020	\$0

The proposed funding plan will be implemented beginning on January 1, 2018.

(set out the date of the day that is more than 30 days after the day on which this notice is sent to the Owners)

Dated this 27th day of November, 2017.

Metropolitan Toronto Condominium Corporation No. 690



(signature)

RARES PATEANO PRESIDENT

(print name)



(signature)

Deborah Shaver Secretary

(print name)

(Affix corporate seal or add a statement that the persons signing have the authority to bind the corporation.)

## SUMMARY OF RESERVE FUND STUDY

The following is a summary of the Class 1 Reserve fund study dated November 27, 2017, prepared by RDH Building Science Inc. for MTCC 690 (known as the "Reserve Fund Study") and the board's proposed plan for the future funding of the reserve fund.

Subsection 94 (1) of the *Condominium Act, 1998*, requires the corporation to conduct periodic studies to determine whether the amount of money in the reserve fund and the amount of contributions collected by the corporation are adequate to provide for the expected costs of major repair and replacement of the common elements and assets of the corporation. As a result, the corporation has obtained the Reserve Fund Study.

The Board of MTCC 690 has reviewed the Class 1 Study dated November 27, 2017 prepared by RDH Building Science Inc. for the corporation (known as the "Reserve Fund Study") and has proposed a plan for the future funding of the reserve fund that the board has determined will ensure that, in accordance with the regulations made under the *Condominium Act, 1998*, the reserve fund will be adequate for the major repair and replacement of the common elements and assets of the corporation.

The estimated expenditures from the reserve fund for the next thirty (30) years are set out in the CASH FLOW TABLE. In this summary, the term "annual contribution" means the total amount to be contributed each year to the reserve fund. The recommended annual contribution for the fiscal year ending on 2018 is \$534,934 based on the estimated expenditures and the following:

Opening Balance of the Reserve Fund	\$905,490
Minimum Reserve Fund Balance during the projected period	\$150,000
Assumed Annual Inflation Rate for Reserve Fund Expenditures:	2%
Assumed Annual Interest Rate for interest earned on the Reserve Fund:	1.5%

The total annual contribution recommended under the proposed funding plan for the current fiscal year is \$534,934 which is the same amount that has already been budgeted.

The Reserve Fund Study can be examined by submitting a written request to the Property Manager (as per Section 55 (3) of the *Condominium Act, 1998*).



## CASH FLOW TABLE

Opening Balance of the Reserve Fund \$905,490

Minimum Reserve Fund Balance (as indicated  
In this table) \$150,000

Assumed Annual Inflation Rate for Reserve  
Fund Expenditures: 2%

Assumed Annual Interest Rate for interest  
earned on the Reserve Fund: 1.5%

CASH FLOW TABLE								
Year	Opening Balance	Recommended Annual Contribution	Estimated Interest Earned	Estimated Inflation Adjusted Expenditures	HST Tax (13%)	Percentage Increase in Recommended Annual Contribution	Special Assessments	Closing Balance
2018	\$905,490	\$534,934	\$13,582	\$328,300	\$42,679	0%		\$1,083,027
2019	\$1,083,027	\$534,934	\$16,245	\$1,124,130	\$146,137	0%		\$363,940
2020	\$363,940	\$534,934	\$5,459	\$96,900	\$12,597	0%		\$794,836
2021	\$794,836	\$534,934	\$11,923	\$11,000	\$1,430	0%		\$1,329,262
2022	\$1,329,262	\$534,934	\$19,939	\$61,400	\$7,982	0%		\$1,814,753
2023	\$1,814,753	\$534,934	\$27,221	\$366,900	\$47,697	0%		\$1,962,312
2024	\$1,962,312	\$534,934	\$29,435	\$912,600	\$118,638	0%		\$1,495,442
2025	\$1,495,442	\$534,934	\$22,432	\$73,600	\$9,568	0%		\$1,969,640
2026	\$1,969,640	\$534,934	\$29,545	\$455,400	\$59,202	0%		\$2,019,517
2027	\$2,019,517	\$534,934	\$30,293	\$1,060,700	\$137,891	0%		\$1,386,152
2028	\$1,386,152	\$534,934	\$20,792	\$258,800	\$33,644	0%		\$1,649,435
2029	\$1,649,435	\$534,934	\$24,742	\$1,124,580	\$146,195	0%		\$938,335
2030	\$938,335	\$534,934	\$14,075	\$85,800	\$11,154	0%		\$1,390,390
2031	\$1,390,390	\$534,934	\$20,856	\$308,400	\$40,092	0%		\$1,597,688
2032	\$1,597,688	\$534,934	\$23,965	\$172,100	\$22,373	0%		\$1,962,114
2033	\$1,962,114	\$534,934	\$29,432	\$324,700	\$42,211	0%		\$2,159,569
2034	\$2,159,569	\$534,934	\$32,394	\$236,240	\$30,711	0%		\$2,459,945
2035	\$2,459,945	\$534,934	\$36,899	\$1,326,500	\$172,445	0%		\$1,532,833
2036	\$1,532,833	\$534,934	\$22,992	\$858,800	\$111,644	0%		\$1,120,316
2037	\$1,120,316	\$534,934	\$16,805	\$829,200	\$107,796	0%		\$735,058
2038	\$735,058	\$534,934	\$11,026	\$519,000	\$67,470	0%		\$694,548
2039	\$694,548	\$534,934	\$10,418	\$1,143,360	\$148,637	0%	\$202,096	\$150,000
2040	\$150,000	\$534,934	\$2,250	\$224,600	\$29,198	0%		\$433,386
2041	\$433,386	\$534,934	\$6,501	\$24,800	\$3,224	0%		\$946,797
2042	\$946,797	\$534,934	\$14,202	\$629,500	\$81,835	0%		\$784,598
2043	\$784,598	\$534,934	\$11,769	\$563,800	\$73,294	0%		\$694,207
2044	\$694,207	\$534,934	\$10,413	\$128,000	\$16,640	0%		\$1,094,914
2045	\$1,094,914	\$534,934	\$16,424	\$439,100	\$57,083	0%		\$1,150,089
2046	\$1,150,089	\$534,934	\$17,251	\$987,300	\$128,349	0%		\$586,625
2047	\$586,625	\$534,934	\$8,799	\$1,527,900	\$198,627	0%	\$746,169	\$150,000

**SUMMARY OF PROPOSED PLAN  
FOR FUTURE FUNDING OF THE RESERVE FUND**

**DIFFERENCES BETWEEN THE RESERVE FUND STUDY  
AND THE PROPOSED PLAN FOR FUTURE  
FUNDING OF THE RESERVE FUND**

The Plan for Future Funding of the Reserve Fund proposed by the Board matches the Reserve Fund Study.