



Springside Residents' Association
Special Meeting
November 14, 2018



www.springsideresidents.com



Meeting Rules



- Be respectful – we are all neighbours
- Please silence all cell phones
- Questions to be held until after this presentation
- No interruptions
- Please keep conversation to a minimum during the presentation and question/answer period



Introductions



Board Members in Support of the SRA

- President – Tom Dickey
- Treasurer – Brenda Merz
- Director – Barbara Eliuk

Board Member in Support of the Petition

- Vice President – Michella Pritchard



Agenda



- Introductions
- Certify Proxies and Establish Quorum
 - 20 members present in person or by proxy
- Approval of Agenda
- Proof of Notice
 - Not less than 21 days' notice shall be given
- Presentation from the SRA Board of Directors
- Questions and Answers
- Vote on Board Retention
- Adjournment



Association's Mandate



- The purpose of the Springside Residents' Association is to provide Enhanced Maintenance through the collection of Annual Fees
- The Encumbrance (*see appendix slide 28*) registered on our individual titles provides how this is done, collected and enforced – including legal costs, which are secured by the Encumbrance and constitutes a charge on the Lands
- Essentially, you agreed to be a member of the Springside Residents' Association when you purchased your property

Landscaping











* holiday décor added in the winter



Landscaping Responsibility



	Landscaping	City	Private	Association
	Grass cutting	✓		✓
	Grass cutting		✓	✓
	3 entrance feature flower beds		✓	✓
	4 centre median flower beds			✓
	8 flower pots (above ground)			✓
	4 shrub beds			✓
	4 bump-out flower/shrub beds			✓
	3 island flower/shrub beds			✓



2018 Accomplishments



- Audited 2015–2017 Financial Statements by a volunteer SRA member with a CPA designation
- Submitted the 2018 Annual Return for the SRA
- Enhanced the collection policy to include more notifications to those owing fees before sending to Legal (unanimously passed by all five elected board members)
- Achieved a 98% payment rate for 2018 (*only 10 owe 2018 fees*)
- Successfully resolved all but one outstanding legal case



2018 Accomplishments



- Executed the 2018 landscaping contract (*no opportunity to go to bid due to previous board dismissal – contract was extended*)
- Purchased 8 pots to replace in-ground beds along WW Drive (*unanimously passed by all five elected board members*)
- Migrated financials to Quick Books® for sustainability & cost savings
- Reduced the Association's expenses by approximately 30% over prior year (60% if we didn't have these special meetings)
- Met with City of Calgary to discuss fee collection, landscaping responsibility, possible funding and coming to an agreement between the City and the Springside Residents' Association



Future Opportunities



- Finalize 2019 Landscaping Contract
- Enter into a Landscaping Agreement with the City of Calgary
- Update Existing Bylaws
- Complete a Capital Reserve Assessment (re: the stucco fence) and consider a reserve fund to manage foreseeable maintenance



Meeting Attendance



Meeting Date	Tom	Michella	Brenda	Barbara
March 1, 2018	✓	✓	✓	n/a
April 5, 2018	✓	✗	✓	n/a
May 3, 2018	✓	✓	✓	n/a
June 7, 2018	✓	✗	✓	n/a
June 26, 2018	✓	✓	✓	n/a
August 16, 2018	✓	✓	✓	✓
September 25, 2018	✓	✓	✓	✓
October 4, 2018	✓	✗	✓	✓
November 1, 2018	✓	✗	✓	✓
% of Meetings Attended	100%	56%	100%	100%



Financials



- Expected cash shortfall for 2018 is \$23.4K
- Cash shortfall – **29% improvement** over 2017
- Cash shortfall EXCLUDING the two Special Meetings held – **60% improvement** over 2017
- Maintenance Costs – **23% reduction** over 2017 (despite spending \$9,500 on large planters along WW Drive and holiday décor)
- General Admin/Collections Admin – relatively flat year over year
- Only 1.6% of homeowners owe the SRA for their 2018 Annual Fees
- No Annual Fees owing for 2017 and prior

SPRINGSIDE RESIDENTS' ASSOCIATION
INCOME STATEMENT WITH COMPARATIVE YEARS
(ACCRUAL BASIS)

	Jan 1- Oct 9/18	Est FY 2018	2017 Actual	2016 Actual
Revenue				
Annual Dues Income	76,125	76,125	76,125	76,125
Interest Income	58	58	100	107
Late Payment Fee Income	365	365	821	417
Legal Fee Recoveries	7,834	7,834	0	0
Total Revenue	84,382	84,382	77,046	76,649
Expense				
Maintenance				
Fence Maintenance	2,709	2,709	1,050	14,416
Landscape Maintenance-Contract	37,186	48,769	57,910	56,327
Landscape Projects-Extras	7,686	10,311	21,415	15,050
Total Maintenance	47,581	61,789	80,375	85,793
Administrative Expenses				
General Administration	26,655	30,155	18,265	9,753
Online Payment Services	2,332	2,332	2,336	2,815
Website Maintenance	2,078	2,478	1,407	1,659
Total Administrative Expenses	31,065	34,965	22,008	14,227
Collection Expenses				
Collections Administration	1,605	1,605	7,896	9,198
Legal Fees	7,834	7,834	899	2,036
Total Collection Expenses	9,439	9,439	8,795	11,234
Bad Debt Expense	25	25	0	3,991
Community Events	559	559	551	0
Insurance	1,018	1,018	1,147	1,213
Total Expense	89,687	107,796	112,876	116,458
Expenses in excess of Revenues	-5,305	-23,414	-35,830	-39,809

Highlights

- Revenue – includes Legal Fee Recoveries which is offset in Expenses – Legal Fees
- Maintenance costs – 23% reduction over 2017
 - Cancellation of 85th Street Maintenance
 - Projects reduced in 2018
 - Separated cost of Contracted Maintenance from Projects
- General & Collections Admin
 - Collections Admin relates to effort on OVERDUE accounts
 - Estimated Collections Admin for 2016 & 2017 and 1st half of 2018 – is an estimate
 - Two Special Meetings contributed approximately \$11K to higher than normal administration costs



Administration Costs

General Administration & Collections Administration	2018 Est FY	2017	Comments
General Administration	32,250	18,265	Includes cost of invoicing of member dues, administration of online payments, financial statement prep, meeting costs, office supplies, post box, AGM / Special Meetings
Collections Administration	1,605	7,896	Collections efforts on OVERDUE accounts - estimated these costs for 2017 and first half of 2018
Total General Admin / Collections Admin	33,855	26,161	
Less: Special Meeting Costs (est)	(11,000)		More difficult - require different logistics than an AGM
Less: AGM costs		(2,794)	
Normalized Admin Cost Total	22,855	23,367	



**SPRINGSIDE RESIDENTS' ASSOCIATION
BALANCE SHEET WITH COMPARATIVE YEARS
(ACCRUAL BASIS)**

	<u>Jan 1-Oct 9/18</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Assets			
Bank - Chequing Account	147,826	156,588	191,354
Accounts Receivable	8,488	4,952	7,308
Prepays	22	194	1,080
Total Assets	<u>156,336</u>	<u>161,734</u>	<u>199,742</u>
Liabilities			
Accounts Payable	0	93	2,454
Total Liabilities	0	93	2,454
Deferred Liability	6,611	6,611	6,428
Equity	149,725	155,030	190,860
Liabilities & Equity	<u>156,336</u>	<u>161,734</u>	<u>199,742</u>



SPRINGSIDE RESIDENTS' ASSOCIATION
ACCOUNTS RECEIVABLE SUMMARY
As at October 9, 2018

	TOTAL	
10 Homeowners - 2018 Annual fees	1,250.00	
Homeowner - Legal costs	338.05	paid Nov. 14/18
Homeowner - Legal costs	6,900.00	
	8,488.05	
	8150	



Why are we here tonight?

- A petition was presented at our September 25, 2018 Board Meeting to force this Special Meeting. It was signed by the required 10% of the membership and has the support of a current board member and an expelled board member.
- The petition identified four main points:
 1. Michael Schlueter's expulsion
 2. Business conducted with only three board members
 3. New Board under the leadership of the Vice President
 4. Removal of Encumbrances and/or dissolving the SRA





1. Michael Schlueter's expulsion

- Breach of and direct violation of the SRA's Board Member Code of Conduct (see slide 29)
- Disrespectful of invited guests, contractor and other board members
- Generally disruptive and unproductive
- An opportunity to apologize was presented to Mr. Schlueter at our May 3, 2018 board meeting, which he declined
- Mr. Schlueter was presented with an expulsion letter on June 7th and was hand-delivered a second letter on June 23rd giving him an opportunity to speak before the board on June 26th. He took the opportunity, but the Board stood by their initial decision and he was expelled effective June 7, 2018.
- Three legal opinions obtained concur the Board complied with SRA Bylaw 4.10 (slide 30)
- Furthermore, Bylaws 4.10.4 states that Mr. Schlueter is not entitled to commence any action to be reinstated as Director and can only return to the Board through a re-election at a General Meeting



2. Business conducted with only 3 board members

- Mr. John Park resigned in July
- The remaining directors were Tom, Brenda & Michella who voted unanimously to fill one vacancy with Barbara Eliuk
- Subsequently voted unanimously to spend \$2000 on winter décor for the new pots along Wentworth Drive
- No other decisions were made; the focus of the Board was on the AGM scheduled for November 14, 2018 as per Bylaw 4.17
(see slide 31)



3. New Board under the leadership of the VP

- Michella Pritchard has clear conflicts of interest
 - She supports this petition
 - She is the cause of this fractured Board of Directors
- A new Board, under any leadership, would require another Special Meeting and cannot be determined here tonight
- Further, the Board cannot operate with less than five members unless working towards an AGM



4. Removal of Encumbrances and/or dissolving the SRA

- Removal of 609 Encumbrances most likely requires 100% support for a Judge to grant – which would be near impossible to achieve
- Action would have to be undertaken by homeowners directly and independent of the Association
- Conservative estimate of \$1500 per household - in excess of \$900,000 Total
- Cost of this action would be borne by homeowners and NOT the SRA
- Remaining SRA Funds cannot go to or be used by members, but must go to a local charitable or non-profit organization per Bylaw 13 (*see slide 32*)
- All surrounding communities have enhanced maintenance. Do we really want to be the one without it? Carefully consider your home's future resale value!
- High density growth is coming – need to distinguish ourselves more than ever



Conclusion



- The Association adds value to our community
- The current SRA Board is committed to:
 - Continuing to beautify our community
 - Updating the Association's Bylaws
 - Completing a Capital Reserve Fund Assessment
 - Striving to keep costs, and thereby Annual Fees, low
- The SRA Board this year has struggled to maintain momentum with the ongoing distractions presented



Questions?

- Please be respectful – we are all neighbours
- Only one person may ask a question or talk at a time
- No interruptions
- Each person will be limited to 3 minutes
- If you ask a question, please listen to the answer
- Please keep conversation to a minimum





Vote on Board Retention



Do you want to expel the current Board of the
Springside Residents' Association?

- ☐ Expel. I vote to expel the current Board of the SRA
- ☐ Retain. I support and vote to retain the current Board



Implications of the Pending Vote

- A vote to expel the current Board
 - Requires another Special Meeting to elect five new Directors
 - No business can be transacted in the interim – 2019 landscaping contract remains in limbo
 - AGM will be further delayed
- A vote to retain the current Board
 - Business continues and the landscaping contract will be extended
 - Michella will be expelled – conflict of interest
 - Will address concerns around residents' private information
 - AGM next year with an opportunity to elect new directors



Vote on Board Retention



Do you want to expel the current Board of the Springside Residents' Association?

- ☐ Expel. I vote to expel the current Board of the SRA
- ☐ Retain. I support and vote to retain the current Board

75% of tonight's Quorum must be in favour of expelling the current SRA Board in order for this vote to pass per Bylaw 1.9
(see slide 33)



Adjournment
Thanks to everyone for
taking the time to attend





Appendix: Encumbrance

1. The purpose of this Encumbrance is to charge and secure the Lands for certain ongoing indebtedness of the Owners to the Association arising from, pursuant to and out of:

- (a) certain one or more contracts and agreements entered into between the Owners and the Association whereunder the Association may perform or cause to perform certain installations, maintenance, repairs, replacements, construction or re-construction, as the case may be, relating to the following:
 - (i) walls;
 - (ii) fences;
 - (iii) entrance features;
 - (iv) irrigation systems;
 - (v) medians and boulevards;
 - (vi) maintenance of existing flowers, shrubs and trees;
 - (vii) planting of flowers and new shrubs and trees;
 - (viii) creation and maintenance of flower beds;
 - (ix) pathways;
 - (x) lighting;
 - (xi) grass cutting;
 - (xii) removal of debris;
 - (xiii) street cleaning;
 - (xiv) maintenance of storm water dry ponds;
 - (xv) landscaping;



Appendix: Board Members' Code of Conduct

The board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as board members.

Accordingly,

1. **Board members must represent unconflicted loyalty to the interests of the Association.** This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any board member acting as a consumer of the organization's services.
2. Board members must avoid conflict of interest with respect to their fiduciary responsibility.
 - a. There must be no self-dealing or any conduct of private business or personal services between any board member and the organization except as procedurally controlled to assure openness, competitive opportunity, and equal access to inside information.
 - b. When the board is to decide upon an issue about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote but also from the deliberation.
 - c. Board members must not use their positions to obtain employment for themselves, family members, or close associates. Should a member desire employment, he or she must first resign.
 - d. Members will annually disclose their involvements with other organizations, with vendors, or any other associations that might produce conflict.
3. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies. Members' interactions with public, media, or other entities must recognize the same limitation and the inability of any board member to speak for the board except to repeat explicitly stated board decisions.
4. **Board members will respect the confidentiality appropriate to issues of a sensitive nature.**



Appendix: SRA Bylaw 4.10

4.10 The Directors may expel, for any reason that the Directors deem reasonable, any individual as Director or President of the Association (which expulsion shall also be deemed to include the expulsion of such Director from any Office which he or she holds in the Association) in accordance with the following:

- 4.10.1 upon any Director being presented with a petition signed by not less than 75% of the Directors for the time being in office setting forth therein a desire that any particular individual be expelled as Director or President, he or she shall immediately cause a meeting of Directors to be held as soon as possible in accordance with these By-laws to consider the expulsion of such individual;
- 4.10.2 the individual to be considered for expulsion shall be entitled to notice of such meeting and shall be entitled to attend the same and to speak to the matter;
- 4.10.3 if within the period commencing on the seventh (7th) day following the date of such meeting and ending on the twenty-first (21st) day following the date of such meeting a Director shall again be presented with a petition signed by not less than 75% of the Directors for the time being in office, setting forth therein the continuing desire to expel the individual named in the first petition delivered pursuant to paragraph 4.10.1 above, such individual shall be deemed to have been expelled as Director or President, as the case may be, as at the date of such second petition; and
- 4.10.4 any individual expelled as Director or President in the manner aforesaid shall not be entitled to commence any action or institute any proceedings to be reinstated as Director or President, as the case may be, and may only be re-elected as Director or President at a general meeting in accordance with these By-Laws.



Appendix: SRA Bylaw 4.17

4.17 The Directors for the time being comprising the continuing Directors may act notwithstanding any vacancies in the board provided that if the number of continuing Directors falls below 5, and for so long as this situation shall prevail, the continuing Directors shall not act except for the purpose of filling vacancies or calling a general meeting of the Association.



Appendix: SRA Bylaw 13.1 and 13.2

13. DISSOLUTION AND WINDING-UP AND APPLICATION OF PROFITS, ETC.

13.1 The profits, if any, and other income or accretions to the Association shall be applied only in promotion of its objects. No dividend to its Members shall be declared or paid and no part of the income or property of the Association shall be payable to, available for the personal benefit of, or otherwise distributed to its members.

13.2 In the event of the dissolution or winding-up of the Association, all of its remaining assets after payment of its liabilities shall be distributed to one or more recognized charitable or non-profit organizations in Calgary, Alberta as determined by the Members of the Association by Ordinary Resolution at a general meeting.



Appendix: SRA Bylaw 1.9

1.9

"Special Resolution" shall have the meaning ascribed thereto in the *Societies Act*; provided that in the event that the *Societies Act* shall not at any particular time define "special resolution", then for the purposes of these By-Laws, a special resolution shall mean a resolution passed at a general meeting of the Members duly called and constituted in accordance with these By-Laws of which not less than twenty-one (21) days' notice specifying the intention to propose the resolution has been duly given, and by the vote of not less than 75% of those Members who, if entitled to do so, vote in person or by proxy on the particular resolution;