

Columbia Ridge Community Association (CRCA)

Board Policy Regarding Capital Expenditures

Further to the Constitution and Bylaws of the CRCA, this policy is intended to provide guidance to the Board of Directors when considering expenditures that are capital in nature and relate to the Common Lands and other assets of the CRCA:

1. For clarity, this policy is not intended to address items belonging in the annual operating budget of the CRCA. Past practice has been that all annual, ongoing or periodic expenditures related to the management of the CRCA and its operations, administration and maintenance of community property and assets are contained in the annual operating budget put forth for approval at each Annual General Meeting.
2. From time to time, the Board considers expenditures that are capital in nature, being that these expenditures give rise to an asset or community improvement that will provide benefit over an extended period of time.
3. In general, proposed capital expenditures for the upcoming year will be presented at the AGM for approval by the membership. At the discretion of the Board, the proposed items may be preliminary estimates as opposed to finalized specific quotes, to allow the Board to make vendor selections, etc subsequent to general approval from the members.
4. When considering capital expenditures, the Board will consider the following, although this list is not meant to be exhaustive:
 - a. Community standards – the result of any asset purchase, project or improvement must be in keeping with the standards and expectations of the community regarding functionality, quality and durability, esthetics, safety, etc
 - b. Fairness and diverse interests of membership – often capital items might provide a benefit that is not universally enjoyed by the entire community – in such cases the Board must ensure that fairness is considered. This in no way implies that capital expenditures must provide universal benefits, as it is expected that projects will often benefit subsets of the membership based on many factors, but over time and across projects the Board should be able to demonstrate that reasonable benefits of ongoing capital expenditures were available to be enjoyed by all members.
 - c. Control over the asset – expenditures should relate to improvements situated on the Common Lands and/or the foreshore area in front of the community. One noted exception to this clause relates to properties owned by the developer that are made available at little or no cost to members, in which case the CRCA often undertakes to assist with improvements or asset purchases that are not situated on Common Lands. However, in such cases, CRCA members receive benefits indirectly through the privileges granted by the developer and when making these expenditure decisions, the Board considers proportion of the overall benefits attributing to our members in relation to other users (adjoining communities, etc). Aside from this exception, it is difficult to foresee a situation where CRCA funds should properly be spent on an asset

or improvement that is situated on a member(s) private property – if such a scenario were to be entertained, the merits of that situation would have to be debated in detail.

- d. Ability to preserve ongoing benefits – assets or improvements should be able to be maintained by the CRCA with an appropriate level of maintenance expenditure in the annual operating budget ie one that is commensurate with the level and nature of the ongoing benefits
- e. Anticipation of long term sustainability – no expenditure should be made where it is likely that the expenditure would create an expectation, either from a member or group of members or an authority outside the membership, that other follow-on projects should or must be undertaken that, either individually or as a group of expenditures, would:
 1. Be beyond the reasonable financial means of the CRCA;
 2. Be incompatible with community standards; or
 3. Provide benefits to an individual member or subset of members that was incompatible with the fairness considerations above