

Approval Of Capital Projects Policy
Chinook Park-Kelvin Grove-Eagle Ridge Community Association (the "Association")
Approved as of June 4, 2003 and Modified as of Feb 23, 2022

I. Purpose And Linkage To By-Laws Of The Association

This Approval Of Capital Projects Policy ("Policy") is one of the "Policies and Procedures" contemplated by the By-Laws of the Association ("By-Laws"). It establishes processes for the approval of capital expenditures by the Board within the authorities granted to the Board under the By-Laws. It also establishes responsibilities to monitor the conduct of the activity associated with the applicable capital expenditure with respect to such factors as cost, schedule and inspection of work or product to confirm that the quality is consistent with expectations at the time that capital expenditure was approved by the Board.

This Policy is intended to ensure that each capital expenditure considered for approval by the Board is assessed for its benefit to the Association and that any such capital expenditure approved by the Board is managed effectively.

For the purpose of this Policy:

- (a) a "Capital Project" is a single project for the purchase of tangible goods or a modification to the Facility or the lands on which the Facility is located, where the anticipated cost of that project (inclusive of Goods and Services Tax) is expected to exceed \$1,000.00; and
- (b) a "Special Capital Project" is a single Capital Project for which the approval of the Members is required through a Special Resolution under the By-Laws.

A Capital Project for the purpose of this Policy includes, for example, the painting of the Facility and landscaping work respecting the Facility if that work is anticipated to exceed that \$1,000.00 threshold. However, a Capital Project does not include: (i) a single project below that threshold; (ii) goods purchased for consumption at an event of the Association, such as food or beverages; (iii) a service provided for an event of the Association; or (iv) the periodic provision of services to the Association on a regular basis, such as janitorial services respecting the Facility or lawn maintenance, where any such purchase or the award of any such work is subject to the approval of the Board under the By-Laws and such other Policies and Procedures of the Board as may apply at the relevant time.

This Policy is to be read in conjunction with the By-Laws and the other Policies and Procedures of the Association in effect at the relevant time, including, without limitation, the Conflict Of Interest And Disclosure Policy. All terms defined in the By-Laws shall have the same meaning when used in this Policy.

II. Background

Article 8.2 of the By-Laws addresses the ability of the Board to make expenditures on behalf of the Association, and addresses such matters as: (i) the approval of expenditures not included in an approved budget; (ii) overexpenditures of approved expenditures by greater than the threshold specified therein; (iii) the requirement that a single expenditure anticipated to be greater than the threshold specified therein must be approved by the Members through a Special Resolution; and (iv) the ability to make expenditures in an emergency situation on an interim basis insofar as required to protect the Facility.

This Policy provides guidance to the Board with respect to the approval of Capital Projects and the ongoing responsibility of the Board to attempt to ensure that the Association optimizes the value it receives for the amounts incurred by it with respect to each Capital Project.

Insofar as a Capital Project is required to protect the Facility because of an emergency, this Policy will apply with such modifications as the Board determines are reasonably appropriate in the

particular circumstances, provided that this Policy does not provide the Board with greater authorities than those granted under the By-Laws.

III. Recommendation Of Capital Project By Project Sponsor

Subject to Section VI with respect to a Special Capital Project, each Capital Project presented to the Board for approval must be recommended to the Board by a Director who has investigated the Capital Project in reasonable detail prior to presenting it to the Board for approval (“Project Sponsor”).

A Project Sponsor shall, with respect to any Capital Project presented to the Board for approval, provide a written project support document (in a form similar to that in the attached Schedule) that addresses in appropriate detail for the nature and magnitude of the particular expenditure:

- (a) the benefit of the Capital Project to the Association; and
- (b) the scope of the Capital Project, including:
 - (i) a description of the applicable goods or work;
 - (ii) the applicable schedule for the purchase of the goods or the conduct of the work;
 - (iii) the anticipated cost (inclusive of Goods and Services Tax) of the applicable goods or work, which may be presented as a range of costs having regard to different potential suppliers;
 - (iv) information respecting at least three alternative suppliers of the applicable goods or work that were considered with respect to any contemplated expenditure or expense reasonably expected to exceed \$2,000.00, with an identification of the cost, any price quotes that were obtained and relevant factors other than price with respect to each such potential supplier;
 - (v) the potential supplier recommended by the Project Sponsor and the basis for that recommendation;
 - (vi) disclosure by the Project Sponsor of any “Conflict of Interest” of the Project Sponsor under the Association’s Conflict Of Interest And Disclosure Policy with respect to the selection of any particular identified potential supplier and confirmation that there is no such Conflict of Interest with respect to any such supplier in all other cases; and
 - (vii) such other information as may be reasonably appropriate in the circumstances respecting the particular Capital Project to enable the Board to evaluate the proposed Capital Project, including any anticipated material adverse impact on the Members during the period in which the Capital Project is being conducted.

Notwithstanding the preceding portion of this Section, it is recognized that there may be Capital Projects where it is not feasible to obtain detailed cost estimates from potential suppliers until there is a scope of work document approved by the Board upon which those suppliers may tender. In such event, the recommendation to the Board may be for the approval of a scope of work document, where the decision to proceed with the Capital Project and the award of the Capital Project to a particular supplier is through a subsequent decision of the Board after a review of the bids tendered by potential suppliers.

IV Board Review Of Recommended Capital Project

The Board shall review any Capital Project presented to it for approval with due diligence, considering such factors as: (i) the potential benefit of the Capital Project to the Association; (ii) the

nature and anticipated cost of the Capital Project; (iii) the proposed schedule for the completion of the Capital Project; (iv) any adverse impact of the Capital Project on the use of the Facility or any other material adverse impact on the Members; and (v) the state of the Association's finances at the relevant time.

The Board shall not approve any recommended Capital Project unless it is reasonably satisfied that the project support document presented to the Board as part of the Project Sponsor's recommendation appropriately addresses the requirements in Section III of this Policy. For this purpose, the Board's expectation is that the level of information provided in a project support document for a Capital Project would be greater for more complex or expensive expenditures.

Anticipated cost is an important criterion in the selection of a supplier of the goods or work pertaining to a Capital Project. However, the Board shall consider such other factors as reliability, quality of goods or service, schedule, previous experiences with the particular supplier and such other factors as may be relevant in the circumstances in order to choose the potential supplier that offers the best perceived overall value for the expenditure.

V Responsibilities Of Project Sponsor With Respect To Approved Capital Project

Subject to Section VI with respect to a Special Capital Project, a Project Sponsor's responsibilities with respect to a Capital Project approved by the Board are:

- (a) periodic advice to the Board of the status of the Capital Project, as appropriate in the particular circumstances;
- (b) prompt advice to the Board of any material change in scope, cost or schedule of the Capital Project, with such review of that event and additional determinations as may be required by the Board in the particular circumstances or under the By-Laws;
- (c) monitoring the Capital Project with such level of diligence as is appropriate in the circumstances for the nature and magnitude of the expenditure, to confirm that the completed or acquired Capital Project is consistent in all material respects with the Capital Project approved by the Board, with such other discussions with the supplier of the applicable goods or work as are reasonably appropriate in the circumstances;
- (d) final inspection of the goods or work respecting the Capital Project to confirm that the performance of the supplier of the applicable goods or work is complete and that the applicable goods or work are to the reasonable satisfaction of the Association; and
- (e) a recommendation to the Board to pay the applicable invoices after a reasonable review of each such invoice for accuracy.

VI Additional Requirements With Respect To Special Capital Projects

Unless otherwise directed by the Board, the Board shall create a Committee of the Association to evaluate and oversee any potential Special Capital Project after the initial Board determination that the idea merits further investigation. The Director acting as Project Sponsor with respect to that Special Capital Project shall be the chairperson of that Committee, and shall update the Board on the status of that Special Capital Project at each Board meeting. The Board shall also periodically advise the Members of the status of any Special Capital Project in the Community newsletter. Approval of a Special Capital Project, however, requires a Special Resolution under the By-Laws.

Approval Of Capital Projects Policy-Schedule

Project Support Document Respecting Proposed Capital Projects

(To be completed by the Project Sponsor with that level of supporting information that is reasonably appropriate having regard to the nature of the particular Capital Project and its anticipated cost.)

1. Brief summary of Capital Project:

2. **Why the Capital Project is proposed at this time/the benefit to the Association:**

3. **Scope of Capital Project**

- (a) Description of the applicable goods or work in appropriate detail:

- (b) Schedule for provision of applicable goods or work:

- (c) Anticipated cost of applicable goods or work (including GST):

- (d) Alternative suppliers considered, with identification of costs and other relevant factors for each (Attach quotes received if applicable):

- (e) Recommended supplier and rationale for this preference:

- (f) Description of any anticipated material adverse impact of the Capital Project on the Members or the use of the Facility (temporary or permanent):

- (g) Such other information as may be relevant to the Board in evaluating the recommendation:

- (h) Is there a "Conflict of Interest" with respect to the Project Sponsor and any potential supplier? (Explanation if yes.):

Project Sponsor Signature:

Date of Recommendation:

Approved by Board?

Date of Board Approval: