



## Whitemud Ridge Homeowners Association (WRHA)

### Board Policy 3 – Entering into Long Term Contracts and Agreements

**Purpose:** Long-term agreements have the potential to incur large financial cost to the WRHA. Additional safeguards and communication is needed to ensure all WRHA Members are aware of the risks and benefits involved to make an informed decision. This policy applies to Contracts described under section “Policy Details”.

For the purposes of all provisions of this policy, the terms “Contract” and “Agreement” shall have the same meaning and shall be interchangeable.

**By-law Alignment:** Articles 4.2 (j) and (n)

#### Policy Details:

This policy applies to the following types of Contracts:

- Agreements of a duration longer than three years,
- Agreements that are shorter than three years that can be renewed for a total duration of more than three years,
- Open-ended Agreements with or without Termination Clauses, and
- Agreements with the City of Edmonton.

The following steps have to be taken before the WRHA enters into any of the above types of Contracts:

- The Agreement should contain “Termination Clauses” that can be unilaterally invoked by WRHA without undue financial penalty to the association. Notice period for premature Termination should not be longer than 12 months.
- A legal review of the Agreement
- Approval from at least two thirds of the WRHA Board of Directors with all Directors in attendance.
- Approval by a majority of the WRHA Members at either an Annual General Meeting or a Special Meeting specifically called for this purpose. If the contract is presented as part of an Annual General Meeting, it must be included as a special resolution and be provided to WRHA Members at least 14 days in advance of the meeting.
- During Board Meeting and meeting with WRHA Members, the following should be presented:
  - A draft of the Agreement.
  - The estimated cost to the WRHA over the life of the contract or 20 years in the case of open-ended contracts. In case assets are involved, an Asset



Management Plan from an established engineering company should be the basis of this calculation.

- The benefits of entering into the agreement.
- The result of the legal review.
- How the costs to implement the agreement will be funded, including any proposed increase in the Rent Charge for the duration of the contract, or 20 years in case of open-ended contracts to fund the agreement.

After the Contract is signed the following steps must be taken:

- Reserve fund initiated to fund the Contracts over its duration.
- As part of the annual budget process, review the status of the reserve fund to ensure adequate reserves as required by the Asset Management Plan.
- Report on the status of the contract and its implementation (including any impacts to the reserve fund balance) at the Annual General Meeting.

Handwritten initials in black ink, possibly "NR", located in the bottom right corner of the page.



**Policy Reference**

<b>Version</b>	<b>Description</b>	<b>Date Approved</b>
1.0	Policy approved by the Board.	January 8, 2024

*Handwritten signature*