

INTRODUCTION

Thank you, Mr. Chairman, and Good evening Fellow members of EASR.

It is my pleasure to share with you my report for this AGM. There are many things we could talk about and unfortunately/fortunately we only have time this evening to touch on a few things. As I considered what I should share with you, I wondered about which questions most people and especially those that our members and those on our waitlist would have. I finally settled on two of the most frequently asked, namely:

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1. when will the first Phase be ready for occupancy, and
2. what will be the price of the units

Rather than give you a specific date, or a specific price, neither of which we are currently in a position to give this evening, although we are getting closer every day to having those answers, I thought I would share with you some of the many components that go into each of those answers

SCHEDULE

So let me start with what goes into coming up with the anticipated date of occupancy.

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After the decision to proceed with such a project, initially there are the following components:

- Purchase of the land
- Having it rezoned
- Making initial financing arrangements
- Hiring a comprehensive design team of Architects, Engineers, and a host of other experts
- Prepare concept drawings showing the overall layout of the site and the buildings
- Prepare a comprehensive Site Plan showing things like

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- Road and building locations,
- Sewer, water and storm drainage sizes and configuration
- Landscaping features
- Exterior of the building design
- In other words everything that is required to be constructed and that will be seen on the surface and under the surface, Everything except the design of the interior of all buildings and structures
- This all needs to be supported by a host of experts and consultants, (soils, traffic, hydrogeologist, etc)

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Here is just one of the many drawings included in the site plan application

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- Then this entire package is submitted for review and comments to the Township and any other Agencies having jurisdiction, like
 - County of Simcoe
 - Conservation authority
 - ministry of the environment
 - and others
- These agencies will then take some time to review the entire site plan submissions to see if it meets with their approval and advise on items that require revision

We made this submission back on April 29, of this year. Normally this would take these agencies about 2 to 3 months to send us their comments. However, we only started to receive some of their comments about 2 weeks ago and there are still several agencies that have not replied at all. The major one being the conservation authority. When we ask them why it's taking so long, the answer is always that they don't have enough staff and there are many projects on which they have to comment.

During this review period the design team continues with detailed design of all of the buildings showing all the many construction details. However, we can only take it so far (about 50% complete), until we get the comments on the site plan.

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Once we receive those comments, hopefully in the next month or two then we can continue:

- Make revisions to the site plan package
- Resubmit to the twp. and other AHJ's for their approval, which could again take several months
- And finally, there is time required to negotiate a comprehensive Site Plan agreement with the township

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In the meantime, we are currently carrying on with:

- Preparing cost estimates and unit pricing with the assistance of experts in cost estimating, and unit pricing
- Marketing the units
- Finishing the construction drawings
- Arranging construction financing

We hope to be in a position to have unit prices available by the end of this December or in January.

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EASR Has decided we will finish off the remaining 50% of the detailed drawings when 75% of the unit have been reserved with a 2nd deposit of 10% of the unit cost. There would have been an initial deposit of \$5,000.00 at the time of initial reservation

When 90% of the units have been reserved, we will instruct our architects to go to tender. At this time an additional deposit of 15% will be required from our applicants who have reserved a unit. Hopefully we will have finalized and have Twp Council approve site plan agreement by then as well.

Once 100% of the units are reserved, site plan Agreement, all approvals, and financing in place, then construction will start. Our architects anticipate it will take approximately 24 months to build phase 1, consisting of a 66 unit apartment building and 12 garden homes

So, that is a summary of what goes into coming up with a realistic schedule as is possible. So its easy to see there re still some unknowns before we can set a more realistic date

Summary of All Development Costs

So now we come to what goes into setting the price of a unit.

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The overall development cost for Phase 1 of The Elms Retirement Village can be divided into four major cost components. These are: (a) land cost; (b) soft costs; (c) hard costs; and, (d) financing costs, respectively.

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LAND COSTS

This cost includes the

- Cost of land
- Legal Fees
- Land Transfer Tax
- Taxes

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SOFT COSTS

The breakdown of the soft costs related to a project can be classified into the following major cost items.

- **Professional costs related to building and site which include service fees from:**
 - Architect
 - Life Lease consultant
 - Interior designer
 - Mechanical, electrical, structural and Site Serving & Grading engineers
 - Landscape architect
 - Environmental consultant

- Storm Water Management consultant
- Traffic consultants
- Geotechnical consultants
- Archeological consultants

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- Hydrogeological consultants
- Solar consultants
- Geothermal consultants
- Cost Consultant
- Other professional consultants (such as code, acoustic, etc.)
- Legal Surveys
- Materials Testing consultants
- Disbursements

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- **All legal fees related to:**
 - Zoning and approvals
 - Land purchase
 - Bank financing
 - Life Lease documents
 - Charitable registration
 - General matters
 - Unit closings

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- **Sales and marketing expenses include:**
 - Printing (brochures, stationary, newsletters, etc.)
 - Site signage
 - Sales office operating costs
 - Advertising
 - General office administration
 - Sales coordinator

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- **Other Costs related to project management and operations include:**
 - Development/construction Project Management fees
 - Staff Salary costs
 - Accounting and Audit fees
 - Human Resource consultant fees
 - Organization fee (Retirement Homes Act)
 - Insurance
 - Utilities

- Security

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- **Other miscellaneous costs and fees such as:**
 - Property taxes
 - Connections and works
 - Municipal Fees
 - Roads permit fees etc, (County & Twp)
 - Site Alteration permit fees
 - Building permit fees
 - Review Fees by other AHJ's
 - Parks dedication
 - Development Charges
 - Commissioning Agent

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HARD OR CONSTRUCTION COSTS

This is by far the largest component of the total development cost. The hard costs of the project will consist mainly of construction and interior furnishing costs related to the following:

- Below grade
- Above grade
- Site and landscaping
- External Hydro and Gas and Water and Sewer
- Furniture & Equipment & Appliances (for Public & Administrative and Maintenance uses)
- Amenity Equipment
- Construction insurance
- Allowances & Testing
- Cost escalation
- Net HST (NFP or Charitable rates)

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FINANCING COSTS

The financing costs for the project can be classified under the following items:

- Construction financing interest costs
- Pre-construction financing interest costs
- Bank financing fees
- Appraisal fees
- Project cost monitoring fees (initial & monthly)
- Letter of credit fees (related to securities for municipality requirement's)

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CONTINGENCY

It is prudent that a contingency allowance be added. This contingency will assist in protecting EASR against fluctuations in interest rates, unforeseen design changes, cost overruns and owner-initiated change orders, etc.

PROFIT

Finally, the for-profit Developers also include a profit, over and above all these costs.

EASR DOES NOT! That's the difference!!

Hopefully this was informative and I would be pleased to answer some of your questions,