

AGM Follow-Up – Questions and Responses

Dear Members,

Following our Annual General Meeting on August 17th, please find below the questions raised by Aileen Sullivan (Spur 3) and Kris Roze (Spur 9) and the Board's responses:

Q1. Gravel Expense in 2026

Why is there now expense for gravel for 2026 but not in 2025? Sand is provided by township as we allow public access for the park. Could we not get gravel also to be provided for free? Have we inquired?

While there is no municipal program that provides free gravel, the Board has previously submitted an application to the Private Road Grant Program, which offers financial assistance for activities such as grading, graveling, tree removal, and related maintenance of private roads. This is an annual program and we plan again to submit an application this calendar year. We will update the membership on the status of our application once we receive a response from the Municipality.

Q2. Maintenance Fee Collection in 2024

Why is maintenance fees collected less for 2024 than 2025 when the fees went up? In fact 8,453\$ less. That equals more than 1 person not paying as indicated in the presentation. What is the Board doing to collect fees by those derelict in paying? Is By-law section 4.09 being carried out? Recommend creditors engaged for long term non payers and those not paid should be listed by name. This item (fees outstanding) should be added to financial statements showing a loss.

In 2024, the Group received a capital contribution of \$12,000 from a new property owner. Combined with maintenance fees from 140 cottagers at \$650 each, the total funds collected amounted to \$103,000.

One member has not paid their maintenance fee. The Board follows a clear and structured protocol for collecting unpaid fees, which begins with overdue notices, telephone calls and dunning letters. If necessary, this process escalates to a lawyer's letter, small claims court, collections, and/or placing a lien on the property.

This process has already been initiated for the member who has refused to pay their maintenance fee and will be applied to any members who do not pay the special assessment. The by-laws are explicit: all members are required to contribute equally to both maintenance and special assessment fees.

Q3. Accountant Fees Without Audit

Why do we have an accountant fees but no audited financial statements? Accountants report is not worth 1600\$. He even says 'the report may not be suitable for its purpose'

The Board would like to clarify that we are not required to produce audited financial statements. Full audits typically cost significantly more—often upwards of \$5,000, compared to a financial review, which can be completed for a much lower cost (around \$1,500).

To ensure fiscal responsibility while maintaining transparency, we will be requesting proposals from additional CPAs to conduct a financial review of our current fiscal year. This approach was supported by the membership through the vote today.

Q4. Ice Storm Cleanup – Mississauga Dam Road

As per your presentation in the ice storm cleanup slides that you send out for the upcoming meeting, you mention that Treeworks cut and cleared Mississauga Dam Road to access Fire Route 130. Did our membership pay for such cleanup? If so, did the cottagers on Mississauga Dam road in its entirety contribute financially for Treeworks Labour to do this clearing? If not, why are we as a “Private Road” paying for a company to clear a Trent Lakes assumed road?

Yes, Treeworks cleared Mississauga Dam Road to ensure emergency access for full-time residents. However, Treeworks only cleared a swath of the road that allowed their vehicles and equipment to get through. They did not chip or remove the fallen debris beyond their need to make the road passable to reach our road. Waiting for the Municipality could have delayed response and jeopardized our contractor’s availability.

As many of you are aware, we have full-time residents who rely on the road for daily access to their properties. In the event of an emergency—whether involving police, ambulance, fire services, or other urgent needs—it was critical to ensure the road was cleared and accessible as quickly as possible.

At the time, Trent Lakes had declared a state of emergency and Mississauga Dam Road was impassable. Waiting for the Municipality to clear that road could have taken several days. Delaying action would also have risked losing the priority status we had established with Treeworks, potentially resulting in a wait of several days or even weeks to have our road cleared. Given these circumstances, the Board acted quickly and was fortunate that Treeworks was available to respond. Treeworks only cleared a swath of the road that allowed their vehicles and equipment to get through. They did not chip or remove the fallen debris beyond their need to make the road passable to reach our road.

We have initiated discussions with the Mayor of Trent Lakes to explore compensation for clearing their road, as well as financial assistance for the emergency work completed on the private road. Additionally, we have applied for another financial program under the province of Ontario, named Business Ice Storm Assistance.

Q5. Reserve Fund Accessibility

Our Reserve fund amount is currently not accessible because it is currently locked in, therefore it is not an emergency fund. Who authorized or what was the majority of the members that voted the capital emergency reserve fund being locked and not accessible 365 days a year? Spring invoice always states “eg: 2025 spring maintenance fee” and not “spring maintenance and investment fees”.

To clarify, there is no locked-in reserve fund. Two years ago, the Group had a cash surplus, which was responsibly invested in essential infrastructure improvements:

- Brushing: \$47,000
- Culvert Replacement: \$53,000

As reflected in the financial statements, the remaining cash balance after these investments was just over \$100,000 — the minimum amount required to cover the cost of both summer and winter road maintenance.

Q6. Future Emergency Costs

If there was another storm next year that requires emergency road cleaning, how will that be handled and paid? Will the board be coming after members again with another "special assessment" ?

The Special Assessment was introduced to cover the costs of the Ice Storm cleanup and marks the first such charge in the road's 30+ year history. Should a similar event occur in the future, the Board will respond accordingly based on the circumstances at that time.

It's important to note that the by-laws do not require the establishment of an emergency or reserve fund. Each year, the annual budget is proposed and voted on by the membership, covering regular summer and winter maintenance, as well as any capital or maintenance projects needed to keep the road, spurs, bridge, and culverts in good condition.

For any unexpected incidents or projects that require funding beyond the approved budget, a Special Assessment must be ratified by the membership to proceed.

Q7. Contractor Selection for Ice Storm Clean-Up

Why was the original contractor that did the brushing 2 years ago not used again? (Busy, not interested, not in business?)

Jim Kerr Excavating, based in Douro, was engaged to perform roadside brushing approximately two years ago. They were not contacted regarding tree removal, as such services are not advertised to be within the scope of their business operations.

Q8. Treeworks Daily Rate and Contract Terms

Why was a daily rate not obtained from Treeworks prior to any work commencing? Yes this was an emergency situation but the Contract was left open ended for Treeworks to charge whatever they want without us having any basic knowledge of daily rate or what the end numbers could be upon completion. This information could of helped predict final cost and given the membership some form of an idea if and what any extra charges could be onto of our already climbing maintenance fees.

The Board previously shared Treeworks' response regarding their charges during the state of emergency. At that time, contractors were unable to provide quotations due to restricted access, making it impossible to conduct proper site surveys. In response, the Board acted swiftly to enable access and support our members.

It's important to note that our road was deemed passable relatively quickly. In contrast, several nearby road groups and cottagers faced delays of weeks or even months before gaining access to their properties.

The costs incurred for the work executed by Treeworks are consistent with emergency-related expenses experienced by others in similar situations. Treeworks cleared approximately 15 km of roadway, and based

on comparisons with property clearing costs shared by several members who used Treeworks or other contractors, their invoice was deemed reasonable.

Q9. Treeworks Crew Size and Daily Rate Justification

How many crew members were working on the Treeworks crew daily to justify a Daily rate of \$7250?

The detailed invoice and response from Treeworks for a cost reduction was shared with the membership in the communication on or about June 15, 2025. To provide further context, members shared the following feedback:

“FYI – I just had Treeworks working at my place on Monday. They started at 7:30 a.m. and worked until around 3 p.m. My bill will be about \$12,000, so \$7,250 is a good price.” Another member indicated their cleanup costs for downed trees and branches as a result of the ice storm were north of \$10,000.

This particular job involved 8 crew members, 4 trucks, 2 large chippers, a Bobcat, and a wide range of additional equipment. This firsthand comparison reinforces the Board’s assessment that the cost incurred for clearing approximately 14 km of roadway was reasonable and aligned with typical emergency response rates.

Q10. Remaining Brush Piles

Why are there still various brush piles and trees that were cut after the ice storm still on the side of the road that Treeworks claims they have cleaned?

Following the completion of work by Treeworks, the Road Superintendent reviewed the road and spurs and confirmed they were passable and safe. Any additional time and effort by Treeworks would have resulted in increased costs, which the Group would have increased the special assessment. Should there be a request from the membership for further clearing, the Board will obtain quotations and present the options to the membership for a vote.

Q11. Culvert Replacement at Spur 1A

Culvert at Spur 1A- why was it replaced with galvanized steel piping instead of black plastic corrugated piping that has been used to replace other culverts? This could of avoided future costs to road members when these galvanized culverts rot out and need to be replaced again.

The road was originally designed and constructed with a galvanized steel pipe at a specific location. As the reasons for this design choice were unknown to the Board, and switching to a plastic pipe could pose risks and likely require an engineering assessment which would have created additional costs, the decision was made to replace the culvert with the same material. Note that the original galvanized steel pipe was in service for almost 40 years.

Q12. Motion to Destroy Ballots

Why is there a motion to destroy all ballots? Why are the ballots not being kept as part of the record of the meeting?

Section 2.06 of the By-Laws - After the ratification of the elected Directors at the AGM is complete, a motion to destroy the ballots shall be received by the Chair. As outlined in Robert’s Rules of Order, ballots used in the election of the Board of Directors are to be securely discarded once the votes have been counted and

the results finalized. This practice ensures confidentiality and aligns with recognized governance standards.

END OF QUESTIONS

Please feel free to reach out with any further questions or concerns at info@mglakeroadgroup.com.

Sincerely,
Board of Directors