

Owners' Annual General Meeting

How Owners Take Control of the Condominium Corporation.

When a Developer registers a Condominium Plan with the Land Titles Office, a Condominium Corporation is automatically created.

The Developer then appoints one or more Directors to the Board of the Condominium Corporation. This is commonly known as the "Developer's Board". This Board is responsible for the affairs of the Condominium Corporation as prescribed by the Condominium Property Act.

The Developer's Board must turn over Condominium Corporation control to the Owners' Board at the first Owners' Annual General Meeting.

In order to turn over control of the Condominium Corporation to the unit owners, the Developer is required to convene an Annual General Meeting of the Condominium Corporation within a prescribed time frame.





The Annual General Meeting (AGM) must be held within the earliest of two time-frames; either:

- *90 days after the day that 50% of the unit sales are closed,*

Or

- *180 days from the day that the first unit sale is closed.*

A primary purpose of this AGM is to elect the Condominium Corporation's first Board of Directors comprised of unit owner residents. This is known as the "Owners' Board".

Any unit owner can call for the first Owners' AGM if the Developer's Board doesn't call for it to be held within the prescribed time frames.

Subsequent Owners' AGM's must be held no later than 15 months after the last AGM.

The issues and concerns of unit owners at the first AGM typically focus on:

- *the report of the current board;*
- *the Developer's report describing the current state of operations of the condominium including issues pertaining to the common property;*
- *the election of a Board of Directors and the appointment of Officers for the Condominium Corporation from amongst the unit owners.*



Once elections and appointments are complete, the Owner's Board and the Officers are responsible for managing the affairs of the Condominium Corporation according to its bylaws and the Condominium Property Act.

It's worthwhile to note that the Developer may still own units in the condominium. Consequently, a representative of the Developer would be eligible for election to the Board.

Identifying the present state of the common property and what common property work still needs to be completed by the Developer are major considerations of the owners and their elected Board members in assuming responsibility for the Condominium Corporation.

Key questions for Owners to ask at the AGM are:

- *Has an inspection been conducted to verify Substantial Completion of the common property?*
- *What is the current state of the project and the status of any incomplete common property work?*
- *Is The Alberta New Home Warranty Program coverage of the common property in effect and, if not, when will it start?*



If the Substantial Completion Inspection has been done on behalf of the Developer, the Developer should turn over the Inspection Report to the Condominium Corporation at the AGM. This Report will note any common property defects and deficiencies outstanding at the time of the inspection.

Before the Annual General Meeting, the owners might decide to form a committee to inspect the entire common property — much like the inspection every owner makes before taking possession of a new home.

Since unit owners are taking over responsibility for the common property from the Developer, it's only natural they want to make sure that everything that needs to be completed by the Developer is recorded in their inspection.

One of the reasons why a thorough inspection of the common property is so important before the first Annual General Meeting and before owners assume responsibility for the condominium is that the common property may be coming to the end of its materials and workmanship warranty coverage.

Under the terms of The Alberta New Home Warranty Program coverage, the Developer needs to address common property defects and deficiencies no later than a year after the common property is declared "Substantially Complete."

(See also page 53, "Substantial Completion".)



Most Developers will have already inspected, identified and noted outstanding defects and deficiencies immediately before the AGM. That's so that they can come to the meeting with a plan for dealing with outstanding items before the expiration of the Warranty coverage.

At the AGM, any documents concerning the operations of the Developer's Board must be turned over to the new Owners' Board. These documents include the Minutes Book, records of meetings, property management agreements, maintenance agreements, insurance policies, and any other contracts made on behalf of the Condominium Corporation.

The Developer is also required to provide the plans which detail construction of the project. Preferably, these should show the project "as built" rather than in a pre-construction design phase so as to provide accurate reference for the Owners' Board to undertake its ongoing maintenance and repair obligations. The plans should include working drawings of the structure, plumbing, electrical, heating, ventilation and air conditioning systems as well as the engineered site utility drawings.

Getting Down to Business

Introducing the Management Company.

At the first Owners' Annual General Meeting, the Developer or the Developer's Board of the Condominium Corporation will introduce unit owners to the management company hired to look after the common property.

The existence and nature of any agreement between the Developer or the Developer's Board and a property management company must be disclosed as part of the documentation you receive when you're purchasing.

One of the duties of the property management company at the AGM is to explain and discuss its responsibilities and the services it provides to the Condominium Corporation.

Management company representatives will discuss and explain the budget, as well as the level of maintenance service represented by the budget allocations, and they'll address owners' comments and concerns.

Typically, the property management company is charged with managing the election of new board members at the AGM.

The Management Company also provides initial guidance to the new Board, assisting it to structure and organize so its members can effectively fulfill their responsibilities to the Corporation and to their fellow owners.

The new Owners' Board takes on the responsibilities and decisions made by the previous Developer's Board including the decision to hire the management company.

Under provincial law, the new Owners' Board has the right to terminate the management agreement one year after it was started, unless the agreement allows for earlier termination. Sixty days written termination notice is required.

Democracy in Action

Electing the Owners' Board.

Unit owners and mortgage holders receive a notice of the Annual General Meeting & Board Election from the property management company and are asked to respond by advising if they intend to exercise their right to vote at the AGM.

Nomination forms for candidates to run in the Owners' Board election may be circulated in advance of the AGM and nominations can be made from the floor at the meeting.

The management company prepares the ballots, manages the presentation of candidate speeches and supervises the collection and counting of ballots.

Mortgage lenders are permitted to send representatives to the AGM because of their financial interest in unit properties. Typically, lenders do not take an active role in the meeting and unit owners are free to exercise the right to vote.

However, lenders' representatives may exercise their right to vote in place of a unit owner on matters that impact on the lender's financial interests and involvement.

If lender representatives attend your first Annual General Meeting, you should take special note and be aware of the issues that are of concern to them, especially in regard to the annual budget and its allocations.



First Annual General Meeting Procedures

Forming a Quorum and Other Voting Rules.

What constitutes a quorum to officially conduct an Annual General Meeting of the Condominium Corporation?

The answer is in the bylaws for the condominium. It's also often indicated in the Notice of Meeting provided to unit owners and mortgage holders in advance of an AGM.

The condominium bylaws also indicate the percentage of voting residents required to approve or reject motions in regard to certain types of condominium business.

Votes on regular business like the adoption of the annual budget may require only a simple majority to approve.

Votes on extraordinary items, like a motion to change a bylaw, may require a minimum percentage of all owners.

The rules for bylaw change are stated in the bylaws themselves. Typically, bylaw changes require the approval of at least 75% of all unit owners who, in turn, hold at least 75% of the total unit factors.

Organizing the Condominium Corporation

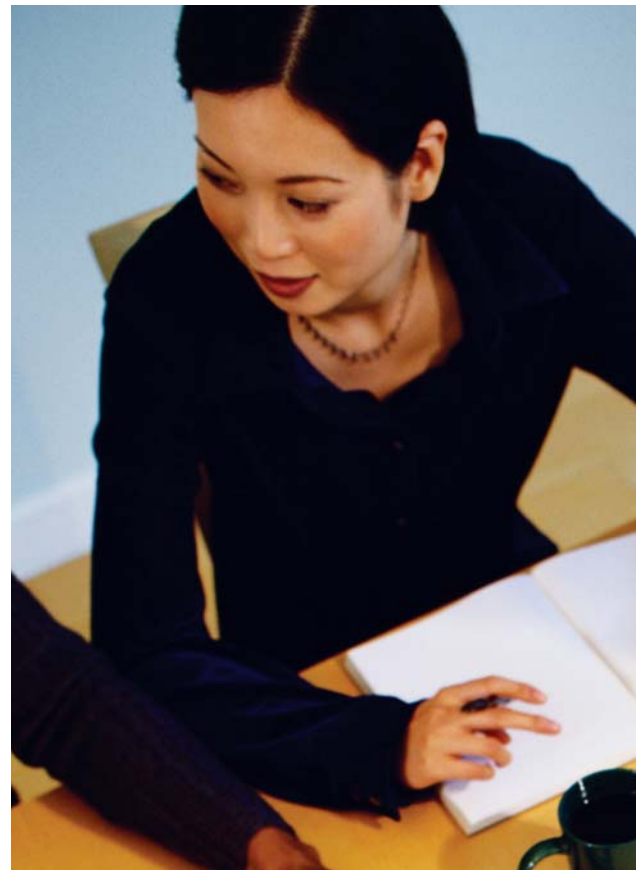
Picking Executive Officers, Setting Up Committees, Managing Responsibilities.

In addition to nominating and electing Board members, unit owners may need to choose which Board members will serve in specific executive positions such as President, Vice-President, Secretary and Treasurer. The bylaws will detail the process and procedures.

Alternatively, the bylaws may require that only elected Directors need vote amongst themselves to decide who assumes each executive position.

The bylaws or a motion from the floor may also require that Committees be established to focus on certain aspects of condominium business such as maintenance or parking.

Furthermore, the bylaws or a motion may require that Directors be elected, either by all the unit owners or by fellow Directors, to Chair the Committees — and that other unit owners be elected to sit on the Committees.





Depending on the intricacy of elections, the length of discussions on old and new business, the number of motions and the number of votes required to deal with the issues, the first AGM can be as swift or prolonged as the bylaws dictate and the issues warrant.

Once the AGM is adjourned, the Board usually meets immediately with the management company to deal with certain logistics such as establishing who on the new Board shall have cheque signing authority and when the first official Board meeting of the new members shall be held.

Prior to the first AGM, an initial budget will have been approved and disclosed by the Developer and is not open for debate at the first AGM.

However, a prime responsibility of the new Board will be to represent the interests of the owners in developing and gaining owner approval for future operating budgets, while setting the amounts of condominium fees or special levies.

The new Board will also have the responsibility of reporting on the financial position of the Condominium Corporation, putting forth a recommendation for the appointment of auditors, and outlining the current status of the reserve fund plan.

Getting Involved

*Being a Board member
and what it means to you.*

What does it mean to be a Director of the Condominium Corporation? What are the duties and responsibilities?

The Board of Directors is much like a Municipal Council except Board members are unpaid volunteers. The Board assumes the responsibilities and obligations of managing the condominium on behalf of all owners.

Directors are protected from personal liability for Board decisions and the operation of the Condominium Corporation because the Corporation is required by its bylaws to carry Directors' Liability Insurance.

The Board provides a structure for overseeing Condominium affairs such as bylaws, reserve funds, landscape care, garbage and snow removal, taxes, insurance and issues that might arise from these matters.

Usually, an experienced property management company is hired to manage the day-to-day operations and activities of the Condominium Corporation including advising the Board of the current state of repair of all common property including mechanical, electrical, heating and building envelope systems.





The Condominium Corporation Directors can decide to manage things themselves. However, using a professional property management company reduces the time demands on Board members and makes their roles more enjoyable.

Professional management allows the Board to focus on governance and giving overall direction to the management company rather than on day-to-day management tasks.

If you have skills and talents that can be applied to governing the condominium, consider serving and the satisfaction you'll experience by actively participating as a Director or committee member.

Social interaction and self-improvement are added benefits. By getting involved, not only will you get to know your neighbours better, you'll have the opportunity to learn about business management and property management.

The Canadian Condominium Institute (CCI) — with chapters in both North and South Alberta — is an excellent learning resource. CCI offers accredited educational courses, holds luncheons, presents seminars and conducts workshops for condominium unit owners, directors and property managers while providing resources and information through its web site: www.cci.ca