

## Condo Smarts March 8-14, 2021

### Bundling Resolutions

**Dear Tony:** Our recent Annual General Meeting held electronically had 17 resolutions on the agenda for upgrades and repairs to our buildings. Our meeting dragged on for almost 5 hours and in the end every resolution passed. There were 4 special levies and 13 majority vote resolutions to approve items recommended in our depreciation report. The notice package and resolutions were written by our strata manager and other than the president the remainder of council did not have a chance to approve or review the content or agenda. By time we reached the election of council after 4 hours, more than half of the voters had left the meeting, and we barely managed to elect a new council. Several owners asked why we did not bundle the resolutions to make this quicker and the manager advised they had to be separate. Is there an easier method of addressing these types of resolutions to reduce the impact on our owners? Darla D.

**Dear Darla:** There is no requirement to separate resolutions for expenses either by majority vote or 3/4 vote for a special levy. If a strata corporation is expecting challenges with approving a resolution it may be helpful to separate those specific resolutions to avoid the failure of the remainder. The resolutions and business on the agenda are approved at a council meeting by majority vote of council unless the council by majority vote had delegated that authority to a specific council member such as the president. Either way those decisions are recorded in the minutes of the meetings. Also of importance is the writing of the resolutions. Under the Legal Professions Act in BC, the writing of resolutions or bylaws for a corporation or association and charging a fee, is a practice of law. While strata corporations often pressure their managers to write the resolutions to avoid the costs, when there is conflict from a defective resolution, everyone pays. Majority vote resolutions that approve repairs, maintenance, and renewals as part of the depreciation report recommendations may easily be itemized into a single resolution; however, the specific allocated funds and scope of work for each item should still be detailed within the resolution to ensure the council has the authority to proceed with the work and spend the funds. Special levies are often addressed separately as they result in unanticipated higher costs, detailed projects that require a higher level of detail and accountability, and the possible result of collections from owners who fail to pay their special levies. Your special levies for the recommended upgrades were low and with all four in one resolution, the total for the largest unit would have been only \$705. On checking your management service agreement, there is a \$10 per unit per levy fee being charged, which in your strata corporation totals a \$4,800 cost that could have been reduced to \$1,200 with a single resolution. At a recent strata meeting I attended, a strata corporation with over 300 units passed a single resolution for their planned depreciation resolutions by majority vote for a total of \$1.8 million dollars. The resolution was detailed to match the depreciation report and it took 10 minutes to approve the resolution. Their meeting was completed in 45 minutes, including annual budget and council elections.

None of us want higher strata fees, but it is much more economical to contribute higher amounts in the reserve funds each year than wait for special levies. Special levies are simply deferred strata fees because our communities are not implementing and reviewing our depreciation reports effectively, but they are often the last resort of a deferred maintenance program. From experience and case studies we know deferred maintenance and repairs result in unpredictable costs of 30-50% higher causing break downs, higher insurance costs as the frequency of claims increase, emergency repairs which are significantly costlier and often do not resolve the root causes, and disruption to the use and enjoyment of common property and strata lots.

A scheduled council meeting to discuss and approve your agenda and resolutions prior to notice being issued is a valuable exercise to avoid many of these pitfalls. Strata councils are not a singular person. They are a collective of elected voting owners who determine the scope of business and

administration for your community and the enforcement of the bylaws and rules of the strata corporation.

Tony Gioventu, Executive Director CHOA

**Covid-19 Notice:** As a precautionary measure to prevent the spread of COVID-19 CHOA staff are working remotely and our offices are temporarily closed. We understand these are challenging times for strata corporations and we are here to help. Even though CHOA advisors are working remotely we are only a phone call or email away and able to assist you with hosting meetings and notice preparation.

**Tuesday Lunch & Learn Live with CHOA:** CHOA is hosting a series of webinars once a week, for the next few months. Join us each Tuesday as we bring together industry experts to discuss the many issues affecting BC's strata community. For more information visit our website at:

<https://www.choa.bc.ca/seminars/>