

Minutes of the Extraordinary *in camera* Strata Council meeting
Château Comox, LMS 280
7:30 pm, Thursday, September 7, 2023

In attendance: Kevin Wice, President/Treasurer
Iain Braidwood, Vice President
Adriaan de Vries, Secretary
Don Davidson
Kim Adamson

The meeting convened at 7:30 pm, September 7, 2023, with opening remarks by the president that the meeting was called to discuss a letter of complaint sent by a unit in Chateau Comox to Mr. M. Karmal, CEO of Sterling Management Services, provider of property management services to Château Comox, LMS280, with complaints about the performance of Edward Jang, our designated property manager.

The president informed Strata Council [SC] that he had a lengthy conversation with Mr. Jang about the letter of complaint. It was revealed that the CEO of Sterling Management suggested that the contract with Château Comox, LMS 280 be terminated as he believes that Sterling Management need not deal with problematic clients, especially since there are applications for Property Management services from potential new clients in preferred much larger buildings. Mr. Jang spoke to the CEO about the complaint letter and noted that he works well with the current Château Comox SC and owners on the whole.

There was an in-depth discussion of the implications of the possible termination of the Château Comox Property Management contract with Sterling Management Services.

1] Chateau Comox would be without property management services at a time when there is a severe shortage of property managers available in the province. This is due to a high retirement rate among the large cadre of “boomer” property managers, as well as many new large buildings currently coming online in British Columbia needing property management services.

Finding a suitable property manager would be difficult. Chateau Comox has already experienced that at the time that Southview Property Management changed ownership and SC made inquiries regarding a new property management service provider. At that time, our requests for quotes from 3 providers were not even responded to.

2] Observation: Property management companies are in high demand and are not interested in small clients such as Château Comox with 21 units. Château Comox might find services with a company and would most likely be assigned with a Property Manager-in-Training with no experience, no service or maintenance provider network, and no knowledge of Château Comox owners, SC, current and established service providers, or Chateau Comox history.

3] Management services fees to Château Comox would it increase a minimum of 2 1/2 times the current fees for lesser service. This information is from several years ago when Château Comox was in talks with another provider. Fees then would have gone up from a current \$871 per month to a minimum of \$2000 per month. Fees would likely be higher now as it is several years later and the competition for Property Management services has increased exponentially.

4] There would be a loss of non-quantifiable capital, such as considerable goodwill, in-depth knowledge of the building after ~4 years of service, loss of an established cadre of service and maintenance providers who know the building and have worked with Chateau Comox directly via many of the owners, including each of the current SC members.

5] There will be a loss of 30+ years of Property Management experience.

6] While some individual owners may have issues with Mr. Jang and Sterling, it should be noted that the current Strata Council has a good and positive working relationship with both Mr. Jang and Sterling Management Services.

The SC reviewed the letter of complaint. (Actual complaint letter, redacted and shown below)

Importantly, it was noted by the president and other council members that Mr. Jang works closely with the SC and follows the direction of SC.

In the opinion of SC, many of the complaints listed in the letter were either untrue or unsubstantiated. SC reviewed and discussed the allegations made in this owner's complaint letter and made the following comments.

1] Allegation: Mr. Jang falls short of the requirements of sections 30, 33 and 34 of the Strata Property Act [SPA] which spell out: duty to client, requirement of honesty, and exercise of reasonable care and skill.

SC Comment: This is an opinion that the complainant is entitled to. It is not shared by the SC. Mr. Jang has had the confidence of SC for almost four years since January 2020 and that confidence continues.

2] Implication: While not specifically nor clearly stated, there appears to be an implication that there is impropriety in sending out a dated document by email the next day.

SC Comment: The important issue is that the Special General Meeting [SGM] notice was sent out within the 21 days as required by the SPA of BC. In the past, notices were sent out by regular mail postmarked on the day of the requirement [21 days prior to the meeting] and then were received by owners, 5 to 6 days later into the 21 days. That met SPA requirements.

3] Allegation: At the SGM held on August 21, 2023, “the certification of proxies did not occur. Preceding the SGM, there were observations of Mr. Jang and certain council members privately tallying proxies before the meeting began.” Also, there was a complaint about voting cards not being handed out.

SC Comment: The certification of proxies at 6:45 pm did occur with three council members and Mr. Jang during the registration process. The three council members were each submitting the proxies that they were given. There was no tallying, only certification. As in the past, voting cards are only issued when requested by SC or by an owner, and that did not take place.

4] Allegation: Re: proposed Bylaws and Rules, “council confirmed that no legal review had been conducted on these proposed changes”.

SC Comment: In the past 2 to 3 decades, legal review has never been requested for draft Bylaws and Rules, except in one instance in the last year, for a bylaw regarding the private use of common goods. That one bylaw legal review cost the Strata Corporation in excess of \$500. Legal review of the bylaw re-write proposed now could certainly cost perhaps \$10,000 or more. We have always relied on the expertise of our property manager to ensure changes to our bylaws are correctly written. There have been no issues in 30+ years working with 7 property managers from 4 property management companies.

The complaints are correct that the draft bylaws had errors, about six typos, about six or seven numbering errors, and several other errors that had been overlooked because SC members had not adequately reviewed and edited the draft. Part of the reason for this was that the proposal was constructed by cut-and-paste from 4 sources plus complex newly drafted bylaws e.g. Electric Vehicle Charging. It should have been more rigorously reviewed and edited. The proposal was rescinded as noted.

5] Allegation: Mr. Jang lacks familiarity with s98 of the SPA, Unapproved Expenditures.

SC Comment: The circumstance referred to is an \$11,000 charge for flushing the building pipes, following a serious overflow of sewage into a unit in February. This also occurred in a second unit. SC deemed this an emergency because other units were at risk. SC exercised due diligence in seeking several quotes for the work needed. This was further delayed when the parameters for the work were expanded to be more comprehensive and new quotes were required.

6] Allegation: “Insufficient knowledge of allowable CRF expenditures. When questioned about the over-expenditure of the CRF balance by approximately \$16,000, Mr. Jang was unable to provide an explanation.”

SC Comment: Mr. Jang, clearly told the owner at the meeting that he would have his accounting department look into the matter and get back to SC. SC believe this was the appropriate professional and expected response. The SC treasurer is also going to do an audit of this account to ensure all is in order.

7] Allegation: “Failure to provide guidance.... regarding meeting minutes”.

SC Comment: Minutes meet the SPA guidelines and are routinely vetted and approved by two SC members prior to distribution. Regarding the item raised about gas consumption, it was

clearly stated in the minutes that this was general information for owners, not to be interpreted as specifically applicable to Château Comox.

8] Allegation: “Non-compliance with LMS 280 bylaws.”

SC Comment: The allegation is made without any substantiation or documentation of dates, incidents, actors and what occurred.

9] Allegation: “Limited knowledge of complaint processes under section s135 of the SPA.”

SC Comment: S135 of the SPA deals only with the process of levying a fine against an owner for contravention of bylaws and / or rules. Fines were not an issue in the incident noted.

10] Allegation: “Unawareness of responsibilities under the Personal Information and Privacy Act.”

SC Comment: As a result of a letter to the SC on August 21, 2023, what the role of a Privacy Officer is, is being investigated and a Privacy Officer is being sought if the role appears viable/doable.

11] Allegation: “Unfamiliarity of duty to repair property under s72 of the SPA.” This specifically refers to water ingress in the Parkade.

SC Comment: The situation noted is a *work in progress* and has been for some time. SC promptly requested quotes for different options of remedial work. There were problems with quotes because one provider was not a professional engineer and the quote had to be redone. All options are being explored such as injecting epoxy into the cracks from inside the building and checking from the outside, as well as determining the condition of the exterior membranes. This \$5000 item is being included in next year’s budget in keeping with the financial requirements of the SPA.

12] Allegation: “Inadequate response to requests from other owners.”

SC Comment: This item has no specific documentation as noted in #8 above. However, SC agrees that response times could be improved.

13] Allegation: “Lack of awareness of recent legislation changes to the SPA.”

SC Comment: There was complete awareness of changes in rental restrictions, and CRF minimums required. The removal of a bylaw about electronic meetings is a moot, insubstantial point.

The meeting concluded at 8:55 pm

I hope this message finds you well. [REDACTED] are owners at LMS280 "Chateau Comox", 1272 Comox St, and our strata corporation is a client of Sterling Management. [REDACTED] attempted to address certain concerns regarding the conduct of Mr. Edward Jang to the current strata council. Regrettably, [REDACTED] attempts to have these concerns addressed have not yielded a response or any action. Given this situation, [REDACTED] feel it is necessary to bring our concerns directly to your attention.

Over the past year, [REDACTED] noted and observed several actions taken by Mr. Jang that have raised significant concerns on [REDACTED] part. These actions appear to conflict with various Real Estate Services Rules (specifically, Rules 30, 33, and 34). It is [REDACTED] view that Mr. Jang's overall conduct falls short of the standards of honesty, reasonable care, and skill that should be expected, and it appears to be contrary to the best interests of the strata corporation.

The most recent instance of concern was the special general meeting (SGM) that occurred on August 21, 2023, for the purpose of amending the strata corporation's bylaws and rules. The notice for this meeting was received via email on August 1, 2023, although the accompanying documents were dated July 31, 2023. For your reference, [REDACTED] attached copies.

During the SGM, concerns were raised regarding the adherence to the order of business as outlined in the bylaws of LMS280. Mr. Jang responded by stating that he typically does not follow the order of business or issue voting cards. Additionally, the certification of proxies did not occur, and only when asked, Mr. Jang provided information regarding proxy representation. Preceding the SGM, there were observations of Mr. Jang and certain council members privately tallying proxies before the meeting commenced.

Upon reviewing the proposed resolutions, [REDACTED] identified numerous errors, including typos, spelling mistakes, grammatical inaccuracies, and legal concerns, some of which conflicted with the Strata Property Act (SPA). When questioned, the council confirmed that no legal review had been conducted on these proposed changes. While it was assumed that Mr. Jang had reviewed the document, the errors indicate that neither he nor any other member of the Sterling Management team had reviewed the resolutions. Fortunately, council opted to rescind the proposed resolutions. However, [REDACTED] question why Sterling Management did not flag these errors before notifying owners of the SGM. [REDACTED]

In addition to Mr. Jang's conduct at the SGM, [REDACTED] observed several other issues, including but not limited to:

1. Lack of familiarity with the SPA's provisions related to Section 98 Unapproved Expenditures:

- At the council meeting on [REDACTED] an \$11,000 charge for July was classified as a regular expense under repairs and maintenance. [REDACTED] the charge was revealed to pertain to work carried out in May, following a situation in February. The limitations of operational expenditures under sections 92, 97 and 98 of the SPA were overlooked. This incident prompted [REDACTED] question Mr. Jang's understanding of the relevant regulations.

2. Insufficient knowledge of allowable CRF expenditures:

- [REDACTED] when questioned about the over-expenditure of the CRF balance by approximately \$16,000, Mr. Jang was unable to provide an explanation. Such a circumstance would typically warrant a property manager's attention, yet Mr. Jang appeared to lack awareness of the issue.

3. Failure to provide guidance to the strata council regarding meeting minutes recording:

- Meeting motions, votes, and approved quote amounts are not consistently recorded in meeting minutes.
- Unverified and potentially misleading information has been included in minutes, such as the comparison between gas consumption costs of Chateau Comox and another building. The lack of verification could expose the strata corporation to unnecessary litigation.

4. Non-compliance with LMS280 bylaws:

- Instances of not adhering to the order of business at AGMs and SGMs.
- Failure to advise council to provide necessary meeting notices to owners.

5. Limited knowledge of complaint processes under section 135 of the SPA:

[REDACTED]
[REDACTED], the absence of evidence and
[REDACTED] prompted the retraction [REDACTED]. Proper adherence to section
135 of the SPA would have saved both ours and the council's time and resources.

6. Unawareness of strata corporation's responsibilities under the Personal Information and Privacy Act:

[REDACTED]

7. Unfamiliarity with the strata corporation's duty to repair property under Section 72 of the SPA:

- Despite being informed of significant leaks and water ingress in the common property parkade in March 2022, Mr. Jang did not remind the council of the requirements under the SPA and Chateau Comox Bylaws for repairs and maintenance.

8. Inadequate response to requests from other owners:

- Unaddressed requests for contact information updates and window repairs have been reported by other owners.

9. Lack of awareness of recent legislation changes to the SPA:

- Changes in rental restrictions, CRF contribution minimums, and removal of the need of a bylaw for electronic meeting attendance were not proactively communicated to the council.

[REDACTED] emphasize that this list is not exhaustive and represents only a portion of our concerns. Other owners have also voiced similar or additional concerns that have yet to be addressed by the current strata council.

[REDACTED] trust that you will take appropriate measures to address these concerns related to Mr. Jang's conduct. [REDACTED] intention is to see a positive resolution that benefits the strata corporation.

Thank you for your attention to this matter.

Sincerely,