

The ABC's of the AGM

If you had to identify, in one word, the reason why the human race has not achieved, and never will achieve, its full potential, that word would be 'meetings.'

Dave Barry

While most of us enjoy this time of year, for many of us in the condominium industry, it is another season.....the annual general meeting season or the AGM as it is commonly referred to.

It is around this time of year that many condominium corporations hold their AGM. The *Condominium Act, 1998* requires that the AGM be held within 6 months of the end of the fiscal year.

The interesting thing about the AGM is that it is one of the only times in a condominium's life that most of the owners come together. Most owners do not normally get involved in the politics and the management of the condominium corporation, yet when the AGM rolls around, these owners come out of the woodwork all ready to raise hell. In most instances, they question the budget, fees and why their neighbours use the garbage chute in the middle of the night. As a veteran of AGM's, I never get bored nor am I ever at a loss for fascinating tales of life in a condominium. However, there are certain things that all owners should be aware of when they attend their AGM.

A few weeks before your AGM, most of you will receive your Notice of Annual General Meeting, which will contain the agenda for the meeting. It will also contain the budget for the coming year and the audited financial statement for the previous year. This is the time when most people go through the budget and financial statement with a fine tooth comb and wonder why so much money was spent in so many different ways. For most owners, this is the first time that they are seeing how much things cost. So of course, they are usually shocked and baffled. The AGM is their opportunity to inquire as to why this or that costs so much money. It never ceases to amaze me that everybody and their brother or sister has someone in the business who could have provided a certain service for far cheaper than what the corporation paid. In most

cases, it is never the case and the corporation, through the work of their property manager, got the best price. However, there will always be the self appointed expert who will stand up and say he/she could have got this service for half the price. But when it is time for him/her to run for the board, he/she will be nowhere to be found.

The AGM is a meeting place for those owners that have an interest in the condominium corporation, to those that do not care, and those who like to come by for the social gathering of meeting their neighbours. All in all, it turns out to be usually a very vibrant meeting of people coming and airing their concerns and having the chance to speak their mind. The most amazing thing I find at these meetings relates to that old saying, “One man’s garbage is another man’s gold”. In other words, what bothers one person does not bother another. The issues raised always range from the normal to the extreme.

There are several important tasks that must be completed at the AGM.

One of these tasks is the review of the audited financial statement and the appointment of the auditor for the coming year. Here, the auditor will review and comment on the financial health of the corporation and the unit owners will have their opportunity to ask questions of the auditor. It is important to keep in mind that the auditor does not work for the board but rather for the unit owners. They are answering on behalf of the unit owners with respect to the financial statements. They will not listen to instructions from the board of directors, but they will make their own determination as to the financial status of the corporation and answer only to the unit owners. At this point, it is up to the unit owners to go through the financial statements and ask the questions you want to ask regarding your financial statements. If you have a question regarding the Corporation’s finances, this is the time to ask. Once the auditor completes his presentation, a vote will be taken to approve the auditor for the coming year. Normally, this is a perfunctory step and the auditor usually gets retained. It is important to keep in mind, that the auditor can only be retained if the unit owners vote to keep him/her.

The next order of business is the report of the president to summarize what has happened in the past year and what major issues the Corporation is facing. Most owners who take no interest in

the day to day operations of the corporation will find this part of the meeting enlightening because they are hearing of issues for the first time.

The next part of the meeting is the election for position on the board of directors. Usually there is one or two positions up for election every year. Some owners will have already announced their intention to run by providing their resumes to the corporation prior to the meeting. At the meeting, the chairperson will open the floor for any other candidates that wish to run for the board. The candidates will be allowed to make a speech and it will be up to the chairman if he/she wishes to allow questions of the candidates. Once the candidates make their speech, a vote will be held and new directors will be elected to the board.

Finally, the last but an important facet of the evening is new business. This is the chance for the owners to speak their mind and air their concerns. Why are certain things not being maintained? When is something going to be fixed? Why are they not doing this? Why is this person allowed to do this? These are all standard questions and these are all good questions that should be asked. The AGM allows the owners to have their say and ask the board these questions. One person will complain that there are not enough garbage pick-ups. Another person will complain that something needs to be fixed. Can we pass a rule for this? Many times, people will ask to pass a rule or by-law at the AGM. However, that is not possible. The Act sets out specific procedures as to when and how a rule and /or by-law can be passed. This cannot be changed. The board can certainly undertake to review this issue and put it on the agenda of their next board meeting and perhaps down the road that rule or by-law can be passed.

Be sure to attend your AGM and make a list of the questions you have. This is your opportunity to find out about the operation of your corporation and to have a voice in electing your board and ensuring that your concerns are heard.