

MINUTES OF COUNCIL MEETING

STRATA PLAN LMS-4050

THE 501

HELD

On Monday, November 8, 2010 at 7:00 p.m. in Manager's Office,
501 Pacific Street, Vancouver, B.C.

PRESENT

Brent Belsher	President
Brenda Lea Brown	Vice-President
George Afleck	Treasurer
Jenny Ashton	Secretary
Rodney Legrow	Landscape
Rob McDowell	Project Liaison

REGRETS

Nicholas Najda

GUEST

David Albrice – RDH Building Engineering Ltd.

STRATA AGENT

Bunny Porteous, Vancouver Condominium Services Ltd.

The meeting was called to order at 7:00 p.m.

GUEST BUSINESS

David Albrice – RDH Engineering

David Albrice from RDH Engineering was invited to attend the council meeting to discuss the proposal in the amount of \$11,500 plus HST to complete a Reserve Study Proposal. In order to achieve the full service life of the buildings capital assets (roof, windows, boilers, elevators, hallway carpets, fire alarm equipment, building components etc.) the Provincial Government is finalizing a regulation which will mandate strata corporations prepare a reserve fund study (depreciation report). The strata corporations must ensure that adequate maintenance is carried out each year and in turn, the timely replacement of the assets at the end of their usual service life, depends on the adequacy of the reserve fund. Maintenance Plans and Reserve Studies are two support tools that contribute toward good stewardship of the physical assets in the best interest of the strata corporation. The Reserve Study is a long range financial planning tool that is the basis for a capital reserve to accommodate anticipated future major common projects such as replacement of the roofs etc. Many building owners do not accrue adequate funds to cover the cost of future repairs and replacements which can result in special levies to cover the cost of such expenditures.

The primary purpose of the Reserve Study is as follows:

- To provide financial guidance so that the building owners can make prudent and informed decisions regarding the provision of adequate reserve funding.
- To provide a planning tool to help ensure financial continuity and dependability for current and future owners.
- To assist the strata council with meeting its fiduciary duty to the owners relative to the long term management of the common elements and assets.

The Reserve Fund Study will contain the following components:

- Inventory of the common property assets, i.e. roofs, windows, heating materials, hallway carpets, elevators etc.
- The typical useful service life of the assets.
- The estimated future replacement cost of the assets.
- Various financial charges to analyse the estimated renewal expenses over the next 30 years.
- The recommended annual reserve fund allocations to mitigate the hardship of special assessments.
- Alternative funding scenarios.
- A summary of financial assumptions such as inflation rates and interest rates.

David was requested to attend the AGM in March to provide a presentation on the proposal to complete a Maintenance Plan and Reserve Study.

Following discussion, the council thanked Mr. Albrice and he departed the meeting at 7:40 p.m.

MINUTES

It was moved, seconded and carried to adopt the minutes of the October 4, 2010 council meeting, as circulated.

BUILDING MANAGER REPORT

- Quarterly maintenance hallway carpet.
- Gas fireplace maintenance.
- Lobby floor waxed and buffed.
- Irrigation system winterized.
- Commercial garbage bay pressure washed.

The agent was directed to contact the carpet contractor to complete the maintenance, i.e. stretching of the carpet and cleaning up of loose threads in all common area hallways.

FINANCIAL REPORT

1. **Monthly Statement:** Following discussion, it was moved, seconded and carried to adopt the October 2010 financial statement, as presented. Any owner wishing a copy of the strata corporation's financial statements should contact Vancouver Condominium Services Ltd. during regular business hours, 9:00 a.m. to 4:30 p.m., Monday to Friday.
2. **Account Balances:** The current balances for the 9th month as at October 31, 2010 in the appropriate funds are as follows:
 - Total Cash Balance \$ 424,152.46 (Including CRF Balance)
 - CRF Balance Residential \$ 287,451.58 (Contingency Reserve Fund)
 - CRF Balance Commercial \$ 34,389.63 (Contingency Reserve Fund)
3. **Strata Suite Management:** A memo has been received from VCS advising that they should not be directly involved in collecting rents, security deposits or pet damage deposits for the use of a client's rental real estate. The strata suite is considered as rental real estate under the *Real Estate Services Act (RESA)* and the strata corporation is the landlord in relation to its rental. Accordingly, in the absence of a rental agent, the strata council must be involved in the collection of rental fees to ensure that the related parties abide by *RESA*. Council acknowledged receipt of the memo and will take required steps to ensure the management of the strata suite is handled properly. The Building Manager has agreed to manage the strata suite and collect monthly rent cheques.
4. **Budget:** The agent distributed a draft budget for the fiscal year 2011/2012. The draft budget is for discussion purposes only. Once the audit has been completed, the draft budget will be finalized, and included with the Annual General Meeting Notice.
5. **Audit:** The council approved Reid Hurst Nagy complete the audit for the fiscal year ending January 31, 2011 at a cost of \$4,640. A copy of the audit will be included in the AGM Notice.

BUSINESS ARISING

1. **Exterior Maintenance Project:**
 - (a) **Ponds:** Spratt Engineering was contacted to review the bubbling of the paint on the walls of the ponds, and determined the paint was not applied properly. Pro Star is on site to redo the painting.
 - (b) **Final Costs:** The Exterior Maintenance Project has been completed, and after receiving all invoices, there is a surplus (\$99,473.16). In accordance with the *Strata Property Act* refund cheques will be sent to owners who submitted payment in full for the Exterior Maintenance Project. For those owners who did not submit the

August 2008 levy payment, a refund has been credited to your statement; however, there will be an outstanding balance on your account for the portion of the August 2008 levy payment. An invoice will be sent to these owners, and they will be required to submit payment to VCS in a timely manner.

2. Building Maintenance/Reserve Study: See Guest Business.
3. Website: The "updated" website for The 501 will be up and running within the next week. In compliance with the *Strata Property Act*, owners will be required to obtain a username/password to access the minutes, bylaws, rules, guest suite forms, insurance policy and all important building reports. Any owner who wishes to get set up for the website should go to "the501.net" and check on "New User Registration" to obtain a username and password. Please take the time to visit the website to read your minutes and important information so you can stay informed about "The 501".
4. Parking Stall Violations: A walkabout was completed of the parkade and it was observed that several residents are storing unauthorized items in their parking stalls and/or have expired insurance on their vehicles, which is in violation of the strata corporation bylaws and City of Vancouver Fire Code.

The strata corporation Bylaws 3.5 (1), (2), (3) and (6):

3(5) Parkade

- (1) *Motor vehicles must display current insurance or proof of storage insurance.*
- (2) *Parking stall use is restricted to a currently insured motor vehicle, motorcycle, trailer, or bicycles on wall racks.*
- (3) *Owners are responsible for keeping their parking stalls free of oil and grease. Oil spills and grease stains not cleaned within a reasonable time will be cleaned by the strata corporation at the owner's expense.*
- (6) *Vehicles parked in violation of any bylaws or rules will be towed at the vehicle-owner's expense.*

The strata council respectfully requests the non-compliant owners take immediate steps to comply with the above-noted bylaws and remove the unauthorized items from their parking stall and post a copy of their storage insurance on their windshield (remove your identity info from the document) or fax a copy to the building manager or VCS. The strata corporation bylaws also contains a provision for the levying of fines upon occupants should they fail to comply with the bylaws. The strata council does not want to resort to levying fines in order to elicit co-operation; however, in the event the compliance in this matter is not met by November 15th, the strata council will have no other option but to levy a fine on the owner's account. This will happen if there is no compliance; however, you are entitled to a hearing in the matter as provided by the *Strata Property Act*. If you wish such a hearing, please advise VCS accordingly. Your co-operation in this matter would be welcome and appreciated.

5. Fire Inspection – 2nd Visit: Mircom was on site August 14th to attend to the 19 units unavailable on May 28th to complete the mandatory annual fire inspection of safety equipment. The following units were unavailable for the second visit on August 14th:

1208, 2304, 2406, 2601, 2710, 2706, 2809, 2901

Letters have been submitted to the above-noted owners to contact Mircom and arrange a time for the mandatory testing of the safety equipment to be done at the owner's cost. A copy of the inspection must be forwarded to the building manager or VCS. Failure to have the testing done could hold the owner liable in case a fire started in the unit and the safety device failed.

The technician also advised that an owner had disconnected the smoke detector in their unit which is not only in violation of the strata corporation bylaws, but a violation of the *Strata Property Act* 4.2 which states:

"A resident or visitor must not cause damage other than reasonable wear and tear to the common property, common assets or those parts of the strata lot which the strata corporation maintain."

Tampering with fire alarm systems could cause the system to malfunction thereby could endanger many lives of the owners. The fire equipment has been repaired and the invoice will be charged back to the owner.

6. Leak/32nd Floor: Milani Plumbing was contacted to investigate a leak in a unit on the 32nd floor and discovered a leak in the mechanical room above. The plumbing repairs were completed and the owners were recommended to contact their home insurance company to complete the repairs, as the strata corporations insurance is not responsible for "betterments" in a strata lot.

CORRESPONDENCE

Owners are invited to write council via the management company regarding any strata matters.

1. Correspondence was received from unit #1802 requesting councils approval to install hardwood flooring. Details of the flooring and underlay were provided outlining a maximum sound transmission rating (68). A letter of approval was submitted to the owner requesting:
- area rugs be laid in high-traffic areas;
 - shoes not be worn inside the unit when walking on the hardwood floor;
 - notices outlining date of renovation to be submitted to neighbouring units and the building manager.

The owner was recommended to obtain separate insurance for the flooring as the strata corporation's insurance policy does not provide coverage for "improvements" or "betterments".

NEW BUSINESS

1. **Insurance Renewal Policy:** The strata corporation's insurance policy was renewed on October 1, 2010 with an annual premium of \$63,673. The deductibles for water damages and sewer backup have increased to \$15,000, which means that owners are not insured for the first \$15,000 of any water loss claim or sewer back up claim.

Owners are highly encouraged to purchase unit owner's insurance policy that includes adequate liability insurance and coverage in order to protect yourself should an incident involving water damage claim occur.

Owners are reminded that the maintenance of dishwasher/washing machine hoses, water shut off valves, shower cartridges, fridge lines, toilet was seals, hose bibs, etc. are the responsibility of the owners to maintain and should be checked regularly for leaks to prevent costly damages to the owners and increases to the strata corporation's insurance premium and deductibles.

Owners with rental units should advise their tenants to complete regular maintenance checks. Owners are also reminded to ensure that their homeowner's insurance package includes sufficient coverage for the \$15,000 water damage deductible.

A copy of the Insurance Policy is posted on the strata's website ("the501.net").

Please see the attached "Loss or Damage Strata property's General Guidelines" from your insurance provider BFL Canada.

2. **Managing Humidity:**

MANAGING HUMIDITY IN YOUR SUITES

In the winter months, humidity problems can increase because it is colder outside, windows are closed more often and indoor air circulation and ventilation are reduced. During colder weather the windows and exterior walls will be colder than normal and there may be condensation on these window and wall areas. The new building enclosure assembly is more efficient and air tight than the one replaced and as a result you, the occupants, must take steps to ensure that the moisture generated in your suite is managed properly. Moisture is continually being released inside your home – as much as 10 – 50 litres a day – through routine household activities such as cooking, showering, bathing, doing laundry and dishwashing. Your, your pets, your indoor plants and aquariums also produce or contribute to humidity – moisture in the air.

What trouble signs to look for:

- Water pooling and/or staining at the sill of windows or sliding doors.
- Water streaming down window and door frames or glazing.
- Wet carpets at bottom of full height glass windows.
- Wetness on or staining on exterior wall surfaces, usually worse in closets or hidden exterior walls.

What to do:

- Bring down the humidity level in your suite to below 50%. Keep your humidistat set to 50% lower which will draw moist air out of your suite. There are additional measures to take in addition keeping the humidistat set lower and these are listed below.
 - Open the windows a small amount for several hours each day.
 - Leaving the bathroom fan on for several hours each day or whenever you are home.
 - Always use the kitchen fan when cooking and the bathroom fan when showering.
 - If you have an aquarium, put a cover on it.
 - Reduce the number of potted plants in your suite
 - If you must hang laundry on a rack, hang it in a bathroom fan when showering.
 - Ensure that make-up air can flow into your suite from the corridor. There should be a small air gap below the entry door.
- Allow warm air to circulate in all areas by:
 - Opening drapes and blinds at least a few hours a day.
 - Ensure 1 inch gap at bottom of closets, doors; leave closet doors open.
 - Do not cover or place boxes against exterior walls or windows.
 - Provide heat to all exterior walls areas.
 - Ensure that furniture is not covering heaters.
 - Try to keep temperatures around 20 degrees C unless you are away for prolonged period of time during which lower temperature setting is acceptable.

By following the above steps, each of you will be able to manage the humidity in your suite and maintain a comfortable, healthy living environment.

Excess interior moisture may cause damage to newly installed interior finishes. Such damage would not be covered by warranty and would be each resident's responsibility to deal with. Please be sure you are doing all you need to do to avoid these types of problems.

There being no further business, the meeting was adjourned at 9:00 p.m. The next meeting will be held on Wednesday, December 15, 2010 at 7:00 p.m.

Bunny Porteous
Vancouver Condominium Services Ltd.
#400 – 1281 West Georgia Street
Vancouver, B.C.
V6E 3J7

Telephone: 604-684-6291 (24 Hour Emergency Services)
Toll free: 1-877-684-6291/ Fax: 684-1539

BP/md

WHAT YOU NEED TO KNOW ABOUT AN EARTHQUAKE

The idea of an earthquake is unwelcome and not something any of us would like to consider happening in Vancouver; however, it is imperative that we all understand the reality of dealing with the aftermath of a major earthquake should it happen here...

1. You are on your own. Do not count on your strata council or management company for assistance.
2. There is not a supply of food, water, blankets or other survival provisions stored anywhere on the property. You are on your own and need to prepare accordingly.
3. If there is natural gas service to your strata corporation there is no plan for shutting off the gas supply.
4. There are no arrangements for alternate living quarters if you are unable to return to your strata lot. You are on your own.
5. Depending on the severity of the earthquake, you may not be able to telephone/email the management company for assistance.
6. The contents of your strata lot, your automobile(s) and other personal property are not insured by the strata corporation. If you have made improvements to your strata lot, such improvements or betterments are not insured by the strata corporation either.
7. The strata corporation is insured for earthquake damage; HOWEVER, there is a deductible which means that there is no coverage for damages within that deductible. Generally the deductible is 10% of the value of the strata corporation although in some instances (ie. Richmond) the deductible could be 15% or 20% of the value of the property. In most cases this will amount to millions of dollars. Your strata corporation does not have reserve funds available to meet such a huge deductible. Repairs will have to be funded by one or more special levies. These could be substantial.
8. There is NO government plan or fund to assist either you or your strata corporation. You are on your own.

While it would be nice to hear that there are plans and that there is a safety net, your strata council and VCS bring you the above information in an effort to alert you to the reality of an earthquake scenario. The Government of Canada advises you should be prepared to be self-sufficient for at least 72 hours. Accordingly, you need to develop your own personal plans for survival. Like many people, you will not be adequately prepared and that is "human nature". Please remember, however, that "You are on your own" is the hard truth and the only rule that counts.

For further information, please visit the following websites:

Ministry of Public Safety & Solicitor General
http://www.pep.bc.ca/hazard_preparedness/earthquake_preparedness.html

City of Vancouver Earthquake Preparedness Tips
<http://vancouver.ca/emerg/prepyourself/earthquaketips.htm>

Public Safety Canada - What To Do during an Earthquake
<http://www.preparez-vous.ca/fl/earthquakes-what-to-do-eng.pdf>



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LOSS OR DAMAGE IN STRATA PROPERTIES: GENERAL GUIDELINES

Whether it's a kitchen fire, a burst pipe or overflowing washing machine, many people tend to ask "Who's fault is this?", when the initial question should be "Who insures the damaged property?".

In the case of strata corporations, the Strata Property Act in British Columbia clearly sets out the requirements with regards to purchasing insurance. The bottom line is that strata corporations must purchase insurance to full replacement cost on the product as delivered by the developer or general contractor at time of construction completion. This notably includes common property, common assets, buildings shown on the strata plan and original fixtures installed inside strata lots. However, one must also keep in mind that in the Act, the duty to insure differs from the duty to maintain and repair.

The Act does not require strata lot owners to buy insurance, but all prudent unit owners know personal insurance is essential to cover not only personal property, but also betterments and improvements to the strata lot, additional living expenses or rental income, personal liability and assessments, some made necessary by the application of an insurance deductible on the strata corporation's insurance policy.

In the event of loss or damage, the Strata Property Act in its entirety, specific strata by-laws and insurance policies may come into play to determine who pays for what, to which extent and who is ultimately responsible for the loss or damage.

Example 1:

A washing machine overflows in unit A; there is water damage to the source unit and unit B below. Water damage in unit A is limited to original linoleum and sub-floor only; water damage to unit B includes insulation, ceiling drywall and paint. Emergency work is authorized as soon as possible to minimize the damage and help prevent the development of mold. In this example all the water damaged property is insured under the strata insurance policy. The strata policy will pay for the loss or damage, subject to deductible. The deductible is a common expense, which the strata may recover from the unit owner responsible for the loss or damage. In the event the loss or damage does not exceed the strata deductible, there is no duty on the strata corporation to repair or maintain within the strata lots; each strata lot owner is responsible for the loss or damage in his/her unit. Unit B owner may have an avenue for recovery from unit A owner, depending on circumstances.

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Example 2:

A pipe bursts in a wall within a unit, there is resultant water damage to drywall and paint, original cabinets and upgraded flooring within this unit only. Emergency work is authorized as soon as possible to minimize the damage and help prevent the development of mold. The drywall and paint, cabinets and value of original flooring (before upgrade) are insured under the strata corporation's policy, while the value of the upgraded flooring is insured by the unit owner's personal insurance. The strata policy will pay for the loss or damage to property insured, subject to deductible, while the unit owner's insurer will pay for the loss or damage to the improved flooring, subject to deductible. The strata deductible is a common expense, which the strata may recover from the unit owner responsible for the loss or damage. In the event the loss or damage does not exceed the strata deductible, there is no duty on the strata corporation to repair or maintain within the strata lot; however, the unit owner involved may benefit from coverage from his/her personal insurer.

Example 3:

A pot is accidentally left unattended on a stovetop, a fire starts and spreads to the rest of the building. The source unit suffers extensive fire, smoke, soot and water damage while neighboring units are damaged by smoke, soot and water. Damaged units are no longer tenable and residents are forced to evacuate. The building is relatively new and no betterments or improvements are involved within the units. Emergency work is authorized as soon as possible to minimize the damage and help prevent the development of mold. The strata insurance policy will pay for the loss or damage to walls, ceilings, flooring, cabinets and the like, subject to deductible. Individual unit owners will rely on their personal insurer to pay for any loss or damage to personal property; additional living expenses or rental income losses incurred due to the evacuation will also be at the personal insurer's discretion, subject to deductible. The strata deductible is a common expense, which the strata may recover from the unit owner responsible for the loss or damage.

Example 4:

A plumber is hired by a unit owner to install a new sink with permission from strata council. The plumber forgets to turn the water off and there is water damage to the unit where he was working and other units below. Emergency work is authorized as soon as possible to minimize the damage and help prevent the development of mold. The water damage affects both strata insured property and betterments/improvements insured by the unit owners. Each insurer will pay for the loss or damage to the property they insure, subject to deductible. Once settlement is concluded, the property insurers turn their attention to the plumber and his liability insurer, looking to recover the amounts paid and their respective clients' deductibles.

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