

FALL 2013

CONDO CONTACT

A BOARD OF DIRECTORS ORDERED TO
**PAY \$96,000
FOR BAD FAITH**

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IN THE CORRIDOR!**

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This publication also notifies members of the Ottawa Chapter of events and services. The products and services advertised are not necessarily endorsed by the Ottawa Chapter. Readers should conduct their own review of the products and services and seek legal and other professional advice on the particular issues which concern them.

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Contributing to CCI Condo Contact Editor's Contact Information

A benefit of CCI membership is the opportunity to share perspectives with one another by contributing and reading articles in CCI-Ottawa's quarterly newsletter *Condo Contact*. If you are a condominium director, owner or manager, and have a unique tale to tell or advice to relay to other condominium boards, let us know! If you are a professional or represent a trade company offering services or products to condominiums and have a relevant article, let us know!

The subject matter should be current, concise and helpful. Topics should relate to management and operation of condominiums and not be of a commercial nature.

ARTICLES MAY BE FORWARDED TO:

The Editor, *Condo Contact*
Canadian Condominium Institute
Ottawa & Area Chapter
P.O. Box 32001
1386 Richmond Road, Ottawa, ON K2B 1A1
OR Email: cciottawa@cci.ca

EDITOR'S MESSAGE



As the beautiful colours of Fall set in, so does Annual General Meeting season for many of us in the condominium community!

The CCI - Ottawa Chapter AGM, scheduled to be held on October 19th, 2013, is a great opportunity to share, or gain, knowledge, and meet the varied members Ottawa's condominium community.

CCI Ottawa is fortunate to have a vast resource of talented individuals who can help answer questions you may have concerning the various issues faced by condominium corporations, or at the very least, guide you toward someone who can! Our Fall 2013 issue of the *Condo Contact*, highlights some of the key reasons why you want to ensure that you understand your rights, and obligations, as a member of the condominium community.

With the *Condo Act* currently under intense review, there is no better time to become involved in the condominium community. You can start by skimming through the pages of this newsletter and making contact with those who advertise in our publication – as they are professionals who are able to assist you with a wide range of services from legal advice, property management, insurance, engineering, electrical and restoration etc.

Lastly, you can become an expert yourself! There is still some availability for those of you interested in our November Director's Course. The course is filled with superb speakers that are able to provide you with the knowledge you need to excel as a board member.

I hope you enjoy this issue of *Condo Contact*, and thank you for your continued support.

Kind Regards,
Nancy Houle
Editor, *CondoContact*

**INTERESTED IN WRITING AN ARTICLE?
SEE DETAILS ON PAGE 7.**

CONDO CONTACT

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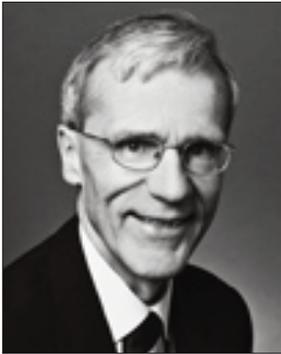
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P R E S I D E N T ' S M E S S A G E



Fall is just around the corner and with that comes a beautiful and colourful time of year. It is a time when we celebrate Thanksgiving with family and friends. This leads me to begin by saying thank you to CCI-Ottawa members for their continued interest in protecting their investments in their condominiums.

As a city, Ottawa has seen a growth in the number of registered condominiums and the numbers keep growing. Our courses and the number of attendees reflect the tremendous growth. We are acting on this trend by providing our members with various courses and seminars in addition to our popular Director's courses. The courses have received a fabulous response and well-received by all who attend.

CCI Ottawa's AGM in October is just around the corner and I'm sure it will be another informative and successful gathering. We will also be refreshing our website with a new and innovative look and providing new and up-to-date information. We are excited for you to navigate through it once it has been completed.

With our previous issue of the *CondoContact*, you received the 2013 Professional Services & Trade Directory. This is a great resource for you to find the right professional to assist you whether you require legal advice or reputable services from landscapers, plumbers, electricians etc.

There is a great deal happening in our region and our chapter and I would like to take this moment to thank our volunteers for their continued dedication. Their enthusiasm is a reflection of our growth and new and exciting developments.

I look forward to your participation and meeting you at upcoming events. Thank you for your continued support of CCI.

John Peart
President – CCI-Ottawa

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A BOARD OF DIRECTORS ORDERED TO PAY \$96,000 FOR BAD FAITH

Rod Escayola, Heenan Blaikie, LLP

ROD ESCAYOLA LEADS HEENAN BLAIKIE'S CONDOMINIUM LAW PRACTICE GROUP IN OTTAWA. HE ACTS FOR MANY CONDOMINIUM CORPORATIONS, DIRECTORS, OWNERS AND PROPERTY MANAGERS ACROSS ONTARIO. ROD ALSO SITS ON THE BOARD OF DIRECTORS OF HIS CONDOMINIUM CORPORATION. THE ARTICLE BELOW IS A SUMMARY OF VARIOUS BLOG POSTED ON HEENAN BLAIKIE'S BLOG: THE CONDOREPORTER.COM.

Being on a board of directors can be very rewarding but it also comes with its share of challenges and obligations. Often, Directors may feel stuck between the various demands and expectations of owners and their obligations under the *Condominium Act*. These competing interests may lead to disagreements and, at times, to litigation. When involved in litigation, board members will usually be shielded from personal liability provided that they acted honestly and in good faith and provided that they exercised the care, diligence and skill of a reasonably prudent person in comparable circumstances.

In a recent Ottawa case, the court concluded that the condominium directors were in contempt of a court order and that they acted in bad faith. The court also ordered them to personally pay \$96,000 in legal fees. While the decision is under appeal at the time of publication, this case serves as a reminder that directors are to act honestly and in good faith or risk facing serious financial consequences.

IT ALL STARTED WITH A DISPUTE OVER THE LANDSCAPE DESIGN

Park Square is a 30-some year old condominium complex located at the heart of downtown Ottawa. The landscape surrounding the property was comprised of multi-level planters and walls surrounding the property. It included huge

concrete planters on Queen, Albert and Bay streets, which were adorned with a variety of mature trees, shrubs and flowers. This landscape shielded the condominium complex from the hustle and bustle of the downtown core and created an oasis of peace and vegetation. It was arguably one of the most beautiful privately owned park in the downtown core and made the envy of many.

In early 2011, the board of directors advised the owners that, in order to repair and waterproof the underground parking garage, it had to demolish and remove the entire landscape above it. This was a multi-million dollar project. The board took this opportunity to propose a significantly different landscape design to replace what was in place. The new proposed design involved a different configuration with less greenery and more parking spaces. It also provided for the removal of the unique traffic circle and of the custom-made address sign. The new proposed design also provided for the replacement of the red and brown dual-tone brick (matching the surrounding buildings) with a significantly different grey limestone veneer cladding.

Some concerned owners were of the view that the proposed changes constituted a "substantial change to the common elements". This, according to them, required a 2/3 vote from the registered owners pursuant to section 97 of the *Condominium Act*. The board, on the other hand, was of the view that the proposed modifications constituted "maintenance". This, according to them, did not necessitate any approval from the owners.

The concerned owners retained Heenan Blaikie and requisitioned an Owners' meeting to put the question of the landscape to a 2/3 vote of the owners. The board resisted this request and refused to recognize the legitimacy of the Requisition for the owners' meeting. It also refused to provide these owners with the list of registered owners. In the meantime, the board called its own owners' meeting and advised that it would put the question to a *simple* majority vote

(continues on page 8)



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The topic must relate to condominiums, be informative in nature, and must not be commercial in nature.

Articles should be between 500 and 2,000 words.

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and that it would commence the demolition of the courtyard the day after the vote, irrespective of the outcome of the vote.

On June 22, 2011, the concerned owners went to court and obtained an urgent injunction stopping the demolition from proceeding until the court could rule on whether the new landscape constituted a “substantial change” or simply “maintenance”.

Immediately after the hearing, the board of directors and the concerned owners reached a settlement and agreed to submit the question of the courtyard design to a 2/3 majority vote at the owners meeting scheduled for that same evening. Indeed, whether a change to common elements constitutes a substantial change or not, a board of director can always treat it as such and submit it to a 2/3 vote of the owners.

At the owners’ meeting, the board explained to the owners that the board’s proposed design would be submitted to a vote and that it would only be implemented if it obtained the support of 2/3 of the registered owners. The board explained that if the proposed design did not obtain this level of support, it would return the landscape to its existing configuration with the closest matching brick. The vote proceeded but the board did not receive the 2/3 level of support it required for its proposal. The board’s proposal was therefore defeated.

Yet, immediately after having lost the vote, the board then took the position that there was no settlement and sought to maintain its proposed design despite the result of the vote. The concerned owners returned to court for a second time to enforce the agreement it had reached with the board and to have the result of the vote respected. At the conclusion of this second hearing, the court ordered the board to “reinstate the Courtyard as it existed after the repairs to the garage”.

THE RECONSTRUCTION

Unfortunately, despite the order, the board deviated from the prior configuration by:

- Restoring a different address sign and a different traffic circle;
- Installing a lamp post in the courtyard where none existed before; and
- Not reinstating the three-leveled vegetation and not returning the concrete planters on surrounding streets.

The reconstructed landscape involved significantly less vegetation and the vegetation was of different colour, shape, size and kind. Some of these new elements were very similar to the board’s proposed landscape design, which had been defeated in 2011. Throughout the reconstruction phase, the board ignored the warnings from the concerned owners and their lawyer and continued reinstating the courtyard in contravention to the order.





In January 2013, the concerned owners returned to court, for a third time, this time seeking a declaration that the board was in contempt of the prior 2011 court order. Again, these owners were seeking an order to ensure that the courtyard would be returned to its prior configuration and design.

A PICTURE IS WORTH 1,000 WORDS

As part of their evidence, the owners filed numerous pictures showing the evident differences between the prior landscape and the design implemented by the board. The following pictures showed what the court qualified as the most “dramatic change” in terms of the appearance to the courtyard and podium.

In court, the board argued that the previous order was not clear, that they had not breached it deliberately or willfully and that the differences in design were the result of events outside of their control. The board’s main argument turned on the judge’s use of the word “courtyard” when the judge ordered them to “reinstate the “courtyard” as it existed”. The board argued that, in a strict architectural sense, a courtyard is defined as the inner space surrounded by walls. As such, they argued that, provided that they reinstated the “inner courtyard” as it was, they could do whatever they wanted on the outside.

THE 2013 COURT DECISION

Unfortunately for the board, the court concluded that the prior order was clear and unambiguous and that the board knew all along what it had to do to respect it. According to the judge hearing this matter, there was strong evidence of the breach of the order. In fact, the president of the board even admitting that the traffic circle, the address sign, the concrete planters and the vegetation were now of a different size, shape, colour, material, kind and/or location. On the issue of the use of the word “courtyard”, the court concluded that this was just an excuse used by the board to do whatever it always intended on doing despite the court order.

The court concluded that the board “breached the order willfully and deliberately” and that the board members did not act “honestly and in good faith, nor as a reasonably prudent person”. The court also concluded that the board “adopted a narrow and self-serving interpretation of [the] order and chose to reinstate elements that they preferred, despite the decision of this court”.

Once again, the court ordered the corporation to reinstate the landscape to its prior configuration. However, to avoid penalizing all of the owners with the costs of the required additional work, the court ordered that the individual board members personally bear the additional costs, including material and labour, of returning the podium landscape to the

2011 configuration. This could potentially cost the directors hundreds of thousands of dollars *personally*.

The court also ordered the directors to personally pay \$96,000 in costs. In his decision, the judge found that this was one of those rare and exceptional cases where the directors' conduct was worthy of sanction deserving of a costs award on a substantial indemnity basis. He wrote:

[34] The Respondents [...] seized upon the use of the word "courtyard" in my endorsement as an excuse to do what they always intended to do before these proceedings were even commenced. I will not reiterate the findings that I made against them in my decision other than to note that I found that "The Respondents breached the order willfully and deliberately,-" and that "The Respondents acted neither honestly and in good faith, nor as a reasonably prudent person [...] The Respondents adopted a narrow and self-serving interpretation of my order and chose to reinstate elements that they preferred, despite the decision of this court".

While \$96,000 in costs may seem like a lot of money, the evidence from the Corporation showed that they had, themselves, used in excess of \$106,000 for their own legal and professional fees. In fact, the evidence showed that the corporation had paid that money out of their Reserve Fund!

The directors and the corporation are appealing the finding of contempt. In their Notice of Appeal the directors are also seeking, in the alternative, an order imposing on all of the owners (rather than on themselves alone) the costs of reinstating the courtyard and the podium.

HOW CAN DIRECTORS AVOID PERSONAL LIABILITY?

To stay out of trouble, directors should remember what are their roles and obligations. There are often misconceptions behind what is a director's "job". The board of directors is mandated to manage the affairs of the corporation on behalf of the owners. They are not "elected officials", with an "agenda" and "electoral promises to keep". Their job is not to please "constituents" or "take sides". They are, of course, entitled to their opinion but they should always keep in mind that they are there to act in the interest of the corporation – not in their own interest. They are, in essence, the "guardians" of the assets of the corporation.

Directors should act independently and impartially. They should approach their decision in a fair and disinterested way. They should treat everyone with an even hand and have, as their sole preoccupation, the interest of the corporation. The *Condominium Act* also provides that directors should always disclose any personal interest they may have, directly or indirectly, in a transaction or contract being considered by the corporation. This disclosure of interest must be done in writing at the earliest opportunity and the director must recuse himself from any discussion or vote on the question. In fact, the director should not even be counted towards quorum.

The best guide to how a director should conduct himself or herself is found in the *Condominium Act*. Section 37 of the *Act* specifically provides that directors have a duty to act in good faith, to act honestly and to exercise the care, diligence and skills that a reasonably prudent person would in comparable circumstances. While a Director is not entitled to delegate to someone his/her duties, they are entitled to reasonably rely, in good faith, on the opinion obtained from an expert – such as a lawyer or an engineer. The best preventative measure is therefore to consult with these professionals before making important decisions or when in doubt.

As a second measure of protection, the Corporation should ensure it has sufficient Directors and Officers liability insurance coverage. This kind of insurance is often referred to as "D&O insurance". Insurance coverage will kick in to defend and indemnify the Directors *provided that they have acted honestly and in good faith*.

Finally, directors should also make sure that the corporation has adopted a by-law providing for the indemnification of its directors against all costs, charges, expenses, action, suit or proceedings. This will ensure that directors are indemnified and saved harmless against law suits, provided (you've guessed it) that the director acted honestly and in good faith.

The winds are changing in Ontario with respect to directors' personal liability. There are numerous recent cases finding directors personally liable and imposing on them substantial legal costs. The directors will only be able to rely on the statutory protections if they act honestly, in good faith and if they exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. It is paramount for directors to seek solid legal and other professional opinions prior to moving forward with contested or unpopular measures. Finally, although trite to say so, the board has no discretion to not comply with court orders. Failure to do this can have dire consequences.

NEW MEMBERS

WELCOME TO THE FOLLOWING NEW CCI OTTAWA CHAPTER MEMBERS

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Carleton CC # 0499
Leeds CC # 0009
Ottawa Carleton CC # 0606
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Message from the President

BY GEOFF PENNEY, BA, LLB, ACCI
CCI NATIONAL PRESIDENT

The summer season is beginning to wind down and the recurring theme I am hearing from many is that it all passed by so quickly. I trust that all of you took some time to enjoy the warm weather, to relax and to spend time with family and friends.

Traditionally, the President's Message has been a feature of our quarterly newsletter, along with articles and reports from across the country. You will notice something a little different with this edition. Our National Communications Committee have for some time been reviewing the National Newsletter with a view to improving its quality, making it more accessible and focusing on the issues and topics of importance to our members. These goals were reviewed in conjunction with the individual chapter newsletters and the very important information and resources they provide. It was felt that great value is placed on local content.

As a result, the former CCI National newsletter will now take a shorter form and will be referred to as the "National News". The *National News* will be available in electronic format and/or will appear as an insert in each of the individual Chapter newsletters. This new format will offer a scaled back version of the former national publication but will continue to include national and chapter events, chapter chats and some legal case reviews. We intend that the *National News* will refer to and be supplemented by more detailed articles and features which will be posted on the CCI National website.

We are all quite excited about this new format and look forward to your comments and feedback.

On an entirely different note, I'd like to briefly mention the disastrous impact experienced recently by our CCI friends in Alberta. As we all know, severe and extreme flooding in the province resulted in catastrophic damage and the displacement of thousands of people. Certainly the local condominium community was not spared and suffered significant losses. Media reports and film clips made all too clear the enormous scale of this event and the impact on all Albertans. However, we have also seen many examples of the strength and resolve of citizens even in the hardest hits areas. Your determination to rebuild and move forward is inspiring to us all and I know you have been in the thoughts of our CCI members across the country.

The Alberta floods serve as an extreme example of how quickly a natural disaster or other event can strike and of the devastating consequences for our members. CCI National has plans to investigate the development of a national disaster response and preparedness bulletin which we hope will be of assistance to others in the future should a similar incident occur.

In closing, I wish you all well and look forward to talking again in our next edition of *National News*.



EXECUTIVE PROFILE



**Bill Thompson, BA,
RCM, ACCI, FCCI**
President, Malvern
Condominium Property
Management
CCI National Vice
President

Bill Thompson has been in the property management industry since 1985. He has a Bachelor of Arts degree from York University. In his career, he has held positions ranging from Property Manager, to Vice-President, to President at three different management companies. Bill is currently the President of Malvern Condominium Property Management, which is an "ACMO 2000 Certified Company" that has exclusively managed Condominiums since 1972.

Bill served on the Board of Directors of the Association of Condominium Managers of Ontario for three years, and has been an active member on many of its committees. He was amongst the first to attain his R.C.M. designation in 1988. Bill instructed the Administration Course in the Humber College Property Management course for two semesters and has been a guest speaker at many condominium industry conferences and CCI courses. Bill attained his ACCI designation from the Canadian Condominium Institute in June 2000. He is a Past President of the CCI Toronto Chapter. 🍁

Condo Cases Across Canada

BY JAMES DAVIDSON, LL.B., ACCI, FCCI
NELLIGAN O'BRIEN PAYNE, OTTAWA



It is my pleasure to provide these brief summaries of recent condominium Court decisions across Canada. I don't provide summaries of every decision rendered. I select a handful of decisions that I hope readers will find interesting. I hope readers enjoy this regular column in the new "National News" supplement.

Note to readers: In B.C., condominium corporations are "strata corporations" and in Quebec, condominium corporations are "syndicates".

Please note that this is just a sample of the cases outlined for this issue. We now are proud to offer the full case summaries on our new website www.condocases.ca. The password to access this site will be updated yearly, and new password sent with your Membership renewal.

THE HOT TOPIC – Legal costs, for lien process, not always 100% recoverable

Owner's complaint about secondhand smoke had been settled and was therefore dismissed

The general principle is that legal costs incurred by a condominium corporation in order to collect common expense arrears are 100% recoverable from the defaulting owner (provided of course the costs are reasonable). The Courts refer to this as costs on a "solicitor-client scale", meaning that the condominium corporation is entitled to recover from the owner whatever amount the condominium corporation must pay to its own lawyer (again, provided the amount is reasonable). But a recent Ontario case says that this principle will not apply in every case. According to this decision, the Courts may sometimes order the owner to pay costs "on a partial indemnity scale", which is typically about 30% to 50% less than the actual amounts billed by the solicitor to the condominium corporation. I find this worrisome for the following reason.

Condominium corporations have an obligation (to the ownership as a whole) to aggressively recover common expenses from defaulting owners. Furthermore, condominium corporations have lien rights (for recovery of common expenses) specifically to ensure that there is security for this recovery. The basic idea is that the innocent owners should never be out of pocket because of one owner's default.

If a condominium corporation, in certain circumstances, is not entitled to fully recover its legal costs for the lien process, this will mean that condominium corporations must constantly question whether or not they should be aggressively taking advantage of their lien rights. In short, condominium corporations may be forced to soften their collection efforts, because of the fear that the related legal costs won't be considered reasonable and therefore won't be recoverable. In some cases, this may mean that collection is unreasonably delayed or even defeated, and that would be a most unfortunate result for all of the innocent owners.

York Condominium Corporation No. 345 vs. Qi (Ontario Superior Court) July 8, 2013

Given the particular circumstances, condominium corporation's costs for lien collection process to be assessed on a partial indemnity scale rather than on a solicitor-client scale

The defendant owners had defaulted on the payment of common expenses. The condominium corporation registered a lien and ultimately obtained summary judgment for possession of the unit and payment of the arrears. [The original default was \$497.51. This amount had "multiplied to about \$33,000" by the time of the summary judgment motion.]

The condominium corporation was also awarded costs of the summary judgment motion. The Court subsequently ordered that the costs be assessed. The Court also considered what scale of costs should be used by the assessor (the solicitor-client scale or the partial-indemnity scale). The Court ordered that the costs be assessed on a partial-indemnity scale, for the following reasons:

- i) *First, the legal expenses charged, totaling \$35,767.73 as of July 31, 2012 are immensely disproportionate to the arrears of common expenses claimed by YCC 345 from the defendants and which were allegedly paid or available to be paid at all material times. The defendants cannot reasonably have been expected to anticipate that they would be asked to pay legal costs of this magnitude given the amount of their original default.*
- ii) *In addition to the substantial legal costs claimed, YCC 345 has also been charged (sic) interest on arrears at a significant rate of 12% and it imposes a charge of \$25.00 per month no matter what the state of the arrears.*
- iii) *Legal fees of \$18,503.43 were incurred before the summary judgment motion. They almost doubled to \$35,767.73 at July 31, 2012 following the hearing of the motion. The relatively simple collection activity involved in trying to collect the common expense arrears and other amounts from these defendants, including the registration of the lien and preparing letters of demand, calls into question the reasonability of these amounts or whether they are excessive.*

continued...

Condo Cases Across Canada Cont'd.

iv) YCC 345 should have taken steps to reduce the conflict between the condominium corporation and the defendants by explaining and/or apologizing to them initially when it was claimed that hurtful and discriminatory language was used and when counsel for the defendants claims this was the only request they really made at that time.

v) The defendants offered to settle this matter in 2008 only two years after the dispute commenced, but four years before the summary judgment motion was brought, similar to what occurred in TCECC No. 1508 v. Stasya. . . Had reasonable efforts been made at that time five years ago to find a solution in the offer of settlement that was made, a solution that would have permitted both parties to exit gracefully from the dispute, it appears that the lion's share of the legal expense would never have occurred.

[Editorial Note:

The Court seems to be saying that a condominium corporation should be ready to compromise, in appropriate circumstances, when it comes to collection of common expenses, interest and related costs. But in my view the corporation's obligation is to fully recover those amounts on behalf of the remaining owners.

If the Court felt that the legal costs were unreasonable in this case, the Court could still have ordered that the cost award be reduced, even using the solicitor-client scale.]

British Columbia — **Fudge v. Owners, Strata Plan NW2636 (B.C. Provincial Court) September 28, 2012**

Owner entitled to recover damages (caused by sewer back-up) due to strata corporation's failure to maintain and repair waste water drains

The waste water drains in this high-rise strata property were undersized. This resulted in a back-up of waste water into the plaintiff's unit when the plaintiff's washing machine discharged into the waste water drain system.

The Court found that the strata corporation was liable for the resulting damage, due to its failure to upgrade the drainage system with reasonable haste (after learning of the problem). As a result, the strata corporation was obligated to pay to the owner:

- a) The cost of carpet replacement (subject to a betterment credit for replacement of 19-year old carpets with new carpets);
- b) The cost of mould remediation;
- c) The cost of initial carpet cleaning.

Alberta — **Canalta Construction Co. v. Dominion of Canada General Insurance Company (Alberta Queen's Bench) June 3, 2013**

Developer-Builder's insurer must defend claim by condominium corporation but could not establish a reserve fund for this purpose.

Condominium Corporation No. 0322472 brought a claim against the developer-builder, Canalta, for breach of contract and negligence resulting in alleged deficiencies and/or defects in relation to the condominium units which had been sold by Canalta. The alleged deficiencies related to the design and construction of the condominiums, which allegedly resulted in failure of a water main and failure of a roof system.

Canalta asserted that its commercial general liability insurer, Dominion, was obligated to defend the claim asserted by the condominium corporation.

The Court agreed that Dominion was obligated to defend the claim, under the developer-builder's commercial general liability (CGL) insurance policy. The Court said:

... I find that it is possible that the claim falls within the CGL policy, and that the exclusions either do not apply or if they do, then exceptions to the exclusions apply.

Ontario — **IRE-YONGE Developers Inc. v. City of Toronto (Ontario Municipal Board) June 7, 2013**

OMB refuses to approve proposed mix-use building. Four nearby condominium corporations among those opposing the proposed development

A developer appealed to the OMB after the City of Toronto failed to make a decision respecting the developer's application for zoning and official plan amendment (to allow a proposed mixed-use development).

The OMB dismissed the appeal. Four nearby condominium corporations also participated in the OMB hearing, as parties in opposition to the proposed development. 🍁

CCI LEADERS' FORUM



CCI Spring 2013 Leaders Forum

In June, 2013, over 60 delegates from all 16 chapter boards met in Edmonton, AB at the Fantasyland Hotel for a two-day conference of fun and learning. Building on the previous successes of the Leaders Forum format, Chapter and National leaders shared and learned from each other on a variety of topics including "Defining the Members Value Proposition", "Communication in a Modern Age", and "Volunteers in Your Chapter – the Three R's". Those sessions, along with the networking and round tables have prepared many of CCI's chapter boards to better serve the needs of the members in their area and grow CCI's value and name in their respective regions. It is clear that bringing as many chapter leaders together creates a stronger CCI nationally. The twice-yearly Leaders forums are

growing each time, and we can't wait to see what the November 2013 forum has in store!

CCI National would also like to thank the North Alberta Chapter for the planning of their excellent social events. The group had a fabulously fun night taking in "My Big Fat Edmonton Wedding" at the Jubilation Dinner Theatre, along with an elegant evening at the Muttart Conservatory. The Chapter could not have been more welcoming and we certainly all enjoyed our short, but busy time in Edmonton! 🍁



CCI National Council and Executive Board



Everyone listening intently to a seminar session.



Round Table discussions yielded great ideas!



Friends gathered from across the country for a dinner at the Muttart Conservatory.

CCI Spring 2013 Leaders Forum Cont'd.



Taking in one of the pavilions at the Muttart.

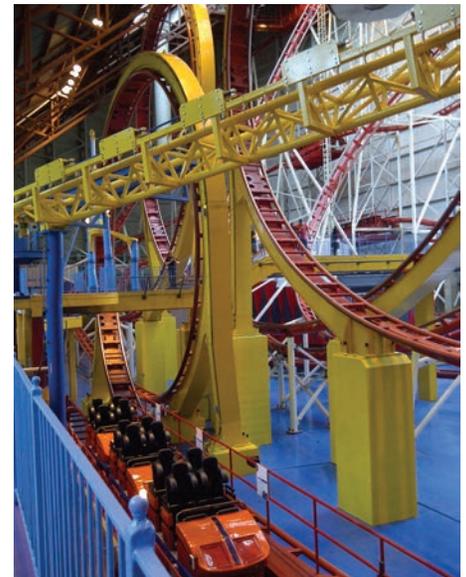


CCI Birthdays celebrated on stage at My Big Fat Edmonton Wedding!



Delegates certainly enjoyed The Red Piano at West Edmonton Mall.

Did anyone dare to try out the indoor, looping roller coaster at the Mall?



FALL 2013 UPCOMING EVENTS

September 28-October 3	Level 200 Course	Golden Horseshoe Chapter
October 7	Presidents Club: Hiring a Contractor	Huronia Chapter
October 24	Condo 101 Course	South Alberta Chapter
October 26	Depreciation Reports Seminar & AGM	Vancouver Chapter
October 26-November 16	CM 200 Course	Nova Scotia Chapter
November 2	Fall Conference & AGM	South Saskatchewan Chapter
November 9-10	Fall Directors Course	Ottawa & Area Chapter
November 15-16	17th CCI-T/ACMO Condo Conference	Toronto & Area Chapter
November 19	Construction & Contract Issues Seminar	London & Area Chapter
November 21	Insurance-Corporation vs. Owner Responsibilities Seminar	Manitoba Chapter

For specific information and registration forms for the courses, workshops and seminars noted above, please contact the appropriate CCI Chapter.

CHAPTER CHATTER



South Saskatchewan Chapter –

While normally the Spring is a time for rebirth, Fall is shaping up that way for the South Saskatchewan Chapter. . . and that makes it our favourite, exciting season!

Fall 2013 marks the return of a regular seminar series in the Regina area. We kicked it off with an evening seminar on September 14, with the topic of Bylaws Enforcement, led by Nicor Community Management's Ross Keith and Lindsay Torrie.

After that, November brings the area's Annual Fall Conference and AGM on Saturday, November 2. This promises to be another full day of great sessions, networking and sharing of ideas. We are hoping that 2013 will be the biggest conference yet!

The Fall issue of the CondoVoice is currently in production, and we are excited to build on the success of previous issues with even more interesting articles and information for our members.

As always, South Saskatchewan is looking for volunteers to help lead the chapter as the condo community in Greater Regina area grows by leaps and bounds. If you are interested in helping out by writing an article, leading a seminar or perhaps serving on the chapter Board of Directors, please contact the office at cci-ssk@cci.ca.

*Alison Nash, Operations Manager
CCI South Saskatchewan Chapter*



South Alberta Chapter – September

is here and so is the beginning of another year for CCI South Alberta.

Our 2012-2013 year ended on a sad note as the Alberta floods were in full force. Many multi-family dwellings were affected in South Alberta, including some of our members. As Alberta begins to pick up the pieces, CCI South Alberta strives to be a source of education and guidance to those affected. Due to the flooding our June luncheon and annual Golf Tournament were cancelled.

We have finalized dates for our Condominium Management Courses including three 101 courses and one of each of our 100, 200 & 300 courses.

Our Chapter has been working closely with Service Alberta by providing our condominium owner members the opportunity to participate in Task Teams that will help to develop balanced and objective solutions to unresolved/contentious issues under the Condominium Property Act. This is very exciting for our Chapter as this is allowing our membership to help direct the future of condominium legislation in Alberta.

Our Annual General Meeting will be held September 24th where our new board of directors will be elected.

Please visit our website, www.ccisouthalberta.com for more information on our chapter. We are looking forward to another great year!

*Melanie Bennett
CCI South Alberta Chapter, Administrator*



Golden Horseshoe Chapter –

The Golden Horseshoe Chapter has been quite active over the summer months. After another successful Conference and Trade Show on April 27th at the Hamilton Convention Centre, the Board of Directors decided it was time to expand our biannual event to a yearly event and the Conference committee went right to work. Please mark your calendars for May 10th, 2014 for our first Conference and Trade Show in Kitchener!

Our Education Committee has been working hard all summer as well. Last year, we introduced our first Level 300 course. Tony Gatto developed a Level 300 Accounting course with great success. This fall, we will introduce another Level 300 course on Governance to be held on November 23rd, 2013 in Milton. We look forward to launching even more Level 300 courses in 2014.

The Communication Committee and the Professional Partners' committee have been hard at work too. This year we published our third edition of the Professional Partners Directory. This year's edition has some new features to it, including a glossy cover and a Condo News article index from 2011-2013.

The Board will be facing some changes over the next few months as three of our current board members will be leaving the board. The Golden Horseshoe Chapter would like to thank Don Chown, Robert Mullin and Ed Keenleyside for all of their hard work and dedication over the years. Michael Clifton will be moving on from his role as President to Past President as we welcome Karen Reynolds as the new President of the Golden Horseshoe Chapter for the next two years.

continued. . .

CHAPTER CHATTER

For more information on membership or upcoming events in the Golden Horseshoe Chapter, please visit www.ghccci.org

*Theresa Place, Chapter Administrator
CCI Golden Horseshoe Chapter*



Nova Scotia Chapter – Over the past several months there have been two initiatives by the Registrar of Condominiums for Nova Scotia that will impact both new and existing condominiums, both of which have CCI involvement.

Smoke Free Condos: The Registrar announced that condominium developers may designate their corporations as 100% smoke free, including the units, if they so choose. Such designation would need to be appropriately covered in the Declaration and By Laws at the time of registration.

He further indicated that over the years there have been a limited number of requests received from existing condominium corporations to have their building designated as 100% smoke free. These requests pre-dated the enactment of the *Smoke-free Places Act* in Nova Scotia, and were rejected due to complications or controversy that retroactive smoke-free designation would create.

In April 2011, the Province adopted a comprehensive tobacco control strategy in its document *Moving toward a Tobacco-Free Nova Scotia*. In light of these developments, and with the involvement of Depart-

ment of Health and Wellness and Public Health Services, Capital Health, the Registrar announced: provided that the appropriate amending provisions of the Condominium Act are followed, an existing condominium corporation may designate itself as 100% smoke-free.

Condo Act Review: In June the Registrar convened a Condominium Stakeholders Committee to work with his Office to address needed amendments to the Condominium Act. The amendments – some minor, others more significant – have been identified since September 2011 when the current Act and Regs were proclaimed. The Committee is meeting monthly and includes representatives from the legal and real estate community, property management, as well as representation from CCI and CONS.

*Maurice Lloyd
CCI Nova Scotia, Administrator* 🍁

IT'S AGM SEASON!!

This fall, all of our chapters will be holding their Annual General Meetings. It's a great time to find out what's going on in your chapter and what's in store! You might even want to run for your local board or get involved. For more information on your chapter's AGM, please visit the chapter website:



Vancouver Chapter - <http://www.ccivancouver.ca/>
South Alberta Chapter - <http://ccisouthalberta.com/>
North Alberta Chapter - <http://www.cci.ca/NorthAlberta/>
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CCI National - November 15, 2013, Toronto, ON



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It's Raining...in the Corridor!

Bob Belanger, M.B.A., P. Eng. CEM

Over time leaks can develop and may lead to insurance claims in buildings that have hot or cold water copper pipe recirculation systems.

WHAT IS A RECIRCULATION SYSTEM?

To save energy and conserve water, the current Ontario Building Code mandates a method is required to maintain the temperature in hot water mains in buildings over four storeys in height or buildings with long lengths of piping. A recirculation system is one common method of achieving this requirement. Buildings with this type of system would normally include those used for multi-unit residential, commercial, and institutional purposes.

Hot water users want to have hot water at the tap in a reasonable amount of time. In a building with a central hot water system, there could be a substantial time lag between turning on a tap and hot water coming out of it since the water in the piping between the tap and the source of hot water cools over time. Users will typically run the hot water tap until the water heats. This wastes water.

It is common to install additional pipes and pumps in a building to ensure that hot water in the main pipes that serve individual outlets such as sinks and showers stay hot all of the time. A "recirc." pump or pumps constantly move hot water from the hot water source throughout the building so that hot water is available within a reasonable time and at an adequate temperature when desired at each and every outlet.

WHY DO PIPES LEAK?

There may be many reasons and combinations thereof as to why leaks develop. In this example, the focus will be on erosion of copper pipe material.

With reference to information from the Canadian Copper and Brass Development Association primary reasons for erosion of copper pipes may be:

- Excessive water velocity
- Water turbulence causing erosion

Obstructions such as solder burrs left inside pipe and excessive directional changes over a short distance can cause pipe erosion at or near pipe connections. Excessive water velocity can result from pipes being too small for flow demands.

CASE STUDY

Burnside was asked to evaluate causes of multiple hot water system copper pipe leaks that had occurred and continued to occur on certain floors in a high rise residential condominium building.

The installed system was reviewed and analysed in detail including piping sizes, pipe routing, recirculation pumps sizing and water flow demands both for the hot water recirculation system and for projected normal use by the suites served by the main pipes.

Generally, it was discovered that the recirculation pumps were oversized for the flows required to keep the pipes hot. Pipe flows were not well balanced so that some piping had excessive velocities. In addition, when re-circulated water was combined with peak use flow demands, flow velocities were well above recommended levels. Over time (in this case over a period of 20 years) multiple leaks occurred due to excessive velocity erosion of pipes.

The remedies that were decided upon to alleviate issues included:

- increasing the diameter of certain pipes,
- replacing recirculation pumps with pumps having lower flow volumes
- adding water balancing valves to the piping system to ensure that pipe flows were evenly distributed and recommended pipe velocities would not be exceeded anywhere in the piping system, and
- pipe flows in the whole of the building were reviewed to ensure all piping was well within recommended velocities.

LESSONS LEARNED

When leaks occur in any piping system, not just copper systems, one should not only repair the leak but attempt to determine the root cause at the first appearance of a problem. In this example, a number of years of minor leaks and resulting inconvenience, damage, and damage repairs could have been prevented.

For copper hot water systems up to temperatures of 60C (140F), ensure that peak water flow velocities are below 1.5 meters per second (5 feet per second) and ideally under 0.9 meters per second (3 feet per second).

With the trend of substantially larger single family residential homes, the risk of pipe erosion could also occur since a hot water recirculation system may be a Code requirement or a desirable feature.

So if it is raining inside, be sure to look past the rain and find the cause of the storm before you end up in a puddle!

Reprinted from CCI National March 2013

The Invisible Participant

By Marc Bhalla, Q. Med. - Elia Associates



When mediation is “sold” as a dispute resolution process, we are often told that there is nothing to lose. Highlighted is the chance to participate with the parties you are in conflict with and work together to find a resolution. Through creative “outside the box” thinking, additional options appear and it is suggested that the possibilities for resolution are endless. In the world of condominium conflict, this is not the case.

In the context of condominium mediation, there is an additional participant at the table. This participant need not actively take part, say anything or even bother to show up, yet is ever-present and cannot be ignored. The participant is the *Condominium Act*, 1998 (the “Act”) – Ontario’s current condominium legislation.

Section 176 of the Act provides that: “This Act applies despite any agreement to the contrary”. This means that parties to a condominium conflict cannot disregard the Act; they cannot contract out of it.

This is an important aspect of condominium life for all parties involved in condominium disputes to understand as it means that parameters of resolution are in place. Mediation must take place within the “four corners of the Act”. Examples include an agreement pertaining to an alteration to

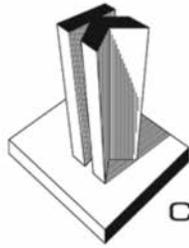
common elements not being effective until it is registered on title; the deadline by which a Condominium Lien must be registered to secure common expense arrears; and a director failing to remain in office if a lien registered against his/her unit has not been discharged within 90 days of registration. Settlement options that do not take such legislative limits into account are not viable.

Imagine that disputants, in good faith, reach an amicable resolution to their conflict. They jot down their settlement terms, shake hands and leave the mediation feeling it was a successful endeavour. The condominium corporation goes back to its lawyer to formally prepare the settlement agreement and is informed that the resolution does not comply with the Act. What happens next? The incurrence of more cost and time is a virtual guarantee and the parties may find themselves on worse terms than they were on going into the mediation.

I have had the unfortunate experience of witnessing a mediator suggest, as a possible resolution, that a condominium corporation make use of its reserve fund for a purpose other than the major repair or replacement of the common elements and assets of the corporation. No consideration was given to Section 93(2) of the Act - which limits use of reserve fund monies to such purpose – and this risked the parties embracing a settlement option which was a clear violation of the Act.

While the role of the mediator is not to provide legal advice, this example demonstrates how a mediator can inadvertently escalate a conflict simply by having a lack of “condominium knowledge” and the advantage of having a mediator with such knowledge facilitate the process. A knowledgeable condominium mediator can ask appropriate questions to ensure that the parties at the table are aware of the existence of the invisible participant and draw on his/her condominium knowledge to relay where there may be challenges or a need for legal insight, without taking sides.

While not every condominium conflict falls under the mandatory mediation provisions of Section 132 of the Act nor directly involves a condominium corporation, it is important for the presence of the Act to be recognized in the course of addressing all condominium disputes, through mediation or otherwise. After all, the Act is as stubborn and inflexible a party to conflict as there can be.



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THE NEED FOR A DISPUTE RESOLUTION BY-LAW FOR ONTARIO CONDOMINIUM CORPORATIONS (PART 2)

By Jack Springer, CD1



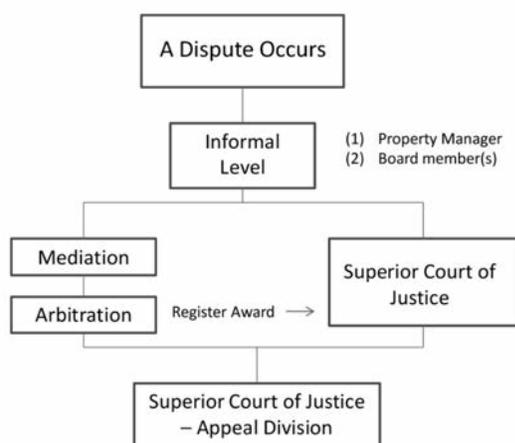
In the Summer 2013 issue of the *Condo Contact* the first part of this discussion was presented to you. In the Part 1 article I showed that there are a number of references in the *Ontario Condominium Act 1998* (hereafter called the Condo Act) that require various types of disputes to be handled in different ways. I hope

that I was convincing in the argument that the Condo Act states what should happen but not how it should happen. There are references that help us reach the conclusion that it is in the best interest of the Boards and owners to agree on a by-law to outline how the disputes will proceed.

As promised in Part 1, this article will be recommending a logical approach to developing the Dispute Resolution By-law. As each Condo Corporation is a different size, and has its own management practices and other by-laws, developing a cookie-cutter fill-in-the-blanks bylaw has little utility. What I will outline are the types of information that should go in each section and I will pose a few questions that your by-law should answer.

First though, here is a reminder of the Dispute Resolution Framework I presented last issue.

Figure 1: Dispute Resolution Framework



The proposed By-law will use the Dispute Resolution Framework as its guide and should be structured with five sections, as follows:

- General
- Informal Dispute Resolution
- The Ontario Superior Court of Justice
- Mediation and arbitration
- Appeals

Section 1 – General. This section should have an introduction of your choice. It should then outline the requirements of the Condo Act for dispute resolution. You might consider using the Dispute Resolution Framework as a diagram to help clarify this and inserting some definitions such as informal dispute resolution, mediation and arbitration.

Section 2 – The Informal Level. The by-law should then outline how you see the Informal Level working. Specifically, you should provide details that answer some or all of the questions that follow:

- (1) In the informal level, who is the first management person to deal with a dispute? Is it the Property Manager or do you allow the maintenance or office staff to do this?
- (2) Who is designated from the Board to handle the second step?
- (3) When should they ensure that your legal counsel is engaged?
- (4) What records should be kept of the incidents and discussions?
- (5) Is there any training that those conducting informal dispute resolution need to have?

As I highlighted in the description of Informal Level in the previous article, the informal level of dispute resolution is very important as it may either resolve the issue or entrench the positions of the parties for a long time. When the latter state is reached, the dispute passes into the formal dispute resolution level where impartial outsiders, with the appropriate levels of authority, become involved in resolving the dispute.

The Dispute Resolution Framework shows that the formal level is engaged by going to the Ontario Superior Court of Justice or to mediation and/or arbitration (known as Alternate Dispute Resolution or ADR). I believe that those disputes that fall into one of the 12 sections of the Condo Act that state “the Superior Court of Justice may...” should be presented--- in Section 3, followed by mediation and arbitration in Section 4.

Section 3 – Proceed to the Ontario Superior Court of Justice. As mentioned, there are 12 sections that have the resolution at the Ontario Superior Court of Justice (note that this does not include the section of the Condo Act dealing with Common Element CCs). Also some of the specific issues that your By-law should address are:

- (1) Who (on the Board) will take the lead in representing the Board?
- (2) Who will provide the administrative support?
- (3) Who is your legal representative, when do you engage their services and what are their responsibilities?

Section 4 – Mediation and Arbitration (ADR). In this section the by-law should outline some of the details for first mediation and then, if unsuccessful, arbitration. The definitions of mediation and arbitration were provided in Part 1 and will not be repeated here. Some of the procedural questions you should answer in drafting your By-law are:

- (1) Who is empowered to initiate either mediation or arbitration on behalf of the CC?
- (2) How will the CC and the other party(ies) select mediators and/or arbitrators?
- (3) Who will be responsible for advancing the funds for the costs of the mediations and arbitrations? and

- (4) Who would appoint an arbitrator should one or more other parties choose to not participate in mediation/ arbitration (this falls in the area of mandatory arbitration, which can be put into the By-law – the appointment should be made by an impartial authority – perhaps a future role for the CCI Ottawa Chapter?) – see the *Ontario Arbitration Act* 1991 for details.

I note that there is insufficient space allowed to me for this article to discuss the mediation and arbitration processes. I will provide an article in the next issue discussing these and including the often contentious topic of costs.

Section 5 - Appeal. The final stage in the Dispute Resolution Framework is the appeal stage. In this section I recommend that your By-law acknowledge that your Condominium Corporation could initiate or defend an appeal to the Ontario Superior Court of Justice Appeal Division for any court decision or arbitral award. The Board of Directors will then seek legal input into the decision making process.

Conclusion. In Part 1 (last issue) I suggested that developing a Dispute Resolution By-law would be a prudent decision for your Condominium Corporation as it will provide definition of the procedures to be followed should a dispute arise. In Part 2 above I have recommended a five-part structure to a Dispute Resolution By-law and have provided a number of questions that will help address the information that should be included.

Finally, I hope that you never have need of a by-law like this. But it will be a prudent move to have one enacted to clearly outline the procedures for the Board, owners and others you deal with (such as other Condominium Corporations, contractors, suppliers, etc.) are to follow should a dispute arise. Good luck.



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8:30 AM

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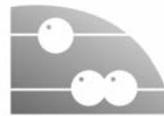
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