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## YSP Podcast Transcript: 385. How to navigate the very FIRST annual general meeting - with Tim Sara

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**Intro:** Welcome to Your Strata Property, the podcast for property owners looking for reliable, accurate and bite-sized information from an experienced and authoritative source.

**Amanda Farmer:** Hello and welcome to this week's podcast episode. I'm your host, strata lawyer, Amanda Farmer, and my guest this week is Tim Sara.

Tim is a seasoned professional in strata management. With a career spanning over a decade, Tim's passion lies in nurturing thriving communities and the people who manage them. Starting with Strata Choice in 2009, Tim swiftly worked his way up the ranks, earning a reputation for his attention to detail and his deep understanding of strata regulations.

Today, as an associate director, Tim leads Strata Choice's dedicated strata management team. Beyond his role, Tim is a strong believer in education and mentorship within the strata field. He's committed to empowering others with both technical expertise and effective people management skills.

Tim is a previous guest of the podcast. You can head back and check out episode number 168. where Tim shared with us why good strata managers educate owners. In that episode, Tim delivered a few clever hacks that he employs to ensure that he gets the most out of every working day.

In today's episode. However, we are getting specific. We are talking about first AGMs. What are they, who's involved, and how do both our strata managers and our often brand new strata owners make sure they run as smoothly as possible? I'll take you over now to my chat with Tim Sara.

**Amanda Farmer:** Tim Sara, welcome to the show.

**Tim Sara:** Thanks, Amanda, it's great to be back.

**Amanda Farmer:** Yes, I should say welcome back. We were just reminiscing and talking about how busy we've each been. I think it's probably been years since we've chatted here on the podcast, maybe even longer since we've seen each other in person. I hear you're taking a holiday soon. So that's good. One holiday every five years. Is that what you strata managers get?

**Tim Sara:** Well, it's amazing what a pandemic will do, but yes, off to Thailand for the first overseas holiday in years. I'm really looking forward to that and actually taking my newborn over there as well.

**Amanda Farmer:** Well, that happened since we last talked. I didn't know about that. Congrats!

**Tim Sara:** Yes, Thank you. So yes, fingers crossed the flight goes well with him.

**Amanda Farmer:** Yes, good luck. The parents of the world smirking behind the scenes here. Have fun.

**Tim Sara:** Yes.

**Amanda Farmer:** Now we are here to talk absolutely about strata, but in particular about first AGMs. F-A-G-M-s, another acronym that we have in our world. Stu Denney from your office was posting on socials recently some very helpful tips, for owners, for managers about first AGMs. And that stood out to me to get in touch with you, with your team, Tim. I know you at Strata Choice are managing a lot of large, a lot of new builds and thought you might have some inside expertise to share with us about this mystery that is a First AGM.

**Tim Sara:** Can't wait to get stuck into it.

YSP Podcast Transcript: 385. How to navigate the very FIRST annual general meeting - with  
Tim Sara

**Amanda Farmer:** Let's do it. What's the First AGM, Tim Sara?

**Tim Sara:** Yes. It's a little bit different from a regular AGM being the first one ever. So I guess to give you a bit of background to this, when a developer comes to the final stages of their development, they register the strata plan with land registry services, and that creates the owners corporations. So a strata scheme is born. So they immediately become the owner of all of the lots in that strata scheme until they eventually settle on the sales of those lots. And if they've had a successful marketing campaign backed by strong market and sales, hopefully, they've sold most if not all of those lots. And sometimes they might not have sold them all.

They might even intentionally hold on to some of those lots with the hope of selling in a better market. It all depends on whatever their strategy is. But when a strata scheme is born, they have to start playing by the strata laws, Strata Schemes Management Act. Those laws say that once one-third of the lots calculated by unit entitlement are sold, we then come to the end of what's called the initial period, so that's the name that's given in the legislation.

And so this is a time where the law recognizes that a developer owns a pretty big stake in the building. So we need to have consumer protections in place that limit the developer from doing certain things. So as an example in the law, they can't alter the common property or erect new structures during that time unless it was stated in the strata development contract. They can't appoint a strata manager for a term that goes beyond the initial period. They can't have the owners corporation borrow money unless they go to the tribunal and actually get orders for these sorts of things.

So once the initial periods ended, the developers got two months. they've got to convene the first annual general meeting. And interestingly with this, they have to give the owners 14 days' notice of the meeting, plus allowing another seven business days to postage. So instead of the usual seven days for a general meeting, we have a provision to make sure the owners get plenty of notice for such an important meeting. And that first AGM is really the first time that the owners get together as a group.

And they start to make decisions on how they want to manage their asset and really set the culture of their community, which is really what strata management is all about. There's a bunch of statutory requirements there in terms of motions that have to be on the agenda. So a lot of those are part of your normal AGM. And then there are a few extras like, for example, they have to decide whether the by-laws should be added to or amended because they're dealing with a brand new set of by-laws that were designed for the building.

Have to decide whether they appoint a strata manager or a building manager as well. It may or may not be necessary depending on the size of the building, for example, to appoint a building manager. So they also have to confirm whether or not they've received certain documents. The developer has to give certain documents, plans, drawings, certificates, and all of this is gonna help in knowing the asset. And of course, they've got to consider building defects. It's naturally going to arise with any new building. There's no such thing as building a perfect building. So they have to have a motion to consider that as well.

So, you know, your first AGM is really just setting the tone for the community going forward. It's really about the community coming together and making those really important decisions on, you know, what they want the future of this community to be like and how they want to handle the management of their asset.

**Amanda Farmer:**

So these are brand new owners, possibly first homeowners, first strata owners, never been to a strata meeting before. They have probably moved into their new home. They might already have a list of questions, things that they're thinking about, things they're unsure about. They've got what I imagine is a very large document.

The agenda with all of these annexures, including contracts and by-laws and things that they're being asked to approve. Everybody's coming together in the one room for an evening to learn, to make decisions, to meet the developer representatives, to meet the strata manager. Describe that for me as a strata manager coming into a room like that. I mean, what are you doing? What are you thinking? How are you preparing for a meeting like that?

YSP Podcast Transcript: 385. How to navigate the very FIRST annual general meeting - with  
Tim Sara

**Tim Sara:** Yes, so the question that I always lead with whenever I go to a first AGM is I like to do a show of hands. Who's new to Strata? That's a great indicator of what your audience is going to be like, and perhaps the way that you have to tactfully navigate that meeting. Because the reality is society is downsizing from houses to apartments. So more and more people are new to this. And you know, we have to be really patient with that.

And we have to refrain from using technical language, it's gonna confuse or frustrate people that are new to the strata landscape. And particularly for a strata manager, you know, it's really important that we expect that we're going to be working with a mix of people with different levels of experience. A lot of the times when I ask that question, I get a few hands that go up. And that might even be people that, they're not new to strata, but they've actually never really been to a meeting either.

So you're dealing with people that don't have experience in this. And it really, you know, you've got to be patient. You don't want to waffle on too much. You made the point before. I mean, these are usually held in the evening. They're, you know, hundreds of pages long. It can be a very long meeting and those statutory motions that I mentioned before, it usually means that you're, you know, dealing with 20-plus motions. And then you've got to have a strata committee meeting following that. So, you know, time management is really important with all of this.

You can typically see towards the end of these really long meetings, people starting to, you know, maybe tensions arising or they're getting a little bit frustrated because how long things are taking. So you've really got to navigate that carefully to say, well, I want to give you the right amount of information, but we also don't want to be here until, you know, midnight.

**Amanda Farmer:** And am I right that you as the strata manager will have already been involved with this building for some time before this first AGM, there is already a contract in place between you and the owners corporation that the developer has put in place and you have been assisting the developer to get all these documents together, to the extent you're able to assist with that, to put this agenda together. So you are there together with the developer coming into this meeting, often seen, I think it's fair to say, in a bit of a partnership.

How do you explain that to owners, answer questions from owners about that and how do you see that relationship, if not a partnership, from your perspective?

**Tim Sara:** Yes, it's any good developer is going to surround themselves with a team of experts. They're essentially managing a project. And so when that strata plan is born, like I said before, you know, they have to make sure that they've got the right experts in place to help them go through that process like you described. So they'll typically appoint a strata manager to help them, you know, typically setting up the first AGM because, of course, they don't know how strata works per se.

So then we're appointed in the initial phase to guide them through that process and lead them up to that first AGM essentially. So, this is our opportunity as strata managers to help the owners be informed about their assets and how it's all going to work.

We're going to assist them, for example, in the first AGM to decide who's going to be their expert panel to help them run it, you know, help them establish the culture of their community. So that relationship then transfers over to one with the owners corporation as soon as the owners corporation is created, because ultimately that's our client. And that's something that strata managers need to be really mindful of is that you know, the relationship is now with the owners corporation and we're there to establish the culture of the community.

To help facilitate things, to maintain the assets so that owners can enjoy the benefit of it for many, many years to come, even when the developers moved on to their next project or anything like that. So, we've got to make sure that we engage with the owners. I think one of the things that we like to do, for example, is putting up signage around the building to say, the first AGM is coming up, for us to then go along to that meeting and facilitate it, and then really take over the reins and work with the owners and the strata committee that they end up electing to then bring in more experts, for example, to help them sort of manage their asset. It's really important to know who your client is at the end of the day.

YSP Podcast Transcript: 385. How to navigate the very FIRST annual general meeting - with  
Tim Sara

**Amanda Farmer:** Yes. And I'm so glad that you made that point because that's the tension that I was hinting at where I think a lot of new owners coming to that first AGM are seeing you as a strata manager having been working with the developer for some period of time before that meeting. They're seeing you incorrectly as part of that team.

And I think it's just so important for strata managers to recognize that that misunderstanding might be there in the room. And to clarify that straight up, as you've said, Tim, the owners corporation is your client, were there to help them establish their community, establish their strata committee, decide who they're going to be as a strata community and where they're with them.

And the reason for anyone who's listening, who may not be across the challenges of new buildings, the reason why I say as a lawyer, that's so important to separate yourself from the developer at that point is that inevitably you're dealing with building defects and there are going to be questions, potentially claims for the strata manager to answer and to assist the owners corporation with against the developer. And too often I think our strata managers at these first AGMs and beyond are seen to be too close to the developer and unable to assist in a professional way.

**Tim Sara:** Yes, exactly. I mean, I think of it as akin to being introduced. I mean, as an example, we are referred by owners to manage other buildings that they manage. And that's great. You know, we really appreciate the opportunity to sort of work on other buildings that owners are involved with. And it's just a new relationship with that different building. I'm also mindful as well that whenever you're dealing with these situations, it's really about bringing people together as much as you can.

What you don't want is people running off into all sorts of different directions. I mean, David Chandler, our building commissioner is doing a lot of work in that space and really tying together all of the different stakeholders that eventually lead to the owner's asset being formed and bringing those people together rather than sort of pushing them away. I think that's really important.

**Amanda Farmer:** So we have that challenge of bringing people together, helping them understand why we're all here, who's who, what are some other challenges that you see come up at first AGMs and how do you help resolve those?

**Tim Sara:** Well, you know, like I said, it's informing the owners off the bat. So what I typically see is an issue is where owners have settled on their lot. And just a simple example is that we haven't received strata interest notices from conveyancers yet. So of course, meeting notices are going out, they're going to the wrong place. They might've sent a strata interest notice and it's got the address that the owner had, you know, two years ago when they paid their deposit.

I know it's a very basic thing, but it's actually a really important thing. And to get around that, we will do things like putting up notices in buildings to make sure that owners are informed that there's a meeting coming up and that if they haven't received the notice to get in touch with us and that way we can work with them to make sure that they come along to that meeting fully prepared. And in organizing a meeting like that, you have to get the right people in the room. So, you mentioned before having the developer there, for example, having building managers there, having any suppliers that are being put on the agenda for further engagement.

They have to be there to be able to answer questions from the owners who are potentially engaging these people for the future maintenance of their assets. I think that's really important. And I've seen some really great first AGMs where that's happened, where we've had essentially an open forum where owners feel heard. They might not fully understand. They might have pre-read all the documentation. And that's really important but there are hundreds of pages of it. And sometimes you need to have sort of follow-up questions.

So I think coming prepared is a really great way that strata managers can assist owners to kind of navigate those first AGMs. Having the right experts there, knowing the audience as well. Like I said before, you've got to know, what you're dealing with in terms of people's knowledge. You've got to keep people on track as well. We can't have an hour-long discussion on one motion when there are 20. Equally, we've got to carefully record the outcomes. What are the things that maybe we can't answer today, but we need to discuss at a future meeting, or perhaps we need to write a letter out to the owners after the meeting just to explain something once we've sought some advice on a particular question.

YSP Podcast Transcript: 385. How to navigate the very FIRST annual general meeting - with  
Tim Sara

And establishing a really good, you know, a culturally feasible strategy committee as well. There are a lot of excited owners at these meetings and people want to get involved, they may not understand the commitment. So there's a big difference between being kept informed and joining a strata committee for that purpose versus coming in and having the time and energy to be proactive members of a strata committee. And so guiding them through that's really important. You know, educating the owners. If there's a BMC, for example, that's a whole different kettle of fish. And sometimes we'll even do a separate, you know, mini presentation on what is a BNC and how does that work? So, you know, you're bringing together all these things and you've got to be skilful at it.

**Amanda Farmer:** Do you sometimes come across owners where English is not their first language and do you have ways of preparing for that or finding out beforehand if you're gonna have that challenge?

**Tim Sara:** Yes, the last first AGM we ran, we actually had the agenda translated in a couple of different languages. And in the meeting notice, we had a link to go and see the translated version, which a lot of owners really appreciated. And we even had a member of staff that was able to speak Mandarin, who was able to perhaps translate for others as well that maybe English wasn't their first language or they were having a bit of a hard time, sort of getting their question across in the right way.

So yes, it does come up. And that's the thing I love about Australia is it's such a multicultural society that you have to think about these things. And it's great when you can see owners that are still able to engage, even if they might not have been able to have those services been available. I'm really looking forward to the future of AI in strata and how that plays a part and whether people could potentially be sitting there having a translated version put into their ears, but that's future thinking.

**Amanda Farmer:** I love the future thinking. I'm sure that's on the way and more.

Tim, let's talk about contracts. Now, every now and then comes up in the media, dodgy contracts. We're told that developers are bullying owners into signing up to add a first AGM, 10 year, 25 year, four times as much maintenance costs that owners are being put to, this is all happening in the whirlwind that is a first AGM. Is this a thing? Do you see owners bullied into approving contracts? How do you handle those kinds of motions?

**Tim Sara:** Yes, I know Jimmy Thompson recently wrote an article about this and, you know, he made a pertinent point that we've discussed in this podcast is these first-stage agendas are long. It's like when you sign up for a service and you're asked to, you know, do you agree with the terms and conditions and you know, we all scroll through and tick the box and away we go. Which is not a good idea when you're dealing with a multimillion-dollar asset. What we want as owners for, you know, to feel like they have a choice. We don't want them to feel like they have no choice, but to continue on with what's just thrown in front of them. And I think equally trust needs to be built at the beginning of these relationships.

So as an example, we have legislation that limits the appointment of a strata manager to a 12-month term at the first AGM. And that gives the owners an opportunity to build trust without committing to these excessively long terms.

Ultimately contracts are an exercise in trust-building. And our industry has had to accept that and work hard to build trust. So it might be time to look at similar laws for other types of agreements. You know, it would mean that service providers don't necessarily get their nose out of shape when a strata scheme insists on a 12 month trial period, because they're simply following the law in doing that. And what that does is it enhances the negotiations because the supplier comes to the table, not feeling hard done by when facing owners, as they would usually do attending the first AGM.

Now, there's always gonna be pressure here because as an example, you might have a building manager working on the site already. So as I said before, developers need help managing the initial stages of the building. They need someone on the ground to help the people move in before this first AGM can happen. So, the law does state that strata or building managers appointed during the initial period, that agreement can't extend beyond the first AGM.

YSP Podcast Transcript: 385. How to navigate the very FIRST annual general meeting - with  
Tim Sara

And, you know, if you don't appoint the building manager at the first AGM, then you're kind of left without one until the contract is, you know, maybe reviewed or entered into. And we all know that can take weeks or months. And then all of a sudden you've got a site that's left completely unattended. So it's just an example. I think there's a couple of ways to navigate it. So, you know, being prepared is key. So my number one advice is when you settle, make sure your conveyancer provides that strata interest notice. Check it, make sure it's correct. Double-check it, make sure it's made its way to the strata manager so they can record it. The moment that's done, you have your rights as an owner. You can now exercise your right to require motions to be put on the agenda. Having those suppliers attend the First AGM is really important as well because they need to answer questions about the contract, about how they're gonna perform once they're engaged.

I love it when I go to a first AGM and the owners ask, what is it that you do as a strata manager versus the building manager? And that sort of thing, because I have the opportunity to clarify that upfront. I think that high-quality, ICERT-rated developers, they have to really carefully consider the advisors that they trust to maintain their asset because it's maintaining it into the future, the building is their brand and they have to protect the vision of their development because that acts as a testimony to future projects.

So, I like to think that maybe one of the ways that we need to address this is looking at term limits from a first AGM. And that's, I think that's been quite successful in the strata management industry because it's meant that we've really, really had to impress the clients in the first year, because we want to retain, you know, that business and, you know, the same could be said for other suppliers.

**Amanda Farmer:** In New South Wales, you're right, we do have legislation that will limit the terms of certain contracts. It's not the case across the country. I'm hearing that they have those same protections. And certainly here in New South Wales, those protections don't extend to all contracts. Embedded networks are expressly excluded from those types of limits.

What's your experience of embedded network contracts, Tim? Do people understand what they are? Are they asking a lot of questions about those? Is this where you see some tension or, you know, they just sail through and owners don't necessarily realise what they're signing up for until the bills start coming in.

**Tim Sara:** Yes, it's usually at a first AGM that is one of the experts that you've got to bring in. And the good ones will come along to the meeting and it usually takes up a big chunk of time. And for good reason. I see especially the most recent first AGM that I attended a really engaging conversation that happened between the owners and the supplier in terms of, you know, what is this? How does it work? You know, what if we're not satisfied?

And that took up a big chunk of the meeting but for a good cause. So yes, I do think that perhaps there are some term limits that need to be put in place. We do need to really think hard about making sure that there's consumer protection and consumer choice to be able to sort of flexibly decide on things and not to be sort of roped into these really long-term deals that sort of rust on, so to speak.

**Amanda Farmer:** And you can see how it's all linked into what we started talking about, which is what is the role of the strata manager? Who do they act for? Who is their client? What are they there for? And making so clear that you are there for the owners, you're engaged by the owners corporation, and you are their expert to walk them through these decisions, to understand these contracts. You don't work for the developer, you don't work for the embedded network operator.

And I think if you can set that up from the beginning when you get to that part of the meeting where you're talking about these things, then the owners may be more likely to see you there as a guide for them rather than someone to get into combat with or to blame.

**Tim Sara:** And I think it's equally important, like I said before, for strata managers to accept that. To accept that at the beginning of any new relationship, you know, trust needs to be built. It's no different to dating, to be honest. You have to build that trust over time. And, you know, if you don't act in the right way, then you'll lose that trust. So yes, you've absolutely got to put your best foot forward.

Publication Date: 09 November 2023

## YSP Podcast Transcript: 385. How to navigate the very FIRST annual general meeting - with Tim Sara

And accept that the owners, they don't know you. This is probably their first time meeting you. Although having said that, I've been to some first AGMs and an owners come up to us and said, oh, you manage this other building and that's great. I've got trust or a relationship there, but there's a group of people here. So you've got to build trust from day one. And if you go into that meeting, expecting to have people's trust from the beginning, well, you might be sorely disappointed, but that's okay. You've just got to work on it.

**Amanda Farmer:** You've given us a lot of tips today, Tim, for our strata managers who might be running first AGMs. Let's wrap up with your top tips for owners who are attending First AGMs.

**Tim Sara:** I always like to say to owners, come prepared with productive solutions that's gonna enhance the culture of your community. Positively engaging with other owners there is going to set the mood and the tone. So the way that we carry ourselves into these meetings is going to set the future. You can either contribute positively towards that or not. The choice is up to the owners. If they're really keen on it, I'd say put your hand up to be on the strata committee.

Come with even a little speech on why you think you should be elected. A great community requires great leadership. And leadership works best with quality advice. You know, the best CEOs and thought leaders aren't doing all the work themselves. They're surrounded by intelligent people. Get your trusted advisors in line. You need a team of experts, whether that's strata managers, building managers, lawyers, or defects consultants. A solid team is gonna advise you towards a brilliant community.

And get informed as well. You know, complacency does lead to poor outcomes. You know, get yourself on the strata role, and engage with the strata manager who can then lead you onto the relevant stakeholders and experts for more information. The more you know about your asset and the community and the way that it works, the more you can productively contribute towards its overall success. It's kind of like you're running a business in the form of a community.

So if you play an active role in knowing about it so you can steer it in the right way, you're gonna be set up for having a wonderful community and a great asset that's lasting well into the future.

**Amanda Farmer:** Very good tips. I'm sure they will all be well received. Just out of interest, Tim, in terms of show up rate, do you find that your first AGMs have a pretty high attendance relative to other AGMs? You know, the 40 year old building that's been doing this for a while.

**Tim Sara:** There's a really interesting trend that you often see. The first AGM is generally pretty packed because people have got a lot of questions. And then, you know, that does tend to drop off over time. And I like to think it's because people have built that trust and, you know, they sort of, maybe some of them think, oh, maybe I don't need to go along to this meeting. I mean, I'd love to see, you know, people engaged and going to meetings, but people have busy lives.

So yes, there's definitely a high engagement rate there at the beginning. And keeping that community feel is really important. So when you compare a first AGM to a regular AGM, definitely the first AGMs are always much more exciting.

**Amanda Farmer:** I'm glad you said the word exciting. I'm wondering what that was going to be. I have attended a few at my time and they're definitely productions, that's for sure. And I see the work that goes in on the strata manager side. Some strata managers will send the team, there'll be three or four of you there, which I think is great for everybody to get to know each other and to make sure your owners are as informed as possible. And that was our plan today. And I think we have demystified First AGMs, hopefully a little, for our listeners. Thank you very much, Tim Sara.

**Tim Sara:** My pleasure. Thanks for having me on.

**Amanda Farmer:** Look forward to having you back soon. Enjoy your holiday.

**Tim Sara:** See you later.

Publication Date: 09 November 2023

YSP Podcast Transcript: 385. How to navigate the very FIRST annual general meeting - with  
Tim Sara

**Outro:** Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners, reliable and accurate information about their strata property. You can access all the information below this episode via the show notes at [yourstrataproperty.com.au](https://yourstrataproperty.com.au).