

DISCOVERY BAY CITY OWNERS' COMMITTEE
Minutes of Meeting No.5 2018-19 Held on 24 September 2019
7:30pm at MPH, Discovery Bay Office Centre

Members Present:

Mr. Simon Mawdsley	(SM)	Chairman, COC & Midvale VOC
Mr. Victor Riley	(VR)	Chairman, Headland VOC
Ms. Amy Yung	(AY)	Chairlady, Beach VOC
Mrs. Baby Hefti	(BH)	Chairlady, Peninsula VOC
Mr. Kenneth Bradley	(KB)	Chairman, Parkvale VOC
Mr. Edwin Rainbow	(ER)	Chairman, Hillgrove VOC
Mrs. Maggie Chan	(MC)	Vice-Chairlady, DB Plaza VOC
Ms. Pauline Pong	(PP)	Vice-Chairlady, Siena One VOC
Ms. Kathy Lui-Landheer	(KYL)	Chairlady, Chianti VOC
Mr. Michael Law-Kun	(MLK)	Chairman, La Vista VOC
Mr. Christian Chasset	(CC)	Vice-Chairman, Amalfi VOC
Mr. Murray Stuart Craig	(MSG)	Chairman, Neo Horizon VOC
Mr. Kent Rossiter	(KR)	Chairman, La Costa VOC
Ms. Elena Chan	(ELC)	Representative, Clubs
Ms. Elena Cheung	(EC)	Representative, Hotels
Mr. Vincent Chua	(CKC)	Representative, Registered Owner
Ms. Beatrice Lee	(BL)	Representative, Registered Owner
Mr. Ernest Lee	(EL)	Assistant Director, DBSML
Mr. F.K. Wong	(FKW)	Chief Manager, Estate, DBSML

In Attendance

Mr. W.S. Yau	(WSY)	Senior Manager, Contract Mgt. and Works, DBSML
Mr. Eddie Heung	(EH)	Manager, Community Relations, DBSML

By Invitation

Mr. Kevin Cheung	(KC)	General Manager (Regulatory) Property Management Services Authority
Mr. Kam Chi Hang	(KCH)	Assisting Divisional Officer (Acting).Enforcement Team of Office of the Licensing Authority
Mr. Poon Sung Fong	(PSF)	Senior Station Officer, Enforcement Team of Office of the Licensing Authority
Mr. Peter Tsang	(PT)	Senior Manager, Transportation, DBTSL
Mr Andrew Lam	(AL)	Manager, Customer Services & Dev., DBTSL

Apologies:

Secretary:

Mr. G.H. Koo	(GHK)	Senior Manager, Estate, DBSML
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Staff of City Management:

Mr. Samuel Ip	Manager, Estate, DBSML
Mr. Wilson Chan	Manager, Estate, DBSML
Ms. Alice Wong	Manager, Estate, DBSML
Mr. Johnny Chu	Manager, Estate, DBSML
Mr. Kelvin Siu	Manager, Estate, DBSML
Mr. Brian Lau	Assistant Manager, Estate, DBSML
Ms. Simone Chan	Assistant Manager, Estate, DBSML
Mr. W.K. Li	Assistant Manager, Security, DBSML

Observers:

Antony Snow	Owner, Positano
Prownee	Owner, Positano
Philip Dobbs	Owner, Peninsula

	<p>The meeting was declared duly convened with the necessary quorum of members present.</p> <p>EL introduced Mr. Eddie Heung (EH), the new Manager, Community Relations.</p> <p>It was agreed to have the three presentations of Item 4.1, 6.1 and 6.4 brought forward.</p>	19:30
1.0	<p>Apologies No Apologies received.</p> <p>Members also agreed to finish the meeting at 10:00pm.</p>	19:31
2.0	<p>Confirmation of Minutes of Previous Meeting (No.4–2018/2019) It was noted there was no reference in the minutes to the suggestion to append the comments by FKW, and no appendix received. It was agreed to add the appendix and reference in the minutes. No further comments were made and the minutes were approved after proposed by ER and seconded by KB.</p>	21:20
3.0	COC Sub-Committees/Working Groups Update	
3.1	<p>Finance Sub-Committee (COC Paper 634/19) Circulated to members as read since FC was absent from the meeting.</p> <p>AY said that item 3.1.3 was incorrect as the accrued management fee and interest would be included in the balance sheet. And for item 5.1 AY stressed the legal case was not settled as the inspection of accounts was still on-going.</p> <p>KB responded that AY's comment on item 3.1.3 should be addressed in the Finance Sub-Committee meeting instead and reminded members that the audit report would be delayed.</p>	21:22
3.2	<p>Environmental Protection Sub-Committee BH thanked CM for the use of environmental paper to be the letter head in the future. BH reported that a letter had been written to Fusion and Wellcome to request a reduction in their packaging. There was no objection from members for BH to send the letters.</p> <p>BH requested the use of perennial flowers for all upcoming festivities and asked that members place orders soon.</p> <p>Single-use plastic should be banned from all and a request was made to add more water fountains.</p> <p>BH reported there was a proliferation of rats and it had been suggested that sterilized cats in each village LMO office might be the solution to solve the rat problem.</p> <p>BH described a 2009 initiative called Repair Café which fixed appliances and asked that this be considered in DB.</p>	21:26
3.3	<p>Sports and Leisure Sub-Committee BH reported the outdoor equipment installed throughout the villages and suggested equipment for Tai Chi could be considered in the future.</p>	21:34

	<p>Lighting for the North Pitch was approved at a cost of \$30K from the sports and leisure budget.</p> <p>A successful table tennis tournament was held in September and a basketball tournament would be held in October. BH asked for help to recruit female basketball players.</p> <p>BH applauded Mr. Kelvin Siu of City Management for all his help and wished him all the best in his new job.</p> <p>AY noted the equipment opposite the Wei Lun Primary School was not in a good location and asked for it to be relocated opposite in the playground area of Beach Village. BH reminded members that the equipment was donated by HKR and had to be located on city land and easily accessible to the public. It was not located in the playground which was within the boundary of Beach Village as some adults did not want the noise from children. AY stressed the importance of utilizing the equipment and the existing location did not do that. AY continued if Beach Village was willing to share the park usage, why not moved the equipment for everyone to use.</p> <p>BH reminded members that this was discussed at length prior to the installation and there was no objection and now after installation there were two comments of objection.</p> <p>KR agreed that the equipment was located in an unsafe area close to the road and suggested it was moved to the playground opposite.</p> <p>SM asked for the issue to be raised further with the SLSC.</p>	
3.3.1	<p>Sports and Leisure Budget 2019-2020</p> <p>The budget was circulated as read with no objection from members.</p>	
3.4	<p>Security Liaison Group</p> <p>VR reported on crime figures for June, July and August. VR added the police would try to provide more information that related to the final outcome of the cases.</p> <p>VR informed members that the burglary cases were due to unlocked doors and windows. The total figures revealed DB to be a safe place, however suggested the villages to coordinate for future security.</p> <p>BH asked members to remind VOCs to be vigilant and where possible put the wooden bars across the sliding window and close all windows.</p>	21:44
3.5	<p>Senior Citizens Working Group</p> <p>MC reported on the results of the survey and the various activities that had taken place. They included a Health Talk, a Workshop, Big Birthday Party and Mid-Autumn Festival gathering.</p> <p>MC shared the improvements to the bus terminus were appreciated.</p> <p>It was also noted that the database for seniors helped create an emergency list of seniors in each village, but more work would be done to ensure the list was accurate.</p> <p>MC said the SCWG would continue to find ways to know and serve the seniors and encouraged VOCs to provide suggestions and reach out to their seniors.</p>	21:50

	<p>VR commented on the lift near by Wing On which was often out of order and another lift was fixed in downward mode. He requested CM to see if the downward lift could be switched to upward mode when the lift broke down especially for the seniors. CM agreed to look at it.</p>	
4.0	Matters Arising from Previous Minutes	
4.1	<p>To Follow up on Unlicensed Guesthouse Issue</p> <p>The Office of the Licensing Authority (OLA) introduced themselves and gave a detailed presentation to members. OLA explained the definitions of hotel and guesthouses under their ordinances, and stated it was a criminal offence for any person to manage/operate unlicensed hotels/guesthouses. OLA described the new mode of Airb&b and said most of them listed on online platforms were unlicensed.</p> <p>OLA reported that the trend in Discovery Bay was rising and OLA had received thirty complaints about suspected unlicensed guesthouses. Common signs of the practice were contact notices on the front doors and key boxes affixed to doors. OLA explained their investigation involved high profile inspection through observation and web search, and when necessary decoy operations. OLA also promoted the use of licensed guesthouses to visitors to safeguard their safety. There was collaboration with DB property management to discuss the situation, as well as onsite publicity posters to educate and inform the public. OLA highlighted an amendment to the legislation bill introduced in July 2018 to combat unlicensed premises, which was expected to be finalized next year in 2020.</p> <p>OLA emphasized the importance of cooperation with CM to tackle the problem through reporting suspected cases, enhanced building management and preliminary investigation from the property management.</p> <p>OLA confirmed it was possible for a domestic unit to be licensed but no application had been received yet. It was further explained that the regulation for licensing was in high standard and noted that on DB the land use was domestic not commercial. KB remarked that security was an issue however OLA clarified that their authority not in security aspect as that was a police issue.</p> <p>MSG asked how many successful prosecutions had been made this year and OLA replied last year there were 44, and around 46 this year however did not have the exact figures for 2019.</p> <p>SM thanked OLA for their presentation.</p>	19:32
4.2	<p>Resolution on process for Declaration of Interest (COC Paper No. 619/19, 622/19, 628/19, 635/19 & 636/19) (See Appendix I for COC Paper 635/19 and Appendix II for COC Paper 636/19)</p> <p>ER understood from FKW that CM objected to the Declaration of Interest in the form suggested by ER adding that it was a sincere effort to bring about some good governance. He sensed from FKW contribution to the last meeting that CM objects to ER motion which is for a simple approach to a DOI.</p>	21:59

	<p>It was noted the members of the cleaning contract renewal committee would ask for some form of declaration of interest. ER referred to the two papers recently submitted and were taken as read. It was requested that they be appended to the minutes. SM (nodded approval)</p> <p>ER was glad that the Chairman of the COC regarded Declaration of Interest and Conflict of Interest as hugely important. ER reiterated the need for a procedure to be in place in Discovery Bay.</p> <p>FKW shared that it was not the intention to rebut every point on Paper no. 635/19 but to highlight two major issues for members' consideration. First, FKW respected Clause 7, Schedule 8 to the BMO that stated procedure at meetings would be decided by the COC, however contended the resolution of any motion should not contradict the provision of the DMC and the proposed resolution would restrict the voting right of members, in particular CM, as shared by the officer of the PMSA. The declaration of interest should not restrict the voting right of the Members as allowed in the DMC and further noted that that most of the ER' rebuttals, were based on the PMSO. Secondly, given that the guidelines on declaration of interest under the Property Management Services Ordinance (PMSO) was not yet ready and Paper 635/19 was construed based on the PMSO, it was therefore premature for members' discussion and consideration. CM therefore maintained the position of objection to the motion.</p> <p>ER requested the vote go ahead.</p> <p>AY was disappointed with FKW's attitude.</p> <p>KB acknowledged the time and effort by ER and FKW and requested a vote to end the issue. KB personally followed a stringent conflict of interest practice and withdrew from any item where there was a conflict.</p> <p>KB claimed that any member with a personal interest should pull out. ER said the advantage of the proposed Declaration of Interest was that it allowed members who had expertise to continue to contribute, however they need not be allowed to vote. KB disagreed with that option and claimed it was too complicated and added that if a subject is up there on which he had a potential conflict of interest, he just withdraws. The problem he had with the motion, is that ER was putting it to the COC to decide. He thinks a person who has a conflict of interest should just pull out.</p> <p>ER replied that his resolution did not prevent him from doing just that withdrawing adding that the advantage of his motion was that if someone has something good to contribute to the meeting because they have special expertise, then the committee would want that person to stay to give advice, but not to be burdened with the responsibility of voting.</p> <p>KB Strongly disagreed. "It has been used too often in the past. No way", He felt it to be too complicated. Taking for example ER's lighting company, he should not participate in anything on which the company is going to bid.</p> <p>SM: Are there any more questions? KB: Poll vote? SM: So are there any more questions for Ed?</p>	
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	<p>SM: OK Ken, you have just said you want a poll vote? KB: I was joking SM: OK, so you were joking FKW: Two members of CM are asking for a poll vote SM: OK So there is to be a poll vote. As it stands the resolution is:</p> <p><i>•Resolve that a person, on account of he or she being a member of the COC, shall declare to the COC soonest practicable:</i></p> <p><i>•His or her interest, or the interest of the company that he or she represents on the COC, in any matter that comes before the COC where such interest could result in an actual, potential or the appearance of a conflict of interest;</i></p> <p><i>•The COC, after having considered the relevant facts and circumstances, shall recommend whether the member shall abstain from, or be allowed to participate in, with conditions, if any, the discussion or decision related to the matter. The declaration and the recommendation, and the response of the person making the declaration of interest, shall be minuted.</i></p> <p>Proposed by KB and seconded by MSG</p> <p>CM requested a poll vote.</p> <p>In favour: BH, KYL, ER, MSG, AY, KR (Total 30,502 undivided shares) Against: MC, EC, ELC, VR, FKW, CKC, BL, EL (Total 178,706 undivided shares) Abstain: PP, KB, MLK, CC, SM (Total 19,596 undivided shares)</p> <p>The resolution was not passed. SM Thanked ER for his effort. ER added that it had in fact been a joint effort by a small number of owners</p>	
4.3	<p>Formation of a Sub-Group for Cleaning Service Contract Renewal (COC Paper No. 633/19)</p> <p>Circulated to members as read. KB proposed to support the paper and suggested those that attend the meeting would decide on the convener. FKW explained it was for the COC to deliberate and decide to form a group with the proposed terms of reference. CM would then call a first meeting and attending members would elect a convener.</p> <p>BH referred to the last evaluation whereby some companies did not show up and their performance was still evaluated by some members. BH requested that the no show companies at the interview should not be evaluated. FKW assured BH this would be discussed in the sub-group.</p> <p>VR suggested this could happen for all major contracts in Discovery Bay and this contract should be taken up by the FSC. VR further noted that it was getting more and more difficult for meeting places for sub-committees and for attendees to attend, and therefore the need for more was debatable.</p> <p>FKW said VR's idea had been raised in the FSC and recorded in the minutes; however CM considered it to be beyond the responsibility of the FSC and it was proper for a sub-group to be formed for discussion. KB agreed it was getting difficult however agreed with FKW that FSC was not the right committee. KB added the cleaning sub-group would likely be attended by more interested people as it was a very important contract.</p>	22:10

	There were no objections to the paper.	
5.0	CM Report	
5.1	<p>Tenders in progress and Upcoming Tenders</p> <p>There were four tenders in progress.</p> <ol style="list-style-type: none"> 1) Reinstatement of flushing water supply ring circuit near Seabird Lane and replacement of defective potable water isolating valve near Seahorse Lane No.2. 2) WR2 inspection in obsoleted water treatment plant. 3) Patch repair of roads and associated works, and 4) Upgrading the computer system. <p>There were three tenders to be sent out in Nov/Dec 2019.</p> <ol style="list-style-type: none"> 1) WR2 inspection in Siu Ho Wan pumping station. 2) WR2 inspection in Sewage Pumping Station No. 1 & 2, and 3) WR2 defect rectification in obsoleted water treatment plant. 	22:10
5.2	<p>COC Papers Endorsed (COC Paper 637/19)</p> <p>Scaffolding work contract award was endorsed.</p>	22:15
5.3	<p>Community Events</p> <p>EH reported on the successful Discovery Bay Table Tennis Tournament held on 22 September and informed members of the upcoming events:</p> <ul style="list-style-type: none"> • Flea Market on 29 September 2019 with 58 booths • Dog Tea Gathering on 12 October 2019 • Discovery Bay Basketball Tournament on 19 October 2019 with 8 teams • The Big Picnic on 9 November 2019 <p>The final accounts for the DB Dragon Boat Races were presented and showed a slight deficit of (\$2,584). However, it was noted the funding of Island District Office estimated at HK\$30,000 had not been confirmed which would therefore result in a surplus finally.</p>	22:18
5.4	Update on Other Services, if any.	
5.4.1	<p>Termination of Qube Horizon Property Management System</p> <p>FKW reported on the termination of the contract due to poor performance and service quality. Members were then updated on the manpower change which confirmed annual headcount did not exceed the budgeted headcount for permanent staff. The additional workload had been absorbed by the permanent staff pool.</p> <p>The HK\$4M set-up costs had been covered by HKR and as the Qube system was terminated before implementation there would be no license fees or costs paid by the owners' fund.</p> <p>FKW added that HKR were exploring the market for a suitable property management system to enhance overall operational efficiency.</p> <p>FKW reported there were a number of enhancements identified and included:</p> <ol style="list-style-type: none"> 1) QR Code on statements for payment at 7/11 at a set-up cost of HK\$15K and HK\$3 per transaction. 2) Smart phone payment option at a set-up cost of HK\$15K and HK\$1 per transaction. 	22:22

	<p>3) Electronic statement at a set-up cost of HK\$40K. If any of the above were adopted the statement paper would change to A5 at a cost of HK\$10K.</p> <p>The total costs for adopting all three services would be HK\$80K.</p> <p>There would also be an additional saving of headcount from six to five in the Accounts Team and savings on paper usage when three enhancements were adopted. If no objection was received from members CM would go ahead with the proposed enhancement services.</p> <p>KB reminded CM that members had expressed from the beginning that there were downsides of the Qube system, however KB acknowledged the difficult position FKW had been in trying to implement the system and the loss that HKR would make. KB requested more information in advance on why it had been a failure and remarked it should not have been presented with a case for spending more and saving on headcount. KB reiterated it had been a disaster and did not support spending HK\$80K without proper time to consider the facts regarding the termination of Qube.</p> <p>AY stressed her disappointment after waiting for three years for a system that members were told would take nine months which had now been terminated. AY questioned any further exercise by HKR to establish a new system and suggested HKR hire capable people to supervise the accounting work and noted the existing lousy system. AY claimed it was incompetence. AY repeated HKR should hire an experienced accountant who reported to Ernest Lee (EL) because FKW's capability was questionable due to many failures. AY added that a lot of information was hidden from AY in the existing system and the people that had prevented her from access would be taken to court, and the loss to the owners would be borne by HKR and all the people involved. AY said all would be disclosed once AY's report was ready.</p> <p>KB also requested that EL review the IT system thoroughly especially in light of the opening of a tender for IT equipment purchases. EL reminded members the IT tender was mainly for the upgrade of the Windows and server which was independent to the Qube system. KB retorted it was the overall management of IT that should be reviewed.</p> <p>AY mentioned the costs for administration and accounting staff that were engaged to support the upgrade of the Qube system and requested HKR to cover the manpower costs and compensate city funds. AY asked for a consultant to be involved in the reviewing of a proper computer system which would also safe guard assets and money as they would be an independent party.</p> <p>FKW noted members' comments.</p>	
5.4.2	<p>Update on Wood Chipper Delivery and its Operation</p> <p>FKW reported the order had been placed and should arrive in November 2019. The relocation of the Nursery to upland for the operation of the chipper was no longer viable and therefore HKR would review to find a suitable location for the chipper. The storage and operation of the chipper would be upland as indicated on the presentation. FKW suggested to trial mixing horse manure with the chippings to create compost. FKW presented the budget and concluded the effect of the Nursery not to be relocated to upland on the landscape budget was minimal.</p>	22:30

	<p>BH congratulated CM on the idea of mixing manure and wood chippings, and also suggested the chippings be placed around the outdoor equipment to stop weeds from growing.</p>	
5.4.3	<p>Update of Feed-in Tariff Scheme in DB</p> <p>WSY updated members of a site visit by CLPe which concluded that the work store roof near Sea Bird Lane was the only ideal location for installation. Details of the capacity and costs were presented. Due to small scale, CLPe would only offer a turnkey solution whereby City fund would carry all expenses and costs, and earn the full feed-in tariff. The scope of service was explained by WSY and if COC agreed to proceed further quotes would be obtained from CLPe and other vendors.</p> <p>KB commented that the basic estimate on the return period would be longer than eight years and did not consider the scheme to be that beneficial.</p> <p>AY said the scheme should be delegated to each village and noted within the Beach Village there were owners that had already installed equipment on their rooftops. AY did not think COC should rely on CLPe on a large scale rather allow each village to opt in. WSY remarked that CLPe had visited some villages and prepared proposals for individual VOCs, however this location was in the City area and therefore was for the COC to decide.</p> <p>BH asked how about the roof of sewage pumping station no. 2 and AY asked about the new mall. WSY explained the pumping station roof was almost occupied by deodorizers while new mall was not managed by CM. It was emphasized that there was no other suitable place in City area.</p> <p>KB suggested to HKR the use of a composite material, which acted like a solar panel, when relaying the paving at new bus terminus.</p> <p>SM recorded members were not in favour of proceeding with the proposed installation at the work store.</p>	22:35
6.0	Items for Discussion	
6.1	<p>The Adjustment to Discovery Bay Tunnel Toll Fee with launch of Taxi Toll</p> <p>DBTSL presented a proposal on the adjustment of the existing toll charges and the launch of a HK\$20 tunnel toll for taxis. The presentation provided a background of the tunnel link, legal requirements, and details of the daily throughput. It was noted that the tunnel toll had not increased since opening in 2000. It was suggested an increase of around 10% for the toll fee and a HK\$20 toll fee for inbound taxis.</p> <p>AY asked for the accounts to be produced to justify the increase. AY noted the tunnel had twenty maintenance vehicles that entered free of charge and they were mostly saloons, apart from the big vehicle and suggested they be charged before there was any introduction of a higher toll fee.</p> <p>DBTSL said the figures were reviewed by the government before any recommended price adjustments. The cars were used for recovery, patrolling and for staff travelling to discharge their duties.</p>	20:52

	<p>KB observed that a lot of money was being made if no increases had occurred in the past nineteen years and without enough information it was difficult to comment. DBTSL disagreed that a lot of money had been made rather, and reminded members that as a lot of the vehicles were buses. Any increases would have been borne by the residents. In addition, there had been substantial increase in labour costs due to the higher skilled people in the toll road industry. The 20-yr old tunnel must be well-maintained and upgraded. KB did not object to the proposal however requested the accounts to be available.</p> <p>DBTSL said there would be a number of governmental procedures to follow in the coming months to gain approval for the adjustments. The purpose of this presentation was to collect views of the members and then submit to the Transport and Housing Bureau for their consideration.</p> <p>DBTSL confirmed all tunnel staff held licenses to drive and operate the cars and equipment.</p> <p>ER asked if there were twenty people employed by the tunnel company with the right vehicle licenses to drive all of the vehicles at the same time DBTSL. There were more than twenty operational staff able to drive the vehicles. Members were told views had also been collected by other parties and final approval was subject to the Transport and Housing Bureau.</p> <p>SM reminded DBTSL that as this was the first time the COC had heard about this, members were only expected to ask questions and any views to be shared with Transport Department would come later.</p> <p>CC was surprised to see the agenda item without a paper as that was usual practice and there had been no opportunity to discuss with the VOCs. CC commented that the increase would be passed on to the end user and therefore there would be a lot of complaints. CC also raised the problem with transport generally in DB and noted the ferry changes, the buses, the bus terminus, cancellation of VIP cars and disagreed with any toll fee increase.</p> <p>DBTSL stressed the increase in operational costs and as the taxi usage was now 44%, they should cover some of the operational costs.</p> <p>SM reminded DBTSL not to take the comments today but to ask formally so that COC and VOCs had time to consider the presentation and then report back with their views.</p> <p>MSG asked about the projection of increased usage by other vehicles. DBTSL did not expect to see a high increase by other vehicles. The high usage by taxis did affect the operational costs.</p> <p>It was agreed to provide a paper and agenda for next meeting.</p>	
6.2	<p>Tender Award for WR2 Electrical Inspection at Pumping Water Plant next to Discovery Valley Road</p> <p>Members resolved the award of recommended tender.</p>	22:49
6.3	<p>Tender Award for Reinstatement of Flushing Water Supply Ring Circuit near Seabird Lane and Replacement of Defective Potable Water Isolating Valve near Seahorse Lane No. 2 (COC Paper No. T1659/19)</p>	22:50

	<p>Members resolved the award of recommended tender.</p> <p>KB reminded CM to allow sufficient budget next time. WSY explained that it had under budgeted for consultancy services of statutory submission.</p>	
6.4	<p>Presentation by the Property Management Services Authority on the Licensing Regime under the Property Management Services Ordinance (Cap. 626)</p> <p>A presentation was conducted by PMSA to explain the proposed licensing regime and included background, major functions of the authority with procedures, as well as progress made in the past few years. The regime was expected to launch in early 2020.</p> <p>ER raised the point that there were different interpretations of the DMC and even with some HAD guidance it had been necessary to go to court on occasion. PMSA explained there would be clear division of work between PMSA and HAD. PMSA would mainly deal with property management companies but not assist owners with interpretation of the DMC. However, there would be guidelines issued to companies that cite court cases to minimize confusion.</p> <p>A case was also highlighted where management had failed to collect management and refurbishment fees and ER asked if this would be an area the PMSA would provide help. PMSA explained if it was a contract dispute then PMSA would not be involved, however if the court determined a licensing breach had occurred then PMSA would consider to take disciplinary action against the company.</p> <p>KB enquired about the formula for calculating tiers and practitioners. PMSA replied the number of flats was calculated according to the DMC and for DB where over 8,000 units were situated there would be three tier-one license holders + six tier-two license holders. COC members were assured there were sufficient staff to meet the requirement of the PMSA.</p> <p>KB asked if the authority had enough resources to manage and run the system. PMSA was confident that the resources would be available and noted that the new levy of HK\$350 per property transaction was fixed and required all new property owners to pay the authority which provided a continuous income. PMSA assured members licensing was a small part of the operation and complaint handling and mediation would be the major function of the authority.</p> <p>AY asked four questions related to conflict of interest as follows:</p> <ol style="list-style-type: none"> 1) As the mother company of CM, HKR are also managing the Club, Hotel, School and fellow subsidiaries in DB, does CM have to declare the interest? 2) HKR and CM have dual-directorship and are managing by the same group directors, would PMSA consider it as a conflict of interest or disclosure of related information is needed? 3) As some companies serving DB such as gas company are BVI companies in which company information is not easy to be searched, should CM disclose the organization structure of these companies? 4) CM is holding all accounts of City fund and responsible for the resources allocation to all parties in DB including the fellow subsidiaries of HKR. Would PMSA consider CM handling these accounts has conflict of interest? If improper handling has been found, will disciplinary action or legal action be taken by PMSA against the management company? 	20:05

	<p>PMSA commented that disclosure of conflict of interest was taken very seriously and as the property management company was in a principal agency relationship with owners all conflict must be disclosed. All managers and staff of professional bodies would have a code of conduct to govern the issues. Any alleged cases that failed to have disclosure would be disciplined seriously. PMSA also noted it was difficult to prove a case in conflict of interest if it was withheld by the company but if there was evidence there would be prosecution</p> <p>ER said declaration of interest in Discovery Bay had been haphazard in the past and was difficult to manage, administer and maintain. ER asked if there would be guidance on procedures for declarations. PMSA assured members practical guidelines and codes of conduct would be issued to their licensees and were open to the public. PMSA also provided education and training about disclosure required, as well as offered professional development courses to promote the judiciary requirement. PMSA worked closely with HAD and would continue to do so.</p> <p>AY asked about the three-year transition period after enactment of the regime in early 2020 and if with proper evidence the PMSA would prosecute any willful negligence. PMSA explained that if the company after three years did not apply for the license PMSA could not take any action. If they did in the capacity of a licensee and evidence proved a breach of contract then action could be taken for continuing misconduct, however not for past actions.</p> <p>FKW asked if a manager exercised his right, according to the DMC, to vote at a COC meeting would it be considered to be a conflict of interest if there was a vote for an expenditure item in which the manager's remuneration would be generated. PMSA replied if DBSML was acting within the terms of the DMC then they would be acting according to the contract. The authority required disclosure and once that has been done then it would be for the owners to take any further action if necessary.</p> <p>PMSA advised members that reviewing the DMC would be part of the vetting process for licensing attainment.</p> <p>AY remarked on the lenient approach to allow malpractice for three years and then asked if it was correct that after three years if the company continued in their malpractice PMSA would take action against them. PMSA confirmed that was correct and went on to explain that if the property management company received a license within the three-year transition period they are then a licensee and subject to PMSA terms and conditions for conduct.</p> <p>SM thanked PMSA for the presentation.</p>	
7.0	AOB	
7.1	<p>Condition and Operation of the Recreation Club Golf Club Cart Parking and CM Update on BD Submission for Golf Cart Parking adjacent to the Tennis Courts</p> <p>SM understood that the Recreation Club was regulating the current parking arrangement. SM asked CM to provide an update on BD submission at the next meeting.</p>	22:53

7.2	<p>AY noted the closure of many commercial units due to the economic situation and requested HKR consider reducing the rental for some restaurants and shops in DB. CKC confirmed HKR leasing team were reviewing the situation and thanked AY for the comment</p> <p>SM thanked members for attending and closed the meeting at 11:00pm.</p> <p><i>KYL was excused at 10:38pm</i> <i>KR was excused at 10:45pm</i> <i>BL was excused at 10:50pm</i> <i>KB was excused at 10:55pm</i></p>	
8.0	The date of the next COC meeting – 27 November 2019.	