



REGULAR MEETING OF THE REAL ESTATE COUNCIL OF ALBERTA

9:30 am, Wednesday, January 23, 2019
Nakiska Boardroom, Calgary, AB

MINUTES

In Attendance: Bobbi Dawson
Amina Deiab
Ramey Demian
JT Dhoot
Bill Kirk
Brian Klingspon, Past-Chair
Tiago Lage
Phil McDowell
Stan Mills
Robyn Moser
Bob Myroniuk, RECA Executive Director
Rob Telford, Chair
Christine Zwozdesky

Invited Guests: Lois Flynn, Executive Director, Consumer Services, Service Alberta

Tim Swanson, Senior Manager, Management Consulting, KPMG

Recording Secretary: Rina Hawkins

1. Call to Order

The Interim Chair, Rob Telford, called the meeting to order at 9:37 am.

Council welcomed Lois Flynn, Executive Director, Consumer Services from Service Alberta; and Tim Swanson, Senior Manager, Management Consulting from KPMG.

Council welcomed new Council members JT Dhoot, Non-AREA Member of Council, and Tiago Lage, Public Member of Council.

2. Chair Report

Rob Telford provided Council with his report as Interim Chair of RECA.

Rob Telford explained that, as the 2017 /2018 Chair-Elect, Bonny Clarke, was not reappointed to Council, he, as the 2018 /2019 Chair-Elect was considered Acting Chair from January 4 – 23, 2019.

Lois Flynn advised that in early November, based on the bylaws and policies that were in place, Service Alberta supported Bonny Clarke to carry out the roles and responsibilities of Chair.

Amina Deiab proposed the following amendment to the bylaws.

***MOTION:** Amend section 12(6) of the Bylaws to read "Subject to subsection (7), the appointment of all committee chairs, whether they be ad hoc, standing, or advisory committees, shall be elected by Council by a majority vote."*

Amina Deiab / Carried

A Council member requested the vote be recorded. The vote was nine (9) in favour, and three (3) opposed.

***MOTION:** Table the original motion to amend bylaw 12(6) until the next meeting of Council.*

Christine Zwozdesky / Defeated

***MOTION:** Table the original motion to amend bylaw 12(6) until the end of the regular agenda of today's Council meeting.*

Bobbi Dawson / Defeated

3. Business Arising or Issues Requiring Council Action

- Finance & Audit

Financial Statements

Jillian Murdoch and Brogan Mueller of MNP LLP joined the meeting for this agenda item.

The Director of Corporate Services presented the draft financial statements for the year ended September 30, 2018. He gave a high-level review of the revenue, expenses, and reserves.

Council discussed the financial statements and some Council members requested having the approved budget and actuals presented side by side to ensure proper and efficient due diligence

for Council. The Chair suggested the Audit & Finance Committee could look at this approach.

Jillian Murdoch reviewed the Audit Findings Report with Council. Administration recommends Council approve the financial statements for the year ended September 30, 2018.

The process to authorize certain expenditures in 2018 was discussed.

MOTION: Council approves the Financial Statements for the year ended September 30, 2018 as presented.

Phil McDowell / Defeated

A Council member requested the vote be recorded. The vote was six (6) in favour, and six (6) opposed.

Capital Budget Request

The Director of Corporate Services presented a request for additional capital funding. In 2018, RECA completed a third-party cyber security assessment, and findings identified the need to isolate myRECA systems on dedicated servers and storage. This project requires additional capital funding to complete.

MOTION: Council approves an additional \$150,000 in the 2018/2019 capital budget for a cyber-security project to refresh RECA's server, network, and firewall equipment by purchasing new server hardware, storage, and software technology.

Bobbi Dawson / Carried

Budget 2019 Update

The Director of Corporate Services provided an update on the 2019 budget after identifying an issue with course enrolments.

Based on early indications, Education Programs has re-evaluated its 2018/2019 budget assumptions and is forecasting a decrease to its budgeted revenues for the 2018/2019 year. Administration has put specific measures in place to offset the impact of a shortfall in education revenues. Going forward, Administration will monitor the situation.

Administration confirmed they do not see any significant risk to achieving RECA's strategic goals.

4. Council Appointments

At the beginning of this agenda item, Council Member Robyn Moser, made the following motion.

MOTION: Council approves amending Bylaw 10(5) to read:

10(5):

Notwithstanding anything in this section,

a) the Chair may call a special meeting of the Council on providing at least 24 hours written notice to each member, stating the purpose of the meeting, the date, the time and place at which the meeting is to be held.

b) Written requests of 50% or more appointed Council members. 24 hours written notice of the meeting shall be given to each Council member no more than 10 days after the request, it will state the purpose of the meeting, the date and the time and place at which the meeting is to be held.

Robyn Moser / Tabled

Council discussed principles for the change, which were: (a) allowing for transparency in the Chair selection process, (b) ensuring skills, competencies and experience of Council members are fully utilized and; (c) Committee composition and Chair experience is reflective of the mandate and work of the committee.

MOTION: Council tables the original motion above on Bylaw 10(5) to the Governance Committee.

Bobbi Dawson / Carried

The Interim Chair noted that due to the departure of the Council member who was in the position of Chair-Elect in 2017/2018, Council must choose a new Chair for the 2018/2019 Council year.

In accordance with s.5(4)(b) of the *Real Estate Act* Bylaws, two Council members expressed interest in the Chair position. One Council member withdrew their name prior to the election.

MOTION: Council receives nominations from the floor for the position of Chair of the Real Estate Council of Alberta.

Bill Kirk / Defeated

Rob Telford is appointed to the position of Chair of Council for the term commencing January 23, 2019 and ending October 31, 2019.

The Chair indicated, that in accordance with s.5(3)(a) of the *Real Estate Act* bylaws, any member of Council wishing to stand for election to the position of Chair-Elect should declare their intention to the executive director by e-mail at least 30 days prior to the April 17, 2019 meeting of Council at which time the Chair-Elect will be elected to Council.

5. Strategic Issues

- **Real Estate Teams**

Council Member, Robyn Moser indicated she had a conflict of interest and excused herself from this agenda item.

The Registrar presented an update on teams trading in real estate and dealing in mortgages.

During their October 17, 2018 meeting, Council passed a motion regarding more clear and stringent interpretations around "clearly indicated" in advertising.

Administration is recommending that Council amend Part 4 of the October 17, 2018 resolution.

***MOTION:** Council approves amending Part 4 of the October 17, 2018 resolution by adding the following sentence "Exception: "Mortgages", "Mortgage", "Real Estate", and "Realty" may be used in team names only when followed immediately by one of two terms; either "team" or "group"."*

Phil McDowell / Carried

- **Real Estate Update 2018 (Commercial and Property Management)**

The Director, Education Programs, provided Council with the survey results for the Real Estate Update 2018 (Commercial and Property Management) course. 94.8% of survey respondents gave the course a favourable response. Respondents provided feedback on how courses could be improved, future course topic suggestions, and the increased use of video.

- **Practice of Rural Real Estate Course**

The Director, Education Programs, provided Council with the survey results for the Rural Real Estate course. The Rural Real Estate course launched in May 2016 and this was the first survey specific to this course. Based on these results, Education Programs will incorporate practical application exercises, case studies, and enhanced content into the course.

- **2016-2020 Business Plan Quarterly Report**

The Director, Strategic Initiatives & External Relations presented RECA's business plan quarterly update to Council. She highlighted the projects completed and a number of projects that RECA is working on.

A particular strategic plan success was highlighted. In 2018, RECA engaged Freshwater Creative to develop three customer awareness videos around the importance of using a Licensed Industry

Professional when buying or selling a home. Freshwater and RECA received the 2018 MarCom Award of Platinum for the video series. The MarCom Award honours excellence in marketing and communication.

6. Business Arising or Issues Requiring Council Action (Continued)

- **Approval of 2016-2017 RECA Annual Report**

The Director, Strategic Initiatives & External Relations, provided a review of RECA's 2017-2018 Annual Report. Administration recommends Council approve the annual report.

MOTION: Council approves the 2017-2018 RECA Annual Report as presented, on the understanding that when the 2017/2018 Financial Statements are approved, they will be attached to the annual report.

Ramey Demian / Carried

- **Approval of Amendments to the REA Rules**

The Director, Strategic Initiatives & External Relations, provided an update on amendments to the *Real Estate Act* Rules. At their July 18, 2018 meeting, Council directed Administration to consult on the proposed *Real Estate Act* Rule 96 and 97 amendments.

On August 1, 2018, RECA opened a 90-day consultation period on proposed amendments to Rules 96 and 97 and explained that the proposed amendments would allow brokerages to deposit funds in a brokerage "other account." The proposed amendments would clarify that the Real Estate Assurance Fund is a consumer protection fund for consumers only. The majority of the respondents to the consultation supported the amendments.

MOTION: Council amends Real Estate Act Rules 95(a), 96 and 97 as follows:

Brokerage must maintain trust account

95 (a) open and maintain at least one trust or pooled trust account for the deposit of funds received on behalf of clients or owners of real estate managed under real estate management agreements.

Unauthorized payment from trust

96 Subject to section 97 of these Rules, a brokerage shall not pay any of the brokerage's personal or general office expenses, commission or other remuneration payable to a brokerage's authorized officials, brokers or associates out of an account in which money is held in trust.

Payment of commission or remuneration

97 (1) For purposes of this Rule, the term "other account" may mean a trust account that is not provided for in the Real Estate Act or Rules and it does not mean a trust account provided for in s.12 (n) of the Real Estate Act or a trust account provided for by any other section of the Real Estate Act or Rules. Monies held in an "other account" are not trust monies for purposes of the Real Estate Act or Rules.

97 (2) Brokerages shall pay all remuneration or commissions to a brokerage general account or other account and shall keep records.

97 (3) Where brokerage remuneration or commissions
(a) are earned and payable from money deposited in a brokerage trust account for another purpose, and
(b) will be shared between brokerages, any share of the remuneration or commissions payable to another brokerage shall be immediately paid from the brokerage trust account to the other brokerages' general account or other account directly and any remaining share shall be immediately thereafter transferred to the brokerage general account or other account.

97 (4) When remuneration or commissions are to be shared between two or more brokerages and are not paid in full when due, the amount actually received may be shared between the brokerages as they agree but in the absence of agreement, the brokerage holding the remuneration or commissions must immediately pay the amount into a lawyer's trust account until the matter is resolved.

Amina Deiab / Carried

- **Section 76 Review Update**

Lois Flynn indicated the Minister was pleased Council was able to make the necessary appointments to Council. She indicated the Minister has taken steps to ensure that should a similar situation happen in three years with the Council appointments, the Minister now has the legal authority to make the appointments should the Minister need to. Service Alberta acknowledges the challenges with the *Real Estate Act*, and indicated there may an opportunity to explore potential Act amendments as early as Fall 2019 or Spring 2020. Lois Flynn, provided Council with an update on the Section 76 Review of RECA, initiated by Service Alberta. The Minister has appointed Tim Swanson of KPMG LLP to conduct reviews of RECA'S governance and operations.

Tim Swanson thanked Council for allowing him to sit in on today's meeting, and indicated he looks forward to working with Council and administration. He noted that the reviews would focus on the list of items in the terms of reference provided by the Minister. Upon completion, the final report will go to Service Alberta.

7. Business by Council Consent

- **Approval of Minutes**

Council approved the October 17, 2018 Regular Meeting of Council minutes by a vote on the Boardvantage system on October 31, 2018.

The December 13, 2018 and January 4, 2019 Special Meeting of Council minutes require Council approval.

The following amendment was made to the minutes of the December 13, 2018 Special Meeting of Council:

- In item #2, Section 76, *Real Estate Act Review*. Remove the sentence referencing Mr. Colin Lloyd.

MOTION: Council approves the December 13, 2018 Special Meeting of Council minutes as amended above.

Phil McDowell / Carried

The following amendment was made to the minutes of the January 4, 2019 Special Meeting of Council:

- In item #2, Council Appointments. Following the motion, add the results of the recorded vote. *"The vote was recorded. Phil McDowell, Rob Telford, Christine Zwozdesky opposed, Bonny Clarke absent."*

MOTION: Council approves the January 4, 2019 Special Meeting of Council minutes as amended above.

Phil McDowell / Carried

8. Executive Director Reports Continued

- **2017-2018 Stewardship Report**

The General Counsel & Corporate Secretary reviewed the 2017-2018 Stewardship Report. This report is a tool to support the oversight responsibility of RECA operations in the following areas: fraud and theft, privacy policy, health, safety and environment, ethical conduct, and legal actions.

9. Other Business

- **Dale Cawsey Retirement**

The Executive Director highlighted and thanked RECA's Director of Corporate Services, Dale Cawsey for his service to RECA. Dale is retiring at the end of January 2019. The new Director of Corporate Services, effective February 1, 2019, is Warren Martinson.

- **Administrative Issue**

MOTION: Council members should have unrestricted access to documents in Boardvantage in what pertains to printing the documentation.

Tiago Lage / Carried

10. In-Camera

Council went in-camera at 3:51 pm.

11. Adjournment

The meeting adjourned at 5:30 pm

12. Next Meeting(s)

- **April 17, 2019 (9:30 am) Regular Council Meeting**

Approved at Calgary, Alberta on April 17, 2019

Rob Telford, Chair