



REGULAR MEETING OF THE REAL ESTATE COUNCIL OF ALBERTA

9:30 am, Wednesday, July 17, 2019
Nakiska Boardroom, Calgary, AB

MINUTES

In Attendance: Bobbi Dawson (*left meeting at 2:18 pm*)
Ramey Demian
JT Dhoot
Joseph Fernandez, Acting Executive Director
Bill Kirk
Tiago Lage
Phil McDowell
Stan Mills, Chair-Elect
Robyn Moser
Stacy Paquin, RECA General Counsel & Corporate Secretary
Rob Telford, Chair
Christine Zwozdesky

Absent: Brian Klingspon, Past-Chair
Bob Myroniuk, Executive Director

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

Recording Secretary: Rina Hawkins

1. Call to Order

The Chair called the meeting to order at 9:10 am.

Council discussed the agenda and moving some of the agenda items around in order to ensure the best use of time. [REDACTED]

2. Chair Report

The Chair provided a verbal report to Council. He advised that positive feedback was received on the Annual General Meeting which occurred on May 13, 2019. The Chair explained that the governance review

report prepared by KPMG ("Governance Report") pursuant to section 76 of the *Real Estate Act* ("Section 76 Review") was made public on July 5, 2019 [REDACTED].

The Chair advised that the current Executive Director, Bob Myroniuk will be using up unused holidays over the summer before he retires at the end of August 2019.

3. In Camera Session

Council went in camera at 9:20 am.

The in-camera session ended at 1:45 pm.

1:45 PM Chair-Elect, Stan Mills acting as Chair for the remainder of this meeting

4. Business Requiring Council Attention

- **Finance & Audit Committee**

The Finance & Audit Committee Chair Tiago Lage provided an update on its activities. Mr. Lage's comments are captured below:

1. *This is my first Council meeting as Finance and Audit Committee (FAC) chair and I will walk you through the work we have been doing since we were able to get things going at a committee level. You will all recall the time spent on Boardvantage around the topic of establishing committees for the 18/19 period, which was also noted in the KPMG report under the major findings section.*
2. *Notwithstanding the delay in start working at a committee level, the FAC held two committee meetings on May 27 and July 4.*
3. *Both meetings had a focus on budget discussion, both around the 18/19 and the 19/20 periods.*
4. *In preparation for the May 27 meeting, it was recommended to administration to include in several pieces of reporting, and where appropriate the following:*
 - a. *Prior year to date actuals*
 - b. *Current year to date actuals*
 - c. *The objective was to improve the quality of the reporting and facilitate a better discussion of actuals versus budget, what is called budget variance analysis*
 - d. *Please note that I had already flagged the need to include actuals in RECA's financial reporting at my very first Council meeting in January 23, 2019, when a presentation was made by administration aiming at approving the financial statements. Six months later, this was in fact flagged in the Section 76 review on page 46 "The year-end financial report to Council did not include a budget variance analysis".*
 - e. *I trust that this will now be a best practice followed by RECA when presenting financial statements related information.*
5. *At the May 27 meeting, it was also requested from administration to:*
 - a. **ACTION:** *find out from our external auditor if the \$75,000 cheque signing limit is in the area of best practices.*

10. Several opportunities to improve the quality of reporting and a subsequent discussion at this table today was recommended to administration.
- a. This is aligned with the recommendation to increase the level of detail both at a budget level and year-end financial statements.

Notwithstanding some of my remarks above, I want to recognize administration's efforts to follow FAC multiple suggestions throughout the preparation of those two committee meetings. I truly believe our financial reporting capacity has already improved and will keep improving.

The Finance & Audit Committee met on May 27 & July 4, 2019. Both meetings were focused on the budget discussion for the 2018/2019 and 2019/2020 periods.

The Finance & Audit Committee recommended a number of reporting adjustments, with the objective of improving the quality of reporting and facilitating a better discussion of actuals versus budget. These adjustments are incorporated into this budget presentation.

Approval of 2019-2020 Budget

The Director, Corporate Services, Warren Martinson, indicated that the Finance & Audit Committee spent significant time going through the budget documents, and he would like to thank the Committee for their work.

Mark Blessing, Accounting & Administration Manager, presented the 2019/2020 budget to Council.

MOTION: *Council approves the 2019/2020 Operating and Capital Budget as presented.*

Tiago Lage / Carried

MOTION: *Council approves annual licence fees for 2019/2020 as presented.*

	<i>Real Estate</i>	<i>Mortgage Broker</i>	<i>Real Estate Appraiser</i>	<i>Condo Mgmt Brokerage</i>
<i>Brokerage</i>	<i>\$450</i>	<i>\$450</i>		<i>\$450</i>
<i>Broker*</i>	<i>\$525</i>	<i>\$525</i>		<i>\$525</i>
<i>Associate Broker or Associate*</i>	<i>\$525</i>	<i>\$525</i>		<i>\$525</i>
<i>Appraiser or Candidate*</i>			<i>\$525</i>	
<i>REP Course Fee</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	
<i>Re-registration</i>	<i>\$55</i>	<i>\$55</i>	<i>\$55</i>	

- **Effective July 1, 2020 to September 30, 2020, RECA reduces the licensing fee for each individual class of licence to \$275*
- *Waiver of Assurance Fund levy on renewal of licence*
Ramey Demian / Carried

Appointment of Auditors for the year ending September 30, 2019

The Finance & Audit Committee Chair indicated that the Committee discussed issuing a Request for Proposal (RFP) for the external audit next year to align with governance best practices which includes not engaging the same audit service provider over an extended period of time. The Director of Corporate Services suggested this process start **when the current auditor's work is completed** at the end of January 2020. Based on this approach the Finance and Audit Committee is recommending appointing MNP as auditors for the September 2019 year end.

MOTION: Council approves the appointment of MNP LLP as RECA's external auditors for the year ending September 30, 2019.

Tiago Lage / Carried

The Finance & Audit Committee Chair referenced the Governance Report where it indicates that Council is not exercising adequate oversight over RECA. Based on this finding, the Finance & Audit Committee Chair made the following motions:

MOTION: Council directs Administration to assist the Chairs of Governance and Finance & Audit Committees in conducting a special analysis with the following main characteristics:

A. Scope: professional services provided to RECA

B. Timeframe: last 3 calendar years

C. Main drivers:

i. Process for retaining external providers of professional services

ii. Who authorized associated expenses?

iii. When?

iv. How much was authorized?

v. Under what authority?

Tiago Lage / Carried

MOTION: Council directs that RECA's external auditor reports through the Chair of the Finance & Audit Committee.

Tiago Lage / Carried

5. Strategic Issues

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

The Director of Strategic Initiatives and External Relations provided Council with commentary on the RECA Business Plan Quarterly Report between April 1, 2019 and June 30, 2019.

Two Business Plan projects were completed this quarter; the development of a REP course for real estate brokers and associate brokers, and a review of the Royal Institute of Chartered Surveyors (RICS) application for licensing recognition of their appraisers.

The Director of Strategic Initiatives and External Relations highlighted an internal initiative. In 2018, Downey, Norris and Associates conducted a staff survey about RECA's internal communications. One key area for internal improvement was to enhance cross-departmental communications, collaboration, and cooperation. RECA recently launched this new internal openness initiative which includes a speaker series, bi-weekly messaging, employee forums, and an improved digital presence.

- **Plan for Development of Strategic Plan 2020-2023**

The Director of Strategic Initiatives and External Relations provided Council with an update on RECA's strategic planning process. RECA's current strategic plan will end in September 2020 and RECA is scheduled to begin external activities through the fall 2019 and into the winter of 2020. RECA anticipates holding stakeholder consultations, town halls, consumer focus groups, consumer and industry surveys, meetings with Service Alberta, internal consultations, and consultation with other regulators.

ACTION: The Director of Strategic Initiatives and External Relations will supply Council with RECA's Internal RFP policy and will assist the Governance Committee to develop a formal Council RFP Policy. The Director of Strategic Initiatives and External Relations is asked to use an RFP process to select a marketing company for consumer focus groups and surveys and for a strategic planning facilitator.

ACTION: Administration to develop a performance evaluation methodology and plan to undertake a review of:

- the level of employee satisfaction associated with RECA's compensation package; and
- the overall level of employee satisfaction with their employment at RECA.

The proposed employee performance evaluation methodology is to be presented to Council for review at its October 2019 meeting.

6. Business Requiring Council Attention Continued

- **RMS Ad Hoc Committee**

The RMS Ad Hoc Committee Chair provided an update on the activities of the RMS Ad Hoc Committee. The Committee met on May 27, 2019 and June 18, 2019 to discuss consolidating

the methodology of the measurement of detached, semi-detached and attached homes.

Based on these discussions, the RMS Ad Hoc Committee proposes the following motions for Council's approval.

MOTION: *Council approves a 45 day consultation with all industry professionals, stakeholder associations and other association that rely on the RMS. The consultation will consult on the RMS changes being proposed by the Committee which are as follows:*

3. Measure all properties, except for Apartment Style/ Stacked condominium units using the exterior wall at the foundation
3A. Below grade measurement may be reported. If it's reported it must be calculated using the exterior wall at the foundation.

4. For Apartment Style/Stacked condominium units measure the interior perimeter walls (paint-to-paint) at floor level. An additional area representation may be made assuming exterior measurements.
4A. Below grade measurement may be reported. If it's reported it must be calculated using the interior perimeter walls (paint-to-paint) at floor level.

The consultation will also consult on the recommended transition process which is as follows:

Change announcement to take place 3 months before transition process is to commence, to enable real estate boards to change their databases and set up transition systems"

"Once boards have developed their transition systems, work with boards to create and disseminate detailed communications to industry professionals during the transition process (below)"

"Establish an additional transition process of 3 months where attached properties are measured using exterior measurements (new RMS) and interior measurements (old RMS) to allow for CMAs and for appraisal data. This transition process is not to overlap into the spring market period."

The consultation process will also seek the feedback on the professions desire for RECA to offer an RMS course for individuals providing measurement services to real estate professionals.

Robyn Moser / Carried

MOTION: *Council adopts the RMS Ad-Hoc Committee Terms of Reference as presented.*

Phil McDowell / Carried

- **Alberta Real Estate Foundation (AREF) Board of Governors – Appointment of Selection Committee**
The Council Chair indicated that Krista Bolton’s second and final term on the AREF will end on October 31, 2019. Scott Bollinger’s first term will end on October 31, 2019 and he is eligible for a second term.

***MOTION:** Council members interested in sitting on the AREF Board of Governors will submit their name to RECA’s General Counsel and Corporate Secretary within 30 days of the October 16, 2019 Council meeting.*

Rob Telford / Carried

Council member, Bill Kirk, expressed interest in chairing the Selection Committee and was appointed Chair of the AREF Selection Committee.

- **Hearings Committee**
The Hearings Committee Chair provided an update on the activities of the Committee.

In June 2019, administration brought to the Hearings Committee attention that there was an inconsistency between the Hearing and Appeal Practice and Procedure Guidelines and the Hearing Panel Members Pointers guide (“Pointers Guide”). The Guidelines currently state that Hearing and Appeal panels will issue written decisions within 60 days of the hearing; however, the Pointers Guide provides that written decisions will be issued within 30 days of a hearing.

***ACTION:** The Hearing Panel Members Pointers guide will be changed to reflect Hearing and Appeal Practice and Procedures Guidelines.*

In July 2019, the Hearings Committee conducted interviews for Hearing Panel and Appeal Panel Roster members and recommends the following motion:

***MOTION:** Council appoints the following individuals to the Hearing Panel Roster effective November 1, 2019:*

Re-appointment to the Hearing Panel Roster for a second three (3) year term:

- 1. Sanjeet (Sunny) Parmar (real estate sector)*
- 2. Matthew Wiebe (real estate sector)*

Council Member appointments to the Hearing Panel Roster for final three (3) year term:

- 1. Bonny Clarke*

2. *Brian Klingspon*
3. *Christine Zwozdesky*

New Appointments to the Hearing Panel Roster for a first three (3) year term:

1. *Lynn Martin (property management sector)*
2. *Rich Potter (property management sector)*
3. *Jennifer Rocker (appraisal sector)*
4. *Trenton (Trent) Gelmici (appraisal sector)*

Stan Mills / Carried

- **Residential Real Estate Advisory Committee (RREAC)**

The Chair of the RREAC, provided an update on the activities of the RREAC. The Committee last met on June 11, 2019.

At this meeting, the Committee discussed teams trading in real estate and RECA's advertising interpretation, specifically the interpretation of "clearly indicated" as it pertains to the brokerage name in advertising.

One Committee member brought forward a number of examples of real estate "For Sale" signs. The Committee member observed the example signs do not meet the precise and specific wording of the new interpretation yet, many of the signs clearly and prominently show the brokerage name. Following discussion the Committee moved and passed a resolution recommending to Council, "The Committee proposes changing "immediately adjacent" to "the brokerage name must be the same size or larger as other indicators and must be simultaneously visible without scrolling, flipping, or other manipulation."

The Chair of the RREAC suggested there are bigger implications with this particular change, and recommended Council postpone the October 1, 2019 implementation and go back to the stakeholders for further consultation.

The Registrar indicated that RECA solicited feedback from a number of stakeholders in 2017 and 2018, including the Residential, Commercial, and Mortgage Broker Advisory Committees as specifically requested by Council, as well as the Calgary and Edmonton Real Estate Brokers' Forums, whose broker members represent approximately 42% of all real estate licensees in Alberta and the Real Estate and Mortgage 20/20 Forums in Calgary and Edmonton.

The Registrar provided a presentation to Council illustrating current advertising examples and indicated RECA's practice advisors are

receiving generally positive feedback about the new advertising interpretations.

Council discussed whether this is a consultation issue or an education issue.

Council discussed the suggestion of speaking to the stakeholder associations directly on this issue.

***MOTION:** Council postpones the implementation of the “new advertising guidelines” until December 1, 2019, so RECA can consult with AREA and AMBA and to be discussed again at the October 16, 2019 Council meeting to do further industry wide consultations.
Robyn Moser / Defeated*

REGULAR MEETING
OF THE REAL ESTATE
COUNCIL OF
ALBERTA

Minutes of Meeting

July 17, 2019

7. Business by Council Consent

- Approval of Minutes – April 17, 2019 Regular Meeting

***MOTION:** Council approves the April 17, 2019 Regular Council Meeting minutes as presented.*

Christine Zwozdesky / Carried

- Approval of Minutes – April 17, 2019 Special Meeting

***MOTION:** Council approves the April 17, 2019 Special Meeting of Council as presented.*

Christine Zwozdesky / Carried

8. Adjournment

The meeting adjourned at 6:11 pm.

9. Next Meeting(s)

- October 15, 2019 (6:00 pm) Council Dinner
- October 16, 2019 (9:30 am) Regular Council Meeting

Approved at Calgary, Alberta on September 26, 2019

Rob Telford, Chair

Stan Mills, Chair-Elect