

RECA Board of Directors Regular Meeting **9:00 am – 4:00 pm, Friday, January 21, 2022** **Virtual Teams Meeting**

MINUTES

In Attendance: Patricia McLeod, Chair
Paul Bojakli
Bill Briggs
Jai Parihar
Carrie Plett
Laura Sharen

Absent: Greg Walter

Staff Resource: Warren Martinson
Russ Morrow
Stacy Paquin
Charles Stevenson
Joseph Fernandez

Guests: Mark Blessing, *Accounting & Administration Manager*
Bryan Douey, *Communications & Connections Manager*
Richards Arthurs, *MNP*
Rensche Venter, *MNP*
Susan Kushneryk, *Kushneryk Morgan LLP*

Recording Secretary: Rina Hawkins

1. Preliminary Matters

The meeting began at 9:03 am.

No conflicts of interest were declared.

The Real Estate Council of Alberta ("RECA") Board of Directors ("Board") reviewed the meeting agenda and moved the consent resolution agenda item to the Consent Agenda Items Requiring Discussion.

MOTION: The RECA Board of Directors approves the January 21, 2022, meeting agenda as amended.

Motioned by Bill Briggs

Seconded by Carrie Plett

Carried

2. Consent Agenda

The Board reviewed the consent agenda, including the minutes from the November 10, 2021, Regular meeting and December 3, 2021, Special meeting of the Board.

MOTION: The RECA Board of Directors approves the consent agenda, including the November 10, 2021 and December 3, 2021 RECA Board of Director meeting minutes as presented and amended at this meeting.

Motioned by Carrie Plett

Seconded by Laura Sharen

Carried

3. Consent Agenda Items Requiring Discussion

The Board discussed the Residential Real Estate Broker Industry Council's requested amendments to the RMS Ad-hoc Committee Terms of Reference. The amendments include extending the committee term end date to May 31, 2022 and that the CEO may appoint one or more RECA staff members and staff members of industry boards or associations to serve as resources to the Committee.

MOTION: On the recommendation of the Residential Real Estate Broker Industry Council, the RECA Board of Directors approves amendments to the RMS Ad-hoc Committee terms of reference as presented in TAB 4 of the meeting material.

Motioned by Bill Briggs

Seconded by Paul Bojakli

Carried

4. Committee Reports / Recommendations

• Finance & Audit Committee

RECA's Accounting and Administration Manager joined the meeting for this agenda item. The Finance & Audit Committee ("FAC") Chair provided an update on the activities of the FAC.

Approval of Financial Statements

RECA's financial statements for the year ended September 30, 2021 were discussed and reviewed by the FAC at its January 11, 2022 Committee meeting. The FAC recommends that the Board approve the audited financial statements as presented.

Management provided an overview of the financial statements and financial notes, and there was a robust discussion regarding financial sustainability and accounting for the value of RECA's assets.

MOTION: Upon the recommendation of RECA's Finance & Audit Committee, the RECA Board of Directors approves RECA's Audited Financial Statements as of September 30, 2021, as presented.

Motioned by Jai Parihar

Seconded by Laura Sharen

Carried

Q1 Financial Update

Management presented a preliminary Q1 financial update to the Board, including revenue and expense forecasts. Management advised that the forecast for licensing revenue increased by 3% to budget due to higher-than-expected annual licensing renewals collected in August/September 2021. Expenses are tracking to budget and Management will continue to monitor closely.

The Board directed that Management continue to advise of all material budget variances in the quarterly financial report to the FAC and the Board.

Financial Delegation and Procurement Policy Discussion

RECA's Non-Budgeted Expenditure Policy will be reviewed by the FAC at its April 2022 meeting to ensure clarity on the approval process and financial delegation of authority for non-budgeted expenses. The FAC will also consider amendments to RECA's procurement policies to ensure that there is advance consultation with the Board when going out to market for services, and what limits on authority should be in place for sole sourcing external services.

2022/2023 Budget Discussion

The Board had a brief discussion about the 2022/2023 budget process and the impact on education revenues once fully divested. A more fulsome discussion will take place at the February 2022 Strategic Planning session and upcoming FAC and Board meetings.

- **Governance & HR Committee**

The Governance & HR Committee Chair provided an update on the activities of the Committee.

Board Annual Evaluation Feedback

The survey results from the Board and standing committees effectiveness assessments were provided to the Board for information purposes. Board and Committee members provided supportive and valuable feedback on the priorities of the Board which shall be incorporated into the Board and Committee workplans for

the upcoming year. The hard work and diligence of the first year of the re-constituted Board was recognized by all Board members.

Stewardship Report

The Stewardship Report for the year ended September 30, 2021 was provided to the Board for information purposes. No issues or concerns were noted.

KPMG Recommendations Status Update

The KPMG Governance & Operations recommendations status report was provided to the Board for information purposes. The update is monitored by the Governance & HR Committee and that oversight was used to validate the content of the KPMG report section of RECA's annual report.

2022 Governance & HR Committee Workplan

The Governance & HR Committee 2022 Workplan was provided to the Board for information purposes.

ACTION: The Governance & HR Committee will develop an annual code of conduct acknowledgement for Board and Industry Council members and a document for members to annually confirm they do not act in an official capacity for any association, pursuant to the definition of association in the *Real Estate Act*.

- **Hearings Committee**

The Hearings Committee Chair provided an update on the activities of the Committee. The October 19, 2021, meeting minutes were provided for information purposes.

5. Industry Council Activities

- **Industry Chairs Roundtable**

The Industry Chairs Roundtable action register was provided to the Board for information. The next meeting of the Industry Chairs Roundtable is scheduled for February 16, 2022.

ACTION: Management will gather agenda items from the Board Chair and Industry Council Chairs, to prepare for the Industry Chairs Roundtable meeting.

- **Residential Real Estate Broker Industry Council**

The Residential Real Estate Broker Industry Council Board appointee provided an update on the activities of the Industry Council.

The Industry Council minutes from the September 7, 2021 and November 9, 2021 meetings were provided for information purposes.

- **Commercial Real Estate Broker & Commercial Property Manager Industry Council**

The Commercial Real Estate Broker & Commercial Property Manager Industry Council Board appointee provided an update on the activities of the Industry Council.

The Industry Council minutes from the September 9, 2021 meeting were provided for information purposes.

- **Mortgage Broker Industry Council**

The Mortgage Broker Industry Council Board appointee provided an update on the activities of the Industry Council.

The Industry Council minutes from the September 17, 2021 and September 28, 2021 meetings were provided for information purposes.

- **Residential Property Manager Industry Council**

The Residential Property Manager Industry Council Board appointee provided an update on the activities of the Industry Council. The Industry Council is working on a proposal for a graduated licensing program for condominium managers.

ACTION: Management will add a discussion item on a graduated licensing program for condominium managers to the February 16, 2022 Industry Chairs Roundtable.

The Industry Council minutes from the September 8, 2021 and September 30, 2021 meetings were provided for information purposes.

Update on Status of Licensing of Condominium Managers

Management provided a report and update on the status of condominium manager licensing for the Board and commented on initial trends and issues observed.

6. Operational Matters

- **Management Reports**

Management Report

The CEO reviewed the activities of the Management team over the last three (3) months. The CEO highlighted that Management is in discussions with The Real Estate Insurance Exchange ("REIX") regarding proposed amendments to the *Real Estate Act* bylaws and

Rules related to REIX governance. Discussions are very constructive. Management will provide ongoing updates to the Board.

Stakeholder Engagement Guideline

RECA's Communications & Connections Manager joined the meeting to present the Stakeholder Engagement Reporting Guideline ("Guideline"), a companion document to RECA's Stakeholder Engagement Policy. The Guideline will aid the Board and Industry Council members when interacting with stakeholders and bring clarity as to when and how stakeholder engagements must be reported. The Guideline was extensively reviewed and discussed with all Industry Councils who have recommended its approval by the Board.

Management advised that both the Stakeholder Engagement Policy and the Guideline will be posted on the RECA website.

ACTION: In the absence of a Director of Stakeholder Engagement, Management will update the reporting process section of the Guideline to identify an alternate contact person.

***MOTION:** In consultation with the four RECA Industry Councils, the RECA Board of Directors approves the Stakeholder Engagement Reporting Guideline as presented in "TAB 15.3B" of the meeting material.*

Motioned by Carrie Plett

Seconded by Paul Bojakli

Carried

Stakeholder Engagement Report

RECA's Communications & Connections Manager reviewed the Stakeholder Engagement Report with the Board. The Board discussed the recent broker forums for condominium management, noting that 90% of the attendees were already licenced.

ACTION: Management will reach out to newly licenced condominium management brokers and invite their participation in the next round of condominium broker forums.

The Board discussed the importance of ensuring that the feedback from all broker forums is provided back to the participants as well as directly to the industry.

Disciplinary File Outcomes Fiscal 2020/2021

Management reviewed complaints and discipline outcomes from the 2020/2021 fiscal year, including those that were COVID related.

The Board suggested that ideas to streamline RECA's processes with respect to eligibility requirements for new licensees could be a topic for discussion with Industry Councils.

ACTION: Management will add this item to the Industry Chairs Roundtable agenda.

- **Building Report & Approval of 2020-2021 RECA Annual Report**
The Board acknowledges receipt of the Bennett Jones report on the investigation of RECA's purchase of its office headquarters located at 1506 – 11 Avenue SW. Calgary, Alberta. The report will be distributed to industry stakeholders on Monday, January 24, 2022. This communication will also be posted on the RECA website.

Management reviewed the highlights of RECA's 2020-2021 Annual Report. The Board discussed the full content of the Annual Report, in particular the new items, being the KPMG Report section and the Governance Report section.

ACTION: Once the Annual Report is released, Management, the Board Chair and RECA's Communications team will proactively look for communication opportunities to increase understanding of RECA's regulatory role with the public and licensees directly (i.e., radio, real estate podcasts, articles).

***MOTION:** The RECA Board of Directors approves the 2020-2021 Annual Report in substantially the form presented at this meeting. Pursuant to Real Estate Act section 16(1), the RECA Board of Directors directs Administration to deliver a copy of the Annual Report and Financial Statements to the Minister of Service Alberta no later than January 28, 2022.*

Motioned by Paul Bojakli

Seconded by Bill Briggs

Carried

7. Strategic Matters

- **Enterprise Risk Management (ERM) Presentation**
For this information item, Mr. Richards Arthurs and Ms. Rensche Venter, representatives from MNP LLP, joined the meeting to provide a comprehensive presentation on RECA's ERM framework. The Board was provided an update on the framework and the roles and duties of the FAC and the Board in oversight of risk management at RECA. The Board requested that a presentation on the ERM framework, identified top key risks and mitigation strategies, be presented to all Board and Industry Council members at the upcoming strategic planning session on February 14, 2022.

- **Strategic Planning Update**

Management provided an update on strategic planning activities.

The new COVID reality has necessitated changes to the scheduled Strategic Planning session. The session on February 14, 2022, will continue as planned with the Industry Councils, but in a virtual setting. The Board agreed to postpone the follow-up in person Strategic Planning session until Wednesday, March 16, 2022.

- **Education Update**

Approval of Fundamentals/Practice Course Framework and Examination Blueprint

Management discussed that the four (4) Industry Councils had met and approved content for the Fundamentals/Practice courses and exam weightings.

***MOTION:** In consultation with the four (4) RECA Industry Councils, and pursuant to Real Estate Act Bylaw 11.1, the RECA Board of Directors approves the content for the Fundamentals/Practice courses and exam weightings, collectively referred to as Examination Blueprints, for the following courses:*

- *Fundamentals of Condominium Management*
- *Practice of Condominium Management*
- *Condominium Manager Broker Program*
- *Fundamentals of Mortgage Brokerage*
- *Practice of Mortgage Brokerage*
- *Mortgage Broker Program*
- *Fundamentals of Real Estate*
- *Practice of Commercial Real Estate*
- *Practice of Property Management*
- *Practice of Residential Real Estate*
- *Practice of Rural Real Estate*
- *Real Estate Broker Program*

as presented in "TAB 19.1" of the meeting material.

Motioned by Laura Sharen

Seconded by Paul Bojakli

Carried

ACTION: In an effort to ensure a clear and professional product, the Board directs Management to:

- Review and amend the language in the Examination Blueprints to correct spelling, grammar, numbering, and punctuation;
- Carry out minor reorganizations (delete any learning outcome duplications); and
- Reformat and retitle Examination Blueprint documents.

Education Divestment Progress Report

Management discussed the current progress and next steps in the divestment of pre-licensing and re-licensing education.

Industry Councils, with the support of Management, are in the process of setting all the necessary requirements for third parties to develop and deliver pre-licensing education.

The Board discussed that where there may be concerns with any course provider education programs, RECA should use its reasonable best efforts to assist course providers to ensure quality education programs. It is recognized that the education divestment process will be challenging, and support is encouraged when appropriate.

- **Regulatory Performance Practice Review Discussion**

The Board discussed the request for proposal ("RFP") framework for a regulatory performance review, following up on the review conducted in 2016 by Field Law. Management indicated that there is currently no budget allocated for such a review in the current fiscal year and the Board will have to approve an allocation of reserves to complete this review. The review will be conducted under the Board's direction to ensure independence of the reviewer is demonstrated.

ACTION: Management will prepare a draft RFP for the Board's review and approval.

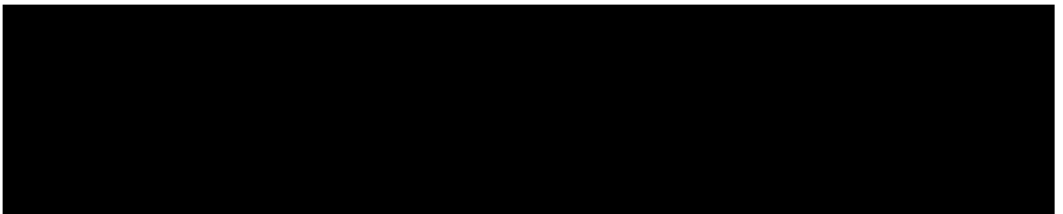
- **RMS Education**

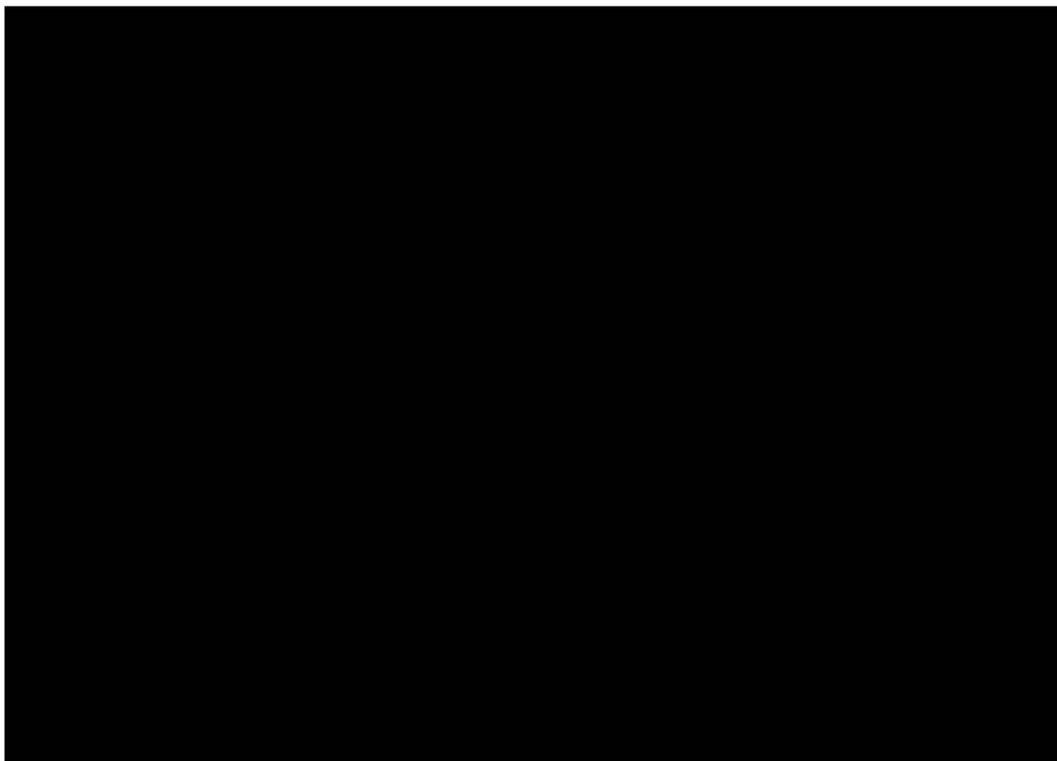
Management has been made aware of a potential opportunity to provide RECA's RMS course materials to other jurisdictions in order to recoup some value of the investment in the RMS course. The Board confirmed that Management may consider the possibility of licensing the materials to other jurisdictions, but that RECA should not engage in providing the course directly.

- **Legal Matters**

General Counsel provided a quarterly litigation update report for the Board's review.

The following minutes are confidential and protected by litigation privilege.





8. In-Camera Session

The Board went in-camera.

The Board came out of in-camera.

9. Next Meeting

- Wednesday, May 11, 2022

10. Adjournment

The meeting adjourned at 4:03 pm.

Approved at Calgary, Alberta on May 11, 2022

David James, Board Chair