



COMMERCIAL REAL ESTATE BROKER & COMMERCIAL PROPERTY MANAGER INDUSTRY COUNCIL

9:30 am, Thursday, September 22, 2022

Virtual Teams Meeting

MINUTES

In Attendance: Terry Engen, *Chair*
Brittanee Laverdure
Cheri Long, *Vice-Chair*
Ben Van Dyk
Laura Sharen

Resources: Russ Morrow
Janice Harrington
Warren Martinson
Stacy Paquin
Kyle Schaub (*Item #14*)

Recording Secretary: Christina Harrington

1. Call to Order

The Chair called the meeting to order at 9:32 a.m.

2. Approval of Agenda

The Commercial Real Estate Broker & Commercial Property Manager Industry Council ("Industry Council") reviewed the agenda. The Industry Council postponed the item of Industry Council Chair Election to a special meeting, to be held prior to December 1, 2022, as the *Real Estate Act (REA)* Bylaw 3.17 requires the presence of all Industry Council members at the Industry Council Chair election meeting.

***MOTION:** The Commercial Real Estate Broker and Commercial Property Manager Industry Council approves the September 22, 2022, meeting agenda as amended.*

Moved by Brittanee Laverdure

Seconded by Ben Van Dyk

Carried

ACTION: RECA Management will poll the Industry Council for their availability to attend a 30-minute virtual meeting for the purpose of conducting the Industry Council Chair Election.

3. Conflict(s) of Interest Declared

No conflicts of interest were declared.

4. Chair's Opening Remarks

The Chair welcomed participants to the meeting.

5. Consent Agenda

The Industry Council requested the Action Register and Regulatory Activity Scorecard be removed from the consent agenda for further discussion.

***MOTION:** The Commercial Real Estate Broker and Commercial Property Manager Industry Council approve the consent agenda which includes the June 16, 2022 meeting minutes as presented in the meeting package.*

Moved by Brittane Laverdure,

Seconded by Ben Van Dyk

Carried

6. Action Register

The Industry Council requested a status update of the research project to identify whether a corporate share sale is considered a trade in real estate, and the steps taken to identify stakeholders in agricultural communities.

ACTION: The Registrar will provide an update on the Action Register items; share sales as a trade in real estate and identifying stakeholders in agricultural communities, at the next meeting of the Industry Council.

7. Regulatory Activity Scorecard

The Industry Council asked Management to comment on learners' reviews and RECA's staff observations relating to the divestiture of education.

The Registrar reported that at this time the small number of writers cannot accurately predict the efficacy of the courses, examinations nor the competencies. Success rates will become statistically reliable as more writers challenge the examinations. The Registrar will host an education summit with course providers before the end of the year to identify potential areas of improvement.

8. Board of Directors Report

The CEO presented the activities of RECA's Board of Directors (the "Board"), and the proposed 2022/2023 meeting calendar.

9. Government of Alberta Discussion

Ronda Goulden, Assistant Deputy Minister of Consumer, Registry and Strategic Services, of Service Alberta (ADM Goulden) and Executive

Director, Lois Flynn, of Consumer Services, Service Alberta (ED Flynn) joined the meeting.

*Laura Sharen joined the meeting.
Laura Sharen departed the meeting.*

Service Alberta members and the Industry Council discussed amendments to governing legislation (REA, Regulations), the Industry Council's mandate of consumer protection, the divestiture of education, the importance of red-tape-reduction, and Land Titles processing delays.

10. Industry Chair Position Description

Management presented the Industry Council Chair Position description for feedback and information purposes. The Industry Council Chair Position description will be recommended to the Board for approval in accordance with REA Bylaw 3.20 and will be included in the RECA Governance Manual.

11. Credentialing Report

The Registrar advised that learners may choose an approved course provider through information provided on the RECA website. Program success rates are determined by the number of learners who have completed the course from the course provider and who have successfully passed the examination.

There are no statistics, and no program success rates available in relation to the *Practice of Rural Real Estate* examination, as no writers have attempted the examination. There are currently no course providers offering the *Practice of Commercial Real Estate* course.

RECA CEO advised that some sectors are niche and will attract less demand. In turn, these sectors will attract fewer educators. RECA will seek Ministerial approval to continue to offer courses past the education divestiture deadline of November 30, 2022, if no course providers are available to offer the courses. Such approval would ensure the public is well-served, and practitioners are not unduly barred from licensure.

The Registrar will conduct an education summit with course providers to clarify educator roles and identify successful teaching methods.

12. Stakeholder Engagement & Communications Report

RECA's COO presented the Stakeholder Engagement & Communications Report (June 7-September 9, 2022). RECA will conduct licensing surveys and benchmarking workshops to gather stakeholder perspectives. The COO will also conduct a communications audit to identify areas of improvement in stakeholder and public outreach.

The CEO reported that the RECA Regulatory Compliance Officers will continue to moderate the Broker Forums and the Industry Council Chairs will facilitate the meeting. All Industry Council Members are welcome to attend. The next Commercial Real Estate and Property Management Broker Forums are scheduled for November 15, 2022 (Edmonton) and November 22, 2022 (Calgary).

13. Publication of Licensee Names Prior to Expiration of 30-day Right of Appeal Period

The Registrar presented that, in accordance with s. 55 of REA, the Board, Industry Councils and the Registrar share equal authority to publish information respecting prosecutions and disciplinary actions taken under the REA. The Registrar introduced a process to bring uniformity to publication practices, in response to industry request.

The Industry Council supports withholding the publication of licensee name(s) prior to the expiration of the 30-day right of appeal period, except where a matter is egregious and would support earlier publication in the interest of consumer protection. The Industry Council agreed that this approach considers the reputational impact such a publication may have on industry relations. The Industry Council supports a consistent approach between the Board, all Industry Councils and the Registrar.

14. Regulatory Orientation

Kyle Schaub, RECA Practice Review Manager, outlined RECA's trust audit (fiscal reporting) requirements, and practice review process.

Formerly a "compliance audit", a practice review examines the records and activities of a brokerage to ensure statutory compliance. The practice review may result in recommended changes in control, policy, and procedures of the brokerage. RECA's Risk Assessment Tool operates as a scoring matrix and assigns brokerage responses to yearly accounting requirements (forms). Risk becomes intolerable when deficiencies are found in trust accounts, where a lengthy period of time has passed since the last audit of the brokerage, where the brokerage has failed to file annual forms in a timely manner, where reconciliation issues or discrepancies are identified, where a brokerage has substantially changed its business model, size of brokerage, or the brokerage is in its first year of operation.

Practice reviews assist in consumer protection by detecting fraud and money-laundering activities. RECA's auditors work constructively with brokers to develop sound accounting practices and procedures that comply with the REA and the Rules, to safeguard the public interest, and

to reduce claims against the Assurance Fund. If necessary, matters are referred to the conduct department for investigation.

15. Update on Pilot for Graduated Licenses for Condominium Managers

The Registrar presented the proposed Residential Property Manager Industry Council tiered and/or graduated licensing pilot program, for information. The proposal will be put to the Residential Property Manager Industry Council for consideration.

In the interest of the Rules Review initiative, the Industry Council will monitor the success of the Residential Property Manager Industry Council pilot program and may consider tiered licensure as an option for commercial practitioners. The Industry Council commended the Property Manager Industry Council in its response to industry need.

16. RECA Rules Review Steering Committee

The Board established the Rules Review Steering Committee in June 2022, which consists of one public chair and seven industry sector representatives ("Committee"). The Committee will complete a comprehensive review of the REA Rules to identify opportunities for red tape reduction, propose recommendations to the relevant Industry Councils to set and enforce standards of conduct for licensees and the business of licensees, and to promote industry integrity. The Committee will consult with industry associations, stakeholders and the greater public over a two-year period. The Industry Council expressed the importance of consulting with RECA front-line staff to identify potential areas of red tape reduction.

The Committee is chaired by public member, Neil McCrank, former Alberta Deputy Justice Minister (1989-1998), former chairman of the Alberta Energy Resources Conservation Board (1998-2007), and retired Senior Counsel of BLG Canada. Mr. McCrank brings with him a wealth of regulatory insight, and formerly authored the "McCrank Report" or "Road to Improvement" which examined best governance practices and structures of Alberta public agencies, boards and commissions.

The Industry Council has appointed Council member Cheri Long to represent the Commercial Real Estate Broker industry, Council Member Laura Sharen to represent the Commercial Property Manager industry, and Council Member Ben Van Dyk to represent the Rural (agri-business) industry. The Committee will have their first meeting on September 28, 2022.

17. In Camera Session with the Industry Council, only, and In Camera Session with RECA CEO

In camera sessions were dispensed with by the Industry Council.

18. Termination

MOTION: That the Commercial Real Estate Broker and Commercial Property Manager Industry Council meeting of June 16, 2022 is terminated.

Moved by Ben Van Dyk

Seconded by Brittane Laverdure

Carried

The meeting terminated at 12:18 p.m.

19. Next Meeting(s)

- December 13, 2022

Approved at Calgary, Alberta on December 13, 2022

COMMERCIAL REAL
ESTATE BROKER &
COMMERCIAL
PROPERTY
MANAGER INDUSTRY
COUNCIL

Minutes of Meeting

September 22, 2022

Terry Engen
Industry Council Chair