

Meeting Minutes

Minutes of the meeting of the Real Estate Council of British Columbia held at 1:00 am on Tuesday November 6, 2018 in the Connaught Room of the Metropolitan Hotel in Vancouver.

Present: E.Duvall (Chair), R. Gialloreto, S. Heath, L. Hrycan, E. Mignosa, S. Sidhu, M.Chan, Y.Amlani, B.Chisholm, M.Bond, L.Allen, K. Ameyaw, N.Nicholson, R.Hanson, C.Ludgate

Support Staff: L. Holst, M. Peters, E. Seeley, P.Skinner, D.Avren, M. Mullarkey

Regrets: M.Walker

PROCEEDINGS

The Chair welcomed everyone and called the closed portion of the meeting to order at 1:02p.m.

L. Allen joined the meeting at 1:07p.m.

IN CAMERA SESSION

UPON MOTION IT WAS RESOLVED TO: move the meeting business to *in camera* at 1:27p.m. and limit it to Council members.

PROCEEDINGS

The Chair returned the proceedings from *in camera* and convened the open meeting at 1:43p.m.

CONSENT AGENDA

The Chair inquired if council members had questions about the consent agenda items. As one Council member raised the potential of a conflict of interest for one agenda item, the Chair indicated that agenda item 2 would be moved from the consent agenda for further discussion.

UPON MOTION IT WAS RESOLVED TO: approve the Consent Agenda items, as follows:

1. The Meeting Agenda for November 6, 2018, as presented, be approved;
2. The Minutes of the September 11, 2018 Council meeting, as presented, be approved;
3. Strata Management Advisory Group Minutes from September 26, 2018 meeting

Quorum and Declaration of Conflicts of Interest

Quorum was satisfied. Due to her employment as Executive Director of the Kootenay Real Estate Board, Council Member Marianne Bond declared a potential conflict of interest for agenda item 11: BC Real Estate Association budget approval for Applied Practice and Legal Update courses.

BUSINESS ARISING FROM PREVIOUS MEETING

The chair introduced guests Marlie Oden and Norene Kimberley of Bridge Communications.

Consumer Awareness Campaign

Video and Story Board Presentation by Marlie Oden and Norene Kimberley of Bridge Communications to provide a demonstration of the consumer videos currently in development for the consumer awareness campaign .

The Chair inquired if council members had questions about the campaign. Council members offered some suggestions about the video script for clarity and simplification of character names with regards to ease of translation at a later point.

Marlie Oden and Norene Kimberley exited the meeting at 2:10p.m.

Key Themes for RECBC Report to Superintendent on First 90-days of Rule Implementation

E. Seeley, Executive Officer (EO) referred members to Tab 3 of the material including the letter from the Superintendent of Real Estate from May 2018 directing RECBC to prepare a 90-day post-implementation report on the introduction of the new rules regarding agency and disclosure. The purpose of the report was to articulate feedback received on the rules, identify emerging issues related to the rules, and monitor for any unintended consequences.

M. Peters, Manager of Communications, gave an overview of the information gathered to inform the report so far, including data from education partners, monitoring of complaints and anonymous tips, results from brokerage audits and direct feedback from managing brokers provided during the RECBC Listening Tour completed in summer 2018.

Council members queried whether report would include recommendations or feedback and what the time frame might be to see a coordinated response. M. Peters responded that we intended to put forward recommendations and that we anticipated publishing the report in early 2019.

UPON MOTION IT WAS RESOLVED TO: approve the key recommendations for inclusion in the 90-Day Post-Implementation Report to be delivered to the Superintendent of Real Estate on November 15, 2018.

NEW BUSINESS

Council Committee Terms of Reference and Competency Matrix (Tab 4)

E. Seeley referred members to Tab 4 of the material regarding updates to committee terms of reference, input from members on committee participation and self-assessment of skills/experience for competency matrix.

E. Seeley asked Council member to review the competency matrix and communicate preferences for the committee terms of reference based on where each can make the most valuable contribution. In addition, Council members were invited to submit any requests for board education to develop an education plan for 2019 Council meetings. E. Seeley indicated that staff would circulate a survey to gather this information and report to the Chair and Vice-Chair. The Chair and Vice Chair will meet with the Executive Officer before the end of November to confirm committee appointments.

D. Avren, Director, Legal Services, confirmed a minor change to the committee terms of reference for the Education & Licensing committee, specifically around the language of committee composition. The terms of reference will be updated to read as follows: "The Committee and its Chair and members are appointed by the Chair and Vice Chair of Council and may include persons who are not members of the Council." This language will also be updated on other terms of reference for consistency.

UPON MOTION IT WAS RESOLVED TO: approve the updated terms of reference, as amended, for Council committees attached as Appendix 1.

Letters of Direction from Ministry of Finance (Tab 5)

The Chair and the EO committed to follow up with the Minister and Ministry staff to seek clarity and if possible, to provide an update prior to the Council's next meeting.

Executive Officer's Report (Tab 6)

E. Seeley referred members to Tab 6 of the material and provided an overview of the operations update, including status of action on government mandate direction and progress against 3-year plan service objectives. E. Seeley proposed that given the short timelines to update the service plan for 2019/20 and the recent direction from the Minister of Finance on the transition to a single regulator, the service plan would be updated first by staff and circulated to Council members for review by email. A final draft would be presented to Council for approval with the budget forecast at the January meeting.

Additional priorities include human resources and staffing, which continues to be a key risk and focus, with some key leadership positions still to be filled including the new roles of Director of Operations and Manager, Audit and Assurance. With the current vacancy of the Manager, Human Resources, external recruitment expenses will likely exceed budget and financial approvals, so this item will be brought forward for consideration as an additional expense for the Finance and Audit Committee.

Appointments to Real Estate Errors and Omissions Insurance Corporation (Tab 7)

E. Seeley referred members to Tab 7 of the material. The Real Estate Errors and Omissions Insurance Corporation requested that the Council reappoint two directors to the board: Marshall Cowe and Michael Ziegler.

Mr. Cowe and Mr. Ziegler have each served one 3-year term on the REEOIC board and have been endorsed by the REEOIC directors and the Executive Officer, Leslie Howatt, to be reappointed for an additional 3 years. In addition to significant and active industry experience, Mr. Cowe and Mr. Ziegler are also former Chairs of RECBC.

UPON MOTION IT WAS RESOLVED TO: reappoint Marshall Cowe and Michael Ziegler to the Board of Directors of the Real Estate Errors and Omissions Insurance Corporation, for a second three-year term. For Mr. Cowe, the term will be effective from February 1, 2019 to January 31, 2022 and for Mr. Ziegler, the term will be effective March 1, 2019 to February 28, 2022.

NOTE: As declared at the beginning of the meeting, Council member M. Bond noted a potential conflict of interest for the next item on the agenda due to her role as Executive Director of the Kootenay Real Estate Board and excused herself from the meeting at 3:00p.m

Education: BCREA budget approval – Applied Practice and Legal Update Courses (Tab 8)

P.Skinner, Director, Education and Licensing provided an update from Tab 8 of the material. The British Columbia Real Estate Association (BCREA) is currently under contract with RECBC to develop and deliver two regulatory courses: Applied Practice Course and Legal Update. BCREA has, in accordance with established process, presented a 2019 budget for each of these courses, for approval by Council.

UPON MOTION IT WAS RESOLVED THAT: the budgets for the 2019 calendar year, for the Applied Practice Course and Legal Update, be approved in principle, with the condition that cost allocation from BCREA will cease on transition of responsibility to RECBC.

Council member M. Bond rejoined the meeting at 3:12p.m

Council member R. Gialloreto departed the meeting at 3:13p.m

Legal: Discipline and Complaints Resolution Report (Tab 9)

David Avren, Director, Legal Services provided an update from his memo on Tab 9 of the material containing the complaint resolution summary. A key factor in the volume of cases is the number of files that are carried forward each year. There are approximately 1,000 active complaint files, most of which are with compliance, with 261 current cases in the legal department. Of those compliance files, approximately 60% are from 2018, 30% from 2017 and 10% are prior to that. We are forecasting approximately 1,000 complaints received again this year and plan to reduce the volume by 50% overall moving forward.

Council members noted it was a great objective to try and reduce the case load by 50% and asked if there is a timeline. D Avren advised that he is aiming for the end of 2019. There was also an inquiry as to whether RECBC currently has enough resources to achieve this goal. D. Avren indicated that we are looking at additional resources but do not want to over-staff if we anticipate less volume in the future.

Legal: New Discipline Penalty Regime (Tab 10)

D.Avren provided an update from his memo on Tab 10 of the material.

In September 2016, in response to recommendations in the Independent Advisory Group Report, maximum fines for professional misconduct or conduct unbecoming were increased. Due to the increase in complaint volume, and the resulting “backlog” it is only now that the first cases of post-September 2016 misconduct are reaching the point of disciplinary hearing.

Council members asked if there are plans for RECBC to collaborate with the Office of the Superintendent of Real Estate on the foundational principles for the new discipline penalty regime and if there is an opportunity to ensure alignment. D. Avren noted we are meeting the Superintendent and his staff biweekly to seek input and provide updates on this work.

Staff will return in January with some guidance for Council, and potentially some proposed amendments to the RECBC Sanctions Guidelines.

Legal: Business Process Improvements (Tab 11)

D.Avren provided an update from his memo on Tab 11 of the material.

Complaint volumes have roughly doubled in the past 3 years, slowing processing and resolution, and leading to a significant backlog. Net inventory continues to increase despite increased staff resourcing. The priority is on reducing the backlog and if the complaint volume and legal caseloads remain high, more efficient resolutions are needed permanently. Staff are currently exploring options for alternative dispute resolution measures to streamline processing of legal files and will return to Council in January 2019 with proposals.

REPORT FROM FINANCE AND AUDIT COMMITTEE

E. Mignosa provided the report on behalf of the Committee and highlighted the work completed to transition to a Crown corporation and the financial reporting requirements, placing an administrative burden on the organization and increasing the potential need for additional resources in accounting.

Central Deposit Program

E. Mignosa reported that as a government body, RECBC is eligible to utilize the provincial treasury Central Deposit Program (CDP). The Finance and Audit Committee wishes to recommend that the Council

participate in the government's Central Deposit Program to maximize the interest earned on operational funds and maintain sufficient liquidity.

UPON MOTION IT WAS RESOLVED TO: approve the participation in the provincial government's Central Deposit Program.

Q2 Budget Forecast Update

RECBC is required to submit board-approved forecasts to the Ministry of Finance following the first, second and third quarters of the fiscal year. Staff submitted the budget forecast for Q2 on October 24, 2018, on the proviso that it would be reviewed by Council at the next meeting on November 6, 2018. The forecast is unchanged from the Q1 submission.

UPON MOTION IT WAS RESOLVED TO: approve the Q2 RECBC budget forecast.

Amendment to Financial Approval Authorities

The current RECBC banking resolutions set out that signing officers are any two of Council Members (typically in the Metro Vancouver area), the Executive Officer (EO), and/or Director, but no two of the staff may sign, jointly, a cheque in an amount exceeding \$10,000. In order to streamline operations and retain the integrity of RECBC's financial approval authorities, it is proposed that the bank mandate be amended to eliminate the requirement for Council members to sign cheques over \$10,000. The requirement that Council Chair/Vice Chair approve expenditures over \$50,000 remains unchanged.

UPON MOTION IT WAS RESOLVED THAT: the Financial Approvals Authority Matrix be amended to remove the requirement for Council members to sign cheques over \$10K.

OTHER BUSINESS

Proposed Future Meeting Dates 2019

The Chair referred Council members to the memo proposing Council meeting dates for 2019.

UPON MOTION IT WAS RESOLVED TO: approve the 2019 meeting dates as presented.

Next Meeting: January 21, 2019

ADJOURNMENT

There being no further business to transact, the meeting was adjourned at 3:47p.m.