Assessment of Organized Real Estate in BC Business Case for Amalgamation October 27, 2016

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Background

The purpose of this document is to provide a concise and transparent summary of the efforts undertaken by the Presidents' Working Group in assessing opportunities to enhance the structure of Organized Real Estate (ORE) within British Columbia. As this is an ongoing process, there can never be a "final report"; this is intended to summarize the findings to date, including steps undertaken, the analysis, the rationale for the analysis (e.g. assumptions), and the strategic and financial business cases developed. All recommendations proposed by the Project Team and Presidents' Working Group are based on the financial and strategic analysis completed through this project. If an outcome resembles the current state of an existing board, it is innocently coincidental.

For several years, the structure of Organized Real Estate (ORE) within British Columbia has been discussed for its ability to serve B.C. REALTORS® in the most efficient and responsible manner. The topic was formally introduced at the 2014 BCREA Annual General Meeting in Banff to a collection of REALTORS®, Presidents' and staff. Without the support of a formal steering committee or process at that time, the discussion did not progress beyond conversation.

Early in 2015, ORE leaders within B.C. set out to address REALTOR® concerns by initiating a review process. Without prejudice towards the current structure or potential solutions, a working group including all Real Estate Board and BCREA presidents was struck to oversee and provide direction to a Project Team undertaking the assessment. The Project Team was comprised of presidents and EOs from across the province, and its mandate was to review the structure of ORE in B.C. The project was also supported by external specialists engaged through a formal procurement process. *For detail regarding the overall timeline please refer to 'Timeline'*.

Phase 1: (May 2015 – September 2015)

The purpose of the initial phase review was to evaluate opportunities for improvement within the current state of ORE in B.C. The Project Team, supported by external specialists, worked with all Real Estate Boards (REBs) across B.C. to understand the current state of ORE and identify opportunities for improved effectiveness and efficiency in the strategic context of:

- Fostering public confidence in the real estate profession
- Adding value to individual REALTORS® both in terms of reduced costs and enhanced services
- Improving the sustainability of individual REBs
- Efficient deployment of resources in the interest of REALTORS®

This included the following activities:

- Identifying areas and trends of under- and out-performance
- Identifying strategic options for achieving improvement
- Quantifying the overlap among the BCREA and REBs
- Facilitating a fact-driven discussion of opportunities and threats to ORE in B.C.

At the beginning of the project, the team agreed upon the following guiding principles:

- We are not prejudiced towards or against any future state
- We respect each organization's right of choice / self-determination
- We respect regional differences with different market influences
- We foster ongoing trust between all leaders of ORE in B.C.

- Our members want ORE to be as efficient as possible
- We are constantly striving to improve professionalism in our industry
- We aim to be nimble in our decision-making / governance

Over the summer of 2015, the team worked with staff and REALTORS® from across the province to compare relevant data and collaborate on fact-driven discussion to provide initial meaningful observations.

The data reviewed included recent P&L statements, management forecasts, assets and liabilities, organizational charts, major contracts, planned initiatives and other key operational metrics. This data was first normalized to be comparable across boards, and then ratios were used to compare the relative performance of boards. Additionally, a combined org chart was built to identify specific areas of duplication of effort across the province. Similar initiatives undertaken in other regions were also reviewed to provide additional context for the team.

Initial observations were that:

- The size or geographic range (i.e., rural vs. urban) has no bearing on the cost performance of a board, indicating
 - The size and nature of boards are not necessarily drivers of efficiency
 - Despite regional preferences, benchmarking against an average is relevant (i.e., "we do things differently in my board" may be true, but does not justify underperformance)
- Inconsistency of cost performance indicates savings opportunity through standardization
 - If all performed at least as well as average, savings of \$1.7M per year
 - If all performed as well as the top 20%, savings of \$5.4M per year
 - External benchmarks indicated an opportunity of over \$8M
- Though lower ratios of staff per member is a major driver of cost efficiency, other drivers differentiate performance and best practices should yield savings across all dimensions
- There is an opportunity to replicate offerings of value-added services across all boards
- Pooling activities and resources should yield significant opportunity to re-deploy resources more effectively

The working groups reviewed the observations and implications over a series of meetings and developed two recommendations for further research and analysis:

- 1) The Presidents' Working Group evaluate operating models to determine the best path forward to capture \$5+ million in improvement
- 2) The Presidents' Working Group agree on a roadmap to a single MLS® system / rules, etc. across B.C.

Both recommendations gained approval and support from the Presidents' Working Group:

- The Project Team was asked to continue its work in a second phase to pursue recommendation #1
- Another working team was established to pursue recommendation #2
- To make certain that the efforts were coordinated, both teams were to be supported by the same external consultant and overseen by the Presidents' Working Group

For further detail please refer to Phase 1: Approach, Analysis & Observations document.

Phase 2: (September 2015 – January 2016)

Recommendation 1

In order to evaluate operating models to realize the opportunities identified in Phase 1, the Project Team and Presidents' Working Group agreed to the following steps:

- 1) Establish the governance and decision-making / evaluation criteria
- 2) Define operating model scenarios and roadmap options
- 3) Develop high-level business cases for prioritized operating models

For further detail please refer to Phase 2: Process & Workplan.

The Project Team spent multiple sessions developing and agreeing to the set of business case evaluation criteria (for a detailed description of the business case criteria please refer to Phase 2: Business Case Criteria & Approach). This was agreed-upon before the analysis to facilitate a holistic and objective review. Ultimately, strategic benefit and financial benefit were each given a 50% weighting, and the strategic evaluation was subdivided into specific categories of benefit to individual REALTORS® and the profession. The criteria were summarized as how each operating model:

- Adds value to individual REALTORS®
- Furthers the profession of real estate overall
- Improves the effectiveness of the organization
- Allows current expenditures to be redeployed in support of the above criteria

The evaluation criteria and weighting were recommended by the project team and endorsed by the Presidents' Working Group.

The Project Team, supported by the external consultants, contemplated an unlimited number of potential business model options including (for example) a 'back office consolidation', 'franchise model' and 'centres of excellence' variations that could serve ORE in B.C. Through a series of discussions, the group narrowed the range of possible options by rejecting those which:

- Weren't logical
- Weren't materially different from other models
- Failed to satisfy governance or operations requirements

For further detail please refer to Phase 2: Potential Operating Models

The remaining operating models that were evaluated in detail were:

- Consolidate to two large boards (plus BCREA)
- Consolidate to 4 regional boards (plus BCREA)
- Consolidate to a single organization

For further detail please refer to Phase 2: Variation of Operating Models.

Through several working sessions, the three operating models were further delineated by the Project Team as an interconnected network made up of a central office with six geographic extensions (branches) supporting local chapters of REALTORS®.

Once the three operating models were clearly defined and understood by all Project Team members, they were then evaluated based on the strategic and financial business case, the process involved:

- 1) Completing the strategic scoring individually
- 2) Areas of variance were discussed
- 3) These variances identified areas where further delineation was required; after the addressing the gaps, the scoring exercise was repeated
- 4) A financial model was built for each of the three operating models; open invitation review sessions were held with staff and REALTORS® to validate the assumptions and outputs were then validated line-by-line (For detailed financial assumptions please refer to Phase 2: Financial Analysis. In October 2016, new financial modelling was undertaken for the participating boards.
- 5) The final business case outcome resulted from taking the average of all Project Team members' scores and the financial business case ranking
- 6) Final business scores were reviewed and agreed to by all Project Team members.
- 7) The Project Team provided a recommendation supporting the "One Single Organization" operating model.

For further detail please refer to Phase 2: Rating Discussions.

This methodical, data-driven exercise yielded unanimous agreement that the single organization model was the most logical, but it did not adequately address some of the intangible concerns of the team and it was felt that there were still obstacles to overcome to align people's emotional response to their logical findings.

Strategically, the One Single organization and 4 Regional model organization were statistically close in score (4.0 for the one-board vs 3.9 for the four-board). Financially, the One Single organization would free up ~11M per year for reinvestment where the 4 Regional model yielded about \$4M. As there are 4,096 unique combination of boards, completing a financial model on all of them was not feasible.

The factors that brought the Project Team to unambiguously support the One Single organization included:

- 1) Governance structure would resolve gridlock, and allow for nimble decision-making, ensuring the profession stayed relevant for years to come, etc.
- 2) Speaking with one voice for all of ORE in B.C. would enhance credibility and effectiveness with government, media, and other stakeholders
- 3) All of the models faced the same obstacles to change (i.e., the one-board was no more difficult to migrate to than the four-board)
- 4) The other models contemplated would only be transitional states to a single-board model, which the team agreed represented the best end state
- 5) Consistency in professionalism, services and support across the province
- 6) The significant capital freed up unlocked opportunities for reinvestment in
 - a) Public interaction: community engagement, events / functions, Sponsorship/ Awards
 - b) Public perception & trust: professional standards, advocacy, government relations, media / communication
 - c) Investment in innovation: addressing industry disruptors, new product development, digital engagement

- d) Investment in technology: Improved used interfaces, multiplatform MLS, information management and analytics
- 7) All scenarios had equivalent (and limited) risks

For further detail on the wish list for reinvestment refer to Phase 2: Wish List

The phase 2 recommendation was for the 11 member boards and BCREA to amalgamate into one new Real Estate organization representing all REALTORS® across the province.

At its February 2nd, meeting, the Presidents' Working Group:

- Unanimously endorsed this recommendation
- Requested that the design be deepened in three areas before being discussed with a larger audience:
 - a) Member fees
 - b) Member services
 - c) Governance

For further detail please refer to Phase 2: Operating Model Recommendation.

Recommendation 2:

In order to develop 'recommendation 2', a task force was created to prepare a report outlining the feasibility of creating a Provincial MLS® system and common MLS® rules for British Columbia. The report addressed the following key areas:

- · Benefits of moving to a common shared system
- Risks or barriers to success
- · Service delivery model options and recommendations
- Governance requirements and model
- Alignment of MLS[®] Rules and regulations
- Potential timelines and recommendations for implementation

The MLS® Task Force evaluated implementation options under both single and multi-board scenarios. While similar, a multi-board scenario would require a more complex and structured governance model, whereas the single board scenario would by necessity require other systems such as membership management and financials systems to be consolidated as well. The two scenario recommendations were as follows.

Under a single board scenario:

• The Task Force recommended implementing a single MLS® using a single board foundational systems platform approach. Governance would be provided through the single board structure, and participating legacy boards will also be moved to common supporting systems (i.e. membership management, financials.)

Under a multi board scenario:

• The Task Force recommended implementing a single MLS® using a rapid deployment approach. The Task Force also recommended a Shared Service Centre model to deliver the service, and a governance model separate and distinct from any single board.

For further detail on the options considered and the recommendation of the taskforce, please refer to Phase 2: MLS® Recommendation.

Phase 3: (February 2016 – Present)

In order to satisfy the Presidents' Working Group's requests from Phase 2, three separate working groups comprising of subject matter specialists were established to deepen the design on Member fees, Member Services and Governance. The objective of each group was to delineate critical pre-vote details.

For further detail please refer to Phase 3: Approach & Workplan.

Member Fees'

The Fee Harmonization team collected all relevant fee schedules and transaction data from participating boards in order to analyze varying pricing approaches and define appropriate segmentation and fee plans. With the assistance of external consultants leveraging a sophisticated data analytics model, a sensitivity analysis using multiple years of transactional-level data was performed to test plans by varying segments (annual membership, listing costs, etc.) to determine the following recommended harmonization fee structure:

- Member option of either of the following:
 - a) \$70/monthly MLS® access fee
 - b) Per-transaction success fee of \$200 (on both sides of deal)
 - Sales on properties valued at less than half the provincial average would be subject to a 50% reduction in success fees
- Included in the above options:
 - c) CREA monthly dues: \$26 (no change)
 - d) Board monthly dues: \$58 (includes \$19 provincial dues, equivalent to current BCREA dues)

Member Services

The focus of the member services team was twofold, to

- 1) Deepen the understanding of the service delivery model and delineation of the "branch" vs. "chapter" vs. "service centre"
- 2) Answer for REALTORS®:
 - What services will they receive?
 - How will the way in which they receive them change?

Through several interviews and team collaboration, the group:

- Compiled a comprehensive list of provincial wide services
- Assessed service delivery requirements
- Identified potential changes to services and service delivery
- · Identified member impact of future service delivery model

Building on that understanding, the team then outlined by central service centre, branch or chapter the:

- Perspective on the service (how the services should change and options for consideration)
- Perspective on service delivery (the way in which these services are currently delivered would change, including changes in loss of local presence)
- Detailed the role of the central service centre, branch and chapter respective to each member service
- Validated the future design of member services with Project Team / Presidents' Working Group and other staff members

For further detail please refer to Phase 3: Detailed Design Recommendation.

Governance

The Governance Task Force, with the support of an external governance advisory firm, was responsible for providing a governance framework and implementation recommendation for the single organization.

The Task Force collaborated to provide the following recommendations for the future organization:

- Transition Guiding Principles
- Transition Governance
- End State Guiding Principles
- End State Governance

Through multiple Task Force work sessions and individual feedback sessions with the governance advisory firm, the Project Team presented the following recommendations:

Transition Governance Guiding Principles:

All viable options tested against transition governance guiding principles:

- Stability
- Transparency
- Simplicity
- Inclusivity

- Honoring past contributions
- Building trust along the way

Transition Governance

- Transition team of presidents from participating boards lead transition up until CEO brought onboard and perhaps advise thereafter
- Transition team has a Transition Team Leader that is a full NewCo employee, reports to the Board but executes collaborative decisions of the Transition Team
- NewCo staff brought onboard as required
- CEO will be hired from within ORE in B.C. for a two-year contract. This CEO will be hired and start within one month of the new organization
- Transitional board composition (up to 15 Directors) including all 'in' legacy board presidents and 3 "public" non- REALTORS® directors chosen by the REALTORS® directors, through a recruitment process guided by the Presidents' Working Group

End State Guiding Principles

All viable options tested against transition governance guiding principles:

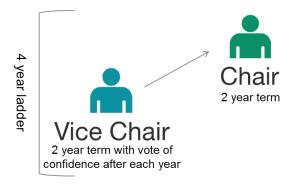
- Members' voices heard
- Transparent, clear and simple
- Impact Biggest issues get the most attention
- Clear accountability
- Nimble able to respond to a rapidly changing industry
- Progressive, professional leadership
- Effective use of resources
- Honoring past contributions
- Trust

End State Governance (Note: the end state governance recommendation was updated in October 2016)

Board Composition

- The Board will be composed of 9 Directors
- There will be 3 Public Directors ("Public" Directors are external individuals, not members of NEWCO)
- All members vote for all Board seats (i.e., "at large" elections)
- Board renewal is supported by a robust nominations process (initially externally supported)
- The Nominating Committee, comprised of one Realtor director and one public director chosen by the board, and three members at-large will be tasked with reviewing the skills and experiences required on the Board, identifying skills gaps and recommending candidates. Candidates will be evaluated on expertise, desired competencies, character and commitment, and diversity considerations (including sector, size of population centre, managing broker, gender, ethnicity, years in real estate).Non-recommended candidates can still run.

Board Leadership



Chair Role

- Spokesperson for the Board of Directors
- Plans and leads Board meetings and AGMs
- Co-designs meeting agendas and materials
- Manages boardroom dynamics
- Spends roughly 3 hours on Board work for each hour a Director spends on Board work
- Supported by a strategic governance advisor (e.g., "Corporate Secretary")

Director Terms and Board Meetings

- Directors may serve up to 2 3-year terms
- Elected Officer terms may be longer (e.g., if a Director is elected as Vice Chair in the final year of his/her second term, he/she could serve for up to a maximum of 9 years)
- The Board meets 4 to 6 times per year (4 minimum) at a rotating location and makes decisions by majority with a drive for consensus.

Board Leadership Critical Success Factors

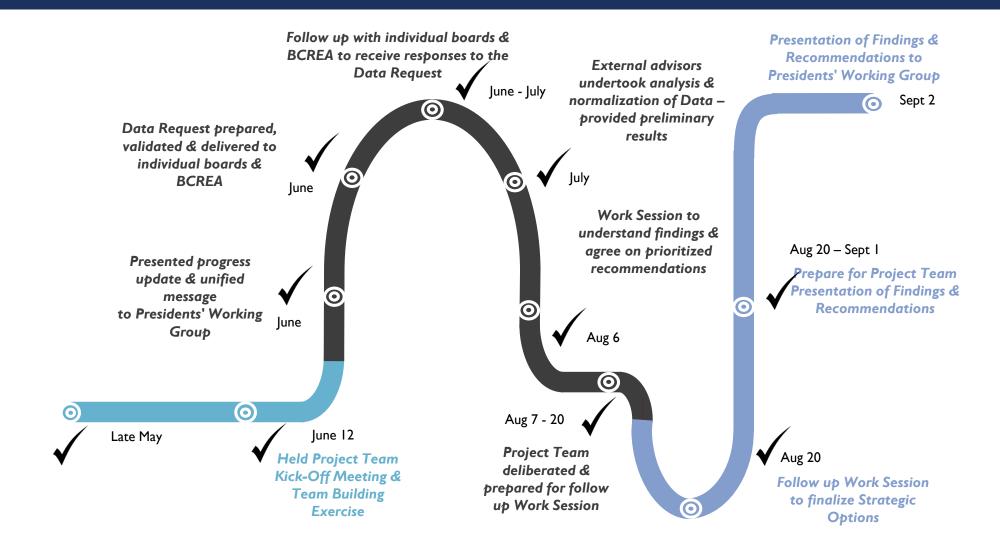
- Officers are elected by and from the Board and must be REALTOR® Directors (e.g., members of NEWCO)
- The Board Chair is supported by a strong CEO, Corporate Secretary and executive team
- Clear delineation of roles between the Board Chair, Directors, the CEO and the executive team
- Strong practices in place to develop the Vice Chair's leadership capacity, before tenure as Board Chair (e.g., mentorship from the Board Chair)

For further detail please refer to Phase 3: Governance Recommendation.

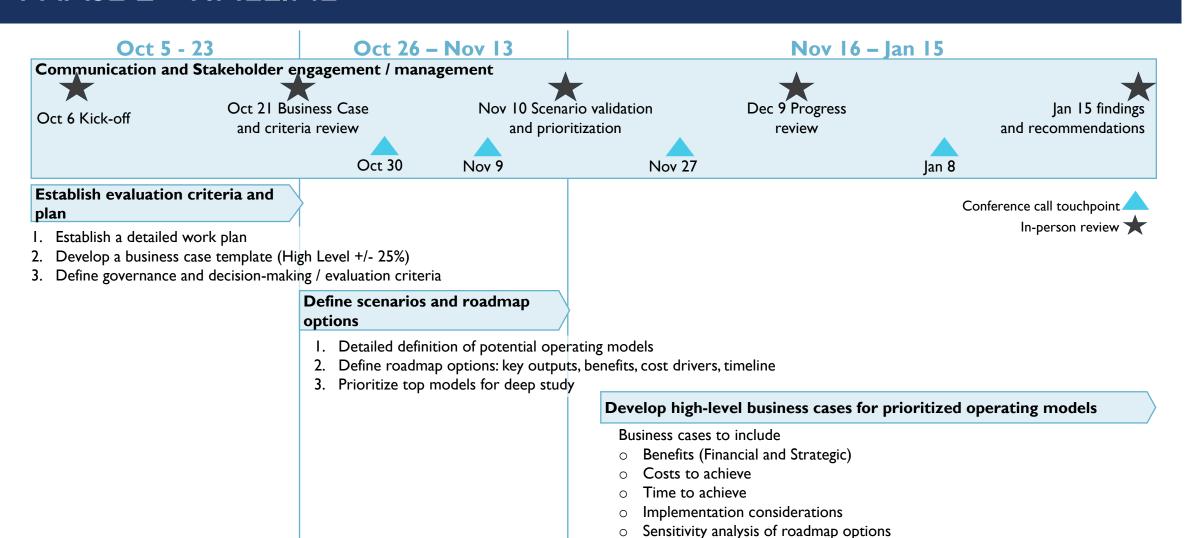
Note: The attachments are working papers, as presented to the Project Team and Presidents' Working Group throughout the process. As such, some of the materials are marked "Draft" "Confidential" and "Work in Progress" – the status of the materials as they were presented and reviewed at each phase.

TIMELINE

PHASE I - TIMELINE



PHASE 2 - TIMELINE



PHASE 2 – TIMELINE

			Attendees		
Date	Details	Logistics	Project Team	Presidents' Working Group	
Oct 6 th	Project Team Kick Off: Align project team around objectives, roles, timeline; introduce new members	3hr In-person preferred; video conference available for those unable to travel	Required		
Oct 21st	Business case and criteria Review: Confirm the business case elements and evaluation / prioritization criteria	2hr In-person preferred	Required	Optional; materials will be circulated for review	
Oct 30 th	Update touchpoint	Ihr Conference Call	Required		
Nov 9th	Update touchpoint	Ihr Conference Call	Required		
Nov 10 th	Validate scenario prioritization: Confirm the scenarios to be assessed in-depth	3hr In person at YVR, prior to flights to NARS (Toronto)	Required	Required	
Nov 27 th	Update touchpoint	Ihr Conference Call	Required		
Dec 9 th	Progress review: Assess progress, preliminary findings, and work to complete analysis	2hr Video / web conference	Required		
Jan 8 th	Conference Call, Status Review	Ihr Conference Call	Required		
Jan 15 th	Findings: Review business cases and recommendations	4hr In person	Required	Required	

PHASE 3 - TIMELINE

Timing			Meeting Details	Focus Area	
Week I	Feb 17	Ihr	Work Stream Kick-offs	Member Services Team, Fee Harmonization Team & Governance Team Kick-off: Clarifying objectives, shaping data request, planning high-level activities	
	Feb 18	2hr	Project Team Update	Discuss calendar, information requirements, depth of output	
Week 2	Feb 23	Ihr / Team	Work Stream Work Sessions	Review data requests; outline preliminary hypotheses	
	Feb 24	2hr	Project Team Update	Discuss hypotheses, provide input	
	Feb 25	Ihr	Presidents' Working Group Update	High-level update and input session	
Week 3	Mar I	Ihr / Team	Work Stream Work Sessions	A malusia and a magness	
	Mar 2	2hr	Project Team Update: In Person	— Analysis and progress	
\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	Mar 8	Ihr / Team	Work Stream Work Sessions	Draft materials for Presidents' Working Group Update	
Week 4	Mar 9	2hr	Project Team Update	Prepare for Presidents' Working Group Update	
	Mar 14	Ihr / Team	Work Stream Work Sessions	Einsline aussentation to Presidents' Working Crous	
Week 5	Mar 15	3hr	Project Team Update: In Person	Finalize presentation to Presidents' Working Group	
	Mar 17	2hr	Presidents' Working Group Update: In Person	Preliminary review and feedback	
Week 6	Mar 21	Ihr	Work Stream Work Sessions	Pavious materials to support board sessions	
	Mar 22	2hr	Project Team Update	Review materials to support board sessions	
Week 7	Mar 31	4hr	Presidents' Working Group Review: In Person	Review Board meeting outcome and agree on go forward strategy	

PHASE I – APPROACH, ANALYSIS & OBSERVATIONS

REMINDER OF PURPOSE

Review the Current Structure



Review the current structure of Organized Real Estate in British Columbia

Guiding Principles



- We respect each organization's right of choice / selfdetermination
- We respect regional differences with different market influences
- We foster ongoing trust between all leaders of BC ORE
- Our Members want organized real estate to be as efficient as possible
- We are constantly striving to improve professionalism in our industry
- We aim to be nimble in our decision-making / governance

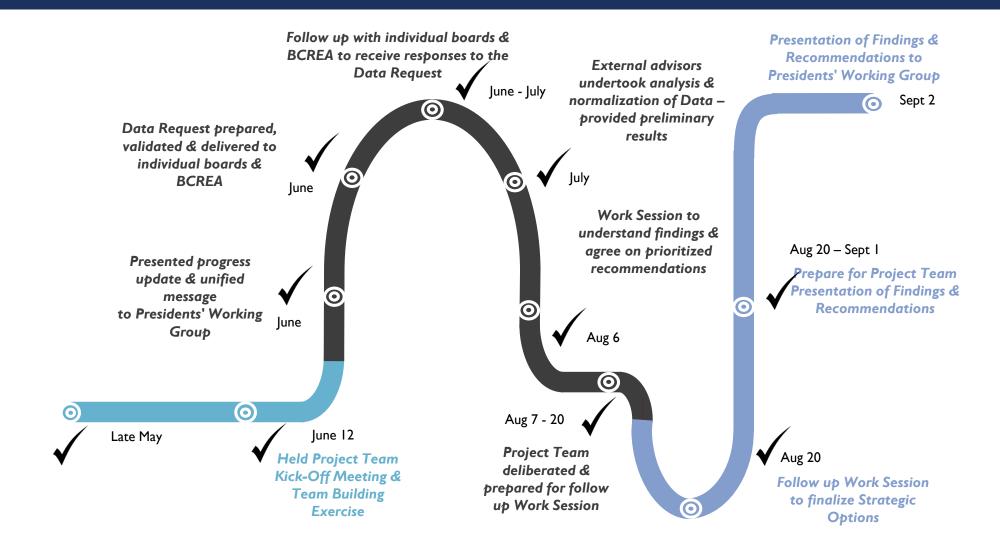
Decision Making: UAS



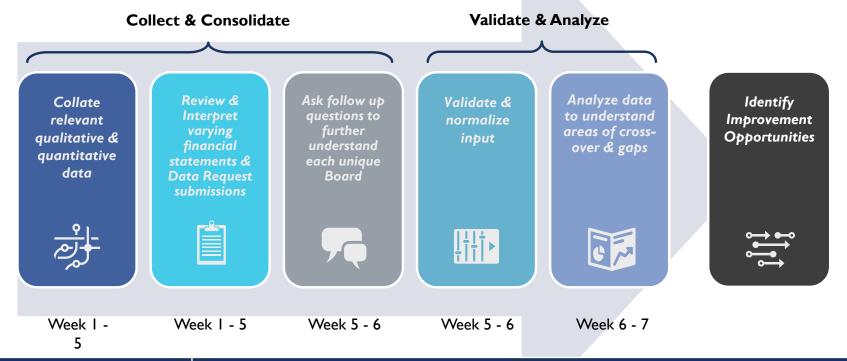
We've made a decision when everyone:

- Understands what's at stake
- Accepts that it is the best path forward
- Will **Support** the decision outside of the room

PROCESS MAP



ANALYSIS METHODOLOGY



Phase	Initiatives
I. Collect & Consolidate	 Collaborated with REBGV to create information request template Worked with individual boards to make certain data was interpreted correctly & consolidated appropriately
2. Validate & Analyze	 Performed quality control checks & adjustments to normalize input Performed analysis on raw data to establish key metrics

OVERALL OBSERVATIONS

- There is significant variation among boards in what services are delivered and the costs of delivering them
- The size or geographic range (i.e., rural vs. urban) has no bearing on the cost performance of a board
- Cost performance varies widely; there is little consistency across boards or categories
- Data implies that **lower headcount is a major driver of cost efficiency**, but that other drivers differentiate performance
- There is **extensive duplication** of roles and effort across the boards (i.e., the same thing is done multiple times, and by multiple people)

COSTS OBSERVATIONS

- Cost performance varies widely; there is little consistency across boards or categories
- Limited correlation between efficiency and scale or breadth of services
- No correlation between urban vs. regional
- We infer from the absence of correlation that
 - I. The size and nature of boards are not drivers of efficiency
 - 2. Despite regional preferences, benchmarking against an average is relevant (i.e., "we do things differently in my board" may be true, but does not justify underperformance)

 Avg: \$2,407

 \$2,300

 \$2,300
- The inconsistency indicates savings opportunity through standardization
 - If all performed as well as the top 20%, savings of \$5.4M
 - Based on External Advisor experience a benchmark target of \$8.1M



COSTS OBSERVATIONS

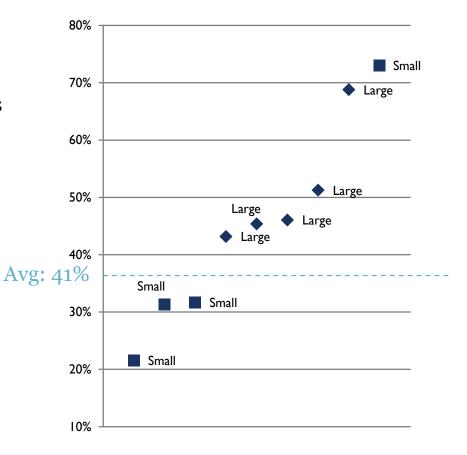
- The number of members per board employee generally corresponds to the overall cost per member performance
- Most boards cluster closely around 60 members per employee, with distant outliers that drive the average towards 76, reflecting different models of contract vs. full-time staff
- Data implies that lower headcount is a major driver of cost efficiency, but that other drivers differentiate performance
 - All three of the outliers are among the top cost per member performers
 - The overall cost performance of the eight boards clustered around 60 members per employee varies widely
 - Indicates that with similar levels of staff, best practices should yield savings



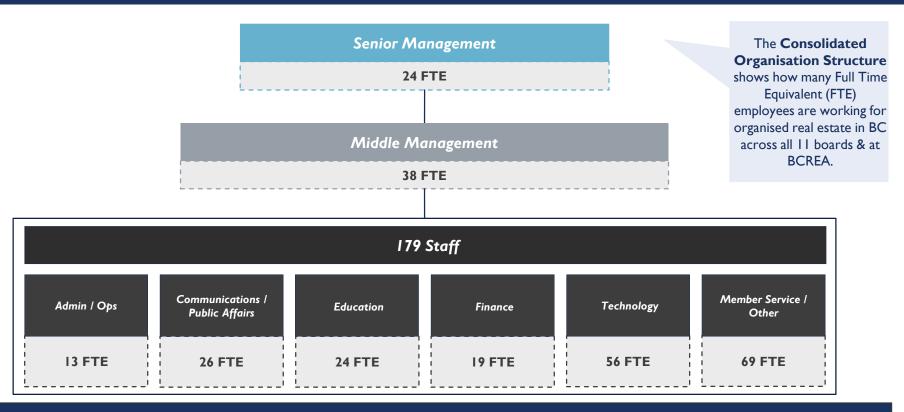
COSTS OBSERVATIONS

- Though larger boards have more diversified sources of revenue, they are no less dependent on dues
- Counterintuitively, the boards which are least dependent on dues for revenue are small boards (as is the most dependent)
- Larger boards tend to cluster around the average
- The inconsistency in small boards indicates an opportunity to replicate offerings of value-added services across all boards

Dues % Revenue



CONSOLIDATED ORGANIZATIONAL STRUCTURE



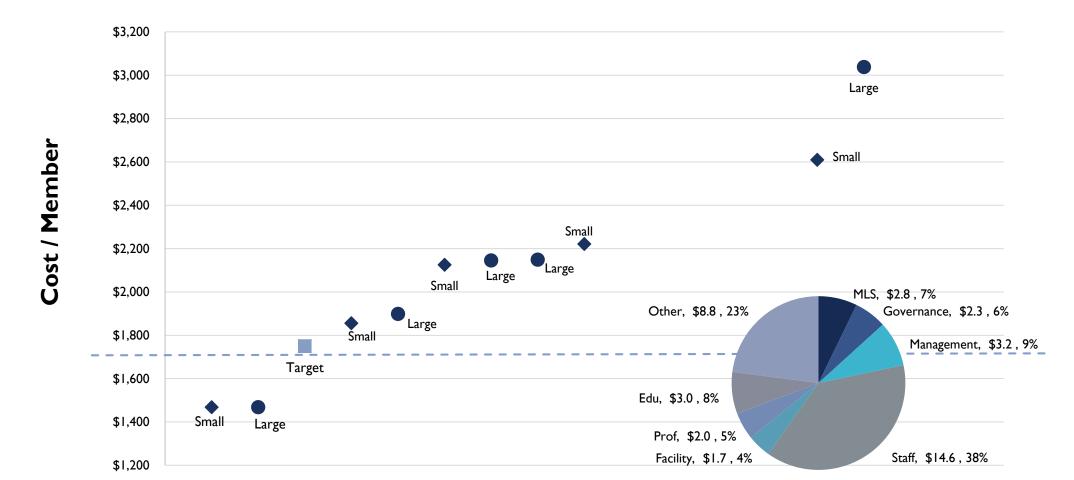
- Relative to organizations of comparable revenue & complexity, OREBC has disproportionately high levels of managers & staff
- There is extensive duplication of roles and effort across the boards (i.e., the same thing is done multiple times, and by multiple people); pooling activities and resources should yield significant opportunity

IMPLICATIONS OF OBSERVATION

- The size or geographic range (i.e., rural vs. urban) has no bearing on the cost performance of a board, indicating
 - The size and nature of boards are not drivers of efficiency
 - Despite regional preferences, benchmarking against an average is relevant (i.e., "we do things differently in my board" may be true, but does not justify underperformance)
- Inconsistency of cost performance indicates savings opportunity through standardization
 - If all performed as well as the top 20%, savings of \$5.4M
 - Based on External Advisor experience a benchmark target of \$8.1M
- Lower headcount is a major driver of cost efficiency, but that other drivers differentiate performance; best practices should yield savings
- There is an opportunity to replicate offerings of value-added services across all boards
- Pooling activities and resources should yield significant headcount opportunity

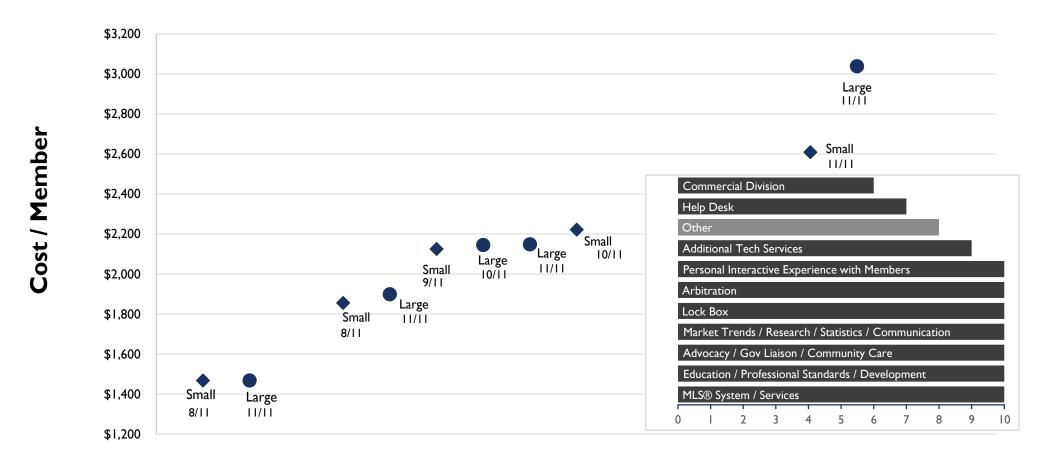
IMPLICATIONS OF OBSERVATION

- To quantify the opportunity for performance improvement in organized real estate, we established a target at the 80% percentile of cost performance
- This is not an unreasonable goal; two boards exceed this target; two more are very close

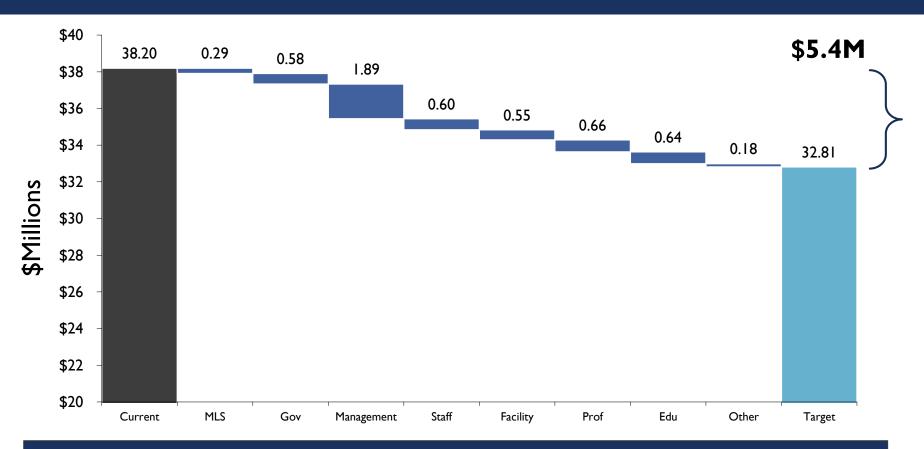


SERVICE OFFERED VS. COST/ MEMBER

- To quantify the opportunity for performance improvement in organized real estate, we established a target at the 80% percentile of cost performance
- This is not an unreasonable goal; two boards exceed this target; two more are very close



WHAT COULD OREBC DO WITH \$5.4M PER YEAR? \$8.1M



- Target set at 80th percentile
- Obviously-achievable savings come to \$5.4M per year
- Further efficiencies could yield a total of \$8.1M savings

SUMMARY OF OPPORTUNITIES

Area	Description	80 th Percentile Savings		Potential Savings	
	·	\$,000	%	\$,000	%
MLS [®]	• Common MLS® rules & system	\$290	11%	\$410	15%
Governance	Streamline structure	\$580	25%	\$1,160	50%
Senior Management		\$1,890	59%	\$2,090	65%
Staff & Middle Management	Scalable & consistent processes	\$600	4%	\$2,190	65%
Facility	Facility operating costs (capital not included)	\$550	33%	\$670	40%
Professional Services	Primarily audit, legal & consulting	\$660	34%	\$980	50%
Education & Events	Consistent processes & resources	\$640	22%	\$590	20%
Other	• Other	\$180k	2%	-	-
	Total	\$5.4M	14%	\$8.1 M	21%

"80th Percentile Savings" show savings that could be achieved if all of the boards performed as well as the current top performers "Potential Savings" represent a realistic estimate of the higher range of achievable savings

RECOMMENDATION I:

"The Presidents' Working Group evaluate operating models to determine best path forward to capture \$5+million"

Assess
Target Operating Model

DETERMINE POTENTIAL TARGET OPERATING MODELS (TOM)



Consider Outcomes

UNDERSTAND THE BUSINESS CASE FOR EACH TOM



Develop Roadmap

DEVELOP NEXT STEPS / TIMELINE FOR IMPLEMENTATION

Presidents' Working Group select a facilitator: Recommend continuing with External Advisors

 Arrange funding: BCREA

 Ensure Project Team continuity: Recommend at least 50%

 Commence implementation: Oct 1st

 Present: By Jan 2016

Open Discussion

RECOMMENDATION 2:

Evaluate a SINGLE MLS® SYSTEM and RULES across BC

- 1. VIREB & VREB already sharing MLS ® data
- 2. New MLS® for REBGV, FVREB, Chilliwack & BCNREB will provide service for 81% of BC members
- 3. Possible initiative for shared MLS [®] data in interior would cover 90% of geography in the Province

Benefits:

Immediately improve the functionality & services to each REALTOR® in BC

Projected savings of \$290 - \$500k

Determine viability and roadmap to move to a single MLS®

- I. Desired Result
- 2. Harmonization of rules & standardization of data
- 3. Structure
- 4. Governance
- 5. Funding Model
- 6. Capacity for Adaptation

Individual Board Concept Approval by: Sept 29th, 2015

Start Planning by: Dec 1st, 2015 Plan Complete by: Jan 31st, 2016 Implemented by: Dec 31st, 2018

Project Team Composition

Project Team collectively has direct experience in MLS development, operation & administration across the province

Suggested Project Team

Lead

* David Pedersen

Team Members

- * Several EOs
- * 2 3 REALTORS®
- * | Support / Facilitator

"To participate, you've got to be committed to make the move"

PHASE 2 – PROCESS & WORKPLAN

RECAP OF PHASE I

Process so far....

- Engaged to review the structure of organized real estate in BC
- Appointed a Project Team comprised of Presidents and EOs to drive the initiative
- Collaborated with boards across BC to understand the current state of OREBC
- Analyzed data provided by each board to understand where there are opportunities for improvement
- Identified between \$5.4 \$8.1 million of costs that could be reallocated
- Developed two recommendations for further research and analysis
- Gained approval and support from the Presidents' Working Group to pursue the recommendations

Timeline Recommendations **Data Request** Developed two high level **Deliberation** Boards filled out Data **Analysis** Leadership Gained Reviewed the facts & data Request Gain approval to proceed Alignment Validated responses and Collaborated with PwC to Deliberated and determined with researching further performed quality control provide detailed financial best options to move forward checks Kick-off held Analysed data and presented results

WHAT WE'RE TRYING TO ACCOMPLISH

Recommendation I: "The Presidents' Working Group **evaluate** operating models to determine best path forward to capture \$5+million"

Assess
Target Operating Models

Consider Outcomes

Develop Roadmap

Process

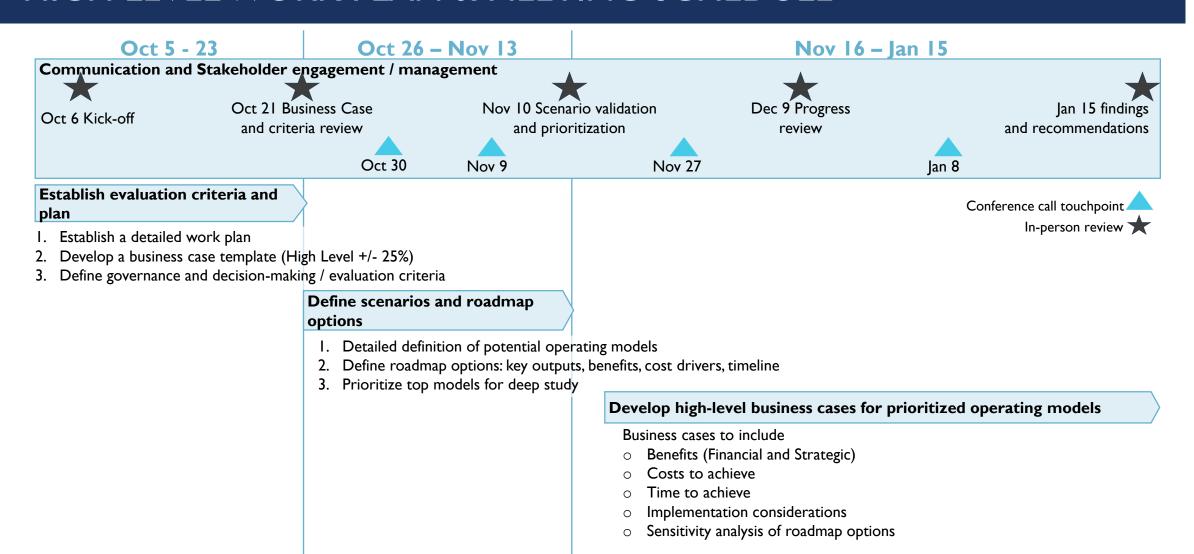
- I. Establish evaluation criteria & plan
- 2. Define scenarios & roadmap options
- 3. Develop high-level business cases
- Present outcome for review by
 Presidents' Working Group

Intention for undertaking further research: Our 'raison d'être'

- Document a clear, achievable set of options for the future of OREBC to be reviewed by the boards across the province
- Understand the financial, structural, strategic, and operational impacts of the potential operating models
- Show options for reducing inefficiency and ineffectiveness through alternate operating models
- Articulate a high-level roadmap for improving service, efficiency, value & professionalism in Organized Real Estate

DRAFT

HIGH LEVEL WORK PLAN & MEETING SCHEDULE



DRAFT

MEETING SCHEDULE DETAILS

			Atter	ndees
Date	Details	Logistics	Project Team	Presidents' Working Group
Oct 6 th	Project Team Kick Off: Align project team around objectives, roles, timeline; introduce new members	3hr <u>In-person preferred;</u> video conference available for those unable to travel	Required	
Oct 21st	Business case and criteria Review: Confirm the business case elements and evaluation / prioritization criteria	2hr In-person preferred	Required	Optional; materials will be circulated for review
Oct 30 th	Update touchpoint	Ihr Conference Call	Required	
Nov 9th	Update touchpoint	Ihr Conference Call	Required	
Nov 10 th	Validate scenario prioritization: Confirm the scenarios to be assessed in-depth	3hr In person at YVR, prior to flights to NARS (Toronto)	Required	Required
Nov 27th	Update touchpoint	Ihr Conference Call	Required	
Dec 9 th	Progress review: Assess progress, preliminary findings, and work to complete analysis	2hr Video / web conference	Required	
Jan 8 th	Conference Call, Status Review	Ihr Conference Call	Required	
Jan 15 th	Findings: Review business cases and recommendations	4hr In person	Required	Required

HOW THE PROJECT TEAM WILL WORK TOGETHER





Role of the Project Team

- * Input and guidance on:
 - * Process, criteria, analysis and output, etc
- Review and comment on draft materials
 - * Proposal for October 21, and all further deliverables
- * Ownership of the outputs / final recommendation
- * Take a leading role in presenting to the Presidents' Working Group
- To the extent possible participate in the meeting schedule as set by group

PwC's role

- * Facilitate the Project Team through this engagement
- * Keep the project on time and on budget
- Conduct analysis / case building / presentation preparation
- Provide subject matter expertise
- * Develop regular communication for the Presidents' Working Group



Principles to align our work

✓ Aligned Perspective:

- * Actively represent and balance the perspectives of our individual boards and the benefit across OREBC
- * We respect each other's right to disagree
- * We respect each organization's right of choice / self-determination We respect regional differences with different market influences
- * Internally build consensus (UAS)

✓ Shared Accountability:

- * Commit to a shared vision
- We are constantly striving to improve professionalism in our industry
- * We will agree on what is communicated outside this room before we leave it
- * Conversations held on this project, remain within the Project Team unless the team agrees otherwise
- * Provide expertise and support analysis as required

✓ Stakeholder Engagement:

- Support timely collection, dissemination, resolution, and escalation of insights, issues, and decisions
- * Inform relevant stakeholders as appropriate

PHASE 2 – BUSINESS CASE CRITERIA & APPROACH

SUMMARY OF BUSINESS CASE COMPONENTS

Inflation will be assumed at 2.5%

Value creation for individual REALTORS® (30%) Support REALTORS® in performing their job more efficiently and effectively (20%) Strengthen REALTOR® connection to communities (10%) State Advocacy and adaptability for the profession as a whole (35%) Professionalism and strengthening REALTORS® brand (15%) Responsiveness to market dynamics (10%) **Strategic** Enhanced credibility and influence with policy-makers (5%) Improvement Vs. Current (50%)Value provided to the greater public (5%) Organizational Excellence (35%) Expanded, consistent, and high-quality member services (15%) Effective and efficient governance (10%) Improved organizational effectiveness (5%) Financial stability (5%) Over a 10 year horizon, the financial model will evaluate the impact of: Revenue (Fee, Non Fee, Financial) Costs Operational (Internal, Contracted) Financial **Financial** 3. Transitional and one-time costs, for example (50%)• Change management & training • Incentive / retention payments • IT implementation Other financial elements: Discount rate (7.5%) to reflect confidence and/or risk

PRIORITIZATION CRITERIA AND PROCESS

- I. Criteria and weighting agreed by consensus
- 2. Preliminary group evaluation to be done Friday October 30
- 3. Individual evaluations to be consolidated; areas of difference to be reconciled Nov 9
- 4. Ranking and prioritization to be finalized November 18
- 5. Update to Presidents' Working Group on November 19

	Illustrative					
	Sub-criteria					
Strategic	 Value creation to individual REALTORS® Advocacy and adaptability for the profession as a whole Organizational Excellence 	40	35	45	25	30
Financial	Time value of 10 year impactOne-time costs / revenue	40	40	llnægo _{tir}	e 35	35
Total		80	75	75	60	65
Implementation Considerations	 Implementation considerations will be captured in the financial and strategic sections of th Time to implement: reflected in the implementation costs and the timing of the benefits re Confidence in benefits or costs will be reflected in the discount rate Risk of acceptance will be reflected in change management costs 		Some examp	les		

BUSINESS CASE TEMPLATE: STRATEGIC

	Rank	Weight %	Description of Scoring
ue creation for individual REALTORS®			
Support REALTORS® in performing their job more efficiently and			-Which operating model improves member satisfaction (e.g. From a REALTOR perspective would the operating model
effectively			provide better value)
		20%	-Improves ability to perform their role & connect with clients / customers
			-Reduction in administrative responsibilities, allowing more opportunity for consumer interactions
			-Increased access to consumer leads & shortened deal cycle length
Strengthen REALTOR® connection to communities		10%	-Which operating model best supports deep local knowledge and engagement with community
Total Value Creation		30%	
vocacy and adaptability for the profession as a whole			
Professionalism & strengthening the REALTOR® brand			-Which operating model best supports REALTOR professionalism and public recognition (e.g. Level of education,
,		15%	designation and certifications, enforcement)
Enhanced credibility and influence with policy-makers			-Which operating model best supports representation on provincial and municipal levels (e.g. Policy points of view,
, ,		5%	data and analytics, market insights)
Value provided to the greater public		F0/	-Which operating model best supports the public interest in real estate (e.g. access and quality of information,
		5%	disclosure, etc.)
Responsiveness to market dynamics (REALTORS®)		400/	-Which operating model allows for agility & adaptability to market dynamics, securing REALTOR® relevance in the
		10%	future
Total Advocacy		35%	
ganizational Excellence			
Expanded, consistent and high- quality member services			-Which operating model best supports timely province wide delivery of up to date services (e.g. technologically
		15%	current, relevant to existing market conditions etc.)
Effective and efficient governance		10%	-Which operating model best supports a timely decision making framework (e.g. streamlined accountability)
Improved organizational effectiveness		F0/	-Which operating model best supports an effective organization (e.g. Standardization of data and processes, adoption
		5%	of best practices, etc.)
Financial stability		F0/	-Which operating model best supports financial stability (e.g. sufficient (but not excessive) reserves, low variability,
		5%	etc.)
Total Organizational Excellence	·	35%	
al		100%	
ar		100/0	

Scoring Values (Each model relative to the others)

Best Model (100% of points)
75% of points
50% of points
25% of points
Worst Model (No Points)

BUSINESS CASE TEMPLATE: FINANCIAL

An	nual (at Steady State	1	
		•	
Baseline (\$M)			10 Year Cumulative Difference (\$M
			sum of annual difference over 10 ye
00.0	00.0	0.0	0.
6.0		1.0	
	0		
3.0	.0		
3.0	.0		
11.0	14.0	3.0	
1.0	1.0	0.0	
4.0	2.0	(2.0)	
6.0	4.0	(2.0)	0.
97.0	98.0	1.0	0
30.0	25.0	5.0	
6.0	5.0	1.0	
8.0	7.0	1.0	
7.0	8.0	(1.0)	
2.0	2.0	0.0	
8.0	7.0	1.0	
80.0	72.0	8.0	0
4.0	3.0	1.0	
5.0	4.0	1.0	
9.0	7.0	2.0	0.
			•
0.0	0.0	0.0	9
0.6	0.3	0.3	0
89.6	79.3	10.3	
	10.0 20.0 Fee 50.0 80.0 6.0 5.0 97.0 80.0 80.0 9.0 0.0 0.0 0.0 0.6	10.0 10.0 20.0 20.0 Fee 50.0 50.0 80.0 80.0 80.0 1.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3	10.0 10.0 0.0 20.0 20.0 0.0 20.0 20.0 0.0 80.0 50.0 0.0 80.0 1.0 1.0 5.0 1.0 2.0 3.0 1.0 1.0 11.0 14.0 3.0 11.0 14.0 3.0 11.0 14.0 3.0 1.0 1.0 30.0 25.0 5.0 6.0 5.0 1.0 8.0 7.0 1.0 8.0 7.0 1.0 2.0 2.0 2.0 8.0 7.0 1.0 8.0 7.0 1.0 9.0 3.0 1.0 1.0 1.0 1.0 2.0 2.0 2.0 0.0 8.0 7.0 1.0 9.0 1.0

Scoring Values (Operating models will be evaluated on their relative performance)

Best Model (100% of points)
Scaled linearly between zero and best
No points given for models with zero
or negative impact

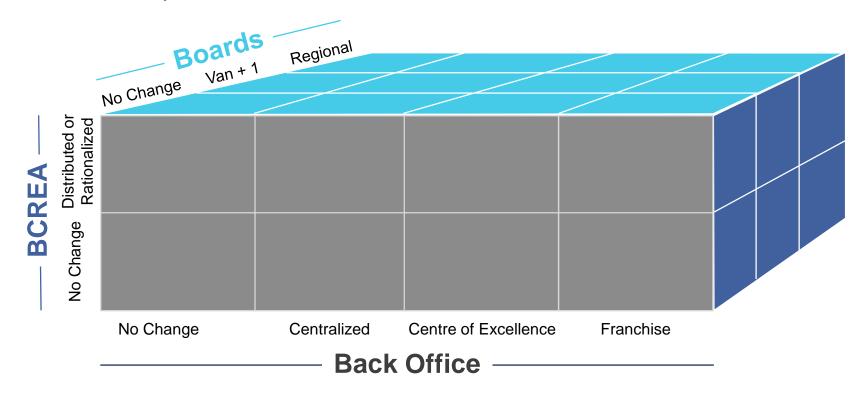
NEXT STEPS

				А	ttendees
Date	Time	Details	Logistics	Project Team	Presidents' Working Group
Oct 30 th	1:00pm - 2:00pm	Update touchpoint	Ihr Conference Call	Required	
Nov 9 th	11:00am - 12:00pm	Update touchpoint	Ihr Conference Call	Required	
Nov 18 th	I:00pm - 4:00pm	Validate Scenario Prioritization: Confirm the scenarios to be assessed in-depth	3hr <u>In-person</u> at YVR	Required	
Nov I9 th	10:00am - 11:30am	Validate Scenario Prioritization: Presentation to the Presidents' Working Group	1.5hr Video Conference	Project Team Reps	Required
Nov 27th	I:00pm - 2:00pm	Update touchpoint	Ihr Conference Call	Required	
Dec 9 th	9:00am - 11:00am	Progress Review: Assess progress, preliminary findings, and work to complete analysis	2hr Video Conference	Required	
Jan 8 th	11:00am - 12:00pm	Conference Call, Status Review	Ihr Conference Call	Required	
Jan 15 th	9:00am - 1:00pm	Findings: Review business cases and recommendations	4hr <u>In-person</u>	Required	
Jan 21 st	11:00am - 3:00pm*	Findings: Presentation to the Presidents' Working Group	4hr <u>In-person</u> at YVR	Project Team Reps	Required

PHASE 2 – POTENTIAL OPERATING MODELS

THE OPERATING MODELS ARE NOT MUTUALLY EXCLUSIVE

This yields a total of 24 unique combinations to evaluate

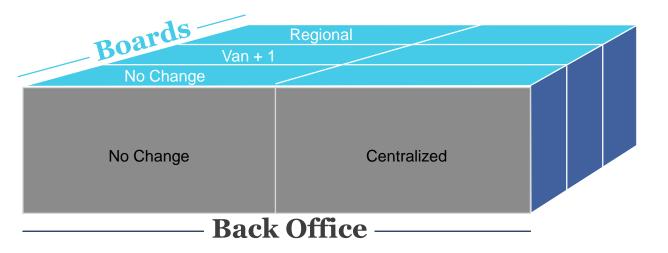


We recommend some simplifying assumptions and reviewing the components in isolation to narrow the comparison to five materially different combinations

THE OPERATING MODELS ARE NOT MUTUALLY EXCLUSIVE

This yields a total of six unique combinations to evaluate

- Assumption #1: The "centre of excellence" and "franchise" options are two means of centralizing the shared services, rather than stand-alone options (i.e., they are "how-to's" not "what-to's")
 - Agreed by the team
 - In the context of all the other options, no significant strategic difference between means of centralizing the shared services?
 - Defer the specific review of these roadmap alternatives, and address them if a centralized shared service is one of the models being considered
- Assumption #2: Simply distributing BCREA's front-office functions without addressing the broad governance challenges or the back-office duplication will not rate highly on either strategic or financial evaluations
 - Agreed by the team: All operating models being considered will include consideration of appropriate delineation and streamlining BCREA functions and governance vs. those of boards



ISOLATING THE DIFFERENCES ALLOWS FURTHER REDUCTION

Some of the changes are additive; the combinations can be commented upon

		Combination		Include	Rationale
	Back Office	Board	BCREA		
I	No Change	No Change	No Change	YES (A)	Status quo
2	No Change	Van +I	Rationalized	YES (B)	Isolated, and explicitly requested
3	No Change	Regional	Rationalized	YES (B)	Isolated, and explicitly requested
4	Centralized	No Change	No Change	YES (D)	Isolated, and explicitly requested
5	Centralized	Van +I	No Change	NO	We can comment on this based on #2 & #4
6	Centralized	Regional	No Change	NO	We can comment on this based on #3 & #4
7		Single organization	1	YES (E)	Isolated, and explicitly requested

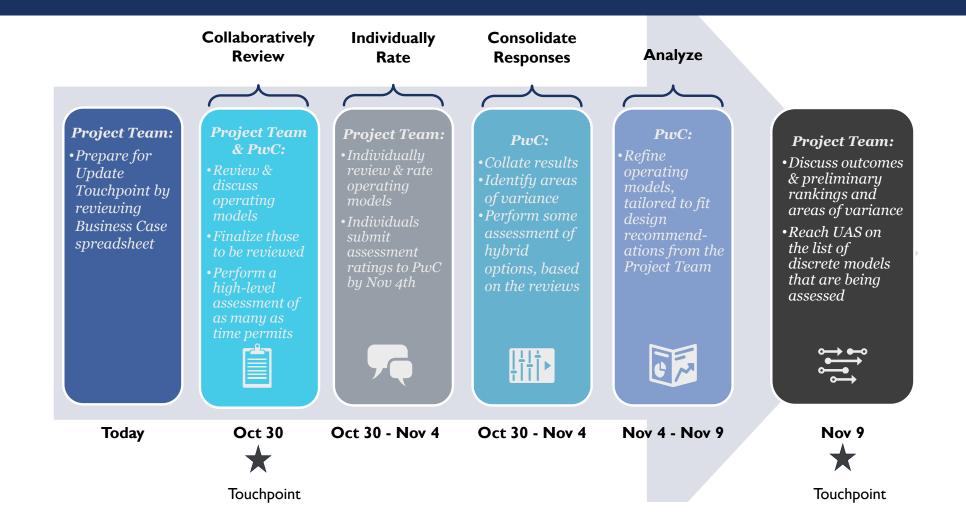
FIVE MUTUALLY EXCLUSIVE MODELS RESULT

This should be a manageable level of comparison

The resulting five models for review are

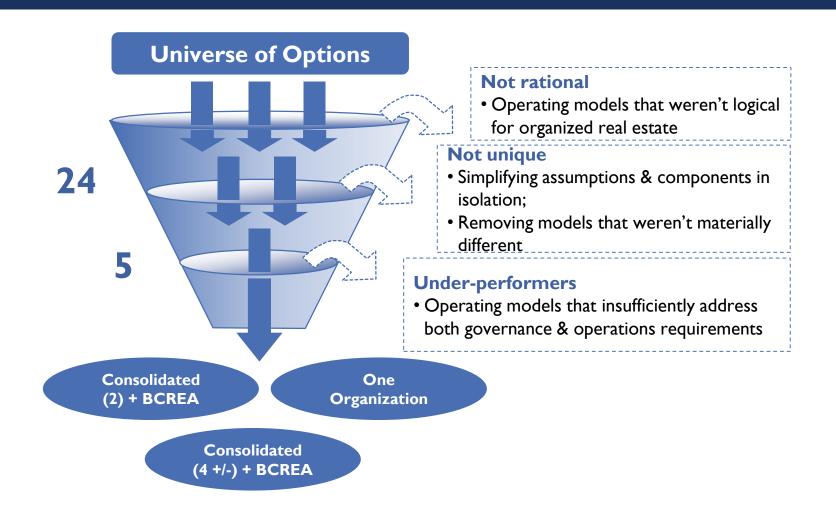
- A. Status Quo
- B. Consolidation of the boards from 11 to 2 (Vancouver plus rest-of-province), streamlined BCREA functions and governance, no other changes
- C. Consolidation of the boards from 11 to 4(+/-) regional boards, streamlined BCREA functions and governance, no other changes
- D. No changes other than outsourcing back office functions to a single shared service organization
- E. Consolidating BCREA and all boards into a single organization

OPERATING MODEL ASSESSMENT PROCESS



PHASE 2 – VARIATIONS OF OPERATING MODELS

EVALUATION PROCESS



STRUCTURE DEFINITION





Purpose

Location where member-facing services are delivered. Branches geographically distributed across the province to serve member needs.

Illustrative functions

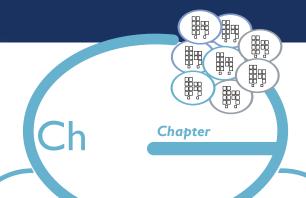
- Extension of central office front office services
- Primary focus on local delivery of central office activities, support and coordination of chapters
- 6 regional branches appropriate for serving the province
- Reporting lines are an extension of those in central office (matrix across branch manager)
- Decentralized administrative roles (e.g., process MLS ® (back-load), technology assistance, board access assistance, etc.)

Purpose

The 'epicenter' of administrative activity for the back office and management services in each organization. For each board, the CO would collocate with one of the branch locations.

Illustrative functions

- Accountable for all current board / BCREA activities
- Program development and management
- Back office services (IT, HR, Ops, Finance, vendor management, etc.)
- Coordinated knowledge management across regions within chapter (Forums, newsletter, Portal, directors)
- Functions located in central office; though some roles will allow staff to work remotely from branches
- Collects dues and fees from member



Purpose

Chapters exist to facilitate the development of grass roots communities amongst REALTORS®. Group can be regional or common interest based.

Illustrative Functions

- Volunteer-centric, staff-managed front line of local twoway engagement with membership and community
- No physical location necessary; however it is presumed that some chapters will have a business case to support a physical location
- · Source of leadership talent to be identified and groomed
- Accountable to regional branch; dedicated branch staff
- No hard limit on number of chapters; policies to be developed for creating / dissolving, minimum and multiple chapter membership, etc.

CONSENSUS DESIGN OF CONSOLIDATED BOARDS (4) & BCREA



Physical Locations

- I. Upper valley (Abbotsford to Chilliwack)
- 2. Metro area (incl. Whistler)
- 3. South Vancouver Island (Victoria)
- 4. Vancouver Island (Nanaimo, Port Hardy Campbell River Powell River)
- 5. Okanagan (Penticton Kelowna Kamloops)
- 6. Interior & Mountains (Cranbrook Nelson Golden)
- 7. Northern (Prince George FSJ Fort Nelson)
- 8. North Coast (Prince Rupert Kitimat)

CONSENSUS DESIGN OF CONSOLIDATED BOARDS (4) & BCREA

	Branches	Board Office	Total
Location Determination	 Extend ability to cost-effectively service geography and member needs 	 Ability to efficiently service regional geography & members Availability of appropriate resources Cost effective 	
BCREA		Consider co-location with Lower Mainland	
Org I (Lower Mainland)	Upper valley (Abbotsford to Chilliwack) Metro area (incl.Whistler)	Metro Vancouver area	2
Org 2 (Vancouver Island and South Coast)	 South Vancouver Island (Victoria) Vancouver Island (Nanaimo, Port Hardy - Campbell River – Powell River) 	Victoria or Nanaimo	1-2
Org 3 (South Interior & Mountains)	 Okanagan (Penticton – Kelowna – Kamloops) Interior & Mountains (Cranbrook – Nelson – Golden) 		2
Org 4 (Northern)	 Northern (Prince George – FSJ – Fort Nelson) North Coast (Prince Rupert – Kitimat) 	Prince George	1-2

Discussion: How many locations required to service the Northern and Island regions?

Note: Chapters have no dedicated facility; number and geographic alignment as necessary (no cost impact)

CONSENSUS DESIGN OF ONE SINGLE ORGANIZATION



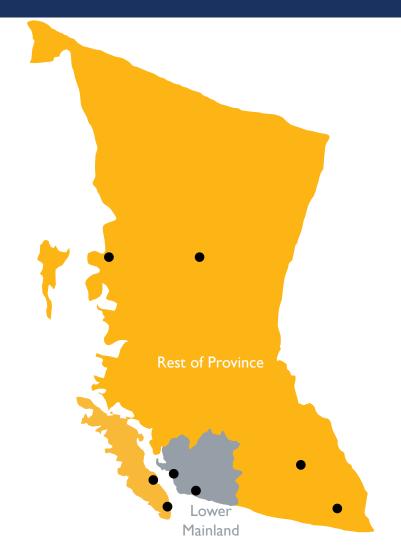
Physical Locations

- 1. Upper valley (Abbotsford to Chilliwack)
- 2. Metro area (incl. Whistler)
- 3. South Vancouver Island (Victoria)
- 4. Vancouver Island (Nanaimo, Port Hardy Campbell River Powell River)
- Okanagan (Penticton Kelowna Kamloops)
- Interior & Mountains (Cranbrook Nelson – Golden)
- 7. Northern (Prince George FSJ Fort Nelson)
- 8. North Coast (Prince Rupert Kitimat)

CONSENSUS DESIGN OF ONE SINGLE ORGANIZATION

	Branches	Board Office	Total
Location Determination	Extend ability to cost-effectively service geography and member needs	 Ability to efficiently service regional geography & members Availability of appropriate resources Cost effective 	
	 Upper valley (Abbotsford to Chilliwack Metro area (incl.Whistler) 	2)	
	3. South Vancouver Island (Victoria)		
	 Vancouver Island (Nanaimo, Port Hardy - Campbell River – Powell River) 	TRATITIES	
Single Org	Okanagan (Penticton – Kelowna – Kamloops)	Metro Vancouver	6-8
	6. Mountain (Cranbrook – Nelson – Golden)		
	7. Northern (Prince George – FSJ – Fort Nelson)		
	8. North Coast (Prince Rupert – Kitimat)		

CONSENSUS DESIGN OF CONSOLIDATED BOARDS (2) & BCREA



Physical Locations

- I. Upper valley (Abbotsford to Chilliwack)
- 2. Metro area (incl.Whistler)
- 3. South Vancouver Island (Victoria)
- 4. Vancouver Island (Nanaimo, Port Hardy Campbell River Powell River)
- Okanagan (Penticton Kelowna Kamloops)
- Interior & Mountains (Cranbrook Nelson Golden)
- 7. Northern (Prince George FSJ Fort Nelson)
- 8. North Coast (Prince Rupert Kitimat)

CONSENSUS DESIGN OF CONSOLIDATED BOARDS (2) & BCREA

	Branches	Board Office	Total
Location Determination	Extend ability to cost-effectively service geography and member needs	 Ability to efficiently service regional geography & members Availability of appropriate resources Cost effective 	
BCREA		Consider co-location with Lower Mainland	
Org I (Lower Mainland)	1. Upper valley (Abbotsford to Chilliwack) 2. Metro area (incl. Whistler)	Metro Vancouver area	1-2
Org 2 (Rest of Province, Island - Interior - Northern)	 South Vancouver Island (Victoria) Vancouver Island (Nanaimo, Port Hardy - Campbell River – Powell River) Okanagan (Pentiction – Kelowna – Kamloops) Mountain (Cranbrook – Nelson – Golden) Northern (Prince George – FSJ – Fort Nelson) North Coast (Prince Rupert – Kitimat) 	RATIVE Kelowna or Victoria	4-7

PHASE 2 – FINANCIAL ANALYSIS

Salaries and Benefits	Status Quo (\$ 000,000's)	1 Org (\$ 000,000's)	Δ (\$ 000,000's)	Δ%
Executive / Snr Management	3.82	1.43	2.39	0.63
Middle Management	4.03	2.16	1.87	0.46
Staff	9.39	7.54	1.85	0.20
MLS Expense	3.31	2.95	0.36	0.11
Office / Building Costs	5.16	3.53	1.64	0.32
Education / Events	2.95	2.95	0.00	0.00
Governance	2.58	0.94	1.64	0.63
IT / Systems	1.54	1.05	0.48	0.31
Government Relations, PR & Sponsorship	0.67	0.67	0.00	0.00
Additional Services	1.24	1.17	0.07	0.06
Other	2.50	1.69	0.80	0.32
Professional Services	1.95	1.78	0.17	0.09
Total	39.13	27.86	11.27	0.29

Comprehensive Run Rate Comparison (2017 numbers deflated to Y0)

			Status Quo (\$ 000,000's)	1 Org (\$ 000,000's)	Δ (\$ 000,000's)	Δ%
perating Costs - Internal						
Salaries and Ber	efits					
		Executive / Snr Management	3.82	1.43	2.39	63
Mi	ddle Management	Administration / Ops/hr	0.32	0.14	0.18	56
		Communication, Public Affairs, Ecc	0.97	0.40	0.57	58
		Education	0.84	0.63	0.22	26
		Finance	0.42	0.21	0.22	51
		Technology	0.65	0.24	0.41	63
		Other/member services	0.82	0.53	0.28	35
Sta	ff	Administration / Ops/hr	0.56	0.29	0.26	47
		Communication, Public Affairs, Ecc	1.17	1.14	0.03	3
		Education	0.79	0.86	(0.06)	-8
		Finance	0.74	0.41	0.33	44
		Technology	3.25	2.17	1.08	33
		Other/member services	2.88	2.67	0.21	7
Per	sion & Benefits				0.00	
MLS Expense			3.31	2.95	0.36	11
Office / Building			0.00		0.00	
	lding / facility leases, utilities, ma		1.67	0.97	0.70	4
	preciation / amortization of capita	al assets / PP&E	1.71	1.38	0.33	19
Sui	dry		0.02	0.00	0.02	100
Pri	nting		0.18	0.18	0.00	(
Otl	er general office and administrat	ion costs	1.59	1.00	0.58	3
Education / Eve	nts				0.00	
Edi	icational Conference / Member T	raining / Member Meeting	0.79	0.79	0.00	(
Eve	nts / Functions / Awards		0.33	0.33	0.00	(
Ins	ructor fees and materials		1.73	1.73	0.00	(
Tra	ining costs (Non-Labour)		0.10	0.10	0.00	
Governance					0.00	
Dir	ector meetings, honorariums etc.		2.27	0.63	1.64	7
			0.00		0.00	
Co	nmittee Expenses		0.31	0.31	0.00	(
IT / Systems					0.00	
We	bsite / member portal		1.54	1.05	0.48	3
Sof	tware development / research				0.00	
Government Re	ations, PR & Sponsorship				0.00	
Ad	vertising, promotions & sponsorsl	hips	0.64	0.64	0.00	
	onsorship	·	0.02	0.02	0.00	
	vernment Relations		0.01	0.01	0.00	
Additional Servi	ces				0.00	
Tit	e Search		0.52	0.52	0.00	
	k box costs		0.71	0.64	0.07	1
Other					0.00	
	ff development, travel, & confere	ences	0.69	0.44	0.25	
	urance		0.23	0.16	0.07	3
	l Debts		0.06	0.06	0.00	
	erest Paid		0.00	0.00	0.00	10
	ik Service Chgs		0.52	0.36	0.16	3
Otl			0.99	0.68	0.31	3
Total Operating			37.18	26.08	11.10	3
<u> </u>			07120		11.10	
erating Costs - Contracted						
Professional Ser	vices					
Au	dit		0.26	0.09	0.17	6
Leg	al		0.31	0.31	0.00	
Co	nsulting		1.38	1.38	0.00	
IT / Systems (Inc	lusive website / member portal)		0.00			
	Costs - Contracted		1.95	1.78	0.17	
al Costs			39.13	27.86	11.27	2

Comprehensive Run Rate Comparison (2017 numbers deflated to Y0)

ue - Fees			Status Quo \$	1 Or \$	g Δ%
Board Fe	es		16,893,444.21	16,893,444.21	
	es (Inclusive MLS, Membership Dues, Intere	est, Entrance, Subscriber and Other Fees)	15,026,584.06	15,026,584.06	
Total Fee	S		31,920,028.27	31,920,028.27	
ue - Non Fees					
	n / Entertainment / Event / Function Incom gy Services	ie –	4,220,490.20 1,109,379.32	4,220,490.20 1,109,379.32	
Revenue			21,104.62	21,104.62	
	venue Source (Inclusive Corporate Partners	ships, Lockbox, Additional Services)	2,961,090.41	2,961,090.41	
Total Nor			8,312,064.55	8,312,064.55	
ue - Financial					
	cost recovery from arbitration		110,586.25	110,586.25	
Rental in			112,512.49	112,512.49	
	nt income ng discounts		734,402.94 (1,147,602.92)	734,402.94 (1,147,602.92)	
Total Fina			(190,101.24)	(190,101.24)	0%
Revenue			40,041,991.58	40,041,991.58	0%
vevenue			40,041,331.36	40,041,931.36	076
ting Costs - Inte Salaries a	rnal nd Benefits				
2 2.2.7.000		Executive / Snr Management	3,816,703.83	1,428,695.69	(
	Middle Management	Administration / Ops/hr	317,039.90	140,928.49	!
		Communication, Public Affairs, Ecc	969,753.28	404,126.59	
		Education	844,408.36	625,584.77	
		Finance Technology	424,988.88 651 388 81	209,903.63	
		Technology Other/member services	651,388.81 817,876.91	241,292.56 534,643.06	
	Staff	Administration / Ops/hr	555,747.82	294,092.11	
	Starr	Communication, Public Affairs, Ecc	1,172,591.47	1,142,427.76	
		Education	793,945.89	855,562.70	
		Finance	740,997.10	411,728.96	
		Technology	3,248,110.13	2,165,742.89	
	Pension & Benefits	Other/member services	2,879,142.06	2,666,286.11	
MLS Expe		#	3,312,140.98	2,947,805.47	:
Office / B	uilding Costs	#			
	Building / facility leases, utilities, maint		1,666,311.23	965,838.79	•
	Depreciation / amortization of capital a Sundry	assets / PP&E	1,709,109.51 19,267.05	1,376,951.40 0.00	10
	Printing		182,341.21	182,341.21	10
	Other general office and administration	n costs	1,587,281.59	1,003,391.41	:
Educatio		#			
	Educational Conference / Member Train	ining / Member Meeting	786,719.85	786,719.85	
	Events / Functions / Awards		334,050.19	334,050.19	
	Instructor fees and materials		1,728,003.02	1,728,003.02	
Governar	Training costs (Non-Labour)	#	101,985.75	101,985.75	
Governa	Director meetings, honorariums etc.	#	2,271,705.95	634,146.34	
	2		0.00	0.00	#DI
	Committee Expenses		309,386.08	309,386.08	
IT / Syste		#			
	Website / member portal		1,535,263.06	1,054,876.59	;
C 21 12 11 12 12	Software development / research	ш			
Governm	ent Relations, PR & Sponsorship Advertising, promotions & sponsorship	#	639,593.37	639,593.37	
	Sponsorship		21,571.50	21,571.50	
	Government Relations		8,917.40	8,917.40	
Additiona	al Services	#			
	Title Search		524,578.75	524,578.75	
Other	Lock box costs		713,864.68	642,478.21	
Other	Staff development, travel, & conference	ces	688,482.89	435,220.71	
	Insurance		229,318.72	157,587.03	
	Bad Debts		60,364.91	60,364.91	
	Interest Paid		3,597.00	0.00	10
	Bank Service Chgs		524,168.55	360,512.49	:
Total Ope	Other erating Costs - Internal		989,653.83 37,180,371.51	680,663.82 26,077,999.62	
			. , -	· , · · ·	
ting Costs - Con Professio	tracted nal Services				
1 10163310	Audit		258,395.57	92,434.19	
	Legal		309,121.70	309,121.70	
	Consulting		1,380,593.99	1,380,593.99	
	ms (Inclusive website / member portal)		0.00	0.00	
Total Ope	erating Costs - Contracted		1,948,111.26	1,782,149.88	

PHASE 4 – FINANCIAL ANALYSIS (6 PARTICIPATING BOARDS AND BCREA)

Financial Comparison

	Original			6-Board		
	Status Quo	1 Org	Change	Status Quo	1 Org	Change
						_
Revenue	40	36.8	3.3	34.5	31.6	2.9
Salaries and Benefits	17.2	11.1	6.1	14.7	9.9	4.8
Executive / Snr Management	3.8	1.4	2.4	3.1	1.5	1.6
Middle Management	4.0	2.2	1.9	3.8	1.8	2.0
Staff	9.4	7.5	1.9	7.8	6.6	1.3
MLS Expense	3.3	2.9	0.4	2.8	2.5	0.3
Office / Building Costs	5.2	3.5	1.6	4.7	2.9	1.8
Education / Events	3.0	3.0	0.0	2.6	2.6	0.0
Governance	2.6	0.9	1.6	2.2	0.9	1.2
IT / Systems	1.5	1.1	0.5	1.3	1.0	0.3
Government Relations, PR & Sponsorship	0.7	0.7	0.0	0.6	0.6	0.0
Additional Services	1.2	1.2	0.1	1.2	1.2	0.1
Other	2.5	1.7	0.8	1.6	1.0	0.6
Professional Services	1.9	1.8	0.2	2.0	1.8	0.1
Total	39.1	27.9	11.3	33.6	24.4	9.3

PHASE 2 – FINANCIAL BUSINESS CASE ASSUMPTIONS

Financial Business Case Assumptions

Operating Costs - Internal		
Salaries and Benefits	Executive	# of FTE multiplied by the proxy salary (including benefits) by level, by functional area.
	Middle Management	FTE's were determined based on a scale between current state and proxy board, using best practices of a
	Staff	similar sized organizations.
		Used a conservative average salary, reflective of a large metropolitan board.
		Salary within staff level bands and functional areas were averaged.
	Pension & Benefits	Included in calculation of average salary by level, by functional area.
MLS Expense		MLS expense will be addressed through recommendation #2 in the meantime reduced by 11% based on
Office / Building Costs		·
, 0	Building / facility leases, utilities, maintenance, property taxes, etc.	Current facility cost scaled by ratio of frontline NewCo FTE's in each location to current FTE.
	Depreciation / amortization of capital assets / PP&E	Proxy locations used for all operating models include: GV, FV, Kootney, Victoria, Kelowna, Prince George.
	Sundry	Made zero (not material).
	Printing	Kept constant (plus inflation) as costs proportional to members (total members unchanged).
	Other general office and administration costs	Current cost scaled by ratio of NewCo FTE's to current FTE.
Education / Events	Other general office and administration costs	Current cost scaled by ratio of Newco FTE's to current FTE.
Education / Events	Educational Conference / Member Training / Member Meeting	
	Educational Conference / Member Training / Member Meeting	
	Events / Functions / Awards	
	Instructor fees and materials	Kept constant (plus inflation) as this is expected to be an are of investment. Efficiencies likely available.
	Training costs (Non-Labour)	
Governance		
	Director meetings, travel, honorariums etc.	\$100K per legal entity for meetings, \$50K honorarium per Director (not including CEO)
	Committee Expenses	Committee expenses held to current costs as there is no indication this would change, covers the same
IT / Systems		
	Website / member portal	
	Software development / research	Kept constant as a percentage of total costs.
Government Relations, PR & Sponsorship		1 0
,	Advertising, promotions & sponsorships	
	Government Relations	Kept constant (plus inflation) as costs proportional to members (total members unchanged).
Additional Services	Government relations	Rept constant (plus innation) as costs proportional to members (total members unchangea).
Additional Services	Title Search	Kept constant (plus inflation) as costs proportional to transaction volume and no changes made to
		Assumed 10% effeciency improvement.
Oil	Lock box costs	Assumed 10% eneciency improvement.
Other		
	Staff development, travel, & conferences	Current cost scaled by ratio of NewCo FTE's to current FTE.
	Insurance	
	Bank Service Chgs	
	Other	Kept constant as a percentage of total costs.
	Bad Debts	Kept constant (plus inflation).
	Interest Paid	Made zero (not material).
Operating Costs - Contracted		
Professional Services		
	Audit	Reduced proportionately to number of legal entities; added 25% for increased complexity.
	Legal	
	Consulting	Kept constant (plus inflation).
Capital and non-recurring Costs (Transitional a		
ways with the resulting costs (It ansitudial a	MA ONE THINE !	Assumed disposal of assets > new assets required; some reserves will need to be spent to comply with NFP
Capital assets		tax guidelines.
Change Management / Training		Categorized by size the number of integrations required; estimated weeks to support each category and
		multiplied by typical rate of third party contractor.
		Estimated number of executives, managers, and staff required for retention / incentive plans in each model;
Incentive / Retention		multiplied by typical retention value.
Severance		Typical duration of severance for each level mulitplied by difference in FTE (vs. status quo) and salary for
		that level. Consideration given to long term staff.
Project Management/ Integration costs		Cotogonized by size the number of interestions required estimated and interest along the
IT Migration Costs		Categorized by size the number of integrations required; estimated weeks to support each category and
Finance/ HR/ Operations/ Back Office Consolidati	ion	multiplied by typical rate of third party contractor.
Communications		Estimated \$2 M
		: т

PHASE 2 – RATING DISCUSSIONS

DRAFT

STRATEGIC CONSIDERATIONS SCORING REVISITED

The project team is closely aligned on the strategic impact of each remaining operating model.

Value creation for individual REALTORS®* Support REALTORS® in performing their job more efficiently and effectively Strengthen REALTOR® connection to communities **Total Value Creation**

Advocacy and adaptability for the profession as a whole*

Professionalism & strengthening the REALTOR® brand		
Enhanced credibility and influence with policy-makers		
Value provided to the greater public		
Responsiveness to market dynamics (REALTORS®)		
Total Advocacy	_	

Organizational Excellence*



Total

Key Observations

- Limited variance between opinions; some difference in perceived
 - Value creation for one- and two-board models
 - Organizational excellence for twoboard model
- Significant improvement in alignment vs. first scoring exercise.

High variance in opinion
Medium variance in opinion
Low variance in opinion

^{*}Top and bottom score removed from average of each to normalize outliers

DRAFT

STRATEGIC CONSIDERATIONS SCORING REVISITED

Including outliers, the following heat map still reflects limited variance; scores are unchanged

One Single Organization Value creation for individual REALTORS® Support REALTORS® in performing their job more efficiently and effectively Strengthen REALTOR® connection to communities **Total Value Creation** Advocacy and adaptability for the profession as a whole Professionalism & strengthening the REALTOR® brand Enhanced credibility and influence with policy-makers Value provided to the greater public Responsiveness to market dynamics (REALTORS®) Total Advocacy **Organizational Excellence** Expanded, consistent and high- quality member services Effective and efficient governance Improved organizational effectiveness Financial stability Total Organizational Excellence

Key Observations

- Variance still limited
 - Areas of variance include advocacy and adaptability for all models
- Results are unchanged

High variance in opinion
Medium variance in opinion
Low variance in opinion

STRATEGIC CONSIDERATIONS SCORING REVISITED

The scores are unambiguous with the two-board model; slight advantage perceived with one-board model



Value creation for individual REALTORS®

Support REALTORS® in performing their job more efficiently and effectively	3.3	2.3	1.8
Strengthen REALTOR® connection to communities	2.6	2.0	1.3

Total Value Creation

Advocacy and adaptability for the profession as a whole

Professionalism & strengthening the REALTOR® brand	3.0	3.3	2.6
Enhanced credibility and influence with policy-makers	2.6	3.6	2.3
Value provided to the greater public	2.6	2.5	1.9
Responsiveness to market dynamics (REALTORS®)	2.8	3.1	2.8
Total Advances			

Total Advocacy

Organizational Excellence

Expanded, consistent and high- quality member services	3.1	3.5	2.5
Effective and efficient governance	2.5	3.6	2.4
Improved organizational effectiveness	3.0	3.3	1.8
Financial stability	3.3	3.5	2.4
Total Organizational Excellence			-

2.9 3.0

Overall Results

- I. One Single Organization
- 2. Consolidated (4) + BCREA
- 3. Consolidated (2) + BCREA

	Rating Score
Fully satisfies	4
Significant improvement	3
Slight improvement	2
No change	ı
Makes things worse	0

HIGH-LEVEL OVERVIEW OF ONE-ON-ONE CALLS

Review of the Draft Business Case Results

Strategic scoring:

 One Single Organisation and Consolidated 4 Boards & BCREA are close

Financial scoring:

- Without looking at impacts to revenue, One Single Organisation frees up over \$10M
- Consolidated 4 Boards & BCREA frees up less than \$4M

Financial Assumptions Discussed

Revenue:

- Assumed revenue flat in current model
- Member fees need to be harmonized, further need to discuss
- Should assume a reduction in rental revenue

Costs:

- There would be an impact to capital costs, assumed current Real Estate would be liquidated.
- Current assets would be greater than the cost of acquiring NewCo boards/ branches.

There is a perception that Vancouver will dominate OREBC – this is a misconception that needs to be addressed; the reality is that

REBGV ceases to exist in every operating model being considered



CONSOLIDATED BOARDS (4) & BCREA OPTIONS

Revisiting the alignment of branches to boards for the consolidated 4 model

Meeting

Option #1: Consensus view from the December 9th in person Project Team **Option #2:** Alternative option, focused on balancing the distribution of membership

Boards	Branches Alignment	Total
Location Determination	Extend ability to cost-effectively service geography and member needs	
Org I (Lower Mainland)	Upper valley (Abbotsford to Chilliwack) Metro area (incl. Whistler)	2
Org 2 (Vancouver Island and South Coast)	I. All Vancouver Island & Coast	I
Org 3 (South Interior)	I. Okanagan (Penticton – Kelowna – Kamloops)	I
Org 4 (Northern & Mountains)	 Interior & Mountains (Cranbrook – Nelson – Golden) Northern (Prince George – FSJ – Fort Nelson) 	2

Boards	Branches Alignment	Total
Location Determination	Extend ability to cost-effectively service geography and member needs	
Org I (Lower Mainland A)	North West Metro Area (Metro Van, North Short to Whistler)	I
Org 2 (Lower Mainland B)	East Metro Area & Upper Valley (Burnaby to Chilliwack)	1
Org 3 (Vancouver Island and South Coast)	I. All Vancouver Island & Coast	l
Org 4 (South Interior, Mountains & Northern)	 Okanagan (Penticton – Kelowna – Kamloops) Interior & Mountains (Cranbrook – Nelson – Golden) Northern (Prince George – FSJ – Fort Nelson) 	3

- How would REALTORS®, be better-served by a split in the lower mainland?
- From the perspective of REALTORS®, what is the specific problem we are addressing? Governance? Services? What is the BEST way of addressing it?
- Is there a configuration of the 4 board model that is substantially superior?
- What are the advantages that should be replicated in the recommended operating model?

Table Miles

CHALLENGES AND OPPORTUNITIES FROM THE TEAM

Consensus that the I-Org model is the best solution...but emotional response that there are still obstacles to overcome (though solutions exist)

Challenges

- Need to "win hearts"; process pushed emotion "into the closet"
- Perception that Vancouver (members, not board) will dominate the culture and agenda (i.e., focus will be on satisfying needs of condo sales reps for standards, services, training, etc. leaving rural brokerages underserved)
- Lingering bad taste from previous discussions on amalgamation

Opportunities

- Leverage what our hearts are telling us to improve the I-org model; help the value beyond the numbers to shine through
- Establish transparent governance where members see their interests represented in the oversight of OREBC
- Define parameters that allow front-line service delivery (i.e., branches) to be adapted to the needs of local REALTORS®; have a process for grassroots addition of branches
- Be sensitive to the perceptions, and address them transparently
- Focus on communication and change management to articulate the value proposition; make the benefits tangible

Consider

- What would improve the I-org model and help it to resonate with this team and the broader membership? What considerations for the approval process and implementation?
- For each strategic criterion, how can make the 1-org model as successful as possible?
- Where could we reinvest the savings to mitigate some of the concerns?



OPTIMIZING THE OPERATING MODEL

For each strategic criterion, how can make the model as successful as possible?

Advocacy and adaptability for the profession as a whole

Professionalism & strengthening the REALTOR® brand

Enhanced credibility and influence with policy-makers

Value provided to the greater public

Responsiveness to market dynamics (REALTORS®)

Total Advocacy

Organizational Excellence

Expanded, consistent and high-quality member services

Effective and efficient governance

Improved organizational effectiveness

Financial stability

Total Organizational Excellence

Total

REVENUE IMPLICATIONS

Each board uses a different mix of fees and dues to cover the costs of operations; harmonizing these presents a challenge and an opportunity

Option I: Maximize Revenue

- Revenues at the rate of the highest board
- Adds >\$20M in revenue
- Would result in increases for virtually every board

Option 2: Minimize Fees

- Revenues at the rate of the lowest board
- Costs \$5-6M in revenue
- Would result in decreases for all but a few boards

Option 3: Revenue-Neutral

- Revenues at the rate of the average
- Would result in decreases for half the members BUT increases for the other half

Consider

- A compelling story for members: it will cost you less from day I, services will improve, and there are new resources available to invest in organized real estate
- A small reduction for ALL members (cost \$6-7M) leaves \$4-5M per year for investment in furthering Organized Real Estate
- Operating reserves of 1.2 x annual costs (\$34M) leaves significant room to boost short term investment



INVESTMENT OPPORTUNITY "WISH LIST"

What are the highest-return opportunities for reinvesting \$10M?

Area for Improvement:

Re-investment could include:

Technology







- Improved user interface (websites on a consistent platform & more user friendly)
- Multiplatform MLS (access to systems on iPhones, iPads, etc.)
- Portal, CRM, other tools

Information Management & Analytics



Products





- Province-wide database
- Improved analytics (market trends, statistics, etc.)
- Digitization (eliminating the need to use manual / paper-based approach)

Innovation



- Addressing industry disruptors (e.g. Zillow, Trulia, etc.)
- New product or service development (additional education options?, new solutions?)
- Digital Engagement

Services





Interaction

- Community Engagement
- Events / Functions
- Sponsorship/ Awards

Trust & Public Perception



- Professional Standards
- Advocacy
- Government Relations
- Media / Communications

How do we make the benefits tangible for REALTORS®?

PHASE 2 – "WISH LIST"

PRELIMINARY INVESTMENT OPPORTUNITY "WISH LIST"

Products

Area for Improvement:

Re-investment could include:

Technology





- Improved user interface (websites on a consistent platform & more user friendly)
- Multiplatform MLS (access to systems on iPhones, iPads, etc.)
- Portal, CRM, other tools

Information Management & Analytics





- Province-wide database
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Services





Interaction

- Community Engagement
- Events / Functions
- Sponsorship/ Awards

Trust & Public Perception



- Professional Standards
- Advocacy
- Government Relations
- Media / Communications

How do we make the benefits tangible for REALTORS®?

PHASE 2 – OPERATING MODEL RECOMMENDATION

THE UNDERTAKING



We have been discussing Organized Real Estate in B.C. for a number of years

May 2015

A Project Team was created to continue further study and provide recommendations on next steps (which was comprised of a mix of staff and elected people from across B.C.)

Project Team was supported by PwC

LOCAL CONSIDERATIONS



Connection to communities and fostering local networks is core to the success of REALTORS®



Local access to member services is important to REALTORS®

REALTORS® CONSIDERATIONS



REALTORS® don't want their voice in organized real estate diminished, nor for decision-making to be dominated by one region at the expense of others



A well-governed organization would improve the influence that REALTORS® and the communities they serve have on the direction and services from organized real estate



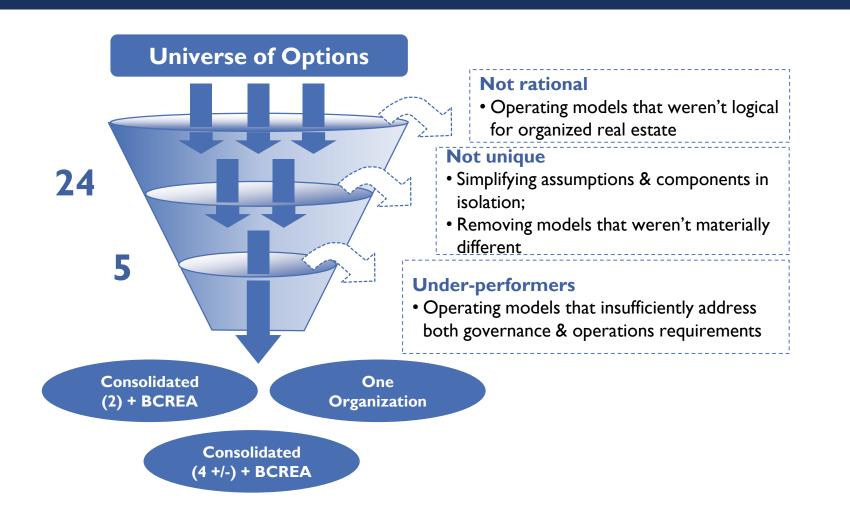
Programming design and service delivery appropriate for all members, not dictated by majority rules

HOW WE WENT ABOUT THIS

THE EFFORT

- 15 hours of facilitated team conference calls
- * 55 hours of in-person team working sessions
- * More than 100 one-on-one calls
- * 20 in-person one-on-one meetings
- * 000's of hours of financial modelling and analysis
- Project Team members working tirelessly

EVALUATION PROCESS



Our recommendation

BEST satisfies the

strategic criteria

AND

Yields \$7.1M more

benefits than its

closest competitor

THE RECOMMENDED OPERATING MODEL

ASSOCIATION OF B.C. REALTORS®



















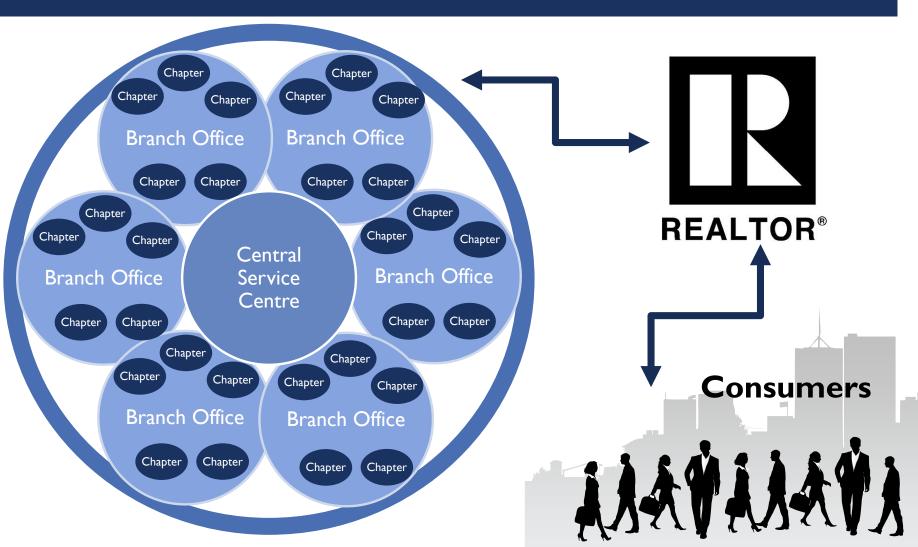




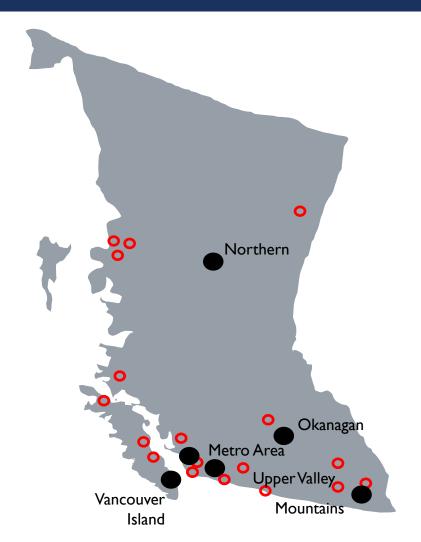
ASSOCIATION OF B.C. REALTORS®

One
Organization
representing all

representing all the REALTORS® of B.C.



ASSOCIATION OF B.C. REALTORS®



- Potential branch location
- Illustrative example of Chapters

BENEFITS

REALTORS®

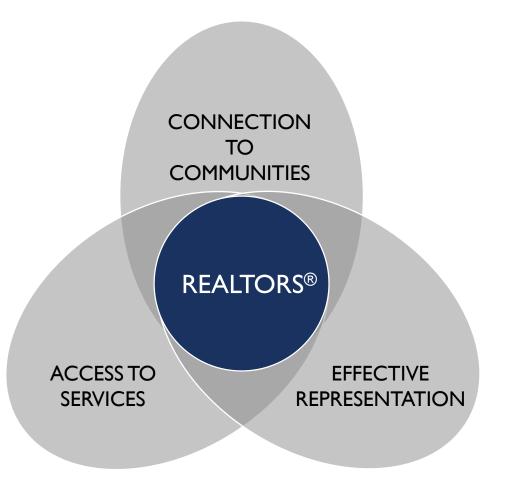
- Consistent high-quality member services
- Reduced administrative burden
- Better and standardized tools
- Strengthened connection to communities
- Leadership development opportunities
- Improved quality of life
- Lower fees

The Profession

- Effective and efficient governance
- Nimble and responsive
- Improved value of MLS® data
- Enhanced and consistent professional standards and enforcement
- Reduced consumer and REALTOR® confusion
- Enhanced credibility and influence with policymakers
- Better responsiveness to market dynamics

KEY CONSIDERATIONS REVISITED: THIS MODEL MEETS OUR NEEDS

- ✓ Local networks and communities are important
- Foster connections within and between geographic and practice areas
- Services appropriate for all members not dictated by one geographic location
- Central support for local delivery of relevant education/professional development
- Improved governance to make certain all members' voices will be heard



FINANCIAL DETAILS

BENEFITS - \$11.3M PER YEAR

Top Five Sources

Executive / Senior Management: \$2.4M

Middle Management: \$1.9M

Staff: \$1.9M

Governance: \$1.7M

Office & Building Costs: \$1.6M

REALTOR® Impact

Harmonizing fees could reduce revenue by

\$6.1M - \$6.5M

Average cost can decrease ~20%

6,000 could see more than 30% reduction

❖ No REALTORS® would need to see an

increase in fees

THE RECOMMENDATION

THE FUTURE



RECOMMENDATION

The Project Team recommends:

The II member boards and BCREA cease to exist and form one new Real Estate organization to represent all REALTORS® across the province

- The Presidents' Working Group will continue to oversee the effort, and funding will continue to be provided by BCREA
- This project be continued, with all necessary external support, to drive the detailed design of those remaining elements that will lead to a successful membership vote

Questions for the Project Team

BENEFITS - SAVINGS

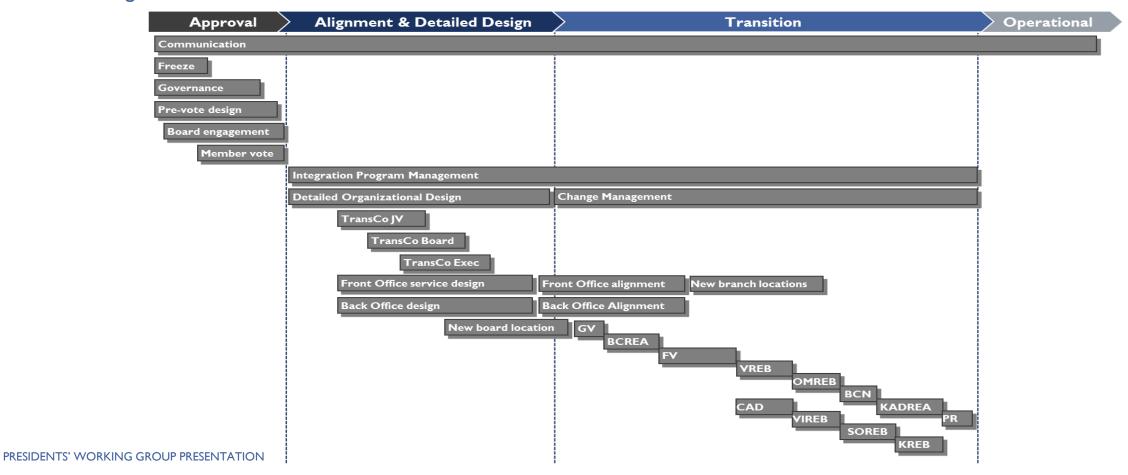
Summary of annual Gross Savings

Note that these do NOT reflect additional investments or one-time costs

Areal	Status Quo	One Single Organization		(4) + BCREA	(2) + BCREA
		Annual	Difference	Difference	Difference
Executive / Senior Management	3.8M	I.4M	2.4M	1.7M	2.0M
Middle Management	4.0M	2.2M	1.9M	-0.4M	0.0M
Staff	9.4M	7.5M	1.9M	I.0M	I.IM
MLS Expense	3.3M	2.9M	0.4M	0.4M	0.4M
Office & Building Costs	5.2M	3.5M	I.6M	I.IM	1.2M
Education & Events	3.0M	3.0M	-	-	-
Governance	2.6M	0.9M	1.7M	-0.2M	1.0M
IT Systems	1.5M	I.IM	0.5M	0.IM	0.3M
Government Relations, PR & Sponsorship	0.7M	0.7M	-	-	-
Additional Services	I.2M	I.2M	0.1M	0.IM	0.1M
Other	2.5M	I.7M	0.8M	0.3M	0.5M
Professional Services	I.9M	I.8M	0.2M	0.IM	0.1M
Total	39.IM	27.8M	11.3M	4.2M	6.7M

PRELIMINARY ONE ORGANIZATION HIGH LEVEL ROADMAP

The following are the high level steps for transitioning into One Single Organization. Each step has been detailed out on the following slides



CHANGE MANAGEMENT PRINCIPLES AND CONSIDERATIONS



People Retention and Transition

- 1. People will be treated fairly and with respect during the transition
- 2. Workforce reductions can only occur if:
 - Roles cease to exist
 - The process is redesigned or automated
 - Effort is transitioned to someone else
- 3. Workplace transition plan in place:
 - Systems and workflow impacts / requirements
 - Transition of effort / knowledge
- 4. Seek natural attrition and early retirement as an alternative to termination
- 5. Best practices is to limit the transitional timeline period
- 6. Align retention and severance plan with natural attrition and early retirement
 - Be generous but not silly



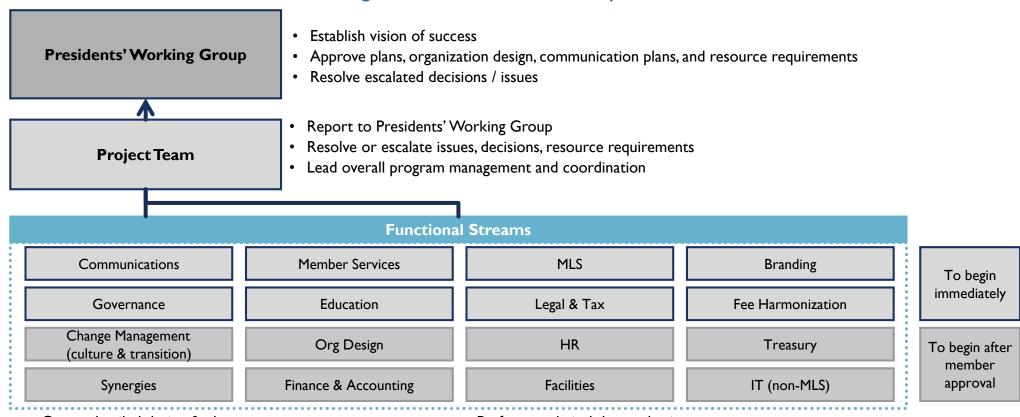
Culture and Leadership

- 1. Define desired end state cultural attributes and develop plan to achieve them
- 2. New / enhanced opportunities will be created for existing staff
- 3. Enhanced leadership development opportunities will be created for both staff and membership
- 4. Clearly articulate end state vision
- 5. Employ transparent and timely communication: staff are critical stakeholders
- 6. Communicate dedication and commitment through visible leadership
- 7. Retained staff will be kept whole
- 8. Be sensitive to the human issues that arise during transition, and respond to HR concerns as soon as possible

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PRE-APPROVAL PROGRAM GOVERNANCE

In preparation for the member vote, detailed design must continue in some key areas



- Create detailed design & plans
- Identify and address amalgamation issues
- Develop consensus and buy-in

- Perform analytical data gathering
- Regularly report on progress



CONSOLIDATED BOARDS (4) + BCREA OPTIONS

Revisiting the alignment of branches to boards for the consolidated 4 model

Option #1: from the December 9th in person Project Team Meeting

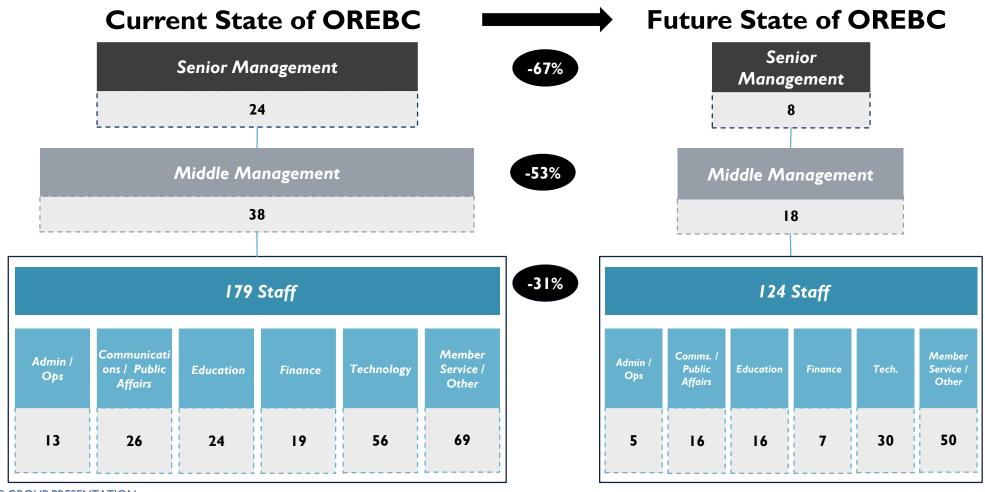
realli Meeting		
Boards	Branches Alignment	Total
Location Determination	 Extend ability to cost-effectively service geography and member needs 	
Org I (Lower Mainland)	Upper valley (Abbotsford to Chilliwack) Metro area (incl.Whistler)	2
Org 2 (Vancouver Island and South Coast)	I. All Vancouver Island & Coast	l
Org 3 (South Interior)	I. Okanagan (Penticton – Kelowna – Kamloops)	l
Org 4 (Northern & Mountains)	 Interior & Mountains (Cranbrook – Nelson – Golden) Northern (Prince George – FSJ – Fort Nelson) 	2

Option #2: Alternative option, focused on balancing the distribution of membership

Boards	Branches Alignment	Total
Location Determination	 Extend ability to cost-effectively service geography and member needs 	
Org I (Lower Mainland A)	I. North West Metro Area (Metro Van, North Short to Whistler)	I
Org 2 (Lower Mainland B)	 East Metro Area & Upper Valley (Burnaby to Chilliwack) 	l
Org 3 (Vancouver Island and South Coast)	I. All Vancouver Island & Coast	l
Org 4 (South Interior, Mountains & Northern)	 Okanagan (Penticton – Kelowna – Kamloops) Interior & Mountains (Cranbrook – Nelson – Golden) Northern (Prince George – FSJ – Fort Nelson) 	3

- I. How would REALTORS®, be better-served by a split in the lower mainland?
- 2. From the perspective of REALTORS®, what is the specific problem we are addressing? Governance? Services? What is the BEST way of addressing it?
- 3. Is there a configuration of the 4 board model that is substantially superior?
- 4. What are the advantages that should be replicated in the recommended operating model?

ALLOCATION OF PEOPLE



PRELIMINARY INVESTMENT OPPORTUNITY "WISH LIST"

Area for Improvement:

Re-investment could include:

Products



Technology



- Improved user interface (websites on a consistent platform & more user friendly)
- Multiplatform MLS (access to systems on iPhones, iPads, etc.)
- Portal, CRM, other tools

Information Management & Analytics





- Province-wide database
- Improved analytics (market trends, statistics, etc.)
- Digitization (eliminating the need to use manual / paperbased approach)

Innovation



- Addressing industry disruptors (e.g. Zillow,Trulia, etc.)
- New product or service development (additional education options?, new solutions?)
- Digital Engagement

Services





Interaction

- Community Engagement
- Events / Functions
- Sponsorship/ Awards

Trust & Public Perception





- Advocacy
- Government Relations
- Media / Communications

How do we make the benefits tangible for REALTORS®?

FINANCIAL BUSINESS CASE

10 year cumulative run rate by operating model.

	Status Quo	Consolidated (4) + BCREA	Consolidated (2) + BCREA	One Single Organization
Total Revenue	471.3 M	471.3 M	471.3 M	471.3 M
Total Operating Costs - Internal	436.7 M	388.8 M	360.0 M	307.4 M
Total Operating Costs - Contracted	22.9 M	21.9 M	21.4 M	21.0 M
Total Operating Costs	460.6 M	410.7 M	381.3 M	328.4 M
Total Non-recurring Costs - Transitional and One-Time	0.0 M	10.3 M	10.0 M	18.3 M
Total Costs	460.6 M	421.0 M	391.4 M	347.1 M
NET	10.8 M	50.4 M	79.9 M	124.2 M
NPV	7.3 M	31.4 M	51.5 M	79.4 M

FINANCIAL BUSINESS CASE: ASSUMPTIONS

Operating Costs - Internal

Salaries and Benefits	Executive Middle Management Staff Pension & Benefits	# of FTE multiplied by the proxy salary (including benefits) by level, by functional area. FTE's were determined based on a scale between current state and proxy board, using best practices of a similar sized organizations. Used a conservative average salary, reflective of a large metropolitan board. Salary within staff level bands and functional areas were averaged. Included in calculation of average salary by level, by functional area.
MLS Expense		MLS expense will be addressed through recommendation #2 in the meantime
Office / Building Costs		reduced by 11% based on Phase 1 scaling of proxy board costs.
,	Building / facility leases, utilities, maintenance, property taxes, etc. Depreciation / amortization of capital assets / PP&E Sundry	Current facility cost scaled by ratio of frontline NewCo FTE's in each location to current FTE. Proxy locations used for all operating models include: GV, FV, Kootney, Victoria, Kelowna, Prince George. Made zero (not material).
	Printing	Kept constant (plus inflation) as costs proportional to members (total members unchanged).
	Other general office and administration costs	Current cost scaled by ratio of NewCo FTE's to current FTE.
Education / Events	Educational Conference / Member Training / Member Meeting Events / Functions / Awards Instructor fees and materials Training costs (Non-Labour)	Kept constant (plus inflation) as this is expected to be an are of investment. Efficiencies likely available.
Governance		
	Director meetings, travel, honorariums etc.	$100\mathrm{K}$ per legal entity for meetings, $50\mathrm{K}$ honorarium per Director (not including CEO)
	Committee Expenses	Committee expenses held to current costs as there is no indication this would change, covers the same number of members.
IT / Systems	Website / member portal Software development / research	Kept constant as a percentage of total costs.

FINANCIAL BUSINESS CASE: ASSUMPTIONS

Operating Costs - Internal Cont'd

Government Relations, PR & Sponsorship

Advertising, promotions & sponsorships

Kept constant (plus inflation) as costs proportional to members (total members unchanged).

Government Relations

Additional Services

Title Search

Kept constant (plus inflation) as costs proportional to transaction volume and no changes made to corresponding revenue.

Lock box costs

Assumed 10% efficiency improvement.

Other

Lock box costs

Assumed 10% efficiency improvement.

Staff development, travel, & Current cost scaled by ratio of NewCo FTE's to current FTE

Insurance

Bank Service Chgs
Other

Bad Debts
Kept constant as a percentage of total costs.

Kept constant (plus inflation).

Interest Paid
Made zero (not material).

Operating Costs - Contracted

Professional Services

Audit	Reduced proportionately to number of legal entities; added 25% for increased complexity.
Legal Consulting	Kept constant (plus inflation).

Capital and non-recurring Costs (Transitional and One-Time)

Capital assets	Assumed disposal of assets > new assets required; some reserves will need to be spent to comply with NFP tax guidelines.
Change Management / Training	Categorized by size the number of integrations required; estimated weeks to support each
Change Management / Training	category and multiplied by typical rate of third party contractor.
Incentive / Retention	Estimated number of executives, managers, and staff required for retention / incentive plans in
incentive / Retention	each model; multiplied by typical retention value.
Severance	Typical duration of severance for each level multiplied by difference in FTE (vs. status quo) and
Severance	salary for that level.
Project Management / Integration	
IT Migration Costs	Categorized by size the number of integrations required; estimated weeks to support each
Finance/ HR/ Operations/ Back Office	e category and multiplied by typical rate of third party contractor.
Consolidation	
Communications	Estimated \$500K (for all operating models)

HISTORIC MEETING SCHEDULE

					A ttendee:	5
Date	Time	Details	Duration	Location	Project Team	Presidents' Working Group
6-Oct-15	2:00pm - 4:00pm	Project Team Kick-off	2hr	In-person at YVR	Required	
13-Oct-15	2:00pm - 3:00pm	Update touchpoint	lhr	Conference Call	Required	
20-Oct-15	I:00pm - 2:00pm	Update touchpoint	lhr	Conference Call	Required	
21-Oct-15	12:00pm - 3:00pm	Business Case and Criteria Review	3hr	In-person at YVR	Required	
22-Oct-15	10:00am - 11:00am	Business Case and Criteria Review	lhr	Video Conference	Project Team Representatives	Required
26-Oct-15 to 30-Oct-15		Off-line Follow Up				As Required
30-Oct-15	I:00pm - 2:00pm	Update touchpoint	lhr	Conference Call	Required	
9-Nov-15	11:00am - 12:00pm	Update touchpoint	lhr	Conference Call	Required	
18-Nov-15	I:00pm - 4:00pm	Validate Scenario Prioritization	3hr	In-person at YVR	Required	
19-Nov-15	10:00am - 11:30am	Validate Scenario Prioritization	I.5hr	Conference Call	Project Team Representatives	Required
27-Nov-15	I:00pm - 2:00pm	Update touchpoint	lhr	Conference Call	Required	
9-Dec-15	8:00am - 12:00pm	Progress Review	4hr	In-person at YVR	Required	
15-Dec-15	10:00am- 11:00am	Update touchpoint	lhr	Conference Call	Required	
End of Dec to 8-Jan-16		Offline review of draft business cases			Required	
4-Jan-16 to 8-Jan-16		One on One Reviews with Project Team members	30min	Conference Calls	Required	
8-J an- I 6	9:00am - 12:00am	Status Review	3hr	In-person at YVR	Required	
14-J an-16	I:00pm - 3:00pm	Draft Business Case Review	2hr	Conference Calls	Required	
15-J an-16	9:00am - 5:00pm	Preperation and Findings	8hr	In-person at YVR	Required	
21-J an-16	10:00am - 5:00pm	Presentation to the Presidents' Working	7hr	In-person at YVR	Required	Required

PHASE 2 – MLS® RECOMMENDATION

OBJECTIVE & MANDATE

Determine viability and roadmap to move to a single provincial MLS®

The purpose of the ORE Presidents' Working Group Single Provincial MLS taskforce is to prepare a report outlining the feasibility of creating a Provincial MLS system and common MLS rules for British Columbia. The report will address the following key areas:

- > Benefits of moving to a common shared system
- > Risks or Barriers to success
- > Service Delivery model options and recommendations
- > Governance requirements and model
- ➤ Alignment of MLS Rules and regulations
- > Potential timelines and recommendations for implementation

The taskforce will have representation from across the Real Estate Boards, with the proposed single MLS system supporting the 11 REBs in the province.

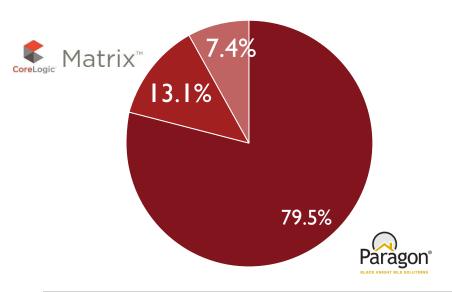
EXISTING MLS OVERVIEW

Paragon MLS is a single-consolidated database used by 4 boards. Matrix and RealtyServer used by other boards each have a separate MLS database.



MEMBERS BY BOARD SUMMARY





		Count	%
Members	Paragon	16,063	79.5%
by MLS	Matrix	2,647	13.1%
System	RealtyServer	1,494	7.4%
Total Membership		20,204	100%

SHARED SERVICES MODELS COMPARISON - BENEFITS

		Mul	ti Board		Single Board
Benefit Characteristic	Model A: Enterprise Partnership	Model B: Center of Excellence	Model C: Single Managed Service	Model D: Shared Service Centre	Model E: Single Board
Cross REB boundaries					
High quality data					
Offer provincial wide tools and value add services					
Consistent business rules					
Potential Cost savings					
Less complex governance					

TASKFORCE RECOMMENDATIONS

The Single Provincial MLS Taskforce evaluated the options listed in Section 11 Implementation Options under both single and multi board scenarios. While similar, a multi board scenario would require a more complex and structured governance model whereas the single board scenario would by necessity require other systems such as membership management and financials systems to be consolidated as well.

Under a single board scenario:

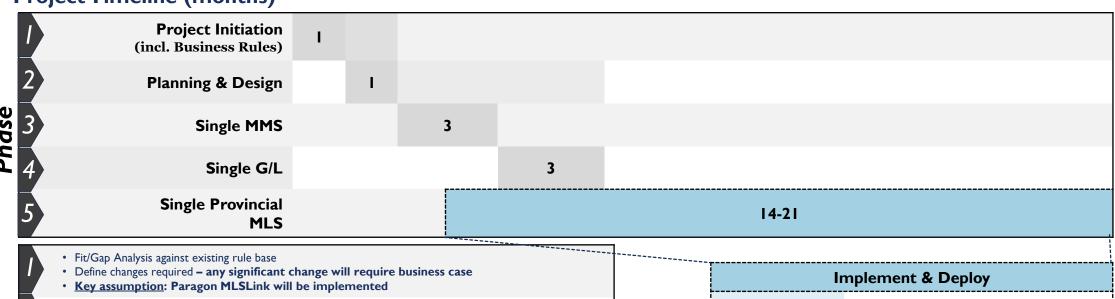
• The Taskforce recommends implementing a single MLS using Option 5: Single Board Foundational Systems Platform approach. Governance would be provided through the single board structure, and participating legacy boards will also be moved to common supporting systems (i.e. membership management, financials.)

Under a multi board scenario:

- The Taskforce recommends implementing a single MLS using Option 3: Rapid Deployment approach. The Taskforce also recommends a Shared Service Centre model to deliver the service, and a governance model separate and distinct from any single board.
 - In a multi board scenario, further due diligence on appropriate funding and cost models will be required to determine appropriate charge-back mechanisms to participating REBs.
 - Further information on charge-back mechanisms are presented in Appendix A, and provides a framework by which to assess various methods against general principles of fairness, predictability and complexity.

SINGLE BOARD FOUNDATIONAL SYSTEMS PLATFORM

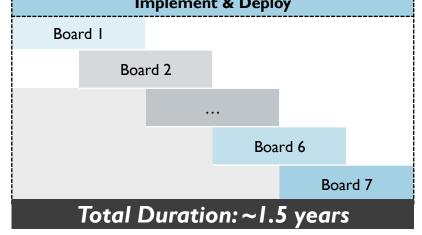
Project Timeline (months)



- · Work plans, project teams, and resourcing
- Business process support and change management
- Order of implementation by Board

Phase

- One of the existing MMS will be selected as the solution for Single MMS
- Each Board's MMS will still be the source system but the Single MMS will be used for integration with Single MLS and Single G/L
- One of the existing Financial systems will be selected as the solution for Single G/L
- Build & configure remaining common Provincial model
- Define common processes and refine data conversion processes
- Remaining board (up to 7) deployment reduction in number of boards to completion
- Convert and Go Live (4-6 months per board)
- · No parallel activities are included in this option



PHASE 3 – APPROACH & WORKPLAN

CRITICAL INPUTS

Deepen the "3-D" design of the Single Organization operating model to support the approval by all OREBC Boards of Directors

	People	Purpose	Plan (Immediate next steps)	Data
Member Services	Alexandra Goseltine (BCNREB) Charles Wiebe (FVREB) Darcy McLeod (REBGV) Lynette Keyowski (OMREB) Sally Kilburg (SOREB) Randy Forbes (BCREA)	 Deepen the understanding of the service delivery model and delineation of the "branch" vs. "chapter" vs. "central service centre" activities Answer for REALTORS®: What services will they receive? How will the way in which they receive them change? 	 Work Stream members to collect comprehensive provincial wide list and submit data to PwC Collect all consulting reports or relevant member survey data and submit to PwC 	 List of Services provided by boards Any and all member surveys Segmentation Reports Etc.
Fee Harmonization	Brad Scott (REBGV) Jorda Maisey (FVREB) Rob Phillip (FVREB) William Lacy (BCNREB) Corrine Caldwell (BCREA)	Determine appropriate fee structures, assess segmentation, sensitivity analysis and determine impact to members and ORE revenue	 Competition Lawyers to advise if OREBC can collect fee information PwC to create first draft of the data request Work stream members to collect data from all boards and submit to PwC 	 Dues and fees sheets Member volume data (e.g., listings / success fees)
Governance	Deanna Horn (BCREA) Robert Laing (BCREA) Wendy Moreton (VREB) Dan Morrison (REBGV) Barry Benson (KREB) WATSON	Define the transitional and go-forward governance model for the single organization	 WATSON to hold internal session Sunday and bring a strawman back to the work stream early next week Governance team to provide input, push WATSONS thinking and help connect them with the right people 	• engagement

MEMBER SERVICES

Compile province-wide list of services

- Research ORE services provided at each of the boards (Utilizing Phase I data request, websites, etc.)
- Survey key individuals for detailed information where lacking
- •Identify potential additional services that could be added
- Develop comprehensive list of recommended provincewide member services

I. Determine plan

Explore various options for service delivery

- Determine service delivery requirement
- •Understand the changes to service delivery (future versus current state)
- •Identify member impact of future service delivery model
- Consider impacts of variations on key design elements

Summarize how it can work

•Develop a high-level operational plan

chapter / branch / central office activities

Delineate between

- •Define the mandate of the chapter, the branch and the central office as it relates to service delivery
- •Identify areas of potential cross-over / overlap
- Delineate between operational activities and member services
- •Determine appropriate location of member services / operational activities

Review staffing / structure

- Based on the proposed service delivery model, develop high level org chart
- Assess impact to financial model

2. Agree plan with

3. Execute plan

4. Provide routine updates

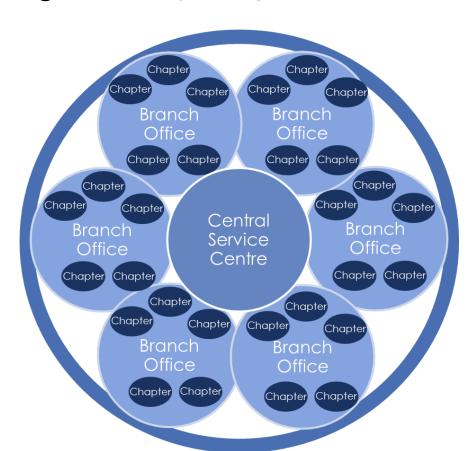
5. Provide draft results

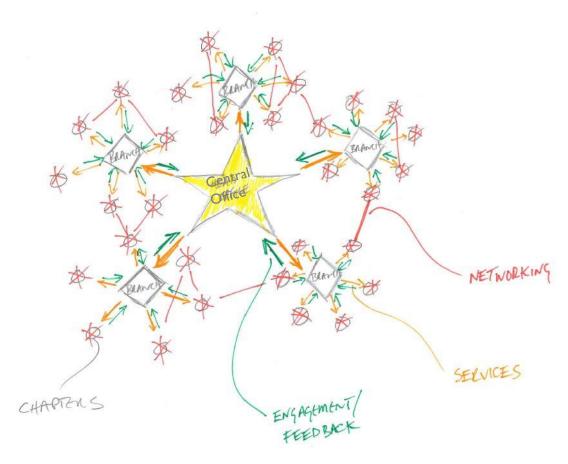
7. Produce final deliverable(s)

ORGANIZATIONAL DETAIL

DRAFT

One Organization representing all the REALTORS® of B.C.





DRAFT HYPOTHESES

DRAFT

Member	Quality	 Additional resources, focused on taking the best of existing services and replicating them across the province, means that REALTORS can expect increased quality of service Province-wide programs with some regionalization will bring the quality of services to a consistently high standard Examples include: professional standards training, deeper pools of data, better applications and business tools, consistent arbitration, improved business and IT support, common platforms, etc.
Services	Choice	• Extending the set of services across the province will create a greater breadth of services and allow REALTORS increased choice and in the services they receive
	Convenience	 Leveraging best practices in service delivery will improve the options for REALTORS to access services quickly Changes in local presence will be offset with convenient access to services and improved local presence of organized real estate through well-resourced chapters
	Central Service Office	 Overall accountability, development, and management of programs Back office activities
2D Docien	Branch	 Extension of board Primary roles are to support and coordinate chapter activities, enhance regional access to board resources, locally deliver board activities, and support necessary regionalization of programs / engagement
3D Design	Chapter	 Volunteer-led, staff-supported front line of local two-way engagement with membership and community Source of talent for committees / task forces; opportunity for broad leadership development within OREBC To support performance and accountability: Minimum operating standards and roles (e.g., president, events, secretary, etc.), accountability to staff, meeting frequency, etc. Policies to be developed for creating / dissolving, filling leadership roles, membership in multiple chapters, etc.

ORGANIZATIONAL DETAIL

DRAFT

	Central Office	Branch	Chapter
Responsibilities and Minimum set of Role	 Accountable for all current board and BCREA activities Program development and management Back office services (IT, HR, Operations, Finance, etc.) Contracts and vendor management 	 Extension of central office front office services Primary focus on local delivery of board activities, support and coordination of chapters, and regional input to central office Expected roles: "Branch Manager"? Chapter liaison staff Regional support staff (e.g., training and events coordinators) Reception / office administrator Board staff not centrally located 	 Chapter positions (Volunteer): Member Events (Networking, Education & Training) Community Engagement Marketing? Recruiting? Other positions relevant to each chapter One (branch) staff member responsible for: Filling of chapter positions Support / coordination chapter meetings & events Manage budget Ensure continuity of chapters Manage volunteer database Liaise with branch and other chapters
Funding, Infrastructure, Reporting	 Staff headquartered in central office; some roles will allow staff to work from branches (rather than relocating) NewCo management will determine the location of the central office Report into NewCo Board of Directors Collects dues and fees from members 	 +/- 6 regional branches (management to revisit requirements to serve member needs on an ongoing basis) Reporting lines are an extension of those in central office (matrix across branch manager) Funded by central office 	 No hard limit on number of chapters; policies to be developed for creating / dissolving, minimum and multiple chapter membership, etc. Accountable to regional branch; one dedicated branch staff role No physical location necessary; events held in restaurants or rented space Where supported by business case, some staff could be moved out of branch and dedicated to a chapter with a physical presence (minimum 2 FTE) Source to nominate delegates to representative forum Funded by central office; allocated / managed by branch, based on membership

MEMBER SERVICES

Catagony	Candon	Perspective on Service	Parancethia on Camiles Delluena	Peard Office Pale	Propeh Office Pole	Chapter Raia
Category	Service	Gather the perspective on how the service should change and options for consideration	Perspective on Service Delivery How the way in which members receive the service will change, including changes to local physical presence	Delineate the mandate, role and responsibility of the Branch, Board office or Chapter.	Branch Office Kole	Chapter Role
Illustration	Service example	Example: eleven versions converged into one, consider two customizations for rural vs. urban	Example: Arrange local delivery in brokerage offices, hotel conference rooms, and private restaurant rooms;		ated by branches (in conference rooms, brokerages, and/or restaurants	
mastration	Service example	Latering Control of the Control of t	consider expansion of web-cast and correspondence-style delivery for more technical topics.	Example. Program design centralized, requirements garnered by enapters, local delivery coolain	ated by branches (in conjectice rooms, brokerages, ana)or restaurants	
		Converge to single system & rule set	Service delivery unchanged	Accountability is at the board level	Board load responsibilities can be distributed between Branch or Board	Feedback and requirements for features /
		Board load as additional fee-for-service option	Board load resources could be distributed (no necessity to centralize)	Managed centrally at the board		support
		Centrally managed by board	Information could be faxed into a central fax / email / web queue			
	MLS*		Other services delivery options:			
			Consider investment in multi platform realtor portal (ipad, iphone, computer, etc.)			
				A1		
		Converge help lines into single service queue (as part of customer service portal) Converge support & development teams	Simplified one-call service Walk in support at branches likely to be limited; consider contracting network of local IT support providers for	IT management and first-level support centralized	Some resources to remain decentralized	Input into requirements for support /
		MLS / app support to be directed to appropriate team	walk in support at branches likely to be limited; consider contracting network of local IT support providers for walk-in service and to support branch needs		Branch could coordinate local access to contracted service providers	equipment, access to support, performance of third-parties
	IT Support	Outsource general IT support to third-party expert	Some IT resources could be distributed (where unnecessary to centralize)			tili d-parties
Member Resources		Consider group procurement to encourage consistent equipment (e.g., affinity program will Dell)	Some in resources could be distributed (where differensially to centralize)			
		Centralize contract management, converge contracts for increased buying power	Engage local brokerages to house inventory (managed by branch)	Procurement and contract management	Local and distributed inventory management	Input into requirements for types of boxes,
		As contracts converge, selection of lock box may change to an equivalent services (i.e. manufacture may	Master inventory list allowing REALTORS to see inventory closest to them	Centralized master inventory list	Branch maintains network of brokerages for holding inventory	access to support
	Lockbox	change, devices will be similar)	Support and service to be coordinated by board, supported by branches	Returns and service management		
		Branches to coordinate local inventory and service	Increase use of pre-paid shipping for service / returns			
		Coordinate fee-for-service support with suppliers for REALTOR-owned lockboxes				
		Create a general inquiries line and web portal for all customer service issues Suggest the role is a hybrid for general inquires, reception, complains, arbitration needs, IT support, etc.	No significant change Consider routing main customer service line to Board, with reception at branch locations as an extension of this	Main reception and direction of enquiries	Reception at branch extension of Board office Local coordination of support	Input into requirements and performance
	Customer Service Representatives (Help Desk)	suggest the role is a hybrid for general inquires, reception, comprains, at out attorn needs, it support, etc.	team (i.e., REALTORS could call the single number, and the phone my be answered by somebody at the board or		total coordination of support	
			the branch)			
		Converge to single provincial web page and point of contact	General responses handled centrally	Centrally managed	Local responses	Provide input to branch / board on consumer-
	Consumer Help	Regional sections as required	Where local contact required, direct to branch	Coordination of local contacts with branch		feedback from REALTORS
	Directories	Consolidate and manage provincially with ability to search by area	Restricted (to members) access on web site	Responsibility of the board to maintain and publish	Confirm mapping of REALTORS to branches	Confirm mapping of REALTORS to chapters
Rusiness Tools		Consolidation to single set of standard forms; customization where required though regional sections / modules	Build based on fill-able electronic files; distribute printed versions where necessary through branches and via	Develop, maintain, and publish	Distribute printed versions where necessary	Provide input to board on requirements
	Standard Forms		post			
			Consider forms as part of a multi-platform portal (computer, tablet, phone, etc.)			
	Products, Apps	Converge to common systems / solutions	Some changes to tools likely; training required for transition	Develop, maintain, and publish		Provide input to board on requirements
		Converge core programs with local customization / modules where appropriate	Core program development centralized; delivery and local topics by branches / chapters	Province-wide accountability and oversight	Management of delivery; coordination in cooperation with chapters	Requirements & topics
	Courses	Local topics / training requirements to be managed by branches with input from chapters	Branches to coordinate local delivery, leveraging (where appropriate), brokerage offices, hotel conference	Core program development in collaboration with branches and chapters	Some resources located in branches for both local program development and delivery	Coordination of local delivery
	(including pre-license training, professional	Centralize curriculum development and align with major brokerages	rooms, and private restaurant rooms		Program development for localized requirements (supported by board office, and with	,
	development, etc.)	, , , , ,	Consider expansion of web-cast and correspondence- style delivery for more technical topics		training available for broader distribution)	
Education	Designations / Certifications	Provincially monitor certification / designation requirements to incorporate into training / professional	No changes	Centrally managed		
	besignations / certifications	standards				
	Education Calendar	Central calendar posted on Board website to facilitate access by REALTORS	Scheduling done by branches / chapters	Centrally compiled	Scheduling and communication with membership	Scheduling and communication with
	Brofossional Standards	Set and managed provincially	Calendar compiled by board & online Centrally maintained, accessible in electronic or (mailed) printed format	Centralized		membership Input into requirements
	Professional standards	Standardized provincially Standardized provincial process managed centrally	Complaints to be received at chapter and branch level	Managed log of complaints and outcomes	First-level arbitration / mediation; referral for secondary support	Referral of complaints to branch
	Discipline	Central dispute line (accessed through customer service portal)	First level mediation to be local	Accountability for process	Coordination of first-level resolution	Input into / support for resolution
		Local points of contact in branches	Consistent escalation / appeal process managed centrally	Second-level arbitration / mediation	Log of complaints	
Professional Standards		Consider maintaining list of qualified REALTOR arbitrators throughout province who could facilitate the process		Coordination of first-level resolution where complaint received centrally		
	Arbitration	locally	Central log of complaints	Inventory and quality control of mediators / arbitrators / facilitators		
	Awards and Recognition	Provincial, regional, and local / practice area awards Enhanced visibility and variety of recognition	Recognition across province for awards at all levels	Compile awards list (including regional and local) Manage province-wide awards	Manage regional awards; support chapters as required Coordinate with chapters / board	Accountability for local / practice area awards Coordinate with Board / Branch
		Developed and produced province wide	Published electronically and as part of publications	Undertake analysis, produce content	Input from Branches on local market trends and impacts	Input from Chapters on local market trends
		Consistent format across the province		Coordinate with branch and chapters for local / practice area input		and impacts
	Market Forecast, Data & Statistics, Market	Dedicated regional sections		, , , , , , , , , , , , , , , , , , , ,		
	Dashboard	Area of focus in terms of elevating and demonstrating continued REALTOR in a very rapidly changing consumer				
		environment				
Market Data & News	News Releases (Magazine, Webinars, Videos,	Developed and produced province wide	Emphasis on moving to all electronic on common portal or by email.	Develop and produce content	Paper distribution	Input
	Newsletters)	Consistent format across the province	If paper version is required, will be distributed by branch	Coordinate with branch and chapters for local / practice area input	Develop regional content section	
		Dedicated regional sections Standard surveys across the province in order to gather consistent feedback in all area	Employ multiple channels to boost response rates and sample sizes	Manage and develop provincial surveys	Coordinate access to specific segments	
	Surveys	Standard surveys across the province in order to gather consistent reedback in an area	Employ multiple channels to boost response rates and sample sizes	ivialiage and develop provincial surveys	coordinate access to specific segments	
		Potential area of investment; supplement to other published materials	Published electronically and as part of publications	Manage process and work with key SMEs to get the paper completed and distributed.	Input on areas of need / interest, contributions / sources	Input on areas of need / interest, contributions
	Thought Leadership	Opportunity for REALTORS to provide significant Value Add	Leverage branches and chapters for contributions / sources / topics	0-10-10-10-10-10-10-10-10-10-10-10-10-10		/ sources
	Provincial	Provincial engagement & advocacy led by Board / BCREA	No change	Accountability for provincial engagement	Contribute local perspective	Contribute local perspective
	FIOVIICIAI	Regional issues referred to branches / chapters		Collaborate with branches and chapters		
	Municipal	Coordinated by branches	Primarily led by branches	Support branches with tools, policies, data, and resources	Accountable for local municipality engagement, including oversight of related chapter	Local engagement, in coordination with Branch
Advocacy & Community		Supported with resources / tools from board and chapters			activities	
Engagement		Locally-led, coordinated at branch level, supported provincially Consider dedicating additional resources to local programs	Led by chapters in areas such as local drives/ events, coordinated by branches, and supported by board On the advocacy side greater need for specialized skill, structure, consistency and longevity - therefore will be	Manage province-wide budget, provide resources, spread successful ideas	Provide guidance, support, and resources to branches Coordinate local calendar / resources to avoid conflict	Identify opportunities Lead community engagement
	Community programs	Success stories shared provincially	organized and supported by branch, needs are identified by chapters.		coordinate local calcidal / resources to avoid connect	ceas community engagement
		Increased resources dedicated to building REALTOR networks		Compile social calendar	Manage regional events; support chapters as required	Accountability for local / practice area events
Meeting & Events	DEALTORS' Comment Market Market			Support branches / chapters as required	Coordinate timing chapter events	Coordinate with Board / Branch
iviceting & Events	REALTORS® Connect/Networking Events			Manage province-wide events	Maintain list of key regional dates / events	
					Coordinate with chapters / board	
		Other services (e.g., title search) offered by some boards to be made available across the province where easily	Seek to centralizae and scale	Centrally deliver scaleable services	Delivery of non-scalable services being continued	Input into requirements and performance
	Other services not currently available across the	other services (e.g., title search) ordered by some bounds to be made distinct ordered and				
Other	Other services not currently available across the province	scaled. Where not scalable, retain them as-is and management to review non-scalable services for benefit to members (current and potential) utilization, and economic viability		Review non-scalable services for benefit to members (current and potential) utilization, and		

FEE HARMONIZATION

Request usage and pricing data

Analyze and segment

Perform sensitivity analysis on fee structures and levels

Develop issuemitigation tactics Outline an implementation plan

- Distribute collection of fee information to individuals from ORE
- •Collect and collate data on:
 - Fee schedules
 - Transaction data
- Define various payment structures
- Establish guiding principles

- Analyse varying pricing approaches
- Define segmentation and appropriate fee plans
- Test plans by varying fee segment structures, for example:
- Annual membership
- •Fee / service (listing based)
- Other services / metrics
- •Determine fee structure(s)

- Identify areas of potential issues relating to fees increasing
- Incorporate mitigation tactics into the future state design
- Develop a high-level implementation plan

I. Determine plan

2. Agree plan with owner

3. Execute plan

4. Provide routine updates

5. Provide draft results

6. Collaborate with owner on results

7. Produce final deliverable(s)

PROJECT STATUS UPDATE

Progress to Date

- Spoke with majority of Boards (8 out of 11) about fee sheets and data request
- Developed common fee terminology
- Built financial summary to reconcile fee information to financial data received to date
- Loaded data received to begin preliminary scenario modelling

Next Steps

- · Assemble missing data
- Build data models and scenarios
- Begin running different scenarios

Overall Status		
	% Complete	Status
I. Data Requests (February 29)	Feb 29	Green
2. Data Provision (Target March 4)	27%	Red
3. Preliminary Analysis (Target March 14)	0%	Green
4. Refined Analysis (Target March 21)	0%	Green

PM Outstanding Items / Decisions

- Project activities are being completed following our suggested timeline and the order of importance to achieve the March 21 deadline.
- Any delays receiving information may impact the project suggested timelines and ability to provide individual boards with information that pertains to their members.

PROPOSED FEE MODEL STRUCTURE

Membership

- Corporate
 - Individual
 - Administration
- Affiliate
- Dues
 - Annual membership dues
 - BCREA / CREA
 - Re-entry to board (former member)
 - Transfer within BC

Listings

- Residential
- Commercial
- All-inclusive
- Success Fees
 - Percentage (minimum / maximum)
 - Fixed fee
 - All-inclusive
- Incidentals
 - Managing broker change fee
 - Enhanced service offerings

GOVERNANCE



- **Week I:** Mobilize the work stream, develop the work plan and identify input requirements
- Week 2: Using current principles, OREBC knowledge, and best practices, WATSON to define high level drafts of governance principles; Governance Work Stream to support

Validate preliminary point of view with Project Team

- **Week 3:** Incorporate feedback and develop straw-man governance; gather feedback from Governance Workstream and Project Team
- Week 4: Refine and deepen design
- Week 5: Present draft recommendation to Presidents' Working Group
- Week 6: Incorporate Presidents' feedback; deliver model for sharing with Boards of Directors
- Week 7: Review feedback from Boards of Directors; update as required

TIMELINE & WORK PLAN

Timing			Meeting Details	Focus Area
Week I	Feb 17	Ihr	Work Stream Kick-offs	Member Services Team, Fee Harmonization Team & Governance Team Kick-off: Clarifying objectives, shaping data request, planning high-level activities
	Feb 18	2hr	Project Team Update	Discuss calendar, information requirements, depth of output
	Feb 23	Ihr / Team	Work Stream Work Sessions	Review data requests; outline preliminary hypotheses
Week 2	Feb 24	2hr	Project Team Update	Discuss hypotheses, provide input
	Feb 25	Ihr	Presidents' Working Group Update	High-level update and input session
\\/a \ 2	Mar I	Ihr / Team	Work Stream Work Sessions	- Analysis and progress
Week 3 M	Mar 2	2hr	Project Team Update: In Person	— Analysis and progress
Week 4	Mar 8	Ihr / Team	Work Stream Work Sessions	Draft materials for Presidents' Working Group Update
vveek 4	Mar 9	2hr	Project Team Update	Prepare for Presidents' Working Group Update
	Mar 14	Ihr / Team	Work Stream Work Sessions	Einsline succentation to Bussidents'\\/ouking Cusus
Week 5	Mar 15	3hr	Project Team Update: In Person	Finalize presentation to Presidents' Working Group
	Mar 17	2hr	Presidents' Working Group Update: In Person	Preliminary review and feedback
\\\\a_\\\.	Mar 21	Ihr	Work Stream Work Sessions	- Davieur mesteviele to current board esseione
Week 6	Mar 22	2hr	Project Team Update	Review materials to support board sessions
Week 7	Mar 31	4hr	Presidents' Working Group Review: In Person	Review Board meeting outcome and agree on go forward strategy

PHASE 3 – DETAILED DESIGN RECOMMENDATION

THE UNDERTAKING

Phase I

Objective:

Review the current structure of Organized Real Estate in British Columbia

Outcome:

2 recommendations from the Presidents' Working Group

- The Presidents' Working Group evaluate operating models to determine best path forward to capture \$5+million
- The Presidents' Working Group agree on a roadmap to a single MLS system / ruleset across BC

Phase 2

Objective:

Further assessment of Presidents' Working Group Recommendations; evaluate operating model alternatives & a single MLS and Rules

Outcome:

- The 11 member boards and BCREA cease to exist and form one new Real Estate organization to represent all REALTORS® across the province
- The recommendation best satisfies the strategic criteria and yields \$7.1M more benefits than its closest competitor

Phase 3

Objective:

Further design of One Single Organization operating model with focus on fee harmonization, member services and governance

Outcome:

- Recommended Governance for the new organization including transitional governance
- Fee Structure for the new organization
- Further details how chapters, branches and the central organization will function
- Recommendation to move to I MLS system and rules

FEE HARMONIZATION

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RECOMMENDED MODEL

- CREA monthly dues: \$26 (no change)
- Board monthly dues: \$58 (includes \$19 monthly provincial dues)
- Member option of either of the following:
 - All-inclusive \$70/month
 - PROGRESS Per-transaction success fee of \$200 (on both sides of deal)
 - Sales on properties valued at less than half the provincial average would be subject to a 50% reduction in success fees

FUTURE REVENUE



MEMBER SERVICES

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Know that your money is well spent and your interests at heart

- A well-governed organization will ensure that your voice is heard, allow Organized Real Estate's leaders to efficiently
 make decisions and investments, and end the dysfunction of eleven untrusting neighbors overseeing the reputation and
 core asset of 19,000 professionals
- By centralizing the support functions, more resources will be freed from keeping the lights on to focusing on enhancing the profession
- By doing things right, once (instead of eleven times), REALTORS® will receive a consistently higher quality of service at overall lower cost
- A network of chapters, based on broader affinities than just location (e.g., condo, commercial, indo-Canadian, LGBT, media relations, etc.), will harness the diversity of BC's REALTORS® in addressing the diverse needs of their clients through the fostering and sharing of best practices



Go to market based on your knowledge and value-add

- A single board with transparent and consistent professional standards, and the arbitration and dispute management to enforce them, will reinforce the value of expertise and local knowledge while encouraging professional conduct within each REALTOR®'s areas of expertise
- A single MLS® system with broader and consistent data and improved tools and analytics, will allow REALTORS® to better-leverage the market insights from this resource to enhance the real and perceived value to their clients
- Better sharing of best practices, thought leadership, and educational topics across the Province raises the quality and availability of insights critical to making REALTORS® successful



Go to market as a trusted professional

- Support the engagement of a REALTOR® early in the deal cycle by raising the public perception of professional real estate, and an improved appreciation for the value REALTORS® add throughout the process
- Investment in REALTOR® strategy and assessment of market disruptors will ensure the long-term relevance of the profession to consumers
- The profile of the profession will be enhanced at the Provincial and local level by dedicating additional resources and investment to supporting local communities, engaging municipal governments, and expanded advocacy across the province
- An improved public-facing portal (vs. multiple sites of varied quality) will better-address consumer expectations of the transparency and public benefit of a profession



Spend more time selling, less time on administration

- Planned investments include improved tools for accessing data, managing listings, and completing paperwork
- Access to board support to be simplified through single portal (IT, general inquiries, etc.)
- Dealing outside your board area simplified by standardized forms, consistent and streamlined provincial standards and business practices

ORGANIZATIONAL DETAIL (ILLUSTRATIVE)

Branch

- Extension of central office front office services
- Primary focus on local delivery of central office activities, support and coordination of chapters
- +/- 6 regional branches (management to revisit requirements to serve member needs on an ongoing basis)
- Reporting lines are an extension of those in central office (matrix across branch manager)



Chapter

- Volunteer-led, staff-supported front line of local two-way engagement with membership and community
- Source of leadership talent to be identified and groomed
- Accountable to regional branch; dedicated branch staff
- No hard limit on number of chapters; policies to be developed for creating / dissolving, minimum and multiple chapter membership, etc.
- No physical location necessary; however it is presumed that some chapters have a business case to support a physical location

Central Service Centre

- Accountable for all current board / BCREA activities
- Program development and management
- Back office services (IT, HR, Ops, Finance, etc.)
- Contracts and vendor management
- Coordinated knowledge management across regions within chapter (Forums, newsletter, Portal, directors)
- Functions located in central office; some roles will allow staff to work remotely from branches
- · Collects dues and fees from members

MEMBER SERVICES

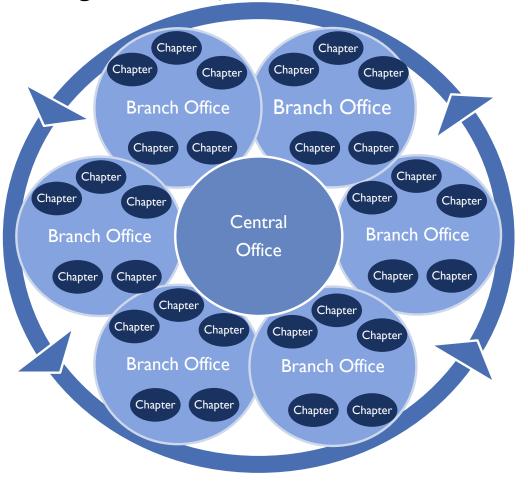
Category	Service	Perspective on Service	Perspective on Service Delivery	Central Office Role	Regional Office Role	Chapter Role
(Illustration	Service example	Gather the perspective on how the service should change and options for consideration Example: eleven versions converged into one, consider two customizations for rural vs. urban	How the way in which members receive the service will change, including changes to local physical presence	Delineate the mandate, role and responsibility of the Branch, central office or Ch		es. and/or restaurants
Illustration	Service example	Example: eleven versions converged into one, consider two customizations for rural vs. urban	Example: Arrange local delivery in brokerage offices, hotel conference rooms, and private restaurant rooms; consider expansion of web-cast and correspondence-style delivery for more technical topics.	Example: Program design centralized, requirements gathered by chapters, local delivery coordinated by branches (in conference rooms, brokerages,		es, and/or restaurants
		Converge to single system & rule set	Optional "board load" resources could be distributed (no necessity to centralize)	Accountability is at the central level	"Board load" responsibilities can be distributed between Brand	Feedback and requirements for features / support
	MIC*	central load as additional fee-for-service option	Information could be faxed into a central fax / email / web queue	Managed centrally at central		
	MLS	Centrally managed by central	Consider investment in multi platform realtor portal (tablet, smartphone, computer, etc.)			
		Converge help lines into single service queue (as part of customer service portal)	Simplified one-call service (as part of customer service portal)	T management and first-level support centralized	Some resources to remain decentralized	Input into requirements for support / equipment, access to
		Converge support & development teams	Walk in support at branches likely to be limited; consider contracting network of local IT support providers for walk-in service and to support branch needs	it management and mistriever support centralized	Branch could coordinate local access to contracted service	support, performance of third-parties
		MLS / app support to be directed to appropriate team	Some IT resources could be distributed (where unnecessary to centralize)		providers	
	IT Support	Outsource general IT support to third-party expert				
		Consider group procurement to encourage consistent equipment (e.g., affinity program will Dell)				
mber Resources		Centralize contract management, converge contracts for increased buying power	Engage local brokerages to house inventory (managed by branch)	Procurement and contract management	Local and distributed inventory management	Input into requirements for types of boxes, access to supply
		As contracts converge, selection of lock box may change to an equivalent services (i.e. manufacture may change, devices will be	Engage local procerages to nouse inventory (managed only prainch) Master inventory list allowing REALTORS to see inventory closest to them	Centralized master inventory list	Branch maintains network of brokerages for holding inventory	input into requirements for types of boxes, access to suppl
		similar)	Support and service to be coordinated by central, supported by branches	Returns and service management		
	Lockbox	Branches to coordinate local inventory and service	Increase use of pre-paid shipping for service / returns			
		Coordinate fee-for-service support with suppliers for REALTOR-owned lockboxes	Adopt a no one is penalized based on location principle			
		Create a general inquiries line and web portal for all customer service issues	No significant change	Main reception and direction of enquiries	Reception at branch extension of central office	Input into requirements and performance
	Customer Service Representatives (customer service	Suggest the role is a hybrid for general inquires, reception, complains, arbitration needs, IT support, etc.	Consider routing main customer service line to central office, with reception at branch locations as an extension of this team (i.e., REALTORS could call the	main reception and direction of enquires	Local coordination of support	input into requirements and performance
	portal)		single number, and the phone my be answered by somebody at the central office or the branch)			
	Consumer Help	Converge to single provincial web page and point of contact, direct out to regions as appropriate from centralized	General responses handled centrally	Centrally managed	Local responses	Provide input to branch / central on consumer-feedback fro
		Regional sections as required	Where local contact required, direct to branch	Coordination of local contacts with branch Responsibility of the central to maintain and publish	o C I COCHIVODO I I	REALTORS
	Directories	Consolidate and manage provincially with ability to search by area Consolidation to single set of standard forms; customization where required though regional sections / modules	Restricted (to members) access on web site Build based on fill-able electronic files; distribute printed versions where necessary through branches and via post	Develop, maintain, and publish	Confirm mapping of REALTORS to branches Distribute printed versions where necessary (opportunity to	Confirm mapping of REALTORS to chapters Provide input to central on requirements
	Standard Forms	Controller to July C. St. of Juliana to may continue to may require a trought regional accidity missaics	Consider forms as part of a multi-platform portal (computer, tablet, phone, etc.)	DEVELOP, HILLIAM, and position	remove this completely)	rovide riput to central on requirements
iness Tools	Products, Apps	Converge to common systems / solutions	Some changes to tools likely; training required for transition	Develop, maintain, and publish	1 "	Provide input to central on requirements
	Products, Apps					
		Consolidated list of members across the organization with availability, interest and skill	Consolidated across the Province	Centrally managed	Local coordination of input and updated information Feed into Central office	Provides input and make members aware of it
	Member Portal			Develop, maintain, and publish	Feed into Central office Uses member portal	I .
		Commence and the land and an including Commence and the c		Desired and the second	· ·	Requirements & topics
		Converge core programs with local customization / modules where appropriate Local topics / training requirements to be gathered by branches with input from chapters	Core program development centralized; delivery and local topics by branches / chapters Branches to coordinate local delivery, leveraging (where appropriate), brokerage offices, hotel conference rooms, and private restaurant rooms	Province-wide accountability and oversight Core program development in collaboration with branches and chapters	Management of delivery; coordination in cooperation with chapters	Requirements & topics Coordination of local delivery
	Courses	Centralize curriculum development and align with major brokerages	Consider expansion of web-cast and correspondence- style delivery for more technical topics	Core program development in composition with Diameters and Chapters	Some resources located in branches for both local program	CONTRACTOR OF INCERCENCE
	(including pre-license training, professional	Collective range of courses now available province-wide	Continue to provide course in person, live web based or recorded web course where appropriate		development and delivery	
	development, etc.)	Opportunity to invest in advanced level courses for REALTORS or Brokers			Program development for localized requirements (supported	
cation					by central office, and with training available for broader	
		Local request, coordinated by branch, of accreditation by central office	No changes	Review for accreditation	distribution) Coordinate requests for accreditation and delivery of training	Identify opportunities / requirements
	Category C Training	Regional office to provide logistic support as necessary	The Changes	WATER TO BELLEGISCON	Provide logistical support as necessary	Initiate requests for accreditation
	Designations / Certifications	Provincially monitor certification / designation requirements to incorporate into training / professional standards	No changes	Centrally managed		
	Education Calendar	Central calendar posted on central website to facilitate access by REALTORS	Scheduling done by branches / chapters	Centrally compiled	Scheduling and communication with membership	Scheduling and communication with membership
		Set and managed provincially	Calendar compiled by central & online	Centralized	Local engagement of REALTORs, branch employees ensure	Input into requirements
	Professional Standards	Set and managed provincially	Centrally maintained, accessible in electronic or (mailed) printed format	Centralized	Local engagement of REALTORs, branch employees ensure region is aware and acting in accordance to the standards. If	Input into requirements
	TO CONTINUE STATE OF				additional support is required, engage central office.	
	Discipline	Standardized provincial process managed centrally	Complaints to be received at chapter and branch level	Managed log of complaints and outcomes	Coordination of first-level resolution:	Referral of complaints to branch
		Central dispute line (accessed through customer service portal)	First (evel mediation to be local	Accountability for process Second-level arbitration / mediation	First-level arbitration / mediation; referral for secondary	Input into / support for resolution
Professional		Local points of contact in branches Consider maintaining list of qualified REALTOR arbitrators throughout province who could facilitate the process locally	Consistent escalation / appeal process managed centrally Consistent set of corrective / disciplinary actions	Coordination of first-level resolution where complaint received centrally	- Log of complaints	
Standards		REALTOR found guilty of a breach pays fee as a disincentive	Central log of complaints	Inventory and quality control of mediators / arbitrators / facilitators	- Log or companies	
	Arbitration		Arbitration committee travels to dispute; Easier for the central office staff member to travel to where the need for training / work with the Branches	, , , , , , , , , , , , , , , , , , , ,		
			The goal is to improve the consistency of professional standards across the province; we do not want to penalize people for being outside a metro area. A			
			budget will be required to normalize the costs of performing arbitration outside the immediate areas of the central office.			
		Provincial, regional, and local / practice area awards	Recognition across province for awards at all levels	Compile awards list (including regional and local)	Manage regional awards; support chapters as required	Accountability for local / practice area awards
	Awards and Recognition	Enhanced visibility / appeal to provincial award and variety of recognition	7	Manage province-wide awards	Coordinate with chapters / central	Coordinate with central / Branch
		Developed and produced province wide	Published electronically and as part of publications	Undertake analysis, produce content	Input from Branches on local market trends and impacts	Input from Chapters on local market trends and impacts
		Consistent format across the province		Coordinate with branch and chapters for local / practice area input		I
	Market Forecast, Data & Statistics, Market Dashboard	Dedicated regional sections Area of focus in terms of elevating and demonstrating continued REALTOR in a very rapidly changing consumer environment				
		Access to the control of the control				
rket Data &		Developed and produced province wide	Emphasis on moving to all electronic on common portal or by email.	Develop and produce content & training	Paper distribution	Provide local input
ws	News Releases (Magazine, Webinars, Videos,	Consistent format across the province	if paper version is required, will be distributed by branch	Coordinate with branch and chapters for local / practice area input	Develop regional content section	1
	Newsletters, other Media Coverage)	Dedicated regional sections Central Office key point of contact for media coverage, training provided to required central and chapter staff	Media coverage: Managed and supported centrally, but with identified regional key points of contact actively engaged and supported	Accountability as "the voice" of the organization; coordinate and support local / regional channels	Coordinate (in cooperation with central office and network of key points of contact) local media coverage	1
	w	Potential area of investment; supplement to other published materials	Potential area of investment; supplement to other published materials	Published electronically and as part of publications	Manage process and work with key SMEs to get the paper	Input on areas of need / interest, contributions / sources
	Thought Leadership	Opportunity for REALTORS to provide significant Value Add	Opportunity for REALTORS to provide significant Value Add	Leverage branches and chapters for contributions / sources / topics	completed and distributed.	
	Surveys	Standard surveys across the province in order to gather consistent feedback in all area	Employ multiple channels to boost response rates and sample sizes	Manage and develop provincial surveys	Coordinate access to specific segments	
		Provincial engagement & advocacy led by central / BCREA	No change	Accountability for provincial engagement	Contribute local perspective	Contribute local perspective
	Provincial Government Affairs	Regional issues referred to branches / chapters	reac creatings.	Collaborate with branches and chapters	commonte solati perspective	continues rocal perspective
rocacy &	Municipal	Coordinated by branches	Primarily led by branches	Support branches with tools, policies, data, and resources	Accountable for local municipality engagement, including	Local engagement, in coordination with Branch
nocacy & nmunity	Municipal	Supported with resources / tools from central and chapters		** * * *	oversight of related chapter activities	
agement		Locally-led, coordinated at branch level, supported provincially	Led by chapters in areas such as local drives/ events, coordinated by branches, and supported by central	Manage province-wide budget, provide resources, spread successful ideas	Provide guidance, support, and resources to branches	Identify opportunities
	Community programs	Consider dedicating additional resources to local programs Success stories shared provincially	On the advocacy side greater need for specialized skill, structure, consistency and longevity - therefore will be organized and supported by branch, needs are identified by chapters.		Coordinate local calendar / resources to avoid conflict	Lead community engagement
		Success stories sinifed provincially	poentineo dy chapters.			
		Increased resources dedicated to building REALTOR networks		Compile social calendar	Manage regional events; support chapters as required	Accountability for local / practice area events
				Support branches / chapters as required	Coordinate timing chapter events	Coordinate with central / Branch
eting & Events	REALTORS* Connect/Networking Events				Maintain list of key regional dates / events	1
eting & Events	REALTORS [®] Connect/Networking Events			Manage province-wide events	maintain int or key regional dates / events	
		Converse existing Benzino R. Benefits contracts to cover province	WORL IN LIDEO COEC		Coordinate with chapters / central	
		Converge existing Pension & Benefits contracts to cover province their expires (e.g. title search) carenth offered in some areas to be made available arross the province whose expire selections.	VORK IN PROCPES	ontract management & negotiation	Coordinate with chapters / central	Input into requirements and performance
		Converge existing Persion & Benefits contracts to cover province Other services (e.g., title search) currently offered in some areas to be made available across the province where easily scales is not scalable, retain them as is and management to review non-scalable services for benefit to members (current and potential) existrations, and enomine skellbin.	VORK IN PROGRES		Coordinate with chapters / central Delivery of non-scalable services being continued	Input into requirements and performance

SELECTED ILLUSTRATIONS OF COORDINATION

	Central Service Centre	Branch	Chapter
Professional Standards	Centralized	Local engagement of REALTORs, branch employees ensure region is aware and acting in accordance to the standards. If additional support is required, engage central office.	Input into requirements
Discipline / Arbitration	 Managed log of complaints and outcomes Accountability for process Second-level arbitration / mediation Coordination of first-level resolution where complaint received centrally Inventory and quality control of mediators / arbitrators / facilitators 	Coordination of first-level resolution: - First-level arbitration / mediation; referral for secondary support - Log of complaints	 Referral of complaints to branch Input into / support for resolution
Courses (including pre- license training, professional development, etc.)	 Province-wide accountability and oversight Core program development in collaboration with branches and chapters 	Management of delivery; coordination in cooperation with chapters Some resources located in branches for both local program development and delivery Program development for localized requirements (supported by central office, and with training available for broader distribution)	 Requirements & topics Coordination of local delivery
Government Affairs	 Accountability for provincial engagement Support branches with tools, policies, data, and resources for municipal engagement 	Contribute local perspective to provincial effort Accountable for local municipality engagement, including oversight of related chapter activities	 Contribute local perspective Local engagement, in coordination with Branch
Community programs	 Manage province-wide budget, provide resources, spread successful ideas 	Provide guidance, support, and resources to branches Coordinate local calendar / resources to avoid conflict	Identify opportunitiesLead community engagement

ORGANIZATIONAL DETAIL

One Organization representing all the REALTORS® of B.C.



ORGANIZATIONAL DETAIL (ILLUSTRATIVE)

Branch

- Extension of central office front office services
- Primary focus on local delivery of central office activities, support and coordination of chapters
- +/- 6 regional branches (management to revisit requirements to serve member needs on an ongoing basis)
- Reporting lines are an extension of those in central office (matrix across branch manager)



Chapter

- Volunteer-centric, staff-led front line of local two-way engagement with membership and community
- · Source of leadership talent to be identified and groomed
- · Accountable to regional branch; dedicated branch staff
- No hard limit on number of chapters; policies to be developed for creating / dissolving, minimum and multiple chapter membership, etc.
- No physical location necessary; however it is presumed that some chapters have a business case to support a physical location

Central Organization

- Accountable for all current board / BCREA activities
- Program development and management
- Back office services (IT, HR, Ops, Finance, etc.)
- Contracts and vendor management
- Coordinated knowledge management across regions within chapter (Forums, newsletter, Portal, directors)
- Functions located in central office; some roles will allow staff to work remotely from branches
- · Collects dues and fees from members

ORGANIZATIONAL DETAIL

	Central Office	Branch	Chapter
Responsibilities and Minimum set of Roles	 Accountable for all current board and BCREA activities Program development and management Back office services (IT, HR, Operations, Finance, etc.) Contracts and vendor management Supra-regional chapter coordination Chapter centres of excellence model where non-regional chapters are allocated to branch best suited to them Coordinated knowledge management across regions within chapter (Forums, newsletter, Portal, directors) 	 Extension of central office front office services Primary focus on local delivery of central office activities, support and coordination of chapters Expected roles: "Regional Manager" Chapter liaison staff Regional support staff (e.g., education, training and events coordinators, professional standards) Reception / office administrator Central office staff not centrally located 	 Volunteer-centric, staff-led front line of local two-way engagement with membership and community Chapter positions (Volunteer): Member Events (Networking, Education & Training) Community Engagement Members Affairs Other positions relevant to each chapter One (branch) staff member responsible for: Fill chapter positions and ensure continuity Support / coordination chapter meetings & events Manage budget Manage volunteer database Liaise with branch and other chapters
Funding, Infrastructure, Reporting	 Functions located in central office; some roles will allow staff to work from branches (rather than relocating) NewCo management will determine the location of the central office Report into NewCo Board of Directors Collects dues and fees from members 	 +/- 6 regional branches (management to revisit requirements to serve member needs on an ongoing basis) Reporting lines are an extension of those in central office (matrix across branch manager) "Manager" reports into "Director Member Services", reports to COO. Team's role is to Ensure a consistent member experience across the Province; collect and incorporate member feedback Understand and be adaptable to needs in different regions Support and coordinate Chapter activities 	 No hard limit on number of chapters; policies to be developed for creating / dissolving, minimum and multiple chapter membership, etc. Accountable to regional branch; dedicated branch staff No physical location necessary; however it is presumed that some chapters have a business case to support a physical location Where supported by business case, some staff could be moved out of branch and dedicated to a chapter with a physical presence Source of leadership talent to be identified and groomed Funded by central office; allocated / managed by branch, based on membership

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SELECTED ILLUSTRATIONS OF COORDINATION

	Central Office	Branch	Chapter			
Professional Standards	Centralized	Local engagement of REALTORs, branch employees ensure region is aware and acting in accordance to the standards. If additional support is required, engage central office.	Input into requirements			
Discipline / Arbitration	 Managed log of complaints and outcomes Accountability for process Second-level arbitration / mediation Coordination of first-level resolution where complaint received centrally Inventory and quality control of mediators / arbitrators / facilitators 	 Coordination of first-level resolution: First-level arbitration / mediation; referral for secondary support Log of complaints 	 Referral of complaints to branch Input into / support for resolution 			
Courses (including pre- license training, professional development, etc.)	 Province-wide accountability and oversight Core program development in collaboration with branches and chapters 	 Management of delivery; coordination in cooperation with chapters Some resources located in branches for both local program development and delivery Program development for localized requirements (supported by central office, and with training available for broader distribution) 	 Requirements & topics Coordination of local delivery 			
Government Affairs	 Accountability for provincial engagement Support branches with tools, policies, data, and resources for municipal engagement 	 Contribute local perspective to provincial effort Accountable for local municipality engagement, including oversight of related chapter activities 	 Contribute local perspective Local engagement, in coordination with Branch 			
Community programs	Manage province-wide budget, provide resources, spread successful ideas	Provide guidance, support, and resources to branches Coordinate local calendar / resources to avoid conflict	Identify opportunitiesLead community engagement			

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MEMBER SERVICES

	Service	Perspective on Service	Perspective on Service Delivery	Central Office Role	Regional Office Role	Chapter Role
		Gather the perspective on how the service should change and options for consideration	How the way in which members receive the service will change, including changes to local physical presence	Delineate the mandate, role and responsibility of the Branch, central office or Chi		
Illustration	Service example	Example: eleven versions converged into one, consider two customizations for rural vs. urban	Example: Arrange local delivery in brokerage offices, hotel conference rooms, and private restaurant rooms; consider expansion of web-cast and	Example: Program design centralized, requirements gathered by chapters, local of	delivery coordinated by branches (in conference rooms, brokerag	es, and/or restaurants
		Converge to single system & rule set	correspondence- style delivery for more technical topics. Optional "board load" resources could be distributed (no necessity to centralize)	Accountability is at the central level	"Board load" responsibilities can be distributed between Brand	
		converge to single system & rule set	optional Board load resources could be distributed (no necessity to centralize) information could be faved into a central fax email / web nuesue	Managed centrally at central	Board load responsibilities can be distributed between Brand	n-eedback and requirements for features / support
	MLS [*]	Centrally managed by central	Consider investment in multi platform realtor portal (tablet, smartphone, computer, etc.)	managed centrally at central		
		Converge help lines into single service queue (as part of customer service portal)	Simplified one-call service (as part of customer service portal)	IT management and first-level support centralized	Some resources to remain decentralized	Input into requirements for support / equipment, access
		Converge support & development teams	Walk in support at branches likely to be limited; consider contracting network of local IT support providers for walk-in service and to support branch needs		Branch could coordinate local access to contracted service	support, performance of third-parties
	IT Support	MLS / app support to be directed to appropriate team	Some IT resources could be distributed (where unnecessary to centralize)		providers	
		Outsource general IT support to third-party expert Consider group procurement to encourage consistent equipment (e.g., affinity program will Dell)				
nher Resources		consider group procurement to encodiage consistent equipment (e.g., animity program will bell)				
		Centralize contract management, converge contracts for increased buying power	Engage local brokerages to house inventory (managed by branch)	Procurement and contract management	Local and distributed inventory management	Input into requirements for types of boxes, access to supp
		As contracts converge, selection of lock box may change to an equivalent services (i.e. manufacture may change, devices will be	Master inventory list allowing REALTORS to see inventory closest to them	Centralized master inventory list	Branch maintains network of brokerages for holding inventory	
	Lockbox	similar)	Support and service to be coordinated by central, supported by branches	Returns and service management		
		Branches to coordinate local inventory and service Coordinate fee-for-service support with suppliers for REALTOR-owned lockboxes	Increase use of pre-paid shipping for service / returns Adopt a no one is penalized based on location principle			
		Cool diffate feet of service support with suppliers for Next Tok-owned lockboxes	Adopt a no one is penalized based on location principle			
	Customer Service Representatives (customer service	Create a general inquiries line and web portal for all customer service issues	No significant change	Main reception and direction of enquiries	Reception at branch extension of central office	Input into requirements and performance
	Customer service Representatives (customer service	Suggest the role is a hybrid for general inquires, reception, complains, arbitration needs, IT support, etc.	Consider routing main customer service line to central office, with reception at branch locations as an extension of this team (i.e., REALTORS could call the		Local coordination of support	
	portery		single number, and the phone my be answered by somebody at the central office or the branch)			
	Consumer Help	Converge to single provincial web page and point of contact, direct out to regions as appropriate from centralized	General responses handled centrally	Centrally managed Coordination of local contacts with branch	Local responses	Provide input to branch / central on consumer-feedback f
	Diseasesies	Regional sections as required	Where local contact required, direct to branch Restricted (to members) access on web site	Coordination of local contacts with branch Responsibility of the central to maintain and publish	Confirm mapping of REALTORS to branches	REALTORS Confirm mapping of REALTORS to chapters
	Direction Co.	Consolidate and manage provincially with ability to search by area Consolidation to single set of standard forms; customization where required though regional sections / modules	Build based on fill-able electronic files; distribute printed versions where necessary through branches and via post	Develop, maintain, and publish	Distribute printed versions where necessary (opportunity to	Provide input to central on requirements
	Standard Forms	y = == = ==== / ====== = === = = = = = =	Consider forms as part of a multi-platform portal (computer, tablet, phone, etc.)		remove this completely)	
iness Tools	Products. Apps	Converge to common systems / solutions	Some changes to tools likely; training required for transition	Develop, maintain, and publish		Provide input to central on requirements
	Products, Apps					
		Consolidated list of members across the organization with availability, interest and skill	Consolidated across the Province	Centrally managed	Local coordination of input and updated information	Provides input and make members aware of it
	Member Portal			Develop, maintain, and publish	Feed into Central office Uses member portal	
					· ·	
		Converge core programs with local customization / modules where appropriate	Core program development centralized; delivery and local topics by branches / chapters	Province-wide accountability and oversight	Management of delivery; coordination in cooperation with	Requirements & topics Coordination of local delivery
	Courses	Local topics / training requirements to be gathered by branches with input from chapters Centralize curriculum development and alien with major brokerages	Branches to coordinate local delivery, leveraging (where appropriate), brokerage offices, hotel conference rooms, and private restaurant rooms Consider expansion of web-cast and correspondence-style delivery for more technical topics	Core program development in collaboration with branches and chapters	chapters Some resources located in branches for both local program	Loordination of local delivery
	(including pre-license training, professional	Collective range of courses now available province-wide	Continue to provide course in person, live web based or recorded web course where appropriate		development and delivery	
	development, etc.)	Opportunity to invest in advanced level courses for REALTORS or Brokers			Program development for localized requirements (supported	
acation					by central office, and with training available for broader	
acation					distribution)	
	Category C Training	Local request, coordinated by branch, of accreditation by central office	No changes	Review for accreditation	Coordinate requests for accreditation and delivery of training	Identify opportunities / requirements
	Designations / Certifications	Regional office to provide logistic support as necessary Provincially monitor certification / designation requirements to incorporate into training / professional standards	No changes	Centrally managed	Provide logistical support as necessary	Initiate requests for accreditation
		Central calendar posted on central website to facilitate access by REALTORS	Scheduling done by branches / chapters	Centrally managed Centrally compiled	Scheduling and communication with membership	Scheduling and communication with membership
	Education Calendar		Calendar compiled by central & online			
		Set and managed provincially	Centrally maintained, accessible in electronic or (mailed) printed format	Centralized	Local engagement of REALTORs, branch employees ensure	Input into requirements
	Professional Standards				region is aware and acting in accordance to the standards. If	
	61 1 E				additional support is required, engage central office.	6.5.1.5.11.1.1
	Discipline	Standardized provincial process managed centrally Central dispute line (accessed through customer service portal)	Complaints to be received at chapter and branch level	Managed log of complaints and outcomes Accountability for process	Coordination of first-level resolution: - First-level arbitration / mediation: referral for secondary	Referral of complaints to branch Input into / support for resolution
		Local points of contact in branches	Consistent escalation / appeal process managed centrally	Second-level arbitration / mediation	support	imput into y support for resolution
Professional		Consider maintaining list of qualified REALTOR arbitrators throughout province who could facilitate the process locally	Consistent set of corrective / disciplinary actions	Coordination of first-level resolution where complaint received centrally	- Log of complaints	
Standards		REALTOR found guilty of a breach pays fee as a disincentive	Central log of complaints	Inventory and quality control of mediators / arbitrators / facilitators		
	Arbitration		Arbitration committee travels to dispute; Easier for the central office staff member to travel to where the need for training / work with the Branches The goal is to improve the consistency of professional standards across the province; we do not want to penalize people for being outside a metro area. A			
			budget will be required to normalize the costs of performing arbitration outside the immediate areas of the central office.			
		Provincial, regional, and local / practice area awards	Recognition across province for awards at all levels	Compile awards list (including regional and local)	Manage regional awards; support chapters as required	Accountability for local / practice area awards
	Awards and Recognition	Enhanced visibility / appeal to provincial award and variety of recognition		Manage province-wide awards	Coordinate with chapters / central	Coordinate with central / Branch
		Developed and produced province wide	Published electronically and as part of publications	Undertake analysis, produce content	Input from Branches on local market trends and impacts	Input from Chapters on local market trends and impacts
		Consistent format across the province Dedicated regional sections.		Coordinate with branch and chapters for local / practice area input		1
	Market Forecast, Data & Statistics, Market Dashboard	Dedicated regional sections Area of focus in terms of elevating and demonstrating continued REALTOR in a very rapidly changing consumer environment				1
		Access to to the second				
rket Data &		Developed and produced province wide	Emphasis on moving to all electronic on common portal or by email.	Develop and produce content & training	Paper distribution	Provide local input
	News Releases (Magazine, Webinars, Videos,	Consistent format across the province	If paper version is required, will be distributed by branch	Coordinate with branch and chapters for local / practice area input	Develop regional content section	
WS		Dedicated regional sections	Media coverage: Managed and supported centrally, but with identified regional key points of contact actively engaged and supported	Accountability as "the voice" of the organization; coordinate and support local /		
ws	Newsletters, other Media Coverage)	and the second s		regional channels	key points of contact) local media coverage	Input on areas of need / interest, contributions / sources
ws		Central Office key point of contact for media coverage, training provided to required central and chapter staff	Optantial area of investment: runnlement to other published materials			
ws	Thought Leadership	Potential area of investment; supplement to other published materials	Potential area of investment; supplement to other published materials Opportunity for REALTORS to provide significant Value Add	Published electronically and as part of publications	Manage process and work with key SMEs to get the paper completed and distributed.	
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WHAT DOES IT MEAN FOR MY BOARD

Legacy Board (Sample)

- The existing board office will be closed and staff will work for the provincial organization, though some will continue to be local
- Local engagement lead by chapters with a significant increase in investment and resources from the Central and Regional Offices
- Little change in the services you receive or how you receive them, beyond incremental improvements to quality and convenience
 - Lockboxes will be made more convenient, through both local inventories and postal delivery
 - Significant investments are contemplated for tools (apps, portals, data analytics, etc.)
 - Single MLS® with consistent and deeper data
 - Single REALTOR® portal, streamlined point of contacts, decreased confusion
- The benefits of a more effective and efficient organization (streamlined decision-making, less duplication / confusion, lower costs, enhanced capabilities)
- Significant capital and resources freed up for reinvestment
 - Strategy function to assess evolving REALTOR® needs, real estate market trends, and disruptive threats.
 - O New product / service development to keep REALTORS® in BC current and ahead of curve
- If you live near a boundary, the consistency across boards will simplify doing business
 - Standardized forms, rules, processes
 - Consistent professional standards and processes applied across province

Other Boards

- All of the above, PLUS
- Additional services not currently offered by all boards (e.g., group benefits)

PHASE 3 – GOVERNANCE RECOMMENDATION







NEWCO GOVERNANCE-Facilitators' Slides



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END STATE GOVERNANCE



End State Guiding Principles

All Viable Options Tested Against Guiding Principles

- Members voices heard
- Transparent, clear and simple
- Impact Biggest issues get the most attention
- Clear accountability
- Nimble able to respond to a rapidly changing industry
- Progressive, professional leadership
- Effective use of resources
- Honoring past contributions
- Trust

Guiding Principles

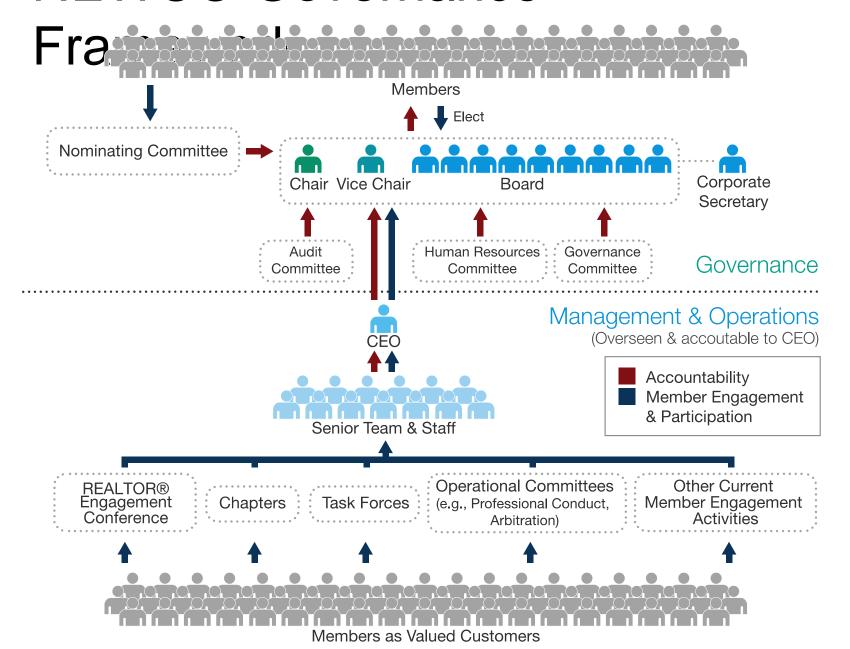
- Members Voices Heard (i.e. Reflective/Democratic/Engaging/Collaborative): The needs of the membership are paramount and the inclusion of members' voices through appropriate avenues of input and representation are integral to furthering the goals of NEWCO.
- Transparent, Clear and Simple: Individuals can follow and understand the decision-making process. Decision-making shows clear lines of logic what information, advice and consultation the Board considered and why a decision was made.
- **Impact**: Board discussions focus on the big issues that will have the greatest impact on NEWCO and its members. The Board is a strategic governance hub with the capacity and expertise to comprehend and prioritize complex issues.
- Clear Accountability: Clear accountability of responsibilities and decision-making reduces stagnation and inefficient layers and increases the timeliness and impact of decisions. It also ensures that members are informed by the Board appropriately and that their interests are heard.
- Nimble: Responsive and agile decision-making ensures that the organization will be responsive to the rapidly changing needs and interests of members.



Guiding Principles-Cont

- Progressive, Professional Leadership: Willingness to adopt progressive governance practices and striving to be leaders in association governance increases the respect and professional standards of NEWCO. Best practices are used and leading edge thinking is incorporated.
- Effective Use of Resources: Decision-making and other processes should make best use of the available people, finances and time to ensure the best possible result for members.

NEWCO Governance



Board Accountability

The Board is accountable to members and each Director has a fiduciary duty and duty of care to act in the best interests of members as a whole.

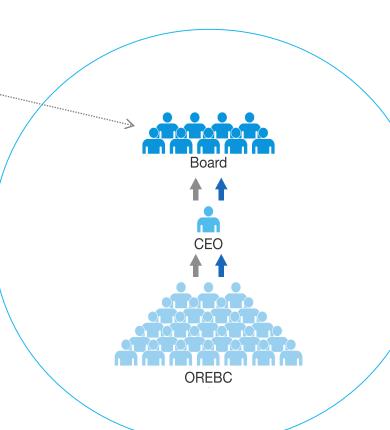
Board Roles and Responsibilities

Board Stewardship

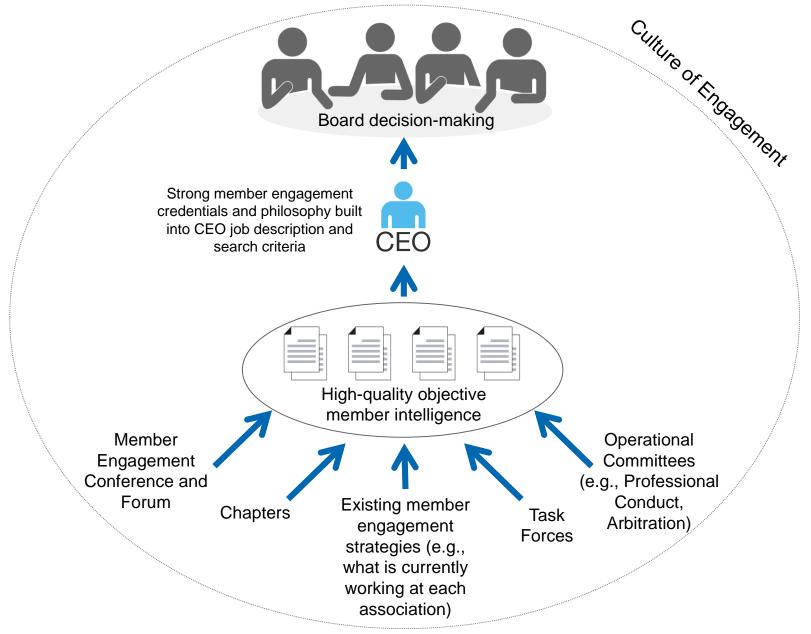
- Recruitment
- Renewal
- Orientation
- Education
- Evaluation
- Hiring, evaluating, compensating and terminating the CEO

Organizational Stewardship

- Financial oversight
- Operational oversight
- Key strategic and policy setting / decisionmaking
- Strategy and planning
- Risk oversight
- Leadership succession and development
- Corporate performance monitoring
- Ethics
- Compliance
- Member engagement
- Recommending Bylaw amendments to

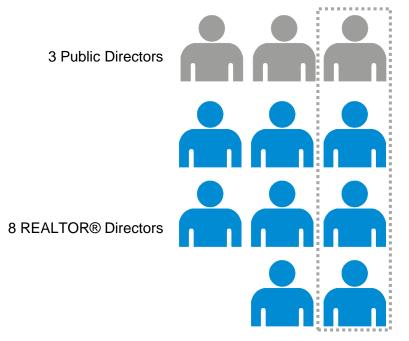


Member Engagement



Board Composition

- 11 Directors
- At-large elections with some designated (but not representative) seats
- Each member has a vote for each director nominee



at least one Public Director must come from outside of Lower Mainland

at least three REALTOR® Directors must come from outside of Lower Mainland

- Reflective
- Objective
- Seeking the most qualified leaders from the full membership

Board Composition

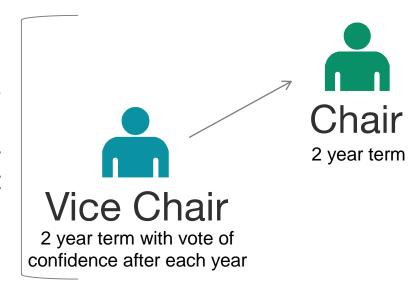
- The Board will be composed of 11 Directors
- There will be 3 Public Directors ("Public" Directors are individuals who are not members of the association NEWCO)
- All members vote for all Board seats (i.e., "at large" elections)
- Board renewal is supported by a robust nominations process (initially externally supported)
- The Nominating Committee recommends candidates based on a matrix of skills, experience, attributes, diversity and geography (non-recommended candidates can still run)

Director Terms and Board Meetings

- Directors may serve up to 2 3-year terms
- Elected Officer terms may be longer (e.g., if a Director is elected as Vice Chair in the final year of his/her second term, he/she could serve for up to a maximum of 9 years)
- The Board meets 4 to 6 times per year (4 minimum) at a rotating location and makes decisions by majority with a drive for consensus.

Board Leadership

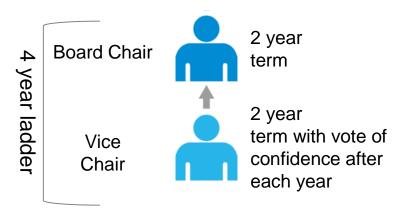
4 year ladder



Chair Role

- Spokesperson for the Board of Directors
- Plans and leads Board meetings and AGMs
- Co-designs meeting agendas and materials
- Manages Boardroom dynamics
- Spends roughly 3 hours on Board work for each hour a Director spends on Board work
- Supported by a strategic governance advisor (e.g., "Corporate Secretary")

Board Leadership



Considerations:

- •Associations are trending towards longer Board Chair terms; outside of the association sector, 1 year terms are very uncommon
- •There is a trend towards a Board Chair role in the real estate sector in Canada and the USA
- •Enables stability and continuity at the Board and organizational level
- Builds consistency into the governance framework
- •Helps foster a strong and stable relationship between the Board Chair and CEO
- •Empowers the CEO and the executive team to play a key role in operational functions and allows the Board Chair to be entirely focused on governance
- •Allows for some of the President's responsibilities to be taken on by the Board Chair-elect to aid development and lessen the workload of the Board Chair
- •Requires a longer commitment on the part of the Board Chair and may discourage some candidates from running
- Decreases the need for a Past-Board Chair on the Board to mentor the Board Chair

Board Leadership Critical Success Factors

- Officers are elected by and from the Board and must be REALTOR® Directors (e.g., members of NEWCO)
- The Board Chair is supported by a strong CEO, Corporate Secretary and executive team
- Clear delineation of roles between the Board Chair, Directors, the CEO and the executive team
- Strong practices in place to develop the Vice Chair's leadership capacity, before tenure as Board Chair (e.g., mentorship from the Board Chair)

Sample Board Chair Role

Board Leadership

- Manages Boardroom dynamics and enforces Boardroom norms/rules.
- Ensures the Board is organized, functions effectively, and meets its legal obligations.
- · Leads the Board in fulfilling its governance responsibilities.
- Liaises with Committee Chairs to ensure coordination between the work of the committees and the Board.
- Builds consensus and develops teamwork within the Board.
- Fosters ethical and responsible decision-making by the Board and individual Directors.
- Ensures that each Director is contributing to the Board's work.
- Is available to individual Directors for questions, counsel and discussions relating to NEWCO.
- Keeps the Board up to date on all significant developments of NEWCO, both at and between meetings.

Board and Management Relationship

- Acts as a liaison between management and the Board.
- Fosters a constructive relationship between the Board and management through regular contact with the CEO.

Board Meetings

- Plans and leads Board meetings and AGMs.
- Co-designs meeting agendas and materials.
- · Conducts Board meetings in an efficient, effective and focused manner.
- Ensures proper minutes are recorded and presented to subsequent meetings.
- At meetings, encourages participation of all Directors and promotes a spirit of collegiality where robust questioning and discussion is encouraged by all members.

Strategy

- Ensures the Board has cohesion of direction and purpose at a policy and strategic level.
- Leads the Board in strategic discussions.

Eternal Relations

- Is a spokesperson for the Board.
- Represents the Board at functions.
- Engages in media, member and public relations as required.

Leadership of Major External Functions in Practice

The Vancouver Sun requests an interview on the property transfer tax



The CEO, Board Chair and Director of Communications discuss who is best to take the interview



They determine the CEO is the most appropriate person and the CEO takes the interview (with preparatory work supported by his/her team)

Three Directors suddenly resign and the media approaches NEWCO for a comment



The CEO, Board Chair and Director of Communications meet to determine who will respond



The Board Chair provides a comment to the media (with messaging support from the Director of Communications)

The Minister of Finance and the Superintendent of FICOM request a meeting with NEWCO representatives



The CEO and Director of Government Relations determine who will attend the meeting



They decide that the Board Chair and CEO will both attend as the meeting is with an elected official and a senior bureaucrat

The executive team want NEWCO to put out a statement on trends in real estate values



The CEO and Director of Communications determine who the statement should come from



They decide that this message should come from the Chief Economist (supported by the Director of Communications)

Sample CEO Role

Leadership

- Leads and manages NEWCO operationally within the objectives set out in the strategic plan and agreed-upon performance measures.
- Provides leadership in the establishment and articulation of NEWCO's values, mission, mandate and vision.
- Develops and implements operational policies to guide NEWCO within the framework of the vision and strategic goals approved by the Board.
- Directs and monitors NEWCO's activities to ensure the assets of NEWCO are safeguarded and optimized.

Strategic

Provides leadership in developing the strategic plan and strategic priorities through a consultative process.

Board

- Supports the Board Chair and the Board in carrying out the Board's governance responsibilities, including the timely provision of relevant information.
- Provides the Directors, the Board and its Committees with exposure to NEWCO's executive team.

Financial and Risk Oversight

- Prepares and submits to the Board an annual budget.
- Ensures the integrity of NEWCO's internal control and management systems.
- Identifies, and reports to the Board on, the principal risks of NEWCO and ensures the implementation of effective systems to manage those risks.

Member Engagement

- Develop, implement and review a strategic framework to support and enhance member engagement.
- Collaborate with executives and staff to ensure a shared understanding of member expectations and values throughout NEWCO and to develop strategies to increase engagement.
- Foster a strong member-driven culture and establish training and development to ensure staff have the knowledge and skills to engage productively with members.
- Develop initiatives to solicit member feedback and input on key initiatives.

Human Resources

- Develops and implements an organizational structure that is appropriate for the effective and efficient operation of NEWCO.
- Annually establishes and maintains a Board approved plan for management development and succession, including CEO succession planning.

External Relations

- Acts as the primary spokesperson for NEWCO and interfaces with the public and stakeholders.
- Maintains effective relationships in dealings with governments, associations and the public at large.

Sample Corporate Secretary

- corporate Secretary is an advisor to the Board and senior management on all matters relating to governance. To fulfill this role, the Corporate Secretary will research and recommend approaches on governance matters, identify emerging trends in governance structures and best practices and assist in governance policy development.
 - The Corporate Secretary works closely with the Board Chair and may advise the Board Chair on a broad spectrum of issues (e.g., ensuring proper conduct of meetings; assisting with a Board succession plan).

Compliance

• The duties of the Corporate Secretary may be the guardian of the company's compliance with respect to regulatory requirements and internal practices.

Liaison

The Corporate Secretary is the liaison between the Board and the CEO and senior management, and is
the main point of contact for Directors. The Corporate Secretary promotes a strong and effective working
relationship between the Board and management.

Governance Leader and Educator

 As a governance educator the Corporate Secretary promotes strong corporate governance practices within the organization. Moreover, he or she will act as an information source for all matters related to governance for Directors.

Administrative and Minute Taking

 The Corporate Secretary has a number of administrative duties. Perhaps the most widely accepted role of the Corporate Secretary is that of 'minute taker'. In this role the Corporate Secretary drafts, distributes, and maintains minutes of meetings.

Annual General Meeting (AGM)

 The Corporate Secretary plays a vital role in relation to the annual general meeting. The Corporate Secretary's AGM duties range from creating documents supporting this event, securing space, ensuring adequate security, scripting and engaging relevant members of the Board and management.

Board Committee Operating Guidelines

- •The Board has the power to appoint Committees it considers necessary and advisable
- •The Board may from time to time establish task forces or other temporary working groups to address time limited projects

PURPOSE

•The purpose of Committees is to provide in-depth concentration in key areas of Board responsibility and to help the Board carry out its work

MANDATE

•Each Committee reviews its own Terms of Reference annually and submits any changes to the Governance Committee for review and recommendation to the full Board

ACCOUNTABILITY

- Each Committee is accountable to the Board
- •The Board may on such terms as they see fit delegate any but not all of their powers to one or more Committees

Board Committee Operating Guidelines cont'd

COMPOSITION

- •Committee Chairs and members are appointed by the Chair, on the recommendation of the Board. A Director may belong to more than one Committee at one time.
- •There should be at least one public Director on each Committee

STAFF SUPPORT

- Management may designate staff support as appropriate to each Committee
- •The Corporate Secretary works with the Committee Chair towards the establishment of meeting agendas and preparation of meeting materials

REPORTING

- •Each Committee reports to the Board by distributing the Committee's minutes in advance of the next Board meeting
- •In addition, at the next Board meeting, the Committee Chair provides an oral report that summarizes, at a high-level, what the Committee has been working on (since it last reported to the Board), what the Committee is bringing forward for discussion or approval, and what is coming up on the Committee's agenda

Committee Structure



Audit Committee

Provides financial oversight for the Board.

Governance Committee

Ensure the
Board fulfills its
duties and
advances the
Board's
strategic plan
through
governance
and policy
oversight.

Human Resources Committee

Assists the
Board in
ensuring
continuity and
development of
human
resources of
the staff of the
Board and/or
the association.

Board Nominating Committee

Facilitates
effective Board
renewal
practices to
ensure strong,
consistent
leadership of
NEWCO.

Board Committees

Governance Committee

3-5 Committee members; at least 1 is a Public Director; the rest are REALTOR® Directors



Human Resources Committee

3-5 Committee members; at least 1 is a Public Director; the rest are REALTOR® Directors



Audit Committee

3-5 Committee members; at least 3 Directors, of these at least one has a financial designation and all must be financially literate*. If required, up to 2 voting advisors, both with professional designation.



Board Nominating Committee



REALTOR® Director chosen by the Board

Public Director chosen by the Board

Member at-large

at-large

Member

Member at-large

^{*}an individual is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues

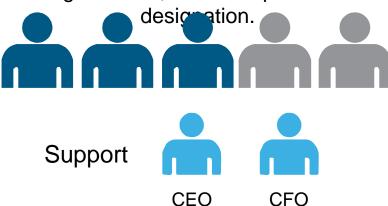
Audit Committee

Committee Mandate:

- Financial planning
- Financial reporting
- External/internal audit
- Reviews accounting systems and internal controls
- Risk management oversight
- Reviews reports before external disclosure
- Reviews annual CEO, Board and Director expenses

Supported by the CEO, CFO and NEWCO staff

3-5 Committee members; at least 3 Directors, of these at least one has a financial designation and all must be financially literate*. If required, up to 2 voting advisors, both with professional



^{*}an individual is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues

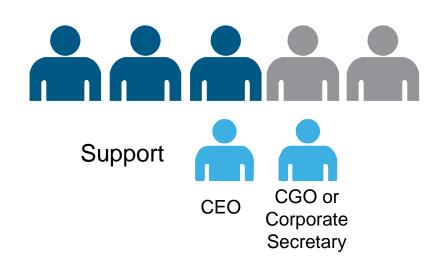
Governance Committee

Committee Mandate:

- Annually reviews the governance framework
- •Ensures appropriate structures and procedures are in place for effective Board functioning
- •Ensures appropriate and adequate programs are in place for Director orientation and ongoing Director development
- Develops and supports regular Board and Director evaluation processes
- Develops, reviews, maintains and recommends improvements to Board governance policies and Bylaws
- Annually reviews the Code of Conduct and obtains Declarations from Directors

Supported by the CEO and NEWCO staff (e.g., CGO and/or Corporate Secretary)

3-5 Committee members; at least 1 is a Public Director; the rest are REALTOR® Directors



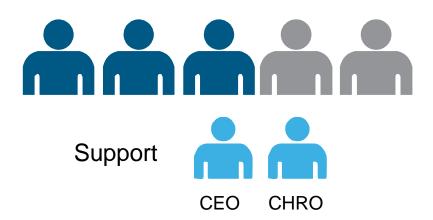
Human Resources Committee

Committee Mandate:

- Annually reviews the CEO evaluation process
- •With the Chair, leads the development of the CEO's annual goals
- With the Chair, leads the CEO's annual performance
- •Determines the CEO's compensation and reviews compensation on an annual basis
- Annually reviews staff structure and succession plans for senior leaders
- Reviews and recommends the philosophy and guidelines for management compensation
- Reviews NEWCO's human resources policies and recommends amendments as appropriate

Supported by the CEO and NEWCO staff (e.g., CHRO)

3-5 Committee members; at least 1 is a Public Director; the rest are REALTOR® Directors



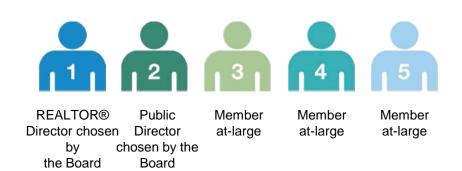
Board Nominating Committee

Committee Mandate:

- Annually reviews Board composition
- Assists the Board in reviewing skills and experiences required on the Board and identifying skills gaps
- Develops and updates the Board skills matrix to reflect the Board's collective skills and experience and key issues and opportunities facing the Board
- •Seeks *Expressions of Interest* for Board nominations and rigorously assess all candidates against matrix, desired competencies, character, and commitment, and diversity considerations
- Recommends candidates for Board elections based on the criteria above

Initially supported by an objective third party and supported by NEWCO staff on an ongoing basis

Board Nominating Committee



SAMPLE Board Competencies

Required Attributes

- Accountability
- High ethical standards
- Informed judgement
- Integrity
- Commitment
- Respect for members
- Passionate
- Big picture
- Conflict resolution
- Forward thinking

Skills / Knowledge

- Financial designation
- Human resources management
- Governance
- •Executive leadership (of an organization of equal or greater scope/complexity)
- •IT
- Change management
- Risk management
- Strategy
- Government relations
- Member engagement

Diversity Considerations

- Commercial
- Residential
- Agricultural
- Industrial
- •[NTD: additional real estate classifications]
- Small population centres
- Medium population centres
- Large population centres
- Managing broker
- Gender
- Ethnicity
- Years in real estate

SAMPLE Board Matrix

		Area of Director Contribution								of	
		Director 1	Director 2	Director 3	Director 4	Director 5	Director 6	Director 7	Director 8	Director 9	Total Number of Responses
Skill / Experience	1	8	6	6	6	3	5	5	4	3	46
Skill / Experience	2	8	5	6	5		1	7	5	6	43
Skill / Experience	3	5	5	5	6	5	5	4	3	3	41
Skill / Experience	4	6	6	7	4	6	5	2	1	1	38
Skill / Experience	5	7	5	6	5	5	2	3	1		34
Skill / Experience	6	6	5	3	4	1	7		1		29
Skill / Experience	7	4	4	3	4		1		5	4	27
Skill / Experience	8	2	5	5	5	3	3		1		25
Skill / Experience	9	4	3	3	1	0		3	4	3	21
Skill / Experience	10	2	0	0	1	5	0				8
Skill / Experience	11	2	1	0	0		0	2		1	6
Skill / Experience	12			0	0	5					5
Skill / Experience	13	2	1	0	0	0	0	0	0	0	3

Director and Officer Compensation

Compensation philosophy: Directors are compensated fairly, at a level that is commensurate with the Board's responsibilities and the complexity of the association. Directors are not compensated to make up for lost income.

Board Compensation Process

Compensation philosophy: Directors are compensated fairly, at a level that is commensurate with the Board's responsibilities and the complexity of the association. Directors are not compensated to make up for lost income.

- •Post-June 29th the Transition Board will form an independent Compensation Committee of future members to provide objective advice in determining the appropriate levels of director compensation for the Transition Board and the NEWCO Elected Board based on the NEWCO Compensation Philosophy
- •The Compensation Committee will be comprised of 6 to 8 members of "in" Boards who are not Transition Board Directors. The Transition Board will give consideration to bringing together a diverse group of members to form the Committee.
- •The Compensation Committee will:
 - Review information on member Boards' current director compensation schemes
 - Complete a market analysis of director compensation at comparatively complex associations and organizations
 - Provide recommendations to the Transition Board on director compensation for the Transition Board and the NEWCO Elected Board
- •The Transition Board will vote to approve or revise the final compensation scheme for the Transition Board and NEWCO Elected Board
- Compensation will be retroactively offered to transition Board Directors
- •The Compensation Committee may seek external support in researching and analysing compensation trends and benchmarking against comparable organizations if necessary



TRANSITION GOVERNANCE

Transition Governance

All Viable Options Tested Against Transition Governance Guiding Principles

- Stability
- Transparency
- Simplicity
- Inclusivity
- Honoring past contributions
- Building trust along the way



Guidance for Restructuring

Goal

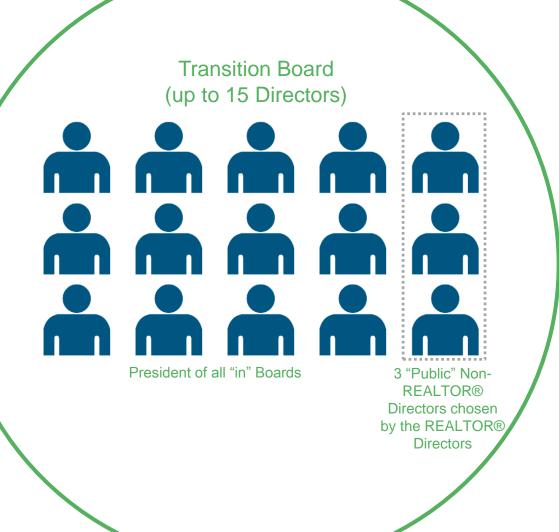
- •There are many critical restructuring decisions to be made post April 1st. In order to ensure these decisions are aligned with the values of the various Boards, the spirit of this endeavour and the reasons for the restructuring we recommend that the Governance Work Stream together with the Project Team and Presidents' Working Group create a "Guidance for Restructuring" document to guide all restructuring decisions. Ultimately it will be the NEWCO Board that will finalize and "own" this set of principles. The document will be able to guide critical decisions such as:
 - Member services
 - Roll in logistics and timing
 - Human resources
 - Organizational structure
- See example sent via email

Logistics

•Time in schedule to begin to discuss?

Option 1: Transition Board

Composition



Transition Board Chair Selection Process

Principle: Do some of the important work pre-vote, so the Transition Board can quickly make a decision post-vote with minimal political interference

<u>Phase 1 (Pre-vote)</u>: WATSON to lead discussion with PWG re: needs / attributes / commitment

Phase 2 (Post-vote): WATSON to call each PWG member to review needs and ask:

- Are you interested?
- Who would you support?

WATSON to collect information and create short list to be considered post-vote

<u>Phase 3 (Post-vote)</u>: WATSON to brief Transition Board on short list and design Chair selection process with Transition Board

Transition Board Options

Considered
Option 1: President's Working Group (plus 3 Public Directors) [RECOMMENDED]

Pros

- Inclusive
- Incentive to have a seat at the table
- Continue the good work / leadership
- Not a distraction

Cons

- Potential Competency gaps
- Does not mirror NEWCO end state principles
- Considerable work of Presidents

Option 2: Form Nominating Committee immediately to build end state Board to begin on Day 1 of NEWCO [NOT RECOMMENDED]

Pros

- In line with end state principles
- CEO search can start immediately
- Symbolic alignment with new principles

Cons

- Distraction during transition
- Potential political flare

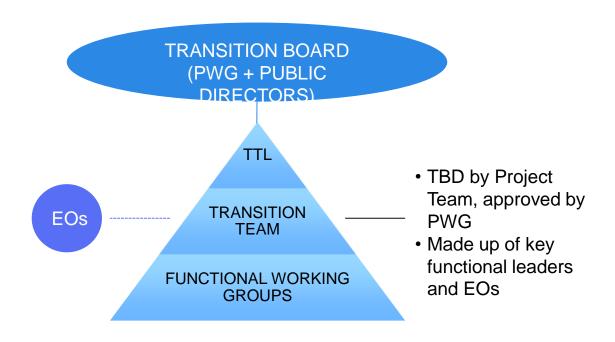
Option 3: Board is some form of "in" Boards but thought given to "weight" (e.g., smaller boards combine) [NOT RECOMMENDED]

•Not explored in detail because of political flare, not aligned with principles that have allowed us to progress this point; if we are going to do the work – go with Option 2

How do we Deal with the Potential Competency Gap?

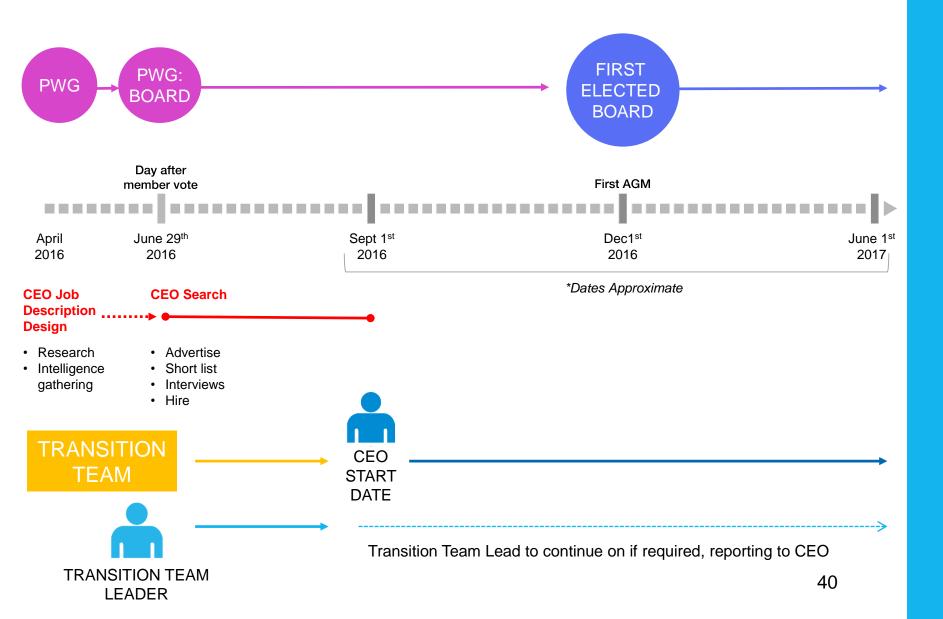
- 1. Training
- 2. Clear Terms of Reference for Transition Board
- 3. Vision of Success document
- 4. Public members carefully chosen
- Nominating process immediately after the members' vote

Governance in a Time of Transition



- Transition Team Leader (TTL): leader of Transition Team accountable to the Board.
- Transition Team: made up of key functional leads and EOs each with a "Functional Working Group" to assist with execution of duties.
- Focus of Transition Team: early stage "start up" operations
- CEO leads NEWCO

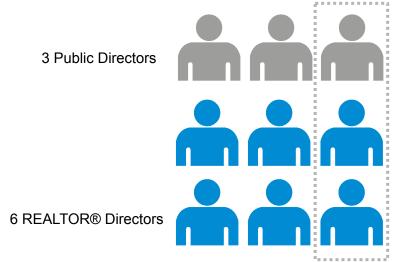
High-level Governance Timeline



PHASE 4 – GOVERNANCE RECOMMENDATION UPDATE OCTOBER 2016

Board Composition

- 9 Directors
- At-large elections with some designated (but not representative) seats
- Each member has a vote for each director nominee



at least one Public Director must come from outside of Lower Mainland*

at least two REALTOR® Directors must come from outside of Lower Mainland*

- Objective
- Reflective
- Seeking the most qualified leaders from the full membership
- A Board of 9, with 3 Public Directors, reflects leading governance practice and is not dependant on the size of the organization (aka what boards are "in")
- If more boards join ROBC after the initial amalgamation, the Board will not increase in size

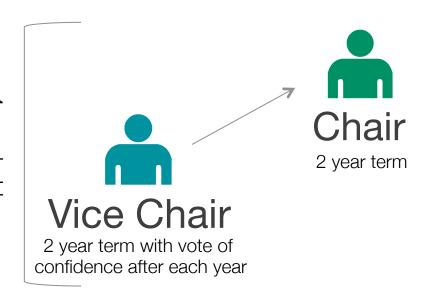
^{*} Lower Mainland means all communities, municipalities and territories under the authority of the organization Metro Vancouver, being: Village of Anmore, Village of Belcarra, Bowen Island Municipality, City of Burnaby, City of Coquitlam, Corporation of Delta, Electoral Area A, City of Langley, Township of Langley, Village of Lions Bay, City of Maple Ridge, City of New Westminster, City of North Vancouver, District of North Vancouver, City of Pitt Meadows, City of Port Coquitlam, City of Port Moody, City of Richmond, City of Surrey, Tsawwassen First Nation, City of Vancouver, District of West Vancouver and City of White Rock, plus City of Abbotsford and District of Mission.

Director Terms and Board Meetings

- Directors may serve up to 6 consecutive years (following transition, typically 2 3-year terms)
- Elected Officer terms may be longer (e.g., if a Director is elected as Vice Chair by the Board in the final year of his/her second term, he/she could serve for up to a maximum of 9 years, subject to reelection by the members)
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Board Leadership

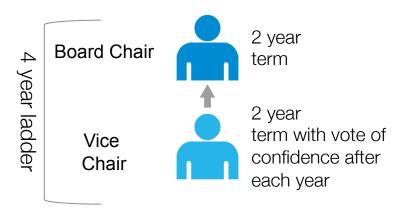
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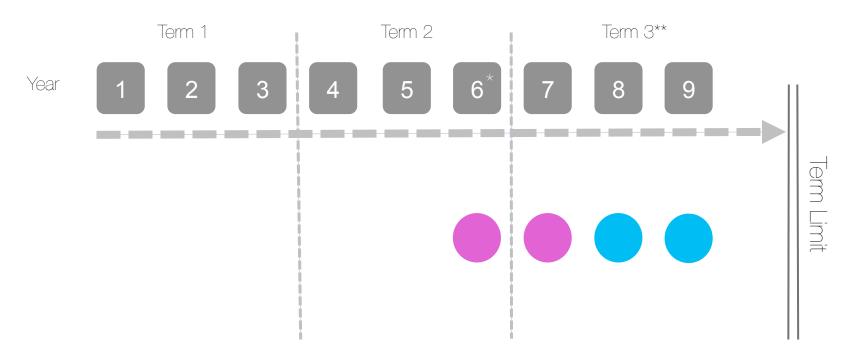
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Director Term Limits and Timing to Become Vice-Chair and Chair





^{*} Last year to be elected as Vice-Chair by the Board

^{**} Must be re-elected as a Director by members