

**THE AGENCY FOR CO-OPERATIVE HOUSING –
L'AGENCE DES COOPÉRATIVES D'HABITATION**

**MINUTES
BOARD OF DIRECTORS MEETING
June 15, 2005**

1. CALL TO ORDER

The Board of Directors meeting convened on June 15, 2005 at 1:30 p.m.

Present were:

Ray Hession
Peter Crawford
Carol Davis
Stuart Thomas
Barb Millsap

being a quorum of the Board.

Director Jill Kelly joined the meeting at 3:45 p.m.

Also present were Alexandra Wilson and Olga Tasci, from CHF Canada, Laird Hunter, legal counsel, and Catherine Cummings, recording secretary.

Ray Hession chaired the meeting. The meeting began with an in camera session, with only directors present. The others then joined the meeting.

The chair advised that immediately prior to the meeting the directors had met in camera to consider an offer from Alexandra Wilson, solicited by the President, to assume the position of chief executive officer with The Agency. Directors had authorized the President to negotiate the terms of an employment agreement with Alexandra.

2. APPROVAL OF AGENDA

The directors approved the agenda.

3. **APPROVAL OF PREVIOUS MINUTES**

M/S/C Carol Davis/Barb Millsap

BE IT RESOLVED THAT the minutes of the meeting of the Board of Directors held on April 15, 2005 be approved.

4. **PROGRESS REPORT**

Members of the Board were in receipt of a written report from CHF Canada advising on progress achieved since the last board meeting in setting up The Agency. Alexandra Wilson provided some opening remarks and answered directors' questions.

Alexandra reported that CHF Canada's board of directors had renewed the appointments of Carol Davis and Peter Crawford as directors of The Agency for another three years.

Alexandra shared her view that the agreement signed between The Agency and CMHC, despite a few inelegancies, was clean and functional. She stated that she was pleased with the way the remuneration was structured and the fact that The Agency would not have to present annual budgets to CMHC. The agreement includes a formula for adjusting The Agency's fee from year to year within the five-year term. The Agency's financial accountability is to be fulfilled through the submission of audited financial statements.

Alexandra stated that she was anxious about the state of the co-operative housing portfolio. The Agency is assuming responsibility for the programs well into their lifespan. Many co-ops are in physical disrepair. As a first priority, The Agency must closely examine co-ops' physical and financial condition and report this in its first annual report, so that The Agency's performance will be judged against a fair baseline.

Alexandra drew the directors' attention to the request from CHF Canada in the progress report for a fee of \$60,000 to cover the cost of services of Alexandra Wilson, Olga Tasci and Melanie Clement from July 1, 2005 to September 30, 2005, as well as services of Nora Sobolov in connection with Phase II. Alexandra noted that there are sufficient funds in the Agency's start-up budget to cover this request and observed that payment of the requested fee would result in the right alignment of costs and obligations, with CHF Canada fulfilling all of its obligations under the Phase I Agreement at its expense and The Agency only being asked to pay for things that fall properly into Phase II and that can therefore be funded out of the start-up fee from CMHC.

M/S/C Peter Crawford/Carol Davis

BE IT RESOLVED THAT the Board of Directors receive the report from CHF Canada on its continuing progress in establishing The Agency and preparing it for operations;

BE IT FURTHER RESOLVED THAT The Agency agree to pay a fee of \$60,000 to CHF Canada for the cost of services provided to the end of September by Alexandra Wilson, Olga Tasci, Melanie Clement and Nora Sobolov above and beyond the services CHF Canada is required to provide under the Phase I Agreement with CMHC.

5. **FINANCE AND AUDIT COMMITTEE REPORT**

Peter Crawford provided an oral report on the Finance and Audit Committee meeting held immediately ahead of the Board meeting. He explained the issues surrounding the changes to the Agency's budget and fees and indicated that the committee was quite satisfied with the degree of detail in the budget and had a high level of confidence in the way that the financial plan had evolved. He expressed concern that the reconciliation of accounts between the individual co-ops and CMHC could make significant demands on the Agency's resources, depending on CMHC's approach, and stated that this issue would have to be carefully monitored to ensure that it did not affect the financial plan.

Peter advised that another issue to watch is the transition of files from CMHC to The Agency. He reported that the opinion was that CMHC would make an effort to ensure that the transition of files to The Agency went smoothly, however, the process would have to be monitored. He also updated the Board on the possible outsourcing of bookkeeping and accounting services, stating that the committee was satisfied with the interim arrangement Alexandra had put in place, provided that before a continuing contract for services was awarded there would be a validation of the quality of the services and the fee arrangement.

Peter reported that The Agency's insurance needs had also been discussed and that Alexandra had disclosed to the committee her position on the board of The Co-operators, one of the possible providers of some of the insurance coverage the Agency needs. The bank account for The Agency had also been discussed.

Ray Hession clarified that compensation to The Agency will be paid in advance, quarterly. There are financial provisions in the agreement with CMHC for The Agency to accumulate an operating reserve of up to \$150,000.

6. SERVICE AGREEMENT WITH CMHC

(a) Performance standards

The Board was advised that Schedule D to the Agency-CMHC agreement, which sets out Agency performance standards and measures, had been appended in draft form and remains to be finalized. Concern was expressed that without baseline data on CMHC's current performance, hard targets will be difficult to set and that continuous improvement should be the agreed goal.

(b) Change request process

The Board was advised that the Change Request Process appended to the CMHC agreement was not yet ready for the Board's approval. It is in CMHC's hands to prepare the next version.

(c) Termination transition plan principles

Alexandra explained briefly that the termination transition plan principles document, which is to be appended to the CMHC agreement, will address practical arrangements in the event of early termination. CMHC produced an unduly complex draft, which CHF Canada has asked be rewritten.

(d) Start-up and annual fees

Alexandra reported that Schedule J to the agreement, which sets out the Agency's Start-Up and Annual Fees, was due to be finalized by July 31. Inadvertent errors were made in the numbers in the haste to append a draft fee schedule to the agreement on the eve of the signing. After Alexandra had written advising of the errors, a letter had arrived from Bill Smith of CMHC in which he questioned the escalation of fees. Alexandra explained to the Board that the fees had not increased from the numbers set out in the budget presented to CMHC on May 2; rather, she had carried the wrong numbers from that budget to the draft schedule.

Directors heard that the fees require further revision to exclude the Phase III and IV services and Manitoba portfolio, which has not yet been turned back to CMHC.

7. OPERATIONS PLANNING

(a) Client service strategy

The Board was in receipt of a draft of the final Client Service Strategy, which had been updated following tabulation of the results of a client-satisfaction survey conducted among federal-program housing co-operatives in the provinces where The Agency will be administering the programs. Olga Tasci provided background information on how the survey had been conducted, the response rate and the results of CHF Canada's analysis of the responses. About six hundred co-ops had been invited by letter to participate. They were offered the opportunity to complete the survey on paper, but only some 40 co-ops chose to do so, while the balance of the 204 respondents completed the survey on the Web. Olga advised that 51% of the responses had come from co-ops in Alberta.

Olga explained that most of the responses had been provided by a co-op staff person or property manager, as expected. A vast majority of the respondents had had contact with CMHC in the previous six months and reported satisfaction on the various indicators tested. She noted, however, that there was a sizable gap in some instances between the degree of satisfaction reported and the importance of the service to the co-op (e.g. 86% of respondents felt it was important that CMHC staff go the extra mile, but only 56% felt that CMHC staff had gone the extra mile in their case). Of considerable interest was the fact that most co-ops gave a much lower rating for overall service satisfaction than for the individual indicators.

The Board expressed discomfort with relying on the results to date and asked that the survey be re-opened and that an effort be made to obtain further responses, particularly from under-represented areas.

(b) Service delivery standards

The Board deferred discussion of the service-delivery standards set out in the strategy document until further survey results could be obtained and analysed.

A discussion on the challenges and pre-requisites for achieving excellent client-centred service and the need to balance the Agency's service and control objectives followed.

M/S/C Stuart Thomas/Barb Millsap

BE IT RESOLVED THAT the Board adopt the client-service policy statement set out in the strategy document.

(c) Risk-rating model

Directors were in receipt of a written report on this subject. Alexandra drew attention to CMHC's failure to date to approve the risk-rating model. Two independent parties reviewed and provided opinions on CHF Canada's research report before it was submitted. The first, an economic consulting firm, looked at the statistical research and indicated that it was impressed with the technique used to obtain the results, which it considered quite reliable. David Peters, a former senior public servant with the Ontario government and general manager of Ontario Housing Corporation, looked at the model itself. He thought it appeared sound but argued that further fine-tuning should follow application of the model in the field.

Directors heard that CMHC's concern was that the model would not highlight co-ops that are not accumulating replacement reserves quickly enough to deal with repairs. CMHC requested that CHF Canada perform further research on this issue, while acknowledging that the terms of the original research contract had been fully met.

M/S/C Barb Millsap/Jill Kelly

BE IT RESOLVED THAT the Board of Directors approve the co-operative housing risk-rating model described in the CHF Canada research report for The Agency's use.

(d) Annual information return

The Board was in receipt of a written report on this subject and a draft return. Alexandra Wilson highlighted key points in the report.

M/S/C Jill Kelly/Barb Millsap

BE IT RESOLVED THAT the Board of Directors approve the Annual Information Return for submission to CMHC.

Ray Hession left the meeting at 4:10 p.m. to address the plenary session of the Co-op Housing Management Conference. Jill Kelly took over as chair.

8. HUMAN RESOURCES

(a) Initial policies

The Board agreed to defer discussion of the draft Human Resources Policy to a later meeting.

(b) Staff recruitment strategy

The Board had before it a document setting out a high-level Agency staff recruitment strategy.

Alexandra Wilson advised that the budget for recruitment was very restrictive at \$122,500. She further informed the Board that she had initiated discussions with an Ottawa-based executive search firm and that she had a person in mind who might be available to manage the recruitment process for all of the non-executive positions with The Agency.

A discussion followed on the issue of recruiting staff from CMHC.

M/S/C Stuart Thomas/Carol Davis

BE IT RESOLVED THAT the Board of Directors receive the report prepared by Arlene Wortsman respecting a personnel recruitment strategy for The Agency.

9. COMMUNICATIONS POLICY

The Board was in receipt of a report recommending a communications policy for The Agency.

Ray Hession rejoined the meeting at 4:35 p.m. and resumed his role as chair.

The Board asked that an addition be made to the policy to address the issue of who speaks publicly for The Agency.

M/S/C Carol Davis/Barb Millsap

BE IT RESOLVED THAT the Board of Directors adopt the Communications Policy, with the above addition.

10. BANKING RESOLUTION

M/S/C Peter Crawford/Barb Millsap

BE IT RESOLVED THAT the Board of Directors approve the opening of an account with *Your Credit Union*;

THAT the Board adopt the attached signing authority resolution for the account;

AND THAT the Board approve and authorize execution of the Operation of Account Agreement with the credit union.

11. INSURANCE

The Board received an oral report from Olga Tasci on efforts underway to finalize the Agency's insurance requirements with CMHC and to locate appropriate providers.

12. ANNUAL INFORMATION SESSION

The Board was in receipt of a PowerPoint presentation to be made at the Agency Information session at the CHF Canada annual meeting the following day. Board members were advised that their presence was required at that session but their participation was not mandatory for the afternoon workshop with co-operative housing managers. Alexandra Wilson advised the Board of some of the types of questions they might be called upon to address during the workshop. It was decided that Ray Hession would lead the discussion group in the morning.

Stuart Thomas remarked that it would be important to share with participants that we were lucky finally to have some good news to share about The Agency and that this was due in no small part to the positive role of Minister Joe Fontana.

13. OTHER BUSINESS

(a) Corporate calendar

The Board agreed to move the Finance and Audit Committee meeting to the afternoon of September 8, 2005 and the Board of Directors meeting to the morning of September 9, 2005

M/S/C Peter Crawford/Carol Davis

BE IT RESOLVED THAT the Board of Directors adopt the corporate calendar for the balance of 2005, as amended at the meeting.

(b) Office space

Jill Kelly declared a conflict of interest as a director of the Canadian Co-operative Association (CCA) and abstained from the discussion and vote on this item.

M/S/C Stuart Thomas/Peter Crawford

BE IT RESOLVED THAT the Board of Directors authorize the rental of temporary offices for The Agency within the offices of the Canadian Co-operative Association.

(c) Phase I deliverables

M/S/C Barb Millsap/Peter Crawford

BE IT RESOLVED THAT the Board confirm that the following deliverables are complete, the results comply with all the particulars set out for them and, in the Board's opinion, each deliverable is fully satisfactory for its intended purpose:

- six board meetings and two Finance and Audit Committee meetings held
- communications policy adopted
- client-service strategy and standards adopted
- human resource policies in place
- recruitment strategy in place
- Phase II start-up and operating budget and pricing proposal in place
- capital budget in place

(d) Delegation of authority

The Board discussed the need, in light of the large volume of upcoming business, to adopt an appropriate delegation of authority instrument once the Chief Executive Officer is in place.

14. MEETING EVALUATION

Directors observed that it would be highly desirable to receive the meeting materials further in advance of the meeting. Alexandra Wilson agreed and stated that future meeting packages would be delivered in a more timely fashion.

There being no further business to conduct, the chairperson, Ray Hession, declared the meeting closed at 5:05 p.m.

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CERTIFIED to be the minutes of a meeting of the Board of Directors of The Agency for Co-operative Housing – L'Agence des coopératives d'habitation held on June 15, 2005.

Ray Hession, Chairperson

Catherine Cummings, Recording Secretary