

Developing Terms of Reference for Condo Board Committees

Introduction

This is one of a number of guidelines for Alberta condo owners prepared by Condo Owners Forum Society of Alberta.

If you have any suggestions for changes, clarifications or additions, please contact Condo Owners Forum at info@cofsab.ca.

To create a successful committee requires the development of a Terms of Reference (TOR) that clearly describes what is expected from the committee in terms of:

- The **purpose** of the committee.
- What is in and out of **scope** for the committee.
- The decision-making **authority** of the committee.

This is an outline of the TOR issues that should be considered by a condominium's board of directors (Board) when appointing any committee. A TOR should be approved as a corporate rule.

Since it is common, in the bylaws of many condominium corporations, that they follow Robert's Rules of Order (ROR), they have been reviewed or incorporated where relevant in this outline (see ROR reference below).

Committee Name and Type

- Committee name
- Committee and special committee types
 - Standing – “have a continuing existence and function, normally [responsible] for a particular subject matter” (ROR).
 - Special – ad hoc, select or advisory committees are “created for a particular purpose and go out of existence when that purpose is completed” (ROR).

As part of good corporate governance, convening committees for focused projects reduces the workload of the Board and can provide access to external expertise. It introduces inexperienced owners to the Board's functional duties and responsibilities and demonstrates how the Board serves the interests of the corporation and its owners. Committee members are a potential source of future Board members.
 - Sub-committee – appointed by the committee to which it reports.

Purpose

- This is the most important section of the TOR. Without a clearly defined purpose, creation of a committee should not proceed.
- It describes the primary mission of the committee and the reasons for its creation.
- Ideally, this would be stated in the form of a mission statement.

Scope

- A committee must have specific objectives and output. Activities of the committee are constrained to those that are within its defined purpose or mission.
- Are the activities of the committee in the internal or external interests of the corporation?
- If strictly internal, are there privacy concerns or a need to regularly inform or get consent of the board or owners? Is there a requirement to obtain board or owner approval at any stage or would it be good for relationships to consult owners?
- If external, are they to be treated as private or can they be public?
- If public, is there media, government, business, or organizational involvement?
- In any case, participants that the committee is permitted to engage should be defined.

Authority

- Can the committee approve or only recommend? Only the condominium Board can make commitments on behalf of the corporation unless it delegates that authority.
- Delegation of authority to approve should be restricted to what has been specifically approved by the Board, e.g., manage a budget within predefined limits, control petty cash, appoint new or replacement members.
- The Board should never delegate the corporation's authority to endorse contracts.

Appointments & Composition

- Standing committees
 - The standing committees of the corporation should be defined in its bylaws or rules.
 - New standing committees should be created by motion at a meeting of the Board or by the owners at a general meeting.
 - "The method of selection of the chairmen and members of standing committees is usually established in the [condominium's] bylaws" or approved rules. Normally, "they are appointed by the president at the beginning of his or her term of office...or they are elected by the [Board] at the same meeting at which the [Board's] officers are elected.(ROR) Standing committees are usually chaired by a member of the Board.
 - Members usually "serve for the same period as the officers of the [corporation]." (ROR)
- Special committees
 - "A motion to refer a pending motion to a special committee creates [it] (ROR). If the appointment method is not in the bylaws, the motion should describe it.

- “One common method of appointment is to provide that the members of the special committee be appointed by the presiding officer. Another is for the motion itself to name the members.” (ROR)
- The first task assigned to the special committee might be to prepare a draft TOR for Board approval.
- Unless authorized by the [Board],...[a committee] cannot adopt rules of its own. (ROR)
- Committee members are expected to contribute to its work actively and collaboratively.
- Can non-owner ex officio members be appointed to a committee? Are they allowed to vote?
- If a unit has multiple owners and they are on the committee are they restricted to one vote for that unit?

Meetings

- “A majority of its members constitutes a quorum” for a committee meeting. (ROR)
- “[A] committee acts validly if its decisions are agreed to by a majority vote at a properly called meeting of which every committee member was notified and at which a quorum...is present.” (ROR)
- “Only committee members have the right to attend during its actual deliberations. When necessary, non-members may be invited to present their views or to inform them of the committee’s activities or decisions. (ROR)
- “While the [chair] usually acts as secretary..., in many committees another member is elected as secretary to prepare temporary memoranda for the committee’s use... [t]hese, however are not approved or corrected at the next meeting or permanently retained” (ROR). For small organizations and their committees, this reduces the formality and burden of fulfilling the duties within their scope.
- [The chair] has the right to make and debate motions”. (ROR)
- “Motions to close or limit debate are not allowed”. (ROR)
- “In other respects, committees use the informal procedures for [small] boards”. (ROR)
- If the TOR of a committee require that minutes be recorded to document its activities, an approved copy must be sent to the Board’s secretary.
- The frequency, schedule, location, agenda, type (in person, by phone, or online) and responsibility of notification of meetings should be defined. Often this is done on an as needed basis by the chair.

Deliverables

- Meet the specific objectives and output requirements and deadlines of the committee’s activities, goals, responsibilities, tasks, reports, etc.
- Ensure that all relevant legislated requirements including those for privacy and access to information are reviewed and followed.
- Where necessary review the relevant legislation pertinent and consistent with the committee’s purpose.

Resources and Financial

- Is the budget approved by the Board and what types and size of expenditures are allowed?
- What are the restrictions on making commitments on behalf of the corporation and on spending?
- What approval is necessary?
- What is the committee's budget process?
- How is the budget reviewed?
- What other resources are available to the committee (e.g., staff support, meeting rooms, expert advisors)

Reporting

- Describe whether the committee reports to the Board or a committee of the Board, in what format and how often.
- What are the dates for submitting reports?
- Does the committee report verbally or in writing?
- How does the committee obtain an extension to their assignments or to the end of their term?

References

- Robert's Rules of Order Newly Revised in Brief, Henry M. Robert III et al., Da Capo Press, 2011.
- Alberta Condominium Property Act - <http://www.qp.alberta.ca/documents/Acts/c22.pdf>
- Alberta Condominium Property Regulation
https://www.qp.alberta.ca/documents/Regs/2000_168.pdf
- Alberta Personal Information Protection Act
<https://www.qp.alberta.ca/documents/Acts/P06P5.pdf>
- Alberta Personal Information Protection Act Regulation
https://www.qp.alberta.ca/documents/Regs/2003_366.pdf
- Condo Law for Albertans is a website that states it is a source of "legal information for Alberta consumers, condo owners and condo board members." - <https://www.condolawalberta.ca/>