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October 28, 2019

Leadership Team Governance Subcommittee  
City of Saskatoon  
c/o Candice Leuschen  
*via email*

Dear Subcommittee Members:

On behalf of the TCU Place (The Centennial Auditorium) Board of Directors, we are pleased to provide this written response to your letter dated October 4, 2019, regarding the "Governance Review of Controlled Corporations – Governance Details" Report.

Following receipt of the above-noted report and appendices this past June, the members of the governance committee of our board held a special committee meeting on August 29, 2019 to discuss the proposed recommendations, and again on September 5, 2019 toward compiling feedback and comments on these recommendations. This feedback and comments were endorsed by the full TCU Place Board of Directors on September 26, 2019, and subsequently shared with your Core Committee representatives at our governance committee meeting on October 9, 2019.

Enclosed is a matrix encompassing the feedback and comments from the TCU Place Board of Directors regarding the recommendations contained within the report. While our board endorses the majority of the recommendations put forth and accompanying rationale and research, the following are three areas of noteworthy concern suggesting further consideration from the perspective of the TCU Place Board of Directors ("TCU"). (Please see matrix for full commentary):

1. Appointment of Directors (Appendix 3; pgs. 2-4 of attached matrix): TCU seeks transparent communication between City Council and TCU regarding declined nominees recommended by TCU's governance committee. TCU recommends a consultative appointment approach to ensure alignment between nominees and skill/competency requirements identified by TCU;



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2. Composition of Committees (Appendix 4; pgs. 5-6 of matrix): TCU is supportive of the recommendation that determination of committee composition be left up to the Boards, including the discretion to (as deemed appropriate) exclude members of City Council and City Administration from chairing committees of the board and/or sitting on the executive committee of the board;
3. City Council Oversight of CEO Appointments (Appendix 5; pgs. 8-10): TCU is supportive of consistent and adequate oversight (by the CoS) with respect to CEO recruitment, performance evaluation and compensation for the Controlled Corporations; TCU recommends that the specific structure of this oversight be left to the discretion of each board (i.e. not requiring the establishment of a CEO Recruitment/Performance Committee but mandating City Manager engagement for CEO-related matters)

In addition to the above three areas, additional feedback and comments are offered throughout the enclosed matrix for consideration by your Subcommittee, the majority of which are indicative of suggested minor changes and/or points for further clarification.

In closing, our Board wishes to acknowledge the robust and comprehensive report developed by your Subcommittee and Core Committee members. We are truly appreciative of the collective time and effort you have invested in this review and are optimistic this work sets the stage for the long-term success of TCU Place and other City of Saskatoon Controlled Corporations. We look forward to attending the GPC debate ahead and subsequent adoption of these recommendations as directed by GPC.

Ms. Jennifer Pereira, Q.C.  
President  
TCU Place Board of Directors

Dr. Trevor Maber  
Governance Committee Chairperson  
TCU Place Board of Directors

Enclosure (1)

c. TCU Board of Directors  
Mr. Kerry Tarasoff, Interim Chief Operating Officer

City of Saskatoon – Governance Review  
Feedback from TCU Place Board of Directors to City of Saskatoon Leadership Team Governance Subcommittee  
*Prepared by TCU Place Governance Committee*  
September 5, 2019

**Appendix 2: Board of Directors of Controlled Corporations**

Issue	Recommendation	Rationale	Current TCU (Potential Impact)	Feedback from TCU BoD
Board Size	That it [City Council] set a range for Board size of 6 to 15 Directors for each Controlled Corporation	Literature suggests 6-15 is appropriate; gives flexibility for adjustments should circumstances warrant; research suggests smaller boards are more effective; boards are generally decreasing in size	13 members incl 2 members of City Council; Mayor and City Manager sit on Board as voting members (TCU would be within 6-15 range; see next issue below)	TCU recommends that flexibility in terms of board size and composition be maintained (within a pre-defined range for board size); board size would continue to be dependent on TCU evolving operational and strategic needs and alignment with existing and optimal board composition (based on skills and competencies)
Board Composition	That two City Councilors be appointed to the Board of each Controlled Corporation (no Mayor or City Manager)	Provides an appropriate balance between liaison and reporting between City and Controlled Corporations; also maintains and respects independence of Controlled Corporations; excluding City Manager avoids any potential issues given that each Controlled Corporation is its own legal entity with own CEO	Two City Councilors currently sit on Board as voting members; Mayor and City Manager would no longer be members of TCU Board	TCU is supportive of this recommendation
Board Composition	That the Corporate Bylaws be amended to codify that a Director who also serves as a member of Council has the ability to report to City Council and the Governance and Priorities Committee In Camera	It would be unfair for Councilors to report to City Council on Board activities (instead they should act primarily as a liaison between Boards and City Council); each Board should formally report semi-annually or quarterly to City Council via GPC	TCU Board and Management currently provide reports to/attend at GPC on an ad hoc basis	TCU would need to build into Board timeline and ensure capacity/resources from Board and TCU Management for preparation and delivery of semi-annual or quarterly reports if this is mandated by City Council

Issue	Recommendation	Rationale	Current TCU (Potential Impact)	Feedback from TCU BoD
Board Meetings	That each Controlled Corporation adopt meeting procedures within 60 days of this resolution being passed by City Council	Legal requirement	TCU Board already has established and implemented standardized meeting procedures and practices; meeting procedures received from City Solicitor's Office have recently been reviewed and incorporated into TCU Board procedures and practices	TCU is supportive of this recommendation
Board Meetings	That it [City Council] maintain the status quo and limit meetings to occur within Saskatoon city limits	All Controlled Corporation facilities are located within the City of Saskatoon; numerous facilities available within City of Saskatoon for off-site planning retreats; reputational and financial risk to City associated with increased costs for meetings outside city limits	TCU has historically held all Board meetings and related activities within the City of Saskatoon	TCU is supportive of this recommendation
Board Orientation	That the City Clerk's Office conduct mandatory Board Orientation with each of the Controlled Corporations on an annual basis	Ensure consistent and on-going orientation to City of Saskatoon Board Orientation Manual	TCU has provided an annual Board orientation session for new Board members; TCU Board participated in onboarding and orientation session provided by City Clerk's Office on May 30, 2019	TCU is supportive of CoS-led board orientation (with corporation/site-specific orientation being delivered by each board and/or management); TCU recommends that the CoS expand its investment in the long-term training and development of board members (e.g. ICD memberships, training, certifications) toward better alignment with governance trends and best practices

### Appendix 3: Directors of the Controlled Corporations

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
Appointment of Directors	That the appointments of Directors continue to be made	Board appointments should remain the exclusive purview	TCU continues to follow established City of Saskatoon	TCU respects the final discretion and option to veto nominees

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
	<p>by City Council in its sole discretion and the Corporate Bylaws of the Controlled Corporations be amended to make this clear</p> <p>Language could be included in the governing Corporate Bylaws as follows:  “Nominees approved by the Board will be recommended to City Council for approval. City Council may appoint Directors from the proposed list of nominees, or may appoint other persons to the position of Director at its discretion.”</p>	<p>of City Council given the significance of the City assets at issue</p>	<p>protocol for the appointment of directors, including the more recent involvement of Board members in the vetting process, the opportunity for Board members to interview candidates, and making recommendations for appointment to GPC</p> <p>TCU has adopted a skills and competencies-oriented process for board recruitment and selection, toward alignment with the evolving operational and strategic needs of the organization; TCU is also exploring the need to – in alignment with governance trends and best practices – incorporate board diversity considerations (gender; ethnicity; other) into its board recruitment and selection process</p>	<p>recommended by TCU, however TCU does have concerns with any ‘black box’ approach to the veto/conflict of interest assessment (i.e. the potential for this to be politicized or otherwise unduly influenced); TCU would recommend that confidential and appropriately sensitive dialogue be held in the event a recommended nominee will not be appointed, toward ensuring all parties are aware of the issues and considerations in play (in addition, this would be relevant in the scenario where a nominee is not accepted by City Council however subsequently approached by the TCU board to contribute in an advisory role or similar – any potential issues or considerations should be communicated proactively.</p> <p>Given the skills and competencies-based process adopted by TCU, TCU recommends that should City Council not be in favour of appointing a nominee approved by the board, TCU be provided the opportunity to initiate a subsequent round of recruitment to ensure that any potential nominees are appropriately qualified and align with the skills/competencies process in use (i.e. TCU is not supportive of the possibility appointing other persons to the</p>

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
				position of Director at its [City Council's] discretion without consultation with the TCU Board)
Residency of Board Members	That the Corporate Bylaws and Policy No. C01-003, Appointments to Civic Boards, Commissions, Authorities and Committees be amended to allow each Controlled Corporation to have a maximum of two non-resident members but that the non-resident members not be allowed to vote on the annual budget	Greater pool of candidates for boards; many potential candidates may work, own a business or have other financial assets in Saskatoon but live in an outlying area; City Council would still retain final decision on appointment of directors (and thus could choose a resident over non-resident appointee); maximum of two non-resident members and exclusion from voting on annual budget	The recruitment of non-resident Board members has not previously been identified as an issue for TCU (The potential for a greater pool of candidates and having representation from non-residents who live in areas surrounding Saskatoon would offer the perspective of TCU patrons who are also non-residents)	This issue appears to have been promoted by the Remai board on the premise that the Remai board would benefit from having board members who are not located within the city or province; given that the users of TCU are drawn from the Saskatoon metropolitan area, TCU is supportive of the possibility for having 'Saskatoon and area' board representation (i.e. non-resident board members)
Length of Appointment	That the status quo of two-year appointments to a maximum of six consecutive years remain in place	Six years is a lengthy period of time; after a three-year hiatus, board members are eligible to sit on the same board again; on-going appointment of new members brings fresh perspectives to issues at hand	TCU has historically adhered to the six-year limit	TCU is supportive of this recommendation
Board Recruitment	That the Board Recruitment Process remain status quo	City's newly adopted Board Recruitment Process includes procedures for identifying skill gaps and conducting performance reviews of past [?] Directors; City Council retains the discretion to appoint and remove Directors	TCU continues to be proactive with the implementation of board recruitment procedures and processes, including the skills and competencies-based process noted previously	TCU is supportive of this recommendation

#### Appendix 4: Committees of the Boards

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
Types of Committees	That an Audit Committee be required to be established and that the Corporate Bylaws of the Controlled Corporations be amended to clarify that committees shall be advisory in nature only and that all decisions must be made by the Boards	Controlled Corporations are separate legal entities; Business needs may change over time = need for flexibility with how boards are structured; best practice for governance is that all decisions are made by Board (with recommendations from committees), meaning committees should have no authority to make financial decisions, enter into contracts or otherwise bind the Controlled Corporation	TCU has an established A&F committee; remaining committees have been established historically in response to evolving business needs	TCU is supportive of this recommendation
Composition of Committees	That the determination of committee composition be left up to the Boards	As per above, evolving business needs = need for flexibility; important that Corporate Bylaws specify that Committees of the Board cannot make decisions/all decisions must be made by the Board	Existing TCU committee practice continues to be that Committees of the Board provide recommendations to the Board for decision (If direction is given to codify sole decision-making authority to the Board itself, TCU Board would need to ensure this is implemented consistently across all committees)	Appendix 4 (pg. 3) identifies that “It is essential that specialized board committees be chaired by a nonexecutive and include a sufficient number of independent members.”, and that “the composition of board committees should include qualified and competent members with adequate technical expertise.”; TCU is not supportive of this potential restriction or guideline, given that committees will be (as noted elsewhere in this review) restricted from making decisions without full board ratification; in addition, there are board composition considerations (e.g. TCU Bylaws currently stipulate that the Treasurer also occupies the role of Audit Chairperson, which is optimal in terms of board activity and leadership)

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
				Page 4 (Appendix 4) speaks to the question of a member of Council sitting on a Committee of the Board; while it is not explicit, it does appear to imply that there may be a case for (if so desired by the Board) excluding a member of Council from: sitting on a Committee of the Board; chairing a Committee of the Board; and/or from being a member of the executive committee; TCU Place was highlighted as being the only Controlled Corporation that restricts members of Council and City Administration who have been appointed to the TCU Board from sitting on its Executive Committee, and TCU believes this to be an appropriate restriction continuing forward to avoid any perceived conflict of interest

#### Appendix 5: Management of the Controlled Corporations

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
Uniform Policies	That the [CoS] Governance Subcommittee update the Directors' Code of Conduct and the Directors' Anti-Harassment Policy and that the new policies be provided to the Controlled Corporations for adoption	Attempt to strike a reasonable balance between corporate independence and shareholder oversight; increased degree of consistency across Controlled Corporations and City of Saskatoon	TCU Board has already adopted these two items (Any updates and revisions would be received and adopted by the TCU Board)	These two items are reflective of existing requirements associated with <i>The Non-profit Corporations Act</i> and related fiduciary duties associated with the role of a director  TCU is supportive of policy alignment across the CoS

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
				and Controlled Corporations  TCU recommends that the City Clerk's Office assume stewardship of the governance manuals and policies for all Controlled Corporations to ensure on-going consistency and accuracy
Uniform Policies	That the [CoS] Governance Subcommittee draft Financial/Transparency policies, a Respectful and Harassment-Free Workplace Policy, a Drug and Alcohol Policy, an Employee Code of Conduct and Conflict of Interest Policy, and any other policies as required, in consultation with the Controlled Corporations and that the new policies be provided to the Controlled Corporations for adoption	See above	TCU has some (but not all) of these policies in place at present	TCU is supportive of this recommendation
Uniform Policies	That the [CoS] Governance Subcommittee develop a list of other policies to be drafted and adopted by the Controlled Corporation Boards	See above	TCU has several existing Board-specific and comprehensive (board/management/employee) policies in place (Additional policies would need to be drafted and implemented as indicated)	TCU is supportive of this recommendation
Sharing City Services	That services be provided to the Controlled Corporations only upon request and that Service Agreements be entered into for the provision of those services	See above; dependence on City of Saskatoon services and supports could potentially impact the independence of the Controlled Corporations;	TCU currently relies on City of Saskatoon for legal services, payroll (but not financial services including budgeting and accounting)	TCU is supportive of this recommendation in that the opportunity to access/opt-in to specialized (and consistent) services would

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
		it is recognized however that efficiencies may be found through the streamlining and standardizing of certain processes (e.g. financial practices and reporting)	TCU currently provides its own IT support in-house (with exception of the VOIP phone system) TCU currently has HR support in-house, however a range of HR-related services and supports are provided by the City and accessed on an ad hoc basis TCU currently manages Indigenous Initiatives in-house (The commentary in Appendix 5, page 6, appears to imply that Service Agreements would need to be entered into for the provision of existing services and any future new services)	be welcome; TCU is also supportive of ensuring adequate and consistent policies and processes, with the provision that the spirit of board independence remain intact and a collaboration approach be undertaken where discrepancies are identified
City Council Oversight of CEO Appointments	A uniform CEO Recruitment Policy be drafted by the [CoS] Governance Subcommittee and provided to the Controlled Corporations for adoption [including the provision that a member of Council also be appointed to the proposed CEO Recruitment/Performance Committee]	See above	<p>The TCU Board Governance Manual currently provides a high-level CEO job description, reference to the inclusion of the CEO contract as an appendix to the manual, and reference to the Board Policy for CEO Evaluation and Compensation also contained in an appendix to the manual</p> <p>The most recent CEO recruitment process and subsequent contract renewal included consultation with the City HR Director regarding terms and conditions of employment and compensation (toward a degree of consistency with the other Controlled Corporations)</p> <p>TCU does not have a CEO Recruitment Policy or similar in place at present</p> <p>The most recent TCU CEO contract renewal was managed by the TCU Board Executive Committee</p>	<p>TCU recognizes that one of the primary roles of its board is the on-going management of its CEO, including CEO recruitment and selection, evaluation of CEO performance, and any CEO compensation-related decisions</p> <p>TCU is supportive of a uniform CEO Recruitment Policy, and also recommends that the CoS consider the provision of appropriate and consistent (third-party?) executive search expertise to the Controlled Corporations whenever a CEO search is undertaken</p>

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
			The most recent TCU CEO recruitment process was also managed by the TCU Board Executive Committee	
City Council Oversight of CEO Appointments	The Corporate Bylaws of the Controlled Corporations be amended to require the establishment of a CEO Recruitment/Performance Committee for each Controlled Corporation	See above	The evaluation of CEO performance is currently undertaken on an annual basis by the TCU Board Executive Committee	<p>TCU recognizes that one of the primary roles of its board is the on-going management of its CEO, including CEO recruitment and selection, evaluation of CEO performance, and any CEO compensation-related decisions</p> <p>TCU is supportive of continuing to include City Council representation (through one or more councilors appointed by City Council as members of the board), along with the entirety of its board in the hiring and evaluation of its CEO; and also recommends that the CoS consider the provision of appropriate and consistent (third-party?) CEO performance evaluation expertise to the Controlled Corporations</p> <p>At present, the TCU Board Executive provides leadership on CEO appointments and related activities (e.g.</p>

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
				performance, compensation), with direct support from the TCU Board Governance Committee and the input of the entire TCU Board; TCU recommends that sufficient latitude remain for this configuration – with the inclusion of a city councilor with the activities led by the TCU Board Executive (namely CEO appointment, performance and compensation)
City Council Oversight of CEO Appointments	A City Councillor be appointed to the CEO Recruitment/Performance Committee for each Controlled Corporation	See above	See above	See above
Establishing Roles and Responsibilities Between the City and the Controlled Corporations	That the City Solicitor negotiate a Memorandum of Understanding with each Controlled Corporation and bring each back to City Council for approval	See above; intended to clarify and bring consistency to: the governance framework of each Controlled Corporation; the role of each Controlled Corporation; the role of the City; the reporting relationship and structure between the City and each Controlled Corporation; the desire for consistent employee salaries and terms and conditions of employment for each	As a Controlled Corporation, TCU is currently governed by its Corporate Bylaws and its Board, along with existing formal and informal reporting and working relationships between TCU Administration and the City of Saskatoon, two members of Council sitting on the TCU Board, and the City of Saskatoon is recognized as being the sole shareholder of TCU Place	TCU is supportive of this recommendation in that it would provide added accountability and transparency for the ongoing management and strategic direction of the Controlled Corporations, along with access to a more consistent and broad range of supports and expertise

Issue	Recommendation	Rationale	Current TCU	Feedback from TCU BoD
		Controlled Corporation; other such matters as negotiated between the Controlled Corporations and the City		
Establishing Roles and Responsibilities Between the City and the Controlled Corporations	That the City Solicitor negotiate an Operating Agreement with each Controlled Corporation and bring each back to City Council for approval	See above; the Operating Agreement would set out roles and responsibilities of each party with respect to the day-to-day operation of each facility, including insurance, building condition, building upgrades, and other similar items	See above	See above