

Governance Review of Controlled Corporations – Governance Details Follow-up Report

ISSUE

The City of Saskatoon is reviewing the governance structures and processes for its Controlled Corporations. Reports on this topic have already been considered by City Council. Additional information was requested on outstanding issues. This report is intended to provide that information.

BACKGROUND

At its November 12, 2019 meeting, the Governance and Priorities Committee (“GPC”) considered two reports from the Leadership Team Governance Subcommittee (“LTGS”). Three recommendations from these reports were referred to a special committee struck for the purposes of reviewing the referred recommendations and reporting back to City Council through GPC. It was resolved:

- “1. That recommendation 2 (*That the Corporate Bylaws and Policy No. C01-003, Appointments to Civic Bodies, 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*) be referred to the special subcommittee;

2. That recommendations 1 (*That the appointments of Directors continue to be made by City Council in its sole discretion and the Corporate Bylaws of the Controlled Corporations be amended to make this clear*) and 4 (*That the Board Recruitment Process remain status quo*) be referred to the special subcommittee to explore possible changes to the appointment process, including those offered as options by the Leadership Team Governance Subcommittee.”

CURRENT STATUS

As previously reported, the Administration is continuing the process of reviewing and proposing improvements to the governance of the City of Saskatoon’s Advisory Committees, Controlled Corporations, Business Improvement Districts (“BIDs”) and other agencies, boards and commissions.

The focus of this report is to provide some additional information to the Governance and Priorities Committee Special Subcommittee.

DISCUSSION/ANALYSIS

The LTGS has identified four potential issues remaining for discussion.

Recruitment Process

The LTGS previously reported on the issue of recruitment strategy at the August 17, 2017 meeting of the GPC. A copy of this August 17, 2017 report and the resolutions of City Council is found [here](#).

Currently, appointments to Boards start with a public call for applications. The City Clerk's Office conducts the public advertising process. Boards are required to identify specific needs they are looking for in applicants and the City Clerk's Office will identify those needs in the public notice. The Boards and City Council are free to approach people to suggest they apply for a specific Board.

In addition, as outlined in the Governance Review of Controlled Corporations – Governance Details report found [here](#) at Appendix 3 – Issue #4, Page 5, it is important that Boards conduct detailed annual self-evaluations to consider their performance and efficiency. The outcome of these reviews is fundamental to identifying potential skill gaps and needs.

The current recruitment process appears to be working, which was the reason for the LTGS's recommendation. As outlined in the report of August 17, 2017, it is intended that amendments be made to the *Appointments to Civic Boards, Commissions, Authorities and Committees Policy (C01-003)* to reflect the final process as approved by City Council.

Appointment of Directors

The current process is explained in the August 17, 2017 report to GPC and, similarly, in the Governance Review of Controlled Corporations – Governance Details report. Some of the Boards have requested that this process be refined.

Again, it is the intention of the LTGS that the process be specified in the *Appointments to Civic Boards, Commissions, Authorities and Committees Policy (C01-003)* once decisions are made by City Council.

As discussed at GPC, improvements to the appointment process could be recommended to City Council by the Governance and Priorities Special Subcommittee. However, it continues to be the recommendation of the LTGS that, in the end, City Council should retain the sole discretion to make final decisions regarding the appointment of Directors. Amendments to the individual Controlled Corporation's Corporate Bylaws would be amended to clarify this.

Residency of Directors

As previously outlined in the Governance Review of Controlled Corporations – Governance Details report at Appendix 3, Page 2, none of the art gallery governance models in the comparison jurisdictions explicitly restrict board membership to local residents.

The LTGS conducted additional research at the request of the Special Subcommittee. It was difficult to obtain copies of Bylaws from many non-profit corporations. The few that the LTGS were able to obtain did not set requirements regarding the residency of Directors.

With respect to travel costs of Directors, some Bylaws do provide restrictions. Some examples could include:

- Permitting Directors to attend meetings by electronic means;
- Limiting the reimbursement for travel expenses to “reasonable” expenses;
- Restricting travel reimbursements to a per hour rate or maximum daily or annual amounts; or requiring prior approval for travel expenses over x dollars.

The Non-Profit Corporations Act, 1995 (the “NPCA”) does have provisions regarding the residency of Directors. In summary, the NPCA’s residency requirements are:

- At least one Director must reside in Saskatchewan.
- At least 25% of Directors must be resident Canadians (or, in the case of boards with fewer than four directors, at least one director must be a resident Canadian).
- Directors of charitable corporations shall not, without approval of a non-attending resident Canadian Director, transact business at a meeting unless the majority of directors present are resident Canadians. The Remai and SaskTel Centre are charitable corporations.
- A majority of the members of a committee appointed by a Board must be resident Canadians.

City Council has approved a range for Board size of 6 to 15 Directors. Depending on the size of Board chosen within this range, and the number of non-resident Directors allowed, these provisions will have more or less impact. For example:

- Two non-resident Directors on a Board size of six or more would not be a problem.
- Four non-resident Directors on a Board size of six would trigger the provisions of the NPCA.

FINANCIAL IMPLICATIONS

Non-resident directors will likely result in additional expenses for the Boards depending on their location.

OTHER IMPLICATIONS

As previously reported, any recommendations adopted by City Council may require amendment of Corporate Bylaws, and other documents. The *Appointments to Civic Boards, Commissions, Authorities and Committees Policy (C01-003)* may also require amendment.

NEXT STEPS

The LTGS will continue to work with the Controlled Corporations to implement any of the changes approved by City Council and bring forward documents as required to City Council for approval.

Report Approval

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