

# Governance Review – Controlled Corporations – Chief Executive Officer Recruitment and Monitoring Policy

## ISSUE

In accordance with City Council's instructions, the Leadership Team Governance Subcommittee ("Governance Subcommittee") drafted a Chief Executive Officer Recruitment and Monitoring Policy ("CEO Policy") for adoption by the Controlled Corporations. After consultation with the Controlled Corporations, the CEO Policy is complete and ready to be adopted.

This report also provides an update as to the status of the other policy work directed by City Council.

## BACKGROUND

At the [February 13, 2017 meeting](#) of the Governance and Priorities Committee ("GPC"), the Committee resolved:

That the project parameters for the review of governance structures, models, practices and procedures of the Advisory Committees, Controlled Corporations, Business Improvement Districts and any other agency, board or commission established by the City of Saskatoon be approved.

In Phase One of the governance review, the approved project parameters provided that the Governance Subcommittee would provide recommendations respecting a general governance model for Controlled Corporations.

At GPC's [June 18, 2018 meeting](#), GPC resolved to recommend to City Council, in part, that:

1. The City Non-Profit Controlled Corporation Approach (governing a single facility), as outlined in the report of the Leadership Team Governance Subcommittee dated March 19, 2018 and described as Option 1a. under Governance Structure, be chosen as the governance model for the Controlled Corporations; and
2. The Leadership Team Governance Subcommittee report further on next steps for implementation of the chosen governance model.

At the [Regular Business Meeting](#) of City Council on June 25-26, 2018, City Council adopted GPC's recommendations. City Council's direction is aligned with Phase Two reporting as described in the governance review approved project parameters, which provide that the Governance Subcommittee will provide recommendations respecting specific policy and bylaw amendments, considering the general governance model selected.

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At its [November 12, 2019 meeting](#), GPC considered a report from the Governance Subcommittee detailing options and a series of recommendations intended to improve the governance structure. The recommendations were aimed at clarifying the relationship, roles and responsibilities of the Controlled Corporations and the City; attempting to strike a balance between respecting the independence of the City's Controlled Corporations while maintaining principles of transparency and accountability. The report contained specific recommendations related to policy and bylaw amendments and creation.

At the [Regular Business Meeting](#) of City Council on November 18, 2019, City Council adopted GPC's recommendations, and resolved, in part:

1. That the 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;
2. That the 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;
3. That the Governance Subcommittee develop a list of other policies for consideration by the Controlled Corporation Boards;
- ...
5. That a uniform CEO Recruitment Policy be drafted by the Governance Subcommittee and provided to the Controlled Corporations for adoption;
6. That the Corporate Bylaws of the Controlled Corporations be amended to require the establishment of a CEO Recruitment/Performance Committee for each Controlled Corporation;
7. That a City Councillor be appointed to the CEO Recruitment/Performance Committee for each Controlled Corporation.

During consideration and debate of the report at GPC, the Governance Subcommittee undertook to bring the CEO Policy to City Council prior to adoption by the Controlled Corporation Boards.

### **CURRENT STATUS**

A draft CEO Policy was provided to each of the Controlled Corporations for review by the Governance Subcommittee on March 19, 2021 (Appendix 1). In general, the purpose of the CEO Policy is to set out the procedures respecting the appointment and conditions of employment of the Chief Executive Officer ("CEO"). Advertising, hiring, screening, terms and conditions of employment and performance monitoring are

generally provided for. As directed by City Council, the CEO Policy includes reference to the CEO Recruitment/ Performance Committee now required by the Corporate Bylaws of the Controlled Corporations and its composition to include a member of City Council. Appendix A to the CEO Policy is intended to be unique to each of the Controlled Corporations; describing the responsibilities and required competencies of a CEO for the respective Controlled Corporation.

Feedback was requested and consultation between the Governance Subcommittee and the Controlled Corporations ensued, culminating in revisions to the draft CEO Policy unique to each of the Controlled Corporations.

## **DISCUSSION/ANALYSIS**

### **Chief Executive Officer Recruitment and Monitoring Policy**

The CEO Policy provided by the Governance Subcommittee in March 2019 was largely accepted, as drafted, by each of the Controlled Corporations. Some changes were requested and accepted, and therefore the Controlled Corporations' CEO Policies read slightly differently from each other in some sections. However, the substantive content remains largely similar for each of the Controlled Corporations. A review of the differences is described below.

#### Saskatchewan Place Association Inc. ("SaskTel Centre")

SaskTel Centre's final comments were received by the Governance Subcommittee on May 27, 2022. Changes to sections 7.5 and 10.1 were requested.

- Section 7.5 of the draft CEO Policy speaks to the CEO Recruitment/Performance Committee and reads:

The Committee shall be composed of not fewer than three directors, one of whom must also be a member of City Council for the City of Saskatoon and one of whom must be the Board Chair.

SaskTel Centre sought amendments to this section to reflect its recent agreement with the Saskatoon Entertainment Group Inc. ("SEG"). The amendment to section 7.5 reflects what SaskTel Centre has already agreed to in its agreement with SEG. The amended section 7.5 of SaskTel Centre's CEO Policy reads:

The Committee shall be composed of not fewer than three members, one of whom must be a director and be a member of City Council for the City of Saskatoon, one of whom must be the Board Chair, and one of whom must be a third-party member selected by the Manager in consultation with the Board. For the purposes of this section, Manager means the Saskatoon Entertainment Group Inc., a Saskatchewan corporation carrying on business in the City of Saskatoon, in the Province of Saskatchewan.

- Section 10.1 of the draft CEO Policy outlines the responsibilities of the Board in monitoring the CEO’s performance. Section 10.1 of the draft CEO Policy reads as follows; the underlining reflects the requested addition by SaskTel Centre:

It is the responsibility of the Board to:

- (a) ensure effective leadership of SaskTel Centre through the CEO;
- (b) ensure there are mechanisms in place to provide feedback and support to the CEO and enable ongoing dialogue between the Board and the CEO;
- (c) approve the initial compensation and other terms and conditions of employment of a new incumbent in the role of CEO;
- (d) approve adjustments to the CEO’s compensation in accordance with policy and the CEO’s employment contract;
- (e) approve annual performance-based merit bonuses in accordance with policy and the CEO’s employment contract; and
- (f) monitor the progress being made on the annual business plan and the strategic plan through regular reports to the Board.

As previously indicated, Appendix A to the CEO Policy for SaskTel Centre reflects the unique qualifications and competencies required for a CEO for SaskTel Centre.

Attached at Appendix 2 is the CEO Policy for SaskTel Centre to be adopted by the SaskTel Centre Board.

The Art Gallery of Saskatchewan Inc. (“Remai Modern”)

Final comments from the Remai Modern on the CEO Policy were received by the Governance Subcommittee on May 6, 2022. Remai Modern’s main suggestion for change relates to section 4.2 of the CEO Policy addressing the core function of the position of CEO.

- Section 4.2 of the draft CEO Policy reads:

The core functions of the position of CEO are to:

- (a) manage Remai Modern to ensure efficient operation and maintenance;
- (b) maintain and develop revenue streams;

- (c) ensure maximum utilization of resources in order to generate satisfactory revenues from all business activities; and
- (d) recruit, manage and develop Rемаi Modern employees.

Rемаi Modern's proposed change deletes (a) through (d) in favour of including the following:

The core functions of the position of CEO are to:

- (a) provide overall leadership and direction to the Rемаi Modern in support of the mandate of the organization;
  - (b) ensure the interests of the Rемаi Modern are served within the policies established by the Board, and for the achievement of the organization's strategic and operational goals and objectives;
  - (c) ensure efficient operation of the facility, provide direction and leadership to employees, and develop effective relationships with the community and stakeholders; and
  - (d) lead with the values of integrity, honesty and compassion.
- Options were provided for section 7.10 in contemplation of Service Level Agreements between the controlled corporations and the City being implemented. The options intended to provide for flexibility to permit support by City staff in the recruitment and hiring process. Comments on the options can be viewed on Appendix 1 to this report at section 7.10. Rемаi Modern's section 7.10 reads:

In accordance with the Service Level Agreement, if applicable, the Committee may recommend to the Board that the City of Saskatoon's Talent Acquisition team be used to assist with recruitment of a CEO. The decision regarding whether to use the City's Talent Acquisition team shall be made by the Board. The Talent Acquisition team shall adhere to the terms set out in this Policy, cooperate and liaise with the Committee as appropriate and make a recommendation respecting hiring to the Board.

Appendix A to the CEO Policy for Rемаi Modern reflects the unique qualifications and competencies required for a CEO for Rемаi Modern.

Attached at Appendix 3 is the CEO Policy for Rемаi Modern to be adopted by the Rемаi Modern Board.

The Centennial Auditorium & Convention Centre Corporation (“TCU Place”)

Final comments from TCU Place on the CEO Policy were received by the Governance Subcommittee on October 7, 2021. TCU Place has requested minor additions to sections 7.7 and 7.10 and clauses 10.1(b) and 10.2(c). In addition, minor amendments to section 2, the Purpose provision are proposed along with moving that section. The sections wherein minor additions are suggested are reproduced below, with the additions underlined.

- Section 7.7, part of the Hiring Process provision, will read:

The Committee may engage or consult with the incumbent CEO, senior leaders and the HR Consultant at TCU Place in respect to the recruitment of a new CEO.

- Section 7.10, already discussed above in the context of Remai Modern will read:

Subject to agreement of the City of Saskatoon, if applicable, the Committee may, at their discretion, recommend to the Board that the City of Saskatoon’s Talent Acquisition team be used to assist with recruitment of a CEO. The decision regarding whether to use the City’s Talent Acquisition team shall be made by the Board. The Talent Acquisition team shall adhere to the terms set out in this Policy, cooperate and liaise with the Committee as appropriate and make a recommendation respecting hiring to the Board.

- Clause 10.1(b) addressing the responsibilities of the Board in monitoring the CEO’s performance will read:

It is the responsibility of the Board to: ...

- (b) ensure there are mechanisms in place to provide feedback and support to the CEO and to enable ongoing dialogue between the Board and the CEO, at a minimum of monthly meetings with the Board Chair.

- Clause 10.2(c) addressing the responsibilities of the Board Chair in monitoring of the CEO’s performance will read:

It is the responsibility of the Board Chair to: ...

- (c) in the first year of the CEO’s appointment, establish with the CEO a regular schedule of check-in meetings, at least monthly, to support the CEO’s success in the role.

- The Purpose provision (section 2) in the draft CEO Policy reads:

The purpose of this Policy is to set out the procedures respecting the appointment and conditions of employment of the CEO.

- As amended by TCU Place, the Purpose provision will be found as section 1 and read as follows:

This Policy outlines responsibilities and the process to be followed when recruiting for and monitoring the performance of the...TCU Place...Chief Executive Officer.

Appendix A to the CEO Policy for TCU Place reflects the unique qualifications and competencies required for a CEO for TCU Place.

Attached at Appendix 4 is the CEO Policy for TCU Place to be adopted by the TCU Place Board.

### **Status of Other Policies**

Simultaneous to work on the CEO Policy, the Governance Subcommittee also drafted a human resources (HR) suite of policies for adoption by the Controlled Corporations, which includes a:

- Respectful and Harassment-Free Workplace Policy;
- Employee Code of Conduct and Conflict of Interest Policy;
- Prevention Against Violence Policy;
- Whistleblower Policy; and
- Alcohol and Drug Policy.

After significant engagement with the Controlled Corporations, these policies are substantially complete and ready for adoption. Like the CEO Policy, the content of the HR suite of policies is substantially the same for each of the Controlled Corporations.

The Governance Subcommittee has received confirmation from Remai Modern that the Respectful and Harassment-Free Workplace Policy, the Employee Code of Conduct and Conflict of Interest Policy and the Prevention Against Violence Policy have all been adopted. We understand that the Whistleblower Policy is now in a position to likewise be adopted. Discussions with respect to the Alcohol and Drug Policy remain ongoing with the City's HR Division regarding the level of support the City may offer in administration of that policy.

Consultation with TCU Place on the HR suite of policies has concluded. The Governance Subcommittee awaits confirmation that the policies, including the Alcohol and Drug Policy, have been adopted. TCU Place plans to administer its Alcohol and Drug Policy without support from the City, including the testing piece.

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The Governance Subcommittee also awaits confirmation from SaskTel Centre that the HR suite of policies have been adopted. Similar to the Remai Modern, we understand the only outstanding issues remain on the Alcohol and Drug Policy and that discussions with the City's HR Division are ongoing.

The Governance Subcommittee regularly follows up with the Controlled Corporations and will continue to do so until it receives confirmation that the entire suite of policies has been adopted.

The Directors' Code of Conduct and the Directors' Respectful and Harassment-Free Workplace Policy were approved by City Council at its Regular Business Meeting on April 25, 2022. The Governance Subcommittee awaits confirmation from the Controlled Corporations of Board approval of these policies.

Work on the financial transparency suite of policies continues.

### **IMPLICATIONS**

With adoption of the CEO Policy by each of the Controlled Corporation Boards, the process and requirements for recruitment and performance of a CEO will be standardized as between the Controlled Corporations. The considerations for compensation and other terms and conditions of employment will likewise be more similar than the current practice.

### **NEXT STEPS**

A clean copy of the final unique CEO Policy for each of the respective Controlled Corporations will be provided to the Controlled Corporations following this meeting of City Council for adoption by the Boards.

### **APPENDICES**

1. Draft Chief Executive Officer Recruitment and Monitoring Policy developed by the Governance Subcommittee
2. SaskTel Centre Chief Executive Officer Recruitment and Monitoring Policy
3. Remai Modern Chief Executive Officer Recruitment and Monitoring Policy
4. TCU Place Chief Executive Officer Recruitment and Monitoring Policy

#### **Report Approval**

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