

City of Saskatoon Report– Governance Review – Controlled Corporations

Board and CEO Feedback – Remail Modern

We are pleased to be able to provide feedback to the Governance and Priorities Committee (GPC) on the above report. Our feedback is broken into three sections.

Part 1 - outlines some background to the Art Gallery of Saskatchewan Inc. (Remail Modern) and its specific operations and governance needs.

Part 2 - provides our governance observations and recommendations.

Part 3 - offers feedback to the specific questions outlined in the “City of Saskatoon Report– Governance Review – Controlled Corporations.”

Part 1 - Remail Modern operations and governance needs

1.1 Governance background

In contemplation of replacing the Mendel Art Gallery, Remail Modern was incorporated as its own living trust and charitable corporation in 2012. This resulted in part from the need to be able to issue tax receipts for the 2012 first phase of the fundraising campaign.

At that time, the scale had been determined at 5 times the size of the Mendel Gallery, as had the intention for the gallery to be world-class. Ellen Remail reinforced that intention with the donation, in late 2012, of 406 Picasso linocuts, the largest collection of its kind in the world. However, the detailed vision and brand for the gallery, its operating structure and governance model had not been developed.

In 2013 work began in earnest on brand development and a business plan. Board and management noted to Council the scale and complexity of operations and the significant costs associated with operating a gallery of the size and sophistication of Remail Modern. In early 2015 Council adopted the Remail Modern business plan. It was noted in that business plan that a review of the Remail Modern governance structure was needed.

Much work was done on this review over 18 months. The existing articles and bylaws went through an exhaustive review by our Governance Committee (which included then Councilor Paulsen) and by the Remail Modern Board, which

subsequently passed a resolution approving the draft amendments, subject to approval by the City of Saskatoon.

On November 3, 2016 then Board Chair Alain Gaucher, wrote to Council asking to have the amendments considered and approved. Proposed changes to our existing governance model were not substantial. The most significant change was an increase of directors from 14 to 16 and importantly, the ability to appoint 4 directors from outside the City of Saskatoon. Mr Gaucher's letter accompanies our response including a table that highlights material changes between Bylaw 1 and Bylaw 2.

These changes were considered the minimum necessary to meet the operating conditions and vision of the gallery.

1.2 Distinct features of Rемаi Modern

Remai Modern is among the largest of Canada's art museums and galleries. The 3 largest are the National Gallery, the AGO in Toronto and the Museum of Fine Arts in Montreal. The next four are approximately the same size and are the Museum of Contemporary Art in Montreal, the Winnipeg Art Gallery, Rемаi Modern and the Vancouver Art Gallery. Art museums and galleries have unique features that impact operations and governance that should be considered:

- A key role for any museum, including Rемаi Modern, is the care, management and development of an art collection. Our collection is held for the benefit of the citizens of Saskatoon and is comprised of approximately 8,000 pieces valued at over \$40M. The collection has been amassed either through the direct donation of artworks or through cash donations and grants for purchases. The development and maintenance of our art collection requires highly specialized expertise from members of our staff and leadership team. Stewardship of our collection is also a key oversight role of our Board that would benefit from relevant background and skills. Note: the objects of the corporation listed in our current bylaw do not include the management and development of our collection and this needs to be amended.
- Our operating model is unique and aggressive. Rемаi Modern operates 7 days a week up to 18 hours a day. In 2018, Rемаi Modern's operating budget is \$11M, half of which it needs to generate through earned revenue, donations and sponsorships. The bulk of the \$5.5M that Rемаi Modern needs to contribute in 2018 is provided by sponsors and donors.
 - Like other museums, the establishment of Rемаi Modern relies hugely on the support of donors. Including all of Ellen Rемаi's donations and pledges, at the time of its opening in 2017 private donations for the establishment of Rемаi Modern had reached \$120M. Ongoing fund development requires specialized staff skills.

Our governance model needs to consider accountabilities for fundraising and donor stewardship as well as coordination of activities with our Foundation.

- Financial support for the construction of the building from the provincial and federal government was \$30M. We will continue to seek cultural funding agreements from government sources, as well as sponsorships from corporate and other private sector sources to support our programming. Continuous work on revenue generation requires dedicated staff resources. In addition to providing strong financial oversight, Board members are expected to open doors to revenue sources within and beyond our community.
- Business operations, including gift shop and food services, require relevant business knowledge and oversight.
- In order for Remai Modern to be able to stage major exhibitions and to take over the Mendel art collection it needs to be awarded Category A status by the federal government and Canadian Conservation Institute. Currently the guardian of the collection is still the Mendel Art Gallery (Saskatoon Gallery and Conservatory Corp) and we are aiming to achieve Category A status at some point in 2019, at which point the collection would be transferred to Remai Modern. Also a significant portion of the collection was acquired through the support of the federal Canadian Cultural Property Export Review Board. There are legal requirements that need to be upheld in association with that program, including Remai Modern being awarded Category A status. Achieving and maintaining Category A status is a key role for our staff and Board.
- According to Category A status requirements and the requirements of lenders of major exhibitions, a museum's security requirements are at the highest level. As such the Remai Modern differs from any other City facility. This issue is compounded by the scale and complexity of the operation. For example our food service operator employs over 100 staff who require access to back of house 24/7 and food service delivery and garbage removal occurs around the clock.
- Similarly, according to Category A status requirements and the requirements of lenders of major exhibitions, Remai Modern's climate control requirements are extremely stringent, higher than any other City facility. Operational response times are specific to Remai Modern. For example a climate or security alert needs to be responded to immediately. Control over these processes need to fall within the mandate of the Remai Modern's operations.
- Remai Modern has a bold vision and set of operating principles: thought leader, direction setting, transformative. We exist to be accessible to everyone, to connect art with our community. We bring the global art world to our community and we offer local artists global interactions. We seek diversity, inclusion, participation and reconciliation. Our vision

demands strong strategy, experience and execution by our senior leadership and Board.

In summary, the sophistication of Remai Modern operations requires the gallery to engage highly specialized expertise. Many times this expertise cannot be found within the City or Province. Examples of such skills include curatorial, collection management, exhibition management and art conservation.

The role of the Board is to direct and oversee the operations of the Remai Modern, protect the organization and its assets and support the gallery in its revenue generation efforts. This governance role requires a highly committed team of volunteers with a diversity of skills and backgrounds.

Part 2 – Governance observations and recommendations

2.1 Comparisons of governance models for other Canadian museums

The City of Saskatoon Report– Governance Review – Controlled Corporations outlines four options of governance structure for the consideration of Council and includes an attachment documenting jurisdictional comparisons for the Governance structures for galleries and other City facilities.

In all cases the Governance structures cited for art galleries is unique within the jurisdiction. There are many reasons for this that will differ according to the jurisdiction, but in general terms the governance structures cited, recognize that there are multiple stakeholders in galleries, including municipal, provincial, federal governments and agencies and donors.

In all cases there is no single member who appoints Board Directors, as with the current case with Remai Modern.

The City of Saskatoon Report's second option is defined as *Member Controlled Non-Profit Corporation Approach*:

This model contemplates municipal ownership of the property, but management by Directors who are elected by the members; the members being anyone who buys a membership. The Vancouver Art Gallery Association is an example of this model.

We note that the Governance structure for the Museum London (Ontario) is also member controlled and we believe that the option in the City report should cite the Museum London model rather than the Vancouver Art Gallery model. The models are similar, except for the election of members. Historically the Vancouver Art Gallery was an Association that had members. As a result members of the corporation are those who sign up for the gallery members' program, and they elect the Board. This is a historical legacy and it confuses a

member of the corporation with what in more recent times, in Canadian galleries, is a revenue-generating product called a membership that is sold. Best practice in galleries has moved away from this model in favour of a version of the Museum London model.

The City of London bylaw states:

"The members of the Corporation are its directors, each of whom becomes a member of the Corporation upon his or her election or appointment to the Board"

We therefore recommend that the discussion of the *Member Controlled Non-Profit Corporation Approach* option in the Report be amended to reflect "best practice" to say:

Member Controlled Non-Profit Corporation Approach

This model contemplates municipal ownership of the property, but management by Directors who are elected by the members; each of whom becomes a member of the Corporation upon his or her election or appointment to the Board. Museum London is an example of this model.

Note that while Vancouver Art Gallery is similar in scale to Remai Modern, the jurisdiction of London is close in size to Saskatoon and the development of the museum has many similarities, being a new institution that anchors the London downtown riverfront. The Museum London governance structure is much newer than the VAG, dating from 1989.

It follows the 1980 design and subsequent building by renowned Canadian architect Raymond Moriyama, the same architect commissioned in 1978 to devise the Meewasin River Valley 100-year conceptual master plan that included redevelopment of River Landing.

2.2 Remai Modern Recommendation

We recommend the most effective governance model for Remai Modern would be a *Member Controlled Non-Profit Corporation*, following the model of the Museum London. In that model only the City of London can amend the museum's bylaw.

While the recommended model would best suit the needs of the gallery, we acknowledge and respect the desire of the City to ensure the Remai Modern is maintained as a civic facility, for the benefit of the citizens of Saskatoon. We understand the appointment of the Board provides the City with this "protective right".

While we understand the need for the City to hold certain protective rights, we suggest that consideration be given to alternate ways this could be achieved rather than the City being the sole member appointing Directors (for example, the sole right to amend bylaws and the right to appoint City Councillors to the Board). We would be happy to engage in a dialogue on how this might be achieved.

In accordance with its own governance review Rемаi Modern recommended an interim solution to Council that we still consider to be a fair compromise solution.

We note that a robust process has been established for all controlled corporations to identify Board nominees based on a skills matrix and achieving appropriate Board diversity and community representation. The Rемаi Modern Board takes this accountability very seriously. Should the City decide to retain the right to appoint Board members, we encourage this to be viewed as a protective right to be applied only in unusual circumstances. Given the Board nominee process and the mandate of an independent Board, the City should refrain from overriding nominee recommendations.

We recommended that the number of directors on its Board increase from a maximum of 14 to 16 and that its bylaw be amended to allow up to 4 directors to be appointed from outside the City of Saskatoon.

Notwithstanding the importance of the ownership of Rемаi Modern by the City of Saskatoon and that currently 50% of its operating budget is provided by the City, Rемаi Modern has significant additional stakeholders. These include private donors who have made major donations in trust, the Provincial and Federal Governments, and arts funding agencies Sask Arts Board, Saskculture and the Canada Council (who contribute in excess of \$500,000 to our operating budget and have the potential to contribute more). They also include artists, education providers and many community organizations, including regional indigenous organizations.

Among the skills we have identified as needed on our Board are skills that may be best sourced regionally and nationally. Given the large and ongoing need to fundraise for our operations we are seeking experience among our directors at building relationships with provincial and national donors and sponsors. We are seeking skills that help us develop our provincial and national government relations and our relationships with Foundations and grant givers. We are seeking skills and contacts that help build our relations with collectors as potential artwork donors and lenders and we are seeking Board members with national level governance experience with art galleries of national significance.

A key object of Rемаi Modern is to develop and maintain an art collection on behalf of Saskatoon. Over 90% of the current collection valued in excess of \$40M, has been donated directly by collectors. We compete with other

jurisdictions for these donations. Having Board directors from other jurisdictions increases our ability to garner donations of art in a competitive environment.

Remai Modern has been built as a world-class facility and needs to draw on national level and art -industry specific contacts to ensure that it maintains national and international programs. Bringing major exhibitions and programs to Saskatoon is by nature highly competitive. Having Board directors from other jurisdictions with art-industry expertise and connections increases our ability to meet our programming vision

We do not think that appointing up to 25% of Board members reduces our impact as an organization focussed on the community in Saskatoon. Rather we believe that drawing on provincial and national skills potentially enriches our community and strengthens our ability to deliver an outstanding result for our community. We also believe that it is important that a significant majority of Board members reside in Saskatoon.

We feel our organization has benefitted from the involvement of 2 Council nominees on our Board and recommend that practice continue.

2.3 Remai Modern Foundation

We have also been asked to comment on how the Remai Modern Foundation fits into our overall organizational and governance structure.

The Remai Modern Foundation is the former Mendel Foundation with a name change. Its objects are to raise funds to support gallery acquisitions and programs. It is important to note that in 2018, the City subsidy does not fully cover building operations and staffing costs. The remainder, including the costs of all programs and acquisitions, needs to be covered by sales and fundraising.

The focus of the Foundation is local, and the primary aim is to encourage local donors to donate and have their funds matched by the Frank and Ellen Remai Foundation. In 2018, we have a revenue target of raising \$800,000 through this mechanism to support our overall fundraising and revenue target of \$5.5M. The Board of the Foundation is best served by experienced local community leaders with experience in and connections relevant to raising and stewarding donations.

We do not believe that the Foundation is the vehicle to engage membership from outside of Saskatoon. Being a Director of the Foundation is unlikely to be attractive to provincial and national level candidates, unless they already have a strong connection to the gallery and Saskatoon. Further, acting as a Director of the Foundation does not meet the specific governance needs of the Remai Modern that we have discussed above.

Part 3 – Feedback to Report Questions

Does the facility require private sector expertise (ie a separate Board of Directors and/or staff with specific skills not available internally)?

- As a world-class art gallery in Saskatoon there is no comparison within the City of Saskatoon. The gallery does require private sector expertise through Board and staff with specific skills not available internally and in some cases not available in Saskatoon. For the Board and senior management this would include:
 - Specific expertise in art museum management
 - Knowledge of the Canadian museum and cultural sector
 - Art Historical expertise
 - Curatorial expertise
 - Education expertise at all levels
 - Expertise in the governance and management of not for profits
 - Fundraising expertise and knowledge of the donor and sponsor community in Saskatoon and further afield; knowledge of capital campaigns and fundraising foundations
 - Knowledge of local, provincial and national artists
 - Tourism expertise
 - Sales and food service expertise at a high level

Does the facility require a greater degree of operational flexibility than would be available within the City?

- The primary mandate of the gallery is to develop and protect an art collection and to provide public artistic and educational programs. All other activities are subservient to that mandate. The work is highly specialized and requires operational flexibility, according to best practice and international museum standards. It is essential to the operation that we conform to international museum standards

Does the facility require a greater degree of financial flexibility than would be available within the City (ie potential for funding from other orders of government)? Will the facility require significant additional funding that is unavailable through the City budget?

- In order to fund the operation in 2018 Remai Modern needs \$5.5M in funding in addition to that provided by the City. This includes funding from provincial and federal arts agencies and very major contributions from donors. Much of this amount would be lost if internally managed. In particular, donors most often require a degree of separation from the City, in order to pledge funds. Similarly with sponsors, who will question why they are being asked to support a gallery that is City owned, governed and operated. It should also be noted that our core mandate in terms of artistic

program and art acquisitions is sole-sourced, according to international museum standards and the need for decisions to be based on curatorial assessments

Are there concerns relating to transparency (ie municipal and public awareness of, and input into, key aspects of the facility's service delivery)? Does the facility require the confidentiality afforded by arms-length governance in order to maintain a level playing field with private business competitors?

- The most significant issue would be donor agreements and sponsorship agreements that require confidentiality. Other areas requiring confidentiality include exhibition contracts with other galleries. Other areas of sales, including retail and food services require confidentiality

Does the facility require a greater degree of human resources flexibility than would be available within the City?

- There are some key features of the gallery that distinguish it in terms of a need for human resources flexibility.
 - The need to recruit specific expertise from outside the city, province and sometimes the country. For example the CEO and Chief Curator were drawn from other countries, reflecting the rarity of expertise in running a world class facility in the province and even Canada. Many curatorial, art handling, art publishing and collection management staff need to be recruited from outside the province. Benchmarking these positions and salary scales with City of Saskatoon positions can lead to distortions and the appointment of inexperienced staff
 - The gallery is operational up to 7 days a week and up to 100 hours per week. In this sense the gallery is part of the hospitality industry and its human resources flexibility should reflect that

Does the facility operate in a competitive environment?

- Remai Modern operates in a highly competitive market
 - The solicitation of donations and sponsorships is highly competitive at a local, provincial and national level
 - The solicitation of artwork donations is highly competitive at a local, provincial and national level
 - The solicitation of exhibitions of national and international significance is highly competitive at a provincial, national and international level
 - Many of our services are competitive at a local level, for example – retail, food services, facility rental

Question	Remai Modern Art Gallery – Alain Gaucher (Phone– February 9, 2018)
<p>1. Can you comment generally on the current membership structure of your Board?</p> <p>a. Size - Do you think there are too many Board members or not enough?</p>	<ul style="list-style-type: none"> • The Board is too small (14 members). • Required to raise a material amount of money through gifts, its business operations and sponsorships • A request was made to the City about 1.5 years ago that would require a change to articles and bylaw, to move from a 14 person board to 16. • As an institution, we need to reach out to Canada. Policy requiring board members to be residents of the City puts the Board at a disadvantage and at risk of not meeting business objectives. • Want to see 4 of the 16 members from outside of the City to obtain skills such as expertise from a national gallery (eg. Toronto), and senior executives from financial institutions that could access associates for gifts and sponsorships. • If it is for financial reasons not to have Canada-wide members, we could teleconference them in to meetings. Cost to have them attend meetings can't be measured given the significant contribution they would provide to the Board. Would be money well invested. • Unique organization that requires support from business organizations around the world. Deficits would come back to the City if we cannot achieve our business plan. • Provided example of Vancouver Art Gallery – 35 members from different places and has people with business connections.
<p>1 b. Adequate diversity in appointments? What sector underrepresented/overrepresented?</p>	<ul style="list-style-type: none"> • The Board has worked hard in last couple of years on diversity. • Majority female members. • Currently have one First Nations member and one Muslim member. • Accounting and Legal backgrounds will be necessary with two board members leaving in 2018.
<p>1 c. How are 'challenging' members or various 'situations' handled? (eg. poor attendance, inappropriate comments, value of contributions, etc.)</p>	<ul style="list-style-type: none"> • The individual would be addressed, usually by the Chair and the matter would be addressed by the Board, depending on severity.
<p>1 d. Whose responsibility is it to inform Council on problematic members:</p> <p>2. How did you find the recruitment process for 2018? What worked, what didn't?</p>	<ul style="list-style-type: none"> • With two Councillors on the Board, they may be the liaison back to Council, or alternatively the Chairperson. • The process did not go as hoped. • Applicants applied via City website, Board was provided applications/resumes. • Nominations Committee took the task of interviewing, then assessed skills to fill upcoming vacancies. • The City did not appoint all the Board's recommendations and as a result there are needs going unmet.
<p>3. In general, what comments can you provide regarding the term of appointment? Too short, too long, or just right?</p>	<ul style="list-style-type: none"> • Two-year term, maximum six years adequate. • Current Chair's term was shortened from six years, to four due to residency. There will not be a past Chair as a result.
<p>4. Do you have any other comments related to the Board's membership structure or term of appointment?</p>	<ul style="list-style-type: none"> • The residency requirement also hurt our efforts to appoint first nations candidates that may live on reserves outside the city.
<p>5. Does your Board have any internal standing subcommittees? If so, what are the mandates? How are they established?</p>	<ul style="list-style-type: none"> • Audit & Finance Committee • Executive Committee • Nominations Committee • Collection Committee

Question	Remai Modern Art Gallery – Alain Gaucher (Phone– February 9, 2018)
	<ul style="list-style-type: none"> Community Relations Committee <p>The Nominations Committee populate the Committees based on skills matrix.</p>
6. In general, do you have any comments with respect to your Board's reporting structure to City Council? Currently controlled corps and statutory boards are to report through SPC on Finance however we understand financial reporting has gone direct to Council budget deliberations.	<ul style="list-style-type: none"> With two Councillors on the Board, there is continual communication between the Board and Council. There have been times when the Board has submitted a letter to City Council providing an update on activities.
6 a. Are there matters that you believe the Board should be reporting on that the Board does not currently report on?	<ul style="list-style-type: none"> Not sure. The financial matters are most important and we report annually. I think it would have to be on an ad hoc basis.
7. What internal policies does the Board have?	<ul style="list-style-type: none"> Procurement Policy Executive Director & CEO Travel Policy Board of Directors Conflict of Interest
8. What City policies (for example Anti-Harassment Policy, Purchasing Policy, etc) have you adopted?	<ul style="list-style-type: none"> Gallery has its own conflict policy and is in process of a procurement policy. It is applying the City's Anti-Harassment Policy.
9. When your Board conducts its meetings, what comments can you provide as to the meeting process? With a view to possibly standardizing processes across all Boards, we are trying to get a sense of how your meetings work. a. Does it follow formal meeting procedures or is the meeting conducted in a more relaxed manner?	<ul style="list-style-type: none"> Yes. We have roll call, declaration of conflict, consent agenda, and new business.
9 b. Do you have an agenda template(s)?	<ul style="list-style-type: none"> Yes, an agenda template is followed.
9 c. How are any subcommittees governed?	<ul style="list-style-type: none"> They also have an agenda they follow.
9 d. Frequency of meetings?	<ul style="list-style-type: none"> Board meets monthly, except for July/Aug. Audit and Finance meets monthly. All other Committees meet when required.
9 e. Time/day of meetings held?	<ul style="list-style-type: none"> 5:00 p.m., third Thursday of the month.
10. Do you think that members of your Board would benefit from training? a. What kind of training? - Governance - Meeting procedure - Any other education or training b. Would it be valuable if the City provided standard orientation to new members? What should be covered in such orientation? c. Does your Board provide orientation to new members? What does this entail?	<ul style="list-style-type: none"> Not sure. When someone new is appointed, the Executive Director meets with them and gives them the Board manual. As these are voluntary boards, and this one particularly busy, I wouldn't want to see the members burdened with more time. I would want to see what was being offered in training. More knowledge is better than less, but would have to have value-add benefit.
11. Do you have any further comments or	<ul style="list-style-type: none"> The Remai is a unique controlled corporation.

Question	Remai Modern Art Gallery – Alain Gaucher (Phone– February 9, 2018)
<i>suggestions to provide?</i>	<ul style="list-style-type: none"> • This Board has to raise millions of dollars, from stakeholders and have the best interests of the city and donors in mind. A significant portion of capital came from places other than the City and we need to be respectful of that. People don't generally give money to a city-owned facility. There is a broader constituency. • The business of running a gallery needs specialized knowledge. • The Board runs fairly smoothly. The board pushed hard to get the gallery open while trying to put policies and procedures in place at the same time.