

## Wholly-Owned Subsidiary Appointments Report

### RECOMMENDATIONS:

That Council:

1. Confirm and approve Council and Administration member nominations for appointment to the boards of directors of The City's wholly-owned subsidiaries;
2. Authorize the Mayor, or in the mayor's absence, the Deputy Mayor, to execute a resolution on behalf of the shareholder of The City's wholly-owned subsidiaries appointing the Council and Administration nominees for the term specified to the respective board of directors;
3. Direct that Attachment 2 and 3 remain confidential pursuant to Sections 17 (Disclosure harmful to personal privacy) and 19 (Confidential evaluations) of the *Freedom of Information and Protection of Privacy Act*; and
4. Direct that the closed meeting discussions remain confidential pursuant to Sections 17 (Disclosure harmful to personal privacy) and 19 (Confidential evaluations) of the *Freedom of Information and Protection of Privacy Act*.

### HIGHLIGHTS

- The City is the sole shareholder of seven wholly-owned subsidiaries, and appoints all members of each subsidiary's board of directors at an annual general meeting of shareholders held within 15 months of the previous annual meeting. This report proposes the same approach to appointments to wholly-owned subsidiaries boards implemented in 2019 and 2018. This is to avoid time delays between Council approving nominees (in October annually) and appointment to the board at each organization's AGM (usually in June of the following year). Council also selected members of Administration to be appointed.
- *What does this mean to Calgarians?* Coordinating the wholly-owned appointments process through a report to Council and written shareholder resolutions supports Council's responsibilities as a shareholder, and supports a timely and transparent process to appoint the Council and Administration nominees.
- *Why does this matter?* Appointments to The City's wholly-owned subsidiaries supports effective management of these related entities and meets requirements under the *Business Corporations Act* (Alberta).
- Council has traditionally appointed members of Council to the board of directors for each wholly-owned subsidiary including Attainable Homes Calgary Corporation (mayor and one councillor), Calgary Arts Development Authority Ltd. (one councillor), Calgary Economic Development Ltd. (one councillor), Calgary Housing Company (three councillors), Calgary Municipal Land Corporation (mayor and two councillors); and Opportunity Calgary Investment Fund (mayor and one councillor). Members of Council no longer sit on the ENMAX board of directors.
- Council also appoints members of Administration to the boards of some wholly-owned subsidiaries.
- Most recent Council Direction: 2019 October 28 Council adopted recommendations in C2019-1224 as follows: 1. Confirm and approve Council's nominees for appointment to the boards of directors of The City's wholly-owned subsidiaries; 2. Confirm new appointments, authorize the Mayor, or in the Mayor's absence, the Deputy Mayor, to execute a resolution on behalf of the shareholder of the wholly-owned subsidiaries appointing the Mayor and/or

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Councillor nominees for the term specified to the respective board of directors; and 3. Direct that the closed meeting discussions remain confidential pursuant to Sections 17 and 19 of the Freedom of Information and Protection of Privacy Act (Alberta).

- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

### **DISCUSSION**

Annually, at the Organizational Meeting of Council, Council nominates councillors who will serve as directors on the boards of The City's wholly-owned subsidiaries (Attachment 2), and appoints members of Administration to selected wholly owned subsidiary boards (Attachment 3). In accordance with the requirements in the *Business Corporations Act* (Alberta), the shareholder (City Council) appoints directors at their annual meeting of shareholders (AGM). In 2019, wholly-owned subsidiaries held their AGMs in June. As a result, each year there may be a gap of up to six months between when a councillor or member of Administration is nominated as a director to a wholly-owned subsidiary board by Council at the Organizational Meeting (October), and when they are appointed at the annual meeting and can sit as a member of the board.

Under Section 141(1) of the *Business Corporations Act* (Alberta) and as set out in governance documents for the wholly-owned subsidiaries, The City, as sole shareholder, can sign a written shareholder resolution that is as valid as if it had been passed at a meeting of shareholders.

Administration is recommending that the mayor, or in the mayor's absence, the deputy mayor, be granted the authority to execute resolutions on behalf of the shareholder to appoint Council's Council and Administration 2020 board nominees. A sample resolution is included as Attachment 4.

Once the 2020 Organizational Meeting is adjourned, the mayor, as the authorized representative of the shareholder, would execute a shareholder resolution appointing each Council and or member of Administration nominee to the appropriate wholly-owned subsidiary board. A copy of the resolution would be provided to the respective wholly-owned subsidiary to retain with the minutes of the meetings of shareholders.

Council Policy CP2016-03 *Governance and Appointments to Boards, Commissions and Committees* (the Policy) directs that councillors provide their appointment preferences to the City Clerk's Office for Council's consideration during the annual Organizational Meeting. A summary of Council Member 2020 preferences for wholly owned subsidiary appointments is included as Attachment 2.

In accordance with section 5.7 of the Policy, appointment of Administration Members, the City Manager provides Council with nominees for appointments. 2020 nominees are included in Attachment 3. Under the Policy, members of Administration are appointed until the next annual Organizational Meeting of Council, unless otherwise specified by a resolution of Council, shareholder resolution or a wholly-owned subsidiary's governance documents; and terminate immediately upon leaving the employment with The City of Calgary.

### **STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)**

- Public Engagement was undertaken
- Public Communication or Engagement was not required

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- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

Preparation of this report included a review of Administration's previous work on governance for wholly-owned subsidiaries and review of the process used in 2017, 2018 and 2019. Each of the affected wholly-owned subsidiaries, City Clerk's and the Law Department were previously consulted in 2019 regarding the structure of the proposed resolution, and City Clerk's was consulted in the development of this report. The City Clerk's Office prepared Attachment 2 that identifies wholly-owned subsidiaries that require one or more appointments in the coming term from amongst Members of Council. City Clerk's provided the tables to all Members of Council on 2020 October 09, requesting their preferences to be submitted for inclusion in the Organizational Meeting of Council. The Executive Leadership Team has reviewed all Administration Member nominees included in Attachment 3.

### **IMPLICATIONS**

#### **Social**

The City established its wholly-owned subsidiaries to provide programs and services that meet the needs of Calgarians including affordable and below market housing; electricity, natural gas, and renewable energy; economic development and other services. Supporting effective governance through timely appointments to wholly-owned subsidiary boards provides shareholder direction in a consistent manner to continue to effectively serve Calgarians.

#### **Environmental**

Not applicable

#### **Economic**

The City's wholly-owned subsidiaries support implementation of *Calgary in the New Economy: An Economic Strategy for Calgary*. Supporting effective governance through timely appointments to wholly-owned subsidiary boards provides shareholder direction in a consistent manner to continue to effectively serve Calgarians.

#### **Service and Financial Implications**

##### No anticipated financial impact

The City's wholly-owned subsidiaries support the delivery of a broad range of lines of service in One Calgary. There are no financial implications related to this report.

### **RISK**

Appointing councillors and members of Administration to board of director positions in a timely manner mitigates the risk for The City including the wholly-owned subsidiaries.

An additional risk may arise for The City if an appointee's role conflicts, or is perceived to conflict, with their duties as a board member of a wholly-owned subsidiary. The likelihood and impact of this risk is mitigated by providing information about wholly-owned subsidiaries and their governance to newly elected members of Council as part of the orientation process. The Council approved *Investing in Partnerships Policy* also encourages The City's partners, including wholly-

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owned subsidiaries, to maintain good governance policies and practices including codes of conduct, diversity, conflicts of interest, board orientation and education.

**ATTACHMENTS**

1. Background
2. CONFIDENTIAL Wholly-Owned Subsidiaries - Councillor Preferences
3. CONFIDENTIAL Administrative Appointments
4. Sample appointment resolution

Department Circulation

General Manager	Department	Approve/Consult/Inform
Not applicable		