

Wholly-Owned Subsidiary Appointments Report

RECOMMENDATIONS:

Review by: Do not release Attachment 2

1. Confirm and approve councillor and Administration nominations contained in Attachments 2 and 3 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; and
3. Direct that the closed meeting discussions, Attachment 2, and selection materials related to this report remain confidential pursuant to Sections 17 and 19 of the *Freedom of Information and Protection of Privacy Act* (Alberta).

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 meeting of shareholders held within 15 months of the previous annual meeting. Executing a shareholder resolution avoids time delays between Council approving councillor and Administrative nominees (in November 2021), and appointment to the board at each wholly-owned subsidiaries' annual meeting of shareholders (usually in June of the following year).
- **What does this mean to Calgarians?** Executing a shareholder resolution to appoint members of Council and Administration to the boards of wholly-owned subsidiaries supports Council's responsibilities as a shareholder, and provides a timely and transparent process to support effective governance practices.
- **Why does this matter?** Appointments to the boards of The City's wholly-owned subsidiaries supports effective management of these related entities and meets requirements under the *Business Corporations 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 and members of Administration who will serve as directors on the boards of The City's wholly-owned subsidiaries. This year's councillor nominees are included in Attachment 2, and Administrative nominees are identified in Attachment 3.

In accordance with the requirements in the *Business Corporations Act* (Alberta), City Council as the shareholder appoints all wholly-owned subsidiary directors at the annual meeting of shareholders. In 2021, wholly-owned subsidiaries' annual meetings of shareholders were held as Special Meetings of Council 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 (November 2021), and when they are appointed to the wholly-owned subsidiary board at the annual meeting (usually in May or June of the following year).

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Under Section 141(1) of the *Business Corporations Act* (Alberta) and as set out in governance documents for each wholly-owned subsidiary, 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 councillor and Administration 2021 board nominees. A sample resolution is included as Attachment 4. Once the 2021 Organizational Meeting is adjourned, the Mayor, as the authorized representative of the shareholder, would execute a shareholder resolution appointing each 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 2021 preferences for wholly-owned subsidiary appointments is included as Attachment 2.

In accordance with section 5.7 of the Policy, the City Manager provides Council with Administration nominees for appointment. The list of 2021 Administration nominees is 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; Administration members terminate immediately upon leaving employment with The City of Calgary.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

- Public Engagement was undertaken
- Public Communication or Engagement was not required
- Public/Stakeholders were informed
- Stakeholder dialogue/relations were undertaken

IMPLICATIONS

Social

Appointing councillors and members of Administration to board of director positions of The City's wholly-owned subsidiaries supports the governance of those boards, aligns with The City's *Investing in Partnerships Policy*, and provides transparency for citizens.

Environmental

Not applicable

Economic

Not applicable

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Service and Financial Implications

There are no financial implications relation to this report.

RISK

Appointing councillors and members of Administration to board of director positions in a timely manner mitigates The City’s exposure to risks related to the governance and operation of wholly-owned subsidiaries.

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 and members of Administration. The Council approved *Investing in Partnerships Policy* also encourages The City’s partners, including wholly-owned subsidiaries, to maintain good governance policies and practices including codes of conduct, diversity, conflicts of interest, board orientation and education to manage risk.

ATTACHMENTS

1. Previous Council Direction, Background
2. Wholly-Owned Subsidiaries- Council Preferences (Confidential)
3. Administration Nominated to Wholly-Owned Subsidiaries
4. Sample appointment resolution

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Not applicable		