

Wholly-Owned Subsidiary Appointments Report

RECOMMENDATIONS:

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 Closed Meeting discussions remain confidential pursuant to Sections 17 and 19 of the *Freedom of Information and Protection of Privacy Act (Alberta)*; and
4. Direct that Attachment 3 remain confidential pursuant to Sections 17 and 19 of the *Freedom of Information and Protection of Privacy Act (Alberta)* until Council rises and reports.

Review by: Do not release Attachment 2.

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 (Annual General Meeting, or AGM).
- Council appoints Members of Council and Administration to the board of directors of six of The City's wholly-owned subsidiaries. The shareholder may, by written shareholder resolution, appoint Councillors and Administration prior to each wholly-owned subsidiary's AGM.
- This report proposes that the approach to appointments to wholly-owned subsidiaries' boards in place since 2018 be continued. Executing a written shareholder resolution, following appointment of members of Council and Administration, avoids time delays between Council approving nominees (in October) and appointment to the board at each organization's AGM (usually in June of the following year).
- **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 provides a timely and transparent process to appoint 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 historically appointed members of Council to the board of directors for six wholly-owned subsidiaries: Attainable Homes Calgary Corporation, Calgary Arts Development Authority Ltd., Calgary Economic Development Ltd., Calgary Housing Company, Calgary Municipal Land Corporation, and Opportunity Calgary Investment Fund Ltd. Members of Council are not currently appointed to the ENMAX board of directors.
- Strategic Alignment to Council's Citizen Priorities: A well-run city
- Background and Previous Council Direction is included as Attachment 1.

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DISCUSSION

Annually, at the Organizational Meeting of Council, Council nominates Councillors who will serve as directors on the boards of six of The City's seven wholly-owned subsidiaries (Attachment 2) and appoints members of Administration to selected wholly-owned subsidiary's boards (Attachment 3). Council has historically appointed Members of Council to the following wholly-owned subsidiaries: 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 Ltd. (Mayor and one Councillor). Members of Council are not currently appointed to the ENMAX board of directors.

In accordance with the requirements in the *Business Corporations Act* (Alberta), City Council, as the shareholder, appoints directors at each wholly-owned subsidiary's AGM. In 2022, wholly-owned subsidiaries' AGMs were held as Other Meetings of Council in June. Without the process outlined in this report, there would be a gap of up to six months between when a Councillor or member of Administration was nominated as a director to a wholly-owned subsidiary board by Council at the Organizational Meeting (October), and when they were appointed to the board at the AGM.

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 and Administration 2022 board nominees. A sample resolution is included as Attachment 4.

Once the 2022 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 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 2022 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. This year's 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. These appointments terminate immediately upon leaving employment with The City of Calgary.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION (EXTERNAL)

Public Engagement was undertaken

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- Public Communication or Engagement was not required
- 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 including the *Shareholder Alignment Review Report* (AC2021-1354). Each of the affected wholly-owned subsidiaries, the City Clerk's Office, and Law Department were consulted in previous years regarding the structure of the proposed resolution, and the City Clerk's Office 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. The City Clerk's Office also provided the tables to all Members of Council, 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 has established seven 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 so these organizations can continue to effectively serve Calgarians.

Environmental

The City has established seven wholly-owned subsidiaries to provide programs and services that meet the needs of Calgarians, and through their operations, they each define how to address environmental and other requirements based on their unique lines of business.

Economic

The City's wholly-owned subsidiaries support implementation of *Calgary in the New Economy: An Economic Strategy for Calgary* and related City strategies and plans. 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

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

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

ATTACHMENT(S)

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

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Kate Martin	Law, Legislative Services & Security	Inform