

Community Services Report to
Organizational Meeting of Council
2024 October 22

ISC: UNRESTRICTED
C2024-0885

Wholly-Owned Subsidiary Appointments

PURPOSE

This report provides an approach to appointing members of Council and Administration to six of The City's seven wholly-owned subsidiaries' boards of directors that avoids time delays between when Council approves nominees (October), and when each wholly-owned subsidiary appoints candidates to its board of directors at its annual general meeting (usually in June).

PREVIOUS COUNCIL DIRECTION

A similar report was presented at the 2023 Organizational Meeting of Council and its recommendations adopted.

RECOMMENDATIONS:

That Council:

1. Confirm and approve Council member nominations for appointment to the boards of directors of The City's wholly-owned subsidiaries;
2. Confirm and approve members of Administration nominated for appointment to the boards of directors of The City's wholly-owned subsidiaries;
3. Authorize the Mayor, or in the Mayor's absence, the Deputy Mayor, to execute a resolution on behalf of the shareholder of each of The City's wholly-owned subsidiaries appointing the Council and Administration nominees for the terms specified to the respective board of directors; and
4. 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*.

CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS

GM Katie Black concurs with the content of this report.

HIGHLIGHTS

- The City is the sole shareholder of seven wholly-owned subsidiaries and has the sole right to appoint members of each subsidiary's board of directors.
- Council appoints members of Council and Administration to the board of directors of six of the seven wholly-owned subsidiaries. The shareholder may, by written shareholder resolution, appoint members of Council and Administration prior to each wholly-owned subsidiary's Annual General Meeting of the shareholder (AGM). The other directors are appointed to each subsidiary's board of directors at the AGM.
- Coordinating the wholly-owned subsidiaries appointments process through this report to Council and written shareholder resolutions meets requirements under the *Business Corporations Act* (Alberta), supports Council's responsibilities as a shareholder and provides a timely and transparent appointments process by avoiding time delays between Council approving certain nominees and those nominees' appointment to the board at each organization's AGM.

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- Background and Previous Council Direction is included as Attachment 1.

DISCUSSION

Annually at the Organizational Meeting of Council, Council nominates members of Council who will serve as directors on the boards of six of The City's seven wholly-owned subsidiaries. Councillor 2024 preferences for wholly-owned subsidiary appointments are included as Confidential Attachment 2. At the same meeting, Council also appoints members of Administration to selected wholly-owned subsidiaries' boards (Attachment 3). Council has historically appointed members of Council to the boards of directors of 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 (up to 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 *Business Corporations Act* (Alberta), Council as shareholder appoints directors at each wholly-owned subsidiary's AGM, usually scheduled in June. Without the process outlined in this report, there would be a gap of approximately seven months between when a member of Council or Administration is nominated by Council at the Organizational Meeting in October and when they are appointed to the board at a wholly-owned subsidiary's AGM. The process proposed in this report has been used since 2019 to resolve this issue.

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 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 the 2024 board nominees (members of Council and Administration) to the board of directors of the appropriate wholly-owned subsidiary. A sample resolution is included as Attachment 4.

Once the 2024 Organizational Meeting is adjourned, the Mayor (or Deputy Mayor), as the authorized representative of the shareholder, would execute a shareholder resolution appointing each approved candidate to the appropriate wholly-owned subsidiary board. A copy of the resolution will be provided to the respective wholly-owned subsidiary to retain with the minutes of the meetings of shareholders.

The *Governance and Appointments to Boards, Commissions and Committees Policy* (CP2016-03, the Policy) directs that Councillors provide their appointment preferences to the City Clerk's Office for Council's consideration during the annual Organizational Meeting.

In accordance with the Policy, the Chief Administrative Officer provides Council with the names of members of Administration recommended for appointment. This year's nominees are included in Attachment 3. Under the Policy, members of Administration are appointed until the next annual Organizational Meeting, unless otherwise specified by a resolution of Council, shareholder resolution or a wholly-owned subsidiary's governance documents. In no event will the appointment be for longer than the third AGM following the appointment. These

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appointments terminate immediately if an appointed member of Administration leaves employment with The City.

EXTERNAL ENGAGEMENT AND COMMUNICATION

- | | |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken | <input type="checkbox"/> Dialogue with interested parties was undertaken |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

The proposed approach has been used since 2019 and is based on 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 the Law, Legislative Services and Security departments were consulted in previous years regarding this approach. The City Clerk's Office prepared Confidential Attachment 2 and coordinated with all members of Council on their preferred appointments and engaged with the Chief Administrative Officer and Senior Executive Advisors to provide nominations for Administration included in Attachment 3.

IMPLICATIONS

Social

The City established each wholly-owned subsidiary to provide targeted 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

Through their operations including programs and services for Calgarians, each wholly-owned subsidiary determines how to best address environmental and other requirements based on their unique lines of business and leading practices.

Economic

The City's wholly-owned subsidiaries support implementation of *Uplook: An Action Plan for Our Economy* and related City strategies and plans. Supporting effective governance through timely appointments to wholly-owned subsidiary boards uses a consistent process to provide shareholder direction to effectively deliver their Council approved mandates.

Service and Financial Implications

No anticipated financial impact

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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 effective governance and operation of wholly-owned subsidiaries.

Risk may arise for The City if an appointee's duties and obligations to The City 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-owned subsidiaries, to maintain good governance policies and practices including codes of conduct, diversity, conflicts of interest, board orientation and education to manage perceived or actual conflicts of interest and mitigate the associated risk.

ATTACHMENTS

1. Background and Previous Council Direction
2. CONFIDENTIAL – Councillor Ranked Wholly-Owned Subsidiaries Preferences
3. Administration Member Recommended for Council Nomination to Wholly-Owned Subsidiaries
4. Sample Appointment Resolution

Department Circulation

General Manager/Director	Department	Approve/Consult/Inform
Katarzyna Martin, Director/City Clerk	Law, Legislative Services & Security	Inform

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