



City of Richmond

Report to Committee

To: General Purposes Committee
From: David McLellan
General Manager, Urban Development
Re: **Nominee Process for Airport Authority**

Date: March 5, 2002
File: 0153-02-04

Staff Recommendation

That the process for selection of a City of Richmond nominee to the Vancouver International Airport Authority as described in the attached report be endorsed.

David McLellan
General Manager, Urban Development

Att: 1

Staff Report

Origin

The Corporate Secretary of the Vancouver International Airport Authority is seeking from the City Council its nominee for the Board of Directors of the Authority prior to May 6, 2002.

Findings Of Fact

The Director currently representing the City of Richmond on the Authority Board is Mr. Mel Goodwin.

Attached to this report are documents which describe; the qualification and description of duties for directors, the board composition guideline, the current composition of the board and the terms of reference for a director.

The initial appointment of Mr. Goodwin was made in 1993 after the opportunity was advertised in the "Richmond Report". Mr. Goodwin has served for 3 terms since that initial appointment.

Analysis

The city normally solicits candidates for advisory committees, task forces and external board by advertising in the local newspaper. This would seem to be the appropriate approach for the position available on the Authority Board.

The proposal is to advertise immediately and require candidates to submit their names and supporting information by April 11, 2002. Staff would then prepare a staff report for consideration by Council on April 22, 2002.

Financial Impact

No budgeting impact.

Conclusion

A process to nominate the City of Richmond's Director to the Authority Board should be initiated to ensure continuity on the Board.



David McLellan
General Manager, Urban Development

DJM:djm

Qualification and Description of Duties for Members of the Board of Directors of the Vancouver International Airport Authority

The following are specifically *barred* from membership on the Board:

- (a) a corporation;
- (b) a person aged 17 years or younger, or 70 years or older at the time of appointment;
- (c) a person who is not a citizen of Canada;
- (d) a person who is not a resident of British Columbia;
- (e) a person holding federal, provincial or municipal elected office;
- (f) a person employed by or providing services on a full time basis under contract to any federal, provincial or municipal government department or agency, or by any corporation owned by Her Majesty the Queen in right of Canada or any province of Canada;
- (g) a person who has the status of a bankrupt;
- (h) a person who is found by a court to be a mentally incompetent person or of unsound mind; or
- (i) a person who has been convicted of an offence
 - (i) in connection with the promotion, formation or management of a corporation, or
 - (ii) involving fraud
 unless five years have elapsed since the expiration of the period fixed for suspension of the passing of sentence without sentencing or since a fine was imposed, or the term of imprisonment and probation imposed, if any, was concluded, whichever is the latest, but the disability imposed by this paragraph ceases on a pardon being granted under the *Criminal Records Act* (Canada).

Our by-laws provide that members *shall possess collectively* knowledge in relation to transportation, aviation, business, finance, law, government, the organization of workers and the interest of consumers.

The basic obligation of members is to uphold the objects of the Authority and comply with its by-laws. Every member shall at the time of his or her appointment sign an acknowledgement that he or she has read and is bound by the Authority's conflict of interest guidelines. Every member has the benefit of an Indemnity Agreement from the Authority and Directors Liability Insurance is in place.

The term of office is three years. Members are eligible for reappointment.

The entire Board of Directors meets approximately once every two months. Meetings are usually held at the airport, although they may from time to time be held elsewhere in Richmond or Vancouver.

The frequency of meetings for the committees of the Board varies widely depending on their duties, but, on average, committee work would add eight additional meetings a year to a member's commitment.

Board members are also encouraged to attend special functions and events at the Airport. These might number three or four in a year.

Board members are paid an annual retainer plus meeting fees. Director compensation is in line with other corporations of similar size. Directors are also entitled to be reimbursed for all reasonable expenses necessarily incurred in fulfillment of their duties. Amounts paid are published annually - see page G6 of the Governance Circular contained in the 2000 Annual Report.

Vancouver International Airport Authority

BOARD COMPOSITION GUIDELINE

Purpose:

The purpose of this document is to assist those persons or organizations making appointments to the Board of Directors of the Airport Authority by suggesting qualities or characteristics in new Directors which are sought in order to supplement or compliment the skills and experience of the existing group of Directors. The Governance Committee of the Board of Directors annually reviews the composition of the Board, and accordingly annually revises this Guideline.

Bylaw Requirement:

The Bylaws state that:

"Collectively, the Members must possess knowledge in relation to transportation, aviation, business, finance, law, government, the organization of workers and the representation of the interests of consumers..."

Desirable Qualities and Skills:

The Board should possess the following skills or qualities: the ability and judgment to evaluate and take prudent risks; the ability to work collectively as a team and build a consensus; the capacity to think strategically; the ability to innovate, be creative; the ability to form independent judgments; the ability to be open-minded, fair and flexible; the ability to distinguish between oversight of the business and the day to day running of the Authority; awareness of environmental issues; a commitment to airport safety; and a commitment to customer service.

Desirable Experience:

Ethnic, Age, Gender and BC Regional Diversity:

The Authority emphasizes that it is a local, community-based, not-for profit entity. Our Mission Statement begins with words, "to serve our community.....". It is desirable that the Board mirror the diversity found in our community.

The Board should include both genders, visible minorities and, keeping in mind the age restrictions in the Bylaws and the range of experience required, a reasonable age spectrum.

The Board should include knowledge of the regional interests of British Columbia and the general interests of Canada.

Community Interest and Leadership:

The Authority wants to be a "local champion" and a "leader in the community" by supporting initiatives that benefit the area.

The Board should include experience in:

- leading or participating in community task forces and committees;
- other active participation in the community which may include former elective positions. Note: the Authority's Bylaws prohibit a person currently holding municipal, provincial or federal elected office from serving on the Board.

Business Leadership:

The Board requires effective leadership skills, significant good judgment and business experience

To bring these skills to its structure, the Board should include experience in:

- operating a business at the CEO, COO or other senior executive level;
- heading an entrepreneurial enterprise—especially given the large number of small to medium [entrepreneurial businesses] both at the airport and in BC;

Business Experience: The Authority's vision statement calls upon the airport to be a "Premier Global Gateway." YVR is to be an international and domestic destination capitalizing on the tourism appeal of BC and associated trade opportunities. YVR is also to become an intermodal distribution centre between the world's trading blocks.

The Authority also wishes to enhance revenues and provide value for money, including pursuing revenue opportunities such as land development, retail expansion, and advertising.

In order for the Board to work toward these goals, in addition to those business areas set out in the Bylaws, it should include experience with or in:

- the tourism and hospitality industries;
- transportation sectors, such as shipping, trucking, and rail in addition to air;
- the logistics and distribution sector;
- commercial sectors with a customer and public service component; and
- international trade in both goods and services;
- the retail and marketing sector;
- the real estate, planning and development sectors;
- the communications sector.

Financial Experience: The Authority's vision also calls for it to be a key economic generator; a model of financial viability and economic stimulation.

The Board should include experience with:

- interpreting financial statements and following economic trends;
- contract and project financing;

Corporate Experience: The Board also requires knowledge of fiduciary duty, business risk, long-term strategic thinking, and supervising senior management.

- The Board should include experience serving on other Boards.

Time Commitment:

A director should expect to spend an average of 19 days per year on Board business not counting meeting preparation time. This also does not include Authority- or Community-sponsored events, that, although voluntary, Directors are from time to time encouraged to attend.

VANCOUVER INTERNATIONAL AIRPORT AUTHORITY
BOARD OF DIRECTORS

DIRECTOR	NOMINATING ENTITY OR REPRESENTATIVE CAPACITY
Graham Clarke <i>Chair of the Board</i>	Director at Large
Larry Berg	President
Peter Y. L. Eng, M.A., M.B.A.	Government of Canada
J. Thomas English, Q.C.	The Law Society of British Columbia
Rhys T. Eyton, F.C.A.	Institute of Chartered Accountants of British Columbia
Jane Fleming, M.C.I.P.	City of Vancouver
Bruna Giacomazzi	Director at Large
Mel Goodwin	City of Richmond
Michael Harcourt	Director at Large
Denis Heffring	Director at Large
Robert Kadlec	The Vancouver Board of Trade
Douglas MacKay, P. Eng.	Greater Vancouver Regional District (GVRD)
David McPhee	Government of Canada
John Watson, P. Eng.	Association of Professional Engineers and Geoscientists of British Columbia

For information, please call Beth Miller (604) 276-7784
Vancouver International Airport Authority
P.O. Box 23750, Airport Postal Outlet
Richmond, B.C. V7B 1Y7

TERMS OF REFERENCE FOR A DIRECTOR

I. GOALS AND OBJECTIVES

As a member of the Board, each director will:

- A. fulfill the legal requirements and obligations of a director, which includes a comprehensive understanding of the statutory and fiduciary roles;
- B. consider the interests of the communities the Authority serves, ensuring that the best interests of the Authority are paramount; and
- C. participate in the review and approval of Authority policies and strategy and in monitoring their implementation.

II. DUTIES AND RESPONSIBILITIES

A. Board Activity

As a member of the Board, each director will:

- (i) exercise good judgment and act with integrity;
- (ii) use his or her ability, experience and influence constructively;
- (iii) be available as a resource to management and the Board;
- (iv) respect confidentiality;

TERMS OF REFERENCE FOR A DIRECTOR

- (v) advise the Chair or President before introducing significant and previously unknown information at a Board meeting so that the Chair and President can ensure the Board is equipped with whatever is required for a well informed discussion of the new matter;
- (vi) understand the difference between governing and managing, and not encroach on management's area of responsibility;
- (vii) identify potential conflict areas – real or perceived – and ensure that they are appropriately reviewed;
- (viii) as necessary and appropriate, communicate with the Chair and with the President between meetings;
- (ix) demonstrate a willingness and availability for individual consultation with the Chair or President; and
- (x) evaluate the performance of the President and the Authority.

TERMS OF REFERENCE FOR A DIRECTOR

B. Preparation and Attendance

To enhance the effectiveness of Board and committee meetings, each director will:

- (i) prepare for each Board and committee meeting by reading the reports and background materials provided for the meeting;
- (ii) maintain an excellent Board and committee meeting attendance record¹; and
- (iii) acquire adequate information necessary for decision making.

C. Communication

Communication is fundamental to Board effectiveness and therefore each director will:

- (i) participate fully and frankly in the deliberations and discussions of the Board;
- (ii) encourage free and open discussion of the affairs of the Authority by the Board;
- (iii) ask probing questions, in an appropriate manner and at proper times; and
- (iv) focus enquiries on issues related to strategy, policy, implementation and results rather than issues relating to the day-to-day management of the Authority.

¹The target is 100% attendance. Anything less than 80%, without extenuating circumstances, would create considerable concern for the Board.

TERMS OF REFERENCE FOR A DIRECTOR

D. Independence

Recognizing that the cohesiveness of the Board is an important element in its effectiveness, each director will:

- (i) be a positive force with a demonstrated interest in the long-term success of the Authority; and
- (ii) speak and act independently.

E. Board Interaction

As a member of the Board, each director should establish an effective, independent and respected presence and a collegial relationship with other directors.

F. Committee Work

In order to assist Board committees in being effective and productive each director will:

- (i) participate on committees and become knowledgeable about the purpose and goals of the committee; and
- (ii) understand the process of committee work, and the role of management and staff supporting the committee.

TERMS OF REFERENCE FOR A DIRECTOR

G. Nominating Entities and Nominated Directors

A director appointed by a Nominating Entity has a special responsibility to communicate regularly with that Nominating Entity. Each nominated director shall agree annually upon a plan of communication between that Nominating Entity and that director concerning the affairs of the Authority. While recognizing a director's fiduciary duty to act in the best interests of the Authority, a nominated director is expected to ensure that the perspective of the Nominating Entity is known and thus forms an integral part of the deliberations of the Board of Directors.

H. Business, Authority and Industry Knowledge

Recognizing that decisions can only be made by well-informed directors, each director will:

- (i) become generally knowledgeable of the business of the Authority and its industry;
- (ii) develop an understanding of the unique role of the Authority within the community;
- (iii) maintain an understanding of the regulatory, legislative, business, social and political environments within which the Authority operates;
- (iv) become acquainted with the senior managers of the Authority;
- (v) remain knowledgeable about the Authority's facilities and visit them when appropriate; and
- (vi) be an effective ambassador and representative of the Authority.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

I. PURPOSE

- A. The primary responsibility of the Board of directors (the "Board") is to foster the long-term success of the Authority consistent with the Board's responsibilities to the communities it serves.
- B. The Board has the responsibility to oversee the conduct of the business of the Authority and to supervise management, which is responsible for the day-to-day conduct of business. In performing its functions, the Board also considers the legitimate interests which others such as employees, suppliers, customers and communities have in the Authority. In supervising the conduct of the business, the Board, through the President, will set the standards of conduct for the Authority and ensure the safety of its operations.

II. PROCEDURES AND ORGANIZATION

- A. The Board operates by delegating to management certain of its authorities, including spending authorizations, and by reserving certain powers to itself. The current signing authorizations are outlined in Tab 20 of the Board Manual.
- B. The Board retains the responsibility for managing its own affairs including:
 - (i) selecting the Chair and the Corporate Secretary;
 - (ii) nominating director-at-large candidates for election to the Board;

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

- (iii) providing guidance to the Nominating Entities regarding the criteria they should consider in making their appointments to the Board;
 - (iv) constituting committees of the Board; and
 - (v) determining director compensation.
- C. Subject to the By-laws of the Authority and the *Canada Corporations Act*, the Board may constitute, seek the advice of, and, delegate powers, duties and responsibilities to, committees of the Board.

III. DUTIES AND RESPONSIBILITIES

A. Selection of Management

The Board has the responsibility:

- (i) to appoint and replace the President; to monitor the President's performance; to approve the President's compensation and to provide advice and counsel to the President in the execution of the President's duties;
- (ii) acting upon the advice of the President and the recommendation of the Human Resources and Compensation Committee, to approve the appointment and compensation of Vice Presidents; and
- (iii) to ensure that plans are made for management succession and development.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

B. Monitoring and Acting

The Board has the responsibility:

- (i) to monitor the Authority's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- (ii) to approve any financing;
- (iii) to identify the principal risks of the Authority's business and take all reasonable steps to ensure the implementation of appropriate systems to manage these risks; and
- (iv) to direct management to ensure that systems are in place for maintaining the integrity of and implementing the Authority's internal financial control and management information systems.

C. Strategy Determination

The Board has the responsibility:

- (i) to review, with management, the mission of the Authority, its objectives and goals, and the strategies by which it proposes to reach those goals; and
- (ii) to review progress in achieving the goals established in the strategic plans.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

D. Policies and Procedures

The Board has the responsibility:

- (i) to approve and monitor compliance with all major policies and procedures which govern the Authority's operations; and
- (ii) to direct management to implement systems designed to ensure that the Authority operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

E. Compliance Reporting and Corporate Communications

The Board has the responsibility:

- (i) to ensure that the financial performance of the Authority is adequately and promptly reported to the public, security holders and regulators;
- (ii) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- (iii) to ensure timely reporting of any other developments that have a significant and material effect on the performance of the Authority and as required under the terms of reference of the Authority's charter;
- (iv) to report annually to the public and the Nominating Entities on the Board's stewardship for the preceding year; and

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

- (v) to ensure that the Authority has in place a policy to enable the Authority to communicate effectively with its Nominating Entities, employees, airport partners and the communities it serves.

IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS

- A. The Authority is a not-for-profit corporation incorporated under Part II of the *Canada Corporations Act* (the "CCA").
- B. There is no share capital and thus there are no shareholders, but instead there are *members*. In the case of the Authority the *members* and directors are the same people. Thus, the odd circumstance arises where *members* vote to ratify the actions they took as directors. The practical effect is slight. For some large matters, such as a change in the By-laws, it means the members and directors will receive 14 days written notice of the proposed action and often a two-thirds majority will be required to pass the resolution.
- C. Legal duties are imposed on directors. The basic legal duties are not set out in the CCA; they are imposed at common law.
- D. Directors are under a fiduciary¹ duty to the Authority to carry out the duties of their office:
 - (i) honestly and in good faith;
 - (ii) in the best interests of the Authority; and
 - (iii) with the care, diligence, and skill of a reasonably prudent person.

¹ without being legally precise, a fiduciary duty is duty to act for the benefit of another, like a trustee.

TERMS OF REFERENCE FOR THE BOARD OF DIRECTORS

- E. Directors have specific statutory duties and obligations under employment, environmental, and financial reporting law as well as under the withholding provisions of taxation law.