



AGENDA

Vancouver Economic Commission
Honorary Board Meeting – Closed
November 4, 2019
Time: 2:30 pm – 3:30 pm
Mayor’s Ceremonial Boardroom, City Hall, Vancouver, BC

- 1. Welcome/Introductions**
- 2. Call to Order, Appoint Chair and Secretary**
- 3. Vancouver Economic Commission Honorary Board - Terms of Reference**
- 4. Governance Update and Special Resolution**
- 5. Adjourn**

Amended October 22, 2019 memo with revised dates under recommendations

Attendees:

Vancouver Economic Commission Honorary Board of Directors
All City Councillors and Mayor

Guests:

Sadhu Johnston, City Manager
Patrice Impey, COV CFO/GM Finance Risk and Supply Chain and Ordinary Board Director (VEC)
Eleena Marley, Associate Director, BPPS and COV liaison with VEC
Neil Monkton, Chief of Staff, Mayor’s Office
Lauren Reid, Senior Policy Advisor, Mayor’s Office

AGENDA

Vancouver Economic Commission
Honorary Board - Extraordinary General Meeting – Closed
November 4, 2019

1. Welcome from the Mayor and Introductions

2. Call to Order, Appoint Chair and Secretary

2.1. Meeting of the Honorary Members is called to order

2.1.1. Quorum is three

2.2. Member moves to appoint Mayor the Chair

2.2.1. No need to second and vote passes if it is +50%

2.3. Member moves to appoint Clerk the Secretary for the purposes of the meeting

2.3.1. No need to second and vote passes if it is +50%

3. Vancouver Economic Commission Honorary Board – Summary Terms of Reference

There are three categories of Members of the Society, VEC:

1. Ordinary Members
 - These members are the current Board of Directors
2. Non-Voting Members; and
 - Comprise of two Councillors – Historically not designated
3. Honorary Members
 - Mayor and all of Council

The Honorary Members are only entitled to vote with respect to:

1. Proposed changes or amendments to the Constitution or Bylaws of the Society;
2. The acceptance, appointment or expulsion of Ordinary Members; and
3. The appointment of Directors of the Society.

4. Governance Update and Special Resolution

4.1. Governance Update

The purpose of this update is to provide a confidential update to the Vancouver Economic Commission (VEC) Honorary Members, including:

- a. Overview of the current VEC governance structure and key challenges
- b. Propose amendments to the current Bylaws which will transition the composition of the Board of Directors from having a majority of external Directors to having a Board consisting solely of senior City of Vancouver staff
- c. Recommend establishing a Vancouver Economic Development Advisory Board consisting of external subject matter experts and Honorary VEC Board members
- d. Present key rationale to support the proposed changes, and a summary of alternative governance options for consideration
- e. A proposed Special Resolution of the Honorary Members for consideration.

This update is prepared by the City Manager's Office.

Current VEC Governance Structure:

The Vancouver Economic Commission is a Society which is wholly controlled by the City of Vancouver:

1. Board appointed by Honorary VEC Board (Mayor and Council)
2. Mayor is currently the Chair of the Board
3. Other members: GM, FRS and seven Directors representing Vancouver's business, academic, indigenous and non-profit community
4. In recent years, annual VEC budget is circa \$3m-\$3.8m, with nine Board members
 - Note PNE annual gross revenue in recent years is circa \$53m-\$55m with five COV Board members and five external

Note: The non-COV Directors have been very supportive of VEC however, with the exception of the HR & Compensation Committee, the Board is not a particularly active Board and can be actively engaged as part of VEC's stakeholder community or a newly formed Vancouver Economic Development Advisory Board.

Key Challenges:

Over recent years the governance structure has regularly caused a number of challenges. At the request of the Mayor / VEC Board Chair, and ahead of the Board nomination process, staff reviewed the challenges and Bylaws and identified the following:

1. **Long standing need to refresh VEC Bylaws.** COV staff identified that the VEC Bylaws have long required a refresh to simplify the governance framework and support improved alignment with and accountability to COV.
2. **A number of occasions where VEC's strategic priorities are not aligned and even contradict COV's.** Since the appointment of the current CEO in 2018, there has been a notable effort to improve the collaboration between VEC and COV leadership, to better align priorities and initiatives. However, the current governance structure continues to overcomplicate VEC's ability to closely align to Council Strategic priorities and long-term planning. I.e. Board interest in Third Industrial Revolution
3. **VEC Staff and Board heavily consult COV Staff for guidance, yet COV Staff have limited authority and provide a support and consultation role only.** VEC is a relatively small organisation and regularly relies on COV to provide adhoc corporate services subject matter expertise, including HR, Legal, Finance and Procurement, as per VEC's Corporate Plan. COV involvement is often to resolve an escalating issue. COV staff are limited to providing guidance only and ultimately defer to the VEC Board and VEC staff to establish a robust policy framework, set priorities and execute corporate change.
4. **Significant effort required from a Volunteer Board.** The policy framework and priority alignment improvements which are needed, requires a notable step change, with the Board providing clear guidance to the CEO.
5. **Significant effort required of the VEC Board Chair, historically the Mayor.** The Board Chair has, in recent years, led the Board nomination process, CEO recruitment, VEC Corporate strategic planning, VEC HR challenges and Board administration.

Governance Options Analysis:

In collaboration with the VEC CEO, COV Staff undertook an analysis of governance options and concluded that the recommended approach, for this transition period, is to transition the VEC Board to being a Senior COV Staff only Board and establish a Vancouver Economic Development Advisory Board, to be consulted on economic development strategic priorities and strategies at least twice annually.

See the following suction for a summary of the options analysis:

- Option 1a - Status Quo: Mayor chairs current Board structure - majority of external members
- Option 1b - Elected Official chair: Councillor chairs current Board structure - majority of external members
- Option 1c - Senior COV Staff chair: City Manager or Deputy City Manager chairs current Board structure - majority of external members
- Option 2 – Senior COV Staff Only Board (*recommended*): Bring governance in-house to support review of COV and VEC economic development priorities and the alignment of VEC’s administrative policies
- Option 3 – Crown Corporation Model: 100% external board, remunerated and independent of COV
- Option 4 – Dissolve VEC: Bring prioritised economic development activities in-house

Option 1a - Status Quo - Mayor Chairs Current Board Structure	
A. Governance Structure:	<ol style="list-style-type: none"> 1. Council retains Honorary Board role – Bylaws and Director appointments 2. Mayor Chairs Board 3. Voluntary Board - Majority external members 4. GM FRS remains COV staff representative
B. Alignment to COV:	<ol style="list-style-type: none"> 1. Council set overall VEC mandate and reliant on VEC Board and Staff to proactively align to COV priorities
C. Financial Considerations:	<ol style="list-style-type: none"> 1. Board not remunerated 2. No initial budget implications
D. Key Benefits:	<ol style="list-style-type: none"> 1. Engages external stakeholders through governance structure
E. Key Challenges:	<ol style="list-style-type: none"> 1. Mayor is not available to be a member of the VEC Ordinary Board 2. Volunteer Board to commit significant effort to finalise CEO contract, drive Board administration responsibilities and set robust policy framework in near-term 3. COV staff retain role as consulted SME, no formal authority 4. VEC mandate will likely be refined as part of an evolving landscape (RPI, City-wide Plan)
F. Staff position:	Option not recommended

Option 1b - Councillor replaces Mayor to Chair Current Board Structure	
A. Governance Structure:	<ol style="list-style-type: none"> 1. Council retains Honorary Board role – Bylaws and Director appointments 2. Councillor Chairs Board 3. Voluntary Board - Majority external members

	4. GM FRS remains COV staff representative
B. Alignment to COV:	1. Council set overall VEC mandate and reliant on VEC Board and Staff to proactively align to COV priorities
C. Financial Considerations:	1. Board not remunerated 2. No initial budget implications
D. Key Benefits:	1. Engages external stakeholders through governance structure
E. Key Challenges:	1. Requires Councillor commitment to immediately appoint a new Board and propose refinements to VEC's mandate and strategy 2. Volunteer Board to commit significant effort to finalise CEO contract, drive Board administration responsibilities and set robust policy framework in near-term 3. COV staff retain role as consulted SME, no formal authority 4. VEC mandate will likely be refined as part of an evolving landscape (RPI, City-wide Plan)
F. Staff position:	Option not recommended

Option 1c - Senior COV Staff replaces Mayor to Chair Current Board Structure

A. Governance Structure:	1. Council retains Honorary Board role – Bylaws and Director appointments 2. No Council presence on Board 3. Senior COV Staff Chairs Board 4. Voluntary Board - Majority external members 5. GM FRS remains COV staff representative
B. Alignment to COV:	1. Council set overall VEC mandate 2. Increased COV presence and influence on board supports improved alignment to COV priorities and policies
C. Financial Considerations:	1. Board not remunerated 2. No initial budget implications
D. Key Benefits:	1. Increased COV influence on Board supports improved alignment to COV priorities and policies 2. Engages external stakeholders through governance structure
E. Key Challenges:	1. Requires Honorary Board and Senior Staff commitment to immediately appoint a new Board and propose refinements to VEC's mandate and strategy 2. Volunteer Board to commit significant effort to finalise CEO contract, drive Board administration responsibilities and set robust policy framework in near-term 3. COV staff retain role as consulted SME, no formal authority 4. VEC mandate will likely be refined as part of an evolving landscape (RPI, City-wide Plan)
F. Staff position:	Option not recommended

Option 2 (Recommended) - Senior COV Staff Only Board

A. Governance Structure:	1. Council retains Honorary Board role – Bylaws and Director appointments 2. No Council presence on Board 3. 100% Senior COV Staff Board including GM FRS for continuity 4. External stakeholders engaged via Vancouver Economic Development Advisory Board
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B. Alignment to COV:	<ol style="list-style-type: none"> Council sets overall COV and VEC economic development mandate – note evolving with RPI and City-wide Plan COV staff accountable for governing and aligning VEC policies and priorities
C. Financial Considerations:	<ol style="list-style-type: none"> Board not remunerated No initial budget implications
D. Key Benefits:	<ol style="list-style-type: none"> Allows flexibility and time to refine VEC’s future mandate in-light of an evolving landscape (RPI, City-wide Plan) Formalises COV’s authority to swiftly support VEC’s alignment, as appropriate to COV priorities and policies Focuses external stakeholders engagement to their area of expertise, economic development
E. Key Challenges:	<ol style="list-style-type: none"> Reliant on leveraging economic development subject matter expertise through engagement process versus the governance framework
F. Staff position:	Option recommended

Option 4 - Crown Corp model	
A. Governance Structure:	<ol style="list-style-type: none"> Council retains Honorary Board role – Bylaws and Director appointments No Council or staff presence on Board - 100% external subject matter expert Board
B. Alignment to COV:	<ol style="list-style-type: none"> Council set overall VEC mandate and reliant on VEC Board and Staff to proactively align to COV priorities
C. Financial Considerations:	<ol style="list-style-type: none"> Board remunerated (note Crown remuneration circa \$10,000-30,000 per annum per Director) Notable budget implications
D. Key Benefits:	<ol style="list-style-type: none"> Engages external stakeholders through governance structure
E. Key Challenges:	<ol style="list-style-type: none"> Requires Honorary Board commitment to immediately appoint a new Board; refresh bylaws and refine VEC mandate and strategy, despite an evolving landscape (RPI, City-wide Plan) Requires new Board to finalise CEO contract, drive Board administration responsibilities and set robust policy framework in near-term COV staff retain role as consulted SME, no formal authority Notable budget implications to remunerate a strong Board within a budget significantly smaller than other Crown Corporation models
F. Staff position:	Option not recommended

Option 5 - Dissolve VEC	
A. Governance Structure:	<ol style="list-style-type: none"> Council sets COV economic priorities City Manager’s oversees delivery of COV economic priorities through in-house resources
B. Alignment to COV:	<ol style="list-style-type: none"> Fully aligned as in-house
C. Financial Considerations:	<ol style="list-style-type: none"> Budget implications include dissolving existing financial commitments i.e. office leases and potentially staffing COV may not be as successful in securing non-COV funding
D. Key Benefits:	<ol style="list-style-type: none"> 100% alignment to COV policies and priorities
E. Key Challenges:	<ol style="list-style-type: none"> External organisations likely to perceive that COV does not have a commitment to the economy and that in-house resources are not as understanding of the business communities’ requirements and interests

	<ol style="list-style-type: none"> 2. Requires Honorary Board commitment to dissolve the Society and define COV's economic development priorities, despite an evolving landscape (RPI, City-wide Plan) 3. Budget implications relating to office leases and potentially staffing and non-COV funding sources
F. Staff position:	Option not recommended

The VEC CEO and COV Staff recommend Option 2 - Senior COV Staff Only Board for the following key reasons:

1. Council retains Honorary Board role – Bylaws and Director appointments
2. No initial budget implications
3. Allows flexibility and time to refine VEC's future mandate in-light of evolving landscape (RPI, City-wide Plan)
4. Formalises COV's authority to swiftly support VEC's alignment, as appropriate, to COV priorities and policies
5. Focuses external stakeholders engagement to their area of expertise, economic development via Vancouver Economic Development Advisory Board

Recommendations:

To this end, the VEC CEO and COV staff recommend that the following changes be effected by the Honorary Members:

1. That the *Bylaws of Vancouver Economic Commission* be amended to create a new Board structure comprised solely of a small number of senior City staff (and that the Bylaws be amended as otherwise described below).
2. That the *Bylaws of Vancouver Economic Commission* be amended to remove the requirements for two Non-Voting Members from Council and remove the requirement for all of Council to be notified of every meeting of the Members and Directors of the Society. This aligns to other Board structures for City of Vancouver-owned entities.
3. Establish a Vancouver Economic Development Advisory Board, if the governance option approved is for an internal Senior COV Staff only on board. Establish a nominating process for new Board members and extend invitation to existing external Board members and Honorary Board members. Advisory Board to meet at least twice annually and focus on Economic Development priorities, trends. Would not have decision-making authority. Appoint for one year with option to extend to three to four year rolling terms.
4. That the CEO, VEC (Catherine Warren) reports to this Board of Directors. Current Bylaw drafting states that the CEO is the Chair of the Board
5. That all members of the current VEC Board of Directors be thanked for their contributions and be invited to tender their resignations upon passage of this proposed Special Resolution (and following this meeting).

6. That, in the event that the above-noted resignations are not tendered and received by the VEC on or before ~~November 14~~~~October 27~~, 2019, the Honorary Members, by Special Resolution remove any and all Directors that have not so tendered their resignations, effective the end of ~~November 14~~~~October 27~~, 2019.
7. That the following City staff be appointed as Directors and Ordinary Members of VEC, effective ~~October 28~~~~November 15~~, 2019 for so long as they hold the following positions at the City of Vancouver:
 - a. City Manager (Sadhu Johnston)
 - b. Deputy City Manager (Paul Mochrie)
 - c. Director of Finance (Patrice Impey) – current Board Director
8. That at this time, no other changes be made to any other aspect of VEC’s current business/financial model and that business operations proceed as a matter of course.

Recommendation Rationale:

The rationale for the proposed recommendations are as follows.

1. **Better Council priority alignment.** In the context of City Council’s “protect and build our economy” priority, the recommended changes will afford the City greater control over VEC’s policies, strategies and operations, and ensure better alignment with the City’s programs and initiatives as related to the business community and Vancouver’s economy, as well as with the City’s policies and processes.
2. **Reduces Mayor’s Office time commitment.** This will significantly reduce the amount of time the Mayor’s Office dedicates to VEC governance.
3. **Platform for longer-term plan.** This approach will allow the City time to design an updated longer-term economic development business/ governance model and refine VEC’s mandate, while two big unknowns take shape: Metro Vancouver’s currently-incubating Regional Prosperity Initiative, and the outcomes of our City-wide Plan.
4. **Minimal impact on VEC operations.** This change to governance will result in minimal impact to VEC staff and operations, with the plan being to proceed with best practices and business as usual in conducting the good work of the VEC.
5. **VEC staff time more focused on Economic Development priorities.** This change will also allow VEC management to spend considerably less time on governance matters, which means more time spent directly on economic development activities.
6. **Improved compliance.** This change will allow the City Manager’s Office to effectively ensure VEC’s compliance to relevant Bylaws, policies and procedures.

A change in the governance structure might enable some budget savings as we better understand the organization and potential realignment opportunities; however, at this time, there is no commitment to specific cost savings.

The VEC's CEO, Catherine Warren, has been in the discussions leading to this recommendation, and is supportive. The outcome of this Honorary Board meeting will be communicated with the current Board of Directors subject to the outcome of the proposed Special Resolution. Until this communication, the outcome of today's meeting will remain strictly confidential.

4.2. Special Resolution

Attached as Appendix B to this Agenda is the proposed Special Resolution setting in detail the proposed changes in the bylaws and governance structure described above.

Included in Appendix B is the new proposed form of bylaws which changes include:

- 3.2.1 Create a new Board of Directors structure comprised solely of a small number of senior City staff.
- 3.2.2 Remove the requirement for Council to appoint two Councillors as Non-Voting members of the Vancouver Economic Commission
- 3.2.3 Clarifies that the CEO, VEC is to report to the Board of Directors and not Chair the Board
- 3.2.4 Establish a Vancouver Economic Development Advisory Board consisting of external subject matter experts and Honorary VEC Board members

Special Resolution requires a vote in favour of at least 75% of the Honorary Members present at this meeting.

5. Adjournment

Appendix A

Current membership of Ordinary Board of Directors

Name	Term Expiration
Mayor: Kennedy Stewart (Jan 2019)	For so long as they remain in the following City of Vancouver roles
Patrice Impey COV General Manager, Finance, Risk and Supply Chain Management	For so long as they remain in the following City of Vancouver roles
Joel Calvo, CEO, Calvo Capital	2019 Annual General Meeting
Jennifer Podmore Russell, SVP, Rennie Group	2020 Annual General Meeting
Catherine Winder, CEO, Partner, Skybound North Ent	2021 Annual General Meeting
Karri J. Schuermans, Owner/CEO, Chambar Restaurant Corp.	2019 Annual General Meeting
Mischa Steiner, CEO, Awesense	2021 Annual General Meeting
Jill Tipping, CEO, BC Tech Association	2021 Annual General Meeting
Denise Williams, ED, First Nations Technology Council	2020 Annual General Meeting

Appendix B

Form of Special Resolution and Proposed Amended Bylaws (Redlined Against Current Form and Clean Copy)