

**Governance Committee Meeting – November 22, 2017**  
**Item 7 – Governance Review Project**  
**J. Rieksts-Alderman, Chair & K. Niccols, Governance Consultant**

<b>Agenda Item</b>	7. Governance Review Project
<b>Purpose</b>	For Committee Review  This document describes the governance review project that is underway. The intention to undertake the project was reported to the Board on October 20, 2017 by the Chair of the Governance Committee.
<b>Key Message</b>	The document describes the objectives and scope of the project, as well as governance-related actions taken, being taken or proposed to be taken.  Key areas of interest: <ul style="list-style-type: none"> <li>• Project Objectives – page 1</li> <li>• Actions Taken to Date – page 2</li> <li>• Proposed Actions – page 3</li> </ul>
<b>Areas of note/ Key issues</b>	<ul style="list-style-type: none"> <li>• The objectives are to gather input/information re governance at Waterfront Toronto and to implement changes necessary to achieve improvements.</li> <li>• Key actions being taken are: i) to design and implement project risk governance and governance for the Quayside project; ii) to design and staff the internal governance function; and iii) to obtain governance advice.</li> <li>• Key proposed actions are: i) a continuous improvement approach (page 3); ii) process improvements re meeting materials; iii) obtaining director input; and iv) ongoing focus on governance roles, level of engagement and Board communication.</li> </ul>
<b>Expected Outcome</b>	Governance Committee members understand and support the proposed approach to the governance review project.
<b>Key Takeaways/ Next Steps</b>	<ul style="list-style-type: none"> <li>• Kathleen Niccols will amend the Governance Review Project to reflect input from the Committee.</li> <li>• The Janet Rieksts-Alderman will report the results of the Committee's review of the project to the Board on December 7, 2017.</li> </ul>

## **GOVERNANCE REVIEW PROJECT**

### **OVERVIEW**

Waterfront Toronto is growing at a fast pace. The addition of the Port Lands and Quayside projects will result in a step change for both staff to manage and the Board to govern.

Governance concerns have been expressed by Board members, including the timeliness of Board materials, content of materials and roles between Board and management. Thus, the Governance Committee, with the support of the Chair and CEO, has initiated this governance review project to identify and make improvements to governance.

### **OBJECTIVES OF THE GOVERNANCE REVIEW PROJECT**

The governance review project provides a focus and imposes a structure on governance at Waterfront Toronto. The key objectives of the project are i) to gather input from the Board, staff and others as required to identify governance strengths and areas in need of improvement or improved understanding; and ii) to implement the changes necessary to address these areas.

It is recognized that governance practices and processes need to be consistent with Waterfront Toronto's unique stakeholder obligations, including the Open Meeting Law requirements.

### **SCOPE OF REVIEW**

The governance review project encompasses certain governance-related efforts taken to date and currently underway, as well as areas for improvement and proposals to address them that already have been identified, as well as those that will be identified over the course of the review.

Aspects of governance to be included:

- Meetings (schedule, length, effectiveness)
- Materials (timeliness, content, context, minutes, technology)
- Roles and responsibilities (Board and committees, directors, CEO, management, General Counsel, Corporate Secretary)
- Processes (delegation, approvals, etc.)
- Board Member Remuneration Policy

### **PROJECT ROLES**

<b>Project Sponsor</b>	Governance Committee (Janet Rieksts-Alderman, Chair, and members Denzil Minnan-Wong and Mohammad Dhanani)
<b>Project Leader</b>	Ian Beverley, General Counsel and acting Corporate Secretary
<b>Project Staff</b>	Kathleen Niccols, Axiom

**Subject Matter** Will be engaged as required  
**Experts**

**Stakeholders**

- Board Chair, Helen Burstyn
- CEO, Will Fleissig
- Senior management

**ACTIONS IN SUPPORT OF IMPROVED GOVERNANCE TAKEN TO DATE**

The following table summarizes actions that have been taken to date by management and the Board in support of improved governance.

August 2017	It was recognized that the strategic and operational changes at Waterfront Toronto necessitate changes to existing corporate secretarial resources, resulting in the reassignment of Ann Landry.
Sept 27, 2017	Kathleen Niccols, Axiom, engaged to advise and assist Waterfront Toronto with governance changes.
Oct 1, 2017	Consultant Emil Zelic was engaged to design and implement project risk governance, resulting in the proposed creation of the Capital Risk Committee and related changes to operational structure and processes.
Oct 2017	<ul style="list-style-type: none"> <li>• The decision was made not to fill previous Corporate Secretary role, but instead to design and staff a new internal governance function, consisting of i) a Law Clerk, Governance and Legal, and ii) Corporate Secretary responsibilities to be added to the role of a member of the newly expanded Law Department.</li> <li>• Effective Nov 1, 2017, Ian Beverley has taken on role of Corporate Secretary on a temporary basis, assisted by Mary Scotland.</li> <li>• The Law Clerk, Governance and Legal role has been designed and advertised, and the first round of interviews were completed on November 15, 2017.</li> </ul>
Oct 2017	<ul style="list-style-type: none"> <li>• Kathleen Niccols performed a preliminary assessment that included: <ul style="list-style-type: none"> <li>○ Attending Board and Committee meetings;</li> <li>○ Meeting with selected directors and some of the management team;</li> <li>○ Orientation to Board Effects; and</li> <li>○ Review of governance documents (Board books and minutes, governing legislation, Committee mandates, Board calendar).</li> </ul> </li> <li>• The results of this assessment are set out in Appendix A, "Preliminary Assessment of Governance at Waterfront Toronto" attached.</li> </ul>
October 20, 2017 Board meeting	<ul style="list-style-type: none"> <li>• Will Fleissig committed to meeting the 7-day deadline for Board and Committee meeting materials, and to the piloting of a cover sheet for meeting materials intended to enhance their usability. A sample of the form of cover sheet is attached as Appendix B.</li> <li>• The Board was informed of the Governance Committee's intention to undertake a review of governance via the Report of the Chair of the Governance Committee.</li> </ul>

	<ul style="list-style-type: none"> <li>The Board requested a facilitated session with a governance subject matter expert.</li> </ul>
October 27, 2017 Board meeting	<ul style="list-style-type: none"> <li>Kathleen Niccols presented a Governance Discussion, highlighting/informing the Board of key governance principles and practices.</li> <li>The Quayside Committee was created to oversee the Quayside project. (Membership and Co-Chairs of the Quayside Committee were subsequently established at the Board meeting on November 1, 2017.)</li> </ul>
November 1, 2017	<ul style="list-style-type: none"> <li>Helen Burstyn, Janet Rieksts-Alderman, Will Fleissig, Ian Beverley and Kathleen Niccols met with governance expert David Beatty, of the Rotman School of Management.</li> <li>David Beatty advised that because of its unique mandate, projects and stakeholder arrangements, governance at Waterfront Toronto is and will continue to be complex and challenging and he recommended that a process of continuous improvement be undertaken.</li> </ul>

#### **PROPOSED OR PLANNED GOVERNANCE-RELATED ACTIONS**

The following is a list of governance-related actions that are underway or proposed. The list is subject to change after review by the Governance Committee and the Board, and as a result of further input being provided as contemplated in this governance review project.

#### **Actions Underway or Proposed for the Remainder of 2017**

1. Establish the 2018 Board and committee meeting calendar.
2. Continue piloting the board materials cover sheet by canvassing feedback, and making refinements.
3. Develop the mandates and protocols for the Quayside Committee and the Capital Risk Review Committee.
4. Initiate the continuous improvement approach to governance recommended by David Beatty that involves:
  - the Chair obtaining governance-related feedback for management in camera at the end of every meeting and, together with the Chair of the Governance Committee, sharing that feedback with management;
  - the CEO similarly obtaining management's views regarding how the meeting went; and
  - the Chair and CEO combining the feedback obtained to identify key concerns and then develop proposed solutions to test at the next meeting.
5. Meet with David Beatty following the Board meeting on December 7, 2017 to debrief on the meeting and identify additional areas of improvement, or prioritize/refine areas already identified.
6. Hire Law Clerk, Governance and Legal.

#### **Actions Proposed for the First 3 Months of 2018**

1. Review and revise the existing process for the preparation of Board and committee meeting materials to include review by Chair of the meeting and preparation of materials cover sheet, and to reflect changes to governance function and staffing.

2. Explore and identify factors contributing to the lateness of materials and address them.
3. Engage a governance subject matter expert to provide a workshop for directors and senior management in the areas of roles and responsibilities, level of engagement, and board communication.
4. Kathleen Niccols to meet with all directors and select senior management to further identify and understand their perspectives concerning governance.
5. Investigate whether there are capabilities of the board portal (Board Effects) not currently in use that, if used, could enhance governance practices and processes.
6. Capitalize on hiring of the Law Clerk, Governance and Legal, to design and implement improvements to processes and practices involving agendas, meeting materials, minutes, meeting preparedness, and board communication.

**Actions Planned for the Period Beginning April 1, 2018**

1. Fulfill the Governance Committee 2017/2018 work plan, which includes a review of the committee structure and mandates.
2. Review the status and results of the governance review project and report to the Governance Committee at its spring meeting.

**NEXT STEPS**

The Governance Committee will review this governance review project document and related proposals at its meeting on November 22, 2017, and report the results of its review to the Board on December 7, 2017.

**APPENDIX A - Preliminary Assessment of Governance at Waterfront Toronto**  
October 25, 2017

No.	Issue	Description	Discussion	Recommendations
1	Need to achieve a shared understanding of what constitutes good governance in WT context	<p>Why?</p> <ul style="list-style-type: none"> <li>New CEO, Chair and Directors</li> <li>Transformational changes (pace of change, risk)</li> <li>Lack of clarity re how best to work together</li> </ul>		Governance subject matter expert to provide training and facilitate formulation of shared understanding appropriate for WT context
2	Need for governance role clarity among: <ul style="list-style-type: none"> <li>Directors</li> <li>Chair</li> <li>Committees and Board</li> <li>CEO</li> <li>Senior Management</li> <li>General Counsel</li> <li>Corporate Secretary and Paralegal</li> </ul>	<p>Examples:</p> <ul style="list-style-type: none"> <li>Directors engaged at the right level?</li> <li>Directors contacted very frequently</li> <li>Who contacts Board members and for what purpose? Need for a single point of contact and/or discipline to copy that person.</li> </ul>		Prepare Director Terms of Reference, review and revise Board and Committee mandates and role of the Chair, review and clarify internal governance roles: CEO, Senior Management, General Counsel, Corporate Secretary and Paralegal
3	Need to ensure that people in roles have resources necessary to perform their roles (time, information, technology, skills).	<ul style="list-style-type: none"> <li>Key example: Do the directors have the right information at the right time to be able to perform their duty to WT?</li> <li>Sub-issue is role of director as spokesperson/advocate for WT, which gives rise to different information needs and timing.</li> </ul>		
4	Need to clarify and follow governance processes.	<ul style="list-style-type: none"> <li>Examples: <ul style="list-style-type: none"> <li>Scheduling of meetings</li> <li>Preparation of agendas, meeting materials and minutes</li> </ul> </li> <li>Goal is to have documented and effective exercise of Board decision-making and risk oversight</li> <li>Sub-issue re Committee Chair reports: Chair reports the business of the committee, does not report on behalf of management and does not present items for approval</li> <li>Need to keep track of commitments made at meetings and when/whether they are fulfilled</li> </ul>		<p>Agenda process:</p> <ul style="list-style-type: none"> <li>check every item against mandate, to enhance discipline and reveal refinements needed to mandate</li> <li>agenda process to include review by the Chair</li> </ul>
5	Committee structure	<ul style="list-style-type: none"> <li>WT has several board committees and plans to create more (project risk management, Quayside).</li> <li>Number of committee meetings strains internal and external governance human resources and overburdens processes.</li> </ul>	How many committees are needed? Can the number of committees be reduced? Is the number of committees an indication that directors are involved at a too granular level?	Perform a review of committee structure to identify committees that are needed and the scope of their mandates.
6	Committee mandates	<ul style="list-style-type: none"> <li>Given the number of committees and the recent and proposed changes to</li> </ul>	<ul style="list-style-type: none"> <li>Preliminary review of mandates reveals that the mandates, and the</li> </ul>	<ul style="list-style-type: none"> <li>Review and revise mandates to clarify decision-making processes</li> </ul>

No.	Issue	Description	Discussion	Recommendations
		<p>the committee structure, are the mandates of the committees sufficiently clear and distinct?</p> <ul style="list-style-type: none"> <li>• Are the mandates up to date and understood?</li> <li>• Committees and management not always disciplined re following the mandates.</li> </ul>	<p>committees, may not reflect WT current and evolving needs.</p> <ul style="list-style-type: none"> <li>• Useful to recognize that some committees meet typical governance needs (eg. financial and human resources oversight, governance) and some reflect WT's unique needs (eg. Partnership and Public and Government Engagement).</li> </ul>	<p>and roles, particularly re reporting and recommendations for board approval, and risk management.</p> <ul style="list-style-type: none"> <li>• Enhance short-term mandate flexibility by adding: "other duties at the request of the Board."</li> <li>• Management support for existing/proposed committees to be reviewed/identified.</li> </ul>
7	High number of meetings	Having a high number of board and committee meetings strains internal and external governance human resources and overburdens processes	<ul style="list-style-type: none"> <li>• Can the number of meetings be reduced? Is the number of meetings an indication of an issue re level of engagement?</li> <li>• Number/nature of committees also may be a factor.</li> </ul>	Prepare and adhere to annual calendar of Board and Committee meetings
8	Frequent changes to meeting schedule	Changes overburden internal processes and impose an increased administrative burden on directors	What causes the frequent changes to meeting timing?	Prepare and adhere to annual calendar of Board and Committee meetings
9	Materials late in being provided to directors	WT not meeting its obligation to provide meeting materials 7 days prior to date of the meeting.	<ul style="list-style-type: none"> <li>• What causes late/delayed materials? Who is accountable?</li> <li>• Can internal process for preparing, reviewing and posting materials be streamlined?</li> <li>• See also items 10, 11 and 12.</li> </ul>	
10	Frequent changes to agenda of meetings		<ul style="list-style-type: none"> <li>• Lack of a clear, fixed agenda is a barrier to producing timely materials.</li> <li>• Preparing materials to support last minute additions to the agenda causes delays.</li> </ul>	Develop and adhere to a process for developing and finalizing meeting agendas (including annual calendar)
11	Frequent/last minute changes to meeting materials, sub-issue re how portal is utilised	<ul style="list-style-type: none"> <li>• Directors receive multiple versions of materials</li> <li>• Directors review versions of materials that are not the version to be approved</li> <li>• Directors unclear regarding what has changed from version to version</li> <li>• Portal software (or how it is being used) exacerbates the delay because changes to materials results in re-labelling of entire board book</li> <li>• Problems/glitches in operation of Board Effects?</li> </ul>	What are the causes of frequent changes to materials?	<ul style="list-style-type: none"> <li>• Develop and adhere to a process and schedule for preparing, reviewing and finalizing board materials</li> <li>• Investigate portal software capabilities for dealing with and marking changes to materials</li> </ul>

No.	Issue	Description	Discussion	Recommendations
12	Materials overlong/not director friendly, sub-issue re who is the audience	Materials meet content requirements but not always directors' utility.	<ul style="list-style-type: none"> <li>• Materials appear to be copies of management information, and not prepared with directors' information needs in mind. Directors' information needs include context and tools for evaluation and managing risk.</li> <li>• Materials are prepared/ reviewed/ revised to meet information needs of the public and/or public positioning for WT, which may conflict with directors' needs.</li> </ul>	<ul style="list-style-type: none"> <li>• More time to prepare materials</li> <li>• Materials to be written to reflect enhanced understanding of directors' information needs, and               <ul style="list-style-type: none"> <li>○ pilot governance cover page for each agenda item</li> <li>○ consider use of appendix when not all information must be read</li> <li>○ consider including references to materials previously distributed for long-term/complex issues</li> </ul> </li> <li>• WT to clarify its philosophy and approach to public positioning/open meeting law requirements to better accommodate directors' information needs</li> </ul>
13	Meetings too long	Possible causes are i) too many items on the agenda and ii) need for enhanced focus and discipline in discussions (but not rushing - directors must be able to engage thoroughly on key issues)	<ul style="list-style-type: none"> <li>• Need to clarify and distill agenda items and materials. Is clogged agenda an indication of an issue re level of engagement?</li> <li>• Chair's role is to manage the discussion.</li> </ul>	
14	Minutes too long, sub-issues re i) what should be captured and for whose benefit and ii) time to produce minutes	<ul style="list-style-type: none"> <li>• Minutes endeavour to capture the discussion, which makes them overlong and exposes corporation to risks resulting from mistakes and excessive detail (from which inferences may be drawn).</li> <li>• Some directors want the entirety of their comments to be recorded. In response, Corporate Secretary (and perhaps others) applies subjective judgement re what is relevant.</li> </ul>	Minutes are the corporation's record of board oversight and decision-making.	
15	Minutes for closed session	<ul style="list-style-type: none"> <li>• Minutes for closed sessions are not produced but the corporation needs a record of these discussions.</li> <li>• Where management is not present for a closed session, a secretary can be appointed from among the directors to take minutes.</li> </ul>		Undertake legal review of open meeting law requirements and freedom of information legislation to understand applicable requirements and related risks. Propose an approach to closed session minutes that balances WT record-keeping needs and legal obligations.
16	Open Meeting Law Requirements	WT obligations impose a level of complexity on governance practices that further strain capabilities.	<ul style="list-style-type: none"> <li>• Need for these obligations to be fully understood and integrated into governance practices</li> </ul>	



No.	Issue	Description	Discussion	Recommendations
			<p>in the areas of: scheduling meetings, agendas, materials, minutes and conduct of meetings.</p> <ul style="list-style-type: none"> <li>• Re conduct of meetings: Chair and Secretary to be alert to when meeting veers off into matters that should be discussed in a closed session or are required to take place in public session.</li> </ul>	
17	Director remuneration	Directors to be compensated for their work on behalf of WT. Current high level of involvement may not have been contemplated/addressed by Remuneration Policy.		Clarify director role. Based on this, determine time contribution for directors and revise Remuneration Policy accordingly (within WT financial constraints).
18	Information requests	<ul style="list-style-type: none"> <li>• Directors need sufficient access to information to fulfill their obligations to WT.</li> <li>• There is a protocol for responding to information requests from directors.</li> <li>• Directors want to review and approve the protocol.</li> </ul>		Provide the protocol to the Board for its review and approval.
19	Operational issues	<ul style="list-style-type: none"> <li>• Meeting room shortcomings: lighting, sound quality, technology for presentations, technology for calling in and video conferencing, arrangement of furniture</li> <li>• Start on time (but not without the secretary)</li> <li>• Limit side conversations</li> <li>• Paper copies of the agenda, materials and schedule available</li> <li>• Food and drink</li> </ul>		
20	Governance best practices	<p>Identify and consider governance best practices for application to WT</p> <p>Examples:</p> <ul style="list-style-type: none"> <li>• Annual review of mandates and roles</li> <li>• Board and Committee evaluation process</li> <li>• Prepare and annually update matrix comparing director skills and WT's current and future needs</li> <li>• Director training</li> </ul>		

**APPENDIX B – Sample Form of Board Cover Sheet**

**DOCUMENT TITLE:** \_\_\_\_\_

**Author:** \_\_\_\_\_

**Date:** \_\_\_\_\_

<b>Agenda Item</b>	
<b>Purpose</b>	For Board Approval/Review/Discussion/Information, etc. (specify)  Why is document being provided? What is the history/context?
<b>Key Message</b>	What is the document about?  Key area (s) of interest [short list with page references].
<b>Areas of note/ Key issues</b>	[One or two sentences for each item listed above.]
<b>Expected Outcome</b>	[Specify what WT wants from this review/discussion.]
<b>Key Takeaways/ Next Steps</b>	[State what WT will do next.]