



EXECUTIVE COMMITTEE

**Wednesday, May 23, 2012
11:45 AM**

Henry Baker Hall, Main Floor, City Hall



**Public Agenda
Executive Committee
Wednesday, May 23, 2012**

Approval of Public Agenda

Minutes of the meetings held on April 25 and May 9, 2012.

Administration Reports

EX12-18 EX12- 18 The Regina Exhibition Association Limited Continuance as a Non-Profit Corporation controlled by the City of Regina

Recommendation

1. That the conversion of The Regina Exhibition Association Limited (“REAL”) to a non-profit corporation under *The Non-Profit Corporations Act, 1995* (Saskatchewan) with the following attributes be approved:
 - (i) two classes of memberships (Class A-voting and Class B-non voting);
 - (ii) the City’s share in REAL will be converted to a Class A voting membership;
 - (iii) all other shareholders in REAL will be converted to Class B – non-voting memberships; and
 - (iv) the corporation (at the City’s direction) may terminate the Class B memberships for \$10 (which is the original share price for a lifetime membership).
2. That the City Solicitor be authorized to finalize and file the Articles of Continuance at the Saskatchewan Corporate Registry to bring effect to the conversion of REAL as outlined in recommendation #1.
3. That the Deputy City Manager of Corporate Services be designated as the City’s proxy for the purposes of exercising the City’s voting rights in REAL in accordance with such direction as may be provided by City Council from time to time.
4. That following registration of the Articles of Continuance at the Saskatchewan Corporate Registry, the City Manager be authorized to direct the Deputy City Manager of Corporate Services (in his capacity as the City’s proxy) to instruct REAL to terminate and cancel Class B-non-voting memberships such that the City will become the sole member of REAL

Adjournment

AT REGINA, SASKATCHEWAN, APRIL 25, 2012
AT A MEETING OF THE EXECUTIVE COMMITTEE

HELD IN PUBLIC SESSION

AT 11:45 A.M.

The following is a condensed version of the minutes of the Executive Committee meeting held on April 25, 2012. Pursuant to Section 36(5) of City Council's Procedure Bylaw No. 9004, this document contains the headings of all the subjects considered as well as the administrative and committee recommendations, all resolutions considered by the Executive Committee respecting each subject, all declared conflicts of interest and each time a member arrived at or left the meeting.

Adoption of this condensed version of the minutes shall be deemed to be adoption of the official minutes.

Present: Councillor Chris Szarka, in the Chair
Mayor Pat Fiacco
Councillors: Louis Browne, Sharron Bryce, Fred Clipsham, John Findura,
Michael Fougere, Terry Hincks, Jocelyn Hutchinson, Wade Murray and
Mike O'Donnell

Also in Attendance: City Clerk, Joni Swidnicki
City Manager, Glen Davies
Deputy City Clerk, Amber Smale
Executive Director, Governance & Strategy, Jim Nicol
Executive Director, Legal, Byron Werry
Deputy City Manager, Corporate Services, Brent Sjoberg
Deputy City Manger, Community Planning & Development, Jason Carlston
Deputy City Manager, City Operations, Dorian Wandzura
Director, Community Services, Chris Holden

(The meeting commenced in the absence of Councillors Fougere and Clipsham.)

APPROVAL OF OPEN AGENDA

Mayor Fiacco moved, AND IT WAS RESOLVED, that the open agenda be approved, as submitted, and that the delegations be heard in the order they are called by the Chairperson.

EX12-16 Executive Committee: Endorsement of the Final Draft Design Regina
Community Priorities

RECOMMENDATION

That the Community Priorities as determined through the Design Regina project be endorsed.

The following addresses the Committee:

Wilma Staff;
Linda McKenzie; and
Jim Elliott

(Councillor Clipsham arrived at the meeting.)

(Councillor Fougere arrived at the meeting.)

(Councillor Bryce temporarily left the meeting.)

Councillor Clipsham moved that the recommendation contained in the report be concurred in.

Councillor Clipsham moved, in amendment, AND IT WAS RESOLVED, that the Administration be requested to add a sentence in the narrative to speak to heritage.

Councillor Clipsham moved, AND IT WAS RESOLVED, that the first bullet on page 3 be amended to read:

- **Achieve long term financial viability**

Councillor Fougere moved, AND IT WAS RESOLVED, that in the table on page 4, under Phase 4, the Administration be instructed to reword “preferred urban structure for the city”

Councillor Findura moved, AND IT WAS RESOLVED, that the accessibility section of the report be completed to include relevant information on the tie in with the Transportation Master Plan.

The main motion, as amended, was put and declared CARRIED.

(Councillor Clipsham left the meeting.)

EX12-13 Wascana Centre Authority 2012 Capital Funding

RECOMMENDATION

1. That the Administration be authorized to disburse \$409,714 to Wascana Centre Authority (the Authority) representing the City’s 30% contribution to the Authority’s 2012 capital program in accordance with the December 12, 2011 decision of City Council in CR11-141.
2. That the Administration be authorized to transfer to the General Fund Reserve \$190,286 of the approved but unallocated 2012 Community Investment to Wascana Centre Authority.

Mayor Fiacco moved, AND IT WAS RESOLVED, that the recommendation contained in the report be concurred in.

EX12-14 Wascana Centre Authority Funding for 2012

RECOMMENDATION

1. That the Administration be authorized to disburse \$409,714 to Wascana Centre Authority (the Authority) representing the City's 30% contribution to the Authority's 2012 capital program in accordance with the December 12, 2011 decision of City Council in CR11-141.
2. That the Administration be authorized to transfer to the General Fund Reserve \$190,286 of the approved but unallocated 2012 Community Investment to Wascana Centre Authority.

Mayor Fiacco moved, AND IT WAS RESOLVED, that the recommendation contained in the report be concurred in.

EX12-15 Request for Proposals to Develop the Official Community Plan

RECOMMENDATION

1. That the Deputy City Manager of Community Planning and Development be authorized to negotiate the terms of reference and approve the award of the study that will be funded through the capital budget through the Official Community Plan (OCP) project to the selected consultant who best meets the needs identified in the request for proposals to develop the OCP; and
2. That the City Clerk be authorized to execute the Consulting Agreement with the selected consultant.

Mayor Fiacco moved, AND IT WAS RESOLVED, that the recommendation contained in the report be concurred in.

RESOLUTION FOR PRIVATE SESSION

Councillor Fougere moved, AND IT WAS RESOLVED, that in the interest of the public, the balance of agenda items for this meeting be considered in private session.

The news media was excused.



Secretary

This document is considered to be a draft rendering of the official minutes. Minutes are not official until approved by Committee.

AT REGINA, SASKATCHEWAN, WEDNESDAY, MAY 9, 2012

AT A MEETING OF THE EXECUTIVE COMMITTEE
HELD IN PUBLIC SESSION

AT 11:45 AM

Present: Councillor Fred Clipsham, in the Chair
Councillor Louis Browne
Councillor Sharron Bryce
Councillor John Findura
Councillor Michael Fougere
Councillor Jocelyn Hutchinson
Councillor Wade Murray
Councillor Mike O Donnell
Councillor Chris Szarka

Regrets: Mayor Pat Fiacco
Councillor Terry Hincks

Also in Attendance: City Clerk, Joni Swidnicki
City Manager, Glen Davies
City Solicitor, Byron Werry
Executive Director, Governance & Strategy, Jim Nicol
Deputy City Clerk, Amber Smale
Deputy City Manager, City Operations, Dorian Wandzura
Deputy City Manager, Community Planning & Development, Jason Carlston
Director of Finance, Chuck McDonald
Director, Planning & Sustainability, Diana Hawryluk
Controller, Financial Services, Teresa Florizone

The meeting commenced in the absence of Councillor Bryce.

Approval of Public Agenda

Councillor Murray moved, AND IT WAS RESOLVED, that the open agenda be approved, as submitted.

Administration Reports

EX12-17 Regina Revitalization Initiative (RR1) - Funding Proposal Recommendation

Recommendation

That City Council direct Administration to continue to pursue the RRI plan, including the refinement of project details for a future City Council funding decision, as well as the funding support from RRI partners.

Councillor Fougere moved that the recommendation contained in the report be concurred in.

The following addressed and answered questions of the Committee:

Chad Novak, representing himself; and
John Hopkins, representing, the Regina and District Chamber of Commerce

(Councillor Bryce arrived at the meeting)

The motion was put and declared CARRIED.

RESOLUTION FOR PRIVATE SESSION

Councillor Fougere moved, AND IT WAS RESOLVED, that in the interest of the public, the balance of agenda items for this meeting be considered in private session.

The news media was excused.



Secretary

The condensed minutes are prepared and signed by the Committee Secretary and considered to be a draft rendering of the official minutes. Minutes are not official until approved by Committee.

May 23, 2012

To: Members,
Executive Committee

Re: The Regina Exhibition Association Limited
Continuance as a Non-Profit Corporation controlled by the City of Regina

RECOMMENDATIONS:

1. That the conversion of The Regina Exhibition Association Limited (“REAL”) to a non-profit corporation under *The Non-Profit Corporations Act, 1995* (Saskatchewan) with the following attributes be approved:

- (i) two classes of memberships (Class A-voting and Class B-non voting);
- (ii) the City’s share in REAL will be converted to a Class A voting membership;
- (iii) all other shareholders in REAL will be converted to Class B – non-voting memberships; and
- (iv) the corporation (at the City’s direction) may terminate the Class B memberships for \$10 (which is the original share price for a lifetime membership).

2. That the City Solicitor be authorized to finalize and file the Articles of Continuance at the Saskatchewan Corporate Registry to bring effect to the conversion of REAL as outlined in recommendation #1.

3. That the Deputy City Manager of Corporate Services be designated as the City’s proxy for the purposes of exercising the City’s voting rights in REAL in accordance with such direction as may be provided by City Council from time to time.

4. That following registration of the Articles of Continuance at the Saskatchewan Corporate Registry, the City Manager be authorized to direct the Deputy City Manager of Corporate Services (in his capacity as the City’s proxy) to instruct REAL to terminate and cancel Class B-non-voting memberships such that the City will become the sole member of REAL

CONCLUSION

The Regina Exhibition Association Limited (“REAL”) and the City have been in discussions in relation to REAL’s intention to move to a more modern governance structure. Specifically, on May 1, 2012, REAL’s shareholders adopted a special resolution approving continuance of REAL’s corporate existence as a membership corporation pursuant to *The Non-Profit Corporations Act, 1995* (the “Non-Profit Act”) wherein the City would become the sole voting member of REAL. The ultimate effect of the special resolution adopted by the shareholders of REAL is that REAL will be transformed into a municipal corporation that is controlled by the City. This is a transition that, in the opinion of the Administration, should be welcomed as one that is overdue and one which the City supports.

The Administration sees the conversion of REAL into a municipal corporation as a way to modernize the governance structure and operation of the land and buildings located at Evraz Place into a more transparent and accountable arrangement. Also, the conversion of REAL into a municipal corporation could enable the City to streamline the operation of multiple facilities and sites (including potentially the stadium replacement facility) into one centralized business unit.

BACKGROUND

The City currently owns the land and buildings located at Evraz Place and the facilities are currently operated and maintained by REAL pursuant to the terms and conditions of a lease agreement that is set to expire April 30, 2013. Over the last 18 months or so, the REAL Board has been deliberating on possible changes to the governance structure of REAL that would better facilitate the strategic objectives and manage risks of both REAL and the City.

The updated governance model that is being proposed involves converting REAL into a non-profit corporation under the Non-Profit Act with the eventual result being that the City of Regina would be the sole membership holder with all voting rights and control. This structure will provide for a more modern, transparent and accountable governance structure.

Corporate History of REAL:

REAL was originally created in 1907 pursuant to the enactment of a private act by the Saskatchewan Legislative Assembly. *An Act to Incorporate The Regina Agricultural and Industrial Exhibition Association, Limited* (the “1907 Act”) received assent on April 3, 1907 (s.s. 1907 c.41). The 1907 Act declared REAL as a body corporate and granted it the ability to issue shares to individuals or corporations for a one time payment of \$10. The 1907 Act also provided REAL’s individual shareholders (currently numbering approximately 400) with the ability to determine REAL’s appointments to its Board of Directors and therefore provides shareholders the ability to direct the management of assets that are owned by the City of Regina.

At the time of its incorporation, the primary purpose of REAL was to promote and support the agricultural industries and sciences. In fact, to this day, the 1907 Act still expressly states the objects of the corporation as being the “promotion of agricultural industries and sciences generally and the organising, establishing and holding of an annual agricultural, industrial, art and other exhibition at the City of Regina...” Clearly, the scope and diversity of REAL’s current business operations have outgrown this narrow definition of its objectives as defined by its governing legislation. In fact, REAL’s current purpose and objects, in practice, might even be suggested to have very little to do directly with the agriculture industry beyond providing and operating facility spaces that serve other organizations that exist more specifically for such purpose.

Since 1907, REAL’s governing statute has seen only minor changes related primarily to the process for appointment of its directors and has not kept up with the actual changes to the business and operations of REAL. Further, the 1907 Act does not provide the proper framework for a governance structure that is current and in keeping with more sophisticated models of

contemporary, transparent and accountable commercial entities.

Current Relationship between the City and REAL:

By way of governance, the City currently has the right to appoint two representatives to REAL's board of directors (out of 15 total directors). While these appointments allow the City a representative voice at REAL's board table, the City's appointed directors do ultimately have a legal fiduciary duty to act in the best interests of REAL and not necessarily with the wishes of the City when those interests might collide. Beyond the appointment of directors, the City is a shareholder of REAL and entitled to a single vote at meetings which does not equate to any significant right to otherwise directly control the governance of REAL.

On the business side, the principal business relationship between the City and REAL is that of landlord and tenant. The City, for nominal consideration (\$1.00), leases to REAL all of the land and buildings, traditionally known as "The Exhibition Grounds" and more recently identified as "Evraz Place". The City is also a substantial funding partner of REAL, providing annual grants other financial contributions periodically for specific operations and events. Under the current arrangement, REAL has broad powers and control over the use and operation of the property with very few rights reserved to the City.

As the value of the land and buildings leased to REAL by the City is estimated to be in excess of \$100 million, the conversion of REAL into a municipal corporation would modernize the governance structure and business operations of the land and buildings located at Evraz Place into a more transparent and accountable arrangement. Further, the conversion of REAL into a municipal corporation would enable the City to streamline the operation of multiple facilities and sites (including potentially the stadium replacement facility) into one centralized business unit.

DISCUSSION

Special Resolution of REAL Shareholders:

In order to modify the corporate structure of REAL, the Non-Profit Act requires that a 2/3 majority vote of shareholders (shareholders who are present at a special meeting) is obtained to approve the modifications. The REAL Board of Directors have initiated the process to bring forward such a resolution and on May 1, 2012, the shareholders of REAL adopted a special resolution approving continuance of REAL's corporate existence as a membership corporation pursuant to the Non-Profit Act.

As part of the special resolution approved by REAL's shareholders, the City's share was converted into a Class A voting membership and all other shareholders of REAL had their shares converted into Class B non-voting memberships that could be terminated at any time provided that:

- (1) REAL pays each membership holder the same of \$10 (which was the original price that was paid for a share in REAL); and

(2) Each membership holder is provided with a notice of termination and the opportunity for a hearing to be held by REAL (as is required by the Non-Profit Act). Following the hearing, REAL can terminate the Class B memberships.

The effect of the special resolution that has been approved by REAL's shareholders is that REAL can be converted into a non-profit corporation under the Non-Profit Act which is controlled by the City.

After continuation as a non-profit, REAL will continue to exist as a separate and distinct legal entity from the City with all contracts, collective agreements, employees and operations remaining unchanged. The only element of REAL that will be modified by the process will be its corporate ownership and governance structure.

Council Approval and Designation of Proxy:

As the shareholders of REAL have adopted a special resolution authorizing the continuance of REAL under the Non-Profit Act, City Council approval is required to ratify the conversion of REAL into a municipal corporation.

City Council must also designate a proxy to represent and vote on behalf of the City at meetings of REAL. The Administration is recommending that the Deputy City Manager of Corporate Services be designated as the City's proxy for the purposes of exercising the City's voting rights in REAL in accordance with such direction as may be provided by City Council from time to time.

Following Council Approval, the City Solicitor's Office will arrange for all required documentation to be filed with the Saskatchewan Corporate Registry to bring effect to the continuance and to obtain the approval of the Lieutenant Governor in Council. Once all steps and filings are completed, REAL will be continued under the Non-Profit Act and the City will be the controlling shareholder of REAL.

Steps to be Taken Following Conversion of REAL into a Non-Profit Corporation:

1) Corporate Name Change

In order to differentiate the newly converted municipal corporation from the previously existing REAL, the Administration is recommending that REAL's name be changed. The name change will provide an opportunity to re-brand REAL and better position the corporation for its expanded role and business scope going forward. Working jointly, the Administration and representatives from REAL will consider the desired process to determine a new corporate name and will be reporting back to Council with recommended options in the near future.

2) Termination and Cancellation of Class-B Memberships

Following registration of the Articles of Continuance at the Saskatchewan Corporate Registry, the City's share in REAL will be converted into the sole Class A voting membership. All other

shareholders in REAL (approximately 400) will be converted into Class B non-voting memberships.

Although the City will have all voting control of REAL following the completion of the continuance, the presence of a large number of non-voting members can be problematic for the City. Although the risks posed by having a large number of non-voting members remaining within REAL following the continuance is relatively low, the Administration recommends that the City take steps to direct REAL terminate the Class B non-voting memberships such that the City becomes the sole member of REAL.

The Articles of Continuance (that were approved by a special resolution of REAL's shareholders on May 1, 2012) provide that the Class B memberships can be terminated at any time by REAL provided that:

- (1) REAL pays each membership holder the same of \$10 (which was the original price that was paid for a share in REAL); and
- (2) Each membership holder is provided with a notice of termination and the opportunity for a hearing to be held by REAL (as is required by the Non-Profit Act). Following the hearing, REAL can terminate the Class B memberships.

City Council is being requested to delegate authority to the Deputy City Manager of Corporate Services (in his capacity as the City's proxy of REAL) to instruct REAL to take the required steps to terminate and cancel Class B-non-voting memberships such that the City will become the sole member of REAL.

Transition and Future Steps to Revise REAL's Governance

In order to ensure a seamless transition of REAL into a municipal corporation that is controlled by the City, the Administration is recommending that the current internal governance structure and Board of Directors of REAL remain in place for an interim period. This continuity will allow REAL to conduct business and operations as usual.

Going forward, the Administration will be working with REAL's current executive management team and Board of Directors in order to develop a revised governance structure. Some of the modifications that will be considered going forward include (i) a reduction of the number of individuals on the Board of Directors, (ii) modifications to how individuals are appointed to the Board of Directors, (iii) the development of an agreement and direction from the City to REAL setting out the decision making authority of the Board of REAL and (iv) how financial reporting is completed. When all governance items are considered, the goal of the Administration and REAL will be to ensure that the structure permits REAL to continue to operate with an entrepreneurial and return on investment focus while providing increased accountability and transparency for the City.

All parties will be working on developing a revised governance structure and will be reporting back to Council with recommended options in 2013.

Effect of Conversion of REAL into a Municipal Corporation:

A municipal corporation is a separate legal entity from the City that operates much like a wholly-owned subsidiary and generally has the following characteristics:

- a) operates through the governance structure that is set by the City;
- b) the City would be the majority controlling shareholder;
- c) the City (through City Council) would have control over the election and make-up of the Board of Directors;
- d) would prepare separate financial statements;
- e) unless alternative sources of funding are available, would be provided grants or loans by the City to operate; and
- f) although a separate legal entity with separate financial statements, the debts of the municipal corporation will be calculated against the City's debt limit.

The use of municipal corporations allows municipalities to take a more modern and flexible approach to structuring operations while still ensuring that a sufficient level of control is maintained over shareholdings and directorship appointments. The use of municipal corporations can permit municipalities to obtain a higher level of accountability and transparency for operational matters up to the same levels that would be expected between two private entities.

The municipal corporation model has been implemented effectively in a number of Canadian municipalities. EPCOR, Winnipeg Fleet Management Agency, Enbridge and TBayTel are examples. The mandate of a municipal corporation in Saskatchewan is limited by *The Cities Act* (Saskatchewan) to operate in furtherance of a "valid municipal purpose." REAL will operate subject to those statutory limitations but will now have the ability to explore a wider range of business opportunities.

RECOMMENDATION IMPLICATIONS

Financial Implications

The conversion of REAL into a municipal corporation would enable the City to streamline the operation of multiple facilities and sites (including potentially the stadium replacement facility) into one centralized business unit, potentially resulting in operational savings. Further, with opportunities to pursue expanded business ventures, REAL could generate additional revenue that could be used towards the operation and maintenance of City facilities that could result in decreased operation and maintenance costs for the City.

Environmental Implications

None with respect to this report.

Strategic Implications

The City's partnership relationship with REAL has changed over time as the facilities have changed. The move by REAL to a more contemporary governance structure aligns well with the City's strategic priorities, particularly in the area of strengthening infrastructure and managing assets.

Other Implications

It should be noted that the City Administration is exploring a range of options for how capital work, finance and service delivery is undertaken. Traditional approaches in the context of the City's constrained fiscal capacity may not be sustainable over time. In particular, the Administration will be exploring the use of more robust utility models and the use of a municipal corporation for land development purposes, including the Regina Revitalization Initiative.

Accessibility Implications

None with respect to this report.

COMMUNICATIONS

Communications to date have included extensive discussions between the City of Regina and REAL. REAL has also communicated the change to its shareholders, and will also undertake communication to its staff, business partners and customers.


DELEGATED AUTHORITY

This report must be forwarded to City Council for approval.

Respectfully submitted,


Byron Werry
City Solicitor

Respectfully submitted,


Glen B. Davies
City Manager