



## STAFF REPORT

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**DEPARTMENT:** Administration

**CHAIR:** Councillor Glen Canning

**DATE:** April 10, 2018

**REPORT NO.:** **CAO-2018-07, Municipal Services/Development Corporation  
Director Skills Profile and Proposed Recruitment Strategy**

*Note: This report is being considered at the Midland Bay Landing Steering Committee Meeting on April 10, 2018, and any proposed changes will be included in a final version to the General Committee Meeting on May 14, 2018.*

### **RECOMMENDATION:**

**That Report CAO-2018-07, dated April 10, 2018, being an overview of the proposed Board of Directors Skills Profile for the Midland Bay Landing Development Corporation “MBLDC” be received; and**

**That Council be requested to support the proposed recruitment strategy as considered and supported by the Midland Bay Landing Steering Committee.**

### **BACKGROUND:**

Over the past several months the Midland Bay Landing Steering Committee has received reports related to the consideration and incorporation of the Municipal Services/Development Corporation. The discussions and materials presented have outlined the various options for a new governance model for the Midland Bay Landing project. The Committee will recall receiving reports which have provided details of the incorporation, along with the proposed Shareholder Direction, in addition to the proposed Board of Directors skills requirements.

The process being recommended to the Midland Bay Landing Steering Committee and subsequently to Council entails a 3-phased approach.

They can be easily identified as:

- 1) Defining the role (via the shareholder direction/operating agreement);
- 2) Determining the skills required to be successful in that role (the skills profile),
- 3) Recruiting (recruitment process – casting the net to attract the right people) individuals who have those skills along with the values and qualities to make for a cohesive team.

Many Board Governance experts state that the effectiveness of any board depends in large part upon having the “right individuals with the talent and commitment to make a difference”.

The purpose of this report is to engage the Steering Committee through consideration and discussion of the skills required to ensure a successful blend of skilled Directors. In addition, the Committee will be asked to offer commentary on appropriateness of the skills identified for the Board, the ideal size of the Board membership, and the consideration of compensation for the board, in anticipation for the next phase of the Midland Bay Landing Project.

### **ANALYSIS:**

Although the Town frequently engages in the exercise of advertising and recruiting for vacant positions on various committees and boards locally, it is proposed that the recruitment of directors to the newly incorporated municipal services/development corporation be somewhat different. This process should be about finding the right candidates with the right values, skills, attitude and commitment to ensure the success of the Midland Bay Landing project. After all, these directors will be responsible for the execution of the mandate and ultimately the success of Midland’s “crown jewel”.

The recruitment process is not simply about “filling seats” on a board. To that end, an appropriate recruitment process will be an important factor in ensuring the Board starts on the right path. We should keep in mind that over time we may need to refine the process, as there will be vacancies that arise from time to time. We should also keep in mind that this Board will be seeking to develop a strong working and long-term relationship with Council and the “Community” which includes residents, businesses and potential development stakeholders. As vacancies arise there will be opportunity to revisit the skills and blend of Board membership to ensure there is a fit with the current needs. Having a defined recruitment process however would provide some degree of consistency for both the Town and the Board itself.

Based upon the recommendations of the MBLS Committee and Council, Administration is finalizing and completing the incorporation process for the Municipal

Services/Development Corporation. In addition, as separate documents, Administration has developed a (draft) Shareholder Direction and Operating Agreement (previously distributed to the Committee), as well as a skills/competency profile for the Committee's consideration (Attachment 1).

### ***Skills and Competency Profile***

Administration has listed a series of core skills, which we believe would be beneficial within the mix of Board Members, to lead the Midland Bay Landing Project. The skills are outlined below with a brief description:

- **Real Estate Development** – Strong working knowledge and/or direct experience in land development and project management. This experience may also include knowledge within the municipal and development/planning law areas, including such areas as land use, development and partnership agreements;
- **Real Estate Financing, Treasury** - Experience and knowledge with the range of financial considerations associated with leveraging and financing real estate development;
- **Real Estate Investment Insight/Knowledge** – Strong understanding of real estate markets, trends and opportunities both within Simcoe County and the Province in general;
- **Local and Ontario Real Estate Market** – An awareness and broad knowledge of the “Midland” real estate market in context to the Ontario market (capturing all segments -industrial, commercial and residential);
- **Construction and Project Management** – Senior executive level experience in successfully leading and completing construction projects of various sizes with a framework and understanding of the scope contemplated by MBLDC;
- **Project awareness** – Candidates for the Board should be generally aware of the unique opportunity the Midland Bay Landing Project has to offer for the future of Midland and be in-tune with the overall vision and concept for the development of the site;
- **Risk Management** – Professional expertise as it relates to assessing and advising on the issue of risk management within a financial/property/real estate environment;
- **Financial Expertise** – Strong financial acumen as it relates to financial reporting and analysis within the real estate investment/development framework;
- **Corporate Social Responsibility/Environment** - Experience and expertise with respect to environmental stewardship either at an organizational or the broader community level;

- **Government Relations** – Possess a solid understanding of managing government relations at all levels, acquired either at a senior leadership role or having been engaged in a consulting capacity within an institutional/government environment, along with a proven track record of developing and implementing a strategic approach to government relations;
- **Public Relations and Communications** - Experience at a senior executive level for the development and execution of the public relations and communications program. Demonstrated track record of success in building strong external relationships with a variety of public stakeholders;
- **Board Experience** – Ideally all candidates should have some previous experience and expertise serving on a Board of Directors for a similar business/undertaking.

As part of the workshop component during the April 10, 2018 Midland Bay Landing Steering Committee meeting, Committee members (note Council Members have also been extended an invitation to observe) will be requested to consider completing the accompanying matrix to ensure that we have a robust skills profile for potential Board Members, which would subsequently be recommended to Council for consideration and approval.

As an additional step, Administration has also undertaken the work to develop a draft By-law #1 for the new entity. This by-law would establish the way in which the Board will function (akin to a procedural by-law). The draft By-law #1 would be vetted by Council and also the new Board of Directors prior to being considered for enactment – likely later this summer. The By-law will be presented to Council in draft prior to recommendation by the Board of Directors. The By-law would then be approved by the Shareholder at a Special Meeting of the Shareholder (Council).

### ***Board Recruitment***

#### ***Who should manage the recruitment process?***

With the recent undertaking of the Town's governance review process, it was suggested that in future recruitment of positions for various Town committees and boards, we would begin the evolution toward a skills-based recruitment process. In addition, we would adopt a best practices approach which would require the Council Human Resources Committee to become the vetting agent for all public recruitments to the Council-appointed boards and agencies.

Therefore, we are recommending that the Council HR Committee, with the support of key municipal staff (HR Director and Director of Corporate Services), undertake the vetting of the applications for the Board positions, interview candidates and make recommendations for the appointment of individuals to Council. While it is important to

ensure that the Board is populated with the requisite skills, of equal importance is the consideration of the board-fit and consideration of values and qualities of the candidates that go beyond the simple checking off of the boxes against the skills. This is where the interview and selection process will add significant value. Having the opportunity to interview candidates will enable the HR Committee to explore the question of “fit”.

### ***Recruitment of potential candidates***

There are a number of options to consider in any recruitment exercise. Our historic approach has been the typical local newspaper advertisement along with the outdoor electronic message board adjacent to the Town Hall, including an update on the Town’s website. Over the past few years we have also supplemented this approach with some outreach via social media.

Securing the right skills, however, may require more than our traditional “post and pray” in recruiting the right candidates. Ensuring that the reach is more comprehensive may entail the use of other alternatives. Today, many companies employ the services of professional recruitment firms to undertake the recruitment and initial screening process, presenting to their clients a short list of candidates who fit the requirements or the roles to be filled.

Based upon our investigations, the fees charged by firms employed to undertake the recruitment for these positions will range from \$75,000 to upwards of \$100,000. Although the candidate recruitment exercise would be outsourced, the final interviews and selection would continue to reside with the Council HR Committee. The advantage to such an exercise is that it would free up our internal resources to focus on other key priorities, in addition to adding yet a further measure of independence to the process. Should this option be considered, then direction in the use of an independent recruitment firm would be required as Administration is not recommending this option.

In Ontario, there are several organizations focused on corporate director training. Two of those organizations include: The Directors College (a program jointly developed by the Conference Board of Canada and the DeGroote School of Business, McMaster University), as well as the Institute of Corporate Directors (a program that is jointly developed by the Institute of Corporate Directors and the University of Toronto Rotman School of Management). Both of these organization offer extensive and ongoing director training along with corporate board development. These organizations also offer portals for director recruitment opportunities which may be an effective vehicle to reach a wide audience, offering broad range of exposure.

Committee members should note that there are a number of progressive municipalities who routinely post board opportunities with these organizations. Based upon our inquiry we would not incur any costs to post our recruitment efforts. It is strongly

recommended that part of our outreach utilize this medium for the recruitment of potential applicants.

Moving forward, your Administration would propose that the course of action is to incorporate the following:

- Place ads with the ICD and The Directors College;
- Include ads on the Town's Page in the Midland Mirror;
- Include notice on the Town's Website;
- Include information on our Electronic Message Board; and
- The use of various Social Media channels to draw attention to the recruitment initiative.

Once the recruitment is successfully concluded there would also be a proposed "On-Boarding", or orientation exercise that would engage the Board Members. The orientation format would include a welcome package of information, along with a presentation or a training session.

We would include:

- An introduction of Town Staff (potentially a new part-time Executive Director) who would support the Board and the new Corporation;
- An overview of the history and context of the Midland Bay Landing;
- The Planning Context and Potential for the Midland Bay Landing Property;
- Council's Master Plan for the Unimin property (Midland Bay Landing);
- The nature and role of the Municipal Services Corporation and the expectations of the Municipal Council.

### **COUNCIL'S STRATEGIC PLAN:**

Council has established several Strategic Planning Priorities which fit with the objectives outlined in this report.

1. Council has, under the Economic Development Pillar, identified the desire to establish a policy for the reuse of municipal assets. The proposed documents outlined in the report will enable Council to meet that objective;
2. Council has also, through the Organizational Excellence Pillar, embarked upon a Governance Review process. The creation of a new Municipal Services Corporation that allows Council to consider expanding the scope and purpose in the future provides the community with enhanced future options.

## **FINANCIAL IMPACT:**

The proposed costs related to the annual operation of the Board of Directors have been based on comparable rates to those established for the current MPUC Board remuneration. Although the stipend for the MPUC is inclusive the meeting attendance (12 meetings per year), we are recommending a more modest annual stipend with consideration for an actual meeting participation rate. In addition, we are projecting a quarterly meeting schedule at this early stage with the understanding that we would also be recruiting a part-time Executive Director or CEO for the MBLDC.

The current stipend for the MPUC Chair is \$6,000 per annum, and accounts for their monthly meeting schedule. Administration is of the view that the Board in the early stages will likely meet bi-monthly; then over time migrate to a quarterly meeting schedule. Give the proposed bi-monthly meeting schedule for the MBLDC, the Board Chair would receive \$7,100 and Board Members \$6,100.

	<u>MPUC</u>	<u>MBLDC</u>
Chair	\$6,000	\$5,000
Board Member (each)	\$5,000	\$4,000
Extra Meetings	\$95 / mtg.	\$350 / mtg.

Projected CEO coststipend and expenses \$50,000

The following annual budget implications are based upon two variations in Board size (Board size of 5 or 7), and one Special Meeting over the course of the year. Currently under the MPUC model there are two Council representatives on the Board, and the Board stipend is paid to these members for the additional work undertaken as MPUC Board Members. This model proposes to continue the established practice.

A proposed start-up budget of \$150,000 is therefore being recommended as follows:

Board Expense (5)	\$38,000
Plus the CEO Stipend/expenses	\$50,000
Mtg/Office Expenses	\$ 7,500
Auditors	\$ 5,000
Admin Support	\$ 4,500
Consulting/Legal/Insurance	\$20,000
Communications/Marketing	<u>\$25,000</u>
<b>Total</b>	<b>\$150,000</b>

Should the Board size be increased to 7 Board Members, then the expenditure would increase by \$12,200.

## **CONCLUSIONS:**

Council has a unique opportunity through the Midland Bay Landing project to transform and revitalize a significant area of the community. The expectations are that this new entity will help advance that objective through a new governance model, which should better position and leverage this unique asset as part of the Town's future success.

Prepared by: J. Skorobohacz, Chief Administrative Officer

Input and Information provided by: Members of the Town's Administration

### **Attachment:**

1. Director Skills and Competency Matrix



**Midland Bay Landing Municipal Services/Development Corporation**

**Board of Directors Skills Matrix**

**Directions:** Apply the weighted importance for each Skills & Experience category by entering "X" in the appropriate box (Not Very Important/Not Applicable = 1; Very Important = 5). Enter only 1 response per category.

	Weighted Importance (1 = Not Very/NA; 5 = Very)				
	1	2	3	4	5
<b>Skills &amp; Experience</b>					
Real Estate Development					
Real Estate, Financing, Treasury					
Real Estate Investment Insight/Knowledge					
Local and Ontario Real Estate Market					
Land Development					
Construction & Project Management					
Project Awareness					
Risk Management					
Corporate / Social Responsibility/ Environment					
Government Relations					
Public Relations and Communications					
Board Experience					
Community Affiliation/Access					
CEO/ Leadership Experience					
Human Resources					
Leadership					
Legal					
Strategic Planning					
Belief in / Support of MBL Overall Vision					
Stakeholder Engagement					

Additional Comments:

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Submitted by: \_\_\_\_\_