

MINUTES
SPECIAL ECONOMIC DEVELOPMENT TASK FORCE MEETING
BOARD ROOM, SERVICE AND RESOURCE CENTRE
411 DUNSMUIR STREET, NANAIMO, BC
TUESDAY, 2020-JUN-23, AT 1:00 P.M.

Present: Councillor Z. Maartman, Chair
Councillor J. Turley (joined electronically)
D. Backhouse, At Large Member
C. Carlile, At Large Member (joined electronically at 1:15 p.m.)
D. Devana, Nanaimo Airport
I. Marr, Nanaimo Port Authority (joined electronically, vacated at 2:30p.m.)
R. McLay, VIU Alternate (joined electronically)
J. Michell, NPA Alternate (joined electronically)
B. Moss, At Large Member (joined electronically at 1:23 p.m.)
A. Sullivan, At Large Member (joined electronically)

Absent: K. Smythe, Nanaimo Chamber of Commerce
C. Beaton, At Large Member
J. Green, Community Futures
E. Thomas, Snuneymuxw First Nation

Staff: J. Rudolph, Chief Administrative Officer
B. Corsan, Director, Community Development
A. Manhas, Economic Development Officer (joined electronically)
K. Robertson, Deputy Corporate Officer
A. Bandurka, Recording Secretary

1. CALL THE SPECIAL ECONOMIC DEVELOPMENT TASK FORCE MEETING TO ORDER:

The Special Economic Development Task Force Meeting was called to order at 1:09 p.m.

2. ADOPTION OF AGENDA:

It was moved and seconded that the Agenda be adopted. The motion carried unanimously.

3. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Special Open Meeting of the Economic Development Task Force held in the Boardroom, Service and Resource Centre, 411 Dunsmuir Street, Nanaimo, BC, on Monday, 2020-MAY-26 at 1:00 p.m. be adopted, as amended, to change the words Alternative, to Alternate. The motion carried unanimously.

4. REPORTS:

(a) Summary of Focus Group Sessions

Introduced by Bill Corsan, Director, Community Development.

Bill Corsan, Director, Community Development, provided task force members with a summary of the focus groups that took place on 2020-JUN-17.

(b) Summary of Scenario Planning Session

Introduced by Bill Corsan, Director, Community Development.

Bill Corsan, Director, Community Development, provided task force members with a summary of the scenario planning session that took place on 2020-JUN-18.

(c) Nanaimo Economic Development Strategy – Scenario Planning

Introduced by Bill Corsan, Director, Community Development.

Bill Corsan, Director, Community Development, provided task force members with a copy of the presentation by Steve Nicol, President, Lions Gate Consulting, regarding COVID Scenario Planning for the Nanaimo Economic Development Strategy.

(d) Economic Development – Focusing on the Long Game

Introduced by Bill Corsan, Director, Community Development.

Bill Corsan, Director, Community Development, provided task force members with a copy of the presentation by Lee Malleau, CEO, m+a globalnomics, regarding Economic Development – Focusing on the Long Game.

(e) External Agency

Introduced by Bill Corsan, Director, Community Development.

Presentation:

1. Allan Neilson, Principal, Neilson Strategies, provided a presentation on the Nanaimo Prosperity Agency Draft Charter, which included the following:

- Work to Date
 - About a year ago the City of Nanaimo set out to enhance the Economic Development Function centred around the scope of services and the preferred service delivery model
 - The scope identified seven or eight different elements that should be delivered through economic development
 - The Service Model addressed questions of how and by whom the services that make-up the Economic Development Function are delivered

C. Carlile joined the meeting electronically at 1:15 p.m.

- Five models were considered and Council's recommendation was to endorse:
 - an initial scope of services for the function that includes: economic development strategy, economic reporting, navigating City Hall, service contract

- management, policy input, coordination of efforts, and business attraction
- that Council divide the services between: in-house (City staff) Economic Development group and an arms'-length Nanaimo Prosperity Agency, owned (primarily) by the City, but run by its own Board and staff
- that Council establish the Steering Committee (the Economic Development Task Force) to: oversee the creation of the Economic Development Strategy and to fully develop ownership, funding, governance, staffing and other elements of the City-owned Nanaimo Prosperity Agency
- The Task Force has a role to develop a charter for the new, City-owned Nanaimo Prosperity Agency
- The Charter is a fundamental document that sets out all the different elements that the External Agency needs to fulfill to run effectively
- Success Factors for Nanaimo Prosperity Agency:
 - A clear focus and autonomy are critical factors to the Agency's success

B. Moss joined the meeting electronically at 1:23 p.m.

- Inclusivity with the Members and Governance
- Hybrid Board, recognizing that the community and key agencies be represented on the Board
- Autonomy, in terms of Governance
- Transparency in the decisions and actions of the Agency
- Consensus-based governance and voting
- Accountability back to the City
- Cost-Effectiveness by using corporate services provided by the City
- The need for the Board and Staff to be nimble
- Recognition that the Agency will be funded using public funding
- Collaboration with the City and Partners
- Using those success factors a draft charter was built for the Nanaimo Prosperity Agency and was created to capture all the important elements discussed
- Review of the Nanaimo Prosperity Agency Draft Charter – Shared Ownership Version:
 - Structured a Charter that assumes or sets out for different ownership along with the City of Nanaimo
 - The City can be the primary owner but not the sole owner. The Agency has the flexibility to operate differently from a municipality, for example, borrow funds or approving the budget as a corporation
- The Agency is the economic development body that business, government, First Nations, and community partners collaborate to build Nanaimo's economy

- The mandate comes from the scope of services and the items that would be assigned under the service model to the agency. The Agency has three primary responsibilities:
 - to implement, maintain, and update the Nanaimo Economic Development Strategy
 - to coordinate the sector-specific and other economic development activities
 - to develop and directly undertake initiatives aimed at attracting businesses, employers, talent and investment
- The Agency is a City of Nanaimo local government corporation, created pursuant to section 185 of the *Community Charter*. The Agency is incorporated under the British Columbia *Business Corporations Act* and is registered as a non-profit corporation under the *Income Tax Act*

Task Force discussion took place regarding:

- The ability to change from a non-profit Agency to a for-profit agency and whether that would be possible
- The change would be possible and could change the mandate to make it more of a business enterprise

Allan Neilson continued with the review of the Agency Draft Charter:

- The Agency would be jointly owned by the City of Nanaimo, as primary owner and five other organizations (Nanaimo Chamber of Commerce, Nanaimo Airport Commission, Nanaimo Port Authority, Snuneymuxw First Nation and Vancouver Island University)
- The five organizations were identified by Allan Neilson of Neilson Strategies and were included for discussion purposes only
- All six partners, including the City, would be designated as Members in the Articles of Incorporation
- The City of Nanaimo, as the lead Member, would hold one Class A share in the Agency and the other Members would each hold one Class B share

Task Force discussion took place regarding:

- The rationale for the other Members was to reflect the original report and Task Force requests of having a broader 'buy-in' and the decision of which organization was to choose organizations with impact on the economy
- The Task Force would have the final say if the shared ownership version is chosen
- Any corporation has an owner and a decision maker; sometimes they are the same body. The Agency would have shareholders (who own the company) and a board of directors
- The Board of Directors would be in place to govern the Agency but the Members would have certain rights and decisions to make
- The goal is to create a durable organization to avoid what has happened in the past where any one participant could dissolve the organization and end up losing momentum and collective knowledge

Allan Neilson continued with the review of the Agency Draft Charter:

- Key decisions related to the mandate, governance, expansion, funding, membership, and dissolution of the Agency would be made by the Members in accordance with voting rules
- The Board of Directors shouldn't be able to make the decision to dissolve the Agency or to change its own structure. The Members should decide the structure
- All Members would receive one vote, and would require a majority of Members present, on the decisions related to the Agency:
 - purpose and mandate
 - composition and authority and method of appointment to the Board of Directors
 - appointment of individual Directors to the Board
 - funding model
 - the inclusion of additional Class B shareholder Members, if the Members wanted to include other agencies from within Nanaimo
- As the primary owner, the City would have certain rights as the key funder and using public funds would mean certain controls stay with the City
- The City of Nanaimo, as the sole Class A Shareholder, would make all decisions related to:
 - The borrowing of monies by or on behalf of the Agency
 - Any change to the Agency's non-profit status
 - The inclusion of additional Class A shareholder Members
 - Dissolution of the Agency
- The City would be the biggest guarantor of the Agency

Task Force discussion took place regarding:

- The City would provide 85% of the funding and would need to have the right over the other shareholders to be able to dissolve the Agency. If the Task Force thinks differently and Council agrees, this could be changed
- Collaboration could happen at the Board level and not the Member level
- A companion document could be prepared with a time frame for dissolving
- The Agency and the smaller in-house Economic Development department would be guided by the Economic Development Strategy
- City and Council accepted the need to give up some authority around Economic Development when they chose to go with a Hybrid model
- The only way the Agency would work would be if there's a common will and trust among the Members
- City should not have sole power for dissolution
- The Agency would need to be able to carry on with a dispute resolution built into the Charter
- The City could give notice, giving the rest of the Members an opportunity to restructure so the Agency could evolve and not dissolve

Allan Neilson continued with the review of the Agency Draft Charter:

- The Agency will be governed by its own Board of Directors, comprised of nine individuals appointed by Members with the following rules:

- City designates one City Council member and one Staff member to serve as Directors
 - Other Members designate one individual to serve as a Director
 - The Members together select and appoint the remaining two Directors from a public call for applicants
- The Board as a whole should have persons with skills and experience in Finance/Investment, Business Development, Marketing/Business Attraction, Community Development, Law, Governance, Human Resources
- The goal is to have a representative with the skill sets as needed
- Each Director is appointed for a two year term and may be reappointed for a maximum of 6 years with a staggered appointment basis
- Board of Directors would be an autonomous decision-making body who would make a broad range of decisions including:
 - The Annual financial plan (multi-year plan)
 - Updating and maintaining the Economic Development Strategy
 - Hiring and accountability of the Executive Director for the Agency
 - Approval of other staff positions
 - Development of policies and protocols to govern Agency business
 - Entering into and terminating agreements and contracts
 - Appointing an independent auditor to prepare the Agency's Annual Financial Statements
 - Creation and appointment of members to Board advisory and committees
- All Directors would vote on decisions of the Board, each Director would hold one vote
- Two mechanisms were looked at to make the Agency inclusive:
 - shared ownership
 - board membership
- A third mechanism could have the buy-in through committees who would assist in:
 - implementing the Economic Development Strategy
 - providing advice on new initiatives
 - engaging the broader community
 - providing advice on new and ongoing initiatives
- All committee members would be appointed by the Board as a whole and the Board would appoint a Chair and Vice Chair for each committee
- The Board would be accountable to the Members for the operation and performance of the Agency. Accountability is achieved through:
 - Presentations to the Members and the public of Annual Financial Statements and Annual Reports
 - Presentations to the Members at the Agency's Annual General Meeting
 - Semi-annual briefings to each Member

Task Force discussion took place regarding:

- The decision of having a Council member sit on the Board as it might politicize the role or be a conflict for the elected official
- Suggest two committees: governance (business of the Board and how it operates, nominates and policies) and finance (develops budget with staff)
- To build on a skills matrix for the Board, two members at-large might be too limited; four members at-large may be better
- Should look at the focus group sessions that were held and look at bringing individuals from those categories or sectors
- Executive Director position needs to have that individual develop and advise on the implementation and maintenance of the economic development strategy to steer the Board through the process

I. Marr left the meeting at 2:31 p.m.

- Narrow the skill sets for the at-large members
- The Board of Directors shouldn't approve the hiring or agreements but should approve the budget and policies
- Draft Charter has no reference to meeting quorum that would be required which could come as part of the Board policy
- The person nominated by a Member does not have to be within the Member's organization
- The Agency is an independent body, so recommendations or informing Council could be done through the Board or through the Executive Director or Chairs
- The Board would brief the Owners through an Annual General Meeting or semi-annual briefings
- Have a City liaison instead of voting members from Council and City Staff

Allan Neilson continued with the review of the Agency Draft Charter:

- City would provide 85% of funding and the other Members would provide 15%
- Base funding, which the Board can refine, would cover:
 - Agency staffing costs
 - operation of the Board
 - office expenses (rent/lease)
 - an amount for destination marketing (business attraction), business development, talent development and other initiatives aimed at attracting business and investment in Nanaimo
 - Community outreach and reporting
 - Other costs identified by the Board and approved as 'base funding' by the Members
- The need for project funding would be guided by the Economic Development Strategy
- The Agency would be headed by an Executive Director who is hired by the Board
- The Agency may contract the City to provide corporate and other services required

Task Force discussion took place regarding:

- What if one Member couldn't afford their percentage? It was suggested that other Members could come together and discuss the economic stress on the Members and finances could be reworked to make it happen
- The model that could work would be City-owned and invite entities to sit on the Board. The entities would have a separate agreement to provide 15% of the funds
- There would be a formal agreement between the Owners and the Agency, with the length and contribution
- Start small and build a model that could be expanded going forward
- The model was presented to Council as a City-owned Hybrid model
- Task Force concerns with the Draft Charter included:
 - ownership
 - dissolution/protection from one party dissolving the Agency
 - requirement for a dispute resolution mechanism
 - need for a three-five year 'sunset' clause
- Ian Marr, with the Nanaimo Port Authority, conveyed that the Nanaimo Port Authority would not be involved under the draft Charter as currently proposed
- Next Steps for the Draft Charter:
 - Allan Neilson to take the feedback from the Task Force and rework the draft Charter
 - Change attracting businesses to include retaining and expanding businesses (expanding business may be retained in house)
- Important to have a more broad participation in an independent corporation
- Need a commitment to deal with the exit clause; all parties want certainty
- Entering into an agreement for a certain amount of time, would make it easier to attract an Executive Director
- The amount of funds required for the Corporation to run would depend on the Economic Development Strategy
- Important to have a healthy amount of money to have any success

5. ADJOURNMENT:

It was moved and seconded at 3:15 p.m. that the meeting terminate. The motion carried unanimously.

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER