

Director Nomination Process

Policy Type: Governance Process

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Background and Purpose

This policy sets out how the Victoria Airport Authority (VAA) will manage the process of nominating Directors. The policy also provides guidance on how the following objectives will be addressed:

- Consistent implementation of the related by-laws;
- A Board of Directors that possesses a full range of relevant skills and experience;
- Effective relations with nominating bodies and the public.

Applicable By-laws

The text below in italics is extracted from the by-laws of the VAA, with respect to the qualifications and nomination of Directors:

2.1 *Qualification of Members*

Collectively, the Members, as far as is practicable, consist of individuals who have experience and have shown capacity in such disciplines as air transportation, industry, aviation, business, commerce, finance, administration, law, government, engineering, organized labour, air carriers and the representation of the interests of consumers who have the business acumen and experience to assist in the management of the affairs of the Authority as an ongoing, viable, commercial enterprise. The Members shall include at least one representative of the business community, one representative of organized labour and one representative of consumer interests, each of whom shall be identified as such:

2.1.1 Members shall be nominated by the following nominators (individually a “Nominator”):

- (a) two Members by the Town of Sidney;*
- (b) two Members by the Corporation of the District of North Saanich;*
- (c) one Member by the Corporation of the District of Central Saanich;*
- (d) one Member by the District of Saanich;*
- (e) one Member by the City of Victoria;*
- (f) one Member by the Capital Regional District of British Columbia;*
- (g) one Member by Her Majesty The Queen in Right of the Province of British Columbia;*
- (h) two Members by Her Majesty the Queen in Right of Canada with the right to nominate an additional Member during the period in which the Authority is subsidized by Her Majesty the Queen in Right of Canada;*
- (i) one Member by the Greater Victoria Chamber of Commerce.; and*
- (j) three members may be appointed by the Board pursuant to section 2.1.3.*

2.1.2 The process for issuing membership will be as follows:

- (a) a Nominator nominates a person for membership in accordance with this by-law;*
- (b) nominations will be reviewed by the Governance Committee directors to ensure that nominees meet the conditions required for being a member;*
- (c) the Governance Committee will provide a report to the Board as to whether a nominee meets the conditions required for being a Member;*
- (d) if a nominee meets the conditions required for being a Member, the Board may by resolution issue membership to the nominee;*

- (e) *the Board's decision to issue membership, or not, will be in accordance with this by-law;*
- (f) *if the Board does not issue membership to the nominee, the Board will provide a report to the nominator that sets out the applicable membership condition or other provision of this by-law that the Board's decision is based upon.*

2.1.3 Three members may be nominated and issued a membership by the Board provided that such membership be issued only:

- (i) *as the term of a nominee expires and the nominator has not either re-nominated or named a new nominee and the membership expires when the Member is re-nominated or a new nominee is named; or*
- (ii) *when the Board recognizes a skill set and experience noted above is not represented on the Board and the term of such membership shall be at the Board's discretion.*

2.2 Disqualification of Members

In addition to the disqualifying provisions in section 126 of the Act, no member shall:

- (a) *be a person who is not a resident in the Capital Regional District with the exception of provincial nominees and federal nominees who may be resident outside of the Capital Regional District provided they are a resident of British Columbia;*
- (b) *be a person holding federal, provincial or municipal office;*
- (c) *be a person employed by or providing services on a full time basis under contract to any federal, provincial or municipal government, department or agency, or by any corporation owned by Her Majesty the Queen in Right of Canada or Her Majesty the Queen in Right of any Province of Canada;*
- (d) *be a person who has been convicted of a criminal offense relating to the employment of that person; and*
- (e) *be a person who has not met the conflict of interest and other requirements set forth in this by-law; and*
- (f) *be a person who is not a Canadian citizen.*

2.3 Review of Nominations

All nominations shall be reviewed by the Governance Committee, appointed by the Board, to ensure that nominees are properly qualified to become Members, with reference to section 2.2 of these by-laws. A report shall also be presented to the Board, who shall either confirm the nomination and issue membership to the nominee as a member, or reject the nominee as not being qualified. A report shall be made to the nominator should a defect to the qualifications become evident and a nominee has been rejected by the Board.

2.4 Term of Membership

The term of membership shall be up to three years, and each Member may again be nominated for membership; provided that no Member shall serve for a period longer than nine years. The term of membership will have an expiry date of December 31st. Once a Member has served the allotted term, the Member may not be re-nominated again.

2.5 Filling Vacancies

- (a) *At least six months prior to the expiration of the term of a Member, or forthwith upon termination of a membership, the Authority shall request the Nominator who nominated the departing or departed Member, to nominate a replacement Member (who may be the same person provided they are properly qualified) and the nominated Member must be reviewed pursuant to section 2.3 above;*
- (b) *The Board shall request that the Nominator put forward two candidates to fill the vacancy. The Board shall review the candidates put forward by the Nominator for their competencies and characteristics and advise the Nominator which candidate best meets the balance the Board is seeking. The candidate selected by the Board shall become the Nominator's nominee. If no candidate meets the criteria requested, the Board will request two additional nominees or recommend a nominee to the Nominator.*

2.6 *Filling Vacancies of Defaulting Nominating Body*

If a Nominator, with the exception of the federal and provincial governments, has not advised the Authority of its nominee within 45 days of service of the request to nominate, the Board, as agent for the defaulting Nominator, may nominate a person to the membership for a normal or lesser term as the Board may determine. Such a person shall be deemed to be the nominee of the defaulting Nominator, and notice of such nomination shall forthwith be given to the defaulting Nominator.

2.7 *Membership Fees*

There will be no membership fees, dues, charges or other membership levies payable by the Members.

2.8 *Termination of a Member*

Membership is terminated when:

- (a) the Member dies or resigns;*
- (b) the Member is expelled or their membership is otherwise terminated in accordance with the Authority's articles or by-laws;*
- (c) the Member's term of membership expires; or*
- (d) the Authority is liquidated and dissolved under Part 14 of the Act.*

Governance Committee

The Governance Committee shall be the Nominating Committee referred to in by-law 2.3 and will address matters related to the nomination, qualifications, and membership of Directors.

The Chair of the Governance Committee shall oversee communications with the Nominator regarding the renewal or replacement of the Members.

In the event that the Chair of the Governance Committee must abstain from participating in their own renewal or replacement process, the Vice-Chair of the Governance Committee will assume the role.

At the first Governance Committee meeting of the year, the Committee shall review the upcoming Board term expirations and the Board Skills Matrix to determine the desired skills and experience for any upcoming vacancies.

At least six months prior to the expiration of the Member's term, the Chair of the Governance Committee shall draft a letter to the Nominator requesting:

- The renewal of the Member for a specific term; or
- The replacement of the Member if the Board chooses not to renew them; or
- The replacement of the Member if their term on the Board is expiring.

In the event that a replacement of the Member is being sought, the letter to the Nominator shall ask them to identify two (2) candidates for consideration, and state the desired skills and experience sought by the Board.

The Governance Committee will review the draft letter and refer it to the Board of Directors for review and approval. The Board of Directors will review the draft letter and once approved, the letter will be sent to the Nominator.

Any questions arising from the request shall be referred back to the Chair of the Governance Committee.

Once the Chair of the Governance Committee receives notice of the two candidates from the Nominator, a Nominating Committee consisting of three (3) Board Members will be established to conduct the interviews. The Nominating Committee members are not required to be members of the Governance Committee. The Chair of the Governance Committee will ensure there are no real or perceived conflicts of interest when selecting the members of the Nominating Committee.

The Nominating Committee will conduct interviews of the two candidates and prepare a recommendation regarding the preferred candidate at the next Governance Committee meeting, unless otherwise specified.

The Governance Committee will then make a recommendation to the Board of Directors to approve the candidate for membership with the Authority.

If neither of the two candidates has been deemed to be suitable, the Chair of the Governance Committee will send a letter to the Nominator explaining the decision and request that two additional candidates be identified for consideration.

Interviews of the two new candidates will be conducted with the same Nominating Committee members for consistency, if possible, and a new recommendation will be prepared for the Governance Committee.

Once the Board of Directors has confirmed the new Member, a letter will be sent to the Nominator advising of the decision.

Annual Activities

At a minimum, the Governance Committee will conduct the following activities at its last regularly scheduled meeting each year:

- Review the relevant nominating by-laws and policies to ensure all responsibilities have been addressed;
- Confirm that nomination letters have been sent to each of the nominating bodies where there is a Director with an expiring term;
- Confirm the qualifications of each continuing Director;
- Review the Name Bank of potential Directors for currency and coverage;
- Review the Skills Matrix and the experience required for the upcoming year.

Tracking Skills and Experience

The Board will employ the following tools to ensure that it maintains a well-rounded group with a full range of relevant experience:

Skills and Experience Matrix (Skills Matrix)

Attachment A provides a matrix that sets out the skills and experience that the Board should possess as a whole. When completed, the matrix is intended to provide an overview of the collective background of the Board and to highlight areas of relative strength and weakness. Ideally, the Board will maintain more than one person with a background in each category.

Where a void exists in any category, the Governance Committee will take steps to fill that void by requesting these skill sets from nominators or by recommending a specific individual as a Board nominee.

Diversity

Diversity is a commitment to recognize and appreciate the variety of characteristics that make an individual unique in an atmosphere that promotes and celebrates individual and collective agreement. Examples of diversity with members are age, gender, culture, disability, economic background, education,

ethnicity or political affiliation. The Board Directors should reflect the makeup of the community it serves to the extent possible.

Balancing Skills During the Nomination Process

At the time letters are sent to nominators, in accordance with by-law 2.5, the VAA will:

- Request the skills and experience that are most needed to complete the collective experience of the Board;
- Offer a list of the strongest candidates from the Name Bank to each nominator;
- Notify such candidates that they have been recommended to the nominator

The Chair of the Board will follow up with each nominator to ensure they understand our request, the reason for it, and how it can fit with their selection criteria and process.

Appointment of Board-Nominated Directors

The Board may choose to nominate a Director in order to:

- Fill a vacancy left unfilled for an extended time by a nominator (by-law 2.6);
- Round out the collective skills and experience of the Board;
- Address other matters of concern to the Board.

In this case, the Name Bank will be reviewed for an appropriate candidate. The Governance Committee may choose to interview potential candidates prior to making a recommendation to the Board.

As a general practice, it is anticipated that the Board will keep at least one of its three nominees open at any given time so as to be able to react to unanticipated circumstances and opportunities.

Name Bank

The Governance Committee will maintain a list of people that:

- Meet the qualifications set out in the by-laws; and
- Have the background to:

- Assist the Board; or
- Contribute to one of the skills / experience categories in the Skills Matrix.

People expressing an interest in joining the Board as a Director will be referred to the Secretary of the Board to provide the details of their background. The Governance Committee will periodically consider the individuals expressing an interest and, if found to have a constructive background, the individual's name will be placed in the Name Bank for a period of two years.

The Name Bank will include an individual's contact information, a summary of their background in the context of the Skills Matrix, and any documentation provided by the individual (e.g., resume).

Where the Skills Matrix shows less than two Directors in a desired category, the Governance Committee will ensure that the Name Bank is supplemented with additional people that have the necessary background. If such remedial action is required, it may for example send a letter to local professional associations (and the like) requesting that they notify their members that the VAA is looking for people with their background.

The Board will consider advertising publicly as circumstances warrant.

Attachments

- A Skills and Experience Matrix
- B VAA Code of Conduct

Attachment B

Code of Conduct

Schedule A – Code of Conduct for Directors, Officers, and Senior Employees of the Corporation

1. Prior to accepting an appointment as an officer, senior employee or to the board of directors of the Victoria Airport Authority (“the corporation”), each such person shall provide to the corporation and that person’s nominator (in the case of a proposed director) a Disclosure Statement and Undertaking in attached Form A, undertaking to conform to and be bound by this code of conduct, and detailing any business activity by the person or the person’s associate (as defined in the Canada Business Corporations Act) which would pose an actual or perceived conflict of interest in the person’s capacity as an officer, senior employee or director of the corporation.
2. All Management Personnel shall file with the corporation on an annual basis an updated Form A Disclosure Statement and Undertaking, and in the event of a mid-year material change or anticipated change, an amended Form A shall be filed forthwith.
3. All Management Personnel of the corporation shall act honestly and in good faith with a view to enhancing the best interests of the corporation; shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and shall comply with all relevant legislation, regulations, laws and by-laws applicable to the corporation. In addition, directors are expected to fairly and honestly weigh and endeavor to balance all competing interests in making their decisions, and notwithstanding any of the foregoing, directors hold a fiduciary duty to the corporation.
4. Management Personnel during and after their association with the corporation shall keep confidential all knowledge and information in their possession relating to the corporation except matters that have become of general or public knowledge, and they shall not make use of confidential information for personal gain or profit.
5. Except as permitted or requested by the Chair, the Vice-Chair or a resolution of the directors, or as required or permitted by the corporation by-laws, Management Personnel shall not grant interviews to the media or others, and shall not make speeches or otherwise publicly discuss or disseminate information as to the corporation’s affairs or policies.
6. Management Personnel shall not accept gifts or other benefits that could be construed as an attempt to secure from the corporation for a third party any special concession, favor or other benefit.

7. Management Personnel shall not place themselves in a position where they have a conflict of interest or duty between the corporation and another party, and if a situation arises whereby a real or perceived conflict exists, the person involved shall immediately report the matter to the Chair, who may rule that the situation be disclosed to the directors and officers of the corporation, and that the person not be involved in any decision making process relating to the situation in question.
8. Without limiting the generality of the obligations contemplated by above noted clause 7:
 - a) Any person who is a member of the Management Personnel group who:
 - i) is a party to a material contract or proposed material contract with the corporation, or
 - ii) is a director or an officer of or has a material interest in any person, as “person” is defined in the Canada Business Corporations Act, who is a party to a material contract or proposed material contract with the corporation,
 - iii) shall disclose in writing to the corporation the nature and extent of that person’s interest;
 - b) The person concerned shall not vote on any resolution pertaining to the contract or proposed contract except as permitted by the Canada Corporations Act or other applicable statute;
 - c) The disclosure required by subsection (a) shall be made, in the case of a director:
 - i) at a meeting at which a proposed contract is first considered;
 - ii) if the director who was not then interested in a proposed contract, at the first meeting after becoming so interested;
 - iii) if the director becomes interested after a contract is made, at the first meeting after becoming so interested; or
 - iv) if a person who is interested in a contract later becomes a director, at the first meeting after becoming a director;
 - d) The disclosure required by subsection (a) shall be made, in the case of a person who is a member of the Management Personnel group but is not a director:
 - i) forthwith after becoming aware that the contract or proposed contract is to be considered or has been considered at a meeting of directors;
 - ii) if that person becomes interested after a contract is made, forthwith after becoming so interested; or
- iii) if that person is interested in a contract and later becomes an officer, forthwith after becoming an officer.