

B.C. Ferry Authority

Director Nominations Backgrounder

2017

Introduction

Under the *Coastal Ferry Act (British Columbia)*, the Regional Districts of Central Coast, Kitimat-Stikine, Mount Waddington and Skeena-Queen Charlotte have been designated as the “Northern Coast and North Island Appointment Area” and the Regional Districts of Alberni-Clayoquot, Comox Valley, Nanaimo, Powell River and Strathcona have been designated as the “Central Vancouver Island and Northern Georgia Strait Area” for purposes of nominating qualified individuals suitable for appointment to the board of directors of B.C. Ferry Authority (“BCFA” or the “Authority”).

In accordance with the *Coastal Ferry Act (British Columbia)*, the Authority is requesting that the Northern Coast and North Island Appointment Area and the Central Vancouver Island and Northern Georgia Strait Appointment Area each submit three to five qualified nominees to fill two vacancies on the BCFA board of directors effective April 1, 2018. The two appointments will each be for a three-year term ending March 31, 2021.

This document provides background information on the Authority, the qualifications that nominees must have, the skills and experience of candidates being sought by the board, the support the Authority will provide the Appointment Areas in their identification of candidates for nomination and the Authority's process for selecting nominees for appointment.

Overview

BCFA is a corporation without share capital created under the *Coastal Ferry Act (British Columbia)*. It is the sole voting shareholder of British Columbia Ferry Services Inc., an independent company incorporated under the *Business Corporations Act (British Columbia)*, which is commonly known as BC Ferries. The provincial government holds all of the preferred shares of BC Ferries, but has no voting interest in BC Ferries or BCFA.

BC Ferries provides ferry services on the west coast of British Columbia under contract to the provincial government. BC Ferries provides frequent, year-round transportation service with 34 vessels operating on 24 routes out of 47 terminals spread out over 1,600 kilometres of coastline. In the year ended March 31, 2017, BC Ferries carried 8.3 million vehicles and 21 million passengers on over 172,000 sailings.

BCFA's sole function is that of shareholder of BC Ferries, and its responsibilities are to:

- Appoint the directors to the BC Ferries board of directors; and,
- Establish compensation plans for the directors and certain executives of BC Ferries.

For more information, please visit BCFA's website at www.bcferryauthority.com and BC Ferries' website at www.bcferrries.com.

Governance Structure

Board Structure

The board of BCFA is composed of nine directors. Its size and composition is prescribed by the *Coastal Ferry Act (British Columbia)* as follows:

- Four members are appointed by the board from the nominees of the 14 coastal regional districts, grouped by provincial regulation into four Appointment Areas as follows:
 - One member: Northern Coastal and North Island Area
 - Skeena Queen Charlotte Regional District
 - Regional District of Kitimat-Stikine
 - Central Coast Regional District
 - Regional District of Mount Waddington
 - One member: Central Vancouver Island and Northern Georgia Strait Area
 - Alberni-Clayoquot Regional District
 - Comox Valley Regional District
 - Strathcona Regional District
 - Powell River Regional District
 - Regional District of Nanaimo
 - One member: Southern Mainland Area
 - Sunshine Coast Regional District
 - Squamish-Lillooett Regional District
 - Metro Vancouver Regional District
 - One member: Southern Vancouver Island Area
 - Cowichan Valley Regional District
 - Capital Regional District;
- One member is appointed by the board from nominees of the BC Ferry and Marine Workers' Union;
- Two members are appointed by the board from members of the community-at-large; and
- Two members are appointed by the provincial government through Order in Council.

Officers

There are two Officers of the Authority:

- Chair of the board - a position elected by the members of the board; and
- Corporate Secretary – a position appointed by the board.

There are no employees of the Authority.

Appointment Terms

The *Coastal Ferry Act (British Columbia)* requires that the terms of three directors expire on March 31st each year. Appointments are for terms of three years beginning April 1st. Directors may serve up to two consecutive terms.

Board Membership

The current membership of the BCFA board is as follows:

Director	Appointment	Term Ending March 31 st
Yuri L. Fulmer*	Community-at-Large	2021
Fiona L. Macdonald	Community-at-Large	2019
Shirley J. Mathieson	Organized Labour	2019
Susan Mehinagic	Southern Vancouver Island	2020
Randolph K. Morriss*	Central Vancouver Island & Northern Georgia Strait	2018
G. Wynne Powell	Province of British Columbia	2020
Michael W. Pucci	Northern Coastal & North Island	2018
Sandra A. Stoddart-Hansen*	Southern Mainland	2017
Paul L. Williams	Province of British Columbia	2019

* Has served two consecutive terms and is ineligible for re-appointment for a subsequent term

Biographies of the current board members are available on the BCFA website.

Vacant Positions

There are two vacancies on the BCFA board effective April 1, 2018.

In accordance with the *Coastal Ferry Act (British Columbia)*, the board is seeking nominations of qualified candidates from the Northern Coast and North Island Appointment Area and the Central Vancouver Island and Northern Georgia Strait Area to fill two positions. The provincial government is to appoint a qualified candidate to fill the third position.

All three appointments are for three-year terms ending March 31, 2021.

Nominee Criteria

Basic Qualifications

The appointment of BCFA directors is undertaken with the objective of ensuring the board is composed of a majority of strong, qualified, independent directors. The board supports the concept that the board Chair should be an independent director.

Under guidelines adopted by the board, a director is independent if he or she has no direct or indirect material relationship with the Authority. For this purpose, a "material relationship" is a relationship that could, in the view of the board, be reasonably expected to interfere with the exercise of a director's judgment. Directors are required annually to attest to their independence.

All of the nine directors owe a fiduciary duty to the Authority, and are not appointed in order to be delegates of a region, stakeholder, union or constituent group.

Statutory Qualifications

A person nominated for appointment to the Authority board must be a "qualified Authority candidate" as defined in the *Coastal Ferry Act*. Specifically, this means an individual who:

- does not hold elected public office of any type;
- is not an employee, steward, officer, director, elected official or member of any union representing employees of BC Ferries;
- is not an employee of a municipality, regional district, trust council or greater board within the Appointment Area; and
- is not an employee, director, officer or executive of BC Ferries.

As well, those appointed to the Authority board must comply with the provisions related to director qualifications and conflicts addressed in sections 8 and 9 of the *Coastal Ferry Act*. This includes the requirement that directors meet the qualification requirements of section 124 of the *Business Corporations Act*.

Skills and Experience

The board has identified the following skills and experience that the board, as a whole, should possess in order to meet its mandate effectively. A nominee for appointment to the board should possess skills and experience in more than one of the following five categories:

1. **Leadership** - experience at a senior level managing the operations of a large or complex commercial or non-profit entity.
2. **Business** - experience in operating a business in British Columbia.
3. **Board Experience** - previous experience as a member of a board of directors of a commercial or non-profit entity.
4. **Accounting and Finance** - accounting or financial expertise.
5. **Legal** - a law degree or experience in managing legal issues of a complex commercial nature.

Core Competencies

As well, a nominee should possess the following core competencies and abilities:

- Well-developed faculty for critical analysis;
- Financial literacy, including an ability to read financial statements and the ability to understand the use of financial ratios and other indices to measure performance;
- Appreciation of the unique role of the Authority as the shareholder of BC Ferries as set out in the *Coastal Ferry Act (British Columbia)*;
- Thorough knowledge of the responsibilities and duties of a director;
- Sufficient time and availability to devote to the board;
- Experience as a corporate director with a solid understanding of corporate governance practices and the ability to distinguish corporate governance from management;
- Ability to effectively apply knowledge, experience, and expertise to matters before the board; and
- The stature and integrity to be seen as a credible member of the board.

Personal Attributes

Appointments to the board are also made in consideration of the following personal attributes:

- Ability to be an effective ambassador and representative of BCFA;
- Ability to participate fully and frankly in the deliberations and discussions of the board to make a meaningful and knowledgeable contribution;
- A team player with the ability to work effectively with fellow directors and be a positive and constructive force within the board, along with a demonstrated interest in the long-term success of BCFA and BC Ferries;
- Encourages free and open discussion of the affairs of BCFA by the board;
- Communicates persuasively and logically, voices concerns, listens, and raises tough questions in a manner that encourages open discussion;
- Willingness to take a stand or express a view, even if it runs contrary to prevailing wisdom or the direction of conversation, and exercise independent judgment;

- Establishes an effective, independent, and respected presence and a collegial and respectful relationship with other directors;
- Focusses enquiries on issues related to strategy, policy, implementation, and results rather than issues relating to the day-to-day management of BCFA or BC Ferries;
- Maintains high ethical standards in professional and personal dealings;
- Ability and willingness to raise potentially controversial issues in a manner that encourages dialogue;
- Demonstrates flexibility, responsiveness, and willingness to consider change;
- Capability for a wide perspective on issues; and
- Respects confidentiality, exercises good judgment and acts with integrity; understands conflict of interest issues and declares potential, real, or perceived conflicts.

Diversity

BCFA seeks to ensure that the board, as a whole, reflects diversity of skills and experience as well as diversity of ethnicity, gender, geography and age range.

Board Operations

Board Committees and Task Groups

There are currently no committees of the board. However, task groups of directors are established, from time to time, to undertake specific assignments.

Time Commitment

The board meets at such time and place as necessary for the dispatch of business. The board plans for a minimum of three meetings per year. Meetings are usually held at BC Ferries' Head Office in Victoria, British Columbia; however, meetings may be held in Vancouver, British Columbia or other locations in the province, or by teleconference. Directors are also expected to make themselves available to work with other directors as may be needed from time to time. Directors are also required to attend the annual general meeting of BCFA, which is open to the public and held in conjunction with an annual public meeting of BC Ferries.

Board Policies

BCFA has a set of board policies, including a Code of Business Conduct and Ethics.

Remuneration

Directors receive an annual honorarium of \$6,250 and a fee of \$1,200 for each regular meeting or \$600 for each teleconference or meeting of short duration of the board attended.

Directors are entitled to reimbursement of reasonable travel-related expenses incurred on BCFA business.

Liability Insurance and Indemnity

BCFA directors are covered by Directors' and Officer's Liability Insurance and are indemnified by BCFA.

Nomination Process

Each Appointment Area is requested to submit three to five nominees of qualified individuals to the Authority by **November 17, 2017**, together with a completed Nomination Form signed by each nominee.

Each Appointment Area will determine its own process for identifying its nominees. However, to be considered for appointment, each nominee must have been recommended by one or more of the Regional District boards of the Appointment Area.

There are a variety of ways in which suitable nominees can be identified by the Regional Districts, ranging from informal to formal. For example, potential nominees may be identified through:

- direct canvass;
- unsolicited expressions of interest;
- solicitation through advertising.

Should a Regional District wish to advertise for nominees, the Authority will make available a template print advertisement and will provide financial support to fund the placement of up to three newspaper advertisements. In addition, if requested, the Authority will post nomination forms on its website for on-line completion and submission directly to the Regional District.

Selection Process

Qualified nominees will be interviewed by a task group of the board of directors of the Authority.

The Authority will make a decision on the nominees for appointment to the board by March 31, 2018.

Disclaimer

This document is intended to provide background information on B.C. Ferry Authority for the purposes of informing the Regional Districts and their potential nominees to the board of directors, and does not provide binding legal representations or contractual obligations. The information contained herein may be subject to change.