

APPOINTMENT AREA Nominations Backgrounder

What is the B.C. Ferry Authority?

The B.C. Ferry Authority is a no-share-capital corporation created by statute. It is the owner of the single issued voting share of British Columbia Ferry Services Inc., a company incorporated in British Columbia which is subject to the *Business Corporations Act (British Columbia)* and the successor organization to what was the crown corporation operating as British Columbia Ferry Corporation.

The purpose of the B.C. Ferry Authority is defined in the *Coastal Ferry Act (British Columbia)* and is to:

- do any or all of hold, administer and sell a voting share in British Columbia Ferry Services Inc.;
- appoint the board of directors of British Columbia Ferry Services Inc.; and,
- establish compensation plans for the directors and future executives of British Columbia Ferry Services Inc.

How is the board of directors structured?

The board of B.C. Ferry Authority is composed of nine directors. Its composition, as set out in the *Coastal Ferry Act*, is as follows.

- The Authority appoints:
 - 4 nominees from the 14 coastal regional districts (grouped into 4 appointment areas established by the Lieutenant Governor in Council);
 - 1 nominee from the B.C. Ferry & Marine Workers' Union; and
 - 2 members from the community at large.
- The Province appoints 2 members.

Who is qualified to be a board member?

B.C. Ferry Authority board members must meet the basic requirements established 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 British Columbia Ferry Services Inc.;
- 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 British Columbia Ferry Services Inc.

What are the appointment areas?

Four appointment areas have been established by Regulation.

1. Northern Coastal and North Island Area
 - Skeena Queen Charlotte Regional District
 - Kitimat-Stikine Regional District
 - Central Coast Regional District
 - Mount Waddington Regional District
2. Central Vancouver Island and Northern Georgia Strait Area
 - Alberni-Clayoquot Regional District.
 - Comox Valley Regional District
 - Strathcona Regional District
 - Powell River Regional District
 - Nanaimo Regional District
3. Southern Mainland Area
 - Sunshine Coast Regional District
 - Squamish-Lillooett Regional District
 - Metro Vancouver Regional District
4. Southern Vancouver Island Area
 - Cowichan Valley Regional District
 - Capital Regional District

What is the term of appointment to the board?

Directors are appointed for terms of up to three years on a rotating basis, so that each year, three director positions are open for appointment. Directors may serve up to two consecutive terms.

A director who is appointed to replace a director who resigns or otherwise ceases to hold office, holds office until the end of the term of the departing director and may be reappointed as a director for one further term only.

Who are the current directors?

| B.C. Ferry Authority Director | Appointment | Term Ending March 31 st |
|----------------------------------|---|---------------------------------------|
| Jane L. Peverett, Chair | Community at Large | 2015 |
| Bohdan I. Bodnar | Southern Mainland | 2014 |
| Roderick D. Dewar | Southern Vancouver Island | 2014 |
| A. Daniel Miller | Community at Large | 2013 |
| John Radosevic | Organized Labour | 2013 |
| Stephen E. Smith | Northern Coastal & North Island | 2012 |
| Thomas W. Harris | Central Vancouver Island & Northern Georgia Strait | 2012 |
| vacant | Province of British Columbia | 2013 |
| vacant | Province of British Columbia | 2014 |

How are nominees to be identified?

The appointment area has been asked to submit 3 to 5 nominations of qualified individuals to fill one position on the board of directors of B.C. Ferry Authority commencing April 1, 2012.

The appointment area will determine its own processes for identifying its nominees to the board. However, to be considered for appointment, each nominee must have been recommended by one or other of the Regional District boards of the appointment area.

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

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

What assistance will be provided to identify nominees?

The B.C. Ferry Authority will make available staff resources to advise the Regional District boards of the appointment area of the vacancy, skills and experience profile and the qualifications that are necessary or desirable for members of the board of B.C. Ferry Authority. Should the Regional Districts 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.

How will board members be selected?

The objective of the selection process is two fold. Firstly, it is to ensure that the board of the B.C. Ferry Authority meets the composition requirements as set out in the *Coastal Ferry Act*. Secondly, it is to ensure that collectively, the board contains the skills and experience necessary to enhance the sound performance of the B.C. Ferry Authority and the effective interaction and operation of the board as set out in the Skills and Experience Profile. All of the nine directors owe a fiduciary duty to the B.C. Ferry Authority, and are not appointed in order to be delegates of a region, stakeholder or constituent group.

What information will be required to support each nomination?

The appointment area has been asked to submit a list of 3 to 5 nominees. For each nominee, a completed nomination form must be signed by the nominee and submitted to the B.C. Ferry Authority. The list of nominees submitted by the appointment area must be signed by the Chair of the Regional Districts in that appointment area.

Once nominees have been short listed by the B.C. Ferry Authority for appointment to the board, a due diligence process will be conducted that will include a review of the candidate's probity/integrity and identification of any conflicts of interest or other significant matters that would preclude the candidate from successfully fulfilling the duties of a director. As part of this due diligence process, short listed candidates will be required to undergo a police record search which will include a criminal record check.

All parties are obligated to respect the privacy interests of any individual who may be identified as a potential nominee. Information about potential nominees is confidential and may not be disclosed for purposes outside the nomination process.

What is the deadline for submitting nominations?

Nominations must be submitted to B.C. Ferry Authority by November 11, 2011.

When will a decision be made?

The B.C. Ferry Authority will advise the Chairs of the Regional Districts in the appointment area by no later than March 31, 2012, of the nominee selected for appointment to the board.

What will be the obligations of members appointed to the board?

Every director will uphold the objects of the B.C. Authority and comply with its by-laws. At the time of appointment, every director will be required to sign an acknowledgement that they have read and agree to be bound by the B.C. Ferry Authority's Code of Business Conduct and Ethics. As well, each director will sign a form consenting to act as director, in which the qualifications for being a director as specified in the *Coastal Ferry Act* are confirmed by the individual as being satisfied. The board has adopted a definition of an independent director consistent with the definition of independence in the Ontario Securities Commission Multilateral Instrument 52-110. At the time of appointment, each director will be required to confirm his or her independence within that definition.

How often will the board of directors meet?

The directors will meet together at such time and place as necessary for the dispatch of business, subject always to the general by-laws of the Authority. It is envisaged that the directors will meet in person or by teleconference several times per year.

The B.C. Ferry Authority will also hold an annual general meeting of the directors in British Columbia, open to the public.

What is the remuneration for directors?

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