EP8.10

Exhibition Place

REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Executive Compensation Plan

Date: November 28, 2019
To: The Board of Governors of Exhibition Place
From: Don Boyle, Chief Executive Officer
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

This report contains information about personal matters about identifiable individuals.

SUMMARY

This report recommends revisions to the Exhibition Place Executive Compensation Plan for its four employees: Chief Executive Officer; Chief Financial Officer & Corporate Secretary; General Manager, Sales & Event Management Department; and General Manager, Operations Department (the "Executive Team Positions").

At its meeting of June 13, 2019 (EP3.24) the Board approved the Executive Incentive Design Framework outlined in the Korn Ferry report. The Board also directed the Chief Executive Officer to report back to the Board no later than December 13, 2019 on the detailed design, application and implications of the implementation of the Executive Incentive Design for the 2020 Fiscal Year ending December 31, 2020. In addition, the Board directed the Chief Executive Officer to forward a confidential copy of the Korn Ferry Limited Executive Incentive Pay Grid and Short Term Incentives report attached as Appendix B to Confidential Attachment 1 to the report (May 30, 2019) from the Chief Executive Officer, Exhibition Place, to the City Manager, and to discuss the report with the City Manager and include any feedback in the report requested in Recommendation 2 of the report.

This is the report back to the Board on the detailed design, application and implications of the implementation of the Executive Incentive Design and discussion, comments and feedback from the City Manager's Office.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board approve the Executive Incentive Pay Grid and Short Term Incentives attached as Appendix B to Confidential Attachment 1, for implementation in the 2020 Fiscal Year ending December 31, 2020, for its four employees: the Chief Executive Officer, the Chief Financial Officer and Corporate Secretary; the General Manager, Sales and Event Management; and the General Manager, Operations Department .

2. The Board direct the Chief Executive Officer to forward the confidential copy of the Executive Incentive Pay Grid and Short Term Incentives attached as Appendix B, to Confidential Attachment 1, to the City Manager.

3. The Board direct that Confidential Attachment I, including Confidential Appendices A and B, to this report remain confidential in its entirety and not be released publicly as it pertains to personal matters about identifiable individuals.

FINANCIAL IMPACT

See the Confidential Attachment 1.

DECISION HISTORY

The Exhibition Place 2017 – 2019 Strategic Plan had an Organization and Staffing Goal to examine our organization structure to reflect the broader strategic initiatives and as a strategy review and update the pay for performance plan for the executive team and report to City Council.

At its meeting of January 27, 2006, April 20, 2006, January 10, 2007 and January 25, 2008, the Board approved a series of reports dealing with organizational changes involving the cancellation of the private sector management contract for the exhibition business and restructuring so that Exhibition Place assume control of the Board's operation.

At its meeting of November 13, 2013, City Council adopted Report No. EX35.19 entitled "Non-Union Employee Compensation" which approved the continuation of the performance review levels, target allocations, and revised performance financial rewards for non-union compensation policy and performance management program.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX35.19

At its meeting August 25, 2014, City Council adopted Report No. EX44.8 entitled "Executive Compensation Policy for Agencies and Corporations" and requested agencies and corporations to implement their Board policy within the Guidelines recommended by City Council.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX44.8

At its meeting of February 12, 2016, the Board adopted Item #2 which was an Executive Compensation Plan for five executive positions.
https://www.explace.on.ca/files/file/58d03e8a7dd74/Item-2-Executive-Compensation-Plan.pdf

At its meeting of July 28, 2016, the Board adopted Item #18 which recommended a new organization structure that eliminated the position of Corporate Secretary and amended the position of Chief Financial Officer to become the new position of Chief Financial Officer & Corporate Secretary.
https://www.explace.on.ca/files/file/58c69f42dbe39/Item-18-Reorganization.pdf

At its meeting of December 9, 2016, the Board adopted Item #12 which included a policy / guidelines on payment of bonuses for the sales staff in the Sales and Marketing Division.
https://www.explace.on.ca/files/file/58b608e388d7e/Item-12-Employee-Policies.pdf

At its meeting of June 13, 2019, the Board approved the Executive Incentive Design Framework outlined in the Korn Ferry consultant report for the four executive positions.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EP3.24

COMMENTS

Background of Existing Incentive Plan

From 1997 to 2007, all of the convention facilities / buildings at Exhibition Place were operated and managed by a private sector company O&Y / SMG LLP pursuant to a management agreement with the Board. Typical of such agreements and the practice in the convention industry, the following two groups of employees earned a base salary and were eligible for performance pay based on criteria set by O&Y/SMG LLP as approved by the Board:

- all members of the O&Y/SMG LLP management team
- all O&Y/SMG LLP staff directly involved or responsible for meeting annual sales targets

At the expiry of the O&Y/SMG LLP agreement in 2007, the Board determined not to extend the agreement but to restructure and have the Board and Exhibition Place employees assume control of all the convention facilities and their operations. As part of this direction the performance pay was deleted for the management team who became employees of Exhibition Place but performance pay was retained for the sales staff directly involved or responsible for meeting annual sales targets.

Background to 2016 Executive Compensation Review

The development of the 2016 Executive Compensation Plan for the Executive Positions was the result of the 2014 direction of City Council. To fulfill the City Council direction, Exhibition Place engaged the Hay Group to study all factors directed to be studied by City Council which included the following:

- Job descriptions for each position
- Total rewards approach
- Comparator salary analysis to the public sector
- Establish a salary range
- Consider feasibility of merit pay
- Investigate feasibility of variable incentive pay
- Review employee benefits including pension benefits
- Policies on termination
- Policies on annual performance assessment

The Hay Group study resulted in the Board's approval of a compensation plan for the 5 executive positions: Chief Executive Officer; Chief Financial Officer; General Manager, Sales Event Management Department; General Manager, Operations Department; and Corporate Secretary.

With the retirement of the Corporate Secretary in 2017, the Board approved a new organizational structure with only 4 executive positions: Chief Executive Officer; Chief Financial Officer & Corporate Secretary; General Manager, Sales Event Management Department; and General Manager, Operations Department. The Hay Group was engaged to review the new position of Chief Financial Officer & Corporate Secretary.

Existing Pay for Performance Plan at Exhibition Place

Exhibition Place has used the performance management compensation structure adopted by City Council in 2013 for City non-union management staff, with the current performance financial reward levels set out below:

Performance Review Levels	Description	Performance Rewards
Level 1	Unsatisfactory	0%
Level 2	Meets Most but not All Expectations and /or Development	1%
Level 3	Meets Expectations	2.5%
Level 4	Exceeds Expectations	4.5%

Proposed Incentive Design

The details of the Executive Incentive Design are set out in the Confidential Attachment 1.

CONTACT

Don Boyle, Chief Executive Officer, 416-263-3611, dboyle@explace.on.ca

SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Exhibition Place Employee Annual Performance Policy & Guidelines
Confidential Attachment 1 - Background Information to Incentive Pay Proposal & City Manager's Comments
Confidential Attachment 1 Appendix A - Hay Group Limited Executive Incentive Design
Confidential Attachment 1 Appendix B - Executive Incentive Pay Grid and Short Term Incentives