

REPORT FOR ACTION

Executive Compensation Policy

Date: January 19, 2024

To: The Board of Governors of Exhibition Place

From: Don Boyle, Chief Executive Officer

Wards: All Wards

SUMMARY

This report responds to City Council's July 19, 2023, direction that requests City agencies and corporations to adopt and amend their organization's Executive Compensation Policy to align with the City Guiding Principles for the Development of Senior Executive Compensation. Further, City Council directed the Boards of City agencies and corporations to provide their Board-approved adopted or amended Executive Compensation Policy to the City Manager by the first quarter of 2024.

RECOMMENDATIONS

The Chief Executive Officer recommends:

1. The Board approve the Exhibition Place Executive Compensation Policy attached as Appendix A.

FINANCIAL IMPACT

There are no financial implications resulting from the approval of this report.

DECISION HISTORY

The Exhibition Place 2022-2026 Strategic Plan has a goal to Invest in our People and Culture. In achieving this goal, Exhibition Place will retain and develop talent with deep expertise and invest in a workforce that continues to build on success.

At its meeting of November 13, 2013, City Council adopted Report No. EX35.19, entitled "Non-Union Employee Compensation," approved the continuation of the

performance review levels and target allocations and revised performance financial rewards for the 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 recommend 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 organizational 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/guideline on the 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>

At its meeting of December 19, 2019, the Board approved the Executive Incentive Pay Grid and Short-Term Incentives for Exhibition Place for implementation in the 2020 Fiscal Year ending December 31, 2020. And further directed the Chief Executive Officer to forward a confidential copy of the Executive Incentive Pay Grid and Short-Term Incentives to the City Manager.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EP8.10>

At its meeting of July 14, 2021, City Council direct the City Manager to complete an independent external review of executive compensation policies and practices at the City of Toronto's Agencies and Corporations, and to report back by the fourth quarter of 2021. And further, City Council request the City Manager to include in the 2021 review of executive compensation for the City's Agencies and Corporations appropriate updates to the City's policy framework adopted by City Council in 2014, in accordance with current leading industry practice.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX25.13>

At its meeting of June 9, 2022, the Board received a confidential PowerPoint presentation from Korn Ferry, and the Board directed the Chief Executive Officer, Exhibition Place, to review the Korn Ferry Executive Compensation Study, as presented

in closed session, and consult with the City Manager's Office for input and any feedback with respect to the study. Further, directed the Chief Executive Officer, Exhibition Place, to report to the next Board meeting with recommendations on the detailed design, application, and implications for the implementation of the Executive Compensation Study. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.EP24.2>

At its meeting of September 14, 2022, the Board authorized the Chair to establish a revised salary range for implementation in the 2022 fiscal year for the Chief Executive Officer, Exhibition Place, in line with the Metro Toronto Convention Centre as presented by Korn Ferry. And further directed the Chief Executive Officer, Exhibition Place to engage with Korn Ferry to complete the compensation study for the other four executive and non-executive Exhibition Place staff in consultation with the City Manager's Office and report back to the Board.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EP25.5>

At its meeting of April 4, 2023, the Board approved the Executive (non-CEO) Proposed 2023 Salary Range based on Korn Ferry's 2023 Executive Pay Review Study.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EP3.7>

At its meeting of July 19 and 20, 2023, City Council approved the updated Guiding Principles for the development of Senior Executive Compensation Policies at City Agencies and Corporations. Further, Council requests the Boards of City Agencies and Corporations provide their organizations' Board-approved adopted or amended Executive Compensation Policies to the City Manager.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX6.1>

COMMENTS

Exhibition Place is a separate employer from the City of Toronto. The Board of Governors is responsible for adopting all compensation policies and setting compensation ranges for Exhibition Place employees. While the City is not the employer of Exhibition Place Board employees, it supports City agencies and corporations by setting executive compensation guidelines that promote transparency, accountability, fairness, and responsible use of funds.

City Council, at its July 2023 meeting, approved an updated Guiding Principles for developing Senior Executive Compensation Policies.

Background - Guiding Principles, Executive Compensation Policy Framework

In August 2014, City Council approved Guiding Principles for senior executive compensation at City agencies and corporations. City Council requested that Boards of City agencies and corporations, independent of management, develop and approve their executive compensation policies applying the City's Guiding Principles. In accordance with City Council's direction, Exhibition Place engaged an independent third-party consultant, The Hay Group, to study all elements outlined in the Guiding Principles and make recommendations to the Board.

At its meeting on February 12, 2016, the Board received The Hay Group report and approved the compensation plan for five executive positions.

Background Information - Exhibition Place Executive Incentive Design 2019 - Incentive Rewards Program

As part of the compensation philosophy in the City's Guiding Principles for Executive Compensation, organizations may adopt an annual Incentive Reward Program when the practice is commonly employed in comparable organizations/markets. Incentive pay is a common approach in the conventions, trade shows, meetings, and events industry.

At its meeting on June 13, 2019, the Board adopted the Korn Ferry Executive Incentive Design - Performance Scorecard. The Board further directed the CEO to forward the Korn Ferry Incentive Design report to the City Manager for feedback.

On October 29, 2019, the City Manager's Office ("CMO") received the Executive Incentive Design report from Korn Ferry. The CMO confirmed that executive compensation policies are developed and approved by the Boards of agencies and corporations and are not approved by the City Manager.

They further confirmed that City Council adopted an executive compensation framework with Guiding Principles for agencies and corporations in August 2014 and requested agencies to develop a comprehensive senior executive compensation policy applying the Guiding Principles set out in the City Manager's report dated August 6, 2014.

Based on the Board's direction, the CMO reviewed the Executive Incentive Design against the framework requirements and methodology recommended by Korn Ferry. The CMO confirmed that the Executive Incentive Program developed by Korn Ferry for Exhibition Place was consistent with the City's framework.

Subsequently, at its meeting on December 19, 2019, the Board approved the Executive Incentive Pay Program after receiving feedback from the CMO.

Background of 2022 Executive Compensation Policy Review

In July 2021, City Council directed the City Manager to complete an independent external review of the executive compensation policies and practices at City agencies and corporations.

In response to the above City Council direction, the City retained the services of an external, independent organizational consulting firm, Korn Ferry, to lead the executive compensation review for Exhibition Place. The scope of the review included the following:

- Comparing existing executive compensation policies and structures at City agencies and corporations against the Council-approved framework, "Executive Compensation Policy at City agencies and corporations" and its Guiding Principles.

- A review of compensation structures of within-scope executive positions against defined comparator market(s), and the identification of approaches to determine fair and reasonable executive compensation structures for future executive hires; and
- Proposals for updates to the City's current Executive Compensation Framework & Guiding Principles to ensure it meets current best practices.

The updated Guiding Principles and Framework will ensure City Council, staff, stakeholders, and the public that agencies and corporations are recruiting and retaining high-performing executives within an efficient, market competitive and affordable compensation system. Moreover, the review will compare existing executive compensation policies and structures at agencies and corporations against the existing Council-approved framework and further update the City's current Executive Compensation Framework and Guiding Principles and meet present-day best practices.

At its meeting in July 2023, City Council approved the report from the City Manager amending the Guiding Principles for The Development of Senior Executive Compensation Policies at City Agencies and Corporations attached as Appendix B. The recommendations adopted direct Boards of agencies and corporations to update and revise their organization's Board-approved Executive Compensation Policy by the first quarter of 2024.

Exhibition Place Executive Compensation Policy

On November 20, 2023, the City Manager provided written notice to the CEO of Exhibition Place, outlining City Council's direction regarding the amended Executive Compensation Guiding Principles.

To ensure alignment with the Guiding Principles, Exhibition Place staff met with the CMO and Korn Ferry to understand any amendments fully. Attached as Appendix A is the Exhibition Place Executive Compensation Policy.

CONTACT

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SIGNATURE

Don Boyle
Chief Executive Officer

ATTACHMENTS

Appendix A - Executive Compensation Policy
Appendix B - Guiding Principles for the Development of Senior Executive Compensation Policies at City Agencies and Corporations