

Questions and Answers on the OFNTSC's Governance Reforms

1. *Why is a new Board being elected, I thought this was just done (i.e. January 2020)?*

In January 2020, a Caretaker Board was elected that reduced the number of directors from 24 to 12 members. This Caretaker Board was mandated by Voting Members to lead the process of electing a new Board using a skills-based approach. The planned election of Directors in January 2020 will be the final step in the ongoing governance reforms.

2. *What are the proposed governance reforms?*

The main governance reforms include:

- i. Reduction in Board size from 24 to 12 members (completed in January 2020)
- ii. Shift to a skills-based and diversity-based Board, moving away from a Board formed of Voting Members who are representing their employers (planned for January 2021)
- iii. Creation of a Leadership Advisory Committee composed of First Nations leaders from all regions and Nation groups in Ontario (planned after January 2021)
- iv. Creation of a Technical Advisory Committee composed of the Technical Experts that work in First Nations infrastructure (planned after January 2021)
- v. Introduction of Board Committees to ensure oversight of the corporation (after January 2021)

3. *How will the proposed changes to the Board and introduction of new Advisory Committees ensure that my community's interests and needs are better represented?*

The Board of Directors will continue to be accountable to the Voting Members and these changes will ensure stronger accountability to First Nations in Ontario. The Voting Members of the corporation will continue to be selected by First Nations and Tribal Councils in Ontario. The new Board will be more diverse and have a broader range of skill-sets, which will improve organizational oversight on behalf of Voting Members and lead to new opportunities for OFNTSC. All Board members will have the time and skills to ensure that OFNTSC is moving forward on its mandate and securing the support and funding necessary to enhance services to First Nations. The new Leadership Advisory Committee and Technical Advisory Committee will ensure a direct link to First Nations leaders and their technical experts, something that has been missing in the past. These improved linkage will ensure that the decisions of OFNTSC always consider the needs and input of First Nations in Ontario.

4. *How will the proposed nomination process ensure that the best qualified candidates are selected and appointed to the Board?*

The Caretaker Board has established skills requirements and diversity criteria that will ensure that OFNTSC is guided by a Board of experienced and qualified directors. The Board has engaged a professional Board search firm to ensure that potential candidates are aware of the opportunity and to lead the initial screening of all candidates, including existing Board members. The Caretaker Board has created a Governance and Nomination process to lead the review of new applications and propose a slate of new directors.

5. *Will some of the existing Directors be included in the list of nominees?*

The Board will propose 4 to 5 members of the existing Board to be included on the slate of proposed Directors for Voting Members to consider at the Annual General Meeting in January 2021. The OFNTSC's legal counsel (OKT Law), governance advisors (Orbis Risk Consulting) and the corporation's management team have all strongly encouraged the Caretaker Board to ensure continuity of the Board. Continuity on the Board is important for ensuring the partnerships and relationships with First Nations, First Nation organizations and funders are maintained. It is also essential to ensure the important work of the Corporation continues without interruption.

6. *How and when would the Board and organization report back to First Nations in Ontario?*

OFNTSC proposes that formal annual accountability reporting continue to be provided to the Chiefs in Assembly and that a communications protocol be formalized to ensure that this reporting is fulsome and timely. Additionally, OFNTSC would provide an open invitation to First Nations members to have an OFNTSC board member and/or management visit them to report on the activities of the corporation and to answer questions.

7. *What would be the role of the Leadership Advisory Committee?*

The Leadership Advisory Committee would provide insights and advice on how best to engage with First Nations, funders and First Nations political organizations. The committee would not have operational oversight roles or direct decision making authority. The political advisory committee would provide advice on important decisions and investments, and may be asked to help make important connections with First Nations leaders and funders to advance the technical services interests and needs of First Nations. Additionally, leadership advisors will be asked to participate as key stakeholders in the strategic planning process.

8. *What would be the role of the Technical Advisory Committee?*

The Technical Advisory Committee would provide insights and advice on emerging technologies, potential technical challenges and opportunities for First Nations infrastructure. The technical advisors will also be asked to provide their analysis on the technical aspects of new OFNTSC initiatives and services to ensure maximum success. The technical advisors will also be asked to participate in the strategic planning process and provide support in building productive partnerships with industry, regulators and technical leaders in government.

9. *What relationship would exist between the proposed Political Advisory Committee and the Chiefs in Assembly?*

The OFNTSC proposes that the Board of Directors be accountable for reporting annually to the Chiefs in Assembly on the activities and results of OFNTSC. The Political Advisory Committee would not be asked to play a direct accountability or reporting role to the Chiefs in Assembly. From time to time, OFNTSC's board and management may ask the committee members for advice on what and how to report.

10. *Why is OFNTSC proposing a skills-based Board (i.e. directors with a range of skills, competencies and experience)?*

We are striving to make the Board stronger and more effective. A more diverse Board of Directors with a broader range of skills, experiences and competencies will ensure that the OFNTSC continues to innovate and enhance its services. Additionally, the leadership and technical advisors will help to ensure that the interests and needs of First Nations are heard and addressed through OFNTSC's strategic direction, priorities and services. Finally, this reform will enable OFNTSC to negotiate predictable long-term funding with ISC.

11. *Will the Board be composed of First Nations individuals?*

The Caretaker Board is proposing that a minimum of 70% of directors be members of a First Nation in Ontario. If there are enough qualified First Nation applicants to meet all skills and diversity requirements, the entire Board will be composed of First Nation individuals.

12. *What are the skills and diversity criteria being proposed by OFNTSC to guide selection of the new Board?*

The skills and competencies being proposed by OFNTSC (i.e. on the advice of its governance advisors and legal counsel) are set out below. The objective is to ensure that, as a full board, these competencies are covered off by the full board (i.e. each director would bring different competencies to the board).

- Expertise in water and wastewater infrastructure/operations
- Expertise in First Nation infrastructure maintenance/construction/asset management
- Expertise in environmental science/management
- Expertise working with First Nations communities
- Expertise working with First Nations political leaders
- Expertise working with First Nations funders
- Executive level experience in research and developing technology
- Training and experience as a corporate director
- Expertise in financial oversight
- Expertise in information management and technology
- Knowledge of the legal and fiduciary duties of directors of a not-for-profit corporation

13. *What Board composition/diversity criteria are being suggested?*

The board composition criteria being proposed by OFNTSC (i.e. on the advice of its governance advisors and legal counsel) are set out below. All of these criteria are open for discussion and will be adjusted to incorporate feedback from First Nations.

- Minimum of 70% of directors are citizens of a First Nation in Ontario
- Minimum of 60% of directors have experience working for and in a First Nation in Ontario
- Minimum of 30% of directors are female
- A range of ages is achieved in the board composition
- At least one director from each of Northern Ontario, Southern/Eastern Ontario
- At least one director from an Unaffiliated First Nation
- At least one designated accountant (e.g. CPA, preferably a member of AFOA Canada)

14. *How will this change affect the services that OFNTSC provides to my community(ies)?*

There will be no immediate changes to the type of services provided to First Nation, but it is expected that these governance changes will open up new opportunities for services and programs. The enhanced governance will improve relationships with funders and partners and improve OFNTSC's ability to enhance and expand upon these services. The diversity of the Board will help to ensure that OFNTSC is innovative and responsive in enhancing and expanding its services.

15. *Why did Deloitte and the OFNTSC's governance advisors recommend a move away from the existing representative board model?*

A representative Board, like the existing OFNTSC Board, is composed of board members that have a formal connection to the voting members (i.e. employees of Tribal Councils and First Nation governments). While this might seem attractive on the surface (i.e. closer control and more direct accountability to the appointing voting members), it can severely hamper the effectiveness of boards and their organizations, including:

- the organization and its voting members are unable to choose what competencies, skills and assets (e.g. connections and influence) it needs from directors serving on its board;
- there is lower director engagement and involvement, where the directors serve more out of duty than of personal interest;
- there can be less sense of obligation on the part of directors to consult with all stakeholders and voting members, when they are only appointed by one;
- directors tend to be focused on the interests of their own voting member and voting members without an active director tend to be underrepresented at the board table;
- directors tend to place greater emphasis on the interests of the voting member which can lead to competition amongst directors about the organization's priorities;
- Boards tend to be very large, which diminishes their effectiveness by slowing down decisions making – the ideal board size has been shown to be 7 to 11 directors;
- decision-making is slow and constrained because directors are sometimes required by their voting member to consult with their constituencies on certain decisions – this impedes the organization's ability to be innovate and be responsive to clients.

16. *How will the board ensure that the input of First Nations is sought out and included in decision-making?*

OFNTSC proposes that the board be mandated to ensure that OFNTSC consults with First Nations and key stakeholders through board-directed processes to obtain First Nation input, surveys, needs assessments and strategic planning. Additionally, communications protocols with the Chiefs in Assembly could ensure that OFNTSC reports in a timely and fulsome matter to First Nations in Ontario. Finally, OFNTSC proposes that the new board be mandated to increase its presence and visibility in the organization's communications with First Nations, including periodic board member and executive director visits to First Nations.

17. *Why does OFNTSC want long-term and predictable funding from ISC and how does this relate to the proposed governance reforms?*

OFNTSC's fiscal relationship with ISC could be working better. ISC has verbally committed to provide long-term flexible funding if ISC implements the governance and management reforms included in an organizational review report completed by Deloitte. The current ISC funding agreement applies conditions that impede the self-determination of our First Nations voting members and funding levels are generally insufficient to meet needs. In the past, ISC's desire to direct how funding is spent has impeded OFNTSC's ability to set priorities and deliver on the needs of First Nations in Ontario. Additionally, OFNTSC is challenged in attracting employees due to the looming uncertainty of its funding levels.