



BOARD OF DIRECTORS of the CANADIAN BROADCASTING CORPORATION

Minutes of the Meeting held on

February 25, 2015

Montreal, Quebec

= by telephone

Members of the Board present:

Rémi Racine, Chairperson of the Board
 Hubert T. Lacroix, President and Chief Executive Officer
 Edward Boyd
 Sonja Chong
 Pierre Gingras
 Cecil Hawkins
 Marni Larkin
 Maureen McCaw
 Terrence Leier
 Brian Mitchell
 Marlie Oden

In attendance:

Maryse Bertrand, Vice-President, Real Estate, Legal Services and General Counsel
 Stéphanie Duquette, Chief of Staff to the President and CEO
 Tranquillo Marrocco, Associate Corporate Secretary

Also Participating:

Bill Chambers, Vice-President, Brand, Communications and Corporate Affairs (Item 5)
 Heather Conway, Executive Vice-President, English Services (Item 5)
 Steven Guiton, Vice President, Technology, and Chief Regulatory Officer (Item 5)
 Louis Lalande, Executive Vice-President, French Services (Item 5)
 Micheal Mooney, Acting Vice-President and Chief Financial Officer (Items 3 and 5)
 Roula Zaarour, Vice-President, People and Culture (Items 4 to 6)
 Neil McEneaney, Chief Business Officer, English Services (Item 5)
 François Messier, Executive Director, Productions, French Services (Item 5)
 Jean Mongeau, General Manager and Chief Revenue Officer () (Item 5)
 (Item 6)
 Patricia Pleszczynska, General Manager, Regional Services, French Services (Item 5)
 (Item 6)
 Benoit Villeneuve, General Manager, Finance and Administration, French Services (Item 5)

Opening of the Meeting

At 8:30 a.m., the Chairperson called the meeting to order.

1. In Camera Session with the President & CEO

The Board met in camera with the President and CEO to discuss various matters.

3. Audit Committee Report

Brian Mitchell reported on the matters discussed at the meeting of the Audit Committee held on February 24, 2015, mainly, the meetings held with the prospective candidate for the Chief Financial Officer position, the Committee's approval of the Accounting and Financial Reporting Policy and the Billy Bishop Toronto City Airport Contract, the CFO's Report, the Key Risks and Action Plan for 2015-16, the Internal Audit Plan, and the 2015-16 Budget Overview. He also noted that, not having received the documentation in a timely manner, the Committee deferred its consideration of a new contract for internal audit services to another meeting.

Board members inquired about previous re-investments in programming. They also acknowledged the contributions of Michael Mooney, Neil McEneaney, and Benoit Villeneuve in the preparation of the 2015-16 Budget Overview.

3.1 Quarterly Financial Report

Brian Mitchell reviewed the highlights of the Quarterly Financial Report.

Board members inquired about the gap between the estimated and the actual severance costs, the opportunity of having benchmark analyses, effecting further workforce adjustments, and including more detailed disclosures of expenses in the Annual Report. They then reviewed the proposed press release relating to the Quarterly Financial Report.

On the recommendation of the Audit Committee, **IT WAS RESOLVED**, — That the Corporation's Financial Report for the quarter ended December 31, 2014, be approved.

3.2 Pension Plan Funding Policy

On the recommendation of the Audit Committee, **IT WAS RESOLVED**, — That the proposed Pension Plan Funding Policy be approved.

2. Adoption of Minutes

On a motion duly moved and seconded, **IT WAS RESOLVED**, — That the Minutes of the November 19, 2014, (with a correction), the December 2, 2014, and the January 26, 2015 Board meetings be approved.

4. Human Resources and Governance Committee Report

Ted Boyd reported on the matters discussed at the meeting of the Human Resources and Governance Committee held on February 24, 2015.

4.1 Pension Plan Amendment – Contribution Share

Ted Boyd provided an overview of the proposed increase of the employee share of pension contribution to 50% in equal increments over the next 3 years and the modification to the manner in which the employee contribution rates will be set.

On the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, — That, subject to Ministerial approval, the proposed amendments to Schedule B (CBC\Radio-Canada Pension Plan) of the Bylaws (see Appendix 1) be approved.

4.2 Pension Plan Amendment – Minor Edits

Ted Boyd provided an overview of the proposed minor amendments to the Pension Plan, mainly, the removal of the assumed pensionable service provisions for new members and the reduction of the Postponed Retirement Benefit.

On the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, — That, subject to Ministerial approval, the proposed amendments to Schedule B (CBC\Radio-Canada Pension Plan) of the Bylaws (see Appendix 2) be approved.

Board members inquired

4.3 Appointments

Ted Boyd provided an overview of the selection process for the Chief Financial Officer position.

Board members inquired about the remuneration rationale, the assessments administered, and the reason for the candidate's departure from her current employment.

On the recommendation of the Human Resources and Governance Committee, **IT WAS RESOLVED**, – That Judith Purves be appointed to the position of Chief Financial Officer effective April 13, 2015, on the terms and conditions presented.

4.4 Other Matters

Ted Boyd reported that Committee members explored the opportunity of striking a new Nominations Committee, comprised of Cecil Hawkins, Sonja Chong and Terry Leier, to review the Directors' Skills Matrix and recommend candidates for appointment to the government.

After discussion on the merits of the proposal, Ted Boyd noted that the Human Resources and Governance Committee will take Board members' comments under advisement and will return to the Board if required.

5. Strategic Plan Implementation Progress Report

Bill Chambers reviewed the quarterly dashboard summary and reported that all projects were progressing well. He then reviewed the five-year implementation timeline.

Sports Offering

Neil McEneaney provided an update on the Sports and Olympic Games strategy.

Board members inquired about the Pan Am Games, the opportunity of covering other sports, and the monetization of the CBC\Radio-Canada apps.

Regional Offering

Heather Conway, Louis Lalande and Bill Chambers provided an overview of the communications plan relating to the regional offering.

Board members requested that they be apprised of any developments occurring in their respective regions. They then discussed the overall communications strategy and approach.

Change Management

Roula Zaarour provided an update on the change management and training initiatives.

Board members inquired about the training that will be provided to support the mobile first strategy.

6. Organizational Design Update

The Board met in camera, with Maryse Bertrand, Roula Zaarour, Stéphanie Duquette, and in attendance, to discuss a proposed organizational design.

Hubert T. Lacroix provided an update on the results of his discussions with the Senior Executive Team and Union leaders and how that feedback was reflected in the proposed organizational design. He also explained the changes made to the previous design presented to the Board and the work remaining to be done.

The representatives from gave further details on the focus of the design, the support functions, and the risks associated with the design.

Board members then discussed the proposed organizational design and asked questions on the service delivery model, the media lines' level of support for the plan, the reporting lines, a timeframe for execution, messaging and communications, potential additional FTE reductions and impact on talent from the plan, change management and benchmarks with other public broadcasters.

It was agreed that benchmarks would be presented and reviewed after the design is completed in greater detail.

On a motion duly moved and seconded, **IT WAS RESOLVED**, – That the proposed organization design option be approved as presented.

7. Infrastructure Committee Report

Rémi Racine and Maryse Bertrand reported on the matters discussed at the meeting of the Infrastructure Committee held on February 24, 2015, mainly, the rationale for relocating the Iqaluit Station, the Treasury Board approval of the lease to Disney of additional space in the Toronto Broadcast Centre, an update on the MRC Development Project, and the preliminary work underway to develop a technical and functional plan for the Toronto Broadcast Centre. Maryse Bertrand also noted that the expenditures to date on the MRC Development Project were of the project's value, well below the industry standard for highly complex projects.

Board members inquired about the continued need for an external process auditor, the next steps for the MRC project, the extent of soil contamination and remedial costs, whether other locations would be considered as an alternative if the current process is not successful, the Corporation's indebtedness and current infrastructure expenditures with respect to the Toronto Broadcast Centre, and the move to the new Halifax Station.

8. Varia & In Camera Session

Independent Board members met in camera to discuss various matters.

9. Information Items

- 9.1. Migration to Rogers Mobility - Achievements
- 9.2. IT Benchmarking Data
- 9.3. Quarterly Budgetary Management Report
- 9.4. Quarterly Risk Management Report

Adjournment

At 2:50 p.m., the meeting was adjourned.

Appendices

1. Bylaw Amendments to Schedule B (Pension Plan) – Contribution Share
2. Bylaw Amendments to Schedule B (Pension Plan) – Minor Edits

APPENDIX 1

BYLAW AMENDMENT – SCHEDULE B – CONTRIBUTION SHARE

That Schedule B of the Bylaws (CBC/Radio-Canada Pension Plan) be amended as follows:

1. By replacing subparagraph 4.1(d)(iii) with the following:

“(iii) In respect of the period beginning July 1, 2014 and ending June 30, 2015:

(A) the sum of

- (1) six and twenty-five hundredths percent (6.25 %) in respect of Salary up to and including the YMPE, and
- (2) eight and twenty-two hundredths percent (8.22 %) in respect of Salary exceeding the YMPE,

(B) multiplied by the Full-Time Equivalent Rate of the Contributor for the given period.”

(iv) After June 30, 2015:

(A) in respect of the period beginning July 1, 2015 and ending June 30, 2016, employee contribution rates in respect of Salary up to and in excess of the YMPE will be set to represent forty-three and thirty-three hundredths percent (43.33%) of the normal cost of the benefits expected to accrue during this period;

(B) in respect of the period beginning July 1, 2016 and ending June 30, 2017, employee contribution rates in respect of Salary up to and in excess of the YMPE will be set to represent forty-six and sixty-six hundredths percent (46.66%) of the normal cost of the benefits expected to accrue during this period;

(C) in respect of each period after June 30, 2017 beginning July 1 and ending June 30, employee contribution rates in respect of Salary up to and in excess of the YMPE will be set yearly to represent fifty percent (50%) of the normal cost of the benefits expected to accrue during the applicable 12-month period.

For greater certainty, employee contribution rates after June 30, 2015 will be determined by the Corporation prior to July 1 of each applicable 12-month period.

The Corporation will base its determination on the latest actuarial valuation filed with the Superintendent prior to the beginning of the applicable 12-month period.

The new rates for the upcoming 12-month period will be determined by multiplying the rates then in effect by a single adjustment factor in order for the expected employee contributions to represent the percentage of the normal cost defined under paragraph (A), (B) or (C) above, as applicable.”

2. By replacing paragraph 4.1(f) with the following:

“Notwithstanding paragraphs 4.1(c) and (d), the rate of contributions set out in clause 4.1(c)(i)(B), or sub-clause 4.1(d)(i)(A)(2), 4.1(d)(ii)(A)(2) or 4.1(d)(iii)(A)(2) or the rate determined in accordance with subparagraph 4.1(d)(iv) in respect of Salary exceeding the YMPE, as applicable, shall apply to the entire Salary during any period in which the Contributor does not make contributions under the Public Pension Plan by reason of age.”

APPENDIX 2
BYLAW AMENDMENT – SCHEDULE B – MINOR EDITS

That Schedule B (CBC\Radio-Canada Pension Plan) of the Bylaws be amended as follows:

1. By adding the following paragraph at the end of paragraph 2.1(d):

“Notwithstanding the foregoing, in the case of a Contributor whose Membership starts after February 28, 2015, the Contributor’s Assumed Pensionable Service shall be determined without taking into account the requirement provided in subparagraph (ii).”
2. By adding the following paragraph at the end of paragraph 6.7(c):

“For greater certainty, this paragraph shall not apply in respect of a Contributor whose Membership starts after February 28, 2015.”
3. By replacing paragraph 4.1(f) with the following:

“Notwithstanding paragraphs 4.1(c) and (d), the rate of contributions set out in clause 4.1(c)(i)(B) or sub-clause 4.1(d)(i)(A)(2), 4.1(d)(ii)(A)(2) or 4.1(d)(iii)(A)(2) or the rate determined in accordance with subparagraph clause 4.1(d)(iv)(A) in respect of Salary exceeding the YMPE, as applicable, shall apply to the entire Salary during any period, preceding January 1, 2016, in which the Contributor does not elect to or is not permitted to make contributions under the Public Pension Plan by reason of age.”
4. By replacing the first paragraph of paragraph 6.6(b) with the following:

“Notwithstanding subsection 6.3, if, after reaching the Contributor’s Normal Retirement Date, a Contributor does not continue to make contributions to the Public Pension Plan, the annual amount of pension to which the Contributor shall become entitled with respect to Pensionable Service rendered after the Contributor’s Normal Retirement Date, but before January 1, 2016, during which the Contributor did not contribute to the Public Pension Plan shall be computed as two percent (2 %) of the Contributor’s Pensionable Salary Rate multiplied by the number of years of such Pensionable Service, subject to the limitation in subsection 6.4.”
5. By replacing the word “hundred” with “hundredths” in subparagraphs 4.1(d)