REPORT 06-003

BOARD OF GOVERNORS
OF THE
HAMILTON FUTURE FUND

September 28, 2006
2:30 p.m.
Room 110, Hamilton City Hall

Present:
Co-Chair T. Weisz
Mayor L. DiIanni
Councillor B. Kelly
P. Shewfelt, G. Hoath, T. Atterton,
B. Henley, C. Chamberlain, E. Farah, P. MacDonald, B.
Manson

Absent with regrets:
Councillor M. Ferguson – Illness
Councillor C. Collins, S. Chamberlin, J. Partridge

Also Present:
Trish Mongeon, Bob Kemp Hospice, J. Rinaldo, J.
Spiler, C. Elliott, M. Gallagher

THE HAMILTON FUTURE FUND BOARD OF GOVERNORS PRESENTS
REPORT 06-003 AND RESPECTFULLY RECOMMENDS:

1. Hamilton Future Fund Board of Governors – Succession Plan
   (a) That the size of the Hamilton Future Fund Board of Governors be
       maintained at seventeen (17) members: the Mayor, three (3) City
       Councillors and thirteen (13) citizen appointees.
   (b) That citizen members of the Hamilton Future Fund Board of
       Governors serve a four (4) year term commensurate with that of
       City Council, renewable once, starting from the date this
       recommendation is approved.
That the Strategic Planning and Budgets Committee consider approving one of the following methods for the selection of members to the Hamilton Future Fund Board of Governors:

(i) Citizen members of the Hamilton Future Fund Board of Governors be appointed by City Council on the recommendation of the Mayor following a selection process that includes advertising for vacancies and an interview with potential candidates.

(ii) The Hamilton Future Fund be authorized, as an immediate and on-going part of its mandate, to strike a nominating committee to recruit potential candidates for board membership through a public process and to recommend selected candidates to City Council for appointment.

FOR THE INFORMATION OF COMMITTEE:

Introduction

One of the mandates of the Hamilton Future Fund Board of Governors upon its creation by Council was to recommend a succession plan for membership on the Board. Now that the Board of Governors is at the end of its term, its members offer Council some criteria to consider in selecting Board members and some recommendations on specific matters related to succession: the number of Board members, the term of Board members and the appointment process for Board members.

Mission Statement of the Hamilton Future Fund

*To preserve and manage a permanent, self-sustaining fund (the Hamilton Future Fund) as a lasting legacy for current and future generations of Hamiltonians to enjoy economic prosperity, enhanced social fabric, and enhanced community life.*

Context

In 2002, the City of Hamilton received $137 million dividend from Hamilton Hydro for the amalgamation of the previous Region of Hamilton-Wentworth’s Hydro utilities.

Mayor Robert Wade established the Community Trustee Panel to develop a strategy for consideration by City Council on using the money for the establishment and financial management of a permanent Hamilton Future Fund (HFF).

The establishment of this broad based community panel was designed to ensure that the community was involved in deliberations about the permanent Hamilton Future Fund and its strategic use in building a city that will work, grow, and
prosper. The panel consisted of the Mayor, three City Councillors, and 13 members of the community - representing a broad community perspective, geographically and through interests.

The Community Trust Panel recommended that an independent group of citizens called the Board of Governors for the Hamilton Future Fund (HFF) be established. The primary role of the board would be to make recommendations to City Council for use and maintenance of the fund. The Community Trust Panel recommended that the current panel form the Board of Governors of the HFF for a three-year term from the date of approval. Future membership to the Board of Governors would be nominated by a Succession Subcommittee and ratified by City Council. Finally, the Community Trust Panel recommended a Mission Statement and Guiding Principles for use of the Hamilton Future Fund. City Council approved and adopted all these recommendations.

**Competencies and Needs on the HFF Board of Governors**

Regardless of size, term or how Board members are appointed, those charged with filling positions need a sense of the skills and attributes required of potential Board members. It is important to know what the Board does. Generally, the HFF Board has the following responsibilities:

1. Establish and review annually the mission and guiding principles of the Fund and submit to Council for approval;

2. Based on the mission and principles, set priorities and parameters for funding decisions and submit to Council for approval;

3. Based on the priorities and parameters, establish criteria for potential projects;

4. Review project submissions and submit recommendations for funding to Council;

5. Monitor progress of projects and, if necessary, recommend remedial actions to Council, including re-allocation of funds;

6. Monitor investment of the Fund and make recommendations to staff and Council on Fund management as appropriate;

7. Communicate with Council and the general public;

8. Follow rules of procedure and conduct consistent with the By-laws of the City of Hamilton and other relevant statutes and regulations.

There are practical skills and experiences that individual members must contribute to help the Board do its work: accounting, finance, the ability to read and understand financial statements, the ability to understand investment policy
and to interpret results, experience in the voluntary and not-for-profit sector, communications/public relations, and governance experience.

The call for the Mayor’s Panel sought applicants with knowledge and experience in business, labour, recreation/sports, agriculture, volunteerism, finance, law, and arts/culture/heritage. Every board member need not have every skill; it is the team experience that is important. As is presently the case, one member can bring the perspective of multiple constituencies to the table. Another major consideration is geographic and ethno-cultural representation. The Board believes that the broad representation, both geographic and constituent, should be maintained when considering new board members.

Perhaps the most important qualities that a potential candidate for this Board can possess are a sense of values and vision because the purpose of the Future Fund is to provide a legacy, a gift for today and tomorrow. The Board commends to Council an admonition given to us by Councillor Murray Ferguson – the Future Fund is not a duplication of the city’s grants process. Its scope should be larger, its canvas broad.

**Board Size**

The Board as currently constituted has 17 members – the Mayor, 3 City Councillors and 13 citizen appointees. At present, there are 11 citizen appointees serving and 2 vacancies. Recent literature on board size suggests that the appropriate size for boards or committees is the minimum necessary to accomplish the task. Proponents of smaller boards/committees argue that larger bodies (i.e. more than 7 people) tend to be awkward, unfocused and undisciplined while smaller groups are more participatory and have a better chance of finding common purpose. All this is arguable.

The significant advantage of a larger board is the potential for broader representation in terms of both geography and viewpoints. As well, any consensus emerging from such a group, it is argued, will tend to be sensible and prudent. The HFF has not found that the current size of the Board hinders its work. Indeed, as stated above, the Board values the broad perspectives and skill sets that current members contribute to its deliberations.

The Board recommends that the size of the HFF Board of Governors be maintained at 17 members: the Mayor, 3 City Councillors and 13 citizen appointees.

**Term of the Board**

The term of the Board should be commensurate with that of City Council. Therefore, the term of the next board should be 4 years.

It is always important to balance new perspectives and enthusiasm with experience, consistency and stability. This is especially important when part of the board’s job is on-going monitoring. The current HFF Board places high value
on continuity. How then is the Board renewed? The Board recommends that limiting the term of members to two consecutive terms from this point onward will provide a suitable measure of change while preserving the integrity of the board. Current experience suggests that there will be attrition that will assist in opening up opportunities.

It is the Board’s intention that current members will be eligible for at least one more full term.

The Board recommends that citizen members of the Hamilton Future Fund Board of Governors serve a four (4) year term commensurate with that of City Council, renewable once, starting from the date that this recommendation is accepted.

**Selection Process – Options for consideration**

The Hamilton Future Fund Board of Governors strongly believes that the nature of its mandate requires that the Board be non-partisan and quasi-independent.

The current membership of the HFF Board of Governors originally was selected through a process established by Mayor Bob Wade to recruit members for a specific purpose. The Board believes that the methodology used by Mayor Wade, while not the conventional approach to citizen appointments, worked well. **There is consensus that the original selection process be maintained.**

Recognizing that the original process might be problematic for some Councillors, the Board suggests alternatively that it be allowed to undertake its own nominating process, based on criteria such as suggested earlier, and then recommend the names of the selected candidates along with rationale to City Council for ratification and appointment.

In either scenario, the Board expects that opportunities to serve on the HFF Board will be advertised in accordance with city policy.

Therefore, the Board respectfully requests that Council consider (a) that citizen members of the Hamilton Future Fund Board of Governors be appointed by City Council on the recommendation of the Mayor following a selection process that includes advertising for vacancies and an interview with potential candidates or (b) that the Hamilton Future Fund Board of Governors be authorized as an immediate and on-going part of its mandate to strike a nominating committee to recruit potential candidates for board membership through a public process and to recommend selected candidates to City Council for appointment.

Respectfully submitted,

T. Weisz
Chairman