SUBJECT: Appointment of new CEO, HECFI (City Wide)

RECOMMENDATION:

That the appointment of Duncan Gillespie by the HECFI Board of Directors as the CEO of HECFI be approved by Hamilton City Council as per Section 16 (2) of Bill Pr.34.

EXECUTIVE SUMMARY:

The HECFI Board of Directors is recommending the approval of Duncan Gillespie’s appointment as CEO after 2 years and 6 months of interim/acting CEO appointments at HECFI.

BACKGROUND:

In November 2004, the then constituted HECFI Board appointed former director Duncan Gillespie as Interim CEO of the corporation. It was understood that a new HECFI Board would be better positioned to select a CEO for the restructured organization. A new Board was appointed by Council and met for the first time on April 14, 2005. Recognizing the need to rebuild credibility, respect and stability for HECFI in the eyes of the community, this new Board quickly began a process for selecting a permanent CEO for the organization. Time was of the essence for two reasons:

1. There was some urgency on the part of the John Howard Society to have their CEO, Duncan Gillespie, return to active leadership of their organization. The Society has
been patient with HECFI in extending the arrangement to second Mr. Gillespie to HECFI for a period longer than was first anticipated. HECFI is grateful to the John Howard Society and their Board for their cooperation and understanding; and

2. The HECFI organization has been operating with an acting or interim CEO since April 2003 as well as in some of the time periods leading up to that date. The organization required the leadership of a CEO respected by the Board, staff and the community in order to ensure that it did not suffer any further from the uncertainty that has surrounded HECFI since late 2002. The Board is extremely thankful for the great service provided by the HECFI staff over this transitional period and we are confident that the appointment of a permanent CEO will provide the stability required to take this organization to even higher levels of service to our community. The combination of a new CEO, a loyal, experienced staff and an invigorated and engaged Board will now allow HECFI to continue to evolve the organization as per the recommendations contained in the KPMG Report and adopted by Council in early 2005.

Over the first two months of the new Board’s existence, thorough discussion ensued respecting the scope of the search to be conducted for a new CEO, including Mr. Gillespie’s suitability for the CEO position. As well, we sought external third party advice and debated whether it would be appropriate to offer our interim CEO a permanent appointment. At its July 12, 2005 meeting, the Board unanimously decided to begin discussions with Mr. Gillespie and achieve agreement in relation to appointing him as the new CEO of HECFI. After a thorough process (described below), the HECFI Board at its September 29, 2005 meeting, gave its unanimous approval to the appointment of Duncan Gillespie as well as approving the tentative contract negotiated with Mr. Gillespie. The appointment is subject to Council’s approval as required by Section 16 (2) of Bill Pr34 – the legislation under which HECFI operates.

**ANALYSIS OF ALTERNATIVES:**

Not applicable.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

None. This position is in the budgeted staffing compliment for HECFI.

**POLICIES AFFECTING PROPOSAL:**

Not applicable.
CONSULTATION WITH RELEVANT DEPARTMENTS/AGENCIES:

The following describes the most significant steps taken by the Board leading to the recommendation to appoint Mr. Gillespie to the CEO position.

1. The Board decided very early on to undertake a “360 Degree Evaluation” of Mr. Gillespie to determine his suitability to carry out the role of CEO of HECFI. A local governance and HR consultant, Mr. Gordon Neufeld, was engaged to assist the Board in carrying out the evaluation. The evaluation sought the feedback on Mr. Gillespie’s leadership qualities, suitability and performance in a CEO capacity at both the John Howard Society and at HECFI from Board members, senior staff, community partners and others who have had contact with Mr. Gillespie in those roles. The feedback received was exceptionally positive from the respondents and was consistent with what the members of the previous Board and the current Board had personally observed in respect of Mr. Gillespie’s conduct. The consultant indicated that results at this level of achievement were remarkable and rarely as positive or as consistently high as Mr. Gillespie’s results.

2. The Board Chair sought advice from the General Manager of Human Resources for the City. Specifically, she was asked whether a process to appoint a CEO that focused solely on the appointment of the current interim CEO was appropriate. She indicated that such a process, if it is done with sufficient care and diligence, would be appropriate in many instances. Benefits include reducing staff’s anxiety associated with a longer and unpredictable process, eliminating the cost of a search process, the Board’s ability to begin to work on the rebuilding process of the organization more quickly, and providing predictability and certainty for HECFI’s customers, suppliers and partners. In fact, the City had used a similar approach in appointing its current City Manager. The governance consultant working with the new Board provided similar advice to the Board in one of our sessions.

3. A subcommittee of the Board consisting of the Board Chair, the 2nd Vice Chair and the Board Treasurer interviewed Mr. Gillespie to ensure that his leadership style, views concerning the HECFI mandate and his goals within the organization were acceptable to the Board. The subcommittee and the candidate also agreed to a set of goals that Mr. Gillespie would be expected to achieve by March 2006, and that a performance evaluation system would be established and used annually after March 2006.

4. A standard Employment Contract was provided to the Board by City staff as a starting point for the negotiations with Mr. Gillespie. The final contract has been reviewed by the lawyer in the City’s HR Department who has indicated he is comfortable with the contract. Of particular interest to the Board was the fact that the termination provisions in the contract are consistent with the City’s guidelines for such provisions.
5. A consultant was engaged by HECFI to review the position and recommend an appropriate salary range. The consultant has performed this function with respect to administrative staff at the City and HECFI on previous occasions. The consultant’s comparator was primarily senior positions within the City administrative staff. Internal HECFI positions and comparable positions in external organizations were also reviewed. The starting salary in the contract is 85% of the maximum of the recommended salary range which we understand to be consistent with City policy. The salary performance adjustments will occur in a manner consistent with the City guidelines.

The HECFI Board is confident in this significant decision to confirm Mr. Gillespie as CEO of the Hamilton Entertainment and Convention Facilities Inc. We believe that this appointment is yet another positive step in the process of renewal commenced with the work of the City’s HECFI Review Committee.

CITY STRATEGIC COMMITMENT:

Not applicable.