



City of Hamilton
GOVERNANCE REVIEW SUB-COMMITTEE
AGENDA

Meeting #: 22-002
Date: May 30, 2022
Time: 9:30 a.m.
Location: Due to the COVID-19 and the Closure of City Hall (CC)

All electronic meetings can be viewed at:

City's Website:
<https://www.hamilton.ca/council-committee/council-committee-meetings/meetings-and-agendas>

City's YouTube Channel:
<https://www.youtube.com/user/InsideCityofHamilton> or Cable 14

Angela McRae, Legislative Coordinator (905) 546-2424 ext. 5987

1. CEREMONIAL ACTIVITIES

2. APPROVAL OF AGENDA

(Added Items, if applicable, will be noted with *)

3. DECLARATIONS OF INTEREST

4. APPROVAL OF MINUTES OF PREVIOUS MEETING

4.1. March 31, 2022

5. COMMUNICATIONS

5.1. Correspondence from Paul Dube, Ontario Ombudsman respecting the Fee charged to file an Integrity Commissioner complaint

(Referred to the Governance Review Sub-Committee by Council on January 19, 2022)

6. DELEGATION REQUESTS
7. CONSENT ITEMS
8. STAFF PRESENTATIONS
9. PUBLIC HEARINGS / DELEGATIONS
10. DISCUSSION ITEMS
 - 10.1. Hamilton Future Fund Governance Review and Reserve Strategy (FCS22045) (City Wide)
11. MOTIONS
12. NOTICES OF MOTION
13. GENERAL INFORMATION / OTHER BUSINESS
14. PRIVATE AND CONFIDENTIAL
15. ADJOURNMENT



Hamilton

GOVERNANCE REVIEW SUB-COMMITTEE

MINUTES 22-001

Thursday, March 31, 2022

9:30 am

Room 264

Hamilton City Hall

Present: Councillors M. Wilson (Chair), L. Ferguson, M. Pearson, and A. VanderBeek

Absent: Councillors B. Clark – City Business, T. Whitehead – Personal

THE FOLLOWING ITEMS WERE REFERRED TO THE AUDIT, FINANCE & ADMINISTRATION COMMITTEE FOR CONSIDERATION:

1. APPOINTMENT OF A CHAIR AND VICE-CHAIR (Item 1)

(VanderBeek/Pearson)

- (a) That Councillor M. Wilson be appointed as Chair of the Governance Review Sub-Committee for the remainder of the 2018-2022 term.

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

(Pearson/Wilson)

- (b) That Councillor A. VanderBeek be appointed as Vice-Chair of the Governance Review Sub-Committee for the remainder of the 2018-2022 term.

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

2. Verbal Updates to Council (FCS22021 / CM22002) (City Wide) (Outstanding Business List Item) (Item 7.1)

(Pearson/Ferguson)

That Report FCS22021 / CM22002, respecting Verbal Updates to Council, be received.

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

3. 2023 Committee and Council Meeting Calendar (Item 10.1)

(VanderBeek/Pearson)

That the 2023 Committee and Council Meeting Calendar be approved, as presented.

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

4. Review of City of Hamilton's Agencies, Boards, Committees and other Affiliated Entities (LS22016 / FCS22025) (City Wide) (Item 10.2)

(Ferguson/Pearson)

- (a) That Confidential Appendix "B" and "C" attached to Report LS22016 / FCS22025 respecting the Review of City of Hamilton's Agencies, Boards, Committees and other Affiliated Entities be approved;
- (b) That Confidential Appendix "A", "B" and "C" to Report LS22016 / FCS22025 respecting the Review of City of Hamilton's Agencies, Boards, Committees and other Affiliated Entities, remain confidential; and
- (c) That the City Clerk be directed to respond to the Ombudsman on behalf of the City with a list of those entities that the City of Hamilton considers to be 'council', 'committee' or a 'local board' with information contained in Confidential Appendix "B" to Report LS22016 / FCS22025 respecting the

Review of City of Hamilton's Agencies, Boards, Committees and other Affiliated Entities.

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

FOR INFORMATION:

(a) CHANGES TO THE AGENDA (Item 2)

The Committee Clerk advised that there were no changes to the agenda.

(Pearson/Ferguson)

That the March 31, 2022 Agenda of the Governance Review Sub-Committee be approved, as presented.

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

(c) APPROVAL OF MINUTES (Item 4)

(i) August 24, 2021 (Item 4.1)

(Ferguson/Pearson)

That the Minutes of the August 24, 2021 meeting of the Governance Review Sub-Committee be approved, as presented.

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson

YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

(d) GENERAL INFORMATION / OTHER BUSINESS (Item 13)

(i) Amendments to the Outstanding Business List (Item 13.1):

(VanderBeek/Pearson)

That the following amendment to the Governance Review Sub-Committee's Outstanding Business List, be approved:

(a) Items Considered Complete and Needing to be Removed (Item 13.1(a):

Verbal Updates at Council and Committee Meetings

That the City Clerk along with the Senior Leadership Team provide a report back to the Governance Review Sub-Committee on the potential options on providing a summary for time sensitive In-Camera items prior to the meeting.

Added: February 12, 2020 - at Governance

Completed: March 31, 2022 - at Governance (Item 7.1)

OBL Item: 20-B

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

(e) PRIVATE AND CONFIDENTIAL (Item 14.1)

(i) Confidential Appendices "A" through "C" to Report LS22016 / FCS22025 – Review of City of Hamilton's Agencies, Boards, Committees and other Affiliated Entities

The Committee determined it was not necessary to go into Closed Session to discuss Item 14.1, Confidential Appendices "A" through "C" to Report LS22016 / FCS22025 – Review of City of Hamilton's Agencies, Boards, Committees and other Affiliated Entities.

For disposition of this matter, refer to Item 1.

(f) ADJOURNMENT (Item 15)

(Pearson/Ferguson)

That, there being no further business, the Governance Review Sub-Committee meeting be adjourned at 10:06 a.m.

Result: Motion CARRIED by a vote of 4 to 0, as follows:

YES - Councillor Maureen Wilson
NOT PRESENT - Councillor Terry Whitehead
YES - Councillor Arlene VanderBeek
YES - Councillor Lloyd Ferguson
YES - Councillor Maria Pearson
NOT PRESENT - Councillor Brad Clark

Respectfully submitted,

Councillor M. Wilson, Chair
Governance Review Sub-Committee

Angela McRae
Legislative Coordinator
Office of the City Clerk



BY EMAIL

Council for the City of Hamilton
Hamilton City Hall
71 Main Street West
Hamilton, Ontario L8P 4Y5

January 12, 2022

Dear Council for the City of Hamilton:

Re: Fee charged to file an Integrity Commissioner complaint

I have received a complaint that City of Hamilton charges a \$100 fee to make a complaint to its appointed Integrity Commissioner. Our Office spoke to City staff and was informed that they have no discretion to waive the fee, regardless of an individual's ability to afford this fee.

The *Municipal Act, 2001* requires that all municipalities appoint an Integrity Commissioner, or make the services of an Integrity Commission available, to address complaints regarding the ethical conduct of members of council and local boards. This system is premised on a willing public coming forward to assist in ensuring that transparency is maintained at the municipal level.

There should be no fee or other barrier to make a complaint to the Integrity Commissioner. While some municipalities have chosen to implement a complaint fee, my Office has publicly denounced this practice as it penalizes complainants for exercising their statutory rights, and may prevent legitimate complaints from being brought forward due to concerns about financial cost. Charging a fee to complain is entirely inconsistent with the primary intent of the Integrity Commissioner scheme, which is to foster democratic legitimacy and public trust at the local level.

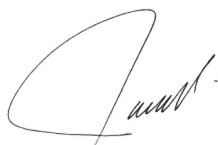
I understand that the \$100 fee was implemented to offset costs and minimize the number of frivolous or vexatious complaints received by the City. However, rather than imposing a fee which acts as a barrier, the City can address frivolous or vexatious complaints by providing the Integrity Commissioner with the authority to dismiss these complaints. By empowering

the Integrity Commissioner to make this determination on the basis of each specific complaint, the City can ensure that legitimate complaints are not suppressed by an overly blunt barrier to access.

The City of Hamilton's s Integrity Commissioner By-Law No. 16-288¹ already provides the Integrity Commissioner with the authority to dismiss complaints that are frivolous, vexatious, an abuse of process or not made in good faith. Accordingly, the City need only remove the fee in order to ensure that complaints can reach the Integrity Commissioner and be considered on their merits.

I strongly urge the City of Hamilton to amend its by-laws as soon as possible to remove the reference to a fee for integrity commissioner complaints. If the City is unwilling to eliminate this fee, it should ensure that staff have the discretion to waive the fee depending on the circumstances, such as where the complainant does not have the means to pay.

Yours truly,



Paul Dubé
Ontario Ombudsman

¹ The Corporation of the City of Hamilton, by-law No. 16-288, *To Establish and Govern the Office of Integrity Commissioner and Provide for the Resolution of Allegations of Contravention of the Code of Conduct by Members of Council* (26 October 2016), s. 11.(6)(a)



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Governance Review Sub-Committee
COMMITTEE DATE:	May 30, 2022
SUBJECT/REPORT NO:	Hamilton Future Fund Governance Review and Reserve Strategy (FCS22045) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Gloria Rojas (905) 546-2424 Ext. 6247
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That staff be directed to develop and execute public engagement and consultation on the Hamilton Future Fund governance and reserve strategy and report back on the results in January 2023;
- (b) That the framework of the public engagement and consultation on Hamilton Future Fund governance and reserve strategy, attached as Appendix "A" to Report FCS22045, be approved.

EXECUTIVE SUMMARY

The Hamilton Future Fund (HFF) was established in 2002 from the proceeds of \$137 M from the creation of Hamilton Hydro Incorporated under the *Energy Competition Act 2000* following restructuring of the electricity industry in Ontario (under the *Electricity Act, 1998*). Two reserves were created: Fund A for \$100 M was to be invested to provide income which would be used to fund various capital projects and initiatives; Fund B for \$37M was to provide funding for various City and community organizations and initiatives. As at December 31, 2021, reserve balances are \$60.3 M in Fund A and \$1.9 M in Fund B.

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**SUBJECT: Hamilton Future Fund Governance Review and Reserve Strategy
(FCS22045) (City Wide) – Page 2 of 9**

In December of 2021, the Office of the City Auditor presented Hamilton Future Fund Audit (Report AUD21013) with the results of a compliance and value-for-money audit on the HFF and 10 recommendations to strengthen the fund's governance. Appendix "B" to Report AUD21013 "Recommendations and Management Response" is reproduced as Appendix "B" to Report FCS22045.

Recommendations 1 and 2 of "Recommendations and Management Response" (Appendix "B" to Report AUD21013) focus on creating a fund strategy that aligns with the City's strategic plan and for that purpose, staff is recommending the development and execution of a public consultation to gain public input on fund governance and the future use of the reserves.

On fund governance, staff will consult citizens on the option of continuing with the Board of Governors or make the HFF a City fund consistent with other funds such as the City Enrichment Fund. A number of investment alternatives will be presented including infrastructure, affordable housing, economic prosperity and community initiatives.

Staff will also consult with Councillors, HFF Board members and other interested stakeholders. Staff will report back to the Governance Review Sub-Committee in January 2023 with the results of the public engagement and recommendations on a fund strategy and governance model.

The framework for the consultation is attached as Appendix "A" to Report FCS22045.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: There are no financial implications from Report FCS22045. As at December 31, 2021, HFF reserve balances are \$60.3 M in Fund A and \$1.9 M in Fund B. The public engagement and consultation on the strategy for the HFF Reserves could result in changes to future uses.

Staffing: There are no staffing implications from Report FCS22045. However, staff's other priorities may need to be adjusted.

Legal: There are no legal implications from Report FCS22045. The outcome of the public engagement and consultation could result in a review of HFF agreements.

**SUBJECT: Hamilton Future Fund Governance Review and Reserve Strategy
(FCS22045) (City Wide) – Page 3 of 9**

HISTORICAL BACKGROUND

The Hamilton Future Fund (HFF) was established in 2002 when the proceeds of \$137 M from the creation of Hamilton Hydro Inc. were received by the City of Hamilton. Hamilton Hydro was created to conform to the *Energy Competition Act, 2000* from the amalgamation of municipal electric commissions in Ancaster, Dundas, Flamborough, Hamilton and Stoney Creek. The Hamilton Future Fund was created through reports in 2002. Report FCS02027 was approved by Committee of the Whole at its meeting on March 19, 2002 and Report FCS02107 was approved by Committee of the Whole on September 10, 2002. The mission of the HFF is to create a permanent legacy for current and future generations of Hamiltonians to enjoy economic prosperity and improved quality of life.

Two reserve funds were created.

Fund A of \$100 M was to be invested and protected for a five-year period from inception to provide investment income as a permanent source of funding. After the five-year initial investment period and growth of the HFF, the funds could be used for capital projects.

Fund A investments, however, were not protected during the first five-year period, as was required when the fund was established. Some of the funds were used during the first five years to reduce taxes and as an internal source of borrowing for City capital projects. The loans to the City were promissory notes to be repaid to the HFF with interest. These loans were an alternative to taking on external debt to finance capital projects and the principal and interest is repaid annually.

Significant uses of Fund A since inception include:

- Reduction of property taxes to improve tax competitiveness through the transfer of \$13.8 M in investment interest from 2003 to 2008;
- Loans to the City of Hamilton from 2005 to 2017 for approximately \$98 M (approved through a by-law) to fund various capital projects;
- Grants for the Poverty Reduction Investment Strategy for construction of affordable rental housing for a total of \$20 M paid from 2017 to 2021;
- Grants for \$55.2 M in 2009 for capital projects related to the 2015 Pan-Am Games; and
- Loans to external organizations for capital projects for the McMaster Health Campus (\$10 M), Good Shepherd Centre (\$5 M) and Bob Kemp Hospice (forgivable loan for \$1.5 M).

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**SUBJECT: Hamilton Future Fund Governance Review and Reserve Strategy
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Table 1 shows the transaction of Fund A as of December 31, 2021 including the loans to the City with and outstanding balance of \$79.1 M in principal and \$29.7 M in interest.

Table 1

HAMILTON FUTURE FUND A		
as of December 31, 2021		
Beginning Balance		\$ 100,000,000
Additions:		
Investment Income		49,611,448
Loan Repayments - City of Hamilton	- Principal	79,094,307
	- Interest	29,712,834
Loan Repayments - Good Shepherd	- Principal	2,820,000
	- Interest	327,049
Less:		
Transfers to Operating (2003 - 2008)		(13,845,000)
Fund / Return Capital Projects - COH		(97,690,414)
Poverty Reduction Investment (\$20M over 5 yrs committed)		(20,000,000)
<u>Pan Am Games</u>	<u>Approved</u>	
Ivor Wynne / Brian Timmis Stadiums	45,000,000	(44,994,672)
Velodrome (not being built in Hamilton, \$5 Million in funding redirected back to HFF)		(247,224)
West Harbour Initiatives (Loan)	10,000,000	(10,000,000)
Total	55,000,000	(55,241,896)
McMaster Health Campus (Loan)	10,000,000	(10,000,000)
Forgivable Loan to Dr. Bob Kemp Hospice		(1,500,000)
Good Shepherd Loan (Extended for additional 5 Yrs.)		(3,000,000)
Ending Balance - Cash & Investments		\$ 60,288,327.88

It is estimated that the Fund will grow back to \$99.4 M in 2028 due to investment income and loan repayments. However, this projection is based on the assumption that no new loans or grants are withdrawn after 2021. Table 2 shows the projected repayments and investment income for the next ten years.

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**SUBJECT: Hamilton Future Fund Governance Review and Reserve Strategy
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Table 2

HAMILTON FUTURE FUND A											
(\$ 000's)											
	Actual										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Opening Asset Value	54,559	60,288	65,549	70,782	76,173	81,725	87,443	93,334	99,400	105,649	112,086
Revenues	3.0%										
Investment Income	1,165	1,809	1,966	2,123	2,285	2,452	2,623	2,800	2,982	3,169	3,363
Loan Repayment (P&I) - COH	7,923	3,267	3,267	3,267	3,267	3,267	3,267	3,267	3,267	3,267	3,267
Loan Rpymt. (P&I) - Good Shepherd	189	185									
Expenditures											
Transfer to Operating	452										
Hospice Loan											
Loans to Fund Capital - COH											
Good Shepherd Loan											
Pan Am Games - Ivor Wynne											
Pan Am Games - Velodrome											
* West Harbour lands (Loan)											
* McMaster Health Campus (Loan)											
Poverty Reduction (\$20M)	(4,000)										
Balance (Cash & Investments)	60,288	65,549	70,782	76,173	81,725	87,443	93,334	99,400	105,649	112,086	118,715
Outstanding Loans Receivable											
COH - to Fund Capital	18,503	14,381	11,083	8,284	6,068	4,149	2,449	969	(238)	(1,048)	(1,253)
Good Shepherd	180	-	-	-	-	-	-				
Total Asset Value	78,971	79,930	81,865	84,457	87,793	91,592	95,783	100,369	105,411	111,038	117,462
<p>(1) Recommendation to extend payback term on City loans from 2031 to 2036 existing , report BOH16034/CES16043 approved by Council on Sep. 27, 2017. The purpose of the loan repayment extension was to accommodate funding for the Poverty Reduction Plan in the amount of \$20M.</p> <p>(2) The \$10 million for purchase of the West Harbour lands and \$10 million for the McMaster Health Campus is to be repaid to the Hamilton Future Fund with the net proceeds from sale of West Harbour lands. (Approvals: West Harbour Jan. 31, 2011 Council; McMaster Health - Aug. 11, 2011 Council)</p>											

At the inception of the fund, it was recommended that after the five-year investment period a community consultation be conducted in order to obtain input before any further allocations were made. However, these consultations have not been undertaken.

Fund B of \$37 M was to be used to provide funding for various capital projects both within City programs and for external organizations. The funds are grants which are awarded as part of an application process.

Spending portfolios for Fund B were established in 2002 as key areas of focus for funding of various City and community organizations and initiatives. The spending portfolios included three investment categories:

- Enhancing Hamilton's Economy;
- Enhancing Hamilton's Social Fabric; and
- Enhancing Hamilton's Community Life.

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**SUBJECT: Hamilton Future Fund Governance Review and Reserve Strategy
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Fund B grants were awarded, for example, for the capital improvement or construction of sports facilities, for the purchase of orthopaedic robotics surgery equipment and for the construction of a common area in a residential hospice.

A Board of Governors was established to provide oversight of the HFF. The Board is currently composed of the Mayor, four City Councillors and 13 citizen members. The Board of Governors reports to the General Issues Committee (GIC) and makes recommendations regarding the use of the HFF reserves.

In 2019, Council approved Report “Office of the City Auditor Work Plan 2019 (AUD19007)” which included a compliance and value-for-money audit of the HFF. Through Report AUD21013, the Office of the City Auditor (OCA) reviewed the HFF’s fund governance and oversight including the processes to manage grants and loans, and the adequacy of performance measures. The OCA’s Report and its appendices contained 10 recommendations to strengthen the fund’s governance, including:

- Development of a strategic plan for the use of funds, which incorporates public consultation;
- Formalization of the roles of City employees to support the HFF, including a fund administrator;
- Improvements in the processes for grant awards; and
- Monitoring of performance measures for projects receiving funding.

Management agreed with all 10 of the recommendations. Comprehensive management action plans are to be provided to the OCA by June 2022.

Appendix “B” to Report AUD21013 “Recommendations and Management Response” is reproduced as Appendix “B” to Report FCS22045.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

N/A

RELEVANT CONSULTATION

Corporate Services staff consulted with staff from the Office of the City Auditor, the Office of the City Clerk and the Government Relations and Community Engagement Division who supported the recommendations included in Report FCS22045.

Staff also consulted with the Chair of the HFF Board of Governors principally to advise the Chair of the intent of Report FCS22045 in response to the City Auditor’s Report.

**SUBJECT: Hamilton Future Fund Governance Review and Reserve Strategy
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ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

The Hamilton Future Fund is comprised of two reserves.

Fund A with an initial reserve of \$100 M is to be invested in various capital projects that provide permanent community benefit and improve the economic prosperity of the citizens of Hamilton. As of December 31, 2021, the adjusted reserve balance of Fund A is \$60.3 M.

Fund B with an initial reserve of \$37 M provides grants for capital projects for various City and community organizations and initiatives. As of December 31, 2021, the reserve balance of Fund B is \$1.9 M.

One of primary roles of the HFF Board of Governors was to make recommendations to Council. The Board was to be responsible for:

- Recommending to Council future uses for the remaining \$100 M fund component that would be invested over five years;
- Developing appropriate performance criteria and future investment priorities and making related recommendations to Council;
- Soliciting public input on the future directions and priorities of the HFF;
- Tracking the HFF performance and ensuring projects are completed and the expected benefits materialize; and
- Issuing an annual report on the operation of the Fund (e.g., revenues, expenditures, investment performance, projects initiated and / or completed, etc.).

From 2002 to 2022, the Board recommended a number of projects and initiatives.

In 2021, the Office of the City Auditor conducted a compliance and value-for-money audit of the HFF. The Audit findings included opportunities to strengthen oversight, clarity of strategies for use and nature of fund investments. The report also found that a strategic plan for use of the reserve over the longer term would assist in improving transparency and alignment with City strategic directions. The Audit resulted in 10 recommendations to improve the oversight and governance of the fund.

Recommendations 1 and 2 of the “Recommendations and Management Response” (Appendix “B” to Report AUD21013) focus on creating a fund strategy that aligns with the City’s strategic plan as follows.

**SUBJECT: Hamilton Future Fund Governance Review and Reserve Strategy
(FCS22045) (City Wide) – Page 8 of 9**

Recommendation 1 – Reserve Strategy

“That a terms of reference and a reserve strategy for the HFF be developed in order to ensure fund transparency, sufficiency and that the mission and guiding principles are achieved. A reserve strategy for the HFF can outline how the funds will be used in alignment with the City’s strategic plan.”

Recommendation 2 – Public Consultation

“That Management (in consultation with the HFF Board of Governors), consider conducting public consultations regarding the development of a fund strategy that includes ensuring future approved projects are in alignment with the City’s strategic plan.”

Management agreed with the recommendations and through Report FCS22045 is recommending a public engagement and consultation which is expected to take place in the third quarter of 2022. Staff will utilize Engage Hamilton to solicit public input on fund governance and the future use of the reserves.

On fund governance, staff will be presenting two options for consideration:

Option 1

Maintain existing governance structure with the Hamilton Future Fund Board of Governors making recommendations to Council on investments of Funds A and B. Fund A will continue to be a permanent fund to be invested in capital initiatives and Fund B will continue to fund City and community initiatives.

Option 2

Change the governance structure by eliminating the Hamilton Future Fund Board of Governors and transfer Funds A and B to City Council for decision making. Funds will be invested in the short term with significant impact to the selected initiatives and will be closed once all the funds have been allocated.

Regarding the use of the HFF Reserves (Funds A and B), under both options, they will continue to be invested in City’s Strategic Priorities. Citizens will be consulted on investments in the following areas of focus:

- Municipal infrastructure asset management
- Investments in affordable housing
- Time limited investments in Strategic Priorities
- Supplemental funding for City Enrichment Fund

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**SUBJECT: Hamilton Future Fund Governance Review and Reserve Strategy
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Staff will also consult with Councillors, HFF Board members and other interested stakeholders and will report back to the Governance Review Sub-Committee in January 2023 with the results of the public engagement and recommendations on a fund strategy and governance model.

The framework for the consultation is attached as Appendix “A” to Report FCS22045.

HFF Governance Review and Reserve Strategy – Work Plan Key Dates

May 2022:	Governance Review Sub-committee considers Report FCS22045
June 2022	General Issues Committee and Council Approval of recommendations from Governance Review Sub-committee
Sept. / Oct. 2022:	Public engagement through Engage Hamilton, public consultation and feedback
January 2023	Governance Review Sub-committee considers Report FCS22045(a) with results of the public engagement and consultation

ALTERNATIVES FOR CONSIDERATION

N/A

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS22045 – Hamilton Future Fund Public Engagement Framework

Appendix “B” to Report FCS22045 – Hamilton Future Fund Audit Recommendations and Management Response

GR/dt



Hamilton

**HAMILTON FUTURE FUND
PUBLIC ENGAGEMENT
FRAMEWORK**



Hamilton Future Fund Public Engagement Framework

As part of the Hamilton Future Fund Review and Reserve Strategy, citizens will be consulted through a survey on Engage Hamilton on their opinions on fund governance and the use of the reserves.

Fund Governance

Option 1

Maintain existing governance structure with the Hamilton Future Fund Board of Governors making recommendations to Council on investments of Funds A and B.

Fund A will continue to be a permanent fund to be invested in capital initiatives and Fund B will continue to fund City and community initiatives.

Hamilton Future Fund Public Engagement Framework

Option 2

Change the governance structure by eliminating the Hamilton Future Fund Board of Governors and transfer Funds A and B to City Council for decision making.

Funds will be invested in the short term with significant impact to the selected initiatives and will be closed once all the funds have been allocated.

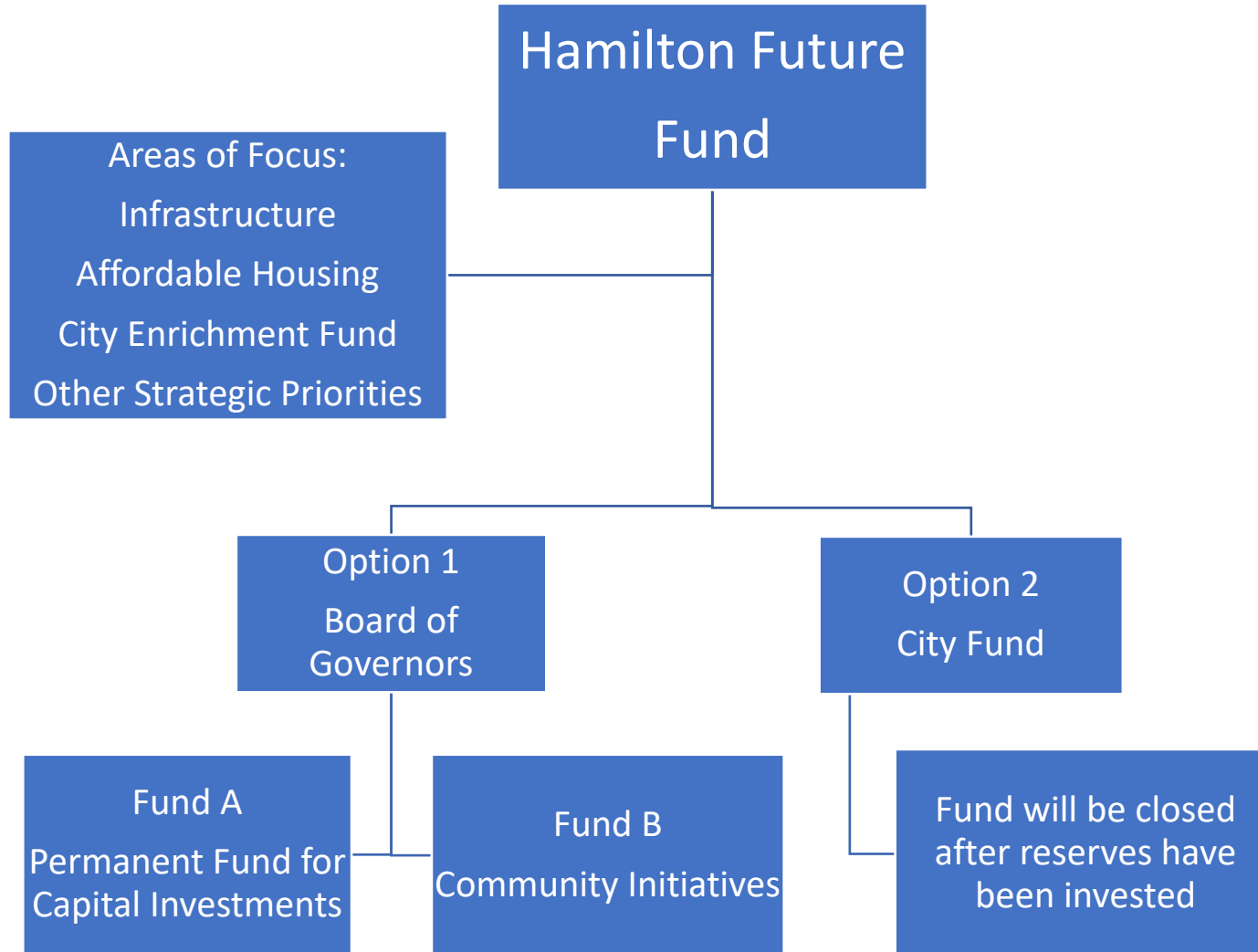
Hamilton Future Fund Public Engagement Framework

Use of Reserves

Under both options, the Hamilton Future Fund will continue to invest in City's Strategic Priorities. Citizens will be consulted on investments in the following areas of focus:

- Municipal infrastructure asset management
- Investments in affordable housing
- Time limited investments in Strategic Priorities
- Supplemental funding for City Enrichment Fund

Hamilton Future Fund Public Engagement Framework





Hamilton

Office of the City Auditor

Hamilton Future Fund Audit

Recommendations and Management Response

December 9, 2021

Office of the City Auditor

Jane Schope, Senior Auditor

Brigitte Minard, Deputy City Auditor

Charles Brown, City Auditor

Introduction

The following ten recommendations will improve oversight and governance of the Hamilton Future Fund.

Please note that Management has provided one, short management response, and will be submitting a comprehensive management action plan to the Office of the City Auditor (OCA) by June 2022. The OCA will review these responses, and once satisfied that they adequately address the audit recommendations, they will be submitted to the Audit, Finance and Administration Committee for approval and for direction to be provided to Management to implement their action plans.

Recommendation 1

That a terms of reference and a reserve strategy for the HFF be developed in order to ensure fund transparency, sufficiency and that the mission and guiding principles are achieved. A reserve strategy for the HFF can outline how the funds will be used in alignment with the City's strategic plan.

Recommendation 2

That Management (in consultation with the HFF Board of Governors), consider conducting public consultations regarding the development of a fund strategy that includes ensuring future approve projects are in alignment with the City's strategic plan.

Recommendation 3

That the roles, responsibilities and accountabilities of City staff who support the HFF be formalized, including the assignment of fund administrator duties so that HFF administrative matters are adequately managed on an ongoing basis.

Recommendation 4

That there be a defined meeting schedule for the Board of Governors, including a specified number of meetings per year, to provide adequate and timely oversight to the HFF activities.

Recommendation 5

That the existing Fund B checklist be revised to become an evaluation form that includes scoring of grants in each application category/criteria. Consistent evaluation practices will enhance the objectivity and transparency when evaluating the following:

- The grant application's alignment with the objectives of the program; and
- Justification of the selection of the grant recipients based on the merit of the proposal.

Recommendation 6

That the Board consider revising the grant application form and scoring checklist/evaluation to include criteria on how the project contributes to equity, diversity and inclusion in Hamilton.

Recommendation 7

That the processes for contract management of grants be formalized and strengthened, with attention to the following areas:

- Development of a standard format or template for progress and final reporting of grant activities including project expenditures and outcomes;
- Requiring that progress and final reports on expenditures and project outcomes be submitted at regular intervals as part of the grant agreements;
- City staff (Fund Administrator) be required to follow-up on the receipt and completeness of progress and final reports including the use of funds and outcome measures;
- Consideration be given to the payment of funds in installments according to the length and progress of the project;
- Develop guidelines around the right to audit grant recipients if required according to the monitoring of progress reporting and use of funds; and
- Consult with Legal Services, as appropriate.

Recommendation 8

That the Hamilton Future Fund Administrator develop performance measures and reporting to demonstrate the achievement of program goals and value-for-money for funded projects, both internal and external to the City.

Recommendation 9

That performance reporting be used to develop future evaluation criteria and HFF investment priorities that are in alignment with the objectives and guiding principles of the HFF.

Recommendation 10

That management follow the direction of Council and provide regular reporting (i.e. at least annually) on the reserve and projects funded from the HFF.

Management Response

Management is agreeable with all 10 of the OCA's recommendations.

Management will work towards thorough Management Action Plans intended to strengthen the oversight of the Hamilton Future Fund, including providing rigour and transparency to the management of funds to ensure that program objectives are achieved, therefore reducing financial and reputational risk to City.

Management will provide thorough Management Action Plans to the OCA, so that the OCA can review and report to Committee and Council.

**Office of the
City Auditor**

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