



City of Hamilton
HAMILTON FUTURE FUND BOARD OF GOVERNORS
AGENDA

Meeting #: 22-002
Date: September 16, 2022
Time: 1:30 p.m.
Location: Council Chambers
Hamilton City Hall
71 Main Street West

Carrie McIntosh, Legislative Coordinator (905) 546-2424 ext. 2729

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1. CEREMONIAL ACTIVITIES	
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10. DISCUSSION ITEMS

- 10.1. Proposed Amendment to the Public Engagement and Consultation Framework on Hamilton Future Fund Governance and Reserve Strategy 27

11. MOTIONS

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Hamilton

HAMILTON FUTURE FUND BOARD OF GOVERNORS

MINUTES 22-001

Wednesday, July 13, 2022

11:00 a.m.

**Council Chambers, Hamilton City Hall
71 Main Street West**

Present: Councillors N. Nann and A. VanderBeek

T. Weisz (Chair), E. Bozzo, P. Cherubini, T. Crugnale, M. Dickson,
A Frisina, C. Galindo, J. Kirkpatrick, A. Macaluso, S. Macdonald, and
S. Parsley

Absent

With Regrets: Mayor F. Eisenberger - City Business
Councillor J. Partridge - Personal
Councillor T. Whitehead - Personal
G. Davis and E. Myrie

**THE FOLLOWING ITEMS WERE REFERRED TO THE GENERAL ISSUES COMMITTEE
FOR CONSIDERATION:**

1. **Hamilton Future Fund Investment Performance Reports (FCS22059) (City Wide) (Item 7.4)**

(VanderBeek/Frisina)

That Report FCS22059 respecting Hamilton Future Fund Investment Performance,
be received.

CARRIED

2. **Hamilton Future Fund – City of Hamilton Treasurer’s Investment Reports (FCS22060) (City Wide) (Item 7.5)**

(Kirkpatrick/Bozzo)

That FCS22060 respecting Hamilton Future Fund – City of Hamilton’s Treasurer’s
Investment Reports, be received.

CARRIED

3. Hamilton Future Fund Reserve Status and Project Funding as of December 31, 2021 (FCS22066) (City Wide) (Item 7.6)

(VanderBeek/Kirkpatrick)

That Report FCS22066 respecting Hamilton Future Fund Reserve Status and Project Funding as of December 31, 2021, be received.

CARRIED

FOR INFORMATION:

(a) APPROVAL OF AGENDA (Item 2)

(Kirkpatrick/Cherubini)

That the agenda for the July 13, 2022 meeting of the Hamilton Future Fund Board of Governors, be approved.

CARRIED

(b) DECLARATIONS OF INTEREST (Item 3)

There were no declarations of interest.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 4)

(i) January 27, 2020 (Item 4.1)

(Dickson/Kirkpatrick)

That the Minutes of the January 27, 2020 meeting of the Hamilton Future Fund Board of Governors be approved, as presented.

CARRIED

(d) COMMUNICATIONS (Item 5)

(i) Correspondence from Councillor VanderBeek respecting Resignation from the Grant Process Review Working Group (Item 5.1)

(Macdonald/Macaluso)

That the correspondence from Councillor VanderBeek respecting her Resignation from the Grant Process Review Working Group, be received.

CARRIED

(e) CONSENT ITEMS (Item 7)

(i) Progress Reports from Grant Recipients of the September 1, 2017 - October 20, 2017 Opening of the Hamilton Future Fund (Item 7.1)

(Macaluso/Crugnale)

(a) That the following Progress Reports from Grant Recipients of the September 1, 2017 - October 20, 2017 Opening of the Hamilton Future Fund, be received:

- (i) City of Hamilton – June 3, 2020 (Item 7.1(a))
- (ii) St. Joseph's Healthcare Hamilton Foundation – April 28, 2021 (Item 7.1(b))

CARRIED

(ii) Progress Reports from Grant Recipients of the November 1, 2018 - January 14, 2019 Opening of the Hamilton Future Fund (Item 7.2)

(Kirkpatrick/VanderBeek)

(a) That the following Progress Reports from Grant Recipients of the November 1, 2018 - January 14, 2019 Opening of the Hamilton Future Fund, be received:

- (i) Living Rock - January 25, 2020 (Item 7.2(a))
- (ii) Margaret's Place Hospice
 - (a) June 8, 2020 (Item 7.2(b)(a))
 - (b) June 29, 2022 (Item 7.2 (b)(b))
- (iii) Hamilton Beach Canal Lighthouse Group (Item 7.2(a))
 - (a) August 14, 2020 (Item 7.2(c)(a))
 - (b) July 4, 2022 (Item 7.1(c)(b))
- (iv) 91st Highlanders Athletic Association
 - (a) December 14, 2020 (Item 7.2(d)(a))
 - (b) June 29, 2022 (Item 7.2 (d)(b))
- (v) Ancaster Tennis Club
 - (a) December 12, 2021 (Item 7.2(e)(a))
 - (b) January 13, 2022 (Item 7.2(e)(b))
 - (c) June 27, 2022 (Item 7.2(e)(c))
- (vi) Hamilton Malayalee Samajam – July 4, 2022 (Item 7.2(f))

CARRIED

(iii) **Grant Process Review Working Group Notes – March 3, 2020 (Item 7.3)**

(Kirkpatrick/Crugnale)

That the Notes of the March 3, 2020 meeting of the Grant Process Review Working Group, be received.

CARRIED

(f) **GENERAL INFORMATION / OTHER BUSINESS**

(i) **Hamilton Future Fund Audit Report and Governance Review and Reserve Strategy (Added Item 13.1)**

(Nann/Kirkpatrick)

That staff be directed to report back to the Hamilton Future Fund Board of Governors at the next meeting with a summary of the:

- (a) Future Fund Audit Report (AUD21013) approved by the Audit, Finance and Administration Committee on December 9, 2021; and
- (b) Hamilton Future Fund Governance Review and Reserve Strategy (FCS22045) approved in Governance Sub-Committee Report 22-002 by Audit, Finance and Administration Committee, June 2, 2022.

CARRIED

(g) **ADJOURNMENT (Item 15)**

(Kirkpatrick/VanderBeek)

That there being no further business, the Hamilton Future Fund Board of Governors be adjourned at 12:00 p.m.

CARRIED

Respectfully submitted,

Thomas Weisz, Chair
Hamilton Future Fund Board of
Governors

**Hamilton Future Fund Board of Governors
Minutes 22-001**

**July 13, 2022
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Office of the City Clerk



Hamilton

Office of the City Auditor



HAMILTON

FUTURE FUND

AUDIT

Charles Brown CPA, CA
City Auditor

To perform an assessment of the effectiveness of the Hamilton Future Fund, including:

- Fund governance and oversight
- Adequacy of the processes to manage grants and loans
- Sufficiency and transparency of reporting of the fund financial position, including investments, to the Board of Governors and GIC
- Adequacy of performance measures including the outcomes achieved from the HFF grants and loans

Introduction and Background

The HFF is a reserve fund created in 2002 from the sale of Hamilton Hydro for \$137M. The funds are to be used for various capital projects for both the City of Hamilton and community organizations.

**Fund
A
\$100M**

Investments in various capital projects that provide permanent community benefit and improve the economic prosperity of citizens of Hamilton.

**Fund
B
\$37M**

Grants for capital projects for various City and community organizations and initiatives.

HFF program management includes the process of:

- Determining the strategic direction for use of funds;
- Review of applications and requests for funding, including the evaluation and awarding of loans and grants for capital projects;
- Contract management of loans and grants through the review of progress reporting during and upon completion of projects;
- Investment and financial reporting of the reserve balances; and
- Performance measures to determine if value-for-money was achieved for the funded projects.

Key Findings and Observations - Overall

- Overall strategy as to the use and nature of fund investments could be improved
- HFF has no terms of reference, even though this was requested by the General Issues Committee
- There is no Fund Administrator (City staff) assigned to ensure that all requirements of the HFF applications, contracts and financial reporting are met
- Roles, responsibilities and accountabilities of City staff are not clearly defined as to how they support the HFF
- Board of Governors does not have a regular meeting schedule, or open funding applications on a defined schedule
- Community consultation for input on HFF project funding has not occurred, as per the HFF's guiding principles
- Management of grants needs to be formalized, including the clarity and consistency of scoring of applications for approval
- Reporting of performance measures and successes of the HFF grant and loan recipients could be improved

Key Findings and Observations – Future Plans

- Need for comprehensive plan that outlines how the City will use the HFF reserve, for example, over the next five to ten years.
- Formal reports of status and activity have not been tabled since the 2018 calendar year. In the past, regular reporting meant at least annually
- Based on past Fund A investments, funds have mainly been used for internal City projects, rather than for capital projects for external organizations
- Projected reserve balance of Fund A as of December 31, 2019 was \$49M (does not include the value of loans payable back into the fund) It is expected the fund will gradually replenish itself. Fund is expected to grow to \$99.7M by 2028 from investment income/loan repayments.
- Balance in Fund B was about \$1.8M at the end of 2019.

Key Findings and Observations - Grants

- Limited formalized guidelines and procedures for the management of the Fund B grants in some areas – scoring, compliance, adherence to planned expenditures and outcomes, clarity around the City’s right to audit grant recipients
- HFF grants program records are not centralized; but are maintained in different City departments
- No centralized staff review of the grant documentation for compliance with the applications and processes in order to assist the Board of Governors.
- Application reviews are transparent, and discussed publicly; checklist used by Board members to determine the grant recipients needs a more formal scoring and ranking of the key elements of the application

Key Findings and Observations – Performance Reporting

- Program successes and outcomes should be tracked and reported by the HFF Board to the GIC to demonstrate the value of the grant program and the contributions made to the residents of Hamilton. Reporting on outcome measures, however, is not currently required
- Given the infrequent or inconsistent review of progress reports, including financial information; the requirement to return unused funds may not be monitored on a timely basis.
- Need comprehensive performance reporting on the successes and challenges of the funded projects to GIC and Council and has not issued an annual report
- No City staff administrator to follow-up on the status of the projects and review the submission, including the use of funds. As a result, some projects may not report out on a timely basis

Ten recommendations made to strengthen fund 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
- Monitoring of performance measures (outcomes) for projects receiving funding

Strengthening Hamilton Future Fund Governance



Management agreed with all 10 of the recommendations.

Comprehensive management action plans were provided to the OCA and will be part of the September 22 AF&A meeting.



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THANK YOU



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**HAMILTON FUTURE FUND BOARD
OF GOVERNORS MEETING
SEPTEMBER 16, 2022
RESERVE STRATEGY AND FUND
GOVERNANCE**

Corporate Services Department

Background

- December 2021
 - Office of the City Auditor report
 - 10 Recommendations
 - Develop a fund strategy (Recommendations 1 and 2)

- June 2022
 - Council direction for public engagement
 - Report back on the results in January 2023

- Fall 2022
 - Public Engagement
 - Reserve Strategy
 - Fund governance

Reserve Strategy

The City 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

Fund Governance

Option 1

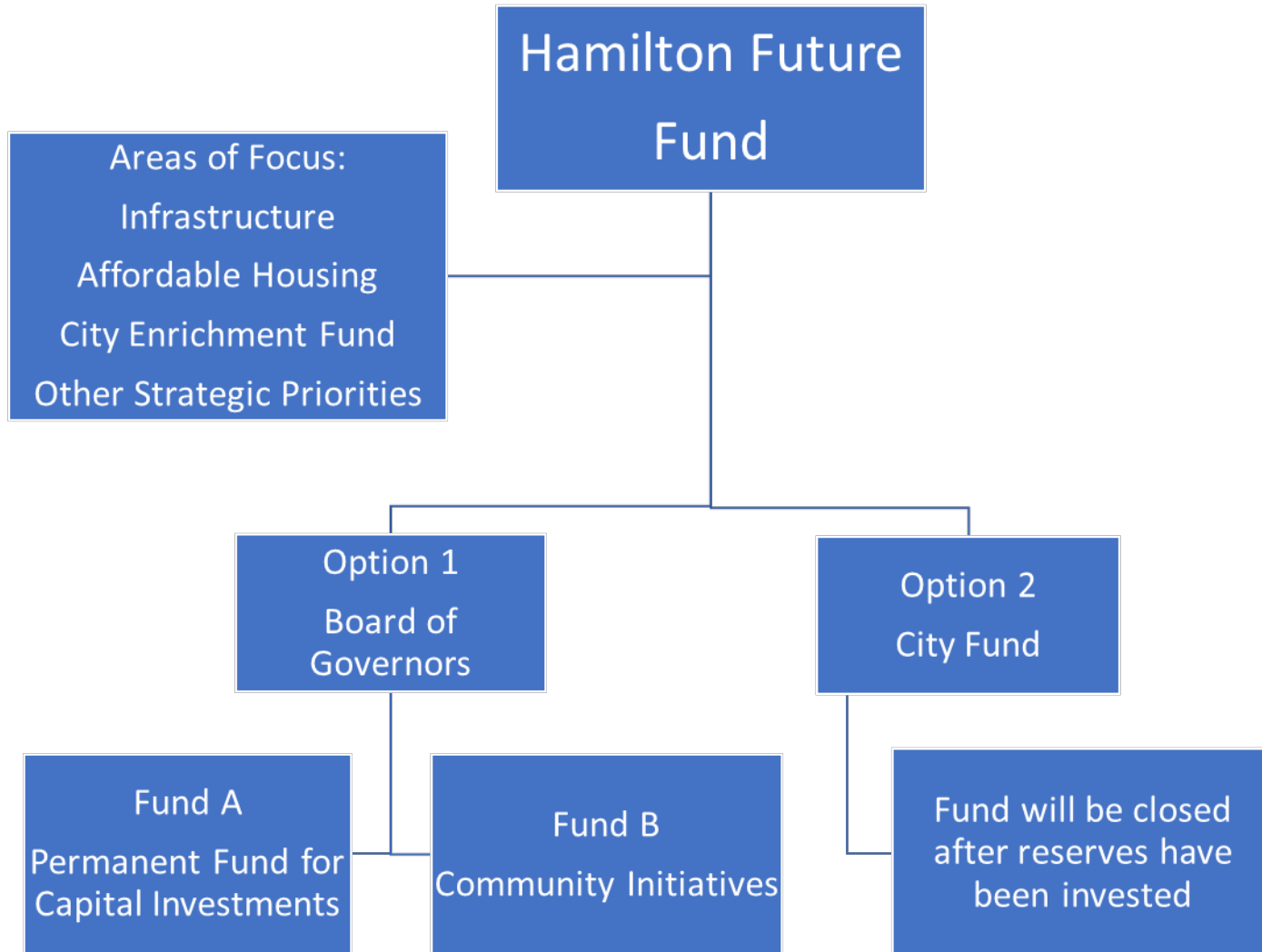
- Maintain existing governance structure with the Hamilton Future Fund Board of Governors making recommendations to Council on investments of Funds A and B.
- Fund A will continue to be a permanent fund to be invested in capital initiatives and Fund B will continue to fund City and community initiatives.

Fund Governance

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.

Public Engagement Framework





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THANK YOU

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
- Priorities for investment along the housing continuum specific to non-profit affordable housing whereby the Hamilton Future Fund, in whole or in conjunction with federal monies, could serve as a permanent revolving source of sustainable funding to assist in making affordable housing projects viable where co-investment is appropriate and/or required with upper levels of government, and that the public engagement feedback be considered in the context of future updates to the City's Affordable Housing strategy.***