



## Town of Huntsville Staff Report

**Meeting Date:** December 12, 2018

**To:** Council

**Report Number:** DEV-2018-207

**Confidential:** No

**Author(s):** Scott Ovell, Economic Development Coordinator

**Subject:** MAT Working Group Progress Update

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### Report Highlights

- Contains highlights of the MAT Working Group progress and preliminary recommendations

### Recommendation

**That:** The Municipal Accommodation Tax Working Group recommendations contained in the working group meeting minutes attached to report DEV-2018-207 be approved and forwarded to the Town's Solicitor in order to initiate the creation of the non-share capital corporation which would constitute the eligible tourism entity for the Town's Municipal Accommodation Tax program.

### Background

Earlier this fall, after consideration of Report Nos. DEV-2018-167 and DEV-2018-182, Council passed By-law 2018-131, which outlined the parameters around the Municipal Accommodation Tax and included an implementation date of April 1st, 2019. Another recommendation of that report was the creation of a Non-Share Capital Corporation to act as the Town's designated "Tourism Entity". To assist with the establishment of that Non-Share Capital Corporation, Council created a Municipal Accommodation Tax (MAT) Working Group, the mandate of which was to provide recommendations on the following matters related to the Non-Share Capital Corporation:

- the By-Laws and related governance documents; and
- a Transfer Payment Agreement between the Town and the 'Tourism Entity'.

The working group is comprised of the following members:

Kelly Haywood – Huntsville/Lake of Bays Chamber of Commerce  
Christine Kropp – Downtown Huntsville BIA  
Scott Aitchison – Mayor, Town of Huntsville  
Jesse Hamilton - Huntsville Hotel and Motel Association

James Murphy – Explorers Edge (RTO 12)  
Director of Corporate Services – Town of Huntsville (support)  
Director of Development Services – Town of Huntsville (support)  
Economic Development Officer – Town of Huntsville (support)

Council directed the Working Group to report back with their recommendations in December, 2018.

## **Discussion**

### Working Group

This group has held three meetings to discuss the By-Laws and related governance documents. To ensure an efficient and productive discussion, each meeting was focused on the content of a background paper which contained relevant information on the topics to be covered. Minutes were taken to record key decisions. A copy of each of the agendas, background papers and minutes of the meetings are attached as Appendix I. While they can be eventually amended on an as needed basis by the Board of the new 'Tourism Entity', the creation of By-law and policy documents by the Working Group will enable the Board to hit the ground running and initially focus on Strategy and Action Items.

It is expected further reports will be presented to Council early in the new year providing an overview of the By-laws and governance policies as well as a draft Transfer Payment Agreement.

### Initial Recommendations

Highlights of the MAT Working Group's preliminary recommendations are outlined below.

#### *Board Composition*

The Board of Directors of the new 'Tourism Entity' should be composed of representatives from the following organizations:

- 1 Representative - Downtown Huntsville BIA
- 1 Representative – Huntsville/Lake of Bays Chamber of Commerce
- 1 Representative - Town of Huntsville
- 4 Representatives - Huntsville Hotel and Motel Association

Note: Each organization will appoint their representative from their Board of Directors (no staff) as well as appointing an alternate.

#### *Election of Directors*

A nomination committee should prepare a slate of Directors from each participating organization which would be elected at the Annual General Meeting.

#### *Term of Office*

Directors should sit on the board for a period of 3 years which coincides with the length of the MAT Pilot Project. Further, there should be no term limit to the number of terms a Director can sit on the Board.

## *Membership*

Members who will be eligible to vote on matters at the Annual General Meeting should consist of the Directors/Councillors of the following organizations:

- Downtown Huntsville BIA;
- Huntsville/Lake of Bays Chamber of Commerce;
- Town of Huntsville; and
- Huntsville Hotel and Motel Association.

## **Options**

N/A

## **Capital**

N/A

## **Operational**

N/A

## **Council Strategic Direction / Relevant Policies / Legislation / Resolutions**

GC197 - 17

GC219 - 17

GC145-18

By-law 2018-131

Regulation 435/17 of the Ontario Municipal Act, 2001

## **2017 Town of Huntsville Strategic Plan 2017 and Beyond**

### *Economic Development*

GOAL #1: Collaborate with private sector and the broader community to create an economic development strategy that will diversify and strengthen the year round economy, and guide investment of time and resources.

- Engage stakeholders to generate innovative and actionable ideas to stimulate a year round economy.
- Develop brand strategy to market Huntsville as an ideal place to live and work.
- Identify opportunities and tools that would help ensure a vibrant downtown.

### *Financial Management and Governance*

GOAL #3: Ensure Municipal operations are streamlined, efficient and effective

## Objectives

- Apply business model thinking to Municipal operations to identify potential efficiencies within the municipal system.
- Identify and pursue shared services opportunities with other area municipalities, the District and/or other partners where cost savings and efficiencies can be achieved.

## Attachments

[Report Appendix - Meeting 1](#)

[Appendix - Meeting #2](#)

[Appendix - Meeting #3](#)

## Consultations

Municipal Accommodation Tax Working Group  
Yvonne Aubichon – Director of Corporate Services

**Respectfully Submitted:** Scott Ovell, Economic Development Coordinator

**Manager Approval (if required):** \_\_\_\_\_

**Director Approval:** Derrick Hammond - Director of Development Services

**CAO Approval:** Denise Corry - Chief Administrative Officer

APPENDIX I

Corporation of the Town of Huntsville

## **Municipal Accommodation Tax Working Group AGENDA**

Meeting to be held on **Friday, November 9<sup>th</sup>, 2018 @ 10:00am.**  
The Annex – 1 Minerva Street E.

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Page in Background Paper

**1. INTRODUCTIONS**

**2. PROJECT UPDATE**

- a. Municipal Accommodation Tax – Status Update
- b. Working Group Mandate
- c. Decision Making Process
- d. Overview of Project Timelines

**3. Eligible Tourism Entity**

- a. Models Considered 1
  - i. Committee of Council
  - ii. Non-Share Capital Corporation (Not-for-Profit)
  - iii. By-Laws 2

**4. Governance Considerations**

- a. Purpose of Organization 3
- b. Members and Representation 3
- c. Election of Directors 4
- d. Number of Directors 4
- e. Term of Office 4/5
- f. Maximum Term of Office 5

**5. Plan Moving Forward**

- a. Set standing meeting schedule
- b. Circulation and acceptance of minutes
- c. Report to Council

**6. Wrap Up**

- a. Introduction to next meetings Topics

## BACKGROUND

### **Eligible Tourism Entity Models Considered**

To create a Huntsville based and focused 'eligible tourism entity' with a goal and focus on the development and implementation of a tourism promotion program that leverages local and regional partnerships to make Huntsville one of the premier tourism and business destinations in Ontario, the Town considered the following different organizational models for the creation of an eligible Tourism Entity:

- **Committee of Council**, or alternatively, a **Local Board** with delegated decision making authority for the tax revenue allocated by the Town. This option provides some decision making autonomy to manage the MAT program, however as it would be subject to the Town's Procedural and other By-laws and policies, this could potentially hinder the ability of the 'eligible tourism entity' to adjust quickly to market changes or to take advantage of new opportunities;
- **Not-for-Profit (Non-Share Capital Corporation)** - In considering the local stakeholder's desire that the 'eligible tourism entity' should be nimble and operate at arm's length from the Town, while still being open and transparent, the Town's Solicitor suggested the establishment of a Not for Profit or Non-Share Capital Corporation. A Not-for-profit or non-profit organization's goal or purpose is typically something other than profit. It is a common misconception that these organizations can't generate a profit. However, where a not-for-profit organization's revenues exceed its expenditures, the excess is referred to as an operating surplus instead.

From a legal perspective, a not-for-profit corporation refers to an organization that is incorporated under a provincial or federal Act (in Ontario the Corporations Act and federally the Canada Not-for-profit Corporations Act). In Ontario, not-for-profit corporations are actually referred to as non-share capital corporations.

Incorporation of a non-share capital corporation provides the organization with a legal existence separate and distinct from its directors, officers and members. It is this separate legal existence that provides the organization with limited liability, which means that the liabilities of the organization are limited only to the assets of the organization. The personal assets of directors, officers or members of the organization are not at risk if the assets of the organization are not sufficient to satisfy its liabilities, whether that liability is in contract (i.e.

breach of contract such as failure to pay to employees, contractors, suppliers, mortgage company, etc.), or tort (i.e. a wrongful act or omission such as personal injury, wrongful dismissal of an employee, sexual or workplace harassment, sexual abuse, assault and battery, defamation, slander and libel, or negligence.

Council felt that the **Not-for-Profit (Non-Share Capital Corporation)** approach represented the best opportunity to create a nimble organization that would:

- be comprised of members from different tourism interest groups and with various aspects of tourism expertise i.e.;
  - Hoteliers
  - Tour Operators
  - Arts, Culture and Heritage Business or Organizations
  - Restaurants
  - Sports organizations or Business (i.e Hidden Valley Ski)
  - Not – for – Profit organizations (BIA, Chamber of Commerce)
- be subject to rules and policies to ensure transparency;
- be connected to the Town through the requirements of a Transfer Payment Agreement; and
- achieve its desired goals and objectives related to tourism.

### **Governance**

In considering the creation of a **Not-for-Profit (Non-Share Capital Corporation)**, the governance, (how the organization conducts its affairs, makes and implements decisions and manages its resources) of the corporation is crucial to its success. Good governance focuses on successfully developing and following systems and processes to ensure the overall direction, effectiveness, supervision and accountability of an organization.

It is important to note the difference between governance and management. Governance centres around long term vision and policy making respecting accountability and organizational direction as opposed to management which focuses on the day to day implementation of policy and strategy set by the decision makers.

### **By-laws**

The operation of a **Not-for-Profit (Non-Share Capital Corporation)** is governed by by-laws which contain the rules and regulations for the Board of Directors. These Directors have the sole power to

initiate by-laws. The function of the members is largely to confirm, reject, amend or otherwise deal with by-laws submitted to them by the Directors at the annual general meeting of the members. The Directors have the power to pass by-laws not contrary to the act or to the Letters Patent or Supplementary Letters Patent to regulate,

- a) the admission of persons and unincorporated associations as members and as ex officio members and the qualification of and the conditions of membership;
- b) the suspension and termination of memberships by the corporation and by the member;
- c) the time for and the manner of election of Directors;
- d) the time and place and the notice to be given for the holding of meetings of the members and of the Board of Directors, the quorum at meetings of members, the requirements as to proxies, and the procedure in all things at members' meetings and at meetings of the Board of Directors;
- e) the conduct in all other particulars of the affairs of the corporation.

Examples of By-laws of **Not-for-Profit (Non-Share Capital Corporation)** By-laws provided by the Town's Solicitor are attached as Appendix "I".

## **CONSIDERATIONS**

The following components of the Non-Share Capital Corporation by-law require direction from the MAT Working Group.

### **Objects**

The term "objects" refers to the purposes, objects, or functions that the corporation is intended to fulfill. The objects of a Not-for-Profit Corporation (to be conducted without pecuniary gain) to its members should not be those ordinarily found in the Letters Patent or Articles of Incorporation of commercial companies. For example, the objects of a Not-for-Profit Corporation could not begin with the clause "to carry on the business of printers". A non-profit corporation may wish, however, to carry on business incidental to its main objects. For example, an agricultural society may desire to conduct a printing and publishing business for the purposes of disseminating information to its members and to the public. In that case, the objects might read:



- a) To promote interest in and the study of agriculture generally; and
- b) for the object aforesaid, to carry on printing and publishing and to sell and distribute literature.

***Questions to Consider:***

What should the objects of this Not-for-Profit Corporation be? (i.e. What is the ultimate purpose of this entity?)

Should the Organization's sole focus be on Tourism?

**Members & Representation**

The ability for a person to sit on a board of a Not-for-Profit is often dictated by the type of representation the corporation desires. This can be defined by but not limited to the following methods: a geographic area (i.e. Town of Huntsville); a position from a particular organization (i.e. chair of BIA or Chamber of Commerce, Festival of the Arts; a member of another organization etc.). A broader scope of representation brings numerous points of view from the community to the board table and creates a sense of inclusion. Alternatively, having more specific membership requirements creates a more specialized and focused organization that brings a high level of expertise in a particular field.

***Questions to Consider:***

Should membership on this board be open to anyone in Huntsville or Muskoka?

Should membership be limited to groups, organizations or businesses involved with, or related to tourism (i.e. Town, Chamber of Commerce, BIA, Hotel Association, restaurant, Festival of the Arts or a sports group etc.)?

Of the members on the board, should certain positions be at large and open to different community groups or members?

Of the members on the board, should certain organizations have standing (ex-officio) positions (i.e. Town, Chamber of Commerce, BIA, Hotel Association, Festival of the Arts or a sports group etc.)?

How should membership be defined?

## Election of Directors

If there are member at large positions on the board, election or appointment of Directors traditionally takes place at an Annual General Meeting of the Membership. A slate of candidates is put forward and the membership votes on these candidates via a ballot. Once tallied, the new candidates are presented for approval via a show of hands from the membership. There are alternative methods to consider when evaluating how Directors are elected? Appointed???

Questions to Consider:

How should board members be elected?

- Meeting of the Membership?
- Appointed based on position or representation of existing organizations?
- Open application for evaluation?
- Recruited?

## Number of Directors

There is no universal agreement on the optimum size of a board of directors. Although larger sized boards ensure a greater spectrum of interests are represented at the table, this can also present challenges in terms of using a director's skillsets effectively and/or having any kind of meaningful dialogue or individual participation.

Smaller boards can often come to a consensus and make decisions in quicker fashion. However, power can be consolidated with a small board and allow for one or two individuals to exert influence on the direction of the corporation.

Research has shown that the average board size is 9.2 members.

***Questions to Consider:***

What is the minimum # of Board members?

What is the maximum # of Board members?

What is the ideal # of Board members to be effective?

## Term of Office

By-laws typically outline terms of office for directors. This helps to reinvigorate the board, through new ideas and concepts which keep the corporation moving forward and being progressive.

If proposing shorter periods of office, to create a more consistent level of turnover, greater importance then must be placed on director orientation. This ensures that new board members are familiar with ongoing projects and can contribute to discussions related to these items.

Longer terms create more organizational stability and allow the corporation to commit to long term plans and strategies more effectively. However, longer terms in office can sometimes lead to a lack of interest amongst board members and in some instances, do not reinvigorate the board with fresh perspectives and ideas.

Not-for-Profits traditionally operate with 2 or 4 year terms office.

### ***Questions to Consider:***

Do we need defined terms of office? How do we create organizational continuity while bringing in fresh perspectives?

If yes, what should the term of office be?

## Maximum Number of Terms of Office

As identified above, Not-for-Profits often establish term limits for directors. This creates turnover on the board, bringing fresh perspectives and new ideas to the table and allows for the opportunity for different organizations or business interests to be heard.

To allow for a level of continuity on the board and at the same time the ability to provide experience and perspective to incoming directors, Corporations often establish a maximum number of terms that an individual can sit on a board, pending re-election (i.e. 2- 4 years terms for a total of 8 years).

***Questions to Consider:***

Should there be maximum number of terms for a director?

If so what should they be i.e. 2, 3, or 4 terms?

Should term limits apply to all board members? Should they be staggered amongst certain roles?

After serving a maximum # terms can a former director re-apply after a defined period of time i.e. 1 or 2 year absence?

Corporation of the Town of Huntsville

## **Municipal Accommodation Tax Working Group AGENDA**

Meeting to be held on **Friday, November 9<sup>th</sup>, 2018 @ 10:00am.**  
The Annex – 1 Minerva Street E.

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### **7. INTRODUCTIONS**

Present: Scott Aitchison (Mayor, Town of Huntsville), Yvonne Aubichon (Town of Huntsville), Jesse Hamilton (Hotel Association), Derrick Hammond (Town of Huntsville), Kelly Haywood (Huntsville/Lake of Bays Chamber of Commerce), Christine Kropp (Downtown Huntsville BIA), James Murphy (Explorers Edge), Scott Ovell (Town of Huntsville), Terri Tebby (Town of Huntsville)

### **8. PROJECT UPDATE**

- a. Municipal Accommodation Tax – Status Update
  - b. Working Group Mandate
  - c. Decision Making Process
- Consensus decision making, or by vote if we have an issue we cannot reach one
- d. Overview of Project Timelines

### **9. Eligible Tourism Entity**

- a. Models Considered
  - iv. Committee of Council
  - v. Non-Share Capital Corporation (Not-for-Profit)
  - vi. By-Laws

### **10. Governance Considerations**

- a. Purpose of Organization

- The organization should be focused growing the Tourism sector of the Town's economy and developing initiatives to draw visitors to Huntsville
  - Understanding there are multiple facets to the Tourism sector, it should be important to work with the Town and other organizations to ensure initiatives, i.e. workforce development, are aligned
- The organization should be open and transparent and clearly identify where its funds are allocated
  - Posting agendas and minutes to a website
  - Hosting an Annual meeting outlining goals, strategy and previous years successes and attempts
  - when evaluating funding requests process needs to be clear and decisions to be based in strategy and evaluation criteria
- No sponsorships, but partnerships
  - Discussion surrounding the Boards role in providing sponsorships to organizations as opposed to partnering
  - James discussed Explorers' Edge decision to partner with organizations and requiring groups to apply to the board and their requests would be evaluated against a Matrix and approved based on meeting organizational goals.
  - Consensus reached around the table that partnerships should be the focus

**b. Members and Representation**

- Initial discussion was that members should be limited to residents and business owners of Huntsville
- Further discussion identified that members should be limited to tourism businesses (must determine what a tourism business/operator looks like)
  - Members should not be required to pay a fee
- The group felt that Community Groups should not sit on Board, but should be welcome to request support/partnership opportunities from/with the entity
  - Consider allowing community groups/not-for-profits to sit on Board as advisory members as they may bring new ideas and perspective to the table. A structure regarding advisory members would be required
- BIA and Chamber of Commerce should represent businesses and restaurants
- The Hotel Association should be responsible for selecting their representatives on the board
  - Hotel Association should need to look at existing policies and by-laws in place to tighten up the governance
  - Currently they are a subcommittee of the Chamber of Commerce
  - Formally elect a chair for their association
- **Consensus – Board of Directors should include representatives from the Downtown Huntsville BIA (1), Chamber of Commerce (1), Town of Huntsville (1), Hotel Association (4)**
  - **Each organization would elect/appoint a director from their respective Board of Directors**

**c. Election of Directors**

- By appointment, standing positions based on the organization

- Research the Not-for-profit Act regarding slate being accepted at Annual General Meeting
- A nomination sub-committee should present the slate of directors with recommendation prior to the Annual General Meeting
- NOTE: Corporations Act requires a motion at an AGM to appoint Directors (Section 24 of 2010 Not-for-Profit Corporations Act)

d. **Number of Directors**

- **Consensus – 7 Directors**

e. **Term of Office**

- Removal of Director Policy recommended
  - 3 missed meetings should lead to removal from the Board
  - Acknowledgement that there needs to be flexibility and common sense utilized with applying this policy of missing 3 meetings as there are sometimes extenuating circumstances around missing a meeting
- Replacement Policy recommended
  - Organizations should fill vacancy of their representative (i.e. Chamber of Commerce would find their own replacement within their organization)
- Vacancy Policy recommended
  - Reference Town of Huntsville’s Procedural By-law
- **Consensus – 3 year minimum term – coincides with term of the pilot project**

f. **Maximum Term of Office**

- **Consensus: No limit**

**Meetings**

- To help streamline meetings, a policy outlining the deputation process is recommended
- Agenda’s to be approved by the chair and distributed to the board and website prior to a meeting
- This process needs to be clear and transparent and limited to the number of deputations/meeting to ensure meetings should not take 3+ hours
- Meetings should be open to the public
  - This should again create a level of openness and transparency to public

**Quorum**

- 50% +1, where majority of organizations must be represented (i.e. a meeting must have at least 4 members present, 2 of which are organizations, 2 are representatives of the Hotel Association)
  - Reference Town of Huntsville Procedural By-law

**Proxy**

- Yes, identify alternative – from the organization

### **Conflict of Interest**

- Policy must be developed
  - Identify organizations that sit on the Board and note that there may be circumstances where the entity partners with these groups
  - Discussion regarding this being an inevitability and more importantly a requirement of the board, however; there should be questions surrounding this and clear communication should be paramount
- Individual declaring a conflict of interest must leave the room and may not participate in discussion or voting on the matter
- Individuals representing an organization must not personally benefit from any decisions made by the entity
- More discussion on this topic required
- Utilizing the Town of Huntsville's procedural by-law

### **Financial Year**

- Same as Town of Huntsville

### **Officers**

- Chair, Vice-Chair, Secretary/Treasurer
- Positions elected from amongst Directors

## 11. Plan Moving Forward

- a. Set standing meeting schedule
- b. Circulation and acceptance of minutes
- c. Report to Council

## 12. Wrap Up

- a. Introduction to next meetings Topics
  - Next meeting should take place on Tuesday, November 20<sup>th</sup>, time and location TBD.



# Municipal Accommodation Tax Working Group AGENDA

Meeting to be held on **Tuesday, November 20th, 2018 @ 3:00 pm.**  
Council Chambers – 37 Main St. East.

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Page in Background Paper

## 1. Review of Last Meetings Minutes

- a. Confirmation of key decisions/proposed recommendations
- b. Approval of Minutes – November 9<sup>th</sup>, 2019
- c. Overview of Project Timelines

## 2. By-law Considerations Continued

- a. By-Laws – Review 1
- b. Annual General Meeting 1
  - i. Requirement
  - ii. AGM Business
- c. Board Remuneration 2
- d. Standard by-laws for a Not-for-Profit 3
  - i. Execution of Documents 3
  - ii. Borrowing 3
  - iii. Indemnification 4

## 3. Policy Considerations

- a. Policies 5
- b. Governance Process Policies
  - i. Governing Style 6
  - ii. Job Descriptions 6
  - iii. Chair's Role 7
  - iv. Committee Principles 8
  - v. Board Member Code of Conduct and Ethics 9
  - vi. Stakeholder Consultation and Strategic Planning 10
  - vii. Board Member Performance and Expectations and Board Meeting Process 11
  - viii. In-Camera Meetings of the Board 13

## 4. Wrap Up

- a. Next Meeting Date

## BACKGROUND

### *By-laws*

The operation of a **Not-for-Profit** (Non-Share Capital Corporation) is governed by by-laws which contain the rules and regulations for the Board of Directors. These Directors have the sole power to initiate by-laws. The function of the members is largely to confirm, reject, amend or otherwise deal with by-laws submitted to them by the Directors at the annual general meeting of the members. The Directors have the power to pass by-laws not contrary to the act or to the Letters Patent or Supplementary Letters Patent to regulate,

- a) the admission of persons and unincorporated associations as members and as ex officio members and the qualification of and the conditions of membership;
- b) the suspension and termination of memberships by the corporation and by the member;
- c) the time for and the manner of election of Directors;
- d) the time and place and the notice to be given for the holding of meetings of the members and of the Board of Directors, the quorum at meetings of members, the requirements as to proxies, and the procedure in all things at members' meetings and at meetings of the Board of Directors;
- e) the conduct in all other particulars of the affairs of the corporation.

## CONSIDERATIONS

The following components of the Non-Share Capital Corporation by-law require direction from the MAT Working Group:

### *Annual General Meeting*

At the previous meeting on November 9<sup>th</sup> the working group made recommendations on board membership and composition. In terms of composition of the board of directors, the group felt that it should consist of 7 ex-officio director positions, representing the following organizations:

- 1 Town Representative
- 1 BIA Representative
- 1 Huntsville/Lake of Bays Chamber of Commerce Representative
- 4 Members of the Huntsville Hotel and Motel Association
- Each Organization would be responsible for appointing their designated representative from their existing Board of Directors, as well as appointing an alternate

Rather than accepting nominations for directors at large, the director slate would be presented from a nomination committee.

Regarding membership, the Working Group felt that further clarification would be needed to determine what types of businesses and organizations would be eligible for membership to participate in the AGM.

Not-for-Profit organizations are required to host Annual General Meeting (section 52 of Not-for-Profit Corporations Act, 2010) of its members and traditionally the board presents the following but not limited to:

- Achievements over the past year;
- Audited financial statements;
- Plans or strategies for upcoming fiscal year; and
- Amendments to by-laws or board policies

The group sentiment at the previous meeting was that this Corporation must be open and transparent. The holding of an Annual General Meeting would allow an opportunity for the member organizations to get a better understanding of the direction of the board of directors of the Corporation, as well as to allow for further public engagement.

#### ***Questions to Consider:***

Should the not-for-profit meet with its members more than once a year?

Will the board entertain questions from the floor?

When should meeting notice be provided? i.e. 30 days?

How will voting be conducted? A show of hands

Can a poll (recorded vote) be requested?

#### **Remuneration**

The primary business of for-profit ventures and non-profit organizations (NPOs) varies greatly. For-profits actively pursue strategies to enhance shareholder value while NPOs owe their reason-for-being to their membership or stakeholders.

While many of the guidelines for establishing governance apply alike to both profit and non-profit ventures, the subject of compensation differs between those who seek to create profit and wealth and those who seek to assist or improve some element of the community i.e. Tourism.

Board members to effectively carry out their duties are sometimes required to travel to attend meetings or participate in conferences or seminars this is particularly the case with Non-Profits where the organizations are often run with lean staffing resources and board members are required to participate in these functions to represent and gather information on behalf of the organization.

***Questions to Consider:***

Should board members be compensated?

If so what activities should they be compensated for?

- Attendance at board meetings
- Travel
- Conference and Seminar participation

**Standard By-Law Provisions**

Below are key components for Not-for-Profit By-laws along with samples of the related provision. In contrast to the matters discussed at our last meeting, these provisions do not tend to vary greatly in their wording regardless of the purpose of organization i.e. Chamber of Commerce vs. Muskoka Watershed Council.

The following samples of wording are presented as examples and the Working Group will be asked to identify any suggestions or recommendations to improve upon the sample language.

**Execution of Documents**

Most boards require at least 2 signatories on a document. This ensures a level of transparency amongst board members and provides the opportunity for questions to be raised about the process that has been taken to get a document to the execution stage.

*Typical Provision:*

*“Deeds, transfers, licenses, contracts and engagements on behalf of the Corporation shall be signed by either the Chair or a Vice-Chair and by the Secretary-Treasurer and the Secretary-Treasurer shall affix the seal of the Corporation to such instruments as require the same. Contracts in the ordinary course of the Corporation’s operation may be entered into on behalf of the Corporation by the Chair, Vice-Chair, and Secretary-Treasurer or by any person authorized by the Board.*

*Notwithstanding any provisions to the contrary contained in the by-laws of the Corporation, the Board of Directors may at any time by resolution direct the manner in which, and the person or persons by whom, any particular instrument, contract or obligations of the Corporation may or shall be executed.”*

***Questions to Consider:***

How many signatures should be required to execute a document?

What officers should be allowed to execute a document?

## **Borrowing**

To manage cash shortfalls Not-for-Profits from time to time are required to borrow money. The issues borrowing presents are straightforward; it requires time and preparation and usually costs the corporation in the form of interest payments. Borrowing is in some instances, a more preferable solution rather than damaging your Not-for-Profit's reputation due to lack of payment or incurring penalties and interest charges.

Due to the financial nature of this new Not-for-Profit, borrowing powers should be explored as there may be periods during the year where the corporation is incurring expenses but has yet to receive funds to pay them or more importantly because of the fluid nature of the Tourism industry total revenue for the year may be difficult to predict.

*Typical Provision:*

*"The Board of Directors may from time to time borrow money on credit of the Corporation; or issue, sell or pledge securities of the Corporation; or charge, mortgage, hypothecate or pledge all or any of the real or personal property of the Corporation, including book debts, rights, powers franchises and undertakings, to secure any securities or any money borrowed, or other debt, or any other obligation or liability of the Corporation.*

*From time to time the directors may authorize any director, officer or employee of the Corporation of any other person to make arrangements with reference to the money borrowed or to be borrowed as aforesaid and as to the terms and conditions of the loan thereof, as to the securities to be given therefore, with power to vary or modify such arrangements, terms and conditions and to give such additional securities for any money borrowed or remaining due by the Corporation as the directors may authorize, and generally to manage, transact and settle the borrowing of money by the Corporation."*

### **Questions to Consider:**

Should the organization have borrowing powers?

When putting forth a motion to borrow should it require a 2/3<sup>rd</sup> vote to pass?

## **Indemnification of Directors**

The establishment of Not-for-Profit Corporation creates a level of indemnification for each director on the board. Most boards still have a by-law that includes provisions and language that expresses

the intent of the Not-for-profit to cover the expenses a board member might incur in defending an action and paying settlements or judgments related to his service on the board.

*Typical Provision:*

*“Every Director or Officer in the Corporation and his heirs, executors and administrators and estate and effects respectively shall from time to time and at all times be indemnified and saved harmless out of the funds of the Corporation, from and against:*

- (i) all costs, charges and expenses whatever which such Director or Officer sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by him in or about the executive of the duties of his office; and*
- (ii) all other costs, charges and expenses which he sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own wilful neglect or default.”*

**Questions to Consider:**

Is the language above sufficient?

## **POLICIES**

The boards of voluntary and non-profit organizations normally govern by establishing policies. A policy is any written statement approved by the board or by the membership that:

1. Articulates and defines important objectives, principles or values
2. Limits or prescribes what kind of action will be taken in different situations
3. Defines roles, responsibilities and authority

### **Purpose of Board Policies**

Policies are developed to help define standard operating procedures, and to set limits and safeguards on activities they are set by the board and management. They help define the operations of the corporation, such as hiring and dismissal of employees, roles and responsibilities of the board, and employee and board conduct.

Some organizations will even go further distinguishing between governing policies and operational policies. This encourages board members to focus their attention on the organization's overall mission and core practices and mandates staff, usually the Staff, to create the more detailed policies and procedures that are necessary to implement the direction given to them by the Board.

## **CONSIDERATIONS**

The following governing policies will be presented as examples and the Working group will be asked a series of questions specific to each policy to help frame the language for the governing policies of this new Not-for-Profit.

Each policy should be viewed through the lens of the mandate of the Not-for-Profit i.e. Growing the Tourism sector of the Town's economy and developing initiatives to draw visitors to Huntsville (as per last meeting minutes)

### Governing Style

#### Example Policy

The Board will approach its task with a style which emphasizes: outward vision rather than an internal operational preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of Board and staff roles, future rather than past or present, and proactivity rather than reactivity.

In this spirit, the Board will:

1. Focus chiefly on proactive and beneficial change in recognition of intended impacts (organizational priorities) and not on the administrative or programmatic means of attaining those priorities.
2. Enforce upon itself whatever consistent behaviour is needed to govern with excellence. This will apply to matters such as attendance, policy-making principles, respect of clarified roles, speaking with one voice, and self-policing any tendency to stray from the governance principles set out in Board adopted policies.
3. Monitor and regularly discuss the Board's own process and performance. Maintain the continuity of its governance capability through on-going retraining and redevelopment. The Board, not the staff, will be responsible for Board performance.
4. Initiate policy in addition to responding to Staff initiatives.

### **Questions to Consider**

Does this board need to define its style of governance?

Is the higher level focus suitable for this board?

Should the focus of this board look at the Micro as opposed to the Macro?

### **Board Job Descriptions**

#### **Example Policy**

The Board's specific contributions are unique to its trusteeship role and necessary for proper governance and management.

The role of the Board shall be:

1. Representing the needs of all members and stakeholders.
2. Establishment of written governing policies which at the broadest levels address:
  - a) **Priorities and Objectives:** Develops and regularly revisits a strategic plan from which organizational products, impacts, benefits and outcomes (what good for which needs at what cost) are developed.
  - b) **Executive Limitations:** Establishes constraints on staff authority. Establishes boundaries for acceptable executive activity, decision-making, and organizational circumstances.
  - c) **Governance Process:** Specifies how the Board conceives, carries out and monitors its own task and meets its legal obligations.
  - d) **Board-Staff Relationship:** Hires the Staff and determines how authority is delegated and its proper use monitored.
  - e) **Fiduciary Responsibility:** Reviews and approves the annual budget and the provision of financial oversight.
3. The measurement of staff performance against Board policies, priorities and objectives.

### **Questions to Consider**



Does this address the necessary governing policies for this new Not – for – Profit

If not what is missing?

### Chair's Role

#### Example Policy

1. The job of the Chair is to ensure that the Board functions consistently with its own rules and those legitimately imposed upon it from outside the organization i.e. Transfer Payment Agreement. The role of the Chair is to manage the Board, *not* the organization.  
Accordingly:
  - a) The Chair shall ensure that meeting discussion content will only be those issues which, according to Board policy, clearly belong to the Board to decide, not the staff.
  - b) Deliberation will be thorough, timely, fair, orderly and respectful, but also efficient, limited to time and kept to the point.
  - c) Robert's Rules of Order are to be observed except where the Board has superseded them.
2. The authority of the Chair consists of making any decision on behalf of the Board which falls within or is consistent with Board policies on Governance Process and on the Board-Staff relationship.
  - a) The Chair is empowered to chair Board meetings with all the commonly accepted power of that position (e.g. ruling, recognizing).
  - b) The Chair's authority does not extend to making decisions within Executive Limitations policy areas, each of which is within the scope of the Staff.
  - c) The Chair's authority does not extend to interpreting Board policies, or setting directives or initiatives not directed by the Board.
  - d) The Chair's authority does not extend to supervising or directing the Staff.
3. The Chair shall serve as the official spokesperson for the Board (re: pillars, policy &

priorities).

4. The Chair's role is to represent the Board in its relationships with members and other related organizations, stakeholders and partners.
5. The Chair maintains direct contact with Staff on behalf of the Board and provides advice to the Staff consistent with board policy and directions.
6. The Chair reviews the Board agenda for consistency with policies, practices and priorities of the Board.
7. The Chair shall attend and Chair the Annual General Meeting.

### ***Questions to Consider***

Is the Job/Role of chair encompassed within this policy?

Should any roles or duties be removed?

Should any roles or duties be added?

### **Committee Principles**

#### *Example Policy*

The Board may establish committees or task forces to help carry out its responsibilities. Committees will be used sparingly so as to minimally interfere with the wholeness of the Board's job and so as never to interfere with delegation from the Board to the Staff. Accordingly:

1. The Board shall establish terms of reference for each Board committee or task force, including: purpose of the committee; accountability of committee; responsibilities; committee composition; chair selection process; terms of office; frequency of meetings; and, name of staff liaison.

2. Board committees shall speak or act for the Board only when formally given such authority for specific and time-limited purposes. Such authority will be carefully stated in order not to conflict with authority delegated to the Staff.
3. Board committees are to help the Board do its job, not to help the Staff do his/her job. Committees will primarily assist the Board by preparing policy alternatives and implications for Board deliberation. The Board will not create a committee to advise staff.
4. Board committees shall not exercise authority over staff. In keeping with the Board's focus on the future, Board committees will ordinarily have no direct dealings with current staff operations. Further, the Board will not impede its direct delegation to the Staff by requiring approval of a Board committee before an executive action. The Staff works for the Board, never for a Board committee or an officer.
5. This policy applies only to Board committees which are formed by Board action, whether or not the committees include non-Board members.

***Questions to Consider***

Is this policy too restrictive? Minimizing the impact of sub-committees?

Does this allow for sub-committees to be creative and helpful while maintaining transparency?

Do there need to be any additions to this policy

***Board Member Code Of Conduct And Ethics***

*Example Policy*

1. Board members must represent loyalty free of conflict to the interests or perceived conflict of interest of the ownership (members). This accountability supersedes any conflicting loyalty such as to advocacy or interest groups and membership on other Boards or staffs. This accountability also supersedes the personal interest of any Board member acting as an individual consumer of the organization's services. Board members must also avoid any conflict of interest or perceived conflict of interest with respect to their fiduciary responsibility. Accordingly,
  - a) There must be no direct or indirect self-dealing or any conduct of private business or personal services between any Board member and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
  - b) Board members must not use their positions to obtain for themselves, family members or close associates, employment within the organization.
  - c) Should a Board member be considered for employment, s/he must withdraw from Board deliberation, voting and access to applicable Board information. Should a Board member obtain employment with the organization, s/he shall immediately resign their position on the Board.
  - d) A Board member must identify a conflict then recuse him/herself from any issues for which a conflict of interest is perceived or identified.
2. Board members may not attempt to exercise individual authority over the organization (Staff members) except as explicitly set forth in Board policies.
  - a) Board members' interaction with the Staff or with staff must recognize the lack of authority in any individual Board member or group of Board members except as noted above.
  - b) When a Board member is delegated to act on behalf of the Board, their interaction with the public, media or other entities must only reflect that which is consistent with and set forth in Board policies.
  - c) Board members will make no judgments of Staff or staff performance except as that performance is assessed against explicit Board policies by the official process.
3. Board members are to treat information deemed by the organization to be confidential as such.

### ***Questions to Consider***

Should any additional language be added to this policy?

Is this policy too restrictive to its Board Members?

### **Stakeholder Consultation And Strategic Planning**

#### *Example Policy*

The Board acknowledges the need to remain in touch with member and stakeholder needs and wants and to ensure the organization's resources are allocated to the achievement of strategic goals that are based on external and internal information.

Accordingly:

- A member needs survey shall be conducted, at minimum, once every two years, unless determined otherwise by the Board.
- Survey results, in addition to internal and external information will be developed to assist the Board in establishing a strategic plan for the organization.
- By January of each year, the Staff shall advance for Board approval an annual operational plan and companion budget, based on the priorities identified in the Board's strategic plan.
- The Staff shall report on the key performance indicators of the operational plan at every meeting of the Board.

### ***Questions to Consider***

Should a stakeholder or member needs survey take place more often than every two years?

Should the board be required to submit a multi-year operational plans and budgets?

Should there be a requirement to renew the Strategic plan every 2, 3, 5 years?

### **Board Member Performance And Expectations And Board Meeting Process**

#### *Example Policy*

The Board acknowledges it has an important job to do. The Board is further committed to respecting and valuing the commitment made by individual Board members. With these thoughts in mind, and the knowledge that poor performance left unaddressed will lead to additional poor performance, the Board agrees to the following.

At meetings, the Chair shall:

- Start the meeting on time (or as soon thereafter as a quorum is present) and end the meeting on time (unless consensus from the Board dictates otherwise);
- Ensure all members are familiar with each other by introductions;
- Ensure a 10-minute long break is called at least every 90 minutes to allow Board members to attend to other matters;
- Control the meeting, and respond to the following unacceptable behaviours: repetition; side-conversations; monopolizing the meeting; nit-picking; disrespecting; interrupting; and, straying off topic;
- Endeavour to encourage and invite opinions, imagination and innovation while respecting the agenda and timeframe of meeting, inviting all to speak and contribute; and,
- Take action to ensure discussions come to an appropriate conclusion (i.e. identify consensus, seeking motions, etc.).

At meetings, Board members shall:

- Arrive on time and prepared (having read and understood the Board package prior to arrival) and be prepared to discuss and comment on the issues;
- If arriving late, sit quietly (not interrupting the meeting) and ask to be updated

during the first break;

- Contribute at the Board table rather than afterwards (i.e., at a parking lot meeting);
- Resist disrupting meetings by avoiding use of cell phones, and resisting the urge to text or send personal email (stealing attention away from the meeting at hand);
- Practice active listening and respect those who are speaking or making presentations;
- Refrain from advancing personal agendas;
- Constructively participate.

At all times:

- Board members shall attend all meetings and honour all other commitments they make to the Board;
- Board members shall be engaged and attentive to the business of the Board;
- Board members shall act in the interest of the organization and support the decisions of the Board regardless of how the Board member may have voted;
- The Board will not call meetings unless there is a demonstrated need;
- Board members shall notify the Board should personal or business affairs preclude their active participation in Board activity.

In an effort to monitor individual Board member performance and commitment, the following shall transpire when a Board member breaches any of the above-noted performance expectations:

- After breaches in a fiscal year, the Chair shall privately discuss this policy and related performance with the Board member in question.
- After three breaches, the Chair shall raise the performance of the Board member in question with the full Board and seek their direction on further action. Such discussion will be held with Board members only (staff shall be excused) and the minutes of said meeting shall record only the action steps to be taken. The Board member shall be invited to attend and participate in the meeting where their performance is under discussion.

Board members shall be in receipt of the full agenda and related documentation five (5) business days prior to the meeting.

Board members shall make every attempt to send in questions regarding consent agenda items two (2) business days prior to the meeting.

### ***Questions to Consider***

Are the expectations of the chair at meetings clear?

Are the expectations of board members at meetings clear?

Is the process clear if a board member or chair breaches the performance commitment?

Is 5 days sufficient for Agenda Circulation?

Is the deadline for consent agenda items fair?

### ***In Camera Meetings of The Board***

#### *Example Policy*

The Board is committed to acting in an open and transparent manner. There may be occasions, however, when public disclosures may prejudice the interests of the association or some party to whom the association has an obligation to protect.

If a matter arises during a meeting that triggers the need for an in-camera session, the Board may move any meeting or part of a meeting to an in-camera session. Topics that may be addressed in-camera include:

- legal advice and litigation;
- proprietary information or commercially sensitive information pertaining to a member firm or its employees;
- matters regarding staff related to terms of employment, performance evaluation and discipline;
- the sale, purchase, lease or exchange of property; and



- the disclosure of intimate personal or financial information about an identifiable person.

In-camera sessions will exclude management (the Staff and other staff) when the issues to be addressed are specific to management (i.e., annual performance evaluation, terms of employment, etc.).

Minutes of in-camera meetings shall be created and kept separate from other records to maintain confidentiality as long as warranted.

With regard to in-camera sessions, Board members shall not:

- disclose to any member of the public any confidential information acquired by virtue of their position as a Board member;
- use any confidential information acquired by virtue of their position on the Board for their personal financial or other benefit or for that of any other person;
- disclose to any member of the public any confidential information related to the interests of individuals, groups or organizations acquired by virtue of their position on the Board; or,
- permit any unauthorised person to inspect or have access to any confidential documents or other information.

The obligation to protect such confidential matters from disclosure continues even after the individual member is no longer serving on the Board.

### ***Questions to Consider***

Are the reasons for moving to an In-Camera Session clearly outlined?

Do they need to be modified?

Is it clear what the obligations of board members are during and after an In-Camera Session?

Are the consequences for breaching these obligations sufficient?

Corporation of the Town of Huntsville

## **Municipal Accommodation Tax Working Group MINUTES**

Meeting held on **Tuesday, November 20th, 2018 @ 3:00 pm.**  
Council Chambers – 37 Main St. East.

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Present: Scott Aitchison (Mayor, Town of Huntsville), Yvonne Aubichon (Town of Huntsville), Jesse Hamilton (Hotel Association), Derrick Hammond (Town of Huntsville), Kelly Haywood (Huntsville/Lake of Bays Chamber of Commerce), Rachel Hunt (Downtown Huntsville BIA), James Murphy (Explorers Edge), Scott Ovell (Town of Huntsville)

### **5. Review of Last Meetings Minutes**

- a. Confirmation of key decisions/proposed recommendations
- b. Approval of Minutes – November 9<sup>th</sup>, 2019
  - Minutes approved with the following amendments:
    - Correct document title to read ‘Minutes’ rather than ‘Agenda’
    - Under Members and Representation heading, add that the BIA, Chamber and Town may not appoint a hotelier to represent their organization on the board.
      - This is to allow for a variety of industry representation and as well as keeping the identified composition of the board consistent
      - Chamber or BIA could look into appointing a lawyer, Accountant etc. to help diversify the skill set of the board and provide expertise in these key areas of governance
    - Under the Proxy heading, clarify that a proxy vote will be accepted, however each board member may have only one pre-determined alternate
      - Like the District there is only one proxy, if that individual is not available no one else can attend in that person’s place
- c. Overview of Project Timelines

### **6. By-law Considerations Continued**

- a. By-Laws – Review
- b. Annual General Meeting
  - i. Requirement
  - ii. AGM Business
    - The Membership will consist of all board members and councillors from the Town of Huntsville, BIA, Chamber of Commerce and Hotel Association

- Not-for-profit required to meet with the membership on an annual basis (at the AGM)
  - Invitations will be extended to the various agencies i.e Explorers Edge, Muskoka Tourism to attend the AGM but as non-voting members
  - The Board will entertain questions from the floor at the AGM
  - Notice of the AGM must be provided to the members 30 days prior to the meeting
  - Voting will be done with a voters card
  - A poll (recorded vote) can be requested by a member
- c. Board Remuneration
- Compensation will be limited to pre-approved travel expenses and pre-approved participation at conferences or seminars
  - Board members will not be compensated for meeting attendance or for travel to and from board meetings
- d. Standard by-laws for a Not-for-Profit
- i. Execution of Documents
- 2 signatures are required to execute a document
  - Signers must include the Chair or Vice-Chair and one officer
- ii. Borrowing
- Yes the organization should have borrowing powers
  - Due to the unique funding cycle of this organization there may be periods of time when borrowing may be required to fund larger or multi-year projects
  - When putting forth a motion to borrow a 2/3<sup>rd</sup> vote to pass is required
  - NOTE – if money is borrowed but the corporation ceases to exist board members would be responsible for repayment of loan
- iii. Indemnification
- Board members must understand their responsibilities
  - To ensure the language is sufficient, the group will revisit this item when the final bylaws are presented
  - Will look to Town of Huntsville indemnification policy for necessary language

## 7. Policy Considerations

- a. Policies
- i. These policies are not written in stone and can be changed over time; however these policies provide a framework to start for the new board and allow this new entity to hit the ground running
- b. Governance Process Policies
- i. Governing Style
- Governing style will evolve over time
  - Opportunity for the board to do both
  - Important that language does not prevent the board from being involved in certain aspects of operation
- ii. Job Descriptions
- The policy presented addresses the necessary governing policies for this new not-for profit
  - Descriptions for board members are clear and flexible
- iii. Chair's Role
- The policy presented appropriately encompasses the job/role of the chair

- iv. Committee Principles
  - Language in the policy presented is accepted with the following amendment:
    - Remove 'sub-committee will be used sparingly'
- v. Board Member Code of Conduct and Ethics
  - Policy presented is accepted
  - Note that a Confidentiality Policy will be required
- vi. Stakeholder Consultation and Strategic Planning
  - A Stakeholders Needs Survey every two years is suitable
  - Language in the policy presented is appropriate with the following amendments:
    - Change 'shall' to 'may' in each bullet point – less restrictive
    - Change date of annual operation plan and budget from January to September
    - Form language around ability to create multi-year budgets and operational plans
    - Coinciding with Town outlining draft multi-year budget with their portion of funds
- vii. Board Member Performance and Expectations and Board Meeting Process
  - Expectations are clear in the policy presented
  - Difficulty is enforcing these expectations when people are at meetings
- viii. In-Camera Meetings of the Board
  - Reasons for moving to In-Camera are clearly outlined in the example policy
  - Note that a Privacy Policy will be required

## 8. Wrap Up

- a. Next Meeting Date: Thursday, November 29<sup>th</sup> at 3:00 pm

Corporation of the Town of Huntsville

# **Municipal Accommodation Tax Working Group AGENDA**

Meeting to be held on **Thursday, November 29th, 2018 @ 3:00 pm**  
Partners Hall – 37 Main St. East.

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## **1. Review of Last Meetings Minutes**

- a. Confirmation of key decisions/proposed recommendations
- b. Approval of Minutes – November 20<sup>th</sup>, 2019
- c. Overview of Project Timelines

## **2. Policy Considerations Continued**

- a. *Board – Administrator Relationship*
  - i. Delegation to the Administrator
  - ii. Administrator Job Description and Code of Conduct
  - iii. Monitoring Administrator Performance
  - iv. Annual Administrator Performance Evaluation
- b. *Administrator Limitations*
  - i. General Administrator Constraints
  - ii. Treatment of Members, Partners & Stakeholders
  - iii. Staff Treatment
  - iv. Compensation and Benefits
  - v. Financial Planning
  - vi. Asset Protection
  - vii. Communication and Counsel to the Board
  - viii. Media Relations/Crisis Management
  - ix. Board Information Services

## **3. Wrap Up**

- a. Next Meeting Date

## **BACKGROUND**

### **POLICIES**

The boards of voluntary and non-profit organizations normally govern by establishing policies. A policy is any written statement approved by the board or by the membership that:

1. Articulates and defines important objectives, principles or values
2. Limits or prescribes what kind of action will be taken in different situations
3. Defines roles, responsibilities and authority

#### **Purpose of Board Policies**

Policies are developed to help define standard operating procedures, and to set limits and safeguards on activities they are set by the board and management. They help define the operations of the corporation, such as hiring and firing of employees, roles and responsibilities of the board, and employee and board conduct.

Some organizations will even go further distinguishing between governing policies and operational policies. This encourages board members to focus their attention on the organization's overall mission and core practices and mandates staff, usually the administrator, to create the more detailed policies and procedures that are necessary to implement the direction given to them by the Board.

#### **Considerations**

The following governing policies will be presented as examples and the Working group will be asked a series of questions specific to each policy to help frame the language for the governing policies of this new Not-for-Profit.

Each policy should be viewed through the lens of the mandate of the Not-for-Profit i.e. Growing the Tourism sector of the Town's economy and developing initiatives to draw visitors to Huntsville (as per last meeting minutes)

## BOARD ADMINISTRATOR RELATIONSHIP

The following section will deal with policies surrounding the relationship between the Administrator and how their performance will be evaluated.

## DELEGATION TO THE ADMINISTRATOR

### Example Policy

The Board's role is to establish primary policies, leaving implementation and subsidiary policy development to the Administrator.

The Board's priorities and objectives direct the Administrator to achieve certain results, and Executive Limitations policies constrain the Administrator to act within acceptable boundaries of prudence and ethics.

All Board authority delegated to staff is delegated through the Administrator. All authority and accountability of staff is affected insofar as the Board is concerned through the authority and accountability of the Administrator.

In this spirit:

1. The Administrator is authorized to make all decisions, take all actions and develop all activities which are true to the Board's policies. The Board will ensure the Administrator's independence relative to the prescribed duties as outlined in policy.

Notwithstanding, the Board, at its discretion, may change policies that may alter or impact upon the Administrator's authority.

2. No individual Board member, officer or committee has authority over the Administrator. Information may be requested, but if such request, in the Administrator's judgment, requires a material amount of staff time and resources that will affect other priorities, the Administrator may propose alternatives or suggest the request be referred to the Board for possible reallocation of priorities and timing.
3. The Administrator may not perform, allow, or cause to be performed any act which is contrary to explicit Board constraints (Executive Limitations policies).
4. Should the Administrator violate a Board policy, the Administrator shall immediately inform the Board who will debate the nature of the violation and determine if corrective or disciplinary action is necessary.

### ***Questions to Consider***

Is Authority of Administrator clear?

Is this policy restrictive to the decision making ability of the Administrator?

Is this policy too open and requires alterations to limit some of the decision making ability of the Administrator?

### **ADMINISTRATOR'S 'S JOB DESCRIPTION AND CODE OF CONDUCT**

#### **Example Policy**

As the Board's single official link to the organization, the Administrator is accountable for all organizational performance and exercises all authority transmitted into the organization by the Board. Administrator's performance will be considered to be synonymous with organizational performance as a whole.

Consequently, the Administrator's role requires performance in the following two areas:

1. Ensuring the organization accomplishes the priorities and objectives set out annually by the Board.



2. Ensuring that staff operates within the boundaries of prudence and ethics established in Administrator Limitations policies.

The Administrator shall also comply with the following code of conduct (adapted from the Canadian Society of Association Executives' code of conduct for not-for-profit executives):

- Serve the organization faithfully, respecting confidentiality, and avoiding conflicts of interest and activities for personal gain at the expense of the organization or its members;
- Act with fairness, integrity and dignity and in a manner not detrimental to the interest of the public, the organization, or its members;
- Advise the Board concerning any contemplated action or decision which they know to be illegal or unethical, and further advise the Board of the possible consequences of proceeding with such actions or decisions; and,
- Serve all members of the organization impartially, provide no special privilege to any individual member, and accept no personal compensation from a member except with the knowledge and consent of the Board.

### ***Questions to Consider***

Are there other areas the Administrator's contributions should be stated in, outside of organizational accomplishment and organizational operation?

Should the Administrator's' code of conduct be expanded upon or reduced?

## **MONITORING AND EVALUATING ADMINISTRATOR'S PERFORMANCE**

### **Example Policy**

Administrator's performance is linked with the success of the organization in achieving the Board approved annual priorities and objectives, as well as implementation of the Administrator Limitation policies. Monitoring the Administrator's performance will occur continuously, using a minimum of Board time so that meetings can be used to create the future rather than review the past.

1. The purpose of monitoring the Administrator's performance is simply to determine

the degree to which Board policies, priorities and objectives are being achieved. Commentary which does not do this will not be considered to be monitoring of performance.

2. A Board policy, priority and objective may be monitored in one or more of three ways:
  - **Internal report:** Provision of compliance information to the Board from the Administrator.
  - **External report:** Provision of compliance information by an external auditor, inspector or judge who is selected by and reports directly to the Board. Such reports must assess Administrator's performance only against policies of the Board.
  - **Direct Board inspection:** Discovery of compliance information by a Board member, or a committee of the Board as a whole. This is a Board inspection of documents, activities or circumstances directed by the Board which allows a "prudent person" test of policy compliance.
3. Upon the choice of the Board, any policy can be monitored by any method at any time. However, each Administrator Limitations policy of the Board will be classified by the Board according to frequency and method of regular monitoring.
4. Performance shall be measured annually in accordance with pre-defined objectives.

### ***Questions to Consider***

Are the methods in which policies will be monitored clear?

Should there be alternative methods?

Should performance be measured more than annually?

## **ANNUAL ADMINISTRATOR PERFORMANCE EVALUATION**

### *Example Policy*

The Board, through ongoing monitoring of policy compliance and achievement of the goals outlined in the annual business plan, will continuously track the Administrator performance. On a more formal basis, the Board, on an annual basis, will evaluate the Administrator's performance in the following manner:

1. At the first meeting of a new fiscal year, the full Board shall convene in-camera to discuss and document Administrator performance by responding to the following questions:
  - a. Did the Administrator achieve the goals outlined in the business plan for the previous fiscal year?
  - b. Did the Administrator comply with all Board policies that apply to the position?
  - c. Did the Administrator achieve budget targets for the previous fiscal year?
2. The Board shall appoint at least two individuals who shall meet with the Administrator prior to the next meeting of the Board to share the Board's performance assessment and discuss related matters such as terms of employment, professional development, etc.
3. At the second meeting of a new fiscal year, the Board shall convene in-camera to receive a report from those who met with the Administrator on the evaluation meeting and consider any recommendations that may arise as a result of those discussions.

### ***Questions to Consider***

Is this the proper format for Performance Evaluation or should the board explore alternative methods of performance evaluation?

Should performance evaluation take place more than once a year?

Are the questions identified above sufficient for performance evaluation?

### ADMINISTRATOR LIMITATIONS

The policies identified below will deal with the development policies that limit the latitude that the Administrator may exercise.

### **GENERAL ADMINISTRATOR CONSTRAINT**

#### *Example Policy*

The Administrator shall not be the cause of, or knowingly allow any violation of good not-for-profit business practices and professional ethics.

***Questions to Consider***

Is this policy clear and easy to understand?

**TREATMENT OF MEMBERS, PARTNERS & STAKEHOLDERS**

*Example Policy*

With respect to treatment of members, partners and stakeholders, the Administrator shall not cause or allow conditions to occur which are unfair or undignified. The Administrator shall not disclose information which may be considered privileged or confidential.

***Questions to Consider***

Should any additional policy language be added to this section?

**STAFF TREATMENT**

*Example Policy*

The Administrator shall foster a positive work environment where employees and volunteers are treated with dignity and respect. Consequently, the Administrator shall not cause or allow conditions to persist which are inhumane, unsafe, unfair or undignified.

The Administrator shall not knowingly violate any current legislative standard such as the Canadian or Provincial Human Rights Code, The Employment Standards Act, or any legislation governing Pay Equity, Employment Equity, and Workplace Health and Safety.

### ***Questions to Consider***

Should any additional policy language be added to this section?

### **COMPENSATION AND BENEFITS**

#### *Example Policy*

The Administrator shall maintain fiscal integrity and a positive public image with respect to employment, compensation and benefits to employees, consultants and contract workers.

Accordingly, the Administrator:

1. Shall not change his or her own compensation and benefits.
2. Shall not promise or imply permanent or guaranteed employment.
3. Shall not establish current compensation and benefits which deviate materially from the geographic or professional market for the skills employed.
4. Shall ensure a formal performance evaluation is conducted for every employee on an annual basis.

5. Shall ensure a formal salary review is conducted for every employee on an annual basis.

### ***Questions to Consider***

Should any additional parameters be added to this policy?

If additional employees are hired should performance and salary review occur more than once a year?

Should additions be made regarding relationship with Town of Huntsville Staff?

### **FINANCIAL PLANNING**

#### *Example Policy*

With respect to planning fiscal events (budgeting for all or any remaining part of a fiscal period), the Administrator may not jeopardize the fiscal integrity of the organization.

Accordingly, the Administrator shall ensure annual budgets:

1. Contain sufficient detail to enable: an accurate projection of revenues and expenses, separation of capital and operational items, subsequent audit trails and disclosure of planning assumptions.
2. Do not plan for the expenditure in any fiscal year of more funds than are conservatively projected to be received in that year.

3. Allocate funds in accord with Board-stated priorities and objectives.
4. Do not jeopardize the integrity of the services provided by the organization.

### ***Questions to Consider***

Should the Administrator have any additional responsibilities clearly outlined in the section?

Is financial spending sufficiently tied to strategic priorities?

Given the unique nature of how funds will be collected does this policy allow for enough financial flexibility?

### **ASSET PROTECTION**

#### *Example Policy*

With respect to proper stewardship of organizational assets, the Administrator shall not risk losses beyond those necessary in the normal course of business unless authorized by the Board.

Accordingly, the Administrator shall not:

1. Fail to insure related property, premises and activities against property/liability losses and shall not fail to insure Board members and staff against liability losses arising from Corporate related duties and activities.
2. Knowingly expose the organization, the Board or its staff to claims of liability.



3. Approve any purchase or make budgeted economic commitments exceeding \$5,000.00 for a single purchase of goods without conducting a competitive procurement process.
  
4. Fail to reasonably ensure that adequate measures are taken to protect the integrity and continuity of the organization and its records.

***Questions to Consider***

Does this policy allow for proper procurement processes?

Is \$5, 0000.00 thresholds to initiate a procurement process to low, too high?

**COMMUNICATION AND COUNSEL TO THE BOARD**

**Example Policy**

With respect to providing information and counsel to the Board, the Administrator shall not cause or allow the Board to be uninformed or misinformed.

Accordingly, the Administrator shall not:

1. Fail to inform the Board in a timely manner of relevant trends, material external or

internal changes, particularly changes in the assumptions upon which any Board policy, priority or objective has been previously established.

2. Fail to gather staff and external points of view, issues and options and advice as needed for fully informed Board choices.
3. Fail to inform the Board on program changes or staff changes related to services offered.

### ***Questions to Consider***

Does this section clearly outline the necessary communication between the Administrator and the board?

Should any additional policy language be added?

Do we need to define what a timely manner is?

### **MEDIA RELATIONS/CRISIS MANAGEMENT**

#### Example Policy

The Administrator serves as the organization's official spokesperson and conveys the official position on issues of general industry impact or significance and responds to situations that are of a particularly controversial or sensitive nature.

Inquiries from the media about such issues shall be referred to the Administrator. Depending on the specific circumstances, the Administrator may designate another individual to serve as spokesperson on a particular issue.

Accordingly, the Administrator shall maintain a public policy document that captures the Board's public policy positions on issues of the day.

In the event of a crisis or emergency situation, where the Administrator is unable to determine the organization's preferred public policy position on a given issue, the Administrator shall:

- a) Develop a "position paper" to detail the known facts of the situation and make recommendations on the appropriate organizational position in response to the issue;
- b) Circulate the document to all Board members urging quick endorsement of the proposed response;
- c) Upon receiving approval from a majority (50% +1) of Board members, the Administrator may proceed to respond to media and advance the organization's view on the issue.

### ***Questions to Consider***

Should the Administrator be the official spokesperson for the board? If not who should it be?

Is the response system to a crisis or emergency situation sufficient? Should it require board approval?

### **BOARD INFORMATION SERVICES**

*Example Policy*

The Administrator shall provide the Board with information on a regular and timely basis. Such information shall include:

- Information on external trends and issues that may impact on the organization and its members and/or stakeholders;
- Internal strengths and weaknesses;
- Member expectations;
- Information on internal trends (i.e. increased or decreased utilization of the organization's products or services);
- Reports by Governments or external agencies containing recommendations that may have an impact on the organization and/or its members and/or stakeholders;
- Information to support and monitor strategic and business plans;
- Financial and operational reports to enable the Board monitor and evaluate plans and ensure accountability;
- Information required by the Board to monitor compliance with its policies;
- Information to help Board members promote the organization;
- Copies of articles, presentations, best practices and information from websites or publications relating to governance that might help the Board enhance its governance capacity.

### ***Questions to Consider***

Should regular basis be define i.e. quarterly?

Does this language provide some options to be included in the Transfer Payment Agreement?

