



VISION: We will be a vibrant, dependable and clean city where services are delivered innovatively and effectively.

MISSION: To provide effective operations of the city through collaboration of members, management and staff.

City Hall, Hamilton
Finance Committee
17 March 2016
10:00am

Present: Councillor Dennis Tucker, JP (Chair)
Rt. Wor. Charles Gosling, JP
Councillor John Harvey, MBE, JP
Councillor Larry Scott
Councillor Henry Ming
Nathan Kowalski, CA, CFA, CIM - Associate Member

In Attendance: Tanya Iris - The Treasurer (Acting Secretary)
Patrick Cooper - The City Engineer
Siobhan Fubler - The Deputy Treasurer

Apologies: Ed Benevides - The Secretary

-
1. **Confirmation of Notice:** the Acting Secretary confirmed that the appropriate notices of the meeting and agenda were duly given according to the meeting guide.
 2. **Role of the Chairman:** Councillor Tucker confirmed his role as the Chairman.
 3. **Open Meeting:** Councillor Tucker called the meeting to order at 10:05 am.
 4. **Apologies:** The Acting Secretary confirmed apologies from Councillor L. Scott, the Secretary, Ed Benevides and Associate Member, Nathan Kowalski. Apologies also for the Recording Secretary who had an emergency just before the meeting.
 5. **Public Participation/Presentation:** the Acting Secretary confirmed that there were no public presentations.
 6. **Correspondence:**

There is no correspondence.

7. **Minutes of the Previous Finance Committee meeting dated 18 February 2016**

Proposed: Councillor J. Harvey

Seconded: The Mayor, Charles Gosling

The Minutes were accepted as read.

8. **Matters arising out of the Previous Finance Committee meeting dated 18 February 2016**

(i) **Forwarding of Documents received from the Auditors re: Tangible Capital Assets to be discussed at the next Finance Committee meeting** - the documents from KPMG were forwarded to Councillor Tucker and N. Kowalski. Councillor Tucker commented on having further discussions with KPMG regarding the Works in Progress (WIP) because there is close to \$2M sitting there and would not want to carry the WIPs over into the different years. There was continued dialogue.

(ii) **Christmas Boat Parade** - Councillor Harvey commented that the Infrastructure Committee met with Steve Thomson and Ian Coles; the current organisers of this event. It is the will of the CoH to take over the organisation of the event. Currently, this event has charitable status and if the CoH is to take it over completely the question is what would be the position of the CoH in this regard. The Infrastructure Committee will be looking to make a recommendation to the full Board to take over the organisation of the event. There was continued discussion with regards to the charitable status and the clarification needed for when the CoH takes on the organisation of the Bermuda Boat Parade.

The City Engineer commented that there is also a benefit with running a charity where there are tax deductions for other companies making donations. Councillor Ming said that the CoH as an entity could not be both a corporation and a charity. A separate entity independent of the CoH would probably have to be established and who would report back to the CoH.

ACTION: Councillor Ming and the Treasurer to look into establishing a sub-committee to manage the continuation of the Bermuda Boat Parade charity.

Councillor Harvey commented on his thought of having a boat parade during the 2017 event.

(iii) **Investigation re: the Loss of \$54K in Sewage** - it is not actually a loss. Because the 2014 numbers include some catch-up from August 2013 to December 2013. The CoH bills from the date of occupancy. The building was occupied in August 2013 but they were not billed until mid-2014.

(iv) **Checking into the Correct Placement of Insurance Claims on the Financials** - the Treasurer has identified the issue and will make the necessary adjustments with the auditors.

(v) **Breakdown of the Numbers re: Contracted Services and Materials and Equipment** - the Treasurer forwarded the information to the committee members.

Councillor Tucker said some of the reasons for that was that when the CoH decided that a lot of the items would be put into Capital, there was the question of whether they should be Capital or Operating Expenses.

(vi) **Forwarding of the Sponsorship Process** - item to be carried over for the next meeting.

The Mayor has received an email for a request to waive fees for an event scheduled for 22 April 2016. There are two (2) scheduled events, i.e. KBB and the Salvation Army.

ACTION: The Event Project Manager to forward the information on the sponsorship policy to the Finance Committee to review before the next Finance Committee meeting.

9. Recommendations for Review:

(i) **Hamilton (Rating) Ordinance** - the Bermuda Government has revised the ARV's for properties; a process which is done every five (5) years. In some cases the ARV's have decreased. If they were to take just those ARV's and times it by the current rate it would mean the revenue would decrease, so the rate has to be increased. It is a lower ARV times a higher rate to hopefully get the revenue to the same amount.

Commercial Rates - previously were 5.2% but now proposing 6.75%. Government rates were 5.5% and are now 7%. The CoH told the taxpayer that they would keep the rates fairly close to the rates that they had paid previously.

Councillor Ming said the CoH has to be careful in how any public announcements are made pertaining to the change in rates. The CoH should be pointing out that they are not looking for the taxpayers to pay additional even though trying to keep a balance. If a blanket statement is made that the CoH is increasing the rates; that will not bode well with the taxpayers. The Treasurer said in looking at the rates, some have increases and some have decreases because the ARV's did not move in the same direction, i.e. they have not decreased at the same percentage. There was continued dialogue.

The argument is that this has been caused by the valuations of the buildings which process is not done by the CoH. The anomalies are being caused because of the different valuations of the ARV. If Government had dropped all of the ARV's in the same percentage, their taxation would all be the same.

Residential Rates - the rate has been increased but the increases are not as high as Bermuda Government's. The Mayor commented on Tier 1 with the old rate - \$155 and he calculated it at \$156.55; Tier 2 - \$310.00. The Treasurer advised that it calculates 25K times 1.24%. Further discussion continued on the rates, variances and revenue. The Mayor noted that the rate for Tier 1 has a 43% increase and for all of the other tiers it is a 29% increase. He does not want the CoH to fall into the same trap that Government has in terms of their increases. Prior to this year all of the residential rates were at one (1) level.

Accounts Receivable - down \$300K from last year same period.

Liabilities - \$18M loan to MIF, loan to Clarien and Butterfield Banks, etc.

The Treasurer said that a complete balance sheet could not be provided because December 2015 has not been finalised. The balance sheet cannot be rolled forward until the audit is finished. She further commented that if there are any changes that the committee would like to see in the way the report is presented to advise her accordingly.

Accounts Receivable Non-Taxation - ensure that the colour coding for the charts is shown at the bottom for easier comprehension.

(ii) **PLV Guarantee** - the Treasurer recommended that this matter be discussed in the Restricted Session.

11. Any Other Business

(i) **Request from KBB** - the Mayor had been approached regarding their sponsorship of an event that is taking place in April 2016. There was a form that was completed and passed on to the Events Department but has not been received by the Finance Committee as yet. The Mayor requested that the information be brought forward at the next General Council meeting because the event is taking place in a couple of weeks.

The Treasurer commented that the policy has changed so that everyone is charged a fee because the CoH was waiving a large amount of fees for events.

Note - the Mayor stated that when a staff member is unable to attend the meeting that there is someone else within that department who is fully prepped to attend in their stead so that there is not a delay in bringing information forward.

ACTION: The Treasurer to re-circulate the email received from KBB regarding sponsorship to the Finance Committee.

(ii) **Audit** - has commenced, the auditors came in on Monday 14 March 2016.

12. Motion to Move to a Restricted Session

Proposed: Councillor L. Scott

Seconded: Councillor H. Ming

The meeting concluded.

Chairman

Date