



**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**  
**18 February 2016**  
10:00am

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

**In Attendance:** Ed Benevides - The Secretary  
Tanya Iris - The Treasurer  
Danilee Trott - The Event Project Manager

**Apologies:** Councillor Larry Scott

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1. **Confirmation of Notice:** the 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 10:00 am.
  4. **Apologies:** The Secretary confirmed apologies from Councillor L. Scott.
  5. **Public Participation/Presentation:** the Secretary confirmed that there were no public presentations.

6. **Correspondence:**

(i) **Sponsorship Request** - a request from Kion Simmons and Sjoniece Fox for "the First Annual Spring Dance with the Dave Macklin Band of Boston Massachusetts featuring Bermuda's own 90's hit group "His and Hers. There are different sponsorship levels, i.e. Platinum (\$22,500), Gold (\$8K), Silver (\$5K) and Supporter (\$1K). There is a draft charitable policy that has not been put in place as yet.

The Event Project Manager joined the meeting.

The CoH no longer does this type of sponsorship. The requirements for sponsorship are: (i) it should be a registered charity; (ii) should be free to the public; and (iii) should have some type of an international component. Last year it was agreed that the CoH would not be providing complete sponsorship but would be offering a charitable rate. There would be a list of specific events that the CoH would always partner with, e.g. the Breast Cancer Walk, etc.

7. **Minutes of the Previous Finance Committee meeting dated 14 January 2016**

**Proposed:** The Mayor, Charles Gosling

**Seconded:** Nathan Kowalski

The Minutes were accepted as read.

8. **Matters Arising out of the Previous Finance Committee meeting dated 14 January 2016**

(i) **Review of Documents re: Capital versus Operating Expenses** - this is an operational issue. It was suggested to hold a separate meeting inclusive of the auditors to discuss the carryovers and the WIP (Works in Progress).

**ACTION:** The Treasurer to forward the documents received from the auditors with regards to capital assets accounting to the committee members for review and to be discussed at the next Finance Committee meeting.

N. Kowalski suggested having one policy on Capital versus Expenses and another policy on the WIP.

**ACTION:** The Treasurer to forward the documents to N. Kowalski for review.

(ii) **Final Report re: Meetings with the Christmas Boat Parade Organising Committee** - the Events team met with the organising committee and it was noted that they wanted to retire and proposed that the CoH take over the event. The immediate concern was that if the CoH takes this event on they would not receive the same sponsorship support which covered the entire cost of the event (\$70K). The event is scheduled for 2017 and the committee needs to decide if they want this to be put in the CoH budget or work with the committee while they get the sponsorship to cover the event and the CoH just organise the event.

Councillor Harvey suggested having a report on what this event actually entails, e.g. the number of boats involved, who sets the course, etc. The organizing committee is to send a breakdown of their operating expenses with the full budget as well as a spreadsheet of which the sponsors are, etc. - working documents to create the event. It was suggested to liaise with the previous sponsors to see if they would be willing to continue to support the event. There was further dialogue with regards to Christmas in the City/Christmas in Bermuda to try and have a more eventful and active City. It was noted that conversations have been held regarding alternating events between North Hamilton and Front Street.

The first approach from the Christmas Boat Parade Organising Committee was back in November 2015 and a report needs to be presented to this committee. The information in this regard has been conveyed verbally numerous times by the Mayor. In speaking with Steve Thomson, Ian Coles and Jonathan Howes of the Bermuda Press/The Royal Gazette, they are very willing to work on the sponsorship. They have been talking to a number of the sponsors that are very supportive of it even with the change. Mr. Thomson suggested that the event continue being run as the charity as has been done in the past and the CoH would be there essentially to ensure that the event takes place. It is a large event and the CoH has to be more proactive and enthusiastic about seeing what the opportunities would be for the CoH regarding this event. There was continued dialogue.

Councillor Harvey continued by talking about having the houses around the harbour being lit up. The Mayor commented on the event held in St. George on the first Friday in December and the Christmas Boat Parade could be held on the first Saturday on alternate years and a third event on the Thursday or the Sunday in Dockyard or somewhere else within the Island giving the BTA a 4 or 5 day package that they could sell Bermuda at Christmas.

(iii) **Date for Publishing the Tax Rate Amendment** - the Tax Rate Amendment has been passed and published. The committee was advised that another rate adjustment will be proposed to compensate for the ARV changes. The next billing cycle goes out the end of June 2016. This information would have to be given to Board in April to be approved so in the March Finance Committee meeting will provide the recommended rate changes. Dialogue continued on the feedback from the tax payers particularly with the statements now going directly to the owners only. The owners know their tenants better than the CoH and the CoH has spent a great deal of time chasing the tenants for payments.

(iv) **Response from the Minister of Finance re: Waiving the fee for FCPT** - action item completed.

(v) **Drafting of Letter to the Minister of Home Affairs re: Waiving the Fee for FCPT** - Councillor Tucker advised that he had seen the letter. The letter included waiving the FCPT for the loan amount. It also talked about the Stamp Duty for the conveyance of the mortgages. There has not been a response in this regard.

#### 9. **Recommendations for Review:**

(i) **Agreement of Letter to the Minister of Home Affairs re: Waiving the Fee for FCPT** - the letter was sent out to the Minister of Home Affairs.

#### 10. **Status Update:**

(i) **Financial Reports - December 2015** - this is a preliminary report as there will be changes coming through, i.e. year-end entries, etc.

**Revenue** - report near completion - presented slightly different year-to-date. The first three (3) columns are Actual versus Budget. The next column is Actual versus Last Year. The current year is 2015 and the prior year is 2014.

**Car Park** - Actual versus Last Year - down \$914K in revenue for this year alone which is a direct result of not being able to clamp. The report is showing the car park revenue from 2007 - 2015 with the biggest change is in 2014 versus 2015.

**Clamping** - 6% of the CoH's revenue but the clamping revenue makes a big difference. 2014 is only 11 months' of revenue because the CoH stopped clamping on 4 November. The 2011 number is not a full year either. The Mayor asked to include the numbers for 2006 because when looking at 2008 (an important year to look at) the fees for parking look reasonably stable. This would magnify the argument in terms of lack of enforcement. It was noted that there were rate increases during that period as well.

**Wharfage** - current year versus prior year - there is a large increase of \$1.6M. In 2014 there was only 9 months' worth of wharfage and 2015 was a full year's worth. It is still higher than budget. The ships wharfage is up as well because there was a dedicated ship on Front Street.

**Sewage** - the Secretary queried the loss of \$54K in sewage because that is number is fairly stable.

**ACTION:** The Treasurer to investigate the loss of \$54K in sewage as indicated in the December financials.

**Miscellaneous** - the Mayor queried the  $\frac{1}{4}$ M extra in miscellaneous. The Treasurer advised that the CoH received some funds back from the Black Mayor's Conference and some insurance claims that have come through. The Mayor commented that the insurance claims should be under revenue.

**ACTION:** The Treasurer to look at the insurance claims to see if they are in the correct place.

N. Kowalski said that number will not really offset anything because it is a prior period. There were comments regarding how to account for prior periods. Dialogue continued.

**Travel** - this number also includes professional training.

**Electricity** - is going down and should see some further reductions.

**Debt Collection Costs** - in 2014 it was the PLV legal costs but was written off last year.

The Mayor commented on the salary and wages and management costs, health insurance, social security increasing and asked about the significant rise in pension, well above budgeted. The Treasurer said the budget for pension was incorrect that is why it looks like a high increase.

**Contracted Services** - this is for anything like asphaltting, air conditioning, etc. The increase is for asphaltting costs - higher costs for this year.

**Materials and Equipment/Tool Purchase** - this is vehicle and equipment costs, i.e. vehicle breakdowns, etc. There were a lot of items that were in Capital and should have been in Operating costs. A move was made to take a great deal of these items out of Capital and place into Materials and Equipment.

**ACTION:** The Treasurer to provide a breakdown of the Contracted Services and Materials and Equipment numbers.

**Security** - the Mayor noted that there is a large decrease in the security number. The Treasurer advised that the security is a new contract. The City Engineer said that this was fixed for the docks through this year because it is just being renewed now. He thinks that this was for the City Hall security contract which was stopped which allows for this surplus. Now the event organisers pay for the security as they require it.

**Depreciation** - has not been posted for December.

**Cash in the Bank** - \$1.31M - this is accurate as of the end of December 2015.

**Accounts Receivable** - one of the accounts receivables that have been outstanding for a while has been resolved with Clarien Bank and received a settlement. Clarien will be responsible for the taxes on this client going forward. The total bill for the outstanding receivable was \$110K and the CoH received \$87K from Clarien. The remainder was written off against "bad debt". Discovered last month there is another one that Clarien also has possession of the building. The CoH is working with Clarien in this regard, the outstanding amount approximately \$100K. Clarien has possession but there is no management control of it, there is no money. There should be a diminishing number in accounts receivable because of the way in which the taxes are being billed, just to the owners.

(ii) **PLV Guarantee** - there was a meeting yesterday in this regard. The Premier has been asked to select who he feels would be the appropriate members of Cabinet to join the Council in a meeting to discuss PLV and the Council pushing for the 2016 Ordinance that the Minister for Home Affairs asked the Council to present. The numbers will show that without there being some form of true enforcement, i.e. clamping, not only is the CoH losing that \$1M but also the revenue for the parking tickets, etc. - close to \$2M overall. After yesterday's meeting the Mayor asked the Secretary to send an email to the Cabinet Secretary just to speed up the process. He responded last evening indicating that he had received the email. Councillor Tucker said that he read the new Letter of Comfort that was just sent out. The Mayor received an email from Bob Wilson yesterday asking for an update on what their position was. Clarien is happy enough to proceed with the current Letter of Comfort. They are getting close to \$40M worth of real estate in collateral, getting a guaranteed revenue stream of about \$2.3M or \$2.5M a year from the car parks.

Councillor Harvey asked when the meeting was going to be had with the Liquidators. The Mayor asked for this matter to be discussed under the Restricted Session.

(iii) **Town Hall Meeting** - Councillor Tucker said the Town Hall meeting should be held in due course when it is deemed to be appropriate.

**11. Any Other Business**

(i) **New Year's Eve Event on Court Street** - the Secretary commented on the event which was being promoted by the Ministry of Works. They completed the appropriate application; the Ministry provided a purchase order to cover the cost of \$4,865.00. The CoH did receive the P.O. and Eugene Dean one of the organisers paid \$1K. There was a verbal request from the Minister to look at sponsoring to split this bill 50/50. The request for a retroactive sponsorship of the event total outstanding is \$4,940.38 not including the electrician charges. The Mayor said what the CoH gained in PR and trying to establish a working relationship with the Government.

**RECOMMENDATION:** That the Board approve to pay 50% of the outstanding bill for the New Year's event held in North Hamilton.

**Proposed:** Councillor J. Harvey

**Seconded:** The Mayor, Charles Gosling

**Yes Vote** - 4

**No Vote:** 1

**Abstained:** 1

**Motion passed.**

(ii) **Formalising the Sponsorship Process** - this matter did come to the Finance Committee before budget season last year. The committee verbalised that they were in support of getting rid of the current sponsorship package. The full package was revised and a list of specific events was created to be pre-approved for the year and they would be the only events that would receive full sponsorship. The remainder would fall under the new sponsorship that would only allow for 50% of the costs to be covered.

**ACTION:** The Event Project Manager to forward the document regarding the new sponsorship process to the Secretary to send out to the committee members for review and discussed at the next meeting.

**12. Motion to Move to a Restricted Session**

**Proposed:** The Mayor, Charles Gosling

**Seconded:** Councillor J. Harvey

The Event Project Manager was excused from the meeting.

There was no further business to be discussed.

The meeting concluded.

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**Chairman**

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**Date**