



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
15 September 2016
10:00am

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

In Attendance: Ed Benevides - The Secretary
Tanya Iris - Treasurer
Siobhan Fubler - The Deputy Treasurer
Lindell Foster - HR Manager

Apologies: Rt. Wor. Charles R. Gosling, JP - Mayor
Patrick Cooper - City Engineer

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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 10:05am.
 4. **Apologies:** The Secretary confirmed apologies from the City Engineer and Event Project Manager. He has requested Thomas Lightbourne, Events/Marketing Coordinator to attend the meeting to address Item 11 (i). The Mayor is off-Island.

5. Public Participation/Presentation:

There is no public participation/presentation.

6. Correspondence:

There is no correspondence

7. Minutes of Previous Finance Committee meeting dated 15 September 2016

Proposed: Councillor L. Scott

Seconded: Councillor J. Harvey

The Minutes were accepted as read.

8. Matters arising from the Previous Finance Committee meeting dated 15 September 2016

(i) **Forward a copy of the guidelines from KPMG to the Finance Committee members for a review re: formalization of capital items - action item completed.**

(ii) **Review of guidelines received from KPMG and together with the Chair of Finance have a conversation with KPMG to formalise - action item completed.**

(iii) **Add the list of recommendations from the auditors, KPMG to the agenda of the next Finance Committee agenda - action item completed.** The Treasurer advised that there has been no change. N. Kowalski noted that of the 5 recommendations, 3 or 4 of them the controls have been put in place. #5 (Conflict of Interest) is the only item outstanding; the remainder are either in progress or have been updated.

(iv) **Update on the over budget of \$96K overrun in Staff Costs and confirm that this was due to the three (3) redundancies - action item completed.** Information was received and the overrun was due to the redundancies.

(v) **Update on the over budget of \$20K on Professional Fees - action item completed.** Information was received.

9. Status Updates:

(i) **Financial Reports - June 2016 - Councillor Tucker commented on the cash flow projection.** The Treasurer advised that this can be discussed later in the meeting when the virements are addressed.

Treasurer: the financials do not require a great deal of discussion. There has not been too much of a change within the last couple of months. The same issues are still there:

- **Receivers** - still taking some of the income.
- **City Hall Car Park** - will not see any real numbers for at least a couple of months.
- **Fire Service** - situation remains the same. The CoH had not planned to accrue for the cost of the Fire Share Agreement. The auditors advised to accrue for the cost but could not accrue for the revenue.
- **Tipping fees** - situation remains the same.
- **MIF** - situation remains the same.

- **Total Staff Costs** - below budget.
- **Materials & Equipment** - there were items he was planning to spend on but did not spend in the first half of the year because he was not sure of the financial status of the organisation. He is intending to use these funds in the second half of the year.
- **Cash Position** - looks good.
- **Receivables** - actively pursuing the top (10) offenders.

There was continued discussion on the payment of the loan from Clarien Bank and payment of tipping fees to the Government. N. Kowalski said that if the CoH settles with the Government, that would be unrestricted cash. He queried if the CoH could accelerate the payment of the loan rather than rolling it in into a CD. The return the CoH is going to get on paying off the debt is substantially higher than the CD. He said that a better use of the cash would be pre-paying the loan as much as possible within the cash flow constraints because a significant amount can be saved on the interest and would receive a better return.

The Treasurer said the Mayor had requested to place the access cash on deposit. Taxes are charged every six (6) months. At the end of that tax period it was thought those funds would have to be used but that has not happened.

ACTION: The Treasurer to look into interest on the loan with Clarien Bank.

Councillor Tucker commented on the legal fees involved in the \$18M guarantee issue.

\$1.8M was approved in a capital budget last year and of that up until the end of June, the CoH has spent \$489K. At the end of August the CoH's cash position would be \$7M. The projection at the end of September should be \$6M. By the end of December, \$5M should be in the account. Of that \$5M, \$2M will be what the CoH would have to pay the Government. There is revenue coming in every month for wharfage (approx. \$1/2M). There was continued dialogue.

(ii) **Audit Control Findings and Recommendations** - discussed earlier in the meeting in Item 8(iii).

(iii) **Legal Fees - 31 August 2016** - the list of the breakdown of legal fees included up until 31 August 2016. The Treasurer commented on another invoice received from MDM and the quote for the QC being used for the ultra vires court case. There was continued dialogue on the liquidation fees. Councillor Tucker requested a further break-out the charges from MDM. The Treasurer said that the breakdown presented showed each engagement inclusive of the work done by R. Myers to date. Dialogue continued.

J2 Chambers still has the CoH's files as well as two (2) Silk Opinions that the CoH paid a great deal of money for and he still refuses to turn them over. There is an ongoing court action and Bar Council action against J2 Chambers.

10. Recommendations for Review:

(i) Bad Debt Write-Off - BELCO: the issue is that there is no proof, i.e. no permits, nothing signed off by the CoH or Belco.

ACTION: The Secretary to speak with Mr. Denton Williams of Belco in terms of splitting the costs of the bad debt write-off.

Recommendation: That the Board approve the write-off of the balance due from Belco in the amount of \$18,083.30 as it relates to paving reinstatements.

Proposed: Treasurer, Tanya Iris
Unanimous

Seconded: Secretary, Ed Benevides

(ii) Virements:

1. Legal fees and the car park barrier system already approved by the committee.
2. \$375K: \$100K for Receivers and then another \$275, funds that have already been paid and virement was approved by the Minister in August 2016.
3. \$221,300.00 for the QC which was paid in August and approved by the Minister.
4. Another virement for legal fees and they will probably have to be justified with the Minister before he approves. If the Minister does not approve, Councillor Tucker, the Secretary and the Treasurer will meet with him to discuss further.
5. Front Desk Security - received two (2) quotes - \$40K will get the security bit done. This would create another meeting room where the receptionists are sitting now, it will close them in and they will now face towards the door.

ACTION: The City Engineer to forward the proposed plans for the Front Desk Reception area to the Finance Committee.

There has not been a virement done for the demolition of Donleigh Cottage which is an additional \$17K which is the difference in funds received from the insurance company. There was continued discussion on the plans for the Front Desk area and the amount of funds for legal fees. The committee expressed their concern regarding the amount for legal fees being discussed in the Public Session of the Finance Committee meeting. The Committee would like to make a request to the Minister that this topic be discussed in the Restricted Session of the Finance Committee meeting. Dialogue continued.

Recommendation: That the Finance Committee approve Virements 2,3,4 and 5 as presented by the Treasurer.

Proposed: Treasurer, Tanya Iris
Unanimous

Seconded: Secretary, Ed Benevides

11. Any Other Business:

(i) **New Year's Eve Event** - this is an application by Startime Entertainment for waiving of all fees, labour, etc. for the New Year's Eve event.

Thomas Lightbourne, Events/Marketing Coordinator joined the meeting at 10:50am.

T. Lightbourne - Startime Entertainment (Eugene Dean) is looking to have a New Year's Eve function in North East Hamilton (Court Street). They are looking to get the event sponsored, i.e. waiving of the rental application, staffing costs and traffic notices, setting up and breaking down, clean-up and security. The Event Project Manager has proposed two (2) options, (i) either sponsor the entire event as well as put forth the \$20K that has been put aside for fireworks or (ii) use the \$20K to sponsor the event and not use the fireworks. The staffing costs will be about \$10K.

Councillor Ming - queried if any funds were going to be gained by Startime during this event.

T. Lightbourne - this event is free to the community. Startime secures sponsorship which assists with covering the event.

Secretary - it has been standard to date that all applications that have been received this year and have requested full sponsorship, the CoH has waived the street fees and applications but not the staffing costs. He would support if the committee is minded to sponsor it in the waiving of the application fees. There is \$20K in the budget for fireworks. The CoH would pay \$20K towards a fireworks display in the City for New Year's.

T. Lightbourne - the two (2) proposed locations for the fireworks display are Bernard's Park or Fort Hamilton.

There was dialogue on last year's event.

Councillor Ming - asked the committee to consider not do away with the fireworks.

T. Lightbourne - staffing costs are about \$5K - \$10K. That would determine if they have the event because they do not have the funds in their budget to pay for the staffing costs, hence their request for full sponsorship. They do look for sponsorship elsewhere as well.

Secretary - last year the Bermuda Government provided the police but he has heard that the police will not be providing security for this year's event.

Dialogue continued regarding the event of 2015, i.e. the Government's participation, and the late application which brought on other complications.

Councillor Tucker - Startime will have to go out and raise funds to cover the staffing costs, etc.

Secretary - most of Court Street will be closed off from Victoria Street to Till's Hill, Dundonald Street from the intersection to Union Street, Elliott Street from Princess Street to Union Street.

T. Lightbourne - queried if the committee was going to give Startime a deadline in order for them to gain sponsorship. He noted that with events they would need to know six (6) weeks prior to the event whether the applicant has garnered sufficient sponsorship to hold the event.

N. Kowalski left the meeting at 11:00am.

There was further discussion regarding the New Year's event of 2015.

Councillor Ming - there was never a full post-mortem held for the event held in 2015.

T. Lightbourne - proposed that if Startime does not raise the funds in a timely manner then the CoH can do fireworks for \$15K and give them the remaining \$5K to assist with the cost in the labour.

Recommendation: That the Board support the New Year's Eve event to be held on Court Street, by providing a fireworks display and waiving the application fees on the condition that Startime Entertainment will be able to raise funding by the middle of November 2016 and advise the CoH accordingly.

Councillor Harvey - the CoH should meet with Mr. Dean and share the concerns of the committee that have been discussed in this meeting.

T. Lightbourne - once the request is approved they will receive a full list of what would be required of them to have the event, i.e. abide by the City standards, branding guidelines, post-mortem notes, reports, etc.

Proposed: Councillor D. Tucker
Unanimous

Seconded: Councillor L. Scott

Councillor Tucker commented on the Fashion Festival held in July 2016.

ACTION: The Event Project Manager to provide a report on the Fashion Festival and present that report to the full Board.

T. Lightbourne left the meeting at 11:10am.

12. Motion to Move to Restricted Session.

Proposed: Secretary, Ed Benevides

Seconded: Councillor H. Ming

The public session closed at 11:10am.

Chairman

Date