



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
9 February 2017
10:00am**

Present: Councillor Dennis Tucker, JP (Chair)
Rt. Wor. Charles Gosling, JP
Councillor John Harvey, MBE, JP
Councillor Larry Scott
Councillor Henry Ming

In Attendance: Edwards Benevides - Secretary
Tanya Iris - Treasurer
Patrick Cooper - City Engineer
Lindell Foster - HR Manager

Apologies: Siobhan Fubler - Deputy Treasurer
Nathan Kowalski, CA, CFA, CIM - Associate Member

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 10:00am.

4. Apologies:

The Secretary confirmed apologies for the Event Project Manager, Associate Member, Nathan Kowalski and the Deputy Treasurer.

5. Public Participation/Presentation:

There were no public presentations.

6. Correspondence:

There was no correspondence.

7. Minutes of Previous Finance Committee meeting dated 12 January 2017

Councillor Tucker commented on the recommendation to approve the virement of \$800K to facilitate the purchase of the necessary equipment, etc. for the four (4) remaining barricades in the City. He further commented that the Minutes should reflect that the virement is being established from the accrual of interest. The Secretary advised that on Page 4 of 5 of the Minutes, Item 10, it states that the virement is coming from the GL for accrued interest to capital projects but it should be accrued interest to the loan repayment.

Proposed: Councillor J. Harvey

Seconded: Councillor L. Scott

8. Matters arising from the previous Finance Committee meeting dated 12 January 2017

(i) **Forward to the Finance Committee a copy of the Resolution wording which relates to contracts over \$500K being reviewed by KPMG:** The Secretary expressed his confusion because this was discussed with the auditors and it was brought back to the Committee to confirm that they still wanted KPMG to review all the contracts that were multi-year or over \$500K. The Council, at that time reiterated that they still wanted KPMG to review them even though it was advised that this would be at an additional expense. Councillor Tucker said the Minutes referred to the fact that the Council did not mind KPMG reviewing the contracts over \$500K but excluding the multi-year contracts because they are reviewed by the Council. The Secretary advised that the Council did not make a recommendation to remove that from the Resolution and the Finance Committee has requested a copy of the Resolution. He said a compromise might be multi-year contracts totaling more than \$500K. There was continued discussion.

ACTION: The management team will take this Action Item away, look at the Resolution and come back with a recommendation to amend the Resolution.

(ii) **Re-send all the correspondence to the Committee relating to the Fashion Festival financials, Fashion Festival report, etc.:** The information was received by the Committee. Councillor Tucker said there were some significant overages of approximately \$70K. It was noted that there were some other items that were not done that offset the overages. The tent was the largest expense that was not planned for. Councillor Harvey commented on receiving additional information so that proper guidance could be made to structure the budget for the event. Dialogue continued.

The HR Manager commented that this speaks to the Vision and the Mission of the City and asked if this event is something that the Council would want the City to be known for or the clean streets or efficient services, etc. In the Council's role in creating the Vision and Mission Statements, part of the Vision is making it a vibrant City and does the Fashion Festival accomplish that, e.g. is the City world-renowned and is there an increase in retail sales, etc. The event is never going to make money, the event will always cost the CoH.

The Secretary said that this is a City event and the City pays for it. The CoH does receive sponsorship as is noted in the report. The event is becoming more of an international event and the CoH is receiving more sponsorship. The Fashion Festival has never been a revenue-driven event. It is not the CoH's remit to make money off the Fashion Festival.

The Mayor said the initial remit was to create a vibrant City and he would be more interested in seeing a more detailed report. He would like to see the breakdown because expenses are being properly noted and recorded. After receiving that information, it would give additional reassurance to the Council in terms of the expenses for the Fashion Festival. As the Council, they would have the ultimate say for an event such as this and can determine what budget the Events Department can work with.

The City Engineer advised that the overage was for the rain venue. The Treasurer shared that there was an additional \$210K for in-kind sponsorship that she had just received that should be added to the report. It was noted that all the expenses/in-kind sponsorships should be recorded in the report. This information is needed to get the true value of what it takes to put on an event like this.

Lengthy dialogue continued.

Councillor Harvey asked if the question has been put to the Bermuda Tourism Authority (BTA) of their views regarding this event. The Treasurer said the question was asked and the BTA responded that the event runs well enough on its own and did not feel the need to sponsor. The Secretary said every retailer or service provider in the City is involved in the event. He further commented on the international exposure of the event and is cast as exposure for Bermuda and not just the City of Hamilton. Councillor Harvey commented that a conversation should be had with all parties involved.

The HR Manager said at the end of the Fashion Festival, a survey was given out but she had not seen any results or heard of any feedback. If those results can be provided to ascertain what was negative or positive about the event, then the CoH could gauge the structure of the event for next year. There was continued discussion regarding the contracts that are already signed, etc.

The Mayor said the Committee was not aware of all the in-kind sponsorship figures and looking at an event that costs \$578K in expenses with quite a large portion of that being underwritten by the CoH. There has been a great response from the public arena which shows a lot in terms of the strength of the commercial community and the value of the event. He reiterated that the main Vision of the CoH is to create a vibrant City.

He has made comment in the past that he does not want the Bermuda Fashion Festival to be the only event that the CoH does. He would like to know what the various budgets are for events moving forward.

Councillor L. Scott left the meeting at 10:30am.

The HR Manager said that the Event Project Manager has said that if she is given the guidance, she would be able to work within the budget that is given to her.

The Mayor said that when Tamara Bradshaw and Thomas Lightbourne had been promoted that would ensure that someone from the Events Department would be in attendance to meetings when the Event Project Manager was not in attendance. They may not be able to contribute to the discussion but can go back to the Event Project Manager with information from the meeting. Councillor Tucker suggested that the Event Project Manager become a permanent member of the Finance Committee.

The Mayor commented on the series of Council meetings that he would like to set-up, not meetings that the Council would discuss agenda items and make recommendations, proposals or Resolutions but would be an opportunity for the Executive Members to identify aspects that they feel the Council should be aware of. The Secretary suggested that these meetings should be set at 4:00pm to ensure that the technical officers could be in attendance. The meetings would be more of a strategic review analysis and strategic vision planning. Notes will be taken but there will be no formal Minutes or agenda. There was continued discussion.

ACTION: The Secretary to forward the results of the survey from the Bermuda Fashion Festival to the Members. Also, forward a full accounting report including the additional in-kind sponsorship information.

ACTION: The Secretary to set-up an informational meeting outside the Finance Committee meeting to discuss various matters, e.g. Bermuda Fashion Festival and all other events, etc.

There was continued dialogue.

(iii) **Update the Committee once he has received the Legal Opinion regarding charging interest on outstanding accounts:** The Secretary has not received any information back in that regard.

(iv) **Email the Committee a copy of the UK Clamping Report:** The Secretary confirmed that the information had been emailed to the Committee.

9. Status Updates:

(i) **Draft Financial Report – December 2016:** The Treasurer said they are in the middle of year-end so the numbers will not be final for a while.

- **Revenue** - slightly higher than budget mainly due to wharfage and the dock storage was not included in last year's budget. There is one more adjustment to come through, i.e. vacation accrual.
- **Licenses and permits** - higher.
- **Rents** - slightly higher than budgeted. Some of the Government leases were increased at the beginning of the year. Now renting out the upper level of Pier 6. Stevedoring Services' rent increased. Park rentals are slightly higher.
- **Contracted Services** - \$140K over - this is mostly general contracts. There is quite a bit of savings in gross wages and salaries where persons retired and were never replaced and did more contracts to cover the work.
- **Cash** - just under \$5M, have about \$3M that is sitting at Clarien Bank.

The Treasurer asked if the Council still wanted to continue rolling over these funds in a CD or to start paying off some of the loan. Councillor Tucker said the funds should roll over for now. There should be a time to consider if there is excess cash to pay off or pay down on the property on the corner of Court and Dundonald Streets.

- **Receivables** - regular receipts decreasing. The Mayor commented that there has been some movement in some of the top ten customers. To be discussed further in the Restricted Session.

The Mayor said that it should be noted in the public session that the CoH is looking at issuing liens on those accounts which have been allowed to accrue over many years. The Secretary said the CoH is looking to avoid going to court. Some of these payments are fixed by the courts and some of these customers are never going to be able to pay the outstanding debts. Discussion continued.

Councillor Harvey said if the CoH is serious about getting those funds, they must find a more effective way. He queried what leverage does the CoH have in this regard. He referenced if the CoH did not pay their Belco bill, the service would get turned off.

ACTION: The Secretary to ascertain whether it is legal to shut off sewage on individual residents.

The City Engineer remarked that if Belco turned off their service, it would not be a health hazard or affect the resident's building but if the sewage is turned off that is a different matter.

There was continued dialogue on the barrier systems in the remaining car parks.

ACTION: The Recording Secretary to send out the Project Charters 2017 document to all Council Members.

10. Recommendations for Review:

RECOMMENDATION: That the Board accept the bid from Argus Insurance, \$296,304.00 for a three (3) year contract for Property Insurance for the Corporation of Hamilton.

Argus Insurance also put in a bid for five (5) years but the Treasurer said three (3) years would encourage more competition.

Proposed: Councillor J. Harvey
Seconded: Ed Benevides, the Secretary
Unanimous

RECOMMENDATION: The Board approves a Purchase Order limit of \$5K for the Senior Events Marketing Coordinator and the Communications Manager. (**Approved in Corporation Board meeting dated 1 February 2017 and approved by the Minister**)

11. Any Other Business:

There was no further business to discuss.

12. Motion to Move to Restricted Session.

Proposed: Councillor H. Ming

Seconded: Councillor J. Harvey

The Public Session closed at 11:10am.

Chairman

Date