

**Halifax 2014 Executive Committee
Meeting
December 11, 2006
9:00 a.m. - 2:00 p.m.**

Attending:

Fred MacGillivray (Chair)
Joan Duncan
Bob Fowler
Duff Montgomerie
Ken Bagnell
Wayne Anstey
Dan English
Dr. Andrew Pipe

Scott Logan (Ex-officio)
Eric Savard (Ex-officio)
Louann Scallion-Morine (Recorder)

Regrets:

Tom Jones

1. Business Arising from Previous Meetings

a. *Approval of Minutes*

Motion: To approve the minutes of the November 1st Executive Committee meeting. Moved by Wayne Anstey, seconded by Ken Bagnell. Motion approved.

b. *Motion from September 6th Meeting*

A correction is required for the minutes of the September 6th meeting, to include a motion approved during the venues and operations planning presentation. Executive committee members agreed to divide the original motion into two parts.

Motion: That the \$259,450 plus HST cost to undertake the aforementioned studies be immediately undertaken to ensure that the necessary information is ready by November 1st, 2007. Due to severe time constraints, the Executive Management Team may sole source these various studies. Moved by Duff Montgomerie, seconded by Joan Duncan. Motion approved.

Motion: That the Executive Management Team continue to negotiate with Elia Corporation as outlined previously with the intent of bringing a memorandum of understanding to the Executive Committee and Board for its November 2006 meeting. Moved by Joan Duncan, seconded by Dan English. Motion approved.

- c. *Memorandum of Understanding between the Bid Society, Commonwealth Games Canada, Halifax Regional Municipality and the Province of Nova Scotia and International Bid Procedures*

Scott Logan, Eric Savard, Bob Fowler, Wayne Anstey, Dan English, Mary Ellen Donovan, Jennifer Palov and Tracey Williams met on December 8, 2006 to discuss the Draft CGC International Bid Procedures.

The Society and CGC have each submitted their respective international bid budgets to Sport Canada. CGC has not received confirmation of funding to date. The CGC Bid City Agreement required to be signed by all Candidate Cities prior to filing their bids, states that Halifax Regional Municipality is responsible for any unfunded portion of CGC's international bid expenses, although it does not state a specific amount.

In January 2006 a version of the International Bid Procedures was provided to various members of the Bid Committee. The International Bid Procedures that is currently being reviewed outlines the CGC International Bid budget at \$1.15 million. This budget includes the International Development through Sport (IDS) Programs: Caribbean Coaching Program and the Healthy Living Initiative.

CGC's international bid budget was provided to staff of the Society, upon request, in June of 2006 as stated in the draft International Bid Procedure. The CGC bid budget was revised and this revised version has now been provided to the Society. Concerns were raised that it was not reasonable to expect that the Society or its partners to fund all or part of a budget they had no direct part in developing, particularly given the effort that went into securing funds for the Society's budget.

Action: The Executive Committee will discuss the matter after Sport Canada's funding for CGC has been announced and any budget gaps are determined. This discussion will include reviewing how best to position resources for international relations and the relevance of the IDS program.

A motion was offered for the resolution of this issue but was struck from the record.

2. Games Budget - Tabling the Capital Budget

a. Finance - Overview

Dale MacLennan reviewed the budget process to date. Once the Board of Directors has approved the budget, it will be submitted to Sport Canada.

Action: Eric Savard and Dale MacLennan will discuss budget assumptions and dates with Duff Montgomerie and Tracey Williams.

The federal government will announce funding for essential services in early 2007. HRM and the Province are both finalizing their VIK estimates.

The Executive Committee was asked to approve budget time lines, recognizing that they are subject to change after the January board meeting, and to provide feedback on the capital budget.

Action: Louann Scallion-Morine will send a notification to Executive Committee members, requesting them to hold January 17th and 24th for Executive Committee meetings, and to board members, requesting them to hold January 19th and 26th for board meetings. The final date for those meetings will be determined following discussion with Sport Canada on time lines to have the Multi-Party Agreement (MPA) approved by Cabinet.

It is crucial for the bid that all funding partners sign the MPA by the required date.

Action: Duff Montgomerie, Tracey Williams, Eric Savard and Dale MacLennan will draft a letter for Duff to send to Tom Scrimger, advising of the date the MPA must be signed.

Halifax 2014 staff will then send a letter to Mayor Kelly, Minister Barnet, Minister Van Loan and Commonwealth Games Canada, stating the date that the MPA must be signed in order to submit the bid.

Item 26 in the time lines circulated to the Executive Committee will be changed to reflect that the MPA will be signed by April 15, 2007.

Motion: That the bid deadline requires that the Multi-Party Agreement be signed by April 15, 2007, and any concerns are to be conveyed immediately to the Chair of Halifax 2014 in writing. Moved by Dan English, seconded by Andrew Pipe. Motion approved.

b. *Sport*

Halifax 2014 received a list of recommended sports from the Commonwealth Games Federation on November 18, 2006. The number of mandatory sports has increased from five to 10. Frank Garner presented the list for the Halifax 2014 Games, which includes 17 sports and 25 disciplines.

c. *Venues Planning and Operations*

Kevin Riles presented information on the stadium, multi-sport centre and other venues, and provided a list of capital costs in 2007 dollars.

Fred MacGillivray expressed concerns that leaving seats at the ends of the stadium after the games may cause difficulties with holding events such as concerts in that venue.

Kevin discussed cost reductions approved by senior management and provided a list of optional budget cuts for the Executive Committee's consideration. Members agreed that they could not make any decisions on cuts without the whole budget number, and that they need to determine if they will make decisions according to budget numbers or by the type of games they wish to host.

The operating budget will include a legacy program, and staff will provide recommendations for ownership models for venues to the Executive Committee.

Action: The Executive Committee will meet on December 21, 2006 to review high level estimates from the current working draft of the Games Operating budget for the purpose of providing the order of magnitude of the overall capital and operating budget, to allow high level strategic feedback on the capital budget options and direction as to the overall budget. The remaining agenda items for the December 11th meeting will also be discussed.

Action: Dale MacLennan will provide the capital budget to the three funding partners via their bid liaisons (Trice Cameron, Tracey Williams and Paul Johnston).

3. Bid Progress Update

a. *Economic Analysis*

PNS and HRM representatives are conducting economic impact studies. Halifax 2014 senior management agreed that if the Society were to conduct its own study it would: 1) not be seen as credible due to lack of independence, and 2) there is a risk that in

conducting their own study, two different numbers may be released to the public. They agreed to recommend to the Executive Committee that the Society will not do a study but instead will rely on the one being conducted by ACOA, HRM and PNS.

Motion: That Halifax 2014 will use the economic impact analysis conducted independently by its partners for inclusion in the business plan and candidature file. Moved by Duff Montgomerie, seconded by Joan Duncan. Motion approved.

b. *Project audit versus year-end*

Halifax 2014 has a project budget encompassing the period from Dec 16, 2005 to March 31, 2008. The practice with some Bids and Games is to conduct a one-time project audit at the completion of the Bid rather than two annual audits plus a stub period audit. It would be expected that this audit approach would require auditors to conduct interim audit procedures during the project.

Motion: That the Executive Committee direct staff to make the necessary by-law changes in draft for consideration by the Board of Directors to permit the Society to be audited on a one-time project basis. Moved by Dan English, seconded by Bob Fowler. Motion approved.

4. Finance and Administration

a. *Bristol - Update on Payment of Invoices*

As follow-up to an action from the June 7th Executive Committee meeting, Dale MacLennan provided back-up documentation for Bristol invoices and circulated a list of invoices and status of payment.

b. *WHW - Update on Payment of Invoices*

The first phase of venue planning and due diligence is nearing completion. The original Society budget included an amount of \$1.9 m for the Society Architect work including a portion for time from December to May. Staff are comfortable that of this \$1.9 m, payments of up to \$1.4m be released. Payments will Halifax 2014 is withholding an amount until staff are satisfied that the PMO has provided the expected service. Legal services has conducted an investigation, and released on the basis of the CEO's satisfaction that work has been adequately delivered.

Motion: That the Executive Committee authorize the CEO to release payment for services rendered by WHW Architects to a maximum of \$1.4 million, representing the Society's Architect work packages in this stage of the venue planning due diligence process. Further that the release of any

payment noted above be on a basis of the joint recommendation of the Director of Venue and Operations supported by legal counsel to the satisfaction of the CEO. Finally, that staff return to the Executive Committee in January 2007 outlining the intended approach for the remaining professional support required by the Society, originally envisioned through the Society's Architect. Moved by Duff Montgomerie, seconded by Bob Fowler. Motion approved.

c. *Expression of Interest for Audit Services*

As a requirement under the Society's by-laws, the Society must appoint an auditor. An Expression of Interest (EOI) was issued on October 20, 2006 to accounting firms on the Province of Nova Scotia and Halifax Regional Municipality's standing offer list, closing on December 4, 2006. An Evaluation Committee, including Byron Rafuse, Pamela Caswill, Stephen Terry and Dale MacLennan, reviewed submissions.

Three accounting firms submitted bids; however KPMG was disqualified due to submission past the deadline, and the submission from Price Waterhouse Coopers was disqualified due to non-compliance. The submission from Deloitte Inc. met the requirements.

Action: The final cost for audit services will be included in the motion for the Board of Directors' approval.

Motion: It is recommended that the Executive Committee direct Halifax 2014 staff to negotiate final costs for audit services for consideration by the Board of Directors at its January meeting at which time Deloitte Inc. will be recommended to the Board as the Society's auditors. Moved by Dan English, seconded by Ken Bagnell. Motion approved.