

**Halifax 2014 Executive Committee
Meeting
January 24, 2007
1:00 - 6:00 p.m.**

Attending:

Fred MacGillivray (Chair)
Dan English
Wayne Anstey
Ken Bagnell
Joan Duncan
Tom Jones
Duff Montgomerie
Bob Fowler

Scott Logan (Ex-Officio)
Eric Savard (Ex-Officio)

Dale MacLennan (Halifax 2014 Management)
Tony Holding (Halifax 2014 Management)
Louann Scallion-Morine (Recorder)

1. Business Arising from Previous Meetings

a. *Approval of Minutes*

Executive Committee members identified the following changes to the minutes of the December 11, 2006 minutes:

- Page 2, item c: remove Dan English from the list of attendees at the December 8, 2006 MOU meeting and replace with Duff Montgomerie.
- Page 3, item a: the action that begins with "Halifax 2014 staff will then send a letter to Mayor Kelly..." will be replaced with the following action: "Executive Committee members discussed the subject and will come back with confirmation at the next meeting, and action will be taken."
- Page 5, item b, line 4 - remove "payments will".

Motion: The Executive Committee approved the minutes of the December 11, 2006 meeting and December 21, 2006 meeting as amended. Moved by Joan Duncan, seconded by Bob Fowler. Motion approved.

b. *Proposed games budget*

After a brief introduction by Scott Logan, Dale MacLennan presented the proposed budget for operations, capital and for hosting the 2014 Games.

- For the first time, the CGF is managing the sale of broadcast rights, and we are working under that assumption. The international and domestic rights number comes from *FastTrack*, which has been provided to all bid cities. A commission is paid for international rights, and the remainder comes to Halifax 2014. No commission is taken out for domestic broadcasting.
- Two secretariats are assumed: one each for HRM and PNS. Both are non-budget relieving regarding the games budget.
- The presentation included options that the Executive Committee could consider to reduce the budget. Those options will get the overall number to the target directed at the last Executive Committee meeting.
- Clarification was requested on how inflation is to be addressed. Staff indicated that Halifax 2014 will work with the partners and support what they require. Cash flows are being produced by Halifax 2014 operations, and they already exist for capital.
- The budget is within the 35% range for federal funding, even with options left in.
- Executive Committee members want the roof to stay on the stadium - it was observed that we won't win the bid and won't operate the stadium without it. Staff were directed to find the \$23 million elsewhere.
- Part of the process now is to provide background to Cabinet and Council.
- Eric recommended 10% contingency on class C capital estimates instead of 15%, which will provide \$27 million.
- Wayne Anstey inquired if a crown corporation was created by PNS and HRM to build facilities, would the tax on capital come out. Dale MacLennan responded yes, it is understood that HRM and perhaps PNS staff are looking at the implications of that option.

Decision: Leave the roof in and the stadium at 50,000 seats.

Decision: The Executive committee authorizes all recommended cuts, except the roof and a reduction from 50,000 to 40,000 seats for the stadium, and authorizes reducing the contingency on class C capital estimates from 15% to 10%.

It was further agreed that as long as any other changes are consistent with the spirit of the discussion today, staff may make adjustments as required to achieve the total approved options outlined.

- Regarding the \$5 million proposed CGC cost reduction included in the options, Tom Jones stated that there must be a full understanding by the CGC Board of Directors. He will take this option to the board. Joan Duncan indicated that in not having had this discussion with CGC's board, she can make this recommendation because it is not approval of the budget, but rather is providing staff with direction.
- The options include a reduction in CGC budget line items of \$5 million. Specifics will be determined at a later date.

Decision: The CGC funding reduction was agreed to, with further discussion on specifics at a later date.

- The executive summary of the business plan was circulated.

Action: Bob Fowler and Dan English requested a brief background (bullets) on the mechanics (i.e., why the capital binders cannot be changed quickly, etc.) to answer questions.

- In the local forum, there will be expectations to manage.
- This reflects staff's recommendation for the budget. Staff recommend it to the Executive Committee and believe it can win the bid and produce a successful games.
- The budget will be assessed by funding partners, will be negotiated and may change.

Motion: That the Executive Committee recommends the Board of Directors approve, for the purpose of detailed review and assessment by all partners, and to support MPA negotiations:

The proposed capital and operating budgets and business plan, prepared for the Halifax 2014 Commonwealth Games bid, that will

enable the partners to provide feedback to the Society, which will allow the budget to be brought to the board for inclusion in the candidature file (bid book) at a later date.

Moved by Joan Duncan, seconded by Ken Bagnell. Motion approved.

2. Bid Progress Update

a. Communications Report

Deborah Hashey stated that a request for proposals has been issued to three existing Halifax 2014 agencies to assist with the development of bid creative, bid lodgement and bid presentation in Sri Lanka. The local newsletter will be released on January 25th, and the international newsletter will be sent on January 29th. Halifax 2014 received a ceremonial cheque from the Nova Scotia Gaming Corporation and Atlantic Lottery Corporation on January 18, 2007. There have been several speaking engagements in December and January.

Three new corporate partners will be announced on January 25, 2007 and include Transcontinental, McInnes Cooper and RCR Hospitality.

Disclosure

A disclosure technical briefing will be held the week of January 29, 2007, to provide media with information about the bid process. Deborah Hashey circulated the plan for disclosure. Representatives from the Halifax Regional Municipality and the Province of Nova Scotia, as well as the federal government and Commonwealth Games Canada, may be in attendance.

Announcements will be made soon about sports and venues, and Halifax 2014 will continue to communicate with the Commonwealth Games Federation prior to any announcements made publicly.

Action: Halifax 2014 will provide HRM and PNS communications staff with questions and answers for disclosure.

Action: The Councillors Advisory Group will be briefed on disclosure, and the other councillors will be invited to the briefing.

The Games budget and bid book will be released publicly after bid lodgement on May 9, 2007.

b. *International relations*

Halifax 2014 has visited 37 CGAs as of January 22nd, including all European CGAs. Future visits will be made with CGAs in Africa, the Caribbean, Oceania and Asia.

Savior Joseph has joined Halifax 2014 as CGA Partner Program Manager and will work closely with Kate Randall.

Invitations have been extended to Premier MacDonald, Minister MacKay, Secretary of State Guergis and Minister Barnet to attend bid lodgement in May and inbound CGA visits in August and September.

Action: Bob Fowler will schedule Premier MacDonald and Minister Barnet to meet with the Evaluation Commission in June.

Action: Tony Holding will meet with Duff Montgomerie and Tracey Williams the week of January 29th to discuss:

- details of bid lodgement*
- details of the bid announcement in Sri Lanka*
- Premier MacDonald's and Minister Barnet's attendance at those events.*

Action: Louann will send copies of invitations to Premier MacDonald to Bob Fowler.

c. *Candidature File Update*

Production of the candidature file began on January 8, 2007, and the first draft will be complete by February 5th. It will be reviewed by an internal team, and a second draft will be prepared by February 28th.

Decision: The candidature file will be referred to as the bid book when speaking with the media and public.

3. Finance and Administration

a. *December Financial Reports*

Total revenue received by December 2006 totaled \$5.9 million, and expenses totaled \$5.6 million. HRM and PNS have provided great cash support, and it is anticipated that the federal government will provide funding in the next few weeks to a month, upon receipt of the completed contribution agreement.

Action: Tony Holding and Scott Logan will provide a report on sponsorship funding during the next Executive Committee meeting.

b. *Project Audit Versus Year-End*

Dale MacLennan provided an update on discussions with the Society's Act Registrar and Deloitte (external auditors) on a project audit versus annual audit approach for the bid. Concluding recommendations will come to the Executive Committee in the next few months for approval.

Motion: The Executive Committee recommends that the Board of Directors authorizes staff to negotiate audit fees with Deloitte Inc. for the independent audit of the Society for an amount no greater than \$50,000 and to return to the Executive Committee for final approval. Moved by Bob Fowler. Motion approved.

4. Other Business

a. *Organizational Re-alignment Update*

Scott Logan discussed the re-alignment of Halifax 2014 staff, effective January 16, 2007. Four key functional areas have been created for the next phase of the bid to meet the objectives and deadlines. A functional area chart and internal organizational chart were circulated to Executive Committee members.

Action: Board members will be provided with charts during their January 26, 2007 meeting.

b. *Bid Partners Committee*

Members discussed the need to brief key political figures at all three levels of government on the status of the bid and to convey why the Commonwealth Games are important to Canada. These messages are separate from funding of the Games.

It would be beneficial to brief the new Secretary of State for Sport, Helena Guergis, both on the bid and on a possible meeting with Michael Fennell.

Action: Duff Montgomerie will communicate by e-mail to Tom Scrimger that Halifax 2014 would like to update the Secretary of State on the bid, brief her on a possible visit by Mike Fennell, and invite her to visit Halifax.

Duff will forward his e-mail to Tom Jones and Scott Logan, and Tom Jones will also connect with Tom Scrimger.

c. *Contracts for approval*

WHW

All future contract work will be approved on a work package basis, including tasks completed by the Society's Architect.

On December 11, 2006, the Executive Committee approved releasing payment for services rendered by WHW Architects to a maximum of \$1.4 million. Members were asked to increase the maximum amount to \$1.95.

Motion: The Executive Committee approves payment to WHW to a maximum of \$1.95 million for their work on the capital budget and the technical bid book delivery. Moved by Ken Bagnell, seconded by Tom Jones. Motion approved.

d. *Next Meeting*

Members asked that the February 7th meeting be rescheduled.

Action: Louann Scallion-Morine will reschedule the meeting.