

SYDNEY HARBOUR FEDERATION TRUST


82nd MEETING

SHFT Boardroom, Georges Heights – Meeting in Private

12 DECEMBER 2012

MINUTES

True & Correct Record of the 82nd Meeting of the
Sydney Harbour Federation Trust


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21.2.13 Chair

DRAFT UNTIL SIGNED

Minutes of the 82nd meeting of the Sydney Harbour Federation Trust held in the Boardroom, Georges Heights at 11.00am on 12 December 2012.

Present

Ms Anthea Tinney	Chair
Mr Rohan Jeffs	Member
The Hon Leo McLeay	Member
Mr Peter Lowry	Member (attendance from 11.45am)
Ms Sandra Hook	Member

In attendance

Mr Geoff Bailey	Executive Director
Mr Nick Hollo	Deputy Executive Director
Ms Susan Culverston	Chief Financial Officer
Mrs Jane Page	Secretariat
Mr Tim McKay	Director, Leasing and Property Management (partial attendance)
Ms Rubinee Hoyne	Director, Marketing and Business Development (partial attendance)

The meeting commenced at 11.05 am.

Introduction

a) Welcome

The Trust RESOLVED to meet in private because of confidential budget matters on the agenda.

Moved: A Tinney Seconded: R Jeffs

b) Apologies

Mr Lowry joined the meeting at 11.45am.

c) Declarations of Interest

The declarations of interest were noted.

Ms Tinney advised she was a Director, of the Contamination Assessment & Remediation of the Environment CRC program based in Adelaide

1) Confirmation of the Minutes from 11 September 2012 (Agenda Item 2)

Minor amendments were made to the minutes.

The Trust RESOLVED to accept the minutes, with amendments, from the 81st meeting of the Trust held on 11 September 2012.

Moved: R Jeffs Seconded: S Hook

Matters Arising

Action Items

Paid Parking – a paper will be prepared for the June Board meeting.

Transport to/from Cockatoo Island – details to be referred to Mr R Butterworth, Audit, Risk and Compliance Committee member for review and comment.

Mr McLeay would like to be included in the Platypus site visit.

Other items were noted.

The Chair rearranged the agenda for convenience.

2) Macquarie Lightstation Townhouses (Agenda Item 6)

The Chair of the Audit, Risk and Compliance Committee (AR&CC) reported that the Committee had agreed to the refurbishment work needed to be undertaken at the

townhouses. The townhouses had had no major work done since they were built in the 1960s/70s. They were small townhouses built for the Lighthouse workers. Once renovated, the townhouses will be leased for residential use.

The Board RESOLVED to approve the allocation of \$1.299m from the Trust's accumulated cash reserves for the refurbishment of the four townhouses at Macquarie Lightstation.

Moved: L McLeay

Seconded: R Jeffs

3) Strategic Plan Update (Agenda Item 7)

The report was noted.

Mr Bailey and Ms Culverston spoke to the paper.

This paper was presented at the AR&CC meeting on 11 December 2012. It provides an overview of the updated Strategic Plan 2012-15, detailing 2015 Targets, June 2013 Milestones and the links to the approved Budget for 2012/13.

Each Business Unit's Operational Plans need to be read in conjunction with the Strategic Plan. A report against the budget and outcomes and milestones will be made quarterly to the Board with the first being made available at the Board meeting on 19 February 2013.

Consideration needs to be given to aligning the Board's annual Strategic Planning Days with the Budget process.

4) Risk Management Policy and Plan (Agenda Item 8)

The report was presented at the AR&CC meeting on 11 December 2012. A review of the report by management is to be undertaken as a result of the AR&CC members' comments.

The Board had further discussion of the report. Amendments and further information, including residual risk, are to be incorporated into the report. Directors queried some of the ratings assigned to the risks and the draft document is to be resubmitted to the AR&CC in February 2013 before referral to the Board.

Mr Lowry arrived at the meeting at 11.45am.

5) Mighty High Proposal Update (Agenda Item 3)

Mr Tim McKay, Director, Leasing and Property Management at SHFT joined the meeting at 11.55am.

A new proposal has been put forward by Mighty High in which they have requested:

- Substantial investment from the Trust towards the project to assist with building
- An extension of the lease term

The risk and operating profile of the business has changed.

Mr McKay spoke to the paper.

The DA issued under the original proposal expires on 1/3/13. No conditions under the DA have yet been met. There is currently no agreement to lease.

As long as the DA is current, Marcus Jackson can seek to comply with the conditions outlined in the DA.

The changes between the original commercial proposal and the new proposal were noted by the Board members. The new proposal which differs significantly from the original proposal is not accepted by the Board. Reasons for not accepting new proposal:

- The proposed extended lease term
- The request for the Trust or Commonwealth Government to invest \$4M into the project

- Proposed Corporate Governance structure.
- Issues regarding operational expertise.

The Board RESOLVED to advise Mighty High that the latest proposal dated 29 November 2012 which varies considerably from the original proposal approved by the Trust in February 2012 is not acceptable to the Trust.

Moved: P Lowry

Seconded: A Tinney

6) Lease Concept Brief: Continuing Health Care, Middle Head Proposal
(Agenda Item 4)

Mr Bailey spoke to the paper.

The purpose of the report was to seek the Board's endorsement for moving the negotiations to the next stage.

The Board RESOLVED to approve the Trust continue with negotiations and progress the proposal.

Moved: P Lowry

Seconded: A Tinney

7) Function Centre, Building 16, Sergeants Mess, North Head Proposal
(Agenda Item 5)

Mr McKay spoke to the paper.

The proposal for a 200 seat function centre and culinary school has been to the Tenant Selection Committee and is recommended for approval. Car parking/transport during functions will need to be addressed more fully during discussions and prior to the lease being signed there needs to be an acceptable transport management plan. Minimal alterations are required to the building for this proposal.

The Board RESOLVED to approve, taking into account comments by the Board recorded above, a 5 year lease with a 5 year option for Building 16, The Sergeants Mess at North Head Sanctuary Manly to North Head Catering Company Limited part of the Milestones Catering Group of companies for the provision of a 200 seat function centre and associated culinary training school

Moved: P Lowry

Seconded: A Tinney

Mr McKay left the meeting at 12.50pm

8) Delegations (Agenda Item 10)

The report was noted.

The delegations need to be updated to accommodate changed positions and position titles within the Trust.

The AR&CC reviewed the document at the meeting on 11 December 2012 and recommends to the Board with the following amendment:

In regard to the waiver of a debt owed to the Trust and in particular the non-recovery of any Property and Leasing debts, of whatever value, the document is to be amended to show that a report from the Chair of the Tenant Selection Committee must be referred to the delegate.

The Board accepted this proposed amendment.

In addition the Board requested that a report be included at future Board meetings of any debts that have been waived by the Executive Director. Parking infringement debt waivers should be included as a gross amount. Any other waivers should be detailed.

The Board RESOLVED with amendment to:

- 1) revoke the following Instruments of Delegation:
 - Instrument of Financial Delegation No 3 of 2011
 - Instrument of Delegation No 4 of 2011
- 2) approve the following Instruments of Delegation:
 - Instrument of Financial Delegation No 4 of 2012
 - Instrument of Delegation No 5 of 2012
- 3) authorise the Chair to sign the instruments on behalf of the Trust.

Moved: P Lowry

Seconded: R Jeffs

9) Finance Report (Agenda Item 11)

Ms Culverston spoke to the report.

Commercial rental income has declined. Residential tenancies are not affected. There is a potential end of year operating deficit and measures are being taken to find savings. It is anticipated that if this is achieved then a break even result could be achieved by the end of the financial year. The mid-year report to the Board in February will provide further advice.

10) Outpost 2013 Update (Agenda Item 12)

Mr Bailey addressed the Board.

Ms Rubinee Hoyne, Director, Marketing and Business Development with the Trust joined the meeting.

There has been a change to the expenditure forecast for this event. In May 2012, the Board approved the Outpost Budget. However, costs have extended out well beyond the budget. The Trust cannot afford the current estimated budget. There was discussion about ways of reducing cost, consequences and cost of postponing and cancelling the event.

The Board requested a further report outlining the cost of cancelling, postponing, reducing the scope of the event, and consequences associated with these options. The Board was aware of the reputational risk but conscious of the potential financial loss.

The Board are to hold a teleconference as early as possible next week to discuss the matter in light of information requested.

11) Audit, Risk and Compliance Committee Report (Agenda Item 13)

The Chair of the AR&CC reported on matters as they arose during the Board meeting.

12) Tenant Selection Committee Report (Agenda Item 14)

Mr P Lowry spoke to the paper.

Members noted his report.

13) Lease Concept Brief: Cockatoo Island (Agenda Item 15)

The paper was taken as read.

There are two proposals by Cockatoo Island Marine Centre (CIMC). One for a short term "pop up" marina over the summer months and the second for a long term marina on Cockatoo Island.

The report was noted by the Board.

The Board RESOLVED to approve the Trust continue with negotiations and progress the proposal.

Moved: P Lowry

Seconded: A Tinney

14) Health and Safety Report (Agenda Item 16)

The report was noted.

Notifications of staff incidents are to be highlighted in future reports.

15) Food and Children's Services Report (Agenda Item 17)

The report was noted.

16) Executive Director's Report (Agenda Item 18)

Information about transport to/from Cockatoo Island is to be referred to Mr R Butterworth, an independent member of the AR& CC for review and comment.

Ms Hook and Ms Culverston left the meeting at 2.35pm.

17) Review of Cockatoo Island Film Festival (Agenda Item 9)

An independent reviewer is still preparing a draft report in-confidence for the Trustees. The Directors of the CIFF have been advised of the review and invited to contribute, however, to date, they have refused to participate. This makes it difficult for the Trust to make a decision based on all the facts.

Other Business

The Chair asked that Trust staff leave the meeting and Trustees agreed to the process and result of the performance assessment of the Executive Director and the finalisation of his employment determination. The Chair was asked to convey this decision to the Executive Director.

The meeting closed at 2.50pm