



FINANCE & OPERATIONS COMMITTEE MEETING
Monday, March 2, 2015 – 12:11p.m.
Atlantic Place – Executive Boardroom

1. Call to Order

The 4th 2014-2015 regular meeting of the Finance and Operations Committee of the Newfoundland and Labrador English School Board was called to order at 12:11p.m. on Monday, March 2, 2015.

Members Present: Nada Borden, Chair
 Milton Peach, Board Chair
 Eric Snow, Committee Member
 Guy Elliott, Committee Member
 John George, Committee Member
 Gary Baikie, Committee Member

NLESD Staff Present: Darrin Pike, CEO/Director of Education
 Tony Stack, Assistant Director of Education, Operations
 Larry Blanchard, Assistant Director of Education, Finance & Business
 Administration
 Susan Clarke, Administrative Assistant (Finance/Recorder)

Absent with Regrets: Rick Martin, Committee Member
 Don Brown, Committee Member

2. Approval of Agenda

It was moved by Guy Elliott, seconded by John George and carried unanimously that the agenda be adopted as presented. Carried.

3. Approval of Minutes – January 17, 2015

It was moved by Guy Elliott, seconded by John George and carried unanimously that the minutes of January 17, 2015 be adopted as presented. Carried.

4. New Business – for motion

4.1 Holy Heart Theatre Audited Financial Statements year ending June 30, 2014

Byron Smith, external auditor for the District, has completed the audit of the Holy Heart Theatre for the year ending June 30, 2014.

Mr. Blanchard provided an overview of the Theatre financial statements noting the following highlights:

1. Holy Heart Theatre had a surplus of \$30,708 for the year ending June 30, 2014.
2. An increase in gross revenue of approximately 68% due to increased rental activity and increased rental rate.
3. Liquidity sufficient to meet its financial obligations.

The Holy Heart Theatre Committee has reviewed and accepted the financial statements as presented by Byron Smith.

Professional Audit standards require that items noted by the external auditor during the course of an audit, which may be of interest to management, be documented in the form of a management letter. Proper practice requires management to prepare a response outlining management's intended course of action for each of the items noted.

The November 27, 2014 management letter pertaining to the ending June 30, 2014 contains ten recommendations for enhancement of internal controls.

The draft response tabled accepts each recommendation and outlines management's intended course of action on each of the recommendations contained in the November 27, 2014 management letter.

Motion:

Moved by Eric Snow, seconded by Guy Elliott and carried unanimously that the Finance and Operations Committee recommend to the Board:

- **approval of the audited financial statements of the Holy Heart Theatre for the year ended June 30, 2014;**
- **acceptance of the Management letter as issued to Holy Heart Theatre by its external auditor Byron D. Smith, CPA, CA; and**
- **approval of the management response as tabled at the March 2, 2015 meeting of the Finance and Operations Committee.**

Recommendation #1:

That the Finance and Operations Committee recommend to the Board:

- **approval of the audited financial statements of the Holy Heart Theatre for the year ended June 30, 2014;**
- **acceptance of the Management letter as issued to Holy Heart Theatre by its external auditor Byron D. Smith, CPA, CA; and**
- **approval of the management response as tabled at the March 2, 2015 meeting of the Finance and Operations Committee.**

4.2 Disposal of Harriot Curtis Collegiate, St. Anthony

Harriot Curtis Collegiate (constructed in 1961, with extension 1976) is located on High School Road, St. Anthony and is a 47,450 square foot, two story school building situated on 1.28 hectares of land.

The school closed effective June 2013 with the consolidation of students at White Hills Academy. Since closure the school has remained idle. On a long term basis, the property is not required for District purposes.

The District placed the property for disposal through public tender in December 2014, however no bids were received on the disposal tender.

The Labrador Grenfell Health Authority has recently submitted a proposal to acquire the property from the District for a nominal fee, in order that they can re-purpose the facility for use within the health care sector. Located in close proximity to the existing health care facility, the property is ideally located for LGHA purposes.

Precedent exists for such a disposal, where by the former Paradise Elementary on Mallow Drive, Paradise and St. Paul's Elementary on Lady Lake Road, Harbour Grace were both sold to the Department of Health for a nominal fee – resulting in both being repurposed for use by the health care sector.

Motion:

Moved by Nada Borden, seconded by John George and carried unanimously that the Finance and Operations Committee recommend that the Board grant approval to sell the Harriot Curtis Collegiate property to the Labrador Grenfell Health Authority for a nominal value on an “as-is, where-is” basis, further subject to Ministerial approval.

Recommendation #2:

That the Finance and Operations Committee recommend that the Board grant approval to sell the Harriot Curtis Collegiate property to the Labrador Grenfell Health Authority for a nominal value on an “as-is, where-is” basis, further subject to Ministerial approval.

4.3 Disposal of Epiphany Elementary – Heart's Delight

Epiphany Elementary (constructed in 1969) is a 13,190 square foot, one story school building situated on 0.965 hectares of land located in Heart's Delight Islington.

The school closed effective June 2013 with the rezoning of students to Acreman Elementary in Green's Harbour. Since closure the school has remained idle. On a long term basis, the property is not required for District purposes.

The school is a former Anglican school, and therefore subject to the 1969 Document of Integration entered into between the Anglican, United and Salvation Army denominational authorities, and the Integrated Education Committee. This document contains provision for the integrating denomination to exercise a right of first refusal where school properties are no longer required for an educational purpose.

The Diocesan Synod of Eastern Newfoundland and Labrador has written the District advising that they wish to exercise their right of first refusal under the Document of Integration. The property is appraised at \$72,000 (land and building, with poor liquidity), and in keeping with a notional net – 50/50 disposal framework, the Synod has offered to acquire the District’s interest for \$36,000. The Synod has proposed that due to the limited financial capacity of the local parish, consideration be given to transferring the property for a nominal value.

Management acknowledges this point, however District costs have been incurred to carry the property, as well as other costs such as legal and appraisal.

Motion:

Moved by John George, seconded by Eric Snow and carried unanimously that the Finance and Operations Committee recommend that the Board accept the Diocesan Synod’s request for right of first refusal and dispose of the District’s interest in the Epiphany Elementary property to the Diocesan Synod for \$10,000, on an “as-is, where-is” basis, further subject to Ministerial approval.

Recommendation #3:

That the Finance and Operations Committee recommend that the Board accept the Diocesan Synod’s request for right of first refusal and dispose of the District’s interest in the Epiphany Elementary property to the Diocesan Synod for \$10,000, on an “as-is, where-is” basis, further subject to Ministerial approval.

4.4 Budget Status Quarterly Update – December 31, 2014

The revised budget status update for the period ending December 31, 2014 was tabled by Mr. Larry Blanchard.

Mr. Blanchard provided an overview of each of the revenue and expense categories. There was one budget adjustment during the quarter ending December 31, 2014. The approved 2014-2015 budget for Pupil Transportation was received from the Department of Education and Early Childhood Development resulting in a net increase in revenue of \$429,746.

Expenses are expected to remain within budget for the 2014-2015 fiscal year, although certain expenditures may exceed the approved budget allocation and budget transfers within these categories may be required.

Motion:

Moved by John George, seconded by Guy Elliott and carried unanimously that the Finance and Operations Committee recommend to the Board, approval of the December 31, 2014 revised budget and status update.

Recommendation #4:

That the Finance and Operations Committee recommend to the Board, approval of the December 31, 2014 revised budget and status update.

4.5 Disposal of Roncalli High – Port Saunders

Roncalli High (constructed in 1973) is a 33,008 square foot, three level school building situated on 8.86 acres of land located on 212-218 Main Street, Port Saunders.

The school closed effective June 2010 with the construction of French Shore Academy. Since closure the school has remained idle. On a long term basis, the property is not required for District purposes.

Prior to 1996 the school was operated by the Roman Catholic Episcopal Corporation (St. George's) ("the Corporation"), and accordingly disposition is subject to the terms of the S.84 Agreement between the District and the Corporation.

During negotiations the Corporation advised of its intent to request the District demolish the school and remediate the land to a green state and return it to the Corporation. The Corporation advised that their intent was to place the vacant land for sale. The District has on file a quote for the cost of remediation and demolition - \$540,000. The land has been appraised at \$50,000, and the Corporation's other costs to date have been \$16,100.

During this period, the Town of Port Saunders expressed interest in acquiring the property from the District for nominal value, in order that they can re-purpose the facility for town purposes. Precedent exists for such a disposal, where by the former Paradise Elementary on Mallow Drive, Paradise and St. Paul's Elementary on Lady Lake Road, Harbour Grace were both sold to the Department of Health for nominal value – resulting in both properties being re-purposed for use by the health care sector.

It is more cost effective for the District to acquire the Corporation's interest in the property for \$66,100 and in turn sell the property to the town for nominal value in order to mitigate a potentially significant remediation and demolition liability.

Moved by Eric Snow, seconded by John George and carried unanimously that the Finance and Operations Committee recommend that the Board grant approval to:

- **acquire the Corporation's interest in the Roncalli High property, and**
- **subsequently sell the Roncalli High property to the Town of Port Saunders for nominal value on an "as-is, where-is" basis,**

both further subject to Ministerial approval.

Recommendation #5:

That the Finance and Operations Committee recommend that the Board grant approval to:

- **acquire the Corporation's interest in the Roncalli High property, and**
- **subsequently sell the Roncalli High property to the Town of Port Saunders for nominal value on an "as-is, where-is" basis,**

both further subject to Ministerial approval.

4.6 NG-FFA: Appointment of External Auditor

In accordance with an agreement between the Nunatsiavut Government and the Newfoundland and Labrador English School District, the District provides, educational support services to five schools along the Labrador coast in the communities of: Rigolet, Makkovik, Postville, Hopedale and Nain. These services are funded through an annual budget of \$3.1 million (April 1st to March 31st) provided by the Nunatsiavut Government – with specific terms outlined in a Fiscal Financing Agreement. As part of this funding arrangement, the Nunatsiavut Government requires an audit opinion regarding compliance with the terms of the fiscal financing agreement and the spending categories outlined in the budget pertaining to these five schools.

The current external auditor for the District is Byron Smith, CPA, CA and his annual audit work incorporates audit procedures related to Fund 5 (where NG funding is accounted for) – but not for purposes of the fiscal financing agreement.

Mr. Smith has quoted a fee of \$2,000 + HST which is comparable to the prior year audit fee. The cost of the audit is funded as part of the \$3.1 million budget.

Motion:

Moved by Eric Snow, seconded by Gary Baikie and carried unanimously that the Finance and Operations Committee recommend that the Board appoint Mr. Byron Smith, CPA, CA as external auditor for the Fiscal Financing Agreement for the year ending March 31, 2015.

Recommendation #6:

That the Finance and Operations Committee recommend that the Board appoint Mr. Byron Smith, CPA, CA as the external auditor for the Fiscal Financing Agreement for the year ending March 31, 2015.

4.7 Motion to adjourn to a Closed Session

Moved by John George, seconded by Eric Snow and carried unanimously to move into a Closed Session of the Finance and Operations Committee Meeting at 12:47p.m. for purposes of addressing a commercially sensitive business matter.

Following adjournment of the closed meeting at 1:03p.m., the Committee returned to the regular meeting.

5.0 Date of Next Meeting

The next meeting will be held at the call of the Chair.

6.0 Adjournment

It was moved by Guy Elliott, and carried unanimously to adjourn at 1:03p.m.