



HEART OF AUCKLAND CITY

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**HEART OF THE CITY
Special General Meeting
Wed 17 June 2015**

26 Lorne St
Level 1
Auckland

Minutes

The Chairman Terry Gould declared the meeting open at 5.30pm

1. Apologies

Apologies were received from Shale Chambers, Regan Hall, Denise L'Estrange-Corbet, Gary Langsford and Sarah Hull.

Terry Gould put the motion that these apologies be accepted.

- Motion seconded by Jason Copus
- Motion carried unanimously

2. Chairman's Report

The Chairman's Report was presented by Terry Gould. (ref Appendix 1).

3. Financial Report

Jason Copus, Treasurer, spoke to the meeting regarding the audited accounts for the year ending 30th June 2014.

Terry Gould put the motion that the audited Financial Statements and Annual Report for the Year Ended 30 June 2014 accounts be approved.

- Motion seconded by Shane McMahon
- Motion carried unanimously

Meeting was declared closed at 5:43pm

Appendix 1

HEART OF THE CITY - SPECIAL GENERAL MEETING – WED 17 JUNE 2015

CHAIR UPDATE

This Special General Meeting has been called with the specific purpose of approving HOTC's audited accounts for the year ending 30 June 2014. However, as we have been through a tumultuous period in recent months as Alex Swney's criminal proceedings continue, this meeting also provides a timely opportunity to briefly update members on HOTC activities this year.

Since October's AGM, former CEO Alex Swney pleaded guilty in January this year to \$1.7million of tax evasion charges brought by IRD and in April pleaded guilty to Serious Fraud Office charges relating to the theft of \$2.5 million from Heart of the City.

I know our members, along with the Executive Committee, have been shocked by the quantum of the misappropriation, and what appears to have been a systematic, calculated and very deliberate deceit over the last decade.

Mr Swney's sentencing on the much-publicised charges brought by the IRD and the SFO is scheduled for later this month (24 June).

However, Heart of the City's civil action against Mr Swney and his related entities continues. Our aim is to recover as much of the stolen money as possible. This action has included placing freezing orders over assets owned by a range of associated parties. The civil action is complex, and is expected to take some time. Realistically, it is highly unlikely that the full amount of the stolen money will be recovered.

IMPROVED PROCESSES

Since these issues came to light, the Executive Committee has instituted reviews of internal systems and controls. This process has been led by our interim (and independent) Chief Executive David Wright.

Under the circumstances you will understand we have naturally become very focused on governance and controls, and I can assure you that the Executive Committee has learnt a great deal from this experience. As a result we have implemented some prudent changes to a number of internal procedures, in particular around procurement and payments and we are satisfied that these now reflect appropriate controls for this type of organisation.

In order to provide additional objectivity, from 1 July, an independent accountancy provider will further support our internal team with preparation of monthly management accounts and subsequent reporting to the Executive Committee.

We have also run a competitive tender process for the supply of audit services for 2015 and I'm pleased to announce that we have appointed RSM Hayes Audit to that role. RSM Hayes is a highly respected specialist audit practice which has considerable experience with audits for this type of organisation. As an additional measure, we will be expanding the scope of the annual audit to include one or more randomly-timed forensic investigations designed to specifically test for potential irregularities in our financial procedures.

* These Minutes will be accepted as a true record if no variations are received within 48 hours of distribution

HOTC BUSINESS

There is no denying that the recent extraordinary events have been an unwelcome distraction which have unfortunately involved considerable additional unbudgeted costs.

Since October last year, the Executive Committee has had to take a prudent approach to operational spending and as a result, HOTC funding for some events and activities had to be suspended in this past financial year. I believe we have now navigated through these difficulties to a position where we can report a stable financial position and are able to consider reinstatement of some of our previously suspended event support and sponsorship.

Throughout this challenging period we have also been greatly encouraged by our own partners, sponsors and the Auckland Council who have remained confident in the value we offer to the central Auckland economy. I'm pleased to report that our partners and sponsors have not only continued their support for Heart of the City, but in several cases have increased their commitment to our programmes into the future.

We have an amazing team of 12 staff who are committed, and dedicated to meeting the needs of you, our members. I'm sure you can imagine the challenges they've been through in the past several months as these allegations unfolded. As a Board, we have worked hard to stand beside our team, and to ensure the continuity of service they provide to members, and to Auckland's CBD. We are extremely proud of the HOTC team.

In recent months also, they have continued to deliver positive benefits for members:

- Web and social media channels are experiencing continued strong growth (testament to the in-house resources assigned to these areas).
- Visits to our website are up 48% in the first 5 months of this year driven largely by the content written and moderated by the HOTC team.
- Our winter campaign is about to launch with the HOTC "Heartmarks" campaign through Instagram and the ever popular Restaurant Month kicks off in August.
- Planning is well under way for our Christmas campaign as are events and campaigns for the first half of 2106.
- More investment is planned for the CityWatch and StoreWatch programmes in recognition of the importance of safety in the City.
- As the dialogue around the Ports of Auckland continues, HOTC will be involved in the long awaited Port Future Study.

PERMANENT CHIEF EXECUTIVE APPOINTMENT

We are very much looking forward to our new Chief Executive, Viv Beck taking up her role on 6th July.

Viv comes to HOTC armed with a wealth of business experience across a range of government, not-for-profit and private enterprises. She has the skills and understanding to advocate strongly on behalf of our members as the city centre continues to grow as a vibrant place to live, visit and do business. She has made it very clear that her first priority is to get out and meet our members to ensure their views are reflected in HOTC's ongoing plans.

CONCLUSION

The Executive Committee, together with the HOTC management team, recently finalised our annual plan for the 2015/16 year, and associated budgets have been approved. This was an important process for all of us to move on from the challenges of the past year; to focus on our membership and how we can improve our services to you over the coming months and years.

We've been through an extremely challenging period. We have work still to do to recover funds through the Civil Action but, importantly, we've learnt from our experience. There are robust internal processes in place to address any similar risks in the future, our financial position is sound, our new CEO begins next week, and there are exciting plans unfolding.

ENDS