

**DISCOVERY BAY CITY OWNERS' COMMITTEE**  
**Minutes of Meeting No.3 2018-19 Held on 17 April 2019**  
**7:30pm at Club Siena**

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**Members Present:**

Mr. Simon Mawdsley	(SM)	Chairman, COC & Midvale VOC
Mr. Victor Riley	(VR)	Chairman, Headland VOC
Ms. Amy Yung	(AY)	Chairlady, Beach VOC
Mr. Kenneth Bradley	(KB)	Chairman, Parkvale VOC
Mrs. Baby Hefti	(BH)	Chairlady, Peninsula VOC
Ms. Nancy Ip	(NI)	Vice-Chairlady, Siena Two B VOC
Mr. Edwin Rainbow	(ER)	Chairman, Hillgrove VOC
Ms. Pauline Pong	(PP)	Vice-Chairlady, Siena One VOC
Mrs. Maggie Chan	(MC)	Vice-Chairlady, DB Plaza VOC
Ms. Vivien Lau	(VL)	Chairlady, Greenvale VOC
Mr. James Merritt	(JM)	Vice-Chairman, La Vista VOC
Mr. Li Hong Leung	(LHL)	Representative, Clubs
Ms. Elena Cheung	(EC)	Representative, Hotels
Mr. Vincent Chua	(CKC)	Representative, Registered Owner
Ms. Beatrice Lee	(BL)	Representative, Registered Owner
Mr. Ernest Lee	(EL)	Assistant Director, DBSML
Mr. F.K. Wong	(FKW)	Chief Manager, Estate, DBSML

**Apologies:**

Mr. Jack Liu Hsueh Chin,	(LHC)	Chairman, Bijou Hamlet VOC
Ms. Kathy Lui-Landheer	(KYL)	Chairlady, Chianti VOC
Mr. Darren Barton	(DRB)	Chairman, Parkridge VOC
Mr. Kent Rossiter	(KR)	Chairman, La Costa VOC
Mr. Murray Stuart Craig	(MSG)	Chairman, Neo Horizon VOC
Mr. David Kwok	(DK)	Chairman, Amalfi VOC

**Secretary:**

Ms. Key Lam	(KL)	Manager, CR & Admin, DBSML
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**By Invitation:**

Mr. G.H. Koo	(GHK)	Manager, Estate, DBSML
Mr. W.S. Yau	(WSY)	Senior Manager, Contract Mgt. and Works, DBSML

**Staff of City Management:**

Mr. Samuel Ip	Manager, Estate, DBSML
Mr. Kelvin Siu	Manager, Estate, DBSML
Ms. Emily Chiu	Manager, Estate, DBSML
Mr. Steve Kwok	Manager, Estate, DBSML
Mr. Wilson Chan	Manager, Estate, DBSML
Ms. Alice Wong	Manager, Estate, DBSML
Mr. Calvin Ting	Assistant Manager, Estate, DBSML
Mr. Brian Lau	Assistant Manager, Estate, DBSML
Mr W. K. Li	Assistant Manager, Security, DBSML

**Observers: (Address registered by observers)**

Nigel Reid	Owner, Hillgrove
Antony Snow	Owner, Positano
David Ball	Owner, Headland
Angela Bucu	Owner, Peninsula

	The Meeting was declared duly convened with the necessary quorum of members present.	
<b>1.0</b>	<b>Apologies</b> Apologies received from CPL, KYL, DRB, KR, MSG, DK.	
<b>2.0</b>	<b>Confirmation of Minutes of Previous Meeting (No.2–2018/2019)</b> SM reminded members that there was a cut-off time for submitting amendments. Two additional amendments were submitted by DRB and ER after the deadline of 3 <sup>rd</sup> April. However, as they were minor amendments and did not change material content, SM suggested them to be included. There were no objections.  Minutes proposed by ER and seconded by VR was approved with no objection.	
<b>3.0</b>	<b>COC Sub-Committees/Working Groups Update</b>	<b>19:35</b>
<b>3.1</b>	<b>Finance Sub-Committee (COC Paper 620/19)</b>  Since FC was absent from the meeting, FKW suggested and Members agreed that the report was submitted as read.  SM asked for any comments on the paper.  KB highlighted the importance of FKW's comment on item 4.1.1 that there was insufficient manpower that it was feasible to explore to recruit security guards directly. KB also stressed in item 4.1.7 that service charges for provision of additional taxi drop-off point would not be allowed in this budget and finally thanked Nigel for his effort.  AY mentioned that she had several questions on the budget which she would raise in Item 6.2	
<b>3.2</b>	<b>Environmental Protection Sub-Committee</b> BH strongly recommended that the waste disposal charge should be done by weight/unit and not by estate to ensure the volume of garbage was reduced. BH requested CM and HKR to remind all contractors to use the sand that had been created by recycled glass bottles. FKW confirmed this was done. BH exhibited polystyrene packaging and requested CM to provide a space for residents to recycle. It was also noted that DB was now recycling Tetrapak and BH requested separate recycling bins. BH suggested that all events held in DB were green and plastic free and referred to the success of the Rugby 7s which managed to introduce the recycling of cups. BH mentioned that the upcoming dragon-boat festival would be more environmentally friendly and asked for additional water dispensers. BH requested the green measures taken in DB to be shared in the website of HKR to inform newcomers and residents rather than on flyers.  It was noted that both food-compost machines were still broken and BH requested CM repair them quickly as 200K per day of kitchen waste was going untreated.	<b>19:40</b>

	<p>FKW supplemented that one of the food-compost machines had now been repaired and CM would update the EPSC on the repairing of the second machine. SM enquired about additional food-compost machines and FKW replied that the difficulty was in housing them but that they would look for other locations suitable for a third machine.</p> <p>AY enquired about the proposed presentation from CLP on solar panel energy. BH understood that CLP wanted to create a tailor-made option for DB which would take some time. It was confirmed that CM would explore the possibilities in DB and update at the next COC meeting.</p> <p>VR reported that previously commercial outlets had their bottles collected by CM however this had now stopped. In addition, glass was being sent outside by a third-party. VR suggested that larger machines were required and bottles were collected from commercial outlets again. BH responded that there was a significant amount of glass recycled at 8,600K in January and in at 8,500K February respectively. The surplus of the glass was then taken by Baguio Cleaning for recycling.</p> <p>FKW explained there were glass cycling bins in the common areas and they were collected for the crushing machine. There was no agreement with the commercial outlets to collect their bottles from their shops and tenants were encouraged to use the bins. The contract allowed for two-manpower to manage the glass crushing machine but the amount of bottles was more than can be crushed. Hence an agreement was made with a third-party to take the glass out of Discovery Bay for recycling. In response to the concern of VR on the participation of commercial tenants, FKW advised that he would look into it. .</p> <p>ER asked if the garbage bags would end up in the land-fill and BH confirmed that they would but there would be less waste as people would begin recycling more to reduce the number of bags used. BH also suggested consumers could pressurize retailers who over-package items. FKW added the Cleaning Contractor had to provide at least 75% of bio-degradable bags for refuse collection. ER said DB should begin implementing a plan for zero land-fill.</p> <p>KB suggested that as the Cleaning Contract was due for renewal in 2020 a working group should be formed in order to review the potentially complicated contract. SM agreed for the discussion.</p> <p>AY suggested residents to be educated on food composting and BH said at the next Green Day there would be a booth selling a small household composting system.</p>	
<b>3.3</b>	<p><b>Sports and Leisure Sub-Committee</b></p> <p>BH reported that the outdoor equipment would arrive in June 2019. The need for extra security at DB North Pitch due to vandalism, was emphasized. BH suggested that the proposed basketball tournament to be held on a Saturday and it should include a female team.</p> <p>CKC relayed to members that previously a proposed provision of a half-basketball court at DBIS kindergarten parking area was explored with the Sports and Leisure Sub-Committee. However, due to logistics issues it was not possible. With a new DBIS principal starting on board in July 2019 CKC would explore the possibility again and would keep COC</p>	<b>20:01</b>

	<p>members updated. BH affirmed that the spot was ideal.</p> <p>The Dragon Boat festival would be more environmentally friendly and paddlers are asked to pledge not to use single-use plastic. BH asked CM to request vendors not to use plastic. BH thanked HKR for sponsoring two teams of domestic helpers and they had been training very hard. BH requested HKR to sponsor additional practice sessions. CKC reminded members that last year HKR significantly sponsored the event by allowing CM to provide practicing sessions and this year four practicing sessions had been arranged at a subsidized cost. BH thanked HKR.</p> <p>KB highlighted the amount of publicity for DB over this event and requested HKR to increase their sponsorship. CKC would discuss with CM. BH was encouraged to contact HKR corporate communications staff to highlight DB green initiatives.</p> <p>BH commented on the DB ice-rink and suggested that the ice-rink should be managed by a specialist. Members were also told of planned ping pong and beach volleyball tournaments and BH thanked all the hard-working members of the SLSC.</p> <p>KB suggested that the ice-rink should be made as environmental as possible. BH agreed and commented that high usage limited impact.</p>	
<b>3.4</b>	<p><b>Security Liaison Group</b></p> <p>VR referred members to the presentation and reported there were four incidents in December 2018 and one in January 2019. VR acknowledged comments about lack of feedback after an incident, and shared that after talking to the police who would endeavor to shorten the time for updates.</p> <p>MC suggested security contractor to join the SLG meeting to provide a report and VR confirmed that usually they attended. However for the last meeting they had not been available to join.</p>	
<b>3.5</b>	<p><b>Senior Citizens Working Group</b></p> <p>SM referred to the paper prepared by JL and MC highlighting the birthday party and the trip to HK Wetland which was well attended. MC encouraged all villages to have representatives to attend the SCWG. It was also suggested to provide an updated survey of the elderly living in DB and considered discounts and initiatives for the elderly. Comments regarding the new bus station had been passed on to CM.</p>	<b>20:20</b>
<b>3.6</b>	<p><b>Taxi Drop-Off Point</b></p> <p>No update.</p>	
<b>4.0</b>	<b>Matters Arising from Previous Minutes</b>	<b>20:25</b>
<b>4.1</b>	<p><b>Resolution on process for declaration of interest (COC Paper 619/19)</b></p> <p>SM reminded members to adhere to the cut-off date for submitting papers. ER's paper was submitted after the date but SM agreed to proceed. FKW highlighted that any paper for resolution must be received with seven days' notice to members otherwise it could be contended. ER agreed to postpone the resolution to the next meeting, however he suggested that the declaration of interest outlined in the paper.</p>	

	<p>SM agreed.</p> <p>ER said that the resolution requires only that there is a pledge by COC members to declare an interest only if and when an interest arises.</p> <p>ER said he would be happy to personally sign such a pledge, but a COC resolution would bind all owners. The COC can then decide if all members, or no members, should be bound by such a pledge and then if there is an agreed pledge should members be asked to sign up individually to such a pledge? This would be part of the decision next time.</p> <p>ER recalled that the Chairman had reminded members that signing a Declaration of Interest is not required by the DMC, or in any Ordinance and is therefore not enforceable and added that a pledge, if approved through a resolution and minuted, would bind all Owners but not the Manager.</p> <p>ER thanked FKW for his request at the previous meeting [ 4.3 27<sup>th</sup> Feb 2019 : FKW asked for an example of a possible conflict for HKR's and CM's Representative respectively in view of their capacity provided in the Principal Deed ]</p> <p>ER emphasized that what followed would be his opinion and therefore open to challenge: over 18 years he heard that the DMC is old and can no longer be applied, or that it works only in favor of the "HKR". However, when we get the DMC in front of a judge, we find that the DMC is, in fact, a very relevant document and works fairly and clearly for all three parties to the DMC.</p> <p>The Manager is not an owner. As far as we can tell CM has no shares to vote in a poll vote. On the COC CM, currently exercises a show of hands, but this does not appear to be correct.</p> <p>Since nothing binds CM according to the DMC, CM does not need a vote as long as they manage properly in the interests of the Owners. The fact that CM was setup by the Registered Owner according to the DMC and appointed to run Discovery Bay, their responsibilities under the DMC thereby prevent the Manager from favoring any particular owner, in any particular circumstance.</p> <p>CM has enormous powers in order to achieve its sole purpose, which is to manage the City and the Villages properly. It is not even bound by resolutions approved in the VOC or the COC. CM are free to achieve their purpose in the best way possible on behalf of the owners.</p> <p>The Manager may even obstruct a decision made by an approved resolution in the COC, or VOC however any owner having doubts about the actions of the Manager, has the right to go to Court for a judgment.</p> <p>As the Manager does not need to vote on the COC, their conflicts need not arise, however there could be resolutions where a declaration of CM interest may well be a matter of importance to Owners and the following were provided in response to the FKW request:</p> <ul style="list-style-type: none"> <li>• related to the Registered Owner. DBTSL etc.</li> </ul>	
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	<ul style="list-style-type: none"> <li>• related to expenditure.</li> <li>• relying on or supported by legal advice provided by the Registered Owner since legal advice on the DMC must be independent or, if not, decided by a court.</li> <li>• any influence from performance related remuneration of CM employees.</li> <li>• any direction of, and participation in, Owners Meetings beyond the requirements of the DMC</li> <li>• any involvement in public surveys; or surveys on services provided by the Registered owner; or surveys concerning future developments</li> </ul> <p>ER suggested that all COC members should err on the side of caution and that the COC is effectively limited to expressing views to the manager, the only exception being to release funds from the reserve.</p> <p>FKW requested time for CM to review the paper.</p> <p>SM pointed to the first bullet point being very subjective and in need of further clarification to be discussed further. SM also sought clarification on the second bullet asking if the member making the resolution would also make the declaration. ER confirmed that his view was correct.</p>	
<b>4.2</b>	<p><b>Income and Expenditure of DB North Sport Pitch and Enhancement plan</b></p> <p>GHK referred to the presentation of figures and highlighted that the financial position of the DB North Sports Pitch was healthy with a theoretical income of HK\$800K to HK\$900K per year, and suggested improvement works with costing \$200K.</p> <p>BH requested that the lighting to be replaced by LED to improve the existing lighting.</p> <p>KB enquired about the accumulative surplus and FKW said it was around \$5M. KB requested GHK and FKW to look at creating a sports budget which would provide accountability. KB noted HK\$200K was spent for lighting on the football pitch. This budget could include cross subsidizing the proposed basketball pitch, as well as including the dragon boat. KB agreed that the lighting should be improved at DB North Sports Pitch.</p> <p>GHK thanked KB and BH for their suggestions and would consider the options and report to the COC.</p> <p>BH also requested the turf to be resurfaced and this was confirmed by GHK at a cost of HK\$70K.</p> <p>It was suggested that as the pitch was multi-purpose based the basketball court could be added to this area. However, members responded that it was not feasible as the surface was AstroTurf and thus not suitable for basketball. BH suggested creating a proposal to cover all the suggested improvements. SM commented that the maintenance should be covered in the contract and CM confirmed it was and would be continued.</p> <p>BH agreed a budget should be created to allocate money to other sports, and SM requested it to be created for the next meeting.</p>	<b>20:35</b>

<p><b>4.3</b></p>	<p><b>Response to KBs request re Audit Service (COC Paper 621/19)</b></p> <p>AY referred to the paper circulated to all COC members. AY claimed that the sudden response by CM to suggest two options for audit services was due to the legal case instigated by AY who requested inspection of the accounts. AY went on to explain the reasons for the request and the history as outlined in the paper.</p> <p>AY suggested option one as this practice had been adopted by CM and option two would require establishing the opening balance of balance sheet items for all the villages. AY had previously requested the balance sheet items to be included in the notes of accounts in the audited accounts to ensure it was a full set of books. However this did not happen and now this would cost a lot of money. AY reiterated that option one should be chosen. However, if option two was chosen there were steps that needed to be taken. AY stressed the responsibility to prepare the city accounts was with CM.</p> <p>KB explained that it was discussed at several FSC meetings about the need to prepare the accounts in accordance with the DMC. By voting for option one it would ignore what the DMC stated. KB reminded AY that option one had been voted for at the last COC meeting and was for a period of four years.</p> <p>KB disagreed with AY's recommendation to hire an auditor and said it would not be passed by the COC. KB stated that option two would have rectified the past thirty-seven years of omission and stressed again that it was in accordance with the DMC. Whilst option one had been passed there may be an opportunity to renegotiate at a later stage.</p> <p>BH agreed with KB however underlined that the cost involved in option two was significant and the possible increase of management expenses should be taken into account. KB countered this was small change in the bigger picture whereas BH emphasized it was a huge increase. KB said it was in accordance with the DMC and would ultimately get what AY wanted and therefore was an opportunity lost for a small price.</p> <p>AY referred to the 5 villages that refused to release their village accounts and stressed her interest was not in village accounts rather the profit and loss account attached to the audit report and the individual Balance Sheets which are not available. AY said there was nothing in the DMC that said VOC Chairs had the right to block CM from releasing information that the CM was required to release. In addition, it was not personal data and therefore had nothing related to the Personal Data Privacy Ordinance. AY stressed again there she was no interested in the individual vilage accounts rather the accruals of the related parties and said if CM was using the 5 villages as an excuse to block access to information. Legal action would be taken against CM and the five VOC chairs might be requested to testify in court.</p> <p>AY said that as she had been tasked by the COC two years ago to look into the financial accounts and report back, AY suggested the paper to be forwarded to the FSC for their review and questions/comments.</p> <p>SM confirmed the paper would be forwarded.</p>	<p><b>20:46</b></p>
<p><b>4.4</b></p>	<p><b>Future Ferry Services (COC Paper 618/19)</b></p> <p>KB updated members that the license application for a new ferry service</p>	

	<p>would be completed by end of April 2019 and communication would be made directly by the ferry company. The replacement of the overnight sailings had not changed as explained in paragraph four. KB remarked that the review of the ferry subsidy was disturbing and asked that CKC report back on the action that was being taken. KB noted that if there was a delay it had the potential to eliminate DB from receiving a subsidy at a time when the ferry company would be applying for further increases in fares and changes to schedules.</p> <p>BH remarked that her interpretation of the meeting was different and understood that the government was very much in favour of granting the subsidy to DB ferries. KB stated that they had promised to report to the transport panel in May 2019 and knowing the process for submitting proposals, if it was not even on the agenda there would likely be a delay. KB was being realistic and doubted they would be ready. However if they were that would be great.</p>	
<b>5.0</b>	<b>CM Report</b>	<b>21:04</b>
<b>5.1</b>	<p><b>Upcoming Tenders</b></p> <p>WSY advised there were two tenders in progress 1)Insurance Broker Contract, and 2)Security Contract. There was one tender in the upcoming three months for reinstatement of flushing water supply ring circuit near Seabird Lane and replacement of defective potable water isolating valve near Seahorse Lane No.2.</p>	
<b>5.2</b>	<p><b>COC Papers Endorsed (COC Paper 616/19)</b></p> <p>WSY reported that the annual inspection at the Dam (the Works) had received no comments or objections and thus had been awarded.</p>	
<b>5.3</b>	<p><b>Community Events</b></p> <p>KL reported on four events.</p> <ul style="list-style-type: none"> <li>• The Flea Market was held on 17 March. There were approx. 60 booths and 800 participants.</li> <li>• The Easter Egg hunt would be held on 19<sup>th</sup> and 20<sup>th</sup> April at Tai Pak Bay.</li> <li>• The Dog owners gathering was scheduled for 26<sup>th</sup> April at Central Park.</li> <li>• The Dragon Boat Festival was scheduled for 9<sup>th</sup> June at Tai Pak Bay and the Piazza, with a tea reception for COC and guests to be held in the afternoon.</li> </ul>	
<b>5.4</b>	<p><b>Update on Other Services, if any.</b></p> <p><b>Cost and Benefit Analysis of New Property Management System</b></p> <p>FKW reported that five benefits had been identified as outlined in the presentation:</p> <ol style="list-style-type: none"> <li>1)Improvement of operational efficiency.</li> <li>2)Greater control of data.</li> <li>3)Convenience to both residents and operations.</li> <li>4)Reduction of accounting workload.</li> <li>5)Support of future growth.</li> </ol> <p>FKW explained the costs involved and clarified that HKR would absorb the initial cost and ongoing maintenance fee and CM would be required to pay the license fee. Details of the savings were also outlined in the</p>	



	<p>presentation.</p> <p>FKW drew members' attention to the number of staff and highlighted that for the past ten years the accounts and Admin. department manpower had remained the same. The number of units would have increased by 5% by next year and staffs were still required to handle the workload of the additional units. FKW believed that the condition would be improved after the new system was implemented in July 2019.</p> <p>KB said that the original request was for a gap analysis. For the record in October 2016 COC supported the proposal with the understanding that the significant investment would be funded by HKR. The initial roll-out date for the customized software was end of 2017. It would now be implemented in July 2019. KB understood there were overruns and felt that there was not enough support for FKW and CM staff. There was now a two-year delay in going live. With reference to the financial analysis KB stated that along with others members it was preferred not to reduce staff. KB acknowledged that FKW apologized to the FSC for an error in the budget and now the nos. of software license was twice as much as originally put forward. KB asked FKW how confident they were for going live in July 2019. FKW explained the new property management system was not just for CM and other residential properties under HKR would go live initially by end April, 2019 with the anticipated date for CM between June to December 2019.</p> <p>. AY referred to item 2.5.2 on COC Paper 607/19 which allowed HK\$800K for the annual license fee for one hundred (100) users, however now it is for fifty (50) users. FKW clarified it was fifty (50) licenses which is for two con-current users. MC asked if the license was based on computers, and noted most of the software was on one work-station. If the local management offices had different personnel can FKW confirm they were using one license. FKW explained the license procedure. For example, the estate management covered twenty-eight staff, however not all the estate staff would be able to enter into the system. The licensed staff would upload the information of the tenants and owners for the management fee and job order requests. The next level would be the managers whose responsibility was to monitor and approve job orders and some approvals would require endorsement from senior management. Licenses would also be given to admin and CR staff for data entry, and the accounts department would also be licensed.</p> <p>MC asked if the system was tailor-made and FKW advised that it was a purchased system with some minor customization, for example the interest calculation which was quite complicated. MC asked if the software was stored on the computer and FKW said that it would be stored in the cloud and permission was given to use the portal. MC asked if villages would share the management and FKW confirmed that the staff responsible for the area, not by village, would manage the system.</p> <p>ER asked if the system would calculate compound interest for debts and overdue payments on management fees. FKW explained that would be charged 1.5%. ER asked if the system could accommodate the calculation of compound interest and FKW confirmed that it could.</p> <p>KB remarked that the initial cost in software was HK\$4.1M for five years and asked about the license fee in six years which CM would be responsible for. FKW stated the contract between HKR and the supplier</p>	
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	<p>would end in five years and considered it premature to discuss the renewal of the contract. KB disagreed and suggested the figures should be available. FKW advised that in an earlier meeting the question was raised to the supplier and it was FKW's understanding that the license fee would be lower than the original cost. FKW assured members that CM would update COC with any new costs.</p> <p>.</p> <p>NI was excused from the meeting.</p>	
<b>6.0</b>	<b>Items for Discussion</b>	<b>21:29</b>
<b>6.1</b>	<p><b>Tender for Security Service (COC Paper T1582/19)</b></p> <p>GHK explained that the paper circulated to members was to update on the tender progress for the Security Services and to seek members' reviews and decision on the paper.</p> <p>KB said that CM had vetted the technical submission in the first envelope and prepared the table. KB insisted members to read in details about the technical submissions, concentrating on the staffing and management part, in order for the interview and scoring to be conducted properly. KB pointed out that for the customer service centre there was no information noted other than some ideas under IT section. KB reiterated that anyone on the interview panel should read the technical submission and concentrate on the security personnel.</p> <p>GHK encouraged members to attend the interview and added the marks allocated by CM which were for reference only and would not affect the final decision. GHK expressed disappointment that only three contractors tendered and the fact was that no contractor proposed any category for customer service. GHK stressed the importance of the interview on 27 April 2019.</p> <p>VR concurred with KB regarding the importance of customer service and remarked that interviewing a security company for customer service was a different ball game. VR suggested the interview to go ahead for the security services and that CM should look after the customer service area.</p> <p>GHK said that the tender document required customer service ambassadors and in HK most security contractors provided customer services. GHK explained in the tender the request was for higher-caliber candidates with bilingual ability. KB stressed it was important for the customer service section not to be left blank and not to rely just on the IT suggestions. KB believed that the customer service section should be kept separate and there should be sophisticated developments of the existing customer service.</p> <p>EL supplemented that actually in HK it had been common as market practice that experienced and well trained customer service staff were provided by security companies. In fact there had been a customer service center in DB for years where the staff manning the posts were security staff currently. In order to enhance the service level, the tender thus specialized in each kind of service, i.e. customer and security guarding service respectively.</p> <p>GHK asked members to agree that the three contractors should be interviewed. SM asked if there were any objections and reminded</p>	

	<p>members the contractors had all been through an EOI and deemed acceptable.</p> <p>KB objected and asked that the customer service section should be discussed in details and that everyone on the panel read the technical submissions carefully. KB also emphasized that CM was not scoring and that it should be done by the COC members on the panel.</p> <p>GHK explained that previously there was one schedule but this time there were two sections. Part A was for the customer service centre and Part B was for the security personnel for the villages. GHK said the provision of two parts in the tender meant that the contract might not have to be awarded to one service provider and they could be separated. This would be dependent on their performances during tender interview and pricing.</p> <p>KB highlighted again there was no evaluation of the customer service section. VR agreed it was difficult if there was no clear indication of what CM wanted. If costs exceeded their budget they would have to call EGMs which were difficult to gain consensus.</p> <p>KB said the cost implications for the security services could be managed however should not be done on customer service.</p> <p>FKW noted members concerns about evaluating the customer services and as the tender was divided into two parts, FKW suggested the interview continued and then a recommendation would be made to the COC about the way ahead for the customer service.</p> <p>It was asked that the order of the interviews would be first Certis Centurian Facility Company Ltd, followed by ISS Adams Secuforce and then Kuokon Security Ltd. There were no objections.</p> <p>KB enquired about the process of papers being submitted and asked why a paper submitted by KB was not included. SM apologized that it was an oversight.</p> <p>SM confirmed there were no objections to the three service providers being interviewed.</p>	
6.2	<p><b>City Budget – 2019/20 (COC Paper 607/19)</b></p> <p>FKW thanked the FSC for their support in helping prepare a revised version of the budget presentation for members' ease of reference. KB remarked that the paper had already been seen and a further paper had been circulated and discussed in details. KB said the only addition was to request an increase in sponsorship to offset the dragon boat budget.</p> <p>AY referred to the major expenditure of HK\$863K and asked for the separation of costs for the employee insurance and annual dinner event, which was clarified as being for CM staff. AY highlighted the failure to provide accrued interest in the accounts. AY also referred to item 2.5.1 and stressed again that the costs incurred for the inclined lift should be absorbed by HKR and not be charged to City Fund, as outlined in AY's previous paper. AY mentioned that the major defect in the roads had cost a lot of money and suggested the road fund was separated from general reserve so that road repairs and maintenance could be tracked clearly and ensure sufficient funds were available.</p>	

	<p>ER highlighted water services cost was very high. FKW replied to AY that a separate line had been provided in the revised budget presentation showing the amount of road fund to be transferred to City reserve fund. A breakdown of the HK\$863K would be provided. AY asked why this was overlooked and FKW agreed to review and feedback.</p>	
<b>6.3</b>	<p><b>Financial Position of City Fund</b></p> <p>FKW was asked by KB to provide a presentation on the financial position of the owners' fund and to 1) summarize the financial statement, 2) explain the position of the health of the fund, and 3) to provide detailed information on the maintenance reserve.</p> <p>FKW went on to present the numbers outlined in the presentation and noted positive net assets of HK\$343M which was predominately cash.</p> <p>FKW explained the health of the fund and cited the past five years' major expenditure was in staff costs, security contract renewals, cleaning, repair and maintenance, landscaping, and the reserve fund. FKW added that a research paper by the City University of Hong Kong, twelve years ago, showed that the property and facility component for the top six major expenditure increases were comparable to the CM fund.</p> <p>FKW reported on the management fee and referred members to the table listing existing fees paid by low/high rises in DB. FKW stated that when a comparison was made with the private residential properties in Tung Chung it was noted that the fees for DB residential properties were less than the Tung Chung residential area.</p> <p>FKW explained that the net cash was close to HK\$3M however noted there was an accumulative deficit which meant that some villages had spent more than their budget and would be offset by the reserve fund. FKW stated that CM would follow up with the villages to improve the financial position. The accounts receivable position had improved to just over HK\$5M which was around 3% of annual management fee income. The maintenance reserve balance for March 2019 was HK\$277M and forecasted next year at HK\$258M.</p> <p>In conclusion FKW stated that the financial position was healthy as a whole in terms of net cash and account receivables, however noted some villages needed to improve their financial position.</p> <p>KB thanked FKW for the work and proposed that this be a standard annual report for December COC each year. This was agreed.</p> <p>AY supplemented that the major expenses were salary, security and cleaning at approx. HK\$107M. This was 60% of overall expenses and therefore proper control would help a lot. In addition, AY said the management fee covered the village expenses as well the city which account for 30-40% of the total expenses, and therefore villages needed to control their expenses. COC should look at the city expense. AY also highlighted that DB was 37 years old and the infrastructure was obsoleted and therefore a long-range plan from 5-10 years should be prepared, including a timeline and expenses. FKW agreed to work with WSY to look at a five-year major expenditure plan.</p> <p>VL asked about the infrastructure especially as HKR continued to</p>	

	construct residential and commercial buildings and the use of HGVs for the construction had impacted DB. VL asked how much HKR would contribute to the infrastructure. FKW replied that this was discussed several times at the FSC meetings and measures were being taken to address these concerns. For example, a third and fourth tier charge for HGVs would be implemented. In response to the request of VL, the total contribution of HKR to road fund annually would be provided.	
<b>7.0</b>	<b>AOB</b> No further business was discussed and SM closed the meeting at 10:25pm.	
	<b>The date of the next COC meeting is 26 June 2019</b>	