

8. RENEWAL LOAN NO 1 2000

Officer responsible Director of Finance	Author Paul Baldwin
Corporate Plan Output: Volume I Table VII	

The purpose of this report is to seek Council approval to raise refinancing loans totalling \$6,400,000.

In 1995 the Council approved raising Works Development Loan 1995 of \$18,300,000 for the purposes of financing capital works expenditure including the purchase of the Travis Wetlands. The original term of the loan was for a maximum of 20 years.

Of the sums borrowed \$7,400,000 related to the Travis Wetlands land purchase of which tranches amounting to \$6,400,000 are due for repayment early July 2000. In this case it is inappropriate to repay this loan as it falls due from the capital repatriation reserve. The particular loan portion relates to a Council LATE set up to manage the Travis Wetlands and for the purposes of capital efficiency a case exists to continue with this loan for the expected life of the project. For this reason it is necessary to refinance the maturing tranches by external borrowing. Provision is being made in the 2000-2001 management budgets to re-raise \$6,400,000 of the 1995 Works Development Loan.

Authority is now sought to borrow monies to repay loans tranches maturing early July 2000 totalling \$6,400,000. It is proposed to borrow the sum required from Christchurch City Holdings Limited.

Details of the maturing tranches are:

Works Development Loan 1995 of \$18,300,000	
- maturities totalling	\$6,400,000
Total borrowing required:	\$6,400,000

In order to refinance the maturing loan, it is necessary for the Council to pass the following resolution:

- Recommendation:**
1. That, in exercise of the powers vested in it by the Local Government Act 1974, the Christchurch City Council resolves to raise a loan to be known as Renewal Loan No 1 2000 of \$6,400,000 in accordance with the following terms:
 - (a) The purpose and terms of the borrowing are:
 - (i) to repay maturing loan tranches in respect of Works Development Loan 1995 of \$18,300,000.

- (ii) the maximum amount of the borrowing is \$6,400,000.
- (iii) the maximum term of the borrowing is 16 years.
- (iv) the borrowing or any part thereof shall be repaid by either:
 - annual payments to a debt repayment reserve at a rate not less than 3 per cent per annum until the reserve and accrued interest earned is sufficient to repay the amount borrowed within the term of the loan,
 - or by table loan repayments over 20 years,
 - or by one lump sum appropriated by the Council from the Debt Repayment Reserve.

(b) For the purpose of S.122ZE(2) the Council charges a special rate as security for this loan.

(c) The Council has considered the risks and benefits to the Council of the borrowing or incidental arrangement and of the security to be given in relation to the borrowing or incidental arrangement.

(d) The Council is satisfied that the general terms and conditions of the borrowing or incidental arrangement and of the security to be given in relation to the borrowing or incidental arrangement will be in accordance with the current borrowing management policy as adopted by the Council under section 122R of the Local Government Act 1974 and in particular, the limits and guidelines set out in the borrowing management policy.

2. That any two of the following persons be delegated authority to act jointly on behalf of the Council to agree the precise terms and conditions of the loan or incidental arrangement.

Robert A Lineham Director of Finance
Geoff W Barnes Funds & Financial Policy Manager

Paul A Baldwin

Funds Accountant