

24. 5. 2001

**SYDENHAM METHODIST CHURCH SUBCOMMITTEE
22 MAY 2001**

**A meeting of the Sydenham Methodist Church Subcommittee
was held on Tuesday 22 May 2001 at 10am**

PRESENT: Councillor Anna Crighton (Chairperson),
Councillors Carole Anderton, David Close and Gail Sheriff.

The Subcommittee reports that:

PART A - MATTERS REQUIRING A COUNCIL DECISION

1. SYDENHAM METHODIST CHURCH - CORNER BROUGHAM AND COLOMBO STREETS

Officer responsible Property Manager	Author Property Projects Manager, Angus Smith, DDI 371-1502
Corporate Plan Output: City Design and Heritage Policy Advice	

The purpose of this report is to present to the Council, and seek approval on:

- The final details of arrangements between the Council and a trust that is to purchase the Sydenham Church.
- The trust's business plan.

BACKGROUND

The following resolution was passed by the Council at its meeting on Thursday 22 March 2001:

"That the Council inform the prospective trustees that it would be prepared to make a loan to enable the trust to purchase the building and site, the loan to be interest free, and without a fixed repayment date, subject to:

1. *The formation of the trust.*
2. *The trust undertaking to restore, maintain and operate the building in conjunction with the Council's heritage planners..*
3. *The involvement of the Council's Property Manager in negotiations.*
4. *The target purchase price being xxxxxx and in any case not exceeding xxxxxx*
5. *Agreement on a heritage covenant and the provision of a business plan."*

Subsequently, the Council at its meeting on 26 April 2001 considered a report seeking the establishment of a subcommittee with power to act in agreeing the final details of all arrangements between the trust and the Council. The Council resolved:

"That a subcommittee comprising Councillors Anderton, Close, Crighton and Sheriff be established to pursue negotiations between the proposed trust, the vendor and other parties, with the outcome of such negotiations to be reported back to the Council for final approval before any binding contract for the purchase of this property is entered into."

The Subcommittee met with representatives of the Sydenham Heritage Trust on 22 May 2001.

CURRENT STATUS

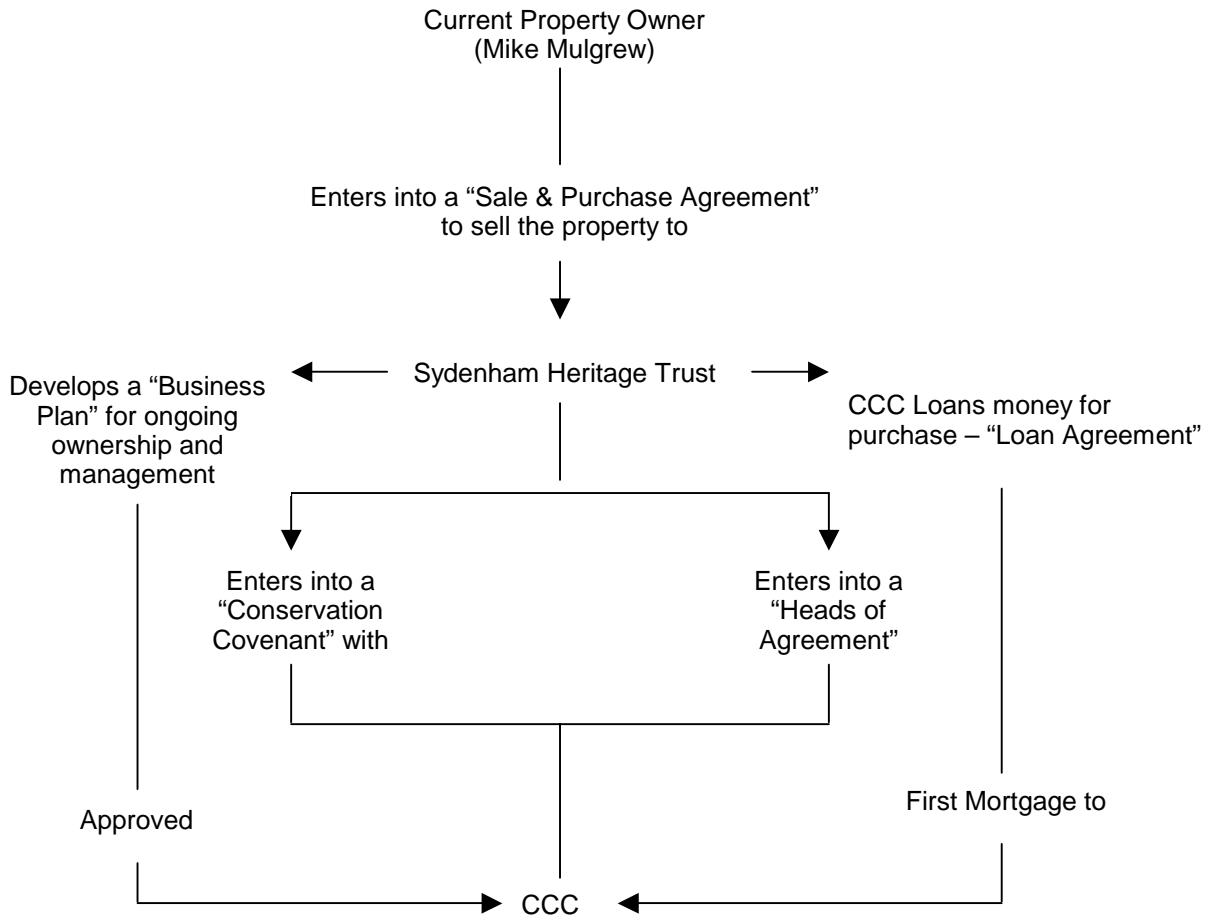
The Council resolution of 26 March has been attended to as follows:

1. The trust has been formed and incorporated – "The Sydenham Heritage Trust Incorporated".
2. A conservation covenant has been drafted. In conjunction with the trust's business plan and Heads of Agreement between the Council and trust an obligation is conferred upon the trust to restore, maintain, and operate the building in conjunction with the Council's heritage protection and planners requirements.

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- 3 & 4 Negotiations for the trust to purchase the property have been conducted with the owner of the property, Mr Mike Mulgrew, and the outcome of these is contained in the section covering the sale and purchase agreement below.
- 5. As mentioned above a conservation covenant has been drafted. This satisfies the resolution for a "heritage covenant". In addition the trust has developed a business plan. Both of these are detailed below.

ARRANGEMENTS AND DOCUMENTATION



SALE AND PURCHASE AGREEMENT

The Council's interest in this extends principally to the purchase price as this substantially defines the loan amount. The main terms and conditions of this agreement are as follows:

1. Property Description

The Church and surrounding improvements accompanied with the land area highlighted on the attached plan. The vendor is to retain an area of approximately 317m² at the western end as indicated. All costs and risks of subdivision reside with the vendor. Initially all of the property will transfer to the trust with the vendors lot transferring back upon subdivision and title.

2. Purchase Price

Refer public excluded section.

1 Cont'd

3. Chattels

All heaters, light fittings, floor coverings, large wooden box above altar, any stone work not currently attached to the building, fire extinguishers and commemorative/memorial plaque.

4. Conditions

The agreement is conditional upon the trust concluding an unconditional written agreement with the Christchurch City Council to secure funds for purchase. This condition is to be satisfied by 5pm on 25 May 2001.

5. Settlement

10 working days after satisfaction of the above conditions.

HEADS OF AGREEMENT

This agreement documents the main terms and conditions between the trust and the Christchurch City Council. In essence this document acknowledges that the trust intends to purchase the property and in doing so will enter into a covenant with the Council. This provides for the trust to manage the property so as to preserve its landscape amenity and historical value.

The document also records that in consideration of the trust agreeing to enter into a conservation covenant and prepare a business plan for the property, the Council has agreed to advance the purchase price and this document sets out the related terms and conditions.

The conditions of this agreement to be satisfied by 5pm on 25 May 2001 are:

- (a) Council approval for the business plan to be prepared by the trust.
- (b) The Council resolving to advance the purchase price of the property.

The agreement, incorporating amendments made by the Subcommittee, is tabled.

LOAN AGREEMENT

This agreement serves to record the terms and conditions of the loan between the Christchurch City Council and the Sydenham Heritage Trust Incorporated.

Principal Sum: Refer public excluded section.

Interest Rate: 0% per annum

Repayments required:

- (i) \$ (refer public excluded section) within three calendar months of commencement date. This is the GST component of the purchase price.
- (ii) Balance of the principal sum \$ (refer public excluded section) repayable on demand.

Security: A registered all obligations first mortgage over the land.

The agreement, incorporating amendments made by the Subcommittee, is tabled.

CONSERVATION COVENANT

The proposed conservation covenant is a standard precedent document that has been utilised by the Council in other conservation situations and will be registered against the title in perpetuity. Simply it provides for the owner and the Council to agree that they will with all due diligence consult and negotiate in good faith with a view to agreeing upon a conservation plan for the property. In conjunction the owner covenants with the Council to restore, maintain and conserve the property in accordance with that conservation plan. A copy of the covenant is tabled.

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At the Subcommittee's request, the covenant has been checked to ensure it does not preclude the trust from applying for permission to display advertising signs on the building, subject to a resource consent being obtained.

BUSINESS PLAN

A copy of the trust business plan is attached. This along with the above mentioned documents has been reviewed by the Council's Property Projects Manager, Director of Finance, and the Heritage Planners – including Council Senior Heritage Planner. The general comments in respect of the business plan are:

- It is well considered.
- It appears realistic.
- Heavily reliant on grant money and donations, this is however not unexpected given the nature of the project.
- Some items of expenditure can be deferred if receipt of income does not meet the plan.
- Upgrade work planned is reasonable and to an average level compared to full and total refurbishment/restoration.
- The successfulness of obtaining grant money is unpredictable.
- All reasonable and expected costs appear to have been considered and incorporated.

ISSUES TO CONSIDER

Any venture of this nature carries risk. The trust however is founded and supported by a well balanced group of people with a range of appropriate skills to assist in the success of this project. In addition they are unbounded by enthusiasm and commitment.

Their business plan has been thoroughly considered and is based upon a reasonable set of assumptions.

Please refer to the public excluded section for a number of comments in respect of loan security and the subsidy cost of this project.

SUMMARY

The arrangements as documented meet the Council's prior resolution and intention.

The trust business plans and conduct has been soundly founded, professional and well resourced. Avoiding risk in this venture is impossible though all parties are well positioned to make informed decisions.

Members of the Subcommittee commended members of the trust for accepting the challenge of protecting this landmark building, congratulated them on their achievements to date and wished them well for the future.

Subcommittee's

Recommendation: That Council officers be delegated authority to finalise the documentation and arrangements as generally outlined above.

CONSIDERED THIS 25TH DAY OF MAY 2001

MAYOR