

## 6. CHRISTCHURCH CITY HOLDINGS LTD: AMENDMENTS TO CONSTITUTION

<b>General Manager responsible:</b>	CEO CCHL
<b>Officer responsible:</b>	CEO CCHL
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### PURPOSE OF REPORT

1. The purpose of this report is to obtain approval to recommended changes to the constitution of Christchurch City Holdings Limited.

### EXECUTIVE SUMMARY

2. A legal review of the existing constitution of CCHL has been undertaken and a range of changes are being recommended for approval by the Council as shareholder. Most of these are fine tuning of wording. The text of the changes and an explanation from the CCHL legal adviser is attached as Appendix A.
3. A substantive change provides for external directors to retire by rotation on a three yearly basis rather than "en-bloc" immediately following the local authority elections. This is being promoted in the interest of providing a measure of continuity, which is seen as good governance practice. The provision for the shareholder to replace any director at any time remains unchanged.

### FINANCIAL AND LEGAL CONSIDERATIONS

4. The proposed amendments have been reviewed and proposed by Lane Neave Lawyers and after approval by the Council as shareholder need to be promulgated in terms of section 122 of the Companies Act 1993.

### STAFF RECOMMENDATION

That the Council resolve as the shareholder of Christchurch City Holdings Limited in the form of a written resolution under section 122(1) of the Act that the constitution be amended as set out in the attached document and the amendments be lodged with the Companies Office in accordance with the Act.

## **BACKGROUND ON PROPOSED CHANGES TO THE CCHL CONSTITUTION**

5. The CCHL Board recently commissioned Lane Neave Lawyers to review the constitution of the company to ensure that it was current and in accordance with other legislation and good commercial practice.
6. The last review of the constitution was done in 1997 and since that date the Local Government Act 2002 has been enacted.
7. Most of the proposed changes are “fine tuning” and/or for clarification with no impact on the overall way the company operates. However, there is a substantive change in respect of clauses 14.5 and 14.6 which relate to the appointment of directors.
8. The current constitution requires that all directors must resign following the local authority elections including the external directors. The legal review has pointed out that this makes the company very vulnerable with what could be a significant lack of continuity. Legal advisers have suggested that the external directors should be reviewed on a three year rolling basis rather than have the whole board all up for review at the same time. It is in the interests of the company to have some continuity. The Council can still remove any director at any time as provided in the current constitution.
9. Attached (Appendix A) is a copy of the proposed changes with a detailed explanation against each affected clause. The comments have been provided by Lane Neave Lawyers. Also attached (Appendix B) is a copy of the existing clause 14 to enable a comparison to be made. A full copy of the existing constitution will be tabled at the meeting.