

7. NEW CIVIC BUILDING PROJECT

| | |
|---|------------------------------------|
| Chief Executive Officer responsible: | Tony Marrayatt, CEO, DDI 941-8554 |
| Officer responsible: | General Manager Corporate Services |
| Author: | Roy Baker |

PURPOSE OF REPORT

1. The purpose of this report is to seek changes to earlier resolutions of the Council with regard to the new civic building.

EXECUTIVE SUMMARY

2. At its meeting on 23 March 2007, the Council approved in principle the establishment of a new CCO (Tuam 2 Ltd) for the purpose of delivering a new civic building. The reasons for this were set out in a report to that meeting.
3. At an earlier meeting, on 8 June 2006, the Council resolved to approve an existing CCO, Travis Finance Ltd (subsequently renamed Tuam Ltd) for the purposes of purchasing the Tuam Street properties from the Council and a site for, and the development of, a new civic building (refer to Appendix 1 attached, Ownership of New Civic Building and Site Resolutions).
4. It is recommended that the resolution of 8 June 2006 be altered to reflect the reasons for establishing Tuam 2 Ltd.

FINANCIAL IMPLICATIONS

5. The resolution of 8 June 2006 authorised the General Manager Corporate Services and the Director Strategic Investment to arrange completion of documentation required to enable Tuam Ltd to issue redeemable preference shares and up to \$15m of uncalled capital to the Council.
6. This was to ensure that Tuam Ltd remained solvent during the new civic building project and that a mix of debt and equity (formula based) was issued annually to match the funding that the project required.
7. It is recommended that the level of uncalled capital issued by Tuam Ltd to the Council be reduced from \$15m to \$5m and that Tuam 2 Ltd issue uncalled capital up to a level of \$10m at this stage.
8. As the position of Director Strategic Investment has been disestablished, it is also recommended that the General Manager Corporate Services be authorised to ensure that the approved financial structures be put in place in respect of both Tuam Ltd and Tuam 2 Ltd.

LEGAL CONSIDERATIONS

9. For the sake of clarity, it is recommended that the Council alter its resolution of 8 June 2006 to reflect the establishment of Tuam 2 Ltd for the purpose of purchasing a site for and the construction, ownership and lease of the proposed new civic building to the Council.
10. It is also necessary to ensure that the General Manager Corporate Services is given the authority to ensure that the appropriate documentation and financial structures are put in place as and when required.
11. Standing order 2.18.17 states that:
“Any local authority meeting may, on a recommendation contained in a report by the Chairperson or Chief Executive, or the report of any committee, revoke or alter all or part of any resolution previously passed by the local authority or committee thereof, provided that notification of such recommendation shall have been given to the Chairperson and members at least two clear days before the meeting at which such recommendation is to be considered.”
12. It is the Chief Executive's recommendation that the Council alter its resolution of 8 June 2006 to reflect the matters referred to in this report.

STAFF RECOMMENDATION

It is recommended that the Council resolve to:

- (a) Alter its resolution of 8 June 2006 by removing anything to do with the new civic building from the purposes for which Travis Finance Ltd (subsequently renamed Tuam Ltd) was approved.
- (b) Approve Tuam 2 Ltd as the Council Controlled Organisation for the purposes of:
 - (i) Entering into an agreement for sale and purchase in respect of a site for the new civic building once the Council approves the purchase of a site;
 - (ii) Subject to prior Council approval of the design of the building, entering into contracts in respect of the design and construction of the new civic building;
 - (iii) Entering into an agreement with Christchurch City Facilities Limited (CCFL) for the management of the new civic building project and the lease arrangements for the new civic building;
 - (iv) Entering into a Deed of Lease with the Council in respect of the new civic building once it is completed;
 - (v) Borrowing from the Council sufficient finance to complete the purchase of the site for the new civic building and construction of the building once the Council approves the purchase of a site.
- (c) Authorise the General Manager Corporate Services to take all steps necessary to ensure that Tuam 2 Ltd is able to undertake all transactions required for the purposes set out in (b)(i)–(v) of this resolution.
- (d) Borrow and on-lend to Tuam 2 Ltd sufficient finance to enable Tuam 2 Ltd to complete the purchase of a site approved by the Council for the new civic building and construction of the new civic building.
- (e) Authorise the General Manager Corporate Services to:
 - (i) arrange completion of the documentation required to enable Tuam Ltd to reduce the level of uncalled capital issued to the Council from \$15m to \$5m;
 - (ii) arrange completion of the documentation required to enable Tuam 2 Ltd to issue redeemable preference shares and up to \$10m of uncalled capital to the Council; and
 - (iii) manage the financial arrangements referred to in (i) and (ii) above in accordance with the Council's liability management policy.