

8. CIVIC BUILDING GROUP AMALGAMATION

General Manager responsible:	General Manager Corporate Services, DDI 941-8540
Officer responsible:	Corporate Finance Manager
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PURPOSE OF REPORT

1. The purpose of this report is to present a proposal to the Council, as 100 per cent shareholder of Civic Building Limited, to simplify the legal structure of that group by amalgamating Civic Building Limited and its wholly owned subsidiary Tuam 2 Limited.

EXECUTIVE SUMMARY

2. In March 2008 a proposal was put to the Council recommending a change to the legal structure for the development of the new civic building. This proposal had the effect of changing the joint venture with Ngāi Tahu Property from an incorporated JV to an unincorporated JV, with Tuam 2 Limited becoming a wholly owned subsidiary. This proposal was subsequently approved by the Council in June 2008 as part of the amendments to the LTCCP.
3. At that time of presenting the proposal it was indicated that in order to complete the restructuring process a further proposal would be made recommending that the two companies be amalgamated. As the shareholder of Civic Building Limited, the Council is required to approve the amalgamation. The directors of the group have approached the Council requesting approval to proceed with the restructure.

FINANCIAL IMPLICATIONS

4. There are no financial or tax implications for the Council.

Do the Recommendations of this Report Align with 2006-16 LTCCP budgets?

5. Amalgamation of two companies within the Civic Building group has no impact on the 2006-16 LTCCP budgets.

LEGAL CONSIDERATIONS

Have you considered the legal implications of the issue under consideration?

6. The two companies are being amalgamated pursuant to section 222(i) of the Companies Act 1993. This requires the Board of each company to approve the amalgamation and Council staff have been advised that such approval has been given.
7. The Legal Services Unit has looked at the issue of significance and is of the view that the amalgamation is below the threshold required for it to be regarded as being significant. The Council's current shareholding in Civic Building Limited will not be altered as a result of the amalgamation.

ALIGNMENT WITH STRATEGIES

Do the recommendations align with the Council's strategies?

8. This matter does not fall within any of the Council's strategies.

STAFF RECOMMENDATION

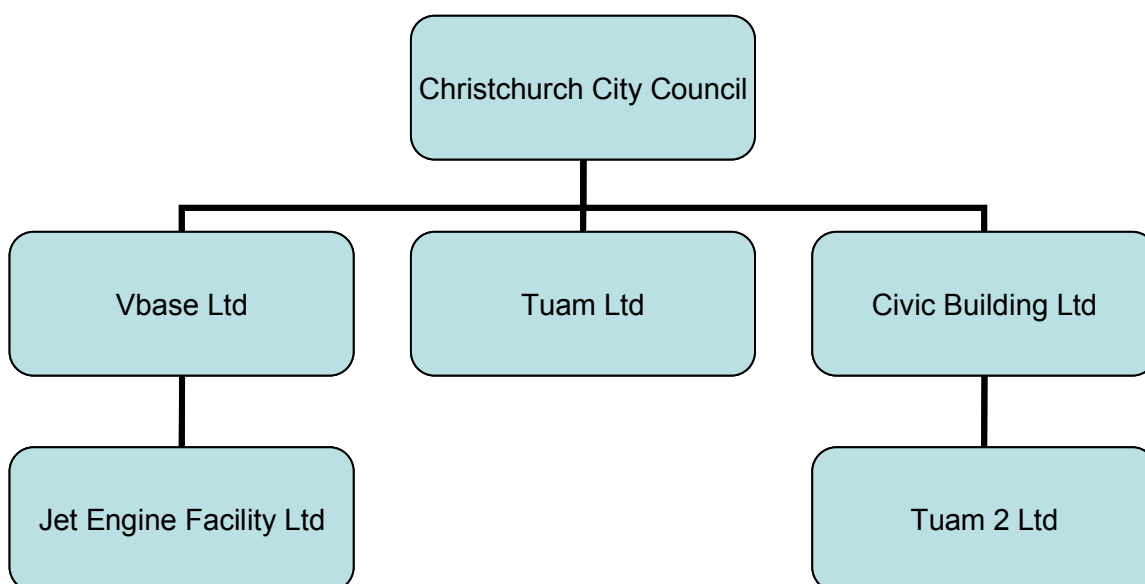
It is recommended that the Council:

- (a) Approve the amalgamation of Tuam 2 Limited with Civic Building Limited, with Civic Building Limited being nominated as the recipient entity.
- (b) Authorise the General Manager Corporate Services to sign any documents, including special resolutions of shareholders, necessary to give effect to the amalgamation, if required.

BACKGROUND (THE ISSUES)

Current Structure

9. The following table describes the current legal structure of the CBL group. It is unnecessarily complicated and the activities could more simply be carried out by a single entity.



10. The role of each entity is as follows:

Christchurch City Council	–	100 per cent shareholder.
Vbase Limited	–	Owns Westpac Arena, Convention Centre, AMI Stadium improvements and leases Christchurch Town Hall from the Council.
Jet Engine Facility Limited	–	Owns and leases the jet engine test cell facility located at Christchurch International Airport.
Tuam Limited	–	Owns Tuam St Civic building and car park.
Civic Building Limited	–	Owns 100 per cent of Tuam 2 Limited and provides funding for Civic Building project.
Tuam 2 Limited	–	Developing and owning new civic building via 50/50 unincorporated joint venture with Ngāi Tahu Property Ltd.

11. All of the companies are either directly or indirectly owned by the Council.

Changes Proposed

12. It is proposed that CBL and Tuam 2 Ltd be merged into a single entity on 30 June 2009 using the short form amalgamation process available under the Companies Act 1993. On this date Tuam 2 Limited would be removed from the New Zealand Companies Office Register and the amalgamated company, being Civic Building Limited, would succeed to all the property rights, powers and privileges, and all the liabilities and obligations of each of the amalgamating companies
13. The benefit is one less set of accounts to prepare and the streamlining of administrative processes.

Proposed Structure

