

19. CANTERBURY HOCKEY FOUNDATION – LOAN GUARANTEE

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Corporate Plan Output: Leisure: Recreation & Arts: Sports Promotion	

In the Corporate Plan 2000 edition, provision was made for a grant of \$80,000 to the Canterbury Hockey Foundation to enable them to fund a loan for the replacement of the artificial surface at Porritt Park.

The Canterbury Hockey Association had previously requested the Council to fund the capital cost of this project but the Council was unable to meet this provision in its Annual Plan and therefore provided for an ongoing grant of \$80,000 per annum.

The Canterbury Hockey Association have now approached the Council requesting it to provide a guarantee for the bank loan which they need to take out to fund this project.

A number of banks have been approached by the Hockey Association and it has become clear that without a Council guarantee, there is considerable reluctance to lend to the Hockey Association. The National Bank have indicated that they are prepared to lend if the Council gives a bank guarantee and this will mean that there is a more moderate rate of interest payable on the loan.

As previously indicated to the Council, the Hockey Association has established the Canterbury Hockey Foundation, which is a body responsible for the raising of the funds and the servicing of loans on an ongoing basis. The Hockey Foundation will receive payment from the Hockey Association for the use of the grounds. A cashflow forecast has been produced by the Hockey Foundation and there will be a requirement that there be a regular monitoring of the finances of the Hockey Foundation. The Council has appointed a representative to the Hockey Foundation.

The artificial surface is being established on Council land and the \$80,000 that the Council has budgeted is sufficient to service the loan of \$700,000, the provision of a guarantee is a way of enabling the Council's objective to be actioned. The Council has previously indicated its wish to support the establishment of the new surface and the forecasts indicate an ability to service the loans given the Council grant commitment.

The Council's budget provision of \$80,000 could be diverted to meet the guarantee in the unlikely event of a default and therefore the risk to Council is minimal.

Recommendation: That the Council approve the provision of a guarantee to the National Bank for the servicing of a loan of \$700,000 to the Canterbury Hockey Foundation.

Chairman's Recommendation: That the above recommendation be adopted.