

12 November 2009: Council meeting

Report to Council:

Item 25 SPECIAL CONSULTATIVE PROCEDURE FOR THE PROPOSAL THAT THE COUNCIL FUND A NEW BUILDING FOR THE UNIVERSITY OF CANTERBURY AT THE ARTS CENTRE
<http://www1.ccc.govt.nz/Council/proceedings/2009/November/CnclCover12th/SpecialConsultiveProcedureNewUniversityBuilding.pdf>

X

resolution:

Moved: The Mayor
Seconded: Cr Reid

That:

(a) The Council:

- (i) funds the development of a new building for the University of Canterbury School of Music at the Christchurch Arts Centre.
- (ii) uses an existing Council-controlled trading organisation, Civic Building Ltd, to manage the development and own the building when it is completed.
- (iii) enters into a lease with the Christchurch Arts Centre Trust Board for the land on which the new facility is to be built.
- (iv) raises the funds required to complete the development and on lend them to Civic Building Ltd.

(b) Resolutions (a) (i) – (iv) above are subject to:

- (i) resource consent being granted to the Christchurch Arts Centre Trust Board for the issue of a separate certificate of title for the land on which the new facility is to be built, on terms and conditions that are acceptable to the Trust Board and the Council.
- (ii) the Christchurch Arts Centre Trust Board confirming to the Council's satisfaction that the trustees have acted in accordance with the provisions of the Board's trust deed.
- (iii) resource consent being granted to the University of Canterbury on terms and conditions that are acceptable to the University, the Christchurch Arts Centre Trust Board and the Council.
- (iv) the Council being satisfied that the cost of borrowing the funds required to complete the project, including interest, capital repayments, on going maintenance and ground rent will be rates neutral over the complete term of the proposed lease between the Council and the University.
- (v) the Council and the Christchurch Arts Centre Trust Board entering into a deed of lease in respect of the land on which the new facility is to be built, on terms and conditions that are acceptable to the Trust Board and the Council.
- (vi) the University and the Council entering into a lease in respect of the completed building on terms and conditions that are acceptable to the University and the Council, such conditions to include provision for adjustments to be made to lease payments to ensure that the cost of funding the development remains rates neutral.
- (vii) each party confirming in writing that it agrees to proceed with the project once the terms and conditions set out in this resolution have been satisfied

(c) The Council notes:

- (i) the proposed arrangement for borrowing and on-lending funds to Civic Building Ltd includes repayment over a term of 50 years.
- (ii) this term is outside the requirements of the Council's liability management policy which states that loans are to have a term of no more than 30 years.
- (iii) the reason for the inconsistency is that the balance between the repayment of the loan and the income required to meet that cost is best achieved by a 50 year term rather than a period of 30 years.
- (iv) the Council does not intend to amend the liability management policy if the proposed arrangement is put in place.
- (v) this is a "one-off" arrangement and the existing restriction on the period on which debt is to be repaid will remain unaltered in the Council's current liability management policy.

(d) The General Manager Corporate Services and the Corporate Finance Manager (jointly) be authorised to borrow up to \$24.355 million as necessary to advance to Civic Buildings Ltd as redeemable preference shares and debt for the development of the new School of Music subject to the principles resolved on by Council for this development.

(e) Civic Building Limited be requested to:

- (i) enter into an agreement with the University of Canterbury for the development and subsequent long-term lease of a facility for the University's new School of Music.
- (ii) enter into a deed of lease with the Christchurch Arts Centre Trust Board.
- (iii) manage the development and lease of the facility.
- (iv) amend its Statement of Intent to include this project.

(f) The Chief Executive be authorised to execute all documents, including any special resolutions of shareholders, necessary to give effect to these recommendations.

Carried: 7-6

Division:

For: The Mayor, Crs Reid, Wall, Button, Shearing, Sheriff, Corbett

Against: Crs Withers, Williams, Johanson, Broughton, Cox, Buck
Cr Wells took no part.

Note: The staff recommendation in this report recommended not having a SCP – the Mayor changed the resolution following the deputations

Councillor Wells withdrew and took no part in this matter.

Resolution

Moved: The Mayor

Seconded: Cr Withers

1. That the Council follows a special consultative procedure on the following proposal:
 - (a) That the decisions to be made in respect of this matter are subject to appropriate consents and authorities being obtained for the proposed development and all parties agreeing to proceed with it.
 - (b) To approve the Council's involvement, and request Civic Building Limited to undertake the project subject to the principles below, in the development and subsequent lease of a National Conservatorium of Music facility for the University of Canterbury at the Arts Centre of Christchurch.
 - (c) To approve the principles with respect of the arrangement as outlined in the public excluded section of this agenda.
 - (d) That it acknowledges that the terms of the loan to Civic Building Limited (subject to agreement as per recommendation 2) are inconsistent with the requirements of the Council's liability management policy because the loan is to be repaid over a period of 50 years. This is greater than the maximum of 30 years provided for in the policy.
 - (e) That it is not intended to amend the policy and that the loan to Civic Building Limited (subject to agreement as per recommendation 2) is to be regarded as a "one-off" arrangement.

2. That in its judgement, and based on the information contained in the report prepared by staff, that:
 - (a) The decisions set out in this resolution are significant in terms of the Council's policy on determining significance.
 - (b) The Council undertake a special consultative procedure on Council involvement, through a Council-controlled trading organisation, in the funding, development and subsequent lease of a National Conservatorium of Music Facility for the University of Canterbury on the Arts Centre site.
 - (c) The Statement of Proposal to commence the special consultative procedure be considered at the 13 August 2009 Council meeting.

The motion was put to the meeting on a clause by clause basis.

Clause 1(a) was declared carried on division No. 1, by 8 votes to 3, the voting being as follows:

For (8): Councillors Button, Corbett, Cox, Reid, Shearing, Wall, Withers and the Mayor.

Against (3): Councillors Broughton, Johanson and Williams.

Clause 1(b) was declared carried on division No. 2, by 8 votes to 3, the voting being as follows:

For (8): Councillors Button, Corbett, Cox, Reid, Shearing, Wall, Withers and the Mayor.

Against (3): Councillors Broughton, Johanson and Williams.

Clause 1(c) was declared carried on division No. 3, by 8 votes to 3, the voting being as follows:

For (8): Councillors Button, Corbett, Cox, Reid, Shearing, Wall, Withers and the Mayor.

Against (3): Councillors Broughton, Johanson and Williams.

Clause 1(d) was declared carried on division No. 4, by 9 votes to 2, the voting being as follows:

For (9): Councillors Button, Corbett, Cox, Johanson, Reid, Shearing, Wall, Withers and the Mayor.

Against (2): Councillors Broughton and Williams.

Clause 1(e) was declared carried on division No. 5, by 8 votes to 3, the voting being as follows:

For (8): Councillors Button, Corbett, Cox, Reid, Shearing, Wall, Withers and the Mayor.

Against (3): Councillors Broughton, Johanson and Williams.

Clause 2 was declared carried.