

## Notice of Meeting:

I hereby give notice that an ordinary meeting of Hamilton City Council will be held on:

**Date:** Thursday 18 June 2015  
**Time:** 10:30am  
**Meeting Room:** Committee Room 1  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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## Business and Investment Subcommittee OPEN AGENDA

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### Membership

Chairperson Her Worship the Mayor J Hardaker  
Members Cr M Forsyth  
Cr A King  
Cr A O'Leary  
Cr R Pascoe

**Quorum:** Three members

**Meeting Frequency:** Quarterly – or as required

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Brendan Stringer  
**Committee Advisor**

**11 June 2015**  
Telephone: 07 838 6768  
Brendan.Stringer@hcc.govt.nz  
www.hamilton.govt.nz

**Terms of Reference:**

- To enhance Hamilton's economic position.
- Promote investment and business attraction opportunities for Hamilton.
- Oversee implementation of the Economic Development Agenda.
- To receive information and provide advice in relation to potential major developments.
- Recommend funding for Hamilton & Waikato Tourism (HWT) and Hamilton Central Business Association (HCBA) and receive six monthly/quarterly and annual reports.
- Develop and recommend to the Strategy and Policy Committee the Central City Transformation Plan.
- Develop and recommend a strategy to optimize use of the Municipal Endowment Fund and the Domain Endowment Fund by 30 March 2014.

**Special Notes:**

- The sub-committee may request expert advice through the Chief Executive when necessary.
- This sub-committee monitors Hamilton Properties Ltd.

**Power to act:**

- Recommend funding for Hamilton & Waikato Tourism (HWT) and Hamilton Central Business Association (HCBA) to the Finance Committee or Council.
- Make operational decisions that are aligned to the outcomes of the Economic Development Agenda.

<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>1</b>	<b>Apologies</b>	<b>4</b>
<b>2</b>	<b>Confirmation of Agenda</b>	<b>4</b>
<b>3</b>	<b>Declarations of Interest</b>	<b>4</b>
<b>4</b>	<b>Business and Investment Subcommittee Open Minutes 13 May 2015</b>	<b>5</b>
<b>5</b>	<b>Property Update - Beggs Wiseman Building</b>	<b>11</b>
<b>6</b>	<b>Resolution to Exclude the Public</b>	<b>17</b>

**1 Apologies**

**2 Confirmation of Agenda**

The Committee to confirm the agenda.

**3 Declaration of Interest**

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

**Committee:** Business and Investment  
Subcommittee

**Date:** 18 June 2015

**Report Name:** Business and Investment  
Subcommittee Open Minutes  
13 May 2015

**Author:** Brendan Stringer

<b>Status</b>	<i>Open</i>
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## Recommendation

That the Subcommittee confirm and adopt as a true and correct record the Open Minutes of the Business and Investment Subcommittee meeting held on 13 May 2015.

## 1. Attachments

- Attachment 1 - Business and Investment Subcommittee Open Minutes 13 May 2015

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## Business and Investment Subcommittee

### OPEN MINUTES

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Minutes of a meeting of the Business and Investment Subcommittee held in Committee Room 1, Municipal Building, Garden Place, Hamilton on Wednesday 13 May 2015 at 9.30am.

#### PRESENT

Chairperson	Her Worship the Mayor J Hardaker
Members	Cr M Forsyth Cr A King Cr A O’Leary Cr R Pascoe

In attendance:	Cr M Gallagher; General Manager Event & Economic Development; General Manager City Environments; Unit Manager City Safe; Programme Manager – Bylaws; Business Manager; Strategic Property Unit Manager; Strategic Land Manager; and Communications Advisor
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Also in attendance	Sandy Turner – General Manager, Hamilton Central Business Association Greg Wills – Chairman, Hamilton Central Business Association
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Committee Advisor	Mr B Stringer
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#### 1. Apologies

There were no apologies recorded.

#### 2. Confirmation of Agenda

The Chair noted the addition of the Late Report – *Hamilton Alcohol Control Bylaw*.

**Resolved:** (Her Worship the Mayor Hardaker/Cr Pascoe)

The Committee to confirm the agenda.

#### 3. Declarations of Interest

No members of the Committee declared a Conflict of Interest.

#### 4. Business and Investment Subcommittee Minutes – Open - 13 November 2014

**Resolved:** (Her Worship the Mayor Hardaker/Cr Pascoe)

That the Subcommittee confirm and adopt as a true and correct record the Open Minutes of the Business and Investment Subcommittee Meeting held on 13 November 2014.

#### 5. Business and Investment Subcommittee Action List - Open - 13 May 2015

**Resolved:** (Cr Pascoe/Her Worship the Mayor Hardaker)

That the Report be received.

#### 6. Hamilton Central Business Association (HCBA) 6-monthly report

The General Manager Event & Economic Development introduced Sandy Turner and Greg Wills, who updated the Subcommittee on the following points:

- **Business Leases**  
There had been more than 20 new leases signed during the previous two months.
- **Member feedback**  
HCBA members had provided an excellent response in relation to the People's Project and the re-modelled City Safe programme.
- **Retail Expenditure**  
Expenditure had improved in the first part of 2015 compared to similar periods in the last three to four years. The success of the Cricket World Cup had contributed to this. It was expected that the FIFA Under-20 World Cup would also enhance retail spend.
- **Retail vacancy**  
The retail vacancy rate remained between 9-10%. The central government's proposed changes in relation to seismic strengthening requirements could have a potential impact.
- **Smaller CBD**  
The Association continued to look at opportunities to reduce the geographical spread of Hamilton's Central Business District. HCBA would need to reconsider its funding model under a smaller CBD.

Sandy Turner and Greg Wills, supported by the General Manager Event & Economic Development and General Manager City Environments, responded to the following questions from Elected Members:

- **City Safe/Homelessness**  
Feedback from Association members to the changes implemented by City Staff personnel had been positive, with only minor concerns currently being reported. It was noted that City Safe officers' skill level had improved.

The People's Project had housed or re-housed 75 people and steps were being taken to ensure adequate support was provided to these people.

HCBA would be concerned if the standard of services provided by City Safe lessened as a result of decreased funding received from the Ministry of Justice, as had been proposed.

- **Cricket World Cup/FIFA Under-20 World Cup**

It was reported that the impact of the Cricket World Cup had been very positive:

- i. The Association sold bunting to its members;
- ii. Over 600 members of the public participated in the retail dressing windows event;
- iii. There were various hospitality-themed events in the CBD.

It was expected that there would be increased funding for FIFA-related activities, with more members of the public likely to participate and higher visitor numbers. The preliminary Five Nations event had attracted about 2,500 people.

- **Retail vacancies and earthquake strengthening**

The proposed changes by central government in relation to earthquake strengthening buildings were discussed. Elected Members were advised these may lessen the incentive for property owners to undertake such work earlier than required. In particular, it was noted that the required seismic standard was lower than that expected from most commercial tenants, and therefore could affect the desirability of rental properties on offer.

The General Manager City Environments explained that:

- i. The proposal from the Minister of Buildings and Housing would require a mandatory notice to be displayed in all buildings that are below the 34% national seismic standard. This could affect the motivation of the owners of such properties in relation to undertaking the required strengthening work.
- ii. The status of Council's current policy in relation to the upgrade or demolition of Class 1 buildings may need to be reviewed in light of the central government proposal.

- **People's Project**

The Association had worked with the Waikato Times to increase awareness of the Project. Its members had also offered second-hand furniture to provide quality housing to those that benefitted from the Project. Support was required to store donated furniture and appliances prior to circulation.

- **Retail Tenancies**

The Association executives did not have the information to hand to advise how many leases were lost (as compared to new leases completed). This would be clarified in future reports.

**Resolved:** (Her Worship the Mayor Hardaker/Cr O'Leary)

That the Report be received.

**Crs Forsyth and O'Leary joined the Meeting (9:40) during the presentation of the above Item and took part in the discussions and voting.**

## 7. Hamilton Alcohol Control Bylaw – Late Report

The Unit Manager City Safe and Programme Manager – Bylaws, in response to a question, confirmed that Te Runanga O Kirikiriroa was the correct key stakeholder organisation to contact to obtain feedback from Māori on the proposed bylaw.

The Elected Members made the following recommendations to staff:

- To provide a marked-up version of the draft bylaw (that highlighted changes to the existing Hamilton City Public Places Liquor Control Bylaw 2010).
- To adopt more plain English wording for the bylaw in order to be more concise and easier to read.
- To make the language used in the document *Outline of changes to the Bylaw* (Attachment 4 of the staff Report) clearer.
- To provide an overview of Council’s alcohol-related policies and bylaws in the consultation documentation to enable members of the public to better understand the overall structure.

**Resolved:** (Her Worship the Mayor Hardaker/Cr O’Leary)

That:

- a) the Report be received; and
- b) the Draft Statement of Proposal Report with draft Bylaw be sent to the 7 July 2015 Strategy and Policy Committee for adoption for public consultation.

## 8. Resolution to Exclude the Public

**Resolved:** (Her Worship the Mayor Hardaker/Cr Pascoe)

### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Business and Investment Subcommittee Public Excluded Minutes 13 November 2014	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Business and Investment Subcommittee Action List - Public Excluded - 13 May 2015	)	
C3. Property Development Sites - Update		

C4. Update on the Beggs  
Wiseman Building

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C4.	to enable Council to carry out negotiations to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)

**The Meeting went into Public Excluded session from 10:32am to 12:30pm.**

**The Meeting was declared closed at 12:30pm.**

**Committee:** Business and Investment Subcommittee

**Date:** 18 June 2015

**Report Name:** Property Update - Beggs Wiseman Building

**Author:** Nicolas Wells

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>Municipal Endowment Policy</i>
<b>Financial status</b>	<i>Budgeted income of \$148K Actual income of \$18K Budget deficit of \$130K</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

## 1. Purpose of the Report

- To recommend sale of the Beggs Wiseman Building.

## 3. Executive Summary

- The Beggs Wiseman Building (southern corner Victoria and Ward Streets) is one of the investment assets of the Municipal Endowment Fund.
- The building is divided into four ground-level retail tenancies. The upper floor contains services (toilets and cleaners sink) and is divided into small spaces let as part of the ground floor tenancies.
- Three of the tenancies are currently vacant – and have been so for 19 to 27 months. There remains one tenant paying \$18K annual rent (plus GST and outgoings).
- The building has been actively marketed for new tenants but interest to date has been minimal.
- There are currently at least three parties interested in purchasing the building. A public sale process will ensure that the greatest possible number of potential purchasers have the opportunity to submit offers for Council's consideration.

## 9. Recommendations from Management

That:

- The Report be received;
- The Business and Investment Subcommittee recommends that Council sells the Beggs Wiseman Building physically located on the corner of Victoria and Ward Streets, Hamilton, and legally described in the Schedule;
- Council markets the property for sale through a public sale process and purchase offers are assessed against two criteria:

- i. Price considering the current market value as assessed by a Council-appointed registered valuer in accordance with Council policy, and;
  - ii. Development and utilisation considering the purchaser's intentions for the redevelopment of the building and the ability of their redevelopment to enhance the Central Business District and street-scape.
- d) Staff present the purchase offers to Council and seek further direction in respect of any matters or issues arising that materially affect the sale process;
- e) Council authorises the Chief Executive Officer to (1) prepare an Agreement for Sale and Purchase and (2) any other instruments that are required to give effect to this resolution.

#### **SCHEDULE**

An estate in fee simple comprising all that land contained in Certificate of Title SA13A/1086 South Auckland Land Registry legally described as Lot 1 Deposited Plan South Auckland 15240 comprising 276 square metres more or less and physically located at 445 Victoria Street (on the corner of Victoria and Ward Streets), Hamilton.

### **10. Attachments**

11. Attachment 1 - Beggs Wiseman Building - Certificate of Title

### **12. Key Issues**

#### **13. Background**

14. Council purchased the Beggs Wiseman Building in 1994 for \$1,225,664 funded by the Municipal Endowment Fund as an income-generating investment asset.
15. The building has been seismically strengthened by installing a new steel framework. In 2007 GA Hughes and Associates rated the seismic performance at better than 67%NBS.
16. The property occupies a highly prominent corner location within Hamilton's CBD which is considered "Prime (a store located on a street with good pedestrian traffic and within the centre core)" according to the CBRE & NAI Harcourts Retail Occupancy Survey, however the building itself is in need of some refurbishment and modification. Long frontage to Ward Street is a positive feature.
17. Extensive market commentary and analysis of options were fully detailed in a confidential staff report to the Business and Investment Subcommittee on 13 May 2015.

#### **18. Marketing**

19. It is proposed that the building be marketed for sale through a public tender process that allows Council to consider both price and the intentions of the potential purchaser – specifically the redevelopment of the building and the ability of the refurbishment to enhance the Central Business District and the street-level environment.
20. It is proposed that the sale of the building will proceed as follows:
  - Staff will prepare a Tender Information Pack including all relevant detail on the property, Council's intentions for the redevelopment of the building, an Agreement for Sale and Purchase and an outline of the sale process.
  - The Tender Information Pack will be distributed to real estate agents nationally.

- An advertising campaign will be implemented including display advertising on the building, national and specialist print advertising.
- The tender period will be four weeks followed by evaluation, negotiation and a report to Council with recommendations.
- Council can accept or reject any tender – and need not accept the highest price if the associated redevelopment proposal is unacceptable.

**21. Recommendation**

- 22. If Council wishes to sell the building it would be prudent to do so now, as this removes the risk of continued vacancy and related exposure to loss.
- 23. Selling now will release capital invested in the property and there will be no capital expenditure required to refurbish, or reposition the building. If the Council decides to sell “as is” then there should be a publically contestable ‘on-market’ campaign to ensure that the very best price is being obtained and that the process is transparent and competitive.
- 24. Selling the property largely vacant could incur a discount on value. Purchasers may seek to price risk and costs associated with securing tenants thereby reducing the sale proceeds. As the Central City retail leasing market remains subdued allowances made to reflect these factors could be significant.
- 25. Advantages
  - A “clean exit” today where any downside is quantified and realized;
  - No further exposure to re-tenanting the property;
  - No further exposure to incentives/costs;
  - Strong investment and interest rate market – good time to sell anything;
  - It is estimated that a marketing campaign and sale could be completed within three months (from date of Council approval to sell).
- 26. Disadvantages
  - Crystallise any potential loss versus valuation;
  - Lose any potential upside from re-tenanting.

**27. Risk**

- 28. Risk has been summarised above.

**Signatory**

Authoriser	Sean Murray, General Manager Events and Economic Development Group
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**COMPUTER FREEHOLD REGISTER  
UNDER LAND TRANSFER ACT 1952**

Historical Search Copy



R.W. Muir  
Registrar-General  
of Land

**Identifier** SA13A/1086  
**Land Registration District** South Auckland  
**Date Issued** 13 July 1971

**Prior References**

SA136/64

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<b>Estate</b>	Fec Simple
<b>Area</b>	276 square metres more or less
<b>Legal Description</b>	Lot 1 Deposited Plan South Auckland 15240

**Original Proprietors**

The Hamilton City Council

**Interests**

Appurtenant hereto are rights of way created by Transfer 337276

SUBJECT TO SECTION 351E (1) (C) MUNICIPAL CORPORATIONS ACT 1954

S525291 Lease to The Hamilton City Council Term 21 years from and including 7.11.1970 and extended to 6.11.2012 - 13.7.1971 at 10.20 am and varied 26.7.1972 at 2.45 pm (renewal covenant)

Appurtenant hereto is a right of way created by Lease S525291 - 13.7.1971 at 10.20 am

The easement created by Lease S525291 is subject to the provisions of Section 351E(a) of the Municipal Corporations Act 1954

B049748.2 Variation of Lease S525291 and extension of term to 6.11.2012 - 25.10.1991 at 11.32 am

References  
Prior C/T. 136/64

Land and Deeds 69

Transfer No.  
N/C. Order No. S.525289



SA13A/1086

**REGISTER**  
**CERTIFICATE OF TITLE UNDER LAND TRANSFER ACT**

This Certificate dated the 13th day of July one thousand nine hundred and seventy-one under the seal of the District Land Registrar of the Land Registration District of SOUTH AUCKLAND

WITNESSETH that THE MAYOR COUNCILLORS AND CITIZENS OF THE CITY OF HAMILTON a body corporate

is seized of an estate in fee-simple (subject to such reservations, restrictions, encumbrances, liens, and interests as are notified by memorial underwritten or endorsed hereon) in the land hereinafter described, delineated with bold black lines on the plan hereon, be the several admeasurements a little more or less, that is to say: All that parcel of land containing 10.93 PERCHES more or less being Lot 1 on Deposited Plan S.15240 and being part Allotment 106 Town of Hamilton West



ASSISTANT LAND REGISTRAR

Appurtenant hereto is a Right of Way over the part Lot 12 Plan 29766 coloured pink and marked Right of Way on Plan 29766 and coloured blue on Plan S.15240 (part C.T. 747/180) created in and by Transfer S.337276

The easement created by Lease S.525291 is subject to the provisions of Section 351E(a) of the Municipal Corporations Act 1954.

S.525291 Lease to Brierley-Jones Investments (N.Z.) Limited together with a Right of Way over part Lot 1 Plan 4197 shown coloured yellow on Plan S.15240 (part C.T. 136/64) Term: 21 years from and including 7.11.1970 (renewal covenant) produced 13.7.1971 at 10.20 o/c.

The provisions of Section 351E(c) Municipal Corporations Act 1954 are applicable to the within land.

Variation of terms of Lease S.525291 produced 26.7.1972 at 2.45 o/c

S.564390 Mortgage of Lease S.525291 to The Public Investment Society Limited produced 26.7.1972 at 2.40 o/c

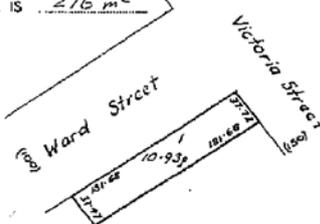
S.564391 Mortgage of Lease S.525291 to Atlas Majesty Industries Limited produced 26.7.1972 at 2.45 o/c

S.598038 Mortgage of Lease S.525291 to A.N.Z. Savings Bank (New Zealand) Limited produced 26.7.1973 at 2.05 o/c

S.523658 Mortgage of Lease S.525291 to General Finance Acceptance Limited produced 12.12.1970 at 12.78 o/c

Hamilton City

METRIC AREA IS 276 m<sup>2</sup>



Scale: 1 inch = 1 Chain

OVER ...

Register copy for L. & D. 19, 71, 72

Identifier

SA13A/1086

C.T. 13A/1086

13A/1086

H.087184.1 The outstanding duplicate of Lease S.525291 having been declared lost a provisional lease has been issued in lieu thereof produced 28th day of June at 10.34 o/c and entered 27th day of August 1976 at 9.00 o/c

H.087184.2 Transfer of Lease S.525291 to City Realities (Holdings) Limited produced 28.6.1976 at 10.17 o/c entered 27.8.1976 at 9.00 o/c

H.087184.3 Change of Name of Lessee in Lease S.525291 to Brierley Holdings Limited produced 28.6.1976 at 10.17 o/c and entered 27.8.1976 at 9.00 o/c

H.134324 Mortgage to Bank of New Zealand Securities Limited produced 15.6.1977 at 10.29 o/c

H.157516 Mortgage of Lease S.525291 to National Mutual Life Nominees Limited produced 10.6.1977 at 10.29 o/c

H.999388.1 Mortgage of Lease S.525291 to ANZ Banking Group New Zealand Limited - 15.1.1991 at 10.44 o/c

B.049748.2 Variation and extension of Term of Lease S.525291 to 6.10.2012 - 25.10.1991 at 11.32 o/c

DISCHARGED B421029.2 Mortgage of Lease S.525291 to Citibank, N.A. 12.6.1997 at 1.38

B447779.1 Variation of Mortgage B421029.2 - 4.11.1997 at 9.05

B485838.2 Transfer of Lease S.525291 to The Hamilton City Council - 10.6.1998 at 2.31

## Resolution to Exclude the Public

### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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C2. Property Development Sites - Update	)	
C3. Property Update - Beggs Wiseman Building		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

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Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C3.	to enable Council to carry out negotiations	
	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
	to enable Council to carry out negotiations	

And that the external guests remain in attendance to provide information to the Subcommittee on Item C2.