

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Council will be held on:

Date: Tuesday 26 February 2019
Time: 9.30am
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Council OPEN LATE AGENDA

Membership

Chairperson	Mayor A King
Deputy Chairperson	Deputy Mayor M Gallagher
Members	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman
	Cr R Hamilton

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly – or as required

Lee-Ann Jordan
Governance Manager

25 February 2019

Telephone: 07 838 6439
Lee-Ann.Jordan@hcc.govt.nz
www.hamilton.govt.nz

ITEM	TABLE OF CONTENTS	PAGE
9	Waikato Regional Airport Limited - Creation of Hotel Subsidiary Company	3

Council Report

Item 9

Committee: Council **Date:** 26 February 2019
Author: Sean Murray **Authoriser:** Sean Murray
Position: General Manager Venues, Tourism and Major Events **Position:** General Manager Venues, Tourism and Major Events
Report Name: Waikato Regional Airport Limited - Creation of Hotel Subsidiary Company

Report Status	<i>Open</i>
----------------------	-------------

Purpose

1. To seek approval for the Mayor/Chief Executive to vote on behalf of Council as shareholder of Waikato Regional Airport Limited (WRAL) to form a new subsidiary company for hotel assets called Waikato Regional Airport Hotel Limited.

Staff Recommendation

2. That the Council:
 - a) receives the report; and
 - b) approves the Mayor/Chief Executive to vote on behalf of Council for WRAL to create a new subsidiary entity, Waikato Regional Airport Hotel Limited.

Background

3. WRAL operates as a limited liability company, with the following shareholders:
 - Hamilton City Council – 50% shareholding
 - Matamata-Piako District Council – 15.63%
 - Waikato District Council – 15.63% shareholding
 - Waipa District Council – 15.63% shareholding
 - Otorohanga District Council – 3.2% shareholding
4. Given the mix of shareholders the company is deemed to be a Council Controlled Organisation (CCO).
5. WRAL has two subsidiary companies:
 - Hamilton and Waikato Tourism Limited
 - Titanium Park Limited
6. WRAL reports to its shareholders and issues an annual statement of intent and shareholder presentations on a consolidated basis including the direction and performance of its subsidiaries.

Creation of new Subsidiary Company: Waikato Regional Airport Hotel Limited

7. As previously (and publicly reported) WRAL recently acquired the buildings and business assets of the Hamilton Airport Hotel, of which WRAL already owned the land.
8. WRAL has entered into a management agreement with Jet Park Hotel Limited to manage the business on behalf of WRAL. These actions were undertaken under the WRAL Board's authority however shareholders were advised of their intentions regarding the hotel and its future.
9. The WRAL Board has now determined that it is in the best interests of the company to establish their arrangements via a subsidiary entity, as a limited liability company. Under the terms of the WRAL constitution, the formation of a new subsidiary requires 75% shareholder approval.
10. As such Council, along with the other WRAL shareholders, have received a request from the WRAL Board to vote in favor of their proposal to form a new subsidiary company. A copy of the letter is attached.

Financial Considerations

11. Staff have identified no financial issues to be considered.

Significance and Engagement

12. Under the terms of the WRAL constitution, the establishment of a new subsidiary company is deemed to be a major transaction. However, in the context of the conduct of Council business it is not and therefore assessed as having a low level of significance. Engagement is therefore not required.

Legal and Policy Considerations

13. Staff confirm that the recommendation complies with the Council's legal and policy requirements.

Cultural Considerations

14. Staff have identified no cultural interests to be considered.

Sustainability Considerations

15. Staff have identified no sustainability issues to be considered.

Risks

16. There are no known risks in approving the recommendation.

Attachments

Attachment 1 - Shareholder Approval Letter Waikato Regional Airport Limited - 22 February 2019



Phone +64 7 848 9027
Fax +64 7 843 3627
E-mail wral@hamiltonairport.co.nz

Hamilton Airport
Airport Road, RD 2
Hamilton 3262, New Zealand

Richard Briggs
Chief Executive
Hamilton City Council
Hamilton

22 February 2019

Dear Richard

Hamilton City Council shareholding in Waikato Regional Airport Limited: major transaction

As you will be already aware Waikato Regional Airport Limited (WRAL) entered into agreements to acquire the buildings and business assets of the Hamilton Airport Hotel and Conference Centre (in January 2018) located on the airport precinct. On 7 February 2019 WRAL also entered into a management agreement with Jet Park Hotel Limited to manage the hotel business on behalf of WRAL.

WRAL have identified the need for a new subsidiary company to be incorporated to own assets related to the hotel business and undertake certain operations of the hotel. Pursuant to WRAL's constitution, creation of a new subsidiary company amounts to a major transaction and requires a 75% shareholder approval before WRAL can proceed to incorporate the new entity. WRAL will be the sole shareholder of the new entity and the WRAL Board of Directors will also be the Directors of the new entity, Waikato Regional Airport Hotel Limited.

The original agreements to acquire the hotel buildings and business were entered into after consultation with shareholders. Shareholder approval was not required to undertake these transactions as the combined acquisition value did not meet the major transaction threshold in WRAL's constitution. The act of creating a new entity does however meet the test of a major transaction. The WRAL Directors believe the new entity is required to provide optimal asset protection to both the aeronautical and hotel investment assets, maximise financial returns to the group and provide flexibility for future options relating to the ongoing hotel investment. WRAL will however continue to retain ownership of the land and hotel buildings and lease these to the new subsidiary, thereby not altering ownership of the core underlying hotel assets or the balance sheet shareholder funds (net assets) of WRAL.



To enable WRAL to proceed with incorporating the new subsidiary entity, the WRAL Directors request that you confirm your approval by returning the attached postal voting paper to Mark Morgan, Chief Executive, Waikato Regional Airport Limited no later than Wednesday 13 March, 2019 at 5.00pm. Votes will be counted on the basis of one vote per share held.

If you have any questions relating to our proposal to incorporate our new subsidiary, please do not hesitate to contact either myself or WRAL Chairman John Spencer.

Kind Regards



Mark Morgan
Chief Executive



Special Resolution of the Shareholders of Waikato Regional Airport Limited
Postal Voting Paper

Shareholder

Hamilton City Council

Shareholding

2,486,752 of 4,973,504 ordinary shares (50.00%)

The resolution to be voted on

That the shareholders approve, by special resolution, the major transaction of Waikato Regional Airport Limited (WRAL) to incorporate a wholly owned subsidiary company Waikato Regional Airport Hotel Limited, with its initial Board of Directors being all the Directors holding office in WRAL on 15 March 2019.

Please have an authorised signatory complete by placing a tick mark (✓) in the appropriate box below

Hamilton City Council votes...

IN FAVOUR OF

AGAINST THE

...resolution to be voted on

Signature _____

Name _____

Designation _____

Date _____