

Notice of Meeting:

I hereby give notice that an extraordinary meeting of the Finance Committee will be held on:

Date: Tuesday 7 July 2015
Time: 1:00pm
Meeting Room: Committee Room 1
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Finance Committee OPEN AGENDA

Membership

Chairperson	Cr R Pascoe
Deputy Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker
	Cr G Chesterman
	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr A O'Leary
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung

Quorum: A majority of members (including vacancies)

Mrs M Birch
Democracy Team Leader

2 July 2015
Telephone: 07 838 6772
Mary.Birch@hcc.govt.nz
www.hamilton.govt.nz

Terms of Reference:

- To monitor the Council's financial and non-financial performance against the Long Term Plan and Annual Plan.
- To monitor the delivery of key projects.
- To approve and monitor contracts.
- To approve acquisition or sale or lease of properties owned by the Council, or owned by the Municipal Endowment Fund and the Domain Endowment Fund with reference to the strategy developed by the Business and Investment Sub-committee, for any endowment properties.
- To consider and approve deferred capital expenditure.
- To approve changes to projects resulting from staff recommendations within the Key Projects monitoring report.
- To consider and approve business cases referred by the Senior Leadership Team.

Power to act:

- Write off outstanding accounts greater than \$10,000 (in accordance with the Debtor Management Policy).
- To approve all contractual and other arrangements for supply and services and revenue generating contracts where the term of the contract (including renewal periods) and the total value of the contract is within limits set and delegated by Council.
- To approve contracts and other arrangements where the amount of work involved in a decision not to go to public tender exceeds \$100,000 (GST excluded) or in accordance with Council's Procurement Policy.
- To approve all other matters in accordance with the terms of reference of this committee.

Sub-committees:

This Committee will be supported in its work by the:

- Events Sponsorship Sub-committee.
- External Funding Sub-committee.
- Council Controlled Organisations (CCO) Sub-committee.

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies	4
2	Confirmation of Agenda	4
3	Declarations of Interest	4
4	Public Forum	4
5	Shareholder Approval Required - Waikato Innovation Park Funding Contract	5

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.

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Democracy Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Democracy by telephoning 07 838 6772.

Committee: Finance Committee

Date: 07 July 2015

Report Name: Shareholder Approval
Required - Waikato Innovation
Park Funding Contract

Author: Sean Murray

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Economic Development Agenda, CCO Policy, Hamilton Plan</i>
Financial status	<i>There is not budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils 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

2. To formalise Council's approval, as effective 100% shareholder of Waikato Innovation Park Limited (WIPL), for the Board of WIPL to execute a funding contract with its bankers for the build of a new building to accommodate a confirmed tenant.
3. Under the conditions set out within the WIPL Shareholder Agreement and in accordance with the Companies Act 1993 Council is required to authorise any major transactions.

4. Executive Summary

5. The transaction relates to the funding arrangement for construction of a new building at WIPL as advised through its draft 2015/16 Statement of Intent, which was approved by the Council Controlled Organisations (CCO) Subcommittee on 22 April 2015. This assumed the transaction did not breach any materiality thresholds requiring specific approval of the Council (as shareholder).
6. As a part of the transaction finalisation between WIPL and its bankers (BNZ), this was found not to be the case. Hence this urgent request for approval by Council through the Finance Committee.

7. Recommendations from Management

- a. That the Report be received; and
- b. That the Committee approve the funding transaction with the Bank of New Zealand for \$9,435,618 to fund the construction of a 3,487m² building to be tenanted by Tetra Pak New Zealand.

8. Attachments

- 9. Attachment 1 - Report from WIPL attached with full background details to the proposal. This was prepared by Tompkins Wake who are the legal advisors to WIPL.

Signatory

Authoriser	Sean Murray, General Manager Events and Economic Development Group
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Waikato Innovation Park

"Growing Technology Business"

Paper:	Bank funding approval of Tetra Pak building
Presented By:	Stuart Gordon, CEO, Waikato Innovation Park
Recommendation:	To authorise Waikato Innovation Park Limited (WIPL) to sign the Funding contract with the Bank of New Zealand for \$9,435,618 to fund the build of a 3,487 s.q. metre building for Tetra Pak New Zealand
Date:	18 June 2015

Background:

In the Statement of Intent forwarded to Hamilton City Council (HCC) on 17th March 2015 and subsequently approved by the CCO subcommittee as per HCC letter dated 11th June 2015, the following objective was stated.

Objectives 2015/ 2016

Objective number 2: A new \$9 million Tetra Pak Building completed and occupied – 100% bank financed.

The above resolution is required to achieve the above objective.

An Agreement to Lease the building has been signed by Tetra Pak on the 19th December 2014. As a consequence of the Agreement to Lease a funding offer has been negotiated with the Bank of New Zealand. The offer is in line with financial statements set out in the Statement of Intent.

The WIPL board has resolved that the proposed Bank of New Zealand facility be approved.

No underwrite by Hamilton City Council

The contract between WIPL and the BNZ is limited to the Waikato Innovation Park Group of companies. No underwrite or Guarantee is implied or offered by the shareholder, Hamilton City Council. The loan is secured over the buildings and spray dryer on the Park

Terms of the Agreement

The loan requires the WIPL group to perform within certain financial covenants:

EBIT to be maintained at a minimum of 1.5 times Interest

Shareholders' Funds/ Total assets ratio of not less than 45%

Shareholders' funds to be maintained at not less than \$14.5 m



Financial returns

The financial returns are projected to be in line with the Statement of Intent financial statements.

Shareholders Agreement requirement

WIPL shareholders are required to approve major transactions. Major transactions include the incurring of liabilities more than 25% of value of Net Assets. The contract has been reviewed by Tompkins Wake who are legal advisors for both WIPL and HCC.