

STAFF REPORT

TO: Chairman and Members, Corporate Services Committee
FROM: Bryce Grammer, Financial Accountant
DATE: 15 August 2009
SUBJECT: **Loan Funding**

Purpose

To approve council loan funding for the 2009/2010 year.

Background

At the meeting of 16 August 2007 it was resolved that staff prepare on an annual basis, for Council adoption, a list of loans contained within the annual plan and that staff be permitted to raise budgeted loans as expenditure is incurred, subject to that loan being included within the appropriate annual plan.

Discussion

The loans noted below are all for work contained within the 2009/2010 Annual Plan.

THAT:

- i) **The Council shall borrow the sum of twenty seven million, three hundred and seventy-four thousand, one hundred and five dollars (\$27,374,105) from (Bank).**
- ii) **The loan documentation shall comprise the following:**
 - a. **Existing deed of charge entered into between Tasman District Council, Bank of New Zealand, National Bank of New Zealand, Westpac and ASB Bank Ltd.**
 - b. **A letter of offer from Westpac.**
- iii) **The Mayor and the Chief Executive are authorised to sign the loan documentation on behalf of the Council.**
- iv) **The Chief Executive is authorised to sign a certificate, pursuant to s122ZG(3) of the Local Government Act 1974.**
- v) **The loan advance of dollars shall be used to finance the following projects identified in Council's 2009/2010 Annual Plan:**

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Roading:	
Unsealed Road Metalling	626,908
Sealed Road Resurfacing	1,136,230
Drainage Renewals	283,714
Pavement Rehabilitation	676,387
Structures Component Replacement	157,911

Associated Improvements	307,927
Bridge Renewals Year 1	152,338
Minor Safety Improvements	361,549
Development Contributions Bridging Finance	296,488
Takaka - Fire Station Carpark	186,707
Footpaths Rehab/K&C/Street Lighting/Litter Bins/Walkways	111,054
Murchison -Hotham/Chalgrave Footpath	74,621
Gladstone Road Undergrounding	123,852
Stringer Rd	223,914
Road Construction Capital	280,318
Seal Extension: Wakefield - Eighty Eight Valley Rd	448,344

Stormwater:

Motueka: Pool St/High St and Old Wharf Road projects	241,604
Ruby Bay	187,546
Seaton Valley Drain	330,844
Jeffries Creek	193,861
Reservoir Creek	155,776
Pohara Main Settlement	212,464

Refuse:

Eves Valley Landfill Enhancements & Stage 3 consent	215,723
Richmond RRC Enhancements	273,544
Richmond RRC: Land & building purchase	583,137
Mariri RRC: Recycling facilities	209,930
Collingwood/Takaka RRC Enhancements	79,885
Kerbside Recyclables Enhancements	497,885
General Site Works	128,478

Water:

Richmond Improvements & Upgrades	461,389
Richmond Water Treatment Plant	165,418
New Groundwater Source	101,660
Lee Valley Dam - TDC Contribution	258,025
Meter Renewals	204,033
Richmond Well Heads	190,967
Waimea Treatment Plant	118,452
Telemetry	123,852
Motueka Reticulation Valves & Meter Renewals	91,272
Other Rural Water Supplies renewals	112,417
Dovedale Renewals	330,953
Brightwater Renewals & Improvements	261,250
Murchison Well Head Improvements & Meter Renewals	188,721
Tapawera Improvements	58,551
Wakefield Improvements & Renewals	213,668
Firefighting Capacity Improvement - Takaka CBD	1,044,521
Renewals for Pohara, Kaiteriteri, Mapua & Upper Takaka	66,871

Wastewater:

Development Contributions Bridging Finance Loans	2,426,826
Motueka Renewals	772,108
Richmond Pipeline Renewals	309,630
Takaka Upgrade	109,075
Brightwater Renewals	168,490
Kaiteriteri Renewals & Improvements	355,892
Mapua Renewals	85,004
Murchison Renewals & Improvements	494,407
St Arnaud Renewals & Improvements	158,892
Pohara/Tata Beach	133,141

Coastal Structures:

Coastal Protection - Old Mill Walkway	41,284
Port Tarakohe Capital Works	547,013
Port Tarakohe Wharf Replacement	1,238,520

Property:

Council Upgrade: Chamber	103,210
Main Office Buildings	1,032,100
District Library Building	1,857,780

Community Facilities:

Land - Sportspark Motueka	335,433
Saxton Field Grant	423,522
Softball/Hockey Pavilion	284,625
Learn To Swim Pool - ASB Aquatic Centre	1,032,100
Motorsports - Feasibility Cost	310,500
Richmond Community Facility Grant	776,250

Reserve Financial Contributions:

Mapua Waterfront Park	516,050
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Rivers:

Lower Motueka Stopbank	268,346
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Other:

Motueka Hospital Grant	120,000
Sundry (eg computers, vehicles /records management)	722,948

\$27,374,105

- vi) **The Council shall charge rates revenue as security for the loan and the performance of its obligations pursuant to the loan documentation.**
- vii) **The Council acknowledges that by charging rates revenue, the Council is deemed to have made a special rate of such amount each year, on the rateable value of every rateable property in the district, as is sufficient to provide in that year for the payment of its commitments in respect of the loan or loan documentation during that year plus 10% thereof until the loan is repaid or the obligations incurred under the loan documentation are fully performed.**

- viii) **The Council has considered the risks and benefits to the Council of the loan and loan documentation and of the security to be given in relation to the loan and loan documentation.**
- ix) **The Council is satisfied that the general terms and conditions of the loan and loan documentation and of the security to be given in relation to the loan and loan documentation are in accordance with the borrowing management policy adopted by the Council and, in particular, the limits and guidelines set out in that borrowing management policy.**
- x) **The Council delegates to the Chief Executive and the Corporate Services Manager the authority to further determine the precise terms and conditions of the loan, loan documentation and security, to be negotiated at the best current terms and conditions, such terms and conditions to be advised to the Council following the raising of the loan.**

Resolution to Raise Loans

In addition to loans budgeted to be uplifted for the 2009/2010 year, staff require a resolution from this committee to raise the loans approved by the Corporate Services Committee on 11 June 2009.

THAT:

- i) **The Council shall borrow the sum of fourteen million, three hundred and ninety-six thousand, three hundred and sixty-two dollars (\$14,396,362) from (Bank).**
- ii) **The loan documentation shall comprise the following:**
 - c. **Existing deed of charge entered into between Tasman District Council, Bank of New Zealand, National Bank of New Zealand, Westpac and ASB Bank Ltd.**
 - d. **A letter of offer from Westpac.**
- iii) **The Mayor and the Chief Executive are authorised to sign the loan documentation on behalf of the Council.**
- iv) **The Chief Executive is authorised to sign a certificate, pursuant to s122ZG(3) of the Local Government Act 1974.**
- v) **The loan advance of dollars shall be used to finance the following projects.**

St Arnaud Stormwater/Wastewater Upgrade	154,000
Brightwater Reservoir (budget increase)	50,000
Tapawera Wastewater Treatment Plant (budget increase)	210,000
Wastewater DC's Bridging Finance	4,186,843
Port Motueka Endowment Land Short Term Funding	402,000
Saxton Field Stadium (Project ahead of schedule)	2,338,000
Murchison Sports Centre (budget increase)	220,000
Utilities Budget Carryovers	6,270,537

Property Acquisition

564,982

\$14,396,362

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- viii) The Council has considered the risks and benefits to the Council of the loan and loan documentation and of the security to be given in relation to the loan and loan documentation.**
- ix) The Council is satisfied that the general terms and conditions of the loan and loan documentation and of the security to be given in relation to the loan and loan documentation are in accordance with the borrowing management policy adopted by the Council and, in particular, the limits and guidelines set out in that borrowing management policy.**
- x) The Council delegates to the Chief Executive and the Corporate Services Manager the authority to further determine the precise terms and conditions of the loan, loan documentation and security, to be negotiated at the best current terms and conditions, such terms and conditions to be advised to the Council following the raising of the loan.**

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