

STAFF REPORT

TO: Chair and Members, Corporate Services Committee
FROM: Corporate Services Manager
DATE: 17 March 2011
SUBJECT: **Nelson Cycle Trail – RFN11-04-03**

Purpose

To consider a request from the Community Services Department (letter attached) to raise a loan of \$300,000 spread over three years to fund a share of the Nelson Cycle Trail.

Background/Discussion

On 10 February 2011 the Community Services Committee considered a staff report that proposed that in total \$300,000 be raised by way of loan to fund a contribution to the Nelson Cycle Trail and that the loan be funded from the respective reserves contribution accounts that the trail will cover. The following resolution was passed at that meeting:

**Moved Crs Maling/Ensor
CS11-02-09**

**THAT the Community Services Committee agree to the provision of \$100,000 in each of 2010/2011, 2011/2012 and 2012/2013 with these funds being loan funded with the annual repayments being funded from the Richmond, Motueka and Moutere/Waimea Reserve Financial Contributions accounts and that this proposal be referred to the Corporate Services Committee for approval.
CARRIED**

Options

Option 1

Reject the recommendation from the Community Services Committee meaning that should the Council still be of a mind to provide the \$300,000 funding for the trail that funding would need to be sourced direct from the general rate account. As a contribution from general rates has not been allowed for in this year's budget or the draft 2011/2012 annual plan, additional funding would be required to be added to the final 2011/2012 plan.

Option 2

Accept the recommendation from the Community Services Committee noting that the repayment of these loans is to be sourced from the three respective reserve contribution accounts that cover the area where the trail will run.

Significance

This matter is not considered significant in accordance with Council's significance policy.

Recommendation

THAT the Corporate Services Committee agrees that:

- i) The Council shall borrow up to three hundred thousand dollars (\$300,000) to finance the following project:**

Nelson Cycle Trail	\$ 300,000
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- ii) The Chief Executive and Corporate Services Manager are authorised to request such advances on behalf of the Council in accordance with facility agreements entered into between the Council and lenders from time to time.**
- iii) The Chief Executive and the Corporate Services Manager are authorised to negotiate the interest rate, term and maturity date of such advances.**
- iv) Such borrowing will be secured by security stock allocated to approved lenders under the terms of the Debenture Trust Deed dated 7 July 2010 between the Council and Perpetual Trust Limited.**
- v) The Council acknowledges that pursuant to the Debenture Trust Deed the Council has granted a security interest over rates and rates revenue in favour of Perpetual Trust Limited on behalf of stockholders.**
- vi) The Council is satisfied that this borrowing is in accordance with the Treasury Management Policy and, in particular, the borrowing limits set out in the Treasury Management Policy.**

Murray Staite
Corporate Services Manager