

Report No:	RFN11-07-08
File No:	L705
Date:	28 June 2011
<b>Decision Required</b>	

## REPORT SUMMARY

**Report to:** Corporate Services Committee  
**Meeting Date:** 7 July 2011  
**Subject:** Pohara Store Upgrade Loan  
**Report Author:** Murray Staite, Corporate Services Manager

### EXECUTIVE SUMMARY

The attached memo dated 29 March 2011 from Community Services Manager, Lloyd Kennedy, requests approval from the Corporate Services Committee for the raising of a loan for the Pohara Store upgrade, being funded from the camping grounds closed account.

### RECOMMENDATION/S

It is recommended that the Corporate Services Committee accepts the recommendation from the Community Services Manager to raise a loan for the Pohara Store upgrade.

### DRAFT RESOLUTION

**THAT the Corporate Services Committee agrees that:**

- i) **The Council shall borrow up to One hundred and forty thousand dollars (\$140,000) to finance the following project:**

	\$
Pohara Store Upgrade	140,000
- 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.**

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## **1. Purpose**

- 1.1 To request approval from the Corporate Services Committee for the raising of a loan for the Pohara Store upgrade to be funded from the camping grounds closed account.

## **2. Background**

- 2.1 At the time of the assignment of the lease of the Pohara Store, Council agreed to undertake reasonably significant improvements and necessary upgrades to the building. At the time the final costs were not known as there were parts to the work that until alterations commenced it could not be determined what work was necessary. Such things as having to fire-proof the exterior wall that backs onto the Camp staff accommodation were reasonably significant.
- 2.2 It was therefore agreed to undertake the work and then determine the size of the loan necessary. The annual loan repayments have been included in the draft 2011/2012 Annual Plan, but at this stage the necessary resolution to raise the loan has not been passed.
- 2.3 The loan required, as allowed for in the draft 2011/2012 Annual Plan is \$140,000 and the annual loan repayments are funded from the camping ground closed account which is where all rental income from the store is credited.

## **3. Financial/Budgetary Considerations**

- 3.1 The Community Services Committee agreed to the raising of a \$140,000 loan for the upgrading of the Pohara Store with the annual repayments being funded from the camping grounds closed account.

#### **4. Options**

- 4.1 Option 1 – Reject the recommendation from the Community Services Manager.
- 4.2 Option 2 – Accept the recommendation from the Community Services Manager.

#### **5. Pros and Cons of Options**

- 5.1 Option 1 – If the Corporate Services Committee rejects the recommendation the funding would have to be found from some other source as the works have already been undertaken.
- 5.2 Option 2 – If the Corporate Services Committee accepts the recommendation the loan would be raised and repayments would be funded from the camping grounds closed account.

#### **6. Significance**

- 6.1 In accordance with Council's Significance Policy, this decision is not considered significant.

#### **7. Recommendation**

- 7.1 That the Corporate Services Committee accepts the recommendation to raise a loan for the Pohara Store upgrade.

#### **8. Timeline/Next Steps**

- 8.1 If the recommendation is accepted, the loan will be raised in the 2011/2012 financial year.

#### **11. Draft Resolution**

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Pohara Store Upgrade	\$ 140,000
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- iii) **The Chief Executive and the Corporate Services Manager are authorised to negotiate the interest rate, term and maturity date of such advances.**
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- 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.**

**Appendices:**

*Appendix 1 – Memo from Community Services Manager*