

3 FUNDING REQUIREMENTS

3.1 Loan Rollover

The following recommendation is required to acknowledge a funds rollover that took place on 20 June 2006, for a three month period. The interest rate for this rollover facility was 7.67%.

Recommendation:

That a loan of \$2,426,410.06 be raised for the purpose of repaying at maturity the Tasman District Council General Renewal Loan No 48, 2006 and that such loan be known as the Tasman District Council General Renewal Loan No 49, 2006.

3.2 Loan Rollover

Funds are required for the following projects identified in Council's 2005/2006 Annual Plan for which works have either been recently commenced or have been completed.

THAT:

i)		The Council shall borrow the sum of Two million, one hundred and nine, five hundred and twenty eight dollars (\$2,109,528) 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 Annual Plans: \$	
		Wai-iti Dam	130,000
		Tasman Bays Heritage Trust – to acknowledge five year term	1,200,000
		Saxton Field Development	410,000
		District Kerb and Channel	54,000
		Water Murchison	130,528
		Sewerage Collingwood	<u>185,000</u>
			<u>2,109,528</u>
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.

3.3 Facility Agreement Variations

During the preparation of Council's draft LTCCP, I had advised Council meetings of proposed variations to existing facility agreements that will be required in order to allow Council to continue to borrow over part of the period of the LTCCP.

Staff, in conjunction with Council's legal advisors, have recently completed facility agreement variations with each of the four funding institutions with whom similar agreements currently existing. The principal request of each of these institutions was to increase previously agreed borrowing limits by \$10 million, effectively giving Council an additional \$40 million worth of borrowing power.

The required documentation has now been agreed, with a requirement that the following resolution is passed to acknowledge the variation.

Recommendation

That:

- 1. Council agrees to vary or enter into new facility agreements with ANZ National Bank, Westpac, Bank of New Zealand and ASB Bank Ltd, to an upper limit of an extra \$10 million.**
- 2. Council agrees to enter into a deed of variation of the substitute security sharing deed dated 5 December 2003.**

David Ward
Corporate Services Manager