

STAFF REPORT

TO: The Chairperson and Members of the Community Services Committee

FROM: Manager Community Services

DATE: 2 February 2005

SUBJECT: Estuary Park – Request for Funding

PURPOSE

To update the Committee on the request from the Estuary Park Trust Board for financial assistance.

BACKGROUND

At the last meeting a request was received for a suspensory loan of \$60,000.00 on top of the \$20,000.00 grant already approved. These funds were required to pay off an existing loan that the Trust had for the purchase of the land which was due for repayment on 17 December 2004.

The following resolution was passed at the 18 November 2004 meeting:

**Moved Crs S G Bryant/E E Henry
CS04/11/06**

THAT Council confirm the \$20,000 grant to the Estuary Park Trust Board, and agree to provide a \$60,000 loan over five years, being interest free for the first two years, and interest bearing for the next three years, subject to Council solicitors formulating an amendment to the agreement in that if the loan is not repaid the land transfers to Council ownership as a freehold concern.

CARRIED

DISCUSSION

As a result of the above resolution, the Council's solicitor prepared the necessary loan documentation. Unfortunately, the Committee's resolution which states "that if the loan is not repaid the land transfers to Council ownership as a freehold concern" hit a snag as there is a memorandum of encumbrance registered against the title giving the previous owners of the land the right of first refusal to buy the land if the Trust ever wishes to sell.

Initially it was thought that the Trust and the previous owners would need to sign a memorandum of priority which would acknowledge that Council's mortgage ranks prior to that of the previous owners.

While all this was being actioned, the Trust advised that their requirement to repay the existing mortgage by 17 December 2004 had been negotiated with only 50% being repaid with the balance on 31 March 2005. We therefore paid \$5,000.00 of the \$20,000.00 grant so as to ensure the Trust could pay the first half of the mortgage.

Council's solicitor has now concluded that there is little to be gained from insisting that Council takes a first ranking mortgage and suggests that provided the Committee is agreeable, the Trust's request that Council take a second ranking mortgage be approved.

RECOMMENDATION

That the Estuary Park Trust Boards request that Council take a second ranking mortgage for the \$60,000.00 loan be approved.

L L Kennedy
Manager Community Services