

Report No:	RCS12-03-02
File No:	
Date:	23 February 2012
<b>Decision Required</b>	

## REPORT SUMMARY

**Report to:** Community Services Committee  
**Meeting Date:** 8 March 2012  
**Report Author:** Community Services Manager  
**Subject:** Rainbow Sports Club \$90,000 Loan

### EXECUTIVE SUMMARY

To inform Council of the request from the Rainbow Sports Club Inc for a remission of the loan repayments for the 2010-2011 financial year and to provide a recommended course of action.

### RECOMMENDATION/S

- 1 That this report be received.
- 2 That the Committee agrees to the remission of the loan repayment for the 2010-2011 financial year.

### DRAFT RESOLUTION

**THAT the Community Services Committee:**

- 1 **Receives the Rainbow Sports Club Incorporated \$90,000 Loan Report RCS12-03-02; and**
- 2 **Agrees to the remission of the \$12,857 loan repayment for the 2010-2011 financial year.**

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## **1. PURPOSE**

- 1.1 To inform Council of the request from the Rainbow Sports Club Inc for a remission of the loan repayments for the 2010-2011 financial year and to provide a recommended course of action.

## **2. BACKGROUND**

- 2.1 In 2010 the Nelson City Council, Marlborough District Council and the Tasman District Council all agreed to provide a sum of \$90,000 each to the Rainbow Sports Club which is the entity that operates the Rainbow Skifield.
- 2.2 The Tasman District Council's portion of the loan of \$90,000 commenced on 1 February 2010 and is interest free and is for a term of seven years.
- 2.3 The terms of the loan call for a repayment of 1/7<sup>th</sup> of the loan amount to be repaid on an annual basis, however Part 2(d) further provides should it not be financially possible or prudent to make this payment, then the Club should apply to the Council for a remission of the amount due.

## **3. PRESENT SITUATION/MATTERS TO BE CONSIDERED**

- 3.1 In June 2011, the Club wrote to Council requesting a remission of 1/7<sup>th</sup> of the loan by way of a grant as provided for in the loan agreement.
- 3.2 The Club provided their financial results for the 2010 financial year and noted that the last year was a very difficult year for Rainbow due to inconsistent snow and weather.

- 3.3 This matter was referred to our Corporate Services department so that the accounts provided by the Rainbow Sports Club could be checked before Council agreed to the remission requested.
- 3.4 The review by Corporate Services showed that the Club had ended the year with a significant deficit which resulted in a significant worsening of possession from November 2009 and an inability to meet the loan repayment.

#### **4. FINANCIAL/BUDGETARY CONSIDERATIONS**

- 4.1 The \$90,000 loan was provided from the District Wide Reserve Financial Contributions and the writing off of the \$12,857 was allowed for within these accounts.

#### **5. OPTIONS**

- 5.1 (Option 1) – to require the Club to meet the \$12,857 loan repayment.
- 5.2 (Option 2) – to agree to the Club's request for a remission of the \$12,857 loan repayment for the 2010-2011 financial year.

#### **6. PROS AND CONS OF OPTIONS**

- 6.1 Option 1 has the advantage that it would mean that the Club would have to pay Council their \$12,857. However, because of the financial situation of the Club, this is impractical and would place considerable financial burdens on the Club.
- 6.2 The advantage of Option 2 is that the Club is not required to meet a loan repayment that they cannot afford and it gives them the opportunity to move forward into the next financial year and a better although difficult financial situation. The disadvantage is that Council will have to remit the \$12,857.

#### **7. EVALUATION OF OPTIONS**

- 7.1 Option 1 is not recommended as this would be contrary to Part 2(d) of the loan agreement which provides that should it not be financially possible or prudent to make this payment, then the Club shall apply to the Council for a remission of that amount due.

- 7.2 Option 2 is supported as it meets the loan conditions and is backed up by the report from Corporate Services regarding the ability of the Club to meet the loan repayment within the 2010-2011 financial year.

## **8. SIGNIFICANCE**

- 8.1 This is not a significant decision according to Council's significance policy.

## **9. RECOMMENDATION/S**

- 9.1 That this report be received.
- 9.2 That the Committee agrees to the remission of the loan repayment for the 2010-2011 financial year.

## **10. TIMELINE/NEXT STEPS**

- 10.1 If the Committee passes the draft resolution remitting the loan repayment for the 2010-2011 year, this will be relayed to the Club and any future requests for the balance of the loan will be considered based on the facts at that time.

## **9. DRAFT RESOLUTION**

**THAT the Community Services Committee:**

- 1 Receives the Rainbow Sports Club Incorporated \$90,000 Loan Report RCS12-03-02; and**
- 2 Agrees to the remission of the \$12,857 loan repayment for the 2010-2011 financial year.**

Lloyd Kennedy  
Community Services Manager

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