TAUPŌ DISTRICT COUNCIL
MINUTES OF THE CONFIDENTIAL COUNCIL MEETING
HELD AT THE COUNCIL CHAMBER, 107 TE HEUHEU STREET, TAUPŌ
ON TUESDAY, 26 APRIL 2022 AT 1.00PM

PRESENT: Mayor David Trewavas (in the Chair), Cr John Boddy, Cr Kathy Guy, Cr Kylie Leonard (via 'Zoom' link), Cr Anna Park, Cr Kevin Taylor, Cr Kirsty Trueman, Cr Yvonne Westerman, Cr John Williamson

IN ATTENDANCE: Chief Executive, Deputy Chief Executive, General Manager Planning and Strategy, Environmental Services Manager, Legal, Risk and Governance Manager, Communications Team Lead, Property Manager, Executive Assistant, Governance Quality Manager

Mr David Lambie, TwentyTwo Consultants (via 'Zoom' link)

MEDIA AND PUBLIC: Nil

Notes: (i) *The meeting reconvened in confidence at 2.30pm.*

(ii) *Crs John Mack and Christine Rankin had submitted their apologies for the meeting.*

(iii) *Cr Tangonui Kingi had declared a conflict of interest in relation to confidential item 5.2 and was not present for the confidential part of the meeting.*

CONFIDENTIAL BUSINESS

5.1 CONFIRMATION OF CONFIDENTIAL PORTION OF ORDINARY COUNCIL MINUTES - 29 MARCH 2022

TDC202204/C01 RESOLUTION

Moved: Cr John Boddy
Seconded: Cr Kathy Guy

That the confidential portion of the minutes of the Council meeting held on Tuesday 29 March 2022 be confirmed as a true and correct record.

CARRIED

5.2 LEASE AGREEMENT FOR CIVIC ADMINISTRATION BUILDING

The Property Manager introduced the item and advised that the updated key commercial terms were within 10% of the draft terms presented to Council in December 2021.

Mr David Lambie of TwentyTwo Consultants joined the meeting via 'Zoom' link. He addressed the Council and answered questions. The following points were noted:

- Te Whare Hono o Tūwharetoa Limited Partnership (TWHT) had agreed to purchase 67 Horomātangi Street, Taupō for $3m with settlement to occur on completion of the building.
- Total lettable area was 3,030m, 75m of which could be retail space on ground level (under Council control). Council could consider this further at design stage.
- The operational expenditure [redacted] would include rates, insurance, cleaning of common areas and maintenance of the outside of the building. Capital expenditure for items such as air conditioning units or garden upgrades would not be included in that figure.

[redacted]

- Next steps would be drafting detailed documentation in accordance with the agreed key commercial terms. Documents would include the Sale and Purchase Agreement; the Deed of Lease to be executed once the building is finished; and the operating contract for the term of the lease.

In answer to a question, the Chief Executive advised that the initial assessment of required car parking based on fleet vehicles was 39 car parks. The Property Manager added that 15 of those would be able to charge electric vehicles.

Mr Lambie responded to further questions and the following points were noted:

[redacted]

- The Emergency Operations Centre (EOC) would be on level 1 accessible by lift and stairs.

The Chief Executive responded to further questions as follows:

- It would be possible for Council to sub-let to another tenant if required.
- It was not possible for Council to build its own building within current borrowing limits and financial policy. Council's decision to lease a building had been made through the Long-term Plan process and could not be changed without further public consultation.
- 67 Horomātangi Street had been purchased via the TEL fund, so the $3m achieved from the sale of the site would go back into that fund.

Members discussed the proposal. It was decided that the project should proceed on the basis of the updated key commercial terms, with comments in support including the following:

- The proposal was market relevant.
- Ratepayers were waiting for Council to have a 'home' and a place for people to gather.
- The benefits of people working together in one space would outweigh the costs.
- Leasing would give Council the ability to adapt if staffing levels change in future, with options including sub-leasing, downsizing and exiting at the end of the lease term.
- The building would be a building for the whole community.

TDC202204/C02 RESOLUTION

Moved: Cr Yvonne Westerman
Seconded: Cr Kevin Taylor

That Council:

1. Revokes resolution TDC202112/C01; and

2. Approves:
   a. the disposal of the property located at 67 Horomatangi Street to Te Whare Hono o Tūwharetoa Limited Partnership (TWHT) for $3million dollars (plus GST if any), with settlement to follow satisfaction or waiver of the following conditions:
      - Finalising the Agreement to Lease and Deed of Lease
      - TWHT obtaining its board approval;
      - Council obtaining all necessary approvals and completing any consultation or disclosure process in relation to the agreement, and
      - Practical Completion of the building or lease commencement by Council (whichever the latter)

   b. subject to settlement of the sale of the land at 67 Horomatangi Street, agrees to take a lease of new office premises from TWHT in a building to be constructed by TWHT on the land at 67 Horomatangi Street, on terms and conditions that are materially consistent with the below:

   c. Key Commercial Terms:

[redacted]

[redacted]

- Net Lettable Area: Estimated at 3,030.60m2.

[redacted]

- Fleet Parking: 39 covered and secure carparks with EV charging stations at $25 plus GST per carpark per week.
- Total Annual Net Rent: (including fleet carpark) and based on the above Estimated Net Lettable Area: $1,323,552 plus GST.
- Annual rent increases: Stepped annual increases. Annual adjustment to CPI [redacted]
- Building structure: Steel frame, designed to achieve Importance Level 4.
- Practical Completion: Estimated second quarter 2024; and

3. Delegates authority to the Mayor and Chief Executive to sign, in accordance with these terms:
   - an updated Memorandum of Terms reflecting the key commercial terms set out in the agenda paper;
   - a Sale & Purchase agreement to dispose of 67 Horomatangi Street to TWHT;
   - an Agreement to Lease (which includes the Deed of Lease) for new offices at 67 Horomatangi Street; and
   - any other documents required to give effect to the above transactions; and

4. Notes the intention to share information regarding the finalised agreement with the community and media, with the timing of any communication to be agreed between Council's Chief Executive and TWHT.

CARRIED

Note: *Cr John Boddy requested his dissent to resolution TDC202204/C02 above be recorded.*

The meeting closed with a karakia from Cr Kirsty Trueman at 3.11pm.

The minutes of this meeting were confirmed at the confidential Council meeting held on 31 May 2022.

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CHAIRPERSON