
MINUTES OF THE EXTRAORDINARY MEETING OF THE STRATFORD DISTRICT COUNCIL HELD IN THE COUNCIL CHAMBERS, STRATFORD DISTRICT COUNCIL ON TUESDAY 24 NOVEMBER 2020 AT 12.30PM

PRESENT

The District Mayor N C Volzke (the Chairman), the Deputy Mayor A L Jamieson, Councillors G W Boyde, R W Coplestone, J M S Erwood, A K Harris, V Jones, M McKay, W J Sandford, G M Webby and P S Dalziel (*via audio visual link*)

IN ATTENDANCE

The Chief Executive – Mr S Hanne, the Director Community Services – Ms K Whareaitu, the Director Assets – Mrs V Araba, the Director Environmental Services – Mr B Sutherland, the Director – Corporate Services – Mrs T Radich, the Executive Administration Officer – Mrs E Bishop, the Communications Manager – Ms G Gibson, the Corporate Accountant – Mrs C Craig, the Administration and Communications Support Officer – Ms R Vanstone, 68 members of the public and four members of the media (Stratford Press, Taranaki Daily News and Hokonui Radio).

1. **WELCOME**

The District Mayor welcomed the Chief Executive, Councillors, staff, media, and members of the public.

He read the health and safety message in full to reiterate its instructions in an emergency to those in attendance.

2. **APOLOGIES**

There were no apologies received.

3. **ANNOUNCEMENTS**

The District Mayor noted a request for a deputation had been received from Neil McDonald. This had been approved. Mr McDonald will address the meeting before receiving Item 6. He will have five minutes to speak to Council with additional time permitted for questions at the conclusion of his deputation.

He noted permission had been granted to the Taranaki Daily News to take photos during meeting.

4. **DECLARATIONS OF MEMBERS INTEREST**

The District Mayor requested Councillors to declare any real or perceived conflicts of interest relating to items on this agenda.

There were no real or perceived conflicts of interest relating to the items on the agenda.

5. **ATTENDANCE SCHEDULE**

The attendance schedule for Ordinary and Extraordinary Meetings was attached.

6. **INFORMATION REPORT – DECISION ON COUNCIL LOAN TO
A&P ASSOCIATION IN SUPPORT OF STRATFORD PARK PROJECT**

D20/32962

(Pages 7-177)

Neil McDonald presented his deputation to Council:

- Council was thanked for letting this proposal get to this stage.
- He noted the 5 options presented for public consultation returned with 95% supporting the project.
- He introduced Peter Gilbert who had arrived from Ashburton this morning for the A&P Show this weekend. With him he had brought 9 cows and 7-8 people. All of which will be housed and fed during their stay this week. This is a good example of how this project will bring people to the District. He noted there were 107 exhibitors booked in for the show from out of Taranaki.
- This project will tick a lot of regional boxes. Motorsports is a large industry and currently there is not a home for this regionally. This project will provide this.
- Equestrian currently does not have an adequate home.
- Driver training is an extremely important element to bring to Taranaki.
- There is no large outdoor event area which results in missing out on a number of events.
- Stratford has a conservative reputation but this project provides the opportunity to reinvent Stratford. People are tired of being conservative and have embraced this project to move forward on a big scale.
- Ratepayers in New Plymouth and South Taranaki believe Stratford has the most progressive Council in the region and are envious of the support that is being shown.
- The timing for this is good with such low interest rates to undertake a project like this.
- It has been difficult to build a business case, as highlighted in the submissions, the strength of this project is its diversity and the diversity of opportunities it can encompass. It is difficult to put in writing because of all the moving parts. He noted he hoped the information was sufficient and that two elements required further time to work on.
- He noted the Officers report did not tick the environmental box in the 4 well-beings. He noted this hadn't been covered much in discussions but noted there were strong environmental plans being worked on and an application had been made to a local endowment trust to help landscape the park. He noted Diana Wynyard had likened the project to Central Park in New York for green space within a urban area, he noted this was the opportunity to have a similar area for when Stratford grows and an opportunity to enhance the northern entrance.
- He noted the children of Stratford want to see their leaders be brave and courageous. They will be inspired and remember this when they are our age. This will encourage them to be entrepreneurial and visionary. This project will increase the self-esteem of its residents and children will become proud of their town. It will give school leavers a reason to stay in Stratford.
- He felt the A&P Association was the perfect parent to this project which can allow other interests to thrive under the security of the A&P land ownership. The New Plymouth Racecourse cannot plan for its future with its current ownership issues.
- The Association, along with Council financing, will allow speedway, motorsport, equestrian and any other ideas that arise, to thrive.
- He believed this was low risk for Council as it would not affect the rate payers.
- He noted he had support from a former mayor.
- He thanked the supporters for attending today. He noted this project had inspired and enthused older people as well who were just as excited as the younger generation.

RECOMMENDATIONS

1. THAT the report be received.

BOYDE/McKAY
Carried
CL/20/133

2. THAT the following information be received, in relation to the conditional decision made by Policy and Services Committee on 17 November 2020:

- Business Case for Stratford Park Project (prepared by Stratford Agricultural and Pastoral Association “A&P Association” Steering Committee)
- Valuation Reports for 9 Flint Road, 26 Flint Road, and 47 Flint Road Stratford (prepared by Roger Malthus & Associates (2008) Ltd.

BOYDE/ERWOOD
Carried
CL/20/134

Recommended Reason

Council requires the information presented with this report to make a final decision on whether or not to adopt the conditional recommendation from Policy and Services Committee to approve the loan of \$7,180,000 to the A&P Association.

The Chief Executive noted the following points:

- This agenda is following a different process than normal. Both reports relate to the decision regarding the potential loan to the A&P Association.
- This report brings the information to Council as requested by the Audit and Risk and Policy and Services Committees to allow this decision to be made. This report formally provides Council with this information to allow it to proceed with making an informed decision.
- Council may discuss the content under this item or when discussing the adoption of the minutes and subsequent resolutions by the Policy and Services Committee.

7. CONFIRMATION OF MINUTES

7.1 Policy and Services Committee Meeting – 17 November 2020 D20/32898 (Pages 178-202)

RECOMMENDATIONS

1. THAT the unconfirmed minutes of the Policy and Services Committee meeting held on Tuesday 17 November 2020 be received.

JAMIESON/SANDFORD
Carried
CL/20/135

2. THAT the Council confirms the additional information requested from the A&P Association was received and is deemed sufficient to fulfil the requirements of the recommendation from the Policy and Services Committee.

BOYDE/WEBBY
Carried
CL/20/136

3. THAT the recommendations in the minutes of the Policy and Services Committee meeting held on Tuesday 17 November 2020 be adopted.

SANDFORD/BOYDE
Division
For 10
Against 1
Carried
CL/20/137

The Chief Executive noted that this was the opportunity for Council to collectively come to a decision if it will provide the loan for this project.

The Director – Corporate Services noted that this decision had not been made lightly. This item had been discussed at three previous meetings. The Local Government Act states Council needs to consider the current and future needs of the community and its ratepayers. She noted she had presented all risks that had been identified but was happy to clarify anything from previous reports to assist in making this decision.

Points noted in discussion:

- Councillor Sandford commended the A&P Association and Neil McDonald. He noted projects lack in their final analysis and he thanked them for thinking outside of the square and bringing this idea to Council. He could not fault the information provided and noted they had been available at all times to answer questions. He agreed Stratford had stagnated at times and felt this project would put it on the map. He supported the motion to approve the loan.
- Councillor Boyde noted that sometimes the biggest risk was not taking one at all. Councils are risk adverse but the role of Council short, medium and long term is to ensure intergenerational benefits for our community. He felt the biggest risk was not supporting this project. The Association has provided everything they have been asked for. He noted the clarification that this loan would not impact on the net debt of Council if the third party is a self-supporting entity and does not rely on future Council support to pay the interest as it falls due. He believed the project can do this and that this has been

demonstrated. He commended the association on the work that has been undertaken and felt this project was a game changer. He noted his support.

- The Deputy Mayor noted the removal of the implications on Councils debt meant he would lend his support to this project. It will be fantastic for Stratford and he congratulated Neil McDonald and the team.
- Councillor Jones noted his support of the project and acknowledged the huge amount of support shown for it, however he still had concerns. He felt the major difference between the loan and the valuation was of concern. He struggled to see how they would reach \$4,500 per hectare for revenue from bales and grazing and did not think the budget was right. He noted he would support an amendment to lend only what the valuations are. He felt the risk was too high to support the motion.
- Councillor Dalziel noted he had gone over the past points, a lot of which were noted in the first report. He had weighed up the opportunities vs risk and felt that it was not low risk as the Association was paying \$3.2 million over the valuation for the Lilley block, this can be bolstered through the security over the showgrounds but there was still a shortfall of \$800,000. He noted his concern that when the facilities were partly built the farmland wouldn't be servicing too much and the value would be lessened then. He felt there were massive risks for both parties. He commended the Association for the work on the budget and acknowledged it was not finished but there had been a lot of work in building these from the bottom up. He felt the funding projections were far too optimistic and the plan for speedway to pay back over 40 years with land rental would leave nothing for its operation costs. He felt it was not a bankable deal and would rely heavily on private investment. However he noted his support for the benefit to Stratford and the opportunities it could provide. He noted Council was backing a group of individuals to make this work, to surround themselves with credible and successful business people and potential investors and to test the theory that capital will follow a good project. He noted he would like to recommend conditions to be included in the loan document being no debt repayment for first five years, a 25 year term, a condition that certain progress has to have been made after 5 years with a penalty if it has not been met to incentivize this to happen and that if Council has to get a credit rating the A&P Association will pay \$25,000 towards this cost per year.
- The District Mayor noted his feeling that if the project was not successful in the first five years then the condition noted would just make it more difficult.
- Councillor McKay noted she had looked through this proposal through many lenses over the last couple of months and some of those lenses had not been favourable, but some where. The key areas for her were risk, economic potential and did our community want this? There is a huge risk for the A&P Association as this would be the first step and the following steps are considerable. When looking through the lens of our ratepayers then they need to know Council is in this for the long run and this is not a short term project, and be clear that the ownership of the land will come back to Council if this fails to ensure the servicing of the loan does not come back onto the ratepayers. She felt the security did not stack up and exposed Council as a lender. But there was a risk to our District, community and future economic growth if someone did not do something to attract investment, new people and new jobs. The potential for economic growth is huge with this project with many jobs that will be created and new commercial operators will be attracted to Stratford. There has been a large focus on youth involvement, leisure and driver training through the discussions. She noted the passion from the speakers last week and from the written submissions and she felt the community and wider region want this. She was nervous with the figures and risk but felt more nervous with a downturn in economic growth and without a game changing plan we will not see Stratford grow. She admired the commitment of the people involved in this project and wants to be a part of a Council that backs these sort of people. She will be supporting the loan but noted the community is backing the association, but they are also watching it.
- Councillor Erwood spoke in favour of the recommendation having considered all information provided. He felt this Council should be proactive and support this project. It

is an exciting venture and will put Stratford on the map. A future, forward thinking Council is exciting. There was an unprecedented amount of submissions received with 84% in favour of Option 4. All speakers that were in favour had their reasons and those opposed had good points as well and he noted he had considered these in depth. The A&P Association has a lot of work to do and a large financial burden to bear. There is good structure, foresight and open minds needed to make this work. He noted he was impressed with the dedication of Neil McDonald and the team. Words highlighted from the submissions to him included potential for jobs, growth in the economy, reinvigorating, central hub for motor sports and equine activities. Thinking for the future and future generations he endorsed the recommendation. He felt Council was being brave and courageous and noted similar size Councils would be jealous of this opportunity. If we always do what we always did, we will always get what we always got.

- Councillor Harris noted a lot of her points had been addressed. The overriding key aspects with this project was that the need for these facilities was overwhelming from local, regional and outside the region. The passion and drive from the people in the community has stuck with her and the energy and acceleration from this group is incredible. Many people and communities wish they could have done this or could do this. She noted that Council were not lenders and had the opportunity to look at this from a community lens and the community benefits are far greater than any benefits a bank would see. She supported the decision to loan the money.
- Councillor Webby noted she was totally impressed by the submissions received last week and that they had been from people of all ages showing the range of people interested in this project. It will be a multi-generational project and it will be the best thing for Stratford. She would vote in favour of the recommendation.
- Councillor Coplestone noted there was every right to be cautious. This is a very important project that will take a lot of voluntary work to get underway. He noted he believed Neil McDonald was the right person to lead this project having gotten everyone on board. He gave the project his full backing and noted that he would help in anyway he could.
- Councillor Jones noted his intent to move a motion to loan a smaller amount closer to the valuation but without support he withdrew this.
- The District Mayor noted that when he had first been approached about this project he was excited, blown away and disbelieving. It was so large and ambitious that it couldn't possibly happen. He did note his concern that since then it has gotten even larger but given that it is a number of smaller projects over a period of time will help make it achievable. The risk on ratepayers was a major component for him and wanted to make sure there were no negative impacts on them. He felt the variations in the valuations were dependent on the methodology used but with the two properties combined then the numbers were closer to the value of the loan. He agreed it was not a bankable option but that as Council could facilitate a loan it would give it skin in the game and gives the project credibility which is important for various groups for future funding. He noted Council was not looking to make a profit off the interest as a bank would and could sell the property to recoup the costs if need be. Council has a broader responsibility and this project needs to be looked at in terms of job creation, social enjoyment, participation, road safety improvements and economic development – all of which are hard to quantify. He supported the proposal and will be voting for the loan.
- It was noted that conditions would be set following the adoption of the resolution to proceed with the loan.

A division was called:

Those voting for the motion: Councillors: Boyde, Coplestone, Dalziel, Erwood, Harris, McKay, Sandford, Webby, the Deputy Mayor and the District Mayor.

Voting against the motion was Councillor Jones.

The following conditions were moved by Council to include in the loan documents:

RECOMMENDATION

THAT the A&P Association contribute \$25,000 annually should the Stratford District Council be required to obtain a credit rating to access further lending.

DALZIEL/JAMIESON

1 against

Carried

CL/20/138

RECOMMENDATION

THAT no debt (capital) repayments should be required to be made for the first five (5) years except for servicing of the interest, with the option for payments to be made if the association is able at any time.

DALZIEL/JAMIESON

1 against

Carried

CL/20/139

Points noted in discussion:

- It was noted that the Officers had been working on a loan contract and anticipated that the interest repayment was mandatory over the term of the loan with any capital payments at the choice of the A&P Association. This term of five (5) years can be reviewed at that point and could be extended by a decision of the Council at that point. Nothing restricts the sitting Council at that time to override a past decision.
- Councillor Dalziel noted his concern that the 40 year term of loan within the A&P Association's budget was too long. He suggested the 5 year interest only term and a 25 year amortising arrangement to follow.
- The Director – Corporate Service noted that leaving the repayment option open meant the Association could commit to loan repayments as and when they were able. Their goal is to scale back security over time which creates an incentive to make those payments. Council did not want to put pressure on the Association due to the community outcomes that will come out of this project.

RECOMMENDATION

THAT the loan term be set at 30 years.

DALZIEL/JONES

Division

For 1

Against 10

Lost

CL/20/140

Points noted in discussion:

- The District Mayor felt that changing the term to what was in the budget would cause difficulty for the A&P Association.
- Councillor Dalziel noted his preference for a shorter term.
- Councillor Boyde felt if too many conditions then it would restrict what is trying to be achieved. He was comfortable with how the document was worded now. He felt putting a term against the loan only adds more pressure.
- The Deputy Mayor noted he did not support this motion and felt it could be kept rolling as long as interest payments were met.
- Councillor Sandford noted this would put a hindrance on the project.
- The District Mayor noted he did not support this motion. It would put pressure on the repayments as they would increase from what it is within the budget and he would rather see this money go into developing the project.
- It was clarified that all interest incurred would be passed onto the association regardless of the rate.

A division was called:

Those voting for the motion: Councillors: Boyde, Coplestone, Erwood, Harris, Jones, McKay, Sandford, Webby, the Deputy Mayor and the District Mayor.

Voting against the motion was Councillor Dalziel.

- The condition to ensure the speedway relocation is completed and work has begun on equestrian and motorsport within 5 years was withdrawn.
- It was clarified that this would be reflected within the Long Term Plan but not as a discussion item as it would be complete before the adoption of the LTP.
- It was clarified that if any issues arose it would be brought back to Council.

The meeting was adjourned at 1.52pm and reconvened at 1.58pm.

The media, members of the public, staff (including Directors) departed the meeting at 1.52pm.

8. **RECOMMENDATION TO EXCLUDE THE PUBLIC**

RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting, namely:

Agenda Items No: 9

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution to each matter	Grounds under section 48(1) for the passing of this resolution
Performance Review	To allow free and frank expression of opinions	The withholding of the information is necessary to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom section 2(5) of this Act applies, in the course of their duty Section 7(2)(f)(i) of the Local Government Official Information and Meetings Act 1987.

ERWOOD/McKAY

Carried
CL/20/141

9. **PUBLIC EXCLUDED ITEM**

RECOMMENDATIONS

THAT the open meeting resumes.

JONES/WEBBY

Carried

CL/20/146

The meeting closed at 2.19pm.

N C Volzke
CHAIRMAN

Confirmed this 8th day of December 2020.

N C Volzke
DISTRICT MAYOR