

24 November 1997

Attachment 2 to Report PE00.882

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Mr Howard Stone
Chief Executive
Wellington Regional Council
PO Box 11 646
WELLINGTON

Dear Howard

WELLINGTON REGIONAL STADIUM

As you know our two Council's have jointly agreed the basis of our **\$40,000,000** funding contribution to be advanced in accordance with the Funding Deed to the Regional Stadium Trust. In addition the Wellington Stadium Development Trust has recently formally approached this Council and has requested an underwrite of the sale of the memberships of the Regional Stadium up to \$1 Om. On 29 October 1997 the Council agreed to provide the **\$ 10m** underwrite on the following conditions:

- **confirmation** from the Bank of its willingness to provide the **\$15m** loan and a **\$5m** bridging facility on terms acceptable to both the Bank and the Trust
- confirmation from the Bank that it requires the underwrite
- terms and conditions of the underwrite are to be acceptable to the Council
- officers are authorised to enter into an agreement with the Wellington Regional Council as required by the Funding Deed confirming that this is a short term or bridging arrangement.

A copy of the minutes from that Council meeting are enclosed for your information.

I can confirm that the Council received a copy of a letter from the Trust's Bankers, Westpac Trust, dated 17 October 1997 in which their Chief Executive for New Zealand **confirms** the availability of these loans on the condition that WCC underwrite the Regional Stadium memberships for **\$ 10m**. I am enclosing a copy of that letter for your information.

As you know the Funding Deed provides that if additional funds or financial assistance is **provided by** the Wellington City Council on differing terms to those in the Funding Deed then the Regional Council's prior consent to the provision of such additional funds or financial assistance is required, which will not be unreasonably withheld. We now wish to request the Wellington Regional Council's consent to the provision of this additional financial assistance to the Regional Stadium Trust in order to enable the Trust to secure the essential Bank loan.

If the full or part of the **\$ 10m** underwrite was later called upon by the Bank concerned or the Regional Stadium Trust, that could lead to the City Council making a cash payment by way of a loan to the Trust. That cash payment would be repaid from future sales of memberships and therefore in priority to any return of the above capital contribution of **\$40,000,000** unless it converts to an advance under the Funding Deed.

From our previous discussions about the possibility of providing a **\$ 10m** underwrite of the sale of memberships to the Regional Stadium Trust you have advised that the Regional Council's agreement to such an arrangement would be given provided that:

- the arrangement presents no material risk to the Trust;

- any part of the advance under the arrangement not satisfied from the sale of memberships within two years from the date of the official opening of the Regional Stadium would convert to an advance by the City Council, of the same nature as the **\$40,000,000** 'capital' under the Funding Deed (ie it would be repaid in line with the other advances made by the Councils);
- while the loan would be on a normal commercial basis the interest would accrue to the City Council and would not be payable until **after** repayment of the **\$40,000,000** settlers advances; and
- the definition of 'memberships' is acceptable to both Councils.

After review we believe that the \$ **10m** memberships underwrite does **not** present any material risk to the Regional Stadium Trust, in fact as mentioned earlier it is essential to enable the Trust to obtain the Bank loan, and that both Councils clearly understand the definition of 'memberships' in the context of this underwrite request.

I would be grateful if you would record your Council's agreement with the Wellington City Council's proposed \$ **10m** underwriting of the sale of memberships for the Regional Stadium on the basis set out in this letter by signing and returning the enclosed duplicate of this letter to me.

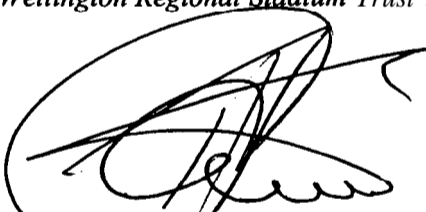
Rind regards.

Yours sincerely



Ian Sliper
Acting Chief Executive

*On behalf of the Wellington Regional Council I **confirm** that the Wellington City Council's proposed underwrite of the sale of memberships of the Regional Stadium up to **\$10m** on the terms set out in this letter is acceptable to this Council and meets the requirements of clause 1.4 of the **Wellington Regional Stadium Trust's Funding Deed:***



For Wellington Regional Council

10/12/87
(Date)