



City of
Whittlesea

MINUTES

OF SPECIAL COUNCIL MEETING

HELD ON

TUESDAY 12 JUNE 2018

AT 6:00PM

**IN COUNCIL CHAMBER, 25 FERRES
BOULEVARD, SOUTH MORANG**

COUNCILLORS

KRIS PAVLIDIS	MAYOR, SOUTH WEST WARD
LAWRIE COX	SOUTH WEST WARD
STEVAN KOZMEVSKI	SOUTH WEST WARD
CAZ MONTELEONE	SOUTH WEST WARD
EMILIA LISA STERJOVA	DEPUTY MAYOR, NORTH WARD
TOM JOSEPH	NORTH WARD
RICKY KIRKHAM	NORTH WARD
SAM ALESSI	SOUTH EAST WARD
ALAHNA DESIATO	SOUTH EAST WARD
NORM KELLY	SOUTH EAST WARD
MARY LALIOS	SOUTH EAST WARD

SENIOR OFFICERS

SIMON OVERLAND	CHIEF EXECUTIVE OFFICER
RUSSELL HOPKINS	DIRECTOR COMMUNITY SERVICES
STEVE O'BRIEN	DIRECTOR PLANNING AND MAJOR PROJECTS
NICK MANN	DIRECTOR CITY TRANSPORT & PRESENTATION
HELEN SUI	DIRECTOR CORPORATE SERVICES
LIANA THOMPSON	DIRECTOR PARTNERSHIPS & ENGAGEMENT
MICHAEL TONTA	MANAGER GOVERNANCE

ORDER OF BUSINESS

CHIEF EXECUTIVE OFFICER EXPLANATORY NOTE

It is noted that a quorum was not present at the time fixed for the commencement of the meeting and that it was unlikely to be achieved.

The Chief Executive Officer notes that the Mayor Cr Pavlidis, Cr Cox, Cr Kozmevski, Cr Alessi and Cr Kelly were present at 6.00pm.

MEETING LAPSED

The Mayor advised that the meeting lapsed at 6.02pm as there was no quorum present.

The Chief Executive Officer submits the following business:

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Note:

In these Minutes, Resolutions adopted by Council are indicated in bold text.

- 1. OPENING
 - 1.1 MEETING OPENING AND PRAYER
 - 1.2 ACKNOWLEDGMENT OF TRADITIONAL OWNERS STATEMENT
 - 1.3 PRESENT
- 2. APOLOGIES
- 3. DECLARATIONS OF INTEREST
- 4. OFFICERS' REPORTS

RECOMMENDATION

THAT Council resolve to adopt the Recommendations for items numbers .

Group Adoption of Items En Bloc

Councillors may choose not to consider reports on the Notice Paper individually and to resolve to adopt, in one resolution, the recommendations listed on the Notice Paper for a number of reports. Such a resolution will have the effect of adopting the Officer's recommendation for each of the reports identified in the Council resolution. The remaining items of business are considered and voted on separately.

4.1 CORPORATE SERVICES

4.1.1 EPPING RSL - BANK GUARANTEE - EXTENSION OF FACILITY

File No: 167334

- Attachments:**
- 1 Site & Elevation plans (Part A) - Confidential**
Confidential in accordance with Section 89(2)(e) of the Local Government Act 1989 as it contains details relating to proposed developments.
 - 2 Site & Elevation plans (Part B) - Confidential**
Confidential in accordance with Section 89(2)(e) of the Local Government Act 1989 as it contains details relating to proposed developments.
 - 3 Financial statements - Sub-Branch (FY17) - Confidential**
Confidential in accordance with Section 89(2)(d) of the Local Government Act 1989 as it contains details relating to contractual matters.
 - 4 Financial statements - Building Patriotic Fund (FY17) - Confidential**
Confidential in accordance with Section 89(2)(d) of the Local Government Act 1989 as it contains details relating to contractual matters.
 - 5 Financial statements - Welfare Patriotic Fund (FY17) - Confidential**
Confidential in accordance with Section 89(2)(d) of the Local Government Act 1989 as it contains details relating to contractual matters.
 - 6 Financial statements - General Appeals Agency Fund (FY17) - Confidential**
Confidential in accordance with Section 89(2)(d) of the Local Government Act 1989 as it contains details relating to contractual matters.
 - 7 Financial statements - Building Patriotic Fund (FY18) - Confidential**
Confidential in accordance with Section 89(2)(d) of the Local Government Act 1989 as it contains details relating to contractual matters.
 - 8 Business Plan 2015-2019 - Confidential**
Confidential in accordance with Section 89(2)(d) of the Local Government Act 1989 as it contains details relating to contractual matters.
 - 9 Community Benefits statement 2016-17**

Responsible Officer: Director Corporate Services

Author: Senior Property Officer

RECOMMENDATION SUMMARY

That Council resolve to execute the following documents in relation to Council acting as loan guarantor for the Epping RSL for the purpose of funding a building extension and refurbishment located at 195 Harvest Home Road, Epping, to the value of \$2.004 million for a maximum period of ten years;

1. Guarantee and Indemnity in favour of the National Australia Bank
2. Equitable Mortgage from RSL (Victoria) Branch
3. Equitable Mortgage from Epping RSL Sub Branch

4. Guarantee and Indemnity from Epping RSL Sub Branch

KEY FACTS AND / OR ISSUES

The Epping RSL has approached Council seeking support for an extension in their existing loan guarantee.

- Council, at its meeting held on 14 December 2004, formally resolved to execute documents in relation to Council acting as a loan guarantor for the Epping RSL for the purposes of funding a building extension, installation of new bowling greens and refurbishment at the premises at 195 Harvest Home Road, Epping, to the value of \$1.5 million for a period of ten years.
- The Epping RSL executed an agreement with the National Australia Bank in 2007, to fund building works to the value of \$170,000. The agreement coincided with the RSL's decision to refurbish the existing premise in order to comply with the new smoking legislation coming into force on 1 July 2007.
- The parties entered into a second agreement (\$630,000) in February 2012, to fund additional renovation works from the existing loan facility. The document was signed under the same terms and conditions to that executed in 2007, including the provision to guarantee the loan for period no longer than ten years.
- The Epping RSL is seeking to enter into a revised loan guarantee that will cover the proposed costs associated with building refurbishment (estimated at \$1.69 million) and the balance still outstanding on the original loan guarantee in 2012 (\$314,000).
- The Epping RSL has repaid their existing ten year gaming licences (*expiry 2022*) and will retain more surplus revenue to repay the proposed loan within the maximum ten year period. The Epping RSL presently has 45 gaming licences and will also need to repurchase 20 year licence renewals in 2022.
- The RSL must seek Council to be a guarantor given that Council is the landowner of the subject property. The RSL have confirmed that they can service the loan which is consistent with their financial statements.

REPORT**BACKGROUND**

The Epping RSL has approached Council seeking support for an extension in their existing loan guarantee for the purpose of funding a building extension and refurbishment located at 195 Harvest Home Road, Epping, to the value of \$2.004 million (which includes their existing loan facility) for a maximum period of ten years.

In 2004, Council and the Epping RSL ('RSL') entered into a new 50 year peppercorn lease to occupy the land at 195 Harvest Home Road Epping and executed a suite of documents to enable Council to act as a loan guarantor for the proposed building extension, installation of new bowling greens and refurbishment works. The RSL was able to draw down on the loan facility (to a total value of \$1.5 million) provided that the loan is fully repaid within the maximum ten year timeframe.

Whilst the RSL did not draw down on the facility in 2004/05, they did execute an agreement with the National Australia Bank in 2007, to fund building works to the value of \$170,000. The agreement coincided with the RSL's decision to refurbish the existing premise in order to comply with the new smoking legislation coming into force on 1 July 2007, including the creation of two outdoor smoking areas, extension of bistro (increasing seating capacity), refurbishment of the kitchen and installation of windows to increase natural light to the gaming room. Council, in this instance, executed a guarantee over the loan for a maximum period of ten years.

The document excluded any entitlement to extend, renew or redraw under the existing facility, so that any future request from the RSL to draw down on the balance of the \$1.5 million would be subject to a further request and assessment by Council.

The parties entered into a second agreement (\$630,000) in February 2012, to fund additional renovation works from the existing loan facility. The document was signed under the same terms and conditions to that executed in 2007. The RSL has since reduced this facility down to a \$430,000 upper limit but owe an outstanding balance of \$314,000 as at 31 December 2017.

The RSL has now reapproached Council officers seeking to enter into a revised loan guarantee that will cover the proposed costs associated with building refurbishment (estimated at \$1.69 million) and the balance still outstanding on the original loan guarantee (\$314,000). Plans and specifications have been recently submitted to Council for review and permit approval. Further financial information, including the Epping RSL's latest quarterly financial statements and loan balance, has also been collated to assess the viability of the proposal.

The RSL must also provide evidence of the 'letter of offer' from NAB, confirming that the loan is improved in principle and that the loan be repaid within 10-15 years of the date of the agreement.

The existing guarantee on the loan facility is set to expire in February 2022.

PROPOSAL

To extend the loan guarantee granted to the RSL that will cover the proposed costs associated with building refurbishment (estimated at \$1.69 million) and the balance still outstanding on the original loan guarantee in 2012 (\$340,000).

RSL STRUCTURE & BUSINESS PLAN

The RSL is an independent, apolitical organisation run by members, primarily to assist current and former service men and women and their dependants when in need, whether they're RSL members or not.

The RSL is divided into branches in respect of each state or territory of Australia. Under each state or territory branch exists a number of sub branches in respect to each RSL facility operating. In Victoria, there are some 300 sub branches operating.

The RSL seeks to meet each objective outlined under the three divisions of their corporate structure.

National Mission statement:

To ensure that programs are in place for the well-being, care, compensation and commemoration of serving and ex-service Defence Force members and their dependants; and promote Government and community awareness of the need for a secure, stable and progressive Australia.

Victorian Branch Mission statement:

To support the well-being and betterment of our members, (former and other serving and ex-service men and women of the Australian Defence Force), and their dependants, with the provision of the welfare and commemorative services and, where appropriate, contribute to worthy needs within the broader community.

Epping RSL Mission statement:

The Epping RSL Licensed Sub-Branch Inc of the RSL Victorian Branch Inc is to continue to adopt professional standards of care, behaviour and systems to ensure that programs are in place for the well-being, care, compensation and commemoration of serving and ex-services members of the Australian Defence Forces and their dependants. The adoption of these standards will maintain the confidence of club members, the community at large and the Government Statutory Bodies in the management and operation of the sub-branch.

All contractual obligations and substantial assets are held in the Victorian branch and each sub branch is subject to a patriotic fund established under the Patriotic Fund Act.

The Victorian Branch and RSL are incorporated associations pursuant to the Associations and Corporations Act.

PARTICIPATION AND ENGAGEMENT

Council officers have met with RSL representatives on a number of occasions to discuss the proposed extension to the premises and increase in guarantee to the loan facility.

Plans and specifications have now been recently submitted to Council for review and planning permit approval. It is anticipated that the planning permit approval process be relatively straight forward given most of the fit-out works are contained within the existing building envelope (expansion of the community rooms, amenities and outdoor decking). The permit will further consider the need for additional public car-parking facilities (to accommodate member/public participation increases). The permit does not seek to increase the level of gaming licences issued at the RSL. The RSL has confirmed that the plans have not been formally submitted until such time that the bank guarantee process is formalised. The plans and specifications will also be sent to Council for building permit approval.

FINANCIAL IMPLICATIONS

RSL representatives have approached the National Australia Bank Limited (NAB) seeking an agreement and 'letter of offer' to loan a total of \$2.004 million to the RSL (Victoria Branch). NAB will grant unconditional approval on the proposed increase in loan facility subject to:

1. Receipt of signed privacy and consent forms from the Epping RSL
2. Evidence of a signed building contract, complete with approved plans and permit
3. Receipt of up to date financials records
4. Receipt of documentary evidence that the Guarantee given by the Whittlesea City Council has been increased to \$2.004 million.

Council officers will formalise the funding of building refurbishment and refurbishment works, for a maximum period of ten years, through the revision of the existing suite of documents (current expiry 2022);

1. Guarantee and Indemnity in favour of the National Australia Bank
2. Equitable Mortgage from RSL (Victoria) Branch
3. Equitable Mortgage from Epping RSL Sub Branch
4. Guarantee and Indemnity from Epping RSL Sub Branch.

The documents will remain in place until such time that the revised cessation date (2028) is realised or full repayment of the loan facility is achieved.

The execution of each of the fore-mentioned documents will be reviewed in conjunction with the quarterly audited financial report summaries received from the RSL for the Sub-branch, Welfare and Building Patriotic Funds.

The RSL must seek Council to be a guarantor given that Council is the landowner and the NAB will not simply secure a loan against their buildings and chattels. The RSL have confirmed that they can service the loan which is consistent with their financial statements.

The RSL currently hold a \$1.5 million guarantee facility with Council. The proposal seeks to increase the guarantee by a further \$504,000 to accommodate the proposed works.

POLICY STRATEGY AND LEGISLATION

That the proposed extension works to the RSL meets Council's community building principles and enhances equity, access, inclusion, service delivery, collaboration, partnerships and recognition of the invaluable services the RSL provides. These services include, but are not limited to:

- provision of health care services
- provision of services and assistance to the aged and young people
- distribution of Christmas hampers
- free haircuts to RSL members and their families
- provision of community & consultation rooms to Victoria Police, local businesses, sporting clubs, scouts, schools, political parties etc
- support of legacy ladies, morning melodies and poppy ladies

- free first aid training
- subsidised meals
- welfare services including advice and support to ex-service personnel and their families

A community benefits statement is provided as an illustration of the direct and indirect financial contributions the RSL is to reinvest back to the community. The RSL is to reinvest a minimum of 8.33% of gaming revenue generated (\$326,161.19). The RSL contributed \$1,145,732 which is substantially made up of their own operational costs and welfare services (see Attachment 9 – Community Benefits Statement 2016-17).

LINKS TO THE COUNCIL PLAN

Council Priority	Planning and Infrastructure
Future Direction	Places and spaces to connect people
Theme	Community hubs
Strategic Objective	We have public spaces and community hubs that bring people together

DECLARATIONS OF CONFLICTS OF INTEREST

Under section 80C of the *Local Government Act 1989* officers providing advice to Council must disclose any interests, including the type of interest.

The Responsible Officer reviewing this report, having made enquiries with the relevant members of staff, reports that no disclosable interests have been raised in relation to this report.

CONCLUSION

That Council resolve to execute the following documents in relation to Council acting as loan guarantor for the Epping RSL for the purpose of funding a building extension and refurbishment located at 195 Harvest Home Road, Epping, to the value of \$2.004 million for a maximum period of ten years;

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4. Guarantee and Indemnity from Epping RSL Sub Branch.

THE MAYOR DECLARED THAT THE MEETING LAPSED AT 6.02PM.

CONFIRMED THIS 3 JULY 2018

**CR KRIS PAVLIDIS
MAYOR**

UNCONFIRMED