



City of
Whittlesea

MINUTES

OF SPECIAL COUNCIL MEETING

HELD ON

TUESDAY 26 JUNE 2018

AT 5.56PM

**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

The Chief Executive Officer submitted 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**

The Chief Executive Officer opened the meeting with a prayer at 5.56pm.

1.2 ACKNOWLEDGMENT OF TRADITIONAL OWNERS STATEMENT

On behalf of the City of Whittlesea the Mayor recognised the rich Aboriginal heritage of this country and acknowledged the Wurundjeri Willam Clan as the Traditional Owners of this place.

1.3 PRESENT**Members:**

Cr Kris Pavlidis	Mayor (South West Ward)
Cr Lawrie Cox	Councillor (South West Ward)
Cr Stevan Kozmevski	Councillor (South West Ward)
Cr Caz Monteleone	Councillor (South West Ward)
Cr Emilia Lisa Sterjova	Deputy Mayor (North Ward)
Cr Tom Joseph	Councillor (North Ward)
Cr Ricky Kirkham	Councillor (North Ward)
Cr Norm Kelly	Councillor (South East Ward)
Cr Sam Alessi	Councillor (South East Ward)

Officers:

Mr Simon Overland	Chief Executive Officer
Mr Steve O'Brien	Director Planning and Major Projects
Mr Russell Hopkins	Director Community Services
Mr Nick Mann	Director City Transport & Presentation
Ms Helen Sui	Director Corporate Services
Ms Liana Thompson	Director Partnerships & Engagement
Mr Michael Tonta	Manager Governance

MAYOR'S NOTE

Cr Kirkham sought to move a motion to suspend standing orders to raise a matter not included in the notice paper. The Mayor, Cr Pavlidis reminded Cr Kirkham in accordance with Section 84(4) of the Local Government Act – only business specified in the notice paper is to be transacted at a Special Meeting of Council. New matters can only be raised if all Councillors are present and unanimously agree. As this was not possible, the motion was denied.

2. APOLOGIES

APOLOGY

Cr Kirkham moved an apology for Cr Lalios for this meeting.

COUNCIL RESOLUTION

MOVED: Cr Kirkham
SECONDED: Cr Monteleone

THAT Cr Lalios' apology be received.

LOST

DIVISION

Immediately after the motion was voted on, Cr Kirkham called for a division which resulted in the following votes being recorded.

For	Against	Abstained
Cr Kirkham	Cr Cox	Cr Pavlidis
Cr Kelly		Cr Kozmevski
Cr Monteleone		Cr Alessi
		Cr Sterjova
		Cr Joseph

Based on the votes cast during the Division, the motion was lost.

LOST

APOLOGY

Cr Kirkham moved an apology for Cr Desiato for this meeting.

COUNCIL RESOLUTION

MOVED: *Cr Kirkham*

SECONDED: *Cr Cox*

THAT the Councillor's apology be received.

CARRIED

3. DECLARATIONS OF INTEREST

THE FOLLOWING DECLARATIONS OF INTEREST WERE MADE TO THE CHIEF EXECUTIVE OFFICER PRIOR TO THE MEETING:

Nil

THE FOLLOWING DECLARATIONS OF INTEREST WERE MADE DURING THE MEETING:

Cr Alessi declared an indirect interest due to conflicting duty in item 4.4.1 - Epping RSL Bank Guarantee Extension of Facility on the grounds that he is a Director of a Company which has shareholdings in National Australia Bank.

Cr Kozmevski declared an indirect interest due to conflicting duty in item 4.4.1 - Epping RSL Bank Guarantee Extension of Facility on the grounds that his family is a bank shareholder.

4. OFFICERS' REPORTS**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 reapprached 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;

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

DECLARATION OF INTEREST

Cr Alessi declared an indirect interest because of conflicting duty in this item on the grounds that he is a Director of a Company that holds shares in National Australia Bank.

Prior to the matter being considered or any vote taken in relation to the matter, Cr Alessi left the Council Chamber at 5.57pm and advised the Mayor accordingly.

DECLARATION OF INTEREST

Cr Kozmevski declared an indirect interest because of conflicting duty in this item on the grounds that his family is a bank shareholder .

Prior to the matter being considered or any vote taken in relation to the matter, Cr Kozmevski left the Council Chamber 5.57pm and advised the Mayor accordingly.

RECOMMENDATION

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; and**
4. **Guarantee and Indemnity from Epping RSL Sub Branch.**

COUNCIL RESOLUTION

MOVED: *Cr Cox*
SECONDED: *Cr Joseph*

THAT Council resolve to adopt the Recommendation.

CARRIED UNANIMOUSLY

Councillors Alessi and Kozmevski returned to the Council Chamber at 6:03pm following the vote on this Item.

5. CLOSURE

THERE BEING NO FURTHER BUSINESS THE MAYOR DECLARED THE MEETING CLOSED AT 6.03PM.

CONFIRMED THIS 7TH DAY OF AUGUST 2018

CR KRIS PAVLIDIS
MAYOR