



Shire of Pingelly

Attachments

Special Council Meeting
7 May 2018

Attachment 1

Gavin Pollock

From: Ian & Lee Steel <steelaus@westnet.com.au>
Sent: Tuesday, 1 May 2018 5:15 PM
To: Cr Mulroney
Cc: Gavin Pollock
Subject: resignation

To Shire President B Mulroney

I Lee Steel of 36 Pitt St Pingelly hereby tender my resignation as councillor effective immediately.

Please pass on my best regards to councillors and Staff.

Lee Steel

1st May 2018

Attachment 2

WESTERN AUSTRALIAN
TREASURY CORPORATION

FINANCIAL INSTITUTIONS FOR THE BENEFIT OF ALL WESTERN AUSTRALIANS

Our Ref: 28102-02
Enquires: Tamara Marsh
Tel: (08) 9235 9153

Mr Gavin Pollock
Chief Executive Officer
Shire of Pingelly
17 Queen Street
Pingelly WA 6308

Dear Mr Pollock,

Conditional approval of short term lending facility

In accordance with Clause 31.8 of the Local Government Master Lending Agreement dated as of 15 March 2014 ("MLA") between Western Australian Treasury Corporation ("WATC") and the Shire of Pingelly ("Shire"), the Shire has sought approval of two \$600,000 loans with a term of 20 years.

Due to its concerns regarding the Shire's financial position and the financial governance of the Pingelly Recreation and Community Centre project, the WATC Board has not approved the Shire's proposed loan structure.

In place of the proposed long term facility, the WATC Board has conditionally approved a short term facility with a maximum limit of \$1,200,000 and a termination date of 30 November 2020 subject to the Shire council adopting a resolution approving the Shire's acceptance of the conditions laid out in the attached MLA Addendum.

For the Shire to draw down from the facility and for the facility to be renewed during the period up to 30 November 2020, the Shire will be required to continue to meet the conditions laid out in the MLA addendum. Prior to the termination date of the facility, WATC envisages that the Shire will apply for a long term loan from WATC with a principal amount and term equivalent to the residual of the 20 year loan initially sought.

WATC requests that the Shire CEO and Deputy CEO hold a telephone call with Mr Richard McKenzie and Mr Phillip Price at your earliest convenience to ensure there is absolute clarity on the conditions in the MLA addendum and the actions required of the Shire to facilitate the establishment of the loan facility.

If you have any further enquiries in respect to this conditional approval please contact your client relationship manager Tamara Marsh (tamara.marsh@wac.wa.gov.au)

Yours Sincerely



John Collins
Chief Executive Officer

4 May 2018

WESTERN AUSTRALIAN
TREASURY CORPORATION

FINANCIAL SOLUTIONS FOR THE BENEFIT OF ALL WESTERN AUSTRALIANS

**MASTER LENDING AGREEMENT BETWEEN
WESTERN AUSTRALIAN TREASURY CORPORATION AND
SHIRE OF PINGELLY**

SHORT TERM LENDING ADDENDUM NO: 1

This Addendum forms part of the Master Lending Agreement dated 15 March 2014 (the "Agreement") between the Shire of Pingelly ("Borrower") and the Western Australian Treasury Corporation ("Corporation"). The provisions specifically applicable to this Addendum are as follows:

PURPOSE OF BORROWING: To fund the remaining constructions work of the Pingelly Recreation and Cultural Centre.

MAXIMUM PROJECT FACILITY LIMIT: \$1,200,000.00

TERMINATION DATE: 30 November 2020.
All Advances under this Addendum shall have a maturity date which is on or before the termination date.

TERMS AND CONDITIONS: All Advances under this Addendum are governed by the terms and conditions that are contained in clauses 1 to 33 of the Agreement and Annexure 1 to the Agreement.

ADDITIONAL CONDITIONS: The drawdown of the Facility of \$1.2 Million is subject to the following additional conditions imposed on the Borrower by WATC:

1. The Shire agrees to WATC commissioning a review of its financial governance and long-term financial plan to be undertaken by Moore-Stephens accounting firm, with WATC recouping the cost of the review from the Shire.
2. Subject to the review identifying no matters of concern not already known to WATC, an initial drawdown up to a maximum amount agreed with WATC on completion of the review with a maturity date on or before 30 September 2018. Such drawdown is also conditional on the Shire council resolving to implement the increases in the rates, fees and charges within their control by at least the amounts specified in the 2018-19 financial year outlined in its council approved long-term financial plan.
3. A further drawdown up to a maximum amount agreed with WATC with the same maturity as the initial drawdown subject to the Shire adopting a 2018/19 budget which achieves a Net Debt Ratio and Debt Service Coverage Ratio equal to or better than the 2018-2033 Long Term Financial Plan projections.

4. Refinance of the Facility subject to the Shire adopting a final 2018/19 budget which achieves a Net Debt Ratio and Debt Service Coverage Ratio equal to or better than the 2018-2033 Long Term Financial Plan projections, and the Shire submitting an action plan with timeframes agreed with WATC to address any findings and recommendations arising from the Moore-Stephens review.
5. On the fulfilment of the above condition the initial two drawdown amounts could then be refinanced by the Borrower under this short term Facility, but not past 30 November 2019.
6. Drawdown of the remaining Facility limit will be subject to:-
 - the Borrower's YTD net income for 30 September 2018 meeting or exceeding the YTD budget target; and
 - having a maximum maturity date of 30 November 2019.
7. Refinance of the full Facility by the Borrower by 30 November 2019 is subject to:-
 - the Borrower adopting a 2019/20 budget which achieves a Net Debt Ratio and Debt Service Coverage Ratio equal to or better than the 2018-2033 Long Term Financial Plan projections;
 - the Borrower achieving actual Net Debt Ratio and Debt Service Coverage Ratio equal to or better than the 2018-2033 Long Term Financial Plan projections in the 2018/19 financial year based on the audited 30 June 2019 financial statements; and
 - the Borrower implementing the agreed process changes arising from the Moore-Stephens review.
8. the Borrower will during the term of this Facility provide financial reports to WATC on a quarterly basis (June 30, September 30, December 31, March 31) and status updates on financial governance improvements to demonstrate it is adhering to the preceding conditions.

9. The Borrower acknowledges and reiterates its obligations under its Master Lending Agreement dated 15 March 2014 entered into with WATC, in particular the clauses listed below:

- **Clause 5** - The Borrower has charged and given priority of its Secured Property (i.e. present and future interest and rights of the Borrower's General Funds) to WATC as a Personal Property Security Interest under the Personal Property Securities Act 2009 (Commonwealth).
- **Clause 25**- stipulates both the Vires Events of Default and Other Events of Default.
- **Clause 26.2**- Provides that if an Other Event of Default occurs WATC may declare that any and all outstanding Advances are due and payable and that the Facility is terminated. This covers where the Borrower is in breach of any material term of the MLA or any warranty or representation made by the Borrower under the MLA is untrue or ceases to be true.
- **Clause 31.5**- As long as amounts are owed to WATC, the Borrower will not create or permit any security on the Borrower's General Funds to secure indebtedness of third parties without the prior written consent of WATC.
- **Clause 31.8**- The Borrower must obtain the prior written consent of WATC before committing to any subsequent or additional borrowing from any other authority, bank, lending institution or source (third party borrowing) including increasing the limit on its existing overdraft.

REQUEST FOR ADVANCE:

The Borrower may request an Advance under this Addendum in the manner and form prescribed by Annexure 1 (Short Term Lending) of the Agreement.

**REPRESENTATIONS,
WARRANTIES AND
UNDERTAKINGS:**

In requesting an Advance under this Addendum the Borrower is deemed to repeat each representation, undertaking and warranty under the Agreement each time a request for an advance is made under this Addendum and in particular the following:

- **Clause 6.1 (e)** The Borrower represents that the Advance is financially sustainable and is not aware of any event, circumstance or action by

the Borrower which may adversely affect its ability to service the Advance.

- Clause 6.1(g) The Borrower represents that there has been no material adverse change in the financial position of the Borrower and undertakes that it must immediately notify WATC if there is a material adverse change in its financial position.

Execution hereunder by authorised representatives of the Corporation and the Borrower respectively creates a binding agreement with respect to the terms and conditions contained herein.

For and on behalf of Western Australian Treasury Corporation by its attorney:

SIGNATURE: _____

NAME: _____

POSITION: _____

DATE: _____

Witness (signature): _____

Name (print): _____

Signed and sealed for and on behalf of the Shire of Pingelly on this _____ day of _____ 2018.

THE COMMON SEAL of)
SHIRE OF PINGELLY)
was hereunto affixed in the)
presence of :)

President

Chief Executive Officer

Print Name

Print Name