

6.1 COUNCIL DELEGATION – LOAN REFINANCING (CNCL7)

Responsible Officer: Chief Executive Officer

RECOMMENDATION

That Council authorises the Chief Executive Officer to tender for the refinancing of Council loans under delegation, for the existing loan portfolio as loans fall due, accept the lowest tender and to execute the contract documents with the winning tenderer.

INTRODUCTION

This report proposes the authorisation of David Conran, Chief Executive Officer, to conduct tenders for the refinancing of Council's existing loan portfolio, as loans fall due on behalf of Council.

BACKGROUND / ANALYSIS

Council's existing loans portfolio has a series of loans which mature on 30 June annually. Loans are refinanced for a period of 5 years on a fixed interest basis. This year a loan for \$1.7M held by ANZ Bank, which forms part of the \$10m loan portfolio of Council will mature on 30 June 2008. A tender process will be conducted to shortlist Financial Institutions from the information provided with the tender, following which the shortlisted tenderers will be requested to provide final firm quotes for loan refinancing rates, from which the CEO, under delegated authority, will determine the successful tenderer, on the due date.

Under existing arrangements the short-listed tenderers are presented to Council and the Chief Executive Officer is given a one-off delegated authority to accept the final quote on the day the loan falls due.

It is considered appropriate that the Chief Executive Officer be provided with a continuing delegation by the Council to enable him to conduct the tender process and execute the contracts documents for refinancing of the existing loan portfolio, on behalf of the Council on an annual basis without the need to seek Council approval each year, providing the lowest cost tender is to be accepted.. The tender process will continue to be used to short-list financial institutions for loan refinancing and to award contracts for each term.

CONCLUSION

The recommendation before the Council to authorise the Chief Executive Officer to conduct the tender process annually and to execute the contract documentation for the existing loan portfolio is considered appropriate to effectively manage the loan portfolio refinancing arrangements under delegation.

