

Minutes 16 August 2011



Minutes of the Extra-Ordinary Council meeting of the Port Stephens Council held in the Council Chambers, 116 Adelaide Street, Raymond Terrace, on 16 August 2011 commencing at 5.00pm.

PRESENT: Councillors R. Westbury (Mayor); S. Dover (Deputy Mayor); G. Dingle; C. De Lyall, G. Francis; P. Kafer; K. Jordan(Chair); B. MacKenzie; J. Nell; S. O'Brien; S. Tucker, F. Ward; Acting General Manager; Corporate Services Group Manager, Acting Facilities and Services Group Manager; Sustainable Planning Group Manager; Commercial Services Group Manager and Executive Officer.

		No apologies were received.
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		No declarations of interest were received.
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MOTIONS TO CLOSE

MOTION TO CLOSE

ITEM NO. 1

FILE NO: A2004-0840

MOTION TO CLOSE MEETING TO THE PUBLIC

REPORT OF: TONY WICKHAM – EXECUTIVE OFFICER
GROUP: GENERAL MANAGER'S OFFICE

RECOMMENDATION:

- 1) That pursuant to section 10A(2)(c) of the Local Government Act, 1993, the Council resolve to close to the public that part of its meetings to discuss Confidential Item 1 on the Ordinary meeting agenda namely **Expression of interest for the Purchase of Council Land**.
 - 2) That the reasons for closing the meeting to the public to consider this item be that it contains commercial information of a confidential nature that would, if disclosed, confer a commercial advantage on a person with whom the Council proposes to conduct business.
 - 3) In particular, the information and discussion concerns **Expression of interest for the Purchase of Council Land**.
 - 4) On balance it is considered that receipt and discussion of the matter in open Council would be contrary to the public interest, as the information and discussion need to be carried out confidentially to protect the interests of both parties. Any breach of such confidentiality could prejudice Council's position.
 - 5) That the minutes relating to this item be made public.
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EXTRA-ORDINARY COUNCIL MEETING – 16 AUGUST 2011

289	Councillor Peter Kafer Councillor Frank Ward	It was resolved that Council deal with the confidential item in Open session of Council.
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RESCISSION MOTIONS

RESCISSION MOTION

ITEM NO. 1

FILE NO: A2004-0523

EXPRESSION OF INTEREST FOR THE PURCHASE OF COUNCIL LAND

COUNCILLOR: WARD, KAfer, DINGLE

That Council rescind its decision of 9 August 2011 on Confidential Item 1 of the Council Report, Minute No 273, namely Expression of Interest for the Purchase of Council Land.

EXTRA-ORDINARY COUNCIL MEETING – 16 AUGUST 2011

Cr Ken Jordan entered the meeting at 5.10pm prior to voting on Item 1.

	Councillor Frank Ward Councillor Peter Kafer	That Council rescind its decision of 9 August 2011 on Confidential Item 1 of the Council Report, Minute No 273, namely Expression of Interest for the Purchase of Council Land.
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The Motion on being put was lost.

REPORT FROM 9 AUGUST 2011 COUNCIL MEETING

ITEM NO. 1

FILE NO: PSC2009-02408V2

EXPRESSION OF INTEREST FOR THE PURCHASE OF COUNCIL LAND

REPORT OF: JEFF SMITH – GROUP MANAGER COMMERCIAL SERVICES

GROUP: COMMERCIAL SERVICES

RECOMMENDATION IS THAT COUNCIL:

- 1) Accept the offer for Lot 284 in Deposited Plan 806310 located at 155 Salamander Way Salamander Bay in accordance with the terms detailed in **Attachment 1**;
- 2) Delegate authority to the General Manager to negotiate the terms of the contract including a long term lease of the land occupied by the Community Facilities located on the site;
- 3) Authorise the General Manager and the Mayor to affix the seal of Council to the contract for sale of land and any supporting documentation.

ORDINARY COUNCIL MEETING – 9 AUGUST 2011

RESOLUTION:

273	Councillor Bruce MacKenzie Councillor Ken Jordan	It was resolved that Council: <ol style="list-style-type: none">1. Accept the offer for Lot 284 in Deposited Plan 806310 located at 155 Salamander Way Salamander Bay in accordance with the terms detailed in Attachment 1;2. Delegate authority to the General Manager to negotiate the terms of the contract including a long term lease of the land occupied by the Community Facilities located on the site;3. Authorise the General Manager and the Mayor to affix the seal of Council to the contract for sale of land and any supporting documentation.
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The motion on being put was carried.

AMENDMENT

	<p>Councillor John Nell Councillor Glenys Francis</p>	<p>That Council:</p> <ol style="list-style-type: none">1. Express its support for the offer on Lot 284 in Deposited Plan 806310 located at 155 Salamander Way Salamander Bay in accordance with the terms detailed in Attachment 1;2. Instruct the General Manager to negotiate the terms of the contract including a long term lease of the land occupied by the Community Facilities located on the site;3. That a further report be submitted to Council.
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The amendment on being put was lost.

BACKGROUND

The purpose of this report is to obtain Council endorsement for acceptance of the offer from Tinklercorp Pty Limited for 155 Salamander Way Salamander Bay.

On the 16th February 2011 Council received an offer for \$22,050,000 from CB Richard Ellis agency representing Tinklercorp Pty Limited.

The Tinklercorp offer was presented to the Property Advisory Panel (PAP) for discussion. A number of cash flow scenarios were prepared by the Commercial Services Manager to determine the net present value to Council should Council accept the offer or if Council were to develop the land and sell the parcels over a period of time as demand dictates. The resulting net present values showed minimal difference in financial return to Council. PAP recommended that there needed to be an open Expression of Interest (EOI) process to determine market interest in the land and Council resolved to undertake this process.

Council received two additional EOIs, one being from Coles Group Property Developments (Coles Group) and one from Opera Investments Pty Limited (Opera Investments). Neither of the additional expressions of interest met the requirements specified in Council's documentation.

The Coles Group offer is for an acquisition of the proposed Lot 7 of Council's previously prepared Plan of Subdivision on a conditional contract based on a mutually acceptable D.A. for a proposed new full line Coles Supermarket, First Choice Liquor outlet and associated specialty retail offering. The offer is also subject to the subdivision of land creating Lot 7. Purchase price is to be determined by a

survey of the net area at a range of \$300 to \$450 per square metre. Alternatively, they would enter into a ground lease of 99 years determined at 5% of the above valuation.

The Opera Investments offer is to purchase the entire site including the community facilities for a purchase price of \$22.5m. The offer is subject to D.A. approval for the subdivision as per Council's plan of subdivision, as well as D.A. approval for a cinema complex on proposed Lot 3 that would include the demolition of the existing community facilities with new facilities included in the cinema complex and leased back to Council. The offer is also dependant on the existing contracts to Aldi and Fabcot being novated to them.

The Tinklercorp offer is to purchase the entire site including the community facilities for a purchase price of \$22.05m. Tinklercorp are prepared to reduce the offer on a proportionate basis if Council wishes to retain ownership of the Community Facilities or alternatively enter into a long term lease of the land that the community facilities occupy. The offer is subject to a 120 day due diligence period.

An independent valuation of the englobo land obtained by Council arrived at a market value of \$200 per square metre which is consistent with the Tinklercorp offer.

FINANCIAL/RESOURCE IMPLICATIONS

Under the financial modelling and Net Present Value analysis prepared utilising the offer presented to Council by Tinklercorp, the net present value of the offer shows minimal difference in the return to Council. It should be noted that in these scenarios, a risk factor has not been included for the development of the land and therefore this analysis reflects the best development returns that would be available.

Receipt of \$22.05m for this land would result in ongoing additional revenue streams to Council of between \$1.5m and \$2m per annum. This would address a significant component of Council's current underlying operating deficit.

LEGAL, POLICY AND RISK IMPLICATIONS

Council currently has exchanged contracts over proposed Lot 1 with Aldi Foods and an option over proposed Lot 6 with Fabcot Pty Limited (Big W). The previous contract for sale with Tomaree Health Pty Limited has been rescinded by Tomaree Health.

Contract for Sale with Aldi Foods

Under the contract the right to rescind arose for both parties on 28 June 2011.

Option Deed between Port Stephens Council and Fabcot Pty Limited

Council has granted an option to Fabcot to purchase the land currently described as proposed Lot 6 in the draft Plan of Subdivision. The option continues until the 15th September 2011 with a possible extension period up to 15th March 2012. If Fabcot take up the extension period it must pay the extension fee of \$10,000 plus GST in

addition to the option fee of \$40,000 that it has already paid to Council. If Fabcot were to exercise its option and enter into a conditional contract in March 2012 the opportunity for rescission will not arise until November 2012.

SUSTAINABILITY IMPLICATIONS

Includes Social, Economic and Environmental Implications

There are still a number of planning issues for Council to address before it could lodge a new subdivision development application for the consideration of the Joint Regional Planning Panel (JRPP). If these planning issues, particularly the environmental issues, cannot be resolved to the satisfaction of the JRPP it may result in the reduction of the development footprint of the site.

CONSULTATION

- 1) Property Advisory Panel;
- 2) CB Richard Ellis;
- 3) Harris Wheeler Solicitors.

OPTIONS

- 1) Accept the recommendation;
- 2) Amend the recommendation;
- 3) Reject the recommendation.

ATTACHMENTS

- 1) Letter of Offer from Tinklercorp Pty Limited;
- 2) Council's previously proposed Plan of Subdivision;
- 3) Council Business Paper of 12 April 2011.

COUNCILLORS ROOM

Nil.

TABLED DOCUMENTS

Nil.

ATTACHMENT 1



CB Richard Ellis Pty Ltd
ABN 57 057 373 574

Level 1, 418 Hunter Street
Newcastle NSW 2300

T 61 2 4926 6433
F 61 2 4926 6430

www.cbre.com.au

15 February 2011

Mr. Peter Gesling
General Manager, Port Stephens Council
PO Box 42,
RAYMOND TERRACE NSW 2324

Commercial in Confidence

Dear Peter

Letter of Offer: 155 Salamander Way, Salamander Bay NSW 2317

We have been retained by Tinklercorp Pty Ltd or its Nominee (The Purchaser) to acquire the above-mentioned site and therefore do not require a commission.

We understand that the site area is approximately 11.05Ha.

Below are the details of the offer:

1. Purchase Price of \$22,050,000.00
2. Deposit payable upon exchange of contracts of 0.5% of the purchase price (refundable) rising to 5% of the purchase price once the contract becomes unconditional.
3. Settlement to take place within 120 days of the conditions of the contract becoming unconditional.
4. The Purchaser to be Tinklercorp Pty Ltd or its nominee.
5. Purchase subject to the following:
 - (a) 120 days Due Diligence period.
6. Immediately upon execution of contracts the Vendor shall provide written permission to the purchaser for the following:
 - (a) Make applications to all relevant authorities concerning the proposed development of the property.
 - (b) Access the site for field information.
 - (c) Vendor to provide access to any information relating to the development of the site.

ATTACHMENT 1

15 February 2011

If you require any clarification, please contact the undersigned.

We look forward to your response at your earliest convenience.

Yours sincerely
CB RICHARD ELLIS Pty Ltd

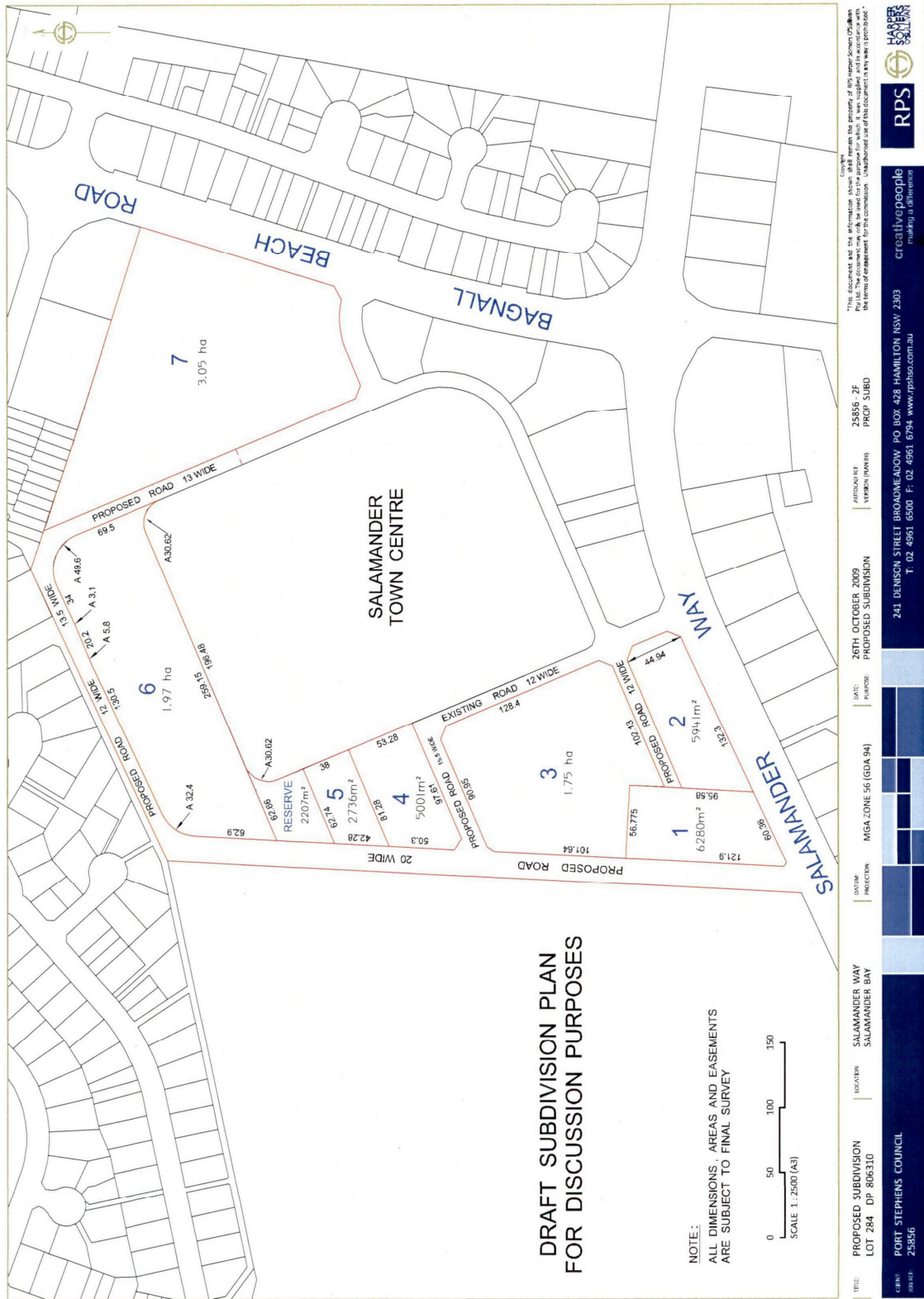


Angus Klem
Managing Director – Newcastle

C.c Carmel Foster

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ATTACHMENT 2



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TITLE: SALAMANDER WAY SALAMANDER BAY
 LOCATION: SALAMANDER BAY
 PROPOSED SUBDIVISION LOT 284 DP 806310
 CITY: PORT STEPHENS COUNCIL
 COUNTY: 25856

DATE: 26TH OCTOBER 2009
 PURPOSE: PROPOSED SUBDIVISION
 PROJECT: MGAZONE 56 (GDA 94)

ATTACHED: 25856-2F PRCP SUBD
 VERSION: (MAY09)

241 DENISON STREET BROADMEADOW, PO BOX 438 HAMILTON NSW 2303
 T: 02 4951 6500 F: 02 4951 6794 www.rpsas.com.au

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 &
 PARTNERS

ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL - 12 APRIL 2011

CONFIDENTIAL

ITEM NO. 2

FILE NO: PSC 2009 - 02408V2

EXPRESSION OF INTEREST FOR THE PURCHASE OF COUNCIL LAND

REPORT OF: CARMEL FOSTER - COMMERCIAL PROPERTY MANAGER

GROUP: COMMERCIAL SERVICES

RECOMMENDATION IS THAT COUNCIL:

- 1) Note the offer received for 155 Salamander Way.
- 2) Seek Expression of Interest to purchase the Commercial Land excluding the Community Facilities legally described as Lot 284 in Deposited Plan 806310 located at 155 Salamander Way, Salamander Bay.

ORDINARY COUNCIL MEETING - 12 APRIL 2011

123	Councillor Bruce MacKenzie Councillor Steve Tucker	It was resolved that Council: 1) Note the offer received for 155 Salamander Way. 2) Seek Expression of Interest to purchase the Commercial Land excluding the Community Facilities legally described as Lot 284 in Deposited Plan 806310 located at 155 Salamander Way, Salamander Bay.
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AMENDMENT

	Councillor Frank Ward Councillor John Nell	That Council: 1) Note the offer received for 155 Salamander Way. 2) A report be provided to Council on the terms and conditions of the proposed sale after discussions with Aldi, Fabcot Pty Ltd and Tomaree Health and following the resolution of the planning issues.
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ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL - 12 APRIL 2011

The amendment on being put was lost.

BACKGROUND

The purpose of this report is to obtain a Council Resolution to go to the market and seek Expression of Interest to purchase Council owned commercial land located at 155 Salamander Way, Salamander Bay.

On the 16th February 2011 Council received an offer for \$22,050,000 from CB Richard Ellis agency representing the company Tinklercorp Pty Ltd, the previous offer submitted to Council by Tecan and Merc was conditional upon DA approval and a deferred settlement.

The Tinklercorp offer was presented to the Property Advisory Panel (PAP) for discussion. A number of cash flow scenarios were prepared by the Commercial Services Manager to determine the net present value to Council should Council accept the offer or if Council were to develop the land themselves and sell the parcels over a period of time as demand dictates. The resulting net present values showed minimal difference in financial return to Council.

PAP has recommended that there is a need to have an open transaction process and if the land is proposed to be sold the property is put to the open market.

FINANCIAL/RESOURCE IMPLICATIONS

Under the financial modelling and Net Present Value analysis prepared utilising the offer presented to Council by Tinklercorp the Net Present Value of the offer shows minimal difference in the return to Council. It should be noted that in these scenarios that a risk factor has not been added in for the development of the land and therefore this analysis reflect the best development returns that would be available.

LEGAL, POLICY AND RISK IMPLICATIONS

Council currently has exchanged contracts over proposed Lots 1, 4 and an option over proposed Lot 6.

The deferral and subsequent withdrawal of the Development Application for the proposed subdivision has triggered some legal implications relating to the documents which are detailed as follows:

Contract for Sale with Aldi Foods Pty Ltd

Under the Contract the right to rescind arose on the 23rd of November 2010, however PSC advised ALDI that it wished to extend the dates under clause 32.1(d) by way of a Deed of Variation. The wording for the Deed of Variation was agreed to on 1st February 2011 and extend the Contract Date to the 28 June 2011. As PSC has expressed a clear intention to extend the Contract dates PSC may be estopped from exercising its right of rescission until after this date.

ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL – 12 APRIL 2011

Contract for Sale with Tomaree Health Pty Ltd

Under the Contract the right to rescind arose on the 30th November 2010 however PSC advised Tomaree Health that it wished to extend the dates under clause 32.1 (d) by way of a Deed of Variation. PSC has submitted a Deed of Variation extending the rescission date to 30th June 2011. This Deed has not been signed by Tomaree Health however as above given that PSC has expressed a clear intention to extend the Contract dates PSC may be estopped from exercising its right to rescind until after this date.

Option Deed between Port Stephens Council and Fabcot Pty Ltd

PSC has granted an option to Fabcot to purchase the land currently described as proposed Lot 6 in the Draft Plan of Subdivision. The option continues until the 15th September 2011 with a possible extension period up to 15th March 2012. If Fabcot take up the extension period it must pay the extension fee of \$10,000 plus GST in addition to the option fee of \$40,000 that it has already paid to Council.

The commitments to ALDI and Tomaree Health prevent Council from accepting an offer for the purchase of 155 Salamander Way until 30th June 2011. However, it is possible that those agreements could be assigned to a purchaser although PSC would remain liable to comply with the terms of the assigned contracts. If the purchaser did not comply with the contracts, PSC would then be liable directly to ALDI and Tomaree Health. It is also possible to novate the agreements. Novation of the agreements would require the consent of each of the relevant parties under the contract and would require those parties to agree on the form of a Deed of Novation. Novation of the contracts would mean the contracts would form directly between each of the existing proponents and the purchaser of 155 Salamander Way and release Council from any liability under the existing contracts. The Option to Fabcot is valid until 15th March 2012. As with the exchanged contracts it is possible to both assign and novate the Option Deed to a purchaser with novation the preference.

The existing contracts/agreements could make the sale more attractive to a potential purchaser and notionally adds value to the land. If Council were to seek extensions to the contracts for sale with ALDI and Tomaree Health the contracts would be amended to include a novation clause. The proposed end users have been identified previously as a gap in services in the area.

SUSTAINABILITY IMPLICATIONS

Includes Social, Economic and Environmental Implications

Nil.

CONSULTATION

Property Advisory Panel
CB Richard Ellis
Harris Wheeler Solicitors.

ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL – 12 APRIL 2011

OPTIONS

- 1) Accept the Recommendation
- 2) Amend the Recommendation
- 3) Reject the Recommendation.

ATTACHMENTS

- 1) Letter of Offer
- 2) Financial Modelling and Net Present Value Analysis.

COUNCILLORS ROOM

Nil.

TABLED DOCUMENTS

Nil.

ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL - 12 APRIL 2011

ATTACHMENT 1

CBRE
CB RICHARD ELLIS

CB Richard Ellis Pty Ltd
ABN 57 057 373 574

Level 1, 418 Hunter Street
Newcastle NSW 2300

T 61 2 4926 6432
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15 February 2011

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General Manager, Port Stephens Council
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3. Settlement to take place within 120 days of the conditions of the contract becoming unconditional.
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5. Purchase subject to the following:
 - (a) 120 days Due Diligence period.
6. Immediately upon execution of contracts the Vendor shall provide written permission to the purchaser for the following:
 - (a) Make applications to all relevant authorities concerning the proposed development of the property.
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ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL – 12 APRIL 2011

ATTACHMENT 1

15 February 2011

If you require any clarification, please contact the undersigned.

We look forward to your response at your earliest convenience.

Yours sincerely
CB RICHARD ELLIS Pty Ltd



Angus Klem
Managing Director – Newcastle

C.c Carmel Foster

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ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL - 12 APRIL 2011

ATTACHMENT 2

FINANCIAL MODELLING AND NET PRESENT VALUE ANALYSIS
155 SALAMANDER WAY
LAND DEVELOPMENT SCENARIOS

Development Cashflows Scenario 1

	Sales	Costs	Profit	Cumulative Profit	Investment Returns on Cumulative Profit	Annual Profit + Inv Returns
Yr 0	-	60,000	-	60,000	-	60,000
Yr 1	-	40,000	-	40,000	-	40,000
Yr 2	6,500,000	6,000,000	500,000	400,000	-	500,000
Yr 3	5,500,000	20,000	5,480,000	5,880,000	529,200	6,009,200
Yr 4	-	20,600	2,979,400	8,859,400	797,346	3,776,746
Yr 5	3,000,000	21,218	21,218	8,838,182	795,436	774,218
Yr 6	-	21,855	21,855	8,816,327	793,469	771,615
Yr 7	-	22,510	3,977,490	12,793,817	1,151,444	5,128,933
Yr 8	4,000,000	23,185	23,185	12,770,632	1,149,357	1,126,171
Yr 9	-	23,881	23,881	12,746,751	1,147,208	1,123,327
Yr 10	-	24,597	4,975,403	17,722,153	1,594,994	6,570,396
Yr 11	5,000,000	25,335	25,335	17,696,818	1,592,714	1,567,378
Yr 12	-	26,095	26,095	17,670,722	1,590,365	1,564,270
Yr 13	-	26,878	5,973,122	23,643,844	2,127,946	8,101,068
Yr 14	6,000,000	27,685	27,685	23,616,159	2,125,454	2,097,770
Yr 15	-	28,515	28,515	23,587,644	2,122,888	2,094,373
Yr 16	-	29,371	6,970,629	30,558,274	2,750,245	9,720,874
Yr 17	7,000,000	30,252	30,252	30,528,022	2,747,522	2,717,270
Yr 18	-	31,159	31,159	30,496,862	2,744,718	2,713,558
Yr 19	-	32,094	7,967,906	38,464,768	3,461,829	11,429,735
Yr 20	8,000,000	33,057	33,057	38,431,711	3,458,854	3,425,797
	45,000,000				NPV	\$33,767,220.31

Development Cashflows Scenario 2

	Sales	Costs	Profit	Cumulative Profit	Investment Returns on Cumulative Profit	Annual Profit + Inv Returns
Yr 0	-	60,000	-	60,000	-	60,000
Yr 1	-	40,000	-	40,000	-	40,000
Yr 2	6,500,000	6,000,000	500,000	400,000	-	500,000
Yr 3	5,500,000	20,000	5,480,000	5,880,000	529,200	6,009,200
Yr 4	-	20,600	20,600	5,859,400	527,346	506,746
Yr 5	-	21,218	6,978,782	12,838,182	1,155,436	8,134,218
Yr 6	7,000,000	21,855	21,855	12,816,327	1,153,469	1,131,615
Yr 7	-	22,510	22,510	12,793,817	1,151,444	1,128,933
Yr 8	-	23,185	23,185	12,770,632	1,149,357	1,126,171
Yr 9	-	23,881	23,881	12,746,751	1,147,208	1,123,327
Yr 10	-	24,597	7,975,403	20,722,153	1,864,994	9,840,396
Yr 11	8,000,000	25,335	25,335	20,696,818	1,862,714	1,837,378
Yr 12	-	26,095	26,095	20,670,722	1,860,365	1,834,270
Yr 13	-	26,878	26,878	20,643,844	1,857,946	1,831,068
Yr 14	-	27,685	27,685	20,616,159	1,855,454	1,827,770
Yr 15	-	28,515	8,971,485	29,587,644	2,662,888	11,634,373
Yr 16	9,000,000	29,371	29,371	29,558,274	2,860,245	2,630,874
Yr 17	-	30,252	30,252	29,528,022	2,657,522	2,627,270
Yr 18	-	31,159	31,159	29,496,862	2,654,718	2,623,558
Yr 19	-	32,094	9,967,906	39,464,768	3,551,829	13,519,735
Yr 20	10,000,000	33,057	33,057	39,431,711	3,548,854	3,515,797
	46,000,000				NPV	\$35,078,722.17

ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL – 12 APRIL 2011

ATTACHMENT 2

<u>FINANCIAL MODELLING AND NET PRESENT VALUE ANALYSIS</u>						
<u>155 SALAMANDER WAY</u>						
<u>LAND DEVELOPMENT SCENARIOS</u>						
Development Cashflows Scenario 3						
Sales	Costs	Profit	Cumulative Profit	Investment Returns on Cumulative Profit	Annual Profit + Inv Returns	
Yr 0	-	60,000 -	60,000 -	60,000	-	60,000
Yr 1	-	40,000 -	40,000 -	100,000	-	40,000
Yr 2	3,500,000	6,000,000 -	2,500,000 -	2,600,000	-	2,500,000
Yr 3	5,500,000	20,000	5,480,000	2,880,000	259,200	5,739,200
Yr 4	-	20,600 -	20,600	2,859,400	257,346	236,746
Yr 5	-	21,218	5,978,782	8,838,182	795,436	6,774,218
Yr 6	6,000,000	21,855 -	21,855	8,816,327	793,469	771,615
Yr 7	-	22,510 -	22,510	8,793,817	791,444	788,933
Yr 8	-	23,185 -	23,185	8,770,632	789,357	766,171
Yr 9	-	23,881 -	23,881	8,746,751	787,208	763,327
Yr 10	-	24,597	6,975,403	15,722,153	1,414,994	8,390,396
Yr 11	7,000,000	25,335 -	25,335	15,696,818	1,412,714	1,387,378
Yr 12	-	26,095 -	26,095	15,670,722	1,410,365	1,384,270
Yr 13	-	26,878 -	26,878	15,643,844	1,407,946	1,381,068
Yr 14	-	27,685 -	27,685	15,616,159	1,405,454	1,377,770
Yr 15	-	28,515	7,971,485	23,587,644	2,122,888	10,094,373
Yr 16	8,000,000	29,371 -	29,371	23,558,274	2,120,245	2,090,874
Yr 17	-	30,252 -	30,252	23,528,022	2,117,522	2,087,270
Yr 18	-	31,159 -	31,159	23,496,862	2,114,718	2,083,558
Yr 19	-	32,094	8,967,906	32,464,768	2,921,829	11,889,735
Yr 20	9,000,000	33,057 -	33,057	32,431,711	2,918,854	2,885,797
	39,000,000				NPV	\$26,852,863.66
Development Cashflows Scenario 4						
Sales	Costs	Profit	Cumulative Profit	Investment Returns on Cumulative Profit	Annual Profit + Inv Returns	
Yr 0	-	60,000 -	60,000 -	60,000	-	60,000
Yr 1	-	40,000 -	40,000 -	100,000	-	40,000
Yr 2	6,500,000	6,000,000	500,000	400,000	-	500,000
Yr 3	5,500,000	20,000	5,480,000	5,880,000	529,200	6,009,200
Yr 4	-	20,600	6,979,400	12,859,400	1,157,346	8,136,746
Yr 5	7,000,000	21,218 -	21,218	12,838,182	1,155,436	1,134,218
Yr 6	-	21,855 -	21,855	12,816,327	1,153,469	1,131,615
Yr 7	-	22,510	7,977,490	20,793,817	1,871,444	9,848,933
Yr 8	8,000,000	23,185 -	23,185	20,770,632	1,869,357	1,846,171
Yr 9	-	23,881 -	23,881	20,746,751	1,867,208	1,843,327
Yr 10	-	24,597	8,975,403	29,722,153	2,674,994	11,650,396
Yr 11	9,000,000	25,335 -	25,335	29,696,818	2,672,714	2,647,378
Yr 12	-	26,095 -	26,095	29,670,722	2,670,365	2,644,270
Yr 13	-	26,878	9,973,122	39,643,844	3,567,946	13,541,068
Yr 14	10,000,000	27,685 -	27,685	39,616,159	3,565,454	3,537,770
Yr 15	-	-	-	39,616,159	3,565,454	3,565,454
Yr 16	-	-	-	39,616,159	3,565,454	3,565,454
Yr 17	-	-	-	39,616,159	3,565,454	3,565,454
Yr 18	-	-	-	39,616,159	3,565,454	3,565,454
Yr 19	-	-	-	39,616,159	3,565,454	3,565,454
Yr 20	-	-	-	39,616,159	3,565,454	3,565,454
	46,000,000.00				NPV	\$44,495,064.28

ATTACHMENT 3

CONFIDENTIAL ORDINARY COUNCIL - 12 APRIL 2011

ATTACHMENT 2

FINANCIAL MODELLING AND NET PRESENT VALUE ANALYSIS
155 SALAMANDER WAY - LAND SALE SCENARIOS

Scenario 1	
Sell 155 Salamander Way and lease back Childcare, Community Centre & Library	
Sale Price	\$ 22,050,000.00
Investment Property Return on Sale Price (@6%)	\$ 1,884,500.00
Less: Annual Lease Fee for Community Facilities	\$ 400,000.00
Net	\$ 1,884,500.00
Yr 0	\$ 22,050,000.00
Yr 1	\$ 1,884,500.00
Yr 2	\$ 1,638,657.50
Yr 3	\$ 1,392,815.00
Yr 4	\$ 1,146,972.50
Yr 5	\$ 891,130.00
Yr 6	\$ 645,287.50
Yr 7	\$ 399,445.00
Yr 8	\$ 153,602.50
Yr 9	\$ -
Yr 10	\$ -
Yr 11	\$ -
Yr 12	\$ -
Yr 13	\$ -
Yr 14	\$ -
Yr 15	\$ -
Yr 16	\$ -
Yr 17	\$ -
Yr 18	\$ -
Yr 19	\$ -
Yr 20	\$ -
Total	\$ 66,859,156.83
NPV	\$ 43,467,672.81

Scenario 2	
Sell 155 Salamander Way excluding Childcare, Community Centre & Library	
Sale Price	\$ 19,800,000.00
Investment Property Return on Sale Price (@6%)	\$ 1,782,000.00
Less: Annual Lease Fee for Community Facilities	\$ -
Net	\$ 1,782,000.00
Yr 0	\$ 19,800,000.00
Yr 1	\$ 1,782,000.00
Yr 2	\$ 1,644,370.00
Yr 3	\$ 1,506,740.00
Yr 4	\$ 1,369,110.00
Yr 5	\$ 1,231,480.00
Yr 6	\$ 1,093,850.00
Yr 7	\$ 956,220.00
Yr 8	\$ 818,590.00
Yr 9	\$ 680,960.00
Yr 10	\$ 543,330.00
Yr 11	\$ 405,700.00
Yr 12	\$ 268,070.00
Yr 13	\$ 130,440.00
Yr 14	\$ -
Yr 15	\$ -
Yr 16	\$ -
Yr 17	\$ -
Yr 18	\$ -
Yr 19	\$ -
Yr 20	\$ -
Total	\$ 70,184,492.89
NPV	\$ 44,203,835.04

Scenario 3	
Sell 155 Salamander Way excluding Childcare, Community Centre & Library for \$22.65m	
Sale Price	\$ 22,050,000.00
Investment Property Return on Sale Price (@6%)	\$ 1,884,500.00
Less: Annual Lease Fee for Community Facilities	\$ -
Net	\$ 1,884,500.00
Yr 0	\$ 22,050,000.00
Yr 1	\$ 1,884,500.00
Yr 2	\$ 2,053,957.50
Yr 3	\$ 2,123,846.01
Yr 4	\$ 2,200,250.62
Yr 5	\$ 2,277,269.39
Yr 6	\$ 2,366,863.47
Yr 7	\$ 2,459,457.20
Yr 8	\$ 2,524,898.20
Yr 9	\$ 2,613,207.53
Yr 10	\$ 2,704,688.90
Yr 11	\$ 2,799,333.24
Yr 12	\$ 2,891,866.04
Yr 13	\$ 2,987,308.90
Yr 14	\$ 2,987,715.75
Yr 15	\$ 3,103,670.00
Yr 16	\$ 3,212,288.28
Yr 17	\$ 3,324,728.75
Yr 18	\$ 3,441,095.30
Yr 19	\$ 3,561,533.63
Yr 20	\$ 3,686,187.31
Total	\$ 78,171,028.66
NPV	\$ 48,226,998.12

PORT STEPHENS COUNCIL

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There being no further business the meeting closed at 5.28pm.

I certify that pages 1 to 23 of the Open Ordinary Minutes of Council 16 August 2011 were confirmed by Council at its meeting held on 23 August 2011.

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Cr Bob Westbury
MAYOR