

PROPERTY TRANSACTIONS AND 'QUESTIONABLE DEALS'

There's a range of public concerns at Hamilton City Council property transactions, and what have been described in social media and conversation as 'questionable deals'.

These include the \$2million mark up on valuation to purchase CBD riverside properties disclosed after an Audit NZ investigation into council processes relating to these properties, and council relationships with some interested parties, Momentum Trust and the proposed regional theatre development.

As well, the rationale for non-public ownership of the theatre should be transparently debated in view of the significant extent of public funding sought, along with the requirement for a \$1.2 million annual operating subsidy.

Issues have also been raised relating to council contracts, interested parties and benefits accruing, in particular relating to monopoly contracts and their review (ie stadia catering)

Concerns also relate to some council property sales at below valuation and/or significant loss of capital, as well as a private property purchase when the parties had previous access to confidential council information concerning boundary extensions and infrastructure servicing benefits.

The council's management of special purpose reserve funds is questioned, and in particular endowment funds specified for real estate/property investments for ongoing community benefit and well-being. These funds were previously managed at arms-length through the council's Property Company, now disbanded.

[Hamilton Mayor Andrew King's 'controversial' river city vision ...
https://www.stuff.co.nz/waikato-times/business/hamilton-city-council-b...](https://www.stuff.co.nz/waikato-times/business/hamilton-city-council-b...)

Oct 4, 2018 - **Hamilton** Mayor Andrew King says the **purchase** of the sites on Victoria St, seen here ... seen here will allow **council** to link the **city** with the **Waikato** River. A decision by **council** to buy a suite of riverside **properties** to open up **Hamilton's** Don't rely on estimated delivery **times** given for our postal service.

[Hamilton City Council pays \\$6.49m for buildings ... - NZ Herald
https://www.nzherald.co.nz/nz/news/article](https://www.nzherald.co.nz/nz/news/article)

Oct 3, 2018 - **Hamilton City Council** has paid \$6.5m for five **properties** on Victoria St ... King said **purchasing** the four **properties** with five buildings were ...

[Hamilton ratepayers' group complains to SFO ... - NZ Herald
https://www.nzherald.co.nz/nz/news/article](https://www.nzherald.co.nz/nz/news/article)

Oct 8, 2018 - Earlier this year and prior to the **property purchases** being made, an Audit **NZ** ... **Hamilton City Council** snaps up first **properties** as part of \$7m ...

[Hamilton City Council puts proposal to buy more ... - NZ Herald
https://www.nzherald.co.nz/nz/news/article](https://www.nzherald.co.nz/nz/news/article)

Sep 8, 2019 - A secret proposal for **Hamilton City Council** to **purchase** more **property** on Victoria St overlooking the river has been pulled - for now. But one ...

CONCERNS AND QUESTIONS

A number of initiatives approved by Hamilton City Council raise concern over the transparency, accountability, and independence of decisions as well as questions relating to who stands to gain from these decisions.

1. Is it ethical for a councillor while in possession of confidential information on future city boundary adjustments, to have family members purchase land within this area? (refer OIA 19217)
 - a. Since 5 February 2014 when elected members and staff discussed the inclusion of a piece of land called 'WA Growth Cell' for inclusion into the Hamilton City. On the 3 April 2017 an elected member who attended these meetings purchased the land (company 6262984 in the name of a member of his family) with the full knowledge that this land is most likely to be included in the city boundary.
2. Is it appropriate for Senior Council Management to sit on a private sector Board when Council is considering donations to this entity?
 - a. The establishment of CCO's and Joint Ventures within Hamilton and the appointment of Council staff into these ventures prior to commitment decisions being made, raises questions regarding the independence of Council from private sector activities, particularly when \$25M from the council is involved.
3. What is the background and reasoning for Council to pay \$6.49M for property that had a current valuation of \$4.3M? (refer OIA 19201,19039,18272)
 - a. The decision to purchase four buildings, with the Mayor's casting vote in favour, together with the Sale and Purchase Agreement 10 year clause to enable the seller first option to purchase the land and buildings back at Market value is very unusual.
4. What is the background and reasoning for Council's long-term exclusive contract with the Private Catering Company hosted at the Claudelands Event Centre?
 - a. What are the terms of this contract and
 - b. Has and/or will there be a review of the catering contract to a single supplier for the supply of exclusive services to Council event facilities which stop the public self-catering

Recommendations

- An independent forensic analysis into the council's purchase of CBD riverside properties (\$6.9m with CV \$4.3m), as well as council's support for Momentum's proposed regional theatre and its non-public ownership structure, plus any other related matters, including whether or not parties have acted ethically.
- An independent forensic analysis into HCC's monopoly contracts and review processes, beginning with stadia catering.
- An independent forensic analysis into claims of 'shady deals' to determine whether elected members and/or staff (including immediate relatives), have gained financially from past, present or future city development.
- An independent forensic analysis into the council's property transactions, tracking capital and profits/losses and their recording since property management was brought in-house and the Property Company into hibernation.