

**MINUTE EXTRACT FROM THE NON-PUBLIC MINUTES OF THE COUNCIL MEETING HELD ON MONDAY
13 AUGUST 2018**

C1 DIRECTOR APPOINTMENTS

A report from Finance advised that the terms of Graham Crombie and Kathy Grant, current directors of Dunedin City Holdings Limited (DCHL), Dunedin City Treasury Limited (DCTL) and Dunedin Stadium Property Limited (DSPL), were due to expire on 17 October 2018. The report asked Council to consider the re-appointment of Mr Crombie and Mrs Grant and noted that under the current constitutions, they could only be extended to 16 July 2021 as that date was the nine-year anniversary of their initial appointments.

The report noted that Mr Crombie was also Chairperson of DCHL and DCTL and, as part of the succession planning for those companies, Council was asked to consider whether a 'split extension' would be preferable whereby Mr Crombie was re-appointed as director until 16 July 2021 and was appointed as Chairperson only for the first twelve months of this extension, at which time he would take on the supporting role of Deputy Chairperson and a co-director would be appointed Chairperson.

The General Manager Finance and Commercial (Dave Tombs) spoke to the report and responded to questions.

Moved (Cr Chris Staynes/Cr Jim O'Malley):

That the Council:

- a) **Re-appoints** Graham Crombie as Director of DCHL, DCTL and DSPL until 16 July 2021 and Chairperson of DCHL and DCTL until 18 October 2019 (12-month period) from which point he would become Deputy Chairperson until 16 July 2021 (21-month period) and support a new Chairperson who would be appointed nearer the time.
- b) **Re-appoints** Kathy Grant to the Boards of Dunedin City Holdings Ltd, Dunedin City Treasury and Dunedin Stadium Property Limited until 16 July 2021.

Division

Council voted by division:

For:	Crs David Benson-Pope, Christine Garey, Doug Hall, Aaron Hawkins, Mike Lord, Damian Newell, Jim O'Malley, Chris Staynes, Conrad Stedman, Dave Cull and Kate Wilson (11).
Against:	Crs Marie Laufiso and Lee Vandervis (2).

The division was declared CARRIED by 11 votes to 2

Motion carried (CNL/2018/064)

DIRECTOR APPOINTMENTS

Department: Finance

REASONS FOR CONFIDENTIALITY

Grounds:	S48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Reason:	S7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.
In particular:	This report is confidential because the appointment of a director is made public once the applicant has been notified of the decision.

EXECUTIVE SUMMARY

- 1 The terms of Graham Crombie and Kathy Grant, current directors of Dunedin City Holdings Limited (DCHL), Dunedin City Treasury Limited (DCTL) and Dunedin Stadium Property Limited (DSPL), are due to expire on 17 October 2018. This report asks Council to consider the re-appointment of Mr Crombie and Mrs Grant. Under the current constitutions, Mr Crombie and Ms Grant can only be extended to 16 July 2021 as this is the date that is the nine-year anniversary of their initial appointments.
- 2 Mr Crombie is also Chairperson of DCHL and DCTL and, as part of the succession planning for these companies, Council is asked to consider whether a 'split extension' would be preferable whereby Mr Crombie is re-appointed as director until 16 July 2021 and is appointed as Chairperson only for the first twelve months of this extension, at which time he takes on the supporting role of Deputy Chairperson and a co-director is appointed Chairperson.

RECOMMENDATIONS

That the Council:

- a) **Consider** the options for the appointment of Graham Crombie as a director of DCHL, DCTL and DSPL.
- b) **Consider** the options for the appointment of Kathy Grant as a director of DCHL, DCTL and DSPL.

BACKGROUND

- 3 The current constitutions of DCHL, DCTL and DSPL note that directors may be re-appointed at the expiry of their term of appointment, provided that no director may be

appointed for more than three consecutive terms. Directors may not be appointed for terms of more than three years.

- 4 Mr Crombie and Mrs Grant were appointed to the Boards of DCHL and DCTL in July 2012. They have served two terms and continue to make positive contributions to both companies. They were also subsequently appointed to the Board of DSPL in 2015 (Crombie) and 2018 (Grant).

DISCUSSION

- 5 Graham Crombie was appointed as Chair of the Boards of DCHL and DCTL in August 2013 and, by 18 October 2018, would have completed two terms as Chair of these companies.
- 6 Mr Crombie was appointed to the Board of DSPL on 2 February 2015. He is currently serving a second term (of 3.5 months' duration due to the appointment being linked to the renewal date of his DCHL and DCTL terms).
- 7 Mrs Grant was appointed to the Boards of DCHL and DCTL on 17 July 2012 and, by 18 October 2018, would have completed two terms as a Director of these companies.
- 8 Mrs Grant was appointed to the Board of DSPL effective from 1 July 2018 (of 3.5 months duration due to the appointment being linked to the renewal date of her DCHL and DCTL terms). Mrs Grant had also served on this Board from 2 February 2015 to 6 June 2016.
- 9 The following Options are based on directors being appointed for a term 'of three years' which is the maximum available under the companies' respective Constitutions. Council can amend the suggested Recommendations to include terms of less than three years.
- 10 Council has previously decided that the governance of DCTL and DSPL is most effectively conducted by the directors of DCHL. Although this is not in accordance with the Larsen report, this approach is considered the most practical, pragmatic and effective.

OPTIONS

APPOINTMENT OF GRAHAM CROMBIE

Option One – Full Re-appointment of Mr Graham Crombie be considered as Director of DCHL, DCTL and DSPL until 16 July 2021; and Chairperson of DCHL and DCTL until 16 July 2021 (33-month period)

Advantages

- Provides ongoing continuity of operations for DCHL, DCTL and DSPL.
- Avoids unnecessary cost by avoiding the need 'to go to the market'.

Disadvantages

- Gives rise to potential succession planning issues relating to the Chairperson role in 2021. This Option would not allow a 'mentoring' or 'hand-over' period for the next Chairperson.
- Potentially results in a 'Chairperson imbalance' should the next Chairperson be an existing Director. For example, if Mr Crombie serves a further 33 months as Chairperson, giving him nine years as Chairperson in total, and the next Chairperson is selected from the existing Board of Directors, the new Chairperson

may only be able to serve less than 2.5 years as Chairperson before their nine-year maximum term expires.

- Could result in a more suitable current candidate not being identified.

Option Two – Partial Chairperson Re-appointment: Re-appoints Graham Crombie as Director of DCHL, DCTL and DSPL until 16 July 2021 and Chairperson of DCHL and DCTL until 18 October 2019 (12-month period) from which point he becomes Deputy Chairperson until 16 July 2021 (21-month period) and supports a new Chairperson who will be appointed nearer the time

Advantages

- Provides ongoing continuity of operations DCHL, DCTL and DSPL.
- Avoids unnecessary cost by avoiding the need 'to go to the market'.
- Enables structured succession planning strategies for the Chairperson role to be implemented prior to 2021.
- Is consistent with generally accepted 'best practice' principles (enables 'mentoring' and 'hand-over' period).

Disadvantages

- Need to identify a new Chairperson in 2019 (instead of 2021).
- Could result in a more suitable candidate not being identified.

Option Three – Director Only Re-appointment: Re-appoints Graham Crombie as Director of DCHL, DCTL and DSPL until 16 July 2021 and either appoints a new Chairperson of DCHL and DCTL from their existing Board of Directors from 19 October 2018; or appoints a new Chairperson of DCHL and DCTL from the 'open market' from 19 October 2018

Advantages

- Provides ongoing continuity of operations DCHL, DCTL and DSPL.
- Possibly avoids unnecessary cost by avoiding the need 'to go to the market' (were the new Chairperson to be appointed from existing Board of Directors).

Disadvantages

- Does not enable structured succession planning strategies for the Chairperson role to be implemented.
- Need to identify a new Chairperson now: could incur a cost (if the new Chairperson is appointed from the 'open market').
- Could result in a more suitable current director candidate not being identified.

Option Four - No Re-appointment: Does not re-appoint Graham Crombie as Director nor Chairperson of DCHL and DCTL and DSPL and instead appoints a new Chairperson of DCHL and DCTL from their existing Board of Directors from 19 October 2018 and appoints a new Director of DCHL, DCTL and DSPL from the 'open market'; or appoints a new Director of DCHL, DCTL and DSPL and a Chairperson of DCHL and DCTL from the 'open market' from 19 October 2018

Advantages

- Could result in a more suitable candidate, with a different skill set, being appointed to the Board of these companies.

Disadvantages

- Could result in unnecessary cost with no related benefit.
- Could give rise to potential succession planning issues relating to the Chairperson role. This Option may not allow a 'mentoring' or 'hand-over' period for the next Chairperson.
- Timeframes may require an interim appointment to be identified and appointed.

APPOINTMENT OF KATHY GRANT

Option One – Re-appoints Kathy Grant to the Boards of Dunedin City Holdings Ltd, Dunedin City Treasury and Dunedin Stadium Property Limited until 16 July 2021

Advantages

- Provides ongoing continuity of operations for DCHL, DCTL and DSPL.
- Avoids unnecessary cost by avoiding the need 'to go to the market'.

Disadvantages

- Could result in a more suitable current director candidate not being identified.

Option Two - Do not re-appoint Kathy Grant to the Boards of Dunedin City Holdings Ltd, Dunedin City Treasury and Dunedin Stadium Property Limited until 16 July 2021 and instead 'go to the market' to identify a more suitable candidate

Advantages

- Could result in a more suitable candidate, with a different skill set, being appointed to the Board of these companies.

Disadvantages

- Could result in unnecessary cost with no related benefit.

NEXT STEPS

- 11 Council's recommended options will be advised to Mr Crombie and Mrs Grant in writing.

Signatories

Author:	Dave Tombs - General Manager Finance and Commercial
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Authoriser:	Sue Bidrose - Chief Executive Officer
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Attachments

There are no attachments for this report.

SUMMARY OF CONSIDERATIONS***Fit with purpose of Local Government***

This report relates to providing an administrative function for the continuing operation of the Board of Dunedin City Holdings Limited and the Board of Dunedin City Treasury Limited.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

There is no contribution to the Strategic Framework.

Māori Impact Statement

There are no known impacts for tangata whenua.

Sustainability

There are no known implications for sustainability.

LTP/Annual Plan / Financial Strategy / Infrastructure Strategy

There are no implications.

Financial considerations

There are no financial implications.

Significance

This decision is considered low in terms of the Council's Significance and Engagement Policy.

Engagement – external

There has been no external engagement.

Engagement - internal

There has been internal discussion with the Dunedin City Council Chief Executive Officer and Chair of Dunedin City Holdings Limited and Dunedin City Treasury Limited.

Risks: Legal / Health and Safety etc.

There are no identified risks.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

There are no known implications for Community Boards.