

**From:** [Sandy Graham](#)  
**To:** [officialinformation@dcc.govt.nz](mailto:officialinformation@dcc.govt.nz)  
**Subject:** FW: Memorandum of Understanding  
**Date:** Monday, 10 October 2016 02:34:49 p.m.  
**Attachments:** [Dcc Sue.pdf](#)  
[ATT00001.htm](#)

---

For filing. Its complete

---

**From:** Sandy Graham  
**Sent:** Wednesday, 5 October 2016 5:47 p.m.  
**To:** Chris Morris  
**Cc:** Sue Bidrose  
**Subject:** Fwd: Memorandum of Understanding

Dear Chris

Please find attached the MOU pursuant to your urgent LGOIMA request.

Sandy

General Manager Strategy and Governance  
Dunedin City Council

Begin forwarded message:

.

---

If this message is not intended for you please delete it and notify us immediately; you are warned that any further use, dissemination, distribution or reproduction of this material by you is prohibited.

---



## Memorandum of Understanding

Date:

19<sup>th</sup> September

2016

### Parties

**Dunedin City Council** a Territorial Local Authority under the Local Government Act 2002 ("the Council")

**NZ Horizon Hospitality Group Limited** ("NZH")

---

### Background

- A. DCC owns the property situated on the corner of Moray Place and Filleul Street contained in Certificates of Title OT187/241, 142952, OT185/28, OT185/29, OT3D/890, OT278/22, OT6C/1038, OT235/275, OT6C/1039 and OT6C/1040 ("the Property").
- B. The Parties are negotiating a proposal for NZH to purchase and develop the Property (or part thereof) into a five star hotel ("Proposed Development").
- C. Following discussions between representatives of the Parties it is agreed (along with various other matters):
  - (i) NZH undertakes the Due Diligence Exercise relating to the purchase of the Property for the purpose of undertaking the Proposed Development.
  - (ii) Council will not enter into any discussions or negotiations with any other party other than NZH relating to the sale and purchase of the Property during the Exclusive Period.

All on the terms of this Memorandum of Understanding.

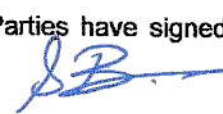

### It is Agreed

---

#### 1. Definitions

1.1 In this Memorandum of Understanding unless the context otherwise requires the following words shall bear the following meaning, namely:

- (a) "**Alternative Site**" means the part of the Property as identified by NZH and agreed to by council under clause 2.7.
- (b) "**Due Diligence Exercise**" means an investigation in relation to the Property including the following matters:
  - (i) all legal and title issues relating to the Property and any encumbrances, easements and memorials registered on the titles.
  - (ii) the overall financial suitability of purchasing the Property and undertaking the Proposed Development.
  - (iii) the zoning of the Property.

- (iv) what the Proposed Development will comprise.
- (v) the ability of NZH to purchase adjoining properties to proceed with the Proposed Development.
- (c) "Exclusive Period" means the period from the date the Parties have signed this Memorandum of Understanding until *three* ~~six~~ months later. 
- (d) "Parties" means the Council and NZH. 
- (e) "Property" means the property situated on the corner of Moray Place and Filleul Street as defined in Background A.
- (f) "Proposed Development" means a five star hotel to be built on the Property and occupied by guests, employees and contractors of NZH and others as further defined in Background B.

## 2. Agreements

- 2.1 NZH agrees to undertake the Due Diligence Exercise on the Property during the Exclusive Period.
- 2.2 The Council will nominate one of its employees as Project Manager to assist NZH with identifying the regulatory processes to be undertaken by NZH in completing the Proposed Development during the Exclusive Period and appropriate Council staff to engage with. Such assistance shall continue in the event the Parties enter into an Agreement for Sale and Purchase of the Property (or part thereof).
- 2.3 During the Exclusive Period, the Council will commission at its own cost geo-technical advice on the Property and provide this to NZH at no cost.
- 2.4 Council agrees it will not enter into negotiations nor agree to sell the Property to any third party except NZH during the Exclusive Period.
- 2.5 During the Exclusive Period, the Parties may enter into negotiations relating to the sale and purchase of the Property (or part thereof) but acknowledge that this Memorandum of Understanding does not oblige either party to enter into an Agreement for Sale and Purchase of the Property during or after the Exclusive Period.
- 2.6 The Parties agree that if an Agreement for Sale and Purchase of the Property is entered into between NZH and the Council the following conditions will be included:
  - (a) NZH will be obliged to proceed with construction of the Proposed Development on the Property within a specified period;
  - (b) the Proposed Development will be eligible for Development Contributions Relief to a maximum of \$1,000,000 (excluding GST) from Council on the terms of the Agreement; *- noting that waiving the Development Contributions is at the discretion of Council*
  - (c) the Purchase Price for the Property will be set based on market value;
  - (d) the full Council of Dunedin City Council's approval must be obtained to the Sale and Purchase of Property. Such approval may or may not be given at the discretion of the full Council.

