

RUAPEHU DISTRICT COUNCIL

Te Kaunihera-ā-Rohe o Ruapehu

MINUTES

AN EMERGENCY MEETING OF RUAPEHU DISTRICT COUNCIL HELD IN THE
COUNCIL CHAMBERS, 59-61 HUIA STREET, TAUMARUNUI
ON MONDAY, 19 JUNE 2023, AT 10:05AM

PUBLIC BUSINESS | KAUPAPA O WAHO

Present | Tuhinga

Mayor	Weston Kirton
Councillors	Robyn Gram Fiona Kahukura Hadley-Chase Lyn Neeson Rabbit Nottage Brenda Ralph

By Zoom

Deputy Mayor	Vivienne Hoeta
Councillors	Channey Iwikau

In Attendance | I Tae Mai

Clive Manley	Chief Executive
Paul Wheatcroft	Executive Manager Communications
Vini Dutra	Executive Manager Infrastructure
Tasha Paladin	Governance Manager

External Speakers

		Item
John Hutchinson	Hutch Consulting	4
John Fisk	PwC	4

Absent | Ngaro

Councillors	Janelle Hinch Korty Wilson
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1 Opening Karakia | Karakia Timatanga

Councillor Kahukura Hadley-Chase

2 Apologies

The Chairperson invited notice from members of apologies, including apologies for lateness and early departure from the meeting.

RESOLVED

Moved: Cr Ralph

Seconded: Cr Neeson

That the Apologies from Councillor Hinch, and Councillor Wilson be accepted.

3 Declarations of Interest

- Councillor Nottage advised he has previously been subcontracted by individuals behind the proposals;
- Councillor Iwikau advised he is a board member of the Tūwharetoa Māori Trust Board which holds bonds in the Sky Waka gondola at Whakapapa. Councillor Iwikau is also employed by Te Papa Atawhal, Department of Conservation (DoC) in his role as Treaty Partner Relationships;

[File Note] Council Meeting 23 August 2023: Correction of typo.

- Councillor Kahukura Hadley-Chase advised she is a representative for Ngāti Waewae ~~Waiwai~~ Hapū which will go into negotiations with DoC.

4 Council Voting at Ruapehu Alpine Lifts Watershed Meeting 20 June 2023

Members received a report presenting the voting options for the Ruapehu Alpine Lifts Limited Watershed Meeting of Creditors, for consideration and discussion to agree on Council's position.

John Hutchinson of Hutch Consulting was in attendance to present a summary of the information available, including the Administrators' Report, to assist the discussion of the Council to reach its decision ahead of the Watershed Meeting being held at 11AM 20 June 2023. John Fisk of PwC was also in attendance to answer Members' questions.

There are three live proposals on the table requiring votes from creditors; electronic votes closed Sunday 18 June, and remaining votes are to be cast at the Watershed Meeting taking place in three locations concurrently. It was noted the only conclusion that can be drawn from the three Infometrics reports is that any decision to not operate the Turoa and Whakapapa ski fields in 2023 and beyond, would be devastating for the Ruapehu economy, employment and community well-being.

The sequence of resolutions to be voted on at the Watershed Meeting was outlined; the first resolution (A) is the vote to execute the Deed of Company Arrangement (DOCA) proposed by RSSA that enables Ruapehu Alpine Lifts (RAL) to be returned to the Directors. The DOCA would retain RAL as the operator of the Whakapapa and Tūroa ski fields, with changes to the shareholding structure and constitution, Board of Directors, and a range of proposed debt compromises (varying by creditor). The Company would also seek to raise capital from life pass holders, and crowd funding.

If resolution A passes, the DOCA will be executed, and no further voting will take place.

If resolution A does not pass, the meeting will vote on the second resolution (B) to place RAL into liquidation, enable the pre-packaged liquidation proposal to occur and the sale of both the Whakapapa and Tūroa operations entered into with Whakapapa Holdings Limited (WHL) and Pure Tūroa Limited (PTL) respectively.

If resolution B does not pass, the final resolution (C) will be deemed to have passed, the voluntary administration of RAL will cease and control of the company returned to the Directors. While attempts would likely be made by a liquidator appointed subsequent to the Watershed Meeting to execute a sale to WHL and PTL, if the sale did not go ahead, it is likely RAL would cease trading immediately and go through the process of realising assets; creditors would be highly unlikely to be paid out in full, if at all.

It was noted that if resolution C passes, it would not be possible to give effect to a similar outcome as proposed by the DOCA. Once RAL has been placed into liquidation, a liquidation can only be terminated by the Court.

In order for a resolution to be passed at the meeting, it will need the support of creditors in terms of numbers (50 per cent threshold), and to be supported by creditors totalling at least 75 per cent of the value of those creditors that vote on the resolution.

The Crown's position focuses on ensuring jobs in the region will be secured to enable a 2023 winter season to go ahead, and reaching a deal that is the best possible for the region.

The role of the Voluntary Administrators was to see if RAL could be restructured and put back on its path, or if not, to find a solution that provides a better outcome for creditors than liquidation and seeks the best outcome for the region. The Administrators recognised it was important to respect the Maunga and what that means to Iwi and the people of the Central Plateau. The Administrators recommended avoiding the Company being returned to the control of the Directors is a far better outcome and support the pre-packaged liquidation proposal as it produces the best outcome for everyone in terms of providing immediate transfers to the WHL and PTL businesses to be able to get a Winter 2023 season up and running, continue employment and satisfy creditor claims.

It was noted the detailed negotiations were conducted between the Crown and the bidding entities, and the Administrators were not party to these.

In the 2018/19 Financial Year, Council entered into a loan to RAL for the Sky Waka gondola project for \$500,000. Under the terms of the loan, the interest and principal are scheduled to be repaid on 27 July 2028, 10 years after the loan drawdown, at the full loan value of \$500,000. There is also an allowance for an 'interest payment trigger event' based on non-skier passenger numbers.

Under the RSSA DOCA proposal, there is allowance for the liability to be repaid over a 10-year period, as cash flow allows. Under the WHL proposal, the liability will be repaid as per the terms and conditions of the original agreement.

A DoC concession is required to operate the ski fields; the DOCA proposal is a preformed agreement enabling RSSA to take over RAL and operate both ski fields. This would permit the DoC Concession to transfer to RSSA with little change; noting it would require a change of Directors. Whereas the WHL and PTL proposals require the DoC Concession agreement to be re-assigned from RAL to the new entities before processing. DoC can only commence the negotiation process once a named organisation(s) has/have been successful in the purchase of RAL

[File Note] Council Meeting 23 August 2023: Request for wording to be amended.

The Mayor advised Council he would be proposing ~~it would be adopting~~ Option B (Standing Orders 22.3) for speaking and moving motions for the consideration of the item and it provided more flexibility, and no restrictions on the number of Elected Members speaking to a motion.

The Mayor also advised, as the number of Elected Members present was even, that he would exercise his right to a casting vote if required (Standing Orders 19.3).

Resolution A

Speaking for the motion, it was acknowledged all three proposals presented credible options however the point of difference impacting Council most relates to the terms upon which the \$500,000 liability would be repaid. The WHL proposal provides more certainty of repayment than the DOCA. The proposals put forward by WHL and PTL also provide reassurance to the local subcontractors that they will be paid for invoiced work by 30 June 2023; under the DOCA, it could be between one and five years, depending on the invoice amount, when the subcontractors are repaid. It was noted that Council originally decided to invest in the Sky Waka gondola for the prosperity of the District. There are valid concerns for the community, the District's business owners, the Maunga, and the forwarding effect of the decision on the table, and it was felt there was more certainty of WHL and PTL being able to stand up to their promises and repay the loan to Council.

There was disappointment with a flawed process and the lack of consultation by the Crown; it was felt to be rushed and had divided the community and creditors unnecessarily. The quick decision was being sought without due diligence being fully exercised.

Those opposed to the motion expressed their views that there being no public forum of the Council meeting, no community members in attendance, and no presentation other than from the Administrators, created a disconnect of process and manaakitanga which went against the values Council recently agreed. The principles of Te Tiriti is tino rangatiratanga, self-determination, and mana motuhake, to design, deliver, monitor and change our destiny. It was argued self-determination would never be achieved if Council did not employ its values to make better decisions for the people it serves; putting locals, tangata tiriti, and tangata whenua first, not the Crown. Elected members did not receive any formal presentations from the bidders, the public, iwi, hapū, agencies involved such as Te Arawhiti and DoC, or life pass holders. It was felt the time restrictions enforced were depriving stakeholders of information needed to make a fully informed decision.

It was stated that if Council voted for Resolution A, but it did not pass at the Watershed Meeting, at least Council could say it stood side-by-side and demonstrated faith in its community; voting against Resolution A would be enabling private entities to take Ruapehu's treasure and operate as they will. There was concern over the ramifications if either entity failed and the potential on-selling of the operation. It was also felt concession negotiations could be a potential barrier to operating a winter 2023 season; equally, the need to rush through the concessions has implications for future concessions.

Resolution B

Speaking for the motion, it was acknowledged there was a lot of information that Council was not privy to. There was reassurance that the Crown stake holding prevented the entities from on-selling the operations without the Crown's approval. The WHL and PTL proposals will place the companies in local ownership and provide opportunities for a year-round business at both sides of the mountain.

Speaking against the motion, Members did not want to be a part of closing a business that tried to do the best for the community.

The recommendation to vote against resolution A, and vote for resolution B was based on the best interests of the District and delivering a ski season for 2023 in the North Island.

Minute Attachment(s)

- 1 *Future Options: Ruapehu Ski-Fields Presentation*

RESOLVED

Moved: Mayor Kirton
Seconded: Cr Nottage

That the Council:

- 1 *Receives the Report **Council Voting at Ruapehu Alpine Lifts Watershed Meeting 20 June 2023;***

RESOLVED

Moved: Mayor Kirton
Seconded: Cr Ralph

That the Council:

- 2 *Appoints Mayor Kirton as the proxy to vote on Council's behalf at the watershed meeting of creditors of Ruapehu Alpine Lifts Limited to be held on Tuesday, 20 June 2023 and at any adjournment of that meeting and to vote on any resolutions to amend any of the resolutions, on any resolution so amended, and on any other resolution proposed at the meeting (or any adjournment thereof);*

RESOLVED

Moved: Mayor Kirton
Seconded: Cr Nottage

That the Council:

- 3 *Agrees to vote **Against** Resolution A: It is resolved that the Company execute the proposed deed of company arrangement referred to in the statement of details of proposed deed of company arrangement provided with the notice of watershed meeting dated 13 June 2023;*

The motion was PUT and CARRIED upon voting, 5 votes to 4

A division was called for:

FOR Iwikau, Kirton, Ralph and Nottage (4) Kirton (casting vote) (5)
AGAINST Gram, Hoeta, Kahukura Hadley-Chase and Neeson (4)

RESOLVED

Moved: Cr Nottage
Seconded: Cr Ralph

That the Council:

- 4 *Agrees to vote **For** Resolution B: It is resolved that the Company be placed in liquidation;*

The motion was PUT and CARRIED upon voting, 5 votes to 4

A division was called for:

FOR Iwikau, Kirton, Ralph and Nottage (4) Kirton (casting vote) (5)
AGAINST Gram, Hoeta, Kahukura Hadley-Chase and Neeson (4)

RESOLVED

Moved: Mayor Kirton

Seconded: Cr Nottage

That the Council:

5 Agrees to vote **For** Resolution C: *It is resolved that the Administration end and control of the Company be returned to the Company's directors;*

5 Closing Karakia | Karakia Whakamutunga

Councillor Kahukura Hadley-Chase

The Public Business part of the meeting concluded at 12:04PM.

The minutes of this meeting were confirmed at the Council Meeting held this 23rd day of August 2023.



Weston Kirton, JP
MAYOR