

Sid Kempton's response to agenda item 3.1

15 Feb 2022

Cobblestones:

As per the Cobblestones Museum book recently written by Anne Hayden and the Greytown Trust Lands Trust (GDTLT) Minutes from February 1970 "It was resolved that ... the Trust would purchase the land and lease it back to the Jaycee's on the condition that the return from the Trust from the rental must be reasonable and the Jaycees must establish that the project is firmly established ... [and] secure". Anne Hayden's book also states "As the land was originally zoned residential, the Jaycees had to apply to the Greytown Borough Council for the establishment of a Wairarapa Early Settlers' Museum. The application was granted in August 1970".

GDTLT gave a \$500,000 grant to Cobblestones Trust in 2013 to build the main entrance building. This funding was provided at the time on the clear agreement that the building would enable Cobblestones to be commercially viable so that the Trust didn't need to continue to provide grants to cover the rent. Prior to committing the \$500k, detailed consultants reports and budgets were provided by Cobblestones Trustees, and those Trustees confirmed that they were achievable. Despite the efforts of Cobblestones Trustees and the Friends of Cobblestones, long term financial viability has never eventuated. GDTLT borrowed \$500k from its bank to give this grant and ended up selling one of its income generating assets to repay this bank loan.

Despite this, I believe that all parties can come to an agreement that is a fair compromise between all. I would support a proposal that GDTLT remains the owner of the cobblestones land but renegotiates a non-assignable ground lease in perpetuity at market rent with the Cobblestones Trust, that would include the suggested name of 'Greytown District Trust Lands Trust Historic Precinct' but only if it also includes the following clauses:

1. An annual grant is given by GDTLT for 100% of the rent for 6 years at a time, reviewable every six years, in line with Trustee rotations. This is how Masterton Trust Lands Trust deals with their long leasehold land interests;
2. All Greytown residents being given free access to Cobblestones Museum when it is open Monday – Friday. There would be no clause preventing the encouragement of donations or koha for entry from these Greytown residents; and
3. A building or a section on the site being made available for the Plunket society to rent and for the Greytown Toy Library to operate out of. The existing Plunket building could be moved onto the Cobblestones site if there wasn't an existing building available.

Having a 100% rental grant for an initial 6 year period would give Cobblestones Trustees surety of rental and also the confidence to raise funds from other funding entities as they have requested recently. The value of the property would remain intact for GDTLT;

By giving the Greytown residents free access during week days and hosting Plunket and the toy library, this would meet two of the three of GDTLT's strategic goals set out in its Social, Cultural & Environmental Strategy that was published in May 2019. These are firstly: "Promoting a sense of community belonging and cohesion through support for passive recreation and community wide events"; and secondly, "Having a community that is encouraged and enabled to appreciate arts, culture and local history through the provision of venues, participation in activities and attendance at events."

Having Plunket and the toy library as tenants would also provide rental income to Cobblestones. It would also give our youngest members of the town a strong link to their heritage from a very early age.

This proposal would also meet a three of the six strategic priorities as set out in GDTLT's Education Funding Strategy published in August 2017. Namely, "Enhancing community connection and collaboration"; "Promoting new learning approaches"; and "Enhancing understanding of identity, culture and language".

Plunket land

I am supportive of plunket and the toy library moving to a new site so as to free up the land for sale or development. I am not supportive of them moving to the St Johns shed at 123 East Street (which is the current rugby club grounds) as it is only a single garage and would need too much upgrading and extending to be usable. It doesn't have a toilet or kitchen facilities either. They couldn't move to the area currently occupied by the Greytown Community Gym as the Greytown Community Gym are the tenants.

As outlined in the Cobblestones proposal previously, I believe that Plunket and the Toy Library should move to Cobblestones. In exchange for this, GDTLT would take over the Plunket site and develop it for residential housing or sell it to a developer. Any funds generated from this would be invested on behalf of the Greytown community, for the Greytown community. I would be supportive of Trustees making a contribution towards this move.

Greytown Bowling Club

I commend Greytown Bowling Club on its engagement with the Trust to date and their offer of the Number 2 green. I would support a proposal of the subdivision of the Number 2 Green, but renegotiate a new non-assignable ground lease in perpetuity at market rent with the Greytown Bowling Club, but only if it was subject to the following additional conditions:

1. An annual grant is given by GDTLT for 100% of the rent for 6 years at a time, reviewable every six years, in line with Trustee rotations. This is how Masterton Trust Lands Trust deals with their long leasehold land interests;

2. The subdivision would be the entire Number 2 Green PLUS the shed and path area south of the Number 2 green. Eg the bowling club would only have street frontage to East Street and would not have access to Reading Street;
3. The Bowling club committing to removing the existing hedge on East Street;
4. Having large signage on East Street, with wording to the effect of "Greytown District Trust Lands Community Bowling Club";
5. The Trust subdividing and developing the residual land for housing; or selling it on the open market for that purpose. Eg no agreements to lease for peppercorn rentals to SWDC or any other entity.

Having a 100% rental grant for an initial 6 year period, reviewable in line with Trustee terms, would give the Greytown Bowling Club surety of rental and also the confidence to raise funds from other funding entities if needed. The value of the property would remain intact for GDTLT.

By doing a clean subdivision of the land, this would give the Trust significantly more options for future development. This ultimately would provide more financial benefit to the Greytown Community. This is in line with our duty to act prudently and for the benefit of all existing and future Greytown residents.

By removing the hedge, the visibility of the club and grounds are immediately increased. Therefore, making the location more inviting to more members of the Greytown community. This would support two of the four strategic priorities as set out in GDTLT's Sports and Active Recreation Strategy as published in November 2018: "Improving the capability, support and retention of those involved in delivering and administering sport and active recreation" and "Improving opportunities for resident participation in sport and active recreation"

By having large signage that included the word 'Community' in its title, I believe the club immediately becomes more inviting to all members of the community. Together with removing the hedge, I believe that more people will be encouraged to join the club, therefore improving its long term viability. This also meets our social well-being priority strategy in our Social, Cultural & Environmental strategy.

By enabling the trust to develop the residual land or sell to a developer provides us with some financial return for the fact that we are effectively giving away approximately two thirds of the site.

Greytown Rugby Club

I am not supportive of the proposal outlined for the Greytown Rugby Club land at 123 East Street, most importantly giving a perpetual lease to SWDC for \$1 p.a. in exchange for SWDC taking on the management and maintenance of the property. There is currently a perpetual lease in place between the Trust and the rugby club.

At the Rugby Club AGM on 31 Jan 2022, of which I was the only GDTL Trustee to attend, the club committee confirmed that they had been presented a number of proposals by the Trust's Technical Property Advisor Paul Broughton, including this one that has SWDC taking over a lease of the entire property. At the AGM the rugby club committee confirmed that the proposals they have had from GDTLT are not palatable.

In the previous proposal to GDTL Trustees from Paul on 15 December 2021, an almost identical proposal was put forward which included that in exchange for leasing the rugby club land to SWDC for \$1 p.a. in perpetuity, that SWDC would commit to funding Greytown Sports and Leisure Society for \$65,000 per annum, in perpetuity. SWDC have made it clear in recent weeks that they will not agree to this. This proposal now puts the trust in an even worse financial position than the December 2021 proposal that Trustees didn't vote for.

I believe that we should continue to engage with the Greytown Rugby Club committee in good faith towards a Memorandum of Understanding in line with what Trustees previously voted for in November 2020. For the record, the motion was "The Board agreed to apply 100% concessionary grant to the 4 ground leaseholders (rugby, bowls, cobblestones, plunket), subject to the application of a sunset clause date of 30 June 2024, allowing time for delivery of agreed outcomes as set out in individual MOU's to be agreed between the Trust and the entities."

This motion was passed in November 2020 by Trustees and based on the comments made at the Rugby Club AGM on 31 January 2022, the Rugby Club Committee still believe that this is still happening.

My motivation for the Trust to retain the land under the current lease agreement with Greytown Rugby club is to continue the work done to date, working towards significantly greater utilisation of the land in the future. Not enough discussions have been had with the Greytown Rugby Club committee and I don't believe it is time to close the door on the club.

From attending the Rugby Club's AGM on 31 Jan 2022, it was clear that they are still prepared to engage with the Trust regarding improving utilisation of the space. We still have some very viable options that, despite the Chair and Deputy Chair committing to meeting with the Rugby Club committee multiple times, have not happened. I believe the most viable options that are still on the table could come in two forms:

1. An agreement being made with Greytown Rugby club for the utilisation of the land by multiple sporting and community entities for 12 months of the year, in return for a 100% rent subsidy, that is reviewable every 6 years, in line with Trustee terms; or
2. For the land to be developed, which would provide significant funds for the trust to firstly invest in another community wide sport and recreation facility (including a new home for the rugby club) and secondly to have residual funds that could be invested to generate income for the entire Greytown community into the future.

Option 1 does not create any more sports and recreation space in Greytown, but it does increase its utilisation significantly, from a ground that is used for 3 months of the year by one sports club a few days per week, to one that is used for 12 months of the year by

potentially the entire community. I acknowledge that compromises from all entities would be needed, but that it is possible. In exchange for GDTLT retaining ownership and providing a 100% rent subsidy, I would propose that the land was known as the "Greytown Trust Lands Trust Community Sports Ground". This option would possibly meet one of the four strategic priorities in the Trusts sport and active recreation funding strategy that was published in November 2018. Namely, "Increasing opportunities for resident participation in sport and active recreation."

Option 2 would provide an opportunity for funds to be made available to increase the amount of sports and active recreation space in Greytown, build new multi purpose facilities, distribute funds across all sporting codes and also fund Greytown Sports & Leisure Society. The Trust has had a legal opinion from Buddle Findlay in August 2020 regarding the status of the rugby club land. This opinion and subsequent conference calls between the Chair and Deputy Chair of GDTLT (myself and Wayne Regnault) confirmed among other things, that the ownership of the land sits with GDTLT, it is not reserve land, it is zoned residential and that there is nothing stopping the Trust from selling the land. I would support Wayne Regnault's previous proposal to commit \$2.5m towards a new building on new land purchased by SWDC for a multi use sports and active recreation facility in Greytown. This would of course be subject to the Rugby Club being an integral part of this multi use facility and having another home to go to. This option ticks all four of the strategic priorities of Greytown Trust Lands Trust's Sports and Active Recreation strategy. Namely 1. "Supporting the co-ordination of sport and active recreation enjoyed by Greytown residents". 2. "Improving the capability, support and retention of those involved in delivering and administering sport and active recreation". 3. "Increasing opportunities for resident participation in sport and active recreation". And 4. "Collaborating with others in the provision of more and better sport and recreation facilities."

GDTL Trustees also passed a motion in November 2020, simultaneous to the motion outlined above regarding MOU's that "The Trust will engage with SWDC as per the 2020/21 Annual Plan motions over options regarding Rugby, Bowls, Cobblestones land which could be included in the 2021/31 Long term Plan". This didn't occur and I believe that the Chair and Deputy Chair should start to actively engage with SWDC as committed. Once again, why shut the door on SWDC when they unanimously agreed the following motion in the 2020/21 Annual Plan on 30 June 2020: "Council enters into discussion with Greytown Trust Lands Trust to see if there are other ways for securing the Greytown Rugby and Bowling Clubs land with a view to consulting on this and other options in the Long Term Plan."

Some Councillors believe that by securing the rugby club land from the Trust, will enable them to secure the land behind for a multi-use facility. I have been told that the owner has made it clear to multiple people and entities who have approached him that the existing tenants who lease the land have the first right to purchase this block, if he ever decides to sell. I do not consider there is any reason why the existing long term tenants would not purchase this land. However, there is currently 8ha of rural zoned land for sale at the north

end of Greytown that could be secured immediately with the \$3m that the SWDC has in their 2021/31 long term plan for additional sports and recreation green space in Greytown.

Valuers opinion and Paul Broughton's opinion:

I am a qualified property valuer with 22 years' experience in property valuation, banking and finance. In terms of property valuation and finance expertise I believe I am the most qualified Trustee to give my opinion on the documents we have been provided by Paul Broughton and Colliers.

Despite Paul stating "The valuation opinion from Colliers is clear in that in the absence of a written agreement that the Trust will grant annually the equivalent of the rental charged, then the existing valuation methodology employed when undertaking the annual asset valuations is correct.", I see little point in discussing the contents of either of these 'opinions' as they make it very clear that they are not qualified to provide them.

Valuers don't provide opinions. Valuers provide valuations. Lawyers provide legal opinions.

We have previously had the Trusts independent valuer do valuations on the land, making a special assumption that the land was zoned reserve, rather than residential. These valuations only suggested a discount on current market value of up to 40%. Rezoning the land as reserves will not fix the problem.

Comments from other Trustees:

I would like to address some previous comments from other Trustees and correct some of their inaccuracies and provide some additional context for the record.

In our board meeting on 15 December 2021 one Trustee "The community has spoken as far as they are community facilities and forever will be". However, these parcels of land are only used by a very small portion of the entire Greytown community. So there is some significant inequity in the current situation and the proposals tabled would set inequity in stone. Crystal ball gazing in terms of the 'forever use' is not something that Trustee's should make hasty, permanent decisions on, that will have lasting implications for future generations of Greytonians.

The Trustee didn't provide any evidence to back their statement up regarding the community facility. However, they implied that their conclusion came from the 2020/21 Annual Plan hearing. However, I attended every single day of the hearings and read all the submissions on this topic and this was not discussed or highlighted more than a couple of times, nor was it highlighted in the SWDC Annual Plan briefing paper for councillors at the time. For the record, GDTLT has never asked our community this question.

At the Trusts December 2021 board meeting, A Trustee stated that they "liked the idea of pushing back to the rugby club and giving them the opportunity to trail something." However, this hasn't been taken into account in Paul's revised proposal as tabled today. I

agree with this Trustee on this. As per our previous agreement with the rugby club, we need to continue to engage.

At the Trusts December 2021 board meeting, a Trustee stated “When the Trust bought the Cobblestones land from Tulleys, they knew it was to be used for a museum”. I totally agree. What that Trustee didn’t mention was that an agreement was made right from day one that a fair rental was to be charged. This is confirmed in the Cobblestones history book written by Anne Hayden and in the Trust’s own minutes of February 1970. Anne Hayden’s book also states “As the land was originally zoned residential, the Jaycees had to apply to the Greytown Borough Council for the establishment of a Wairarapa Early Settlers’ Museum. It was not zoned as a reserve.

The same Trustee stated that in 2004 the Bowling Club was a reserve. What the Trustee didn’t mention was that, similar to the Cobblestones land and Rugby club land, it was incorrectly identified as a reserve and that GDTLT got a full historical land title search done and a legal opinion to check this. Both came back and confirmed they were never given reserve status and they are correctly zoned residential.

The Trustee stated that “The intent of this Trust from all those years ago is that it is community land even though it is zoned residential”. However, this Trustee was on the GDTLT in 2004 when the zoning was corrected to residential on the bowls and rugby club land and Cobblestones land. This Trustee and the other Trustees would have been notified by the council at the time of the zoning change. There are no Trust minutes stating that they disagreed with this re-zoning or that they made a submission to have it changed back to a reserve. Therefore, I totally disagree with their statement that this has always been the intent of Trustees.

At the Trusts December 2021 board meeting, another Trustee stated they “believe they are community lands and have no commercial value”. However, this is factually incorrect as the Trust got its independent registered valuer at the time to do a valuation on this basis and there was very clear evidence to confirm that there would be very little reduction in the value of the land, even if this was the case.

For some Trustees to say “this has gone on too long” when they have only been on the trust less than 3 years and haven’t been directly involved in any of the negotiations with the four affected entities is hard to comprehend. When we are elected as Trustees, we need to remember our fiduciary duty to the Greytown community that is clearly set out in our own Act of Parliament. We have to take into account ALL of the existing and future generations of Greytown, not just a selected few. I believe we should do the right thing, even if that is sometimes the hardest path. If Trustees are voting for the proposal as tabled because it has ‘gone on too long’ then they should resign.

Summary:

I would like to remind Trustees of three key points that were recently highlighted by the Trust’s lawyers Greenwood Roach: Firstly, “A trustee must hold or deal with trust property and otherwise act to further the permitted purpose of the trust, in accordance with the

terms of the Trust". You all know the purposed of the Act, so I won't repeat it. Secondly, that the Trusts Act "now requires the exercise and care taken by the trustee to have regard to any special knowledge or experience that the trustee has". I remind Trustees that I am a qualified property valuer with 22 years' experience in property valuation, banking and finance. I have used this training and expertise to put this proposal together. Thirdly, "A trustee must not bind or commit trustees to a future exercise or non-exercise of a discretion". This is the basis for my proposed six year review period of the 100% subsidies. By law we can't commit future Trustees.

The proposal tabled doesn't create any more sports and recreation space for the Greytown Community. SWDC in the 2020/21 Annual Plan committed to the following: "Providing more space for sports and recreation in Greytown" and that SWDC will "Enter into discussion with Greytown Trust Lands Trust to see if there are other ways for securing the Greytown Rugby and Bowling Clubs land with a view to consulting on this and other options in the Long Term Plan." Finally, they also voted to "Direct officers to report to Council on the scope of an options analysis to provide more space for sports and recreation in Greytown and update the Council on discussions with the Greytown Trust Lands Trust." This process needs to continue.