

Kilkenny County Council (KCC)

Brewery Site
Funding Options

Project Investment

Investment

A. Site Acquisition,
Infrastructure, Park, Etc

B. Commercial Office
Development.

Funding Options:

1. KCC own resources.
 2. Borrowings.
 3. ERDF fund.
 4. Other Grant Funding.
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1. KCC borrow, develop, own, dispose at future date.
 2. Partnership with the NTMA (ISIF).
 3. Do minimum – Sell sites.

ISIF Partnership – Key Principles

- A separate Joint Venture Company to be established:
- Owned by KCC(49%) and ISIF (51%).
 - KCC Equity = Site(s).
 - ISIF Equity = Cash.
- Compliance with requirements re the General Government Balance Sheet (GGB).
- Legal agreement to be put in place to govern the set up and operation of the JV.
- JV will be responsible for all aspects of the marketing, development and operation of the commercial office space.

ISIF Partnership – Key Principles

- Board of the JV to represent the interests of both KCC and ISIF.
- Board members to have relevant skills / experience in Construction / Property Management / Project Finance.
- Proper Governance structures to be put in place.
- All contracts for the supply of goods / services to the JV to comply with public procurement rules.
- KCC to provide staff support to the JV on Procurement, Project Management, Finance/IT at cost.

ISIF Partnership – Key Principles

- ISIF will lend the required development finance to the JV on commercial terms.
 - subject to commercially viable pre-letting being achieved.
- KCC will **not** be required to guarantee the borrowings of the JV.
- KCC exposure from the JV operations shall be limited to the value of its equity contribution of the Site(s).
- KCC to be responsible for any remediation works on any environmental matters that arise and are not related to the activities of the JV.
 - KCC protection under the acquisition agreement with Diageo.

ISIF Partnership – Key Principles

- Shareholders Agreement to be reviewed at the end of 3 years.
 - If no substantial development has commenced by the review date :
 - KCC have right of first refusal to take back the lands.
 - Costs incurred will be shared pro rata.
 - ISIF to be compensated for their share of any increase in land values subject to a cap of 10%.
- Should both parties wish to withdraw following completion of development(s), the first call on proceeds will be to the JV debt.

Summary

- Partnership would provide KCC with a long term funding source from a State Agency – NTMA.
- Low Risk for KCC.
- Allows KCC to retain a substantial interest in the development and provides opportunity to benefit from any capital appreciation in the future.
- Does not tie up KCC resources which are needed for mainstream activities.