



Date: 17 April 2020

To: Mike Slater, Deputy Director-General – Operations,

CC: Rachel Bruce, Deputy Director-General – Corporate Services
Mervyn English, Chief of Governance.

From: Damian Coutts, Operations Director – Central North Island

Subject: Chateau Tongariro Lease

Out of scope

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Ongoing maintenance of the Chateau Tongariro building

Kah Group has informed DOC that the building requires constant heating and water reticulation in order to preserve its integrity. Given the building is large, ongoing maintenance upkeep comes at a considerable ongoing cost, with a rough estimate of around \$55,000 per month without factoring in any routine or preventative maintenance costs.

We are also aware there is significant remedial work required to be completed on the building, such as earthquake strengthening and general maintenance. While the total amount of this work is not known, it is likely to be more than \$15 million in remedial work.

Out of Scope

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Out of scope

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Recommendations: I recommend that you:

		Decision
1.	Out of scope [Redacted]	Out of scope
2.	Out of scope [Redacted]	Out of scope
3.	Approve negotiations to continue with the view to accept Kah's proposal of a lease fee of 9(2)(b)(ii) of total revenue per annum, and for their community services contribution to be capped at 9(2)(b)(ii) of total revenue per annum. (Noting we may not be able to reach agreement and may be required to agree to a lesser amount.)	Yes / No
4.	Out of scope [Redacted]	Out of scope