

Written Summary of part of the proceedings on 15 January 2013 relating to the Capital Refinancing item

In 2003 the Council approved the Arena project. The main aim of the project was to regenerate a derelict former gas works site to provide a modern multi-use Arena. The project has been highly successful in regeneration, job creation and inward investment terms. It has created 500+ jobs with the associated retail park, a successful venue for concerts conferences/exhibitions and sporting events including the Olympics 2012.s

Arena Coventry Limited (ACL) is the occupational tenant and operates the management of the Ricoh Arena. ACL is owned 50% by the Council and 50% by the Alan Edward Higgs Charity (AEHC). The Council own the freehold of the Arena site and is the head landlord. Coventry City Football Club is separate to ACL and is owned by SISU. CCFC are a main anchor tenant and required to pay £1.3m per annum in rent to ACL under a licence to use the stadium. Since April 2012 CCFC have withheld the rent payable to ACL and no agreement regarding the arrears has been reached

The report referred to the Council's fiduciary responsibility and the possible options and risks that the Council consider in order to protect its public investment in ACL and the Arena project. The recommended option was for the Council to buy out the bank debt owed by ACL and refinance that debt to ACL through a new loan for £14.4m. That would significantly improve ACL's financial position, protect ACL's assets from any action from the bank and protect the Council's 50% shareholding.

The decisions provided approval for:-

The Council to use its prudential powers to borrow the sum of £14.4 million.

The Council to provide a loan of £14.4 million to Arena Coventry Limited.

Delegated authority be given to the Assistant Director (Financial Management) and the Council Solicitor to agree detailed terms of the transaction with the bank and ACL.

Delegated authority be given to the Assistant Director (Financial Management) and the Council Solicitor as appropriate, in consultation with the Leader and Deputy Leader of the Council and Leader of the Opposition or his nominee to make any variations or new requirements to give effect to the proposals that are deemed necessary.