

STRATFORD DISTRICT COUNCIL

SECTION: FINANCIAL	
POLICY: <u>ELECTRICAL ENDOWMENT FUND</u>	
RESPONSIBILITY: Corporate Services	REVIEW DATE: March 2008
VERSION: 1	APPROVED DATE: March 2005
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In February 1970 the Stratford Borough Council sold its electrical undertaking to the Taranaki Electric Power Board.

The principal repayments are paid into a separate account known as the Electrical Endowment Fund. The fund is to be used for the financing of non-profit organisations, commercial and industrial undertakings.

POLICY STATEMENT

That loans be granted from the Electrical Endowment Fund to applicants for the financing of Non-profit Organisations, Commercial and Industrial undertakings within the District subject to:

1. Submission of the most recent set of financial statements which will be referred by the Council to a Chartered Accountant, who is not involved with the applicant company, with a request that they provide a general assessment (as opposed to a detailed analysis) or the expression of a general opinion on:
 - 1.1 The soundness of the property from a first mortgage security point of view.
 - 1.2 The need, if any, for personal guarantees.
 - 1.3 The applicant's financial ability to repay the requested loan, over the term thereof at the current rate of interest.
2. Submission of an up to date valuation, by a registered valuer, on the property which is to be utilised for security on the loan on a first mortgage basis. The loan will not be granted unless the total value of the property is 1.5 times the value of the loan requested.
3. That the interest rate on the loan be on the basis of the current Stratford District Council bankers base rate (at the time of granting the loan) less 2% if the instalments are paid within 14 days of the due date. Council reserves the right to review the interest rate on the loan as it considers necessary.
4. The applicant be required to pay a holding fee of 2% per annum on the amount of the loan from the time the agreement is finalised until the funds are uplifted from the Council.
5. Any fees incurred for the processing of the loan, including legal or as in 1 and 2 above are to be met by the applicant.