



NOAC Good Practice Seminar

Tuesday 21st November 2017

**Martin Prendiville – Head of Finance
Tony Lauhoff – Project Manager**

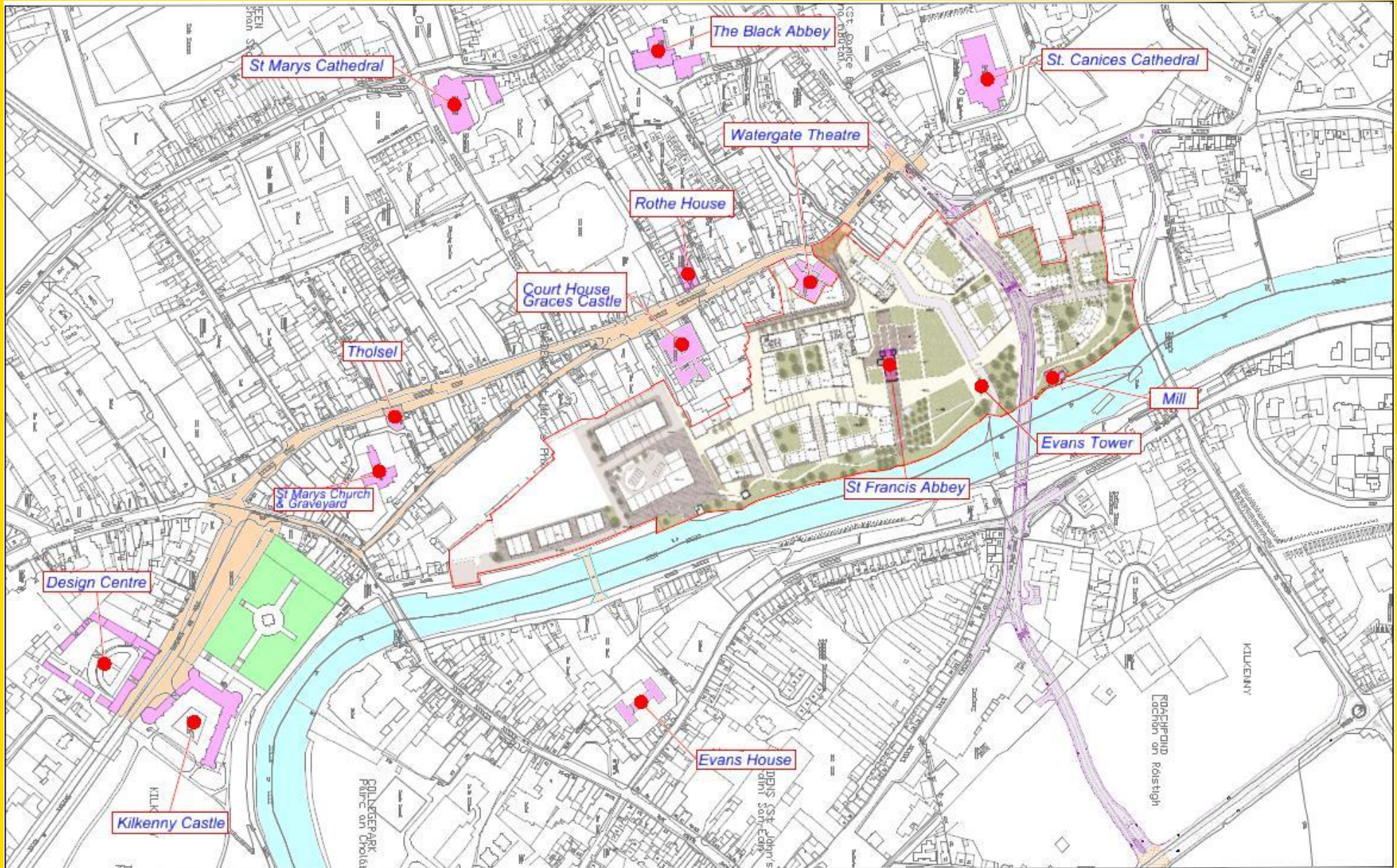
BACKGROUND

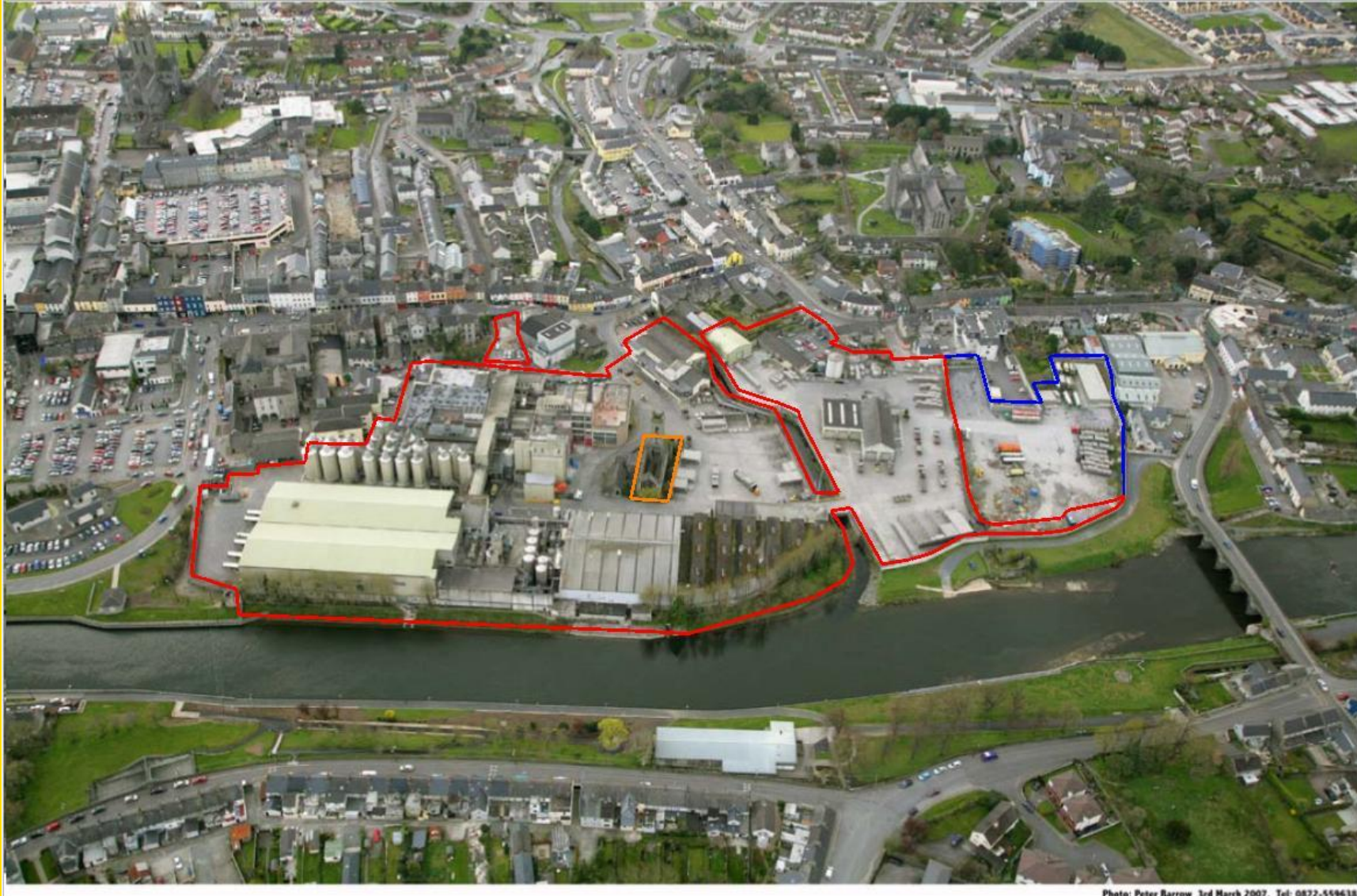
- Diageo decision to cease production in Kilkenny at the former Smithwicks Site.
- Long history of brewing in the city dating back 300 years.
- Major event in the history of Kilkenny.
- The Brewery had a huge economic and social impact on the City and County.
- Significant employer in the City for many years.

SITE

- 10.6 acre site.
- Strategic City Centre location.
- National Monuments located on the site.
- Site Adjacent to :
 - High Street.
 - River Nore.
 - New St Francis Bridge and Road on the Northern end.
 - 4 acres of lands already owned by KCC at the northern end.

SITE CONTEXT MAP





TIMELINE

- Both the former Borough and County Councils agreed in May 2012 to acquire the site.
- Contract Documents for the site purchase were signed with Diageo in July 2014.
- Demolition completed by Diageo – October 2016
- Site handover to KCC – November 2016.

PURCHASE CONTRACT

➤ Purchase Contract Provided:

- Purchase Price - €2.1m.
- Diageo to demolish all buildings to slab level except:
 - Historical, Protected Structures.
 - Mayfair and Brewhouse Buildings.
 - Maturation Building.
- Diageo to surrender IPC Licence.

➤ Opportunity:

- Reshape the future of Kilkenny City.
- Economic Driver for the City and County.

➤ Challenges:

- Many Challenges
- Funding of development.

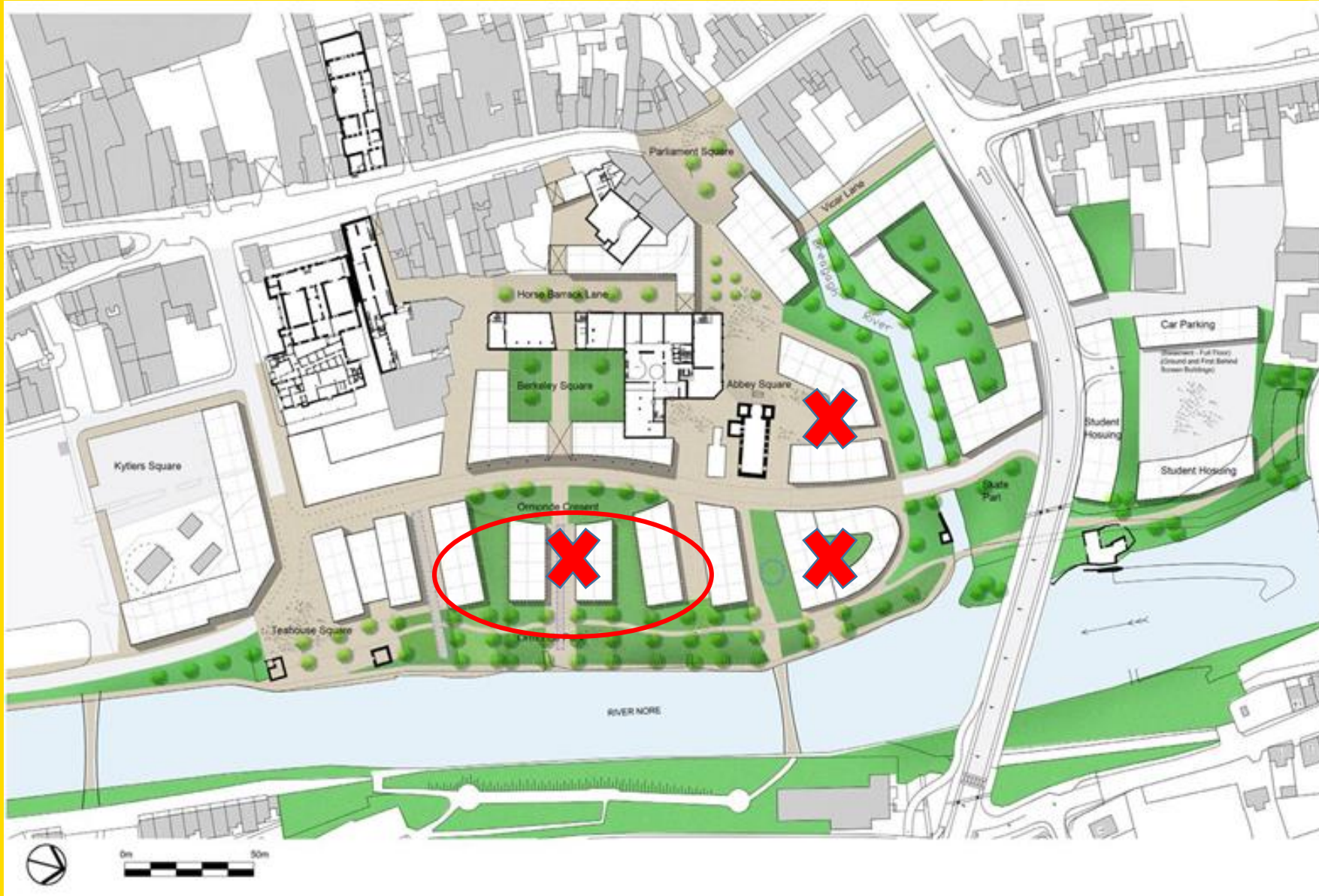
CURRENT STATUS



- Masterplan
 - Public Consultation
- Urban Design
- Archaeology
- Special Area of Conservation / Special Protection Area
- Parking Strategy
- Low Carbon Energy Strategy
- Brownfield site – IPC license surrendered.

- June 2012 – Town Hall meeting with Mayor
- Dec 2012 - Colloquium on the future use of the site with a range of architects, planners & property advisors in conjunction with the RIAI and the Dept. of Arts, Heritage & Gaeltacht.
- Nov 2013 - Draft Masterplan published & submissions invited – public meeting held
- Nov 2014 - Chief Executives Report recommending further public consultation
- Jan 2015 - *The “Brewery Re-visioning”* - 2 no. two day public workshops attended by 222 people. Public submissions invited – 71 written submissions received .
- May 2015 - Public Consultation feedback event held, attended by 54 people – details of emerging masterplan presented.
- Jun 2015 - Public Consultation on Revisioned Masterplan – Masterplan approved in July 2015.
- 2015/2016 - Formal Public Consultations on Part VIII project proposals.
- April 2017 - Public Consultation workshop in relation to Urban Design Criteria & Development Code

From Here.....



To here.....



Variation No. 1 to Kilkenny City & Environs Development Plan

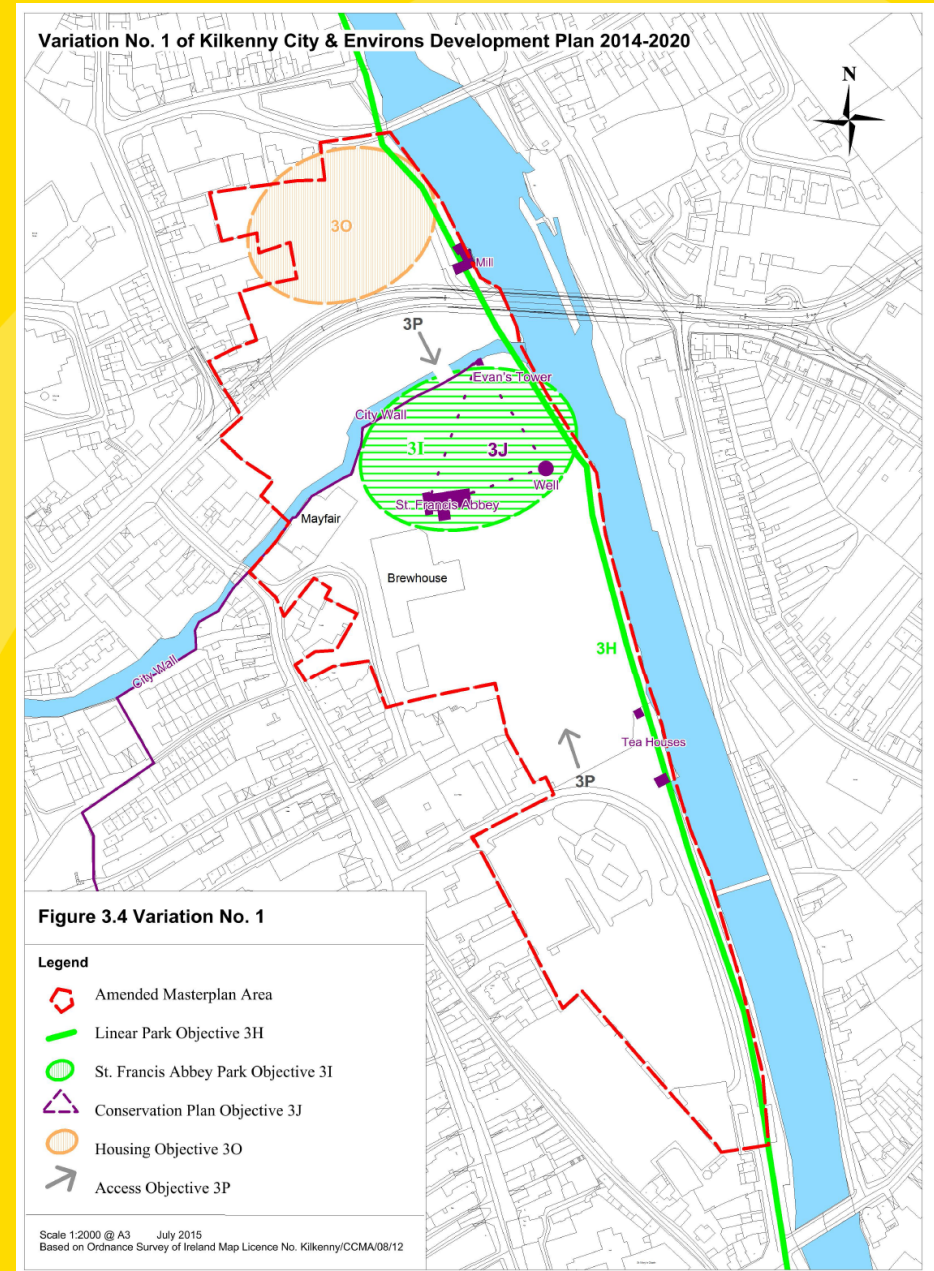


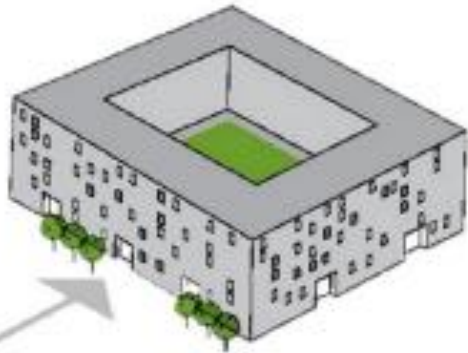
Variation No. 1 to Kilkenny City & Environs Development Plan 2014-2020

To be inserted in Chapter 3 (Core Strategy)

It is an objective of the Council¹:

- 3H** To provide for a linear park along the western bank of the River Nore connecting to the existing River Nore linear park north of Green's Bridge and the existing River Nore linear park south of the Masterplan area (Canal Walk) (as indicated on Fig 3.4) subject to compliance with the Habitats and Birds Directives and the provisions of the Abbey Creative Quarter Masterplan.
- 3I** To provide for an urban park in the vicinity of St. Francis Abbey (National Monument) incorporating the City Walls, Evan's Turret and St. Francis' Well taking into account the recommendations of the archaeological strategy developed in the preparation of the Abbey Creative Quarter Masterplan (as indicated on Fig 3.4) and subject to compliance with the Habitats and Birds Directives and the provisions of the Abbey Creative Quarter Masterplan.
- 3J** To prepare a Heritage Conservation Plan for St. Francis Abbey, Evans' Turret and St. Francis' Well in the context of the existing City Wall conservation plan in conjunction with the Heritage Council, the Office of Public Works, the National Monuments Service, the Department of Arts, Heritage and the Gaeltacht and other relevant stakeholders.
- 3K** To prepare urban design criteria and recommendations and archaeological recommendations for the implementation of the Abbey Creative Quarter Masterplan.
- 3L** To finalise and adopt the Abbey Creative Quarter Masterplan and to incorporate it into the Kilkenny City & Environs Development Plan 2014-2020 as a separate future Variation.
- 3M** To develop a low carbon energy strategy for the masterplan area and advance the provision of near zero energy buildings on site.
- 3N** To provide for park and walk facilities for car and bus/coach parking at a site or sites in close proximity to the Abbey Creative Quarter Masterplan area to service both the masterplan area and the city centre generally taking into account the mobility management plan for the city.
- 3O** To provide for housing within the masterplan in the area north of the Central Access Scheme as identified on fig 3.4
- 3P** To provide for an urban street of pedestrian and cyclist priority between the Central Access Scheme and Bateman Quay crossing the River Breagagh at the existing bridge crossing. To provide for traffic management measures on the street such as to inhibit the flow of through traffic and heavy goods vehicles.





Mono block;
Hierarchy makes it difficult for residents to relate to individual dwellings



Mixed block;
Residents have the feeling that they are living in a comprehensible social unit where it is easy to belong. Variation and architectural hierarchy create an exciting and eventful environment.

Objective 3K

“...To prepare Urban Design Criteria.....for the implementation of the Abbey Creative Quarter Masterplan..”

- **Mix of uses**
- **Building Heights**
- **Materials**
- **Urban Grain**

Objective 3K

“...To preparearchaeological recommendations for the implementation of the Abbey Creative Quarter Masterplan..”



- **Masterplan - Archaeological Strategy**
- **Engagement with the National Monuments Service**
- **Test excavation strategy designed and agreed with the NMS**
- **Urban Park to be provided around the Abbey, with the design to be informed by the findings of archaeological excavations.**
- **Conservation Strategy for Heritage Structures on site**
- **‘Project’ archaeologists appointed to oversee the implementation of the archaeological strategy**

Strategies

Objective 3M

Low Carbon Energy Strategy

“....To develop a low carbon energy strategy for the masterplan area and advance the provision of near zero energy buildings on site.....”



Strategies

Objective 3N Parking Strategy

“To provide for park and walk facilities for car and bus/coach parking at a site or sites in close proximity to the Abbey Creative Quarter Masterplan area to service both the masterplan area and the city centre generally taking into account the mobility management plan for the city.”

Planning Progress to date

- ❑ Feb. 2016 - Planning consent (Part VIII) for Brewhouse approved.
- ❑ Feb. 2016 - Planning consent (Part VIII) for Riverside Garden approved .
- ❑ Jul. 2016 - Planning consent (Part VIII) for Mayfair Building approved .



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.
-
1. KCC borrow, develop, own, dispose at future date.
 2. Partnership with the third party.
 3. Do minimum – Sell sites.

Consultation with Elected Members throughout the process:

➤ Key concerns raised:

- Asset Ownership.
- Commitment from KCC.
- Project Governance.
- KCC exposure.

➤ Potential Funding requirement - €50m - €60m.

- Agreed to set up a funding Partnership with the NTMA to fund the commercial development.
- Structure approved by the Elected Members.

NTMA / ISIF

- The National Treasury Management Agency (NTMA) is an organisation providing a range of specialist financial and risk management services to the State.
- Ireland Strategic Investment Fund (ISIF) is a State entity under the control of the NTMA.
- The NTMA (Amendment) Act 2014:
 - Converted the National Pensions Reserve Fund into the Strategic Investment Fund.
 - Legislation passed on 22nd December 2014.
- The NTMA Board and Investment Committee have overall responsibility for ISIF.
- ISIF have a fund of €8.5bn available.
- ISIF mandate:
 - Invest on a commercial basis to support Economic Activity and Employment in Ireland.

➤ A separate Joint Venture established with the NTMA –

- Limited Liability Partnership.
- Kilkenny Abbey Quarter Development Partnership.

➤ Owned by KCC (50%) and NTMA (50%).

- KCC Equity = Development Plots 1 to 6 (€1.6m).
- ISIF Equity = Cash - (€1.6m).

SITE DEVELOPMENT

- KCC responsible for development of public realm, urban street, linear park.
- The estimated cost of the first phase is € 4.57m and this will be funded from a combination of own resources and grant funding from ERDF.
 - ERDF funding of €1m has been approved for this phase of the project.
- Other Site Works:
 - Archaeology Surveys & associated works.
 - Utility Services Design.
 - Energy Strategy.
 - Public Realm in the environs of St Francis Abbey, Evans Turret.
 - Conservation Strategy for the Heritage Structures on the Site.

NTMA PARTNERSHIP

- Formal Legal Agreement in place.
- Business of the Partnership – As defined in the draft Agreement:

“The business of developing, owning and leasing the properties and the additional property to facilitate business, enterprise, education and research campus at the properties and with ancillary and subsidiary uses including residential, retail and other uses”.
- Partnership will have to revert to Partners for approval if it wants to deviate from Business as defined in the agreement.

Development Plots

- Plots 1 to 6 transferred to the Partnership.
- Plots 1 to 6 represent 27% of the 10.6 acres being acquired.
- Partnership to have option on plot 7 only if substantial development takes place.
- Plot 7 represents 13% of the 10.6 acres being acquired.
- NTMA will match with cash to maintain 50:50 ownership.





- Partnership is responsible for all aspects of the marketing, development and operation of the commercial developments.
- Development will depend on market demand.
- Due diligence will be carried out on each project prior to decision to proceed to development.
- Loan finance for the development of individual buildings will be sourced by the Partnership most likely from the NTMA on commercial terms.

NTMA Partnership

- KCC Exposure on the commercial developments capped at the Equity contribution of the lands (subject to provisions re early termination).
- The Partnership has employed a Chief Executive to manage the business on behalf of both Partners.
- A separate Board appointed to oversee the business of the Partnership:
 - Independent Chairman.
 - Two representatives from KCC.
 - Two representatives from the NTMA.
- Agreement provides for regular reporting back to the Partners.

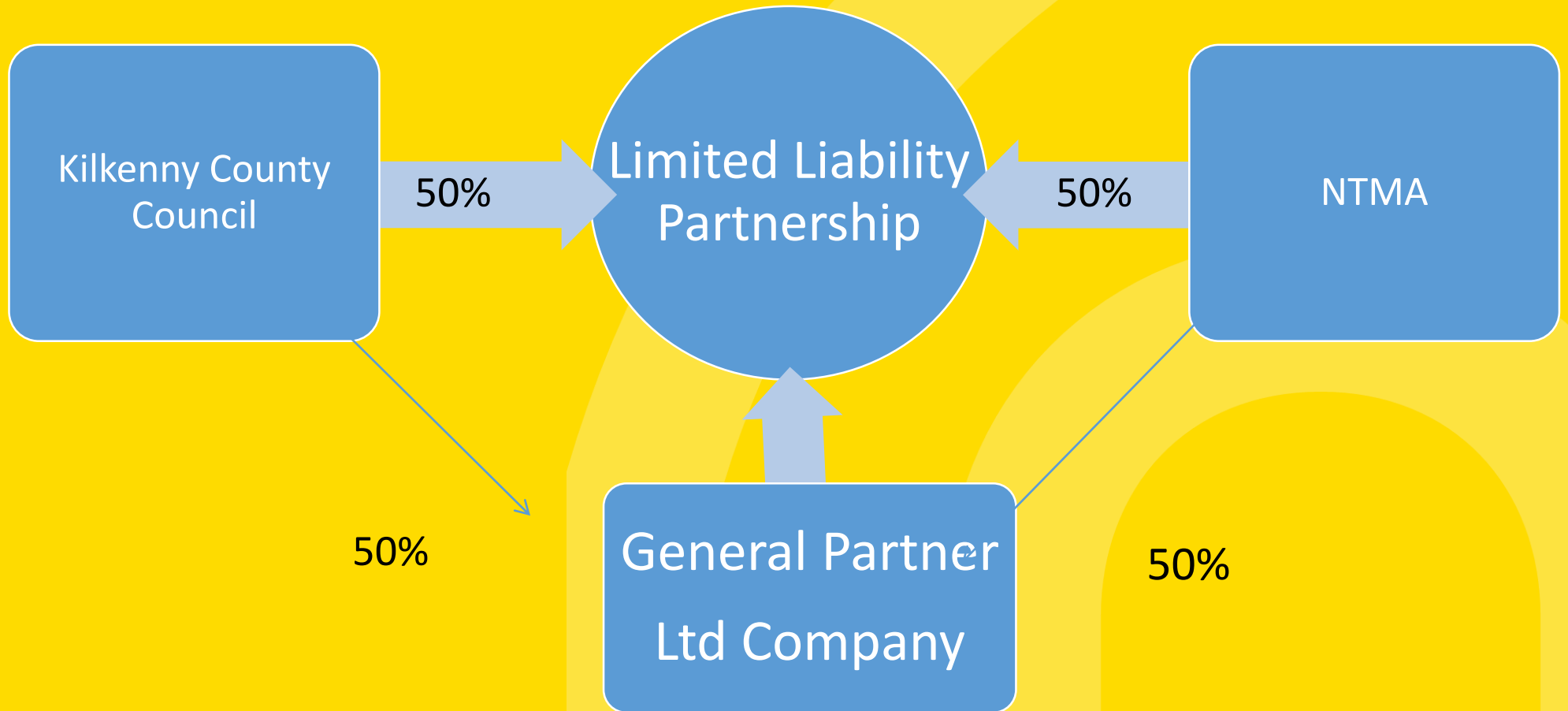
NTMA Partnership

- KCC to provide staff support to the Partnership on Procurement, Project Management, Finance/IT at cost.
- All contracts for the supply of goods / services to the Partnership to comply with public procurement rules.
- KCC to be responsible for any remediation works on any environmental matters that arise and are not related to the activities of the Partnership.
 - KCC protection under the acquisition agreement with Diageo.
 - Environmental risk assessment work has been undertaken.

Limited Liability Partnership

- Structure governed by the Partnership Act 1907.
- This structure is the preferred structure as it ensures both KCC and NTMA avail of Tax Exempt status.
 - Both KCC and NTMA are exempt from tax on Income and Gains.
- Partnership will have KCC and NTMA as equal limited partners.
- A third partner – General Partner (Limited Liability Company) will be set up to manage the business of the partnership on behalf of the partners.
 - The GP will also be owned 50:50 by each partner.
- Liability of KCC and NTMA will be limited to the amount of the capital contribution.

KCC/NTMA Joint Venture for Commercial development



NTMA Partnership

- Partnership Agreement to be reviewed at the end of 2 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 50:50.**
 - NTMA to be compensated for their share of any increase in land values based on a formula:
 - Overall cap of the lower of costs incurred or €300k.
 - Substantial Development – Building of 50,000 sq ft.
 - Extend agreement for a third year if development is likely to happen.
 - Third party Offers for individual development plots can be entertained by the Partnership in year 3.
 - If no substantial development by the end of year 3 – Terminate the Partnership and same provisions apply as per termination at the end of year 2.

NTMA Partnership

➤ Agreement contains provisions for dispute resolution:

- Both Partners have equal voting rights and neither will have an overall controlling interest.
- In the event of a dispute arising:
 - Refer to mediation.
 - Deadlock Provisions.
- Agreement provides KCC with first option in the event of terminating the Partnership.

Summary

- Partnership will provide access to NTMA funding.
- Low / Limited Risk for KCC.
- Allows KCC to retain a substantial interest in the commercial developments and provides opportunity to benefit from any capital appreciation in the future.
- Does not tie up KCC resources which are needed for mainstream activities.
- Overall Planning Framework is still a matter for the Elected Members.



Thank You