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Section known as “Attachment F”

**F STORES BOARD SUBMISSION – HOWARD SMITH WHARVES
REVITALISATION PROJECT**
165/210/179/807

174/2014-15

40. The Chief Executive Officer provided the information below.
41. The Chief Executive Officer and the Stores Board considered the following submission, contained in Attachment A, submitted on file, on 9 October 2014.

Purpose

42. To seek Council approval to enter into a Project Agreement with HSW Nominees Pty Ltd, ACN 166 209 874 (trading as HSW Consortium), for the Howard Smith Wharves Revitalisation Project. The Project Agreement is summarised at section 7.5 and includes the granting of:
- A construction lease for a term of three years commencing after HSW Consortium has obtained development approval for its concept plan; and
 - A base lease and associated precinct leases for a term of 99 years commencing after the completion of construction.

Background/Operational Impact:

44. Council wishes to revitalise the 3.43 hectare Howard Smith Wharves site and has sought development proposals. A developer is being procured to fund, construct, operate and maintain the finished development in return for long-term leasehold rights over the site, at minimal cost to Council. The project is expected to create a vibrant, welcoming and safe public space that delivers economic benefits to Brisbane in a high quality riverside parkland setting.
45. In September 2009, E&C approved a Significant Procurement Activity Plan that outlined the procurement process for the Revitalisation of Howard Smith Wharves. Proposals were received in December 2010. The procurement process was terminated in May 2011 after the January 2011 flood event, which resulted in the floating Riverwalk being washed away. Since this date, market conditions for property development have improved and the New Farm Riverwalk Replacement has been constructed.
46. A further Significant Contracting Plan (SCP) was approved by E&C on 22 July 2013.
47. The process used for the tender was a Public Request for Proposals (RFPs) with provisions permitting negotiations. The closing date for responses was 16 October 2013.
48. Summary of Responses

Name	Address and ABN/ACN	Detailed assessment score (pre-	Detailed assessment score following

		negotiation)	negotiations
Recommended Proposal			
HSW Nominees Pty Ltd (HSW Consortium)	Level 1, 875 Ann Street Fortitude Valley, QLD 4006 ACN 166209874	762	778
Proposals shortlisted but not recommended			
Australian Pacific Investment Corp. (Mantle Group)	c/- Gill McKerron & Associates Level 2, 49 Station Road Indooroopilly QLD 4068 ABN 6613639112	707	731
Walker Group – Option 1*	Governor Macquarie Tower Level 21, 1 Farrer Place Sydney, NSW 2000 ACN 001215069	699	718
Proposals not shortlisted			
Pelicano Group	Not provided	598	Not applicable
Prime Space Projects	Level 3, 150 Grenfell Street Adelaide, SA 5000 ACN 128682520	576	Not applicable
Non-conforming proposals**			
Greencube Constructions	PO Box 5746, West End, QLD 4101 ABN 63143833363	Not applicable	Not applicable
HSW Creative Collaborative	Not provided. Not believed to be incorporated.	Not applicable	Not applicable
HSW Silverstone Developments Consortium (Silverstone)	24 Macquarie Street Teneriffe, QLD 4003 Advised ABN Pending	Not applicable	Not applicable
Property Solutions Group	61 Petrie Terrace Brisbane, QLD 4000 ACN 085075675	Not applicable	Not applicable

Walker Group – Options 2, 3 and 4*	As for Option 1	Not applicable	Not applicable
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*The Walker Group proposal included four separate options, three of which were non-conforming.

** Refer to paragraph 54 for details regarding non-conformances.

Evaluation of Responses

49. The evaluation team comprised:
- Principal Project Manager, City Projects Office, Brisbane Infrastructure (Evaluation Team Chair)
 - Section Manager, Built and Natural Environment, City Projects Office, Brisbane Infrastructure
 - Principal Urban Planner, Urban Renewal Brisbane, City Planning and Sustainability
 - Manager, Economic Development, City Planning and Sustainability
 - Deputy Director-General, Major Projects Office, Queensland State Government Department of State Development, Infrastructure and Planning
 - Specialist advice and assistance was provided to the evaluation team by:
 - LH Property Partners – Feasibility and Net Present Value calculation of shortlisted offers
 - PriceWaterhouseCoopers (PwC) – Transaction Advisory Services: financial assessment of the shortlisted tenderers.
50. The evaluation criteria were as follows:
- (a) Mandatory/essential criteria: Nil
 - (b) Non-price weighted evaluation criteria
 - (i) Experience, capability and capacity (30 per cent weighting)
 - Demonstrated ability of the tenderer to undertake the management financing, design, construction and operation.
 - Demonstrated ability of the individual tenderer team members to perform the specific roles involved in undertaking the management, financing, design, construction and operation.
 - (ii) Concept Scheme (60 per cent weighting)
 - Distinctiveness of identify and sense of place
 - Commercial attractiveness of development
 - Activation and quality of public spaces
 - Site accessibility of all transport modes
 - Effectiveness of river interface and user activities
 - (iii) Financial benefit (10 per cent weighting)
 - Financial benefit to Council and economic return to Brisbane.
 - (c) Price model:
 - Not applicable. Revenue and other price considerations were factored into the above weighted evaluation criteria.
51. Three addenda were issued before the closing date for proposals and are summarised as follows:
- (a) Addendum 1, issued 12 September 2013, provided a Building Condition Report on the Heritage Sheds.
 - (b) Addendum 2, issued 4 October 2013, provided information on park budget and what constitutes a non-conforming offer.
 - (c) Addendum 3, is issued 6 October 2013, provided high quality photographic images of the proposed parkland to illustrate Council’s reference design for the park.
52. The following three proposals were received on the date for submission but after the

nominated closing time of 12 noon:

- (a) 12.19pm: HSW Consortium
- (b) 12.35pm: Silverstone
- (c) 3.07pm: HSW Creative Collaborative.

All of the above late proposals were admitted for evaluation following consultation with the appointed probity auditors (BDO (Qld) Pty Ltd) and Council's Chief Legal Counsel. Admission of the late proposals was in accordance with the RFP conditions and Council's procedures.

Conformity Required

53. Tenderers were required to comply with the RFP conditions and provide all information requested by the RFP. In addition, Addendum 2, issued 4 October 2013, included that:
'There are two requirements stated in the Information Memorandum (in sections on Site Ownership and New Development Opportunities) that must be complied with to be a Conforming Offer. These are:
- 1. *Any new buildings will have ground level coverage of less than 10 per cent of the total site area.*
 - 2. *No permanent residential development is permitted on site.*

Non-conforming proposals received

54. Five non-conforming proposals were received as follows:
- (i) The Greencube Constructions proposal did not propose any development on the site. Instead the proposal was made up of 21 apartment studios in the Brisbane River adjacent to Howard Smith Wharves. The proposal was non-conforming because it did not meet the scope requirement of providing a commercially attractive development on the Howard Smith Wharves site.
 - (ii) The HSW Creative Collaborative proposal did not include any plans of the proposed development and accordingly did not meet the requirements of the RFP. The tenderer acknowledged that their proposal did not comply with the RFP requirements.
 - (iii) The Silverstone proposal included 100 apartments with the hotel development. This did not conform with the requirement for no permanent residential development on the site.
 - (iv) The Property Solutions Group proposal included a building footprint of 5,700 square metres for the development which exceeded the allowable ground level coverage of 10 per cent of the site (approximately 3432 square metres).
 - (v) The Walker Group (Options 2, 3 and 4) all exceeded the allowable ground level coverage of 10 per cent of the site. Additionally, Option 4 included residential development which did not conform to the RFP requirements.

Summarise any modification/clarification of tenders undertaken

55. A number of clarifications were requested in relation to the proposals. The clarification information was received to the satisfaction of the evaluation team. No significant changes to the RFP scope were undertaken and therefore no formal modification of proposals was required.

Initial Evaluation

56. The initial evaluation involved a compliance assessment. For the reasons noted in paragraph 54, the following proposals were considered to be non-conforming and did not progress to the detailed assessment stage:
- Greencube Constructions
 - HSW Creative Collaborative

- Silverstone
- Property Solutions Group
- Walker Group (Options 2, 3 and 4)

Short listing and additional stages

57. During the second stage of the evaluation, a detailed assessment against the criteria was undertaken. A summary of the scoring is provided at the Summary of Responses above. Following the detailed assessment, three Proposals were shortlisted for negotiation. Following the negotiations further assessment and scoring was undertaken. Additional negotiations with the highest scoring tenderer were also conducted.

(a) Shortlisting for negotiations

(i) Shortlisted tenderers:

- HSW Consortium, Mantle Group and Walker Group (Option 1) were shortlisted for further evaluation and negotiation based on their higher weighted evaluation scores achieved during the detailed assessment.

(ii) Pellicano Group was not shortlisted.

- Pellicano Group was not shortlisted for negotiations due to its lower score against the weighted criteria. The central feature of this submission was a futuristic 199 room hotel. This was complemented by a large building under the Story Bridge that provided significant car parking in addition to office and retail space. The parking is not ancillary to the adjacent uses and it was considered that provision of such a large car park is not consistent with the objective of creating a vibrant riverside recreational precinct comprising a mix of leisure orientated and commercial uses. This proposal did not score as highly as the shortlisted proposals for the commercial attractiveness of development and activation and quality of public spaces.

(iii) Prime Space Projects was not shortlisted

- Prime Space Projects was not shortlisted for negotiations due to its lower score against the weighted criteria. The submission included a hotel in the central part of the site, with an office building adjacent to the Story Bridge and restaurants within the heritage listed sheds. Although the hotel only provided 143 rooms, it appeared to dominate the site. This, in addition to less effective interface with the river than the shortlisted proposals, resulted in this submission receiving a lower score.

(b) Revisions to scoring following negotiations:

Following the negotiations further assessment and scoring was undertaken.

(i) HSW Consortium

The score for the HSW Consortium increased from 762 to 778. This increase in score was primarily attributable to a slight improvement in their financial offer and better activation of the public spaces through the inclusion of a second lift to the top of the cliffs.

(ii) Mantle Group

The score for the Mantle Group increased from 707 to 731. This increase in score was primarily attributable to changing the public car parking from the hotel podium to a single level basement. This increased the amount of car parking on the site and resulted in higher scores for the commercial attractiveness of the development and site accessibility.

(iii) Walker Group – Option 1

The score for the Walker Group (Option 1) increased from 699 to

718. This increase in score was primarily attributable to an improved financial offer to Council. In addition, the Walker Group altered the proposed use of the building under the Story Bridge from hotel to commercial. This change created a larger public plaza under the Story Bridge which resulted in a higher score for “Activation and quality of public spaces”

(c) Additional negotiations with HSW Consortium:

At the completion of the revised scoring, the HSW Consortium was the highest scoring tenderer against the weighted evaluation criteria. Additional negotiations were undertaken with the HSW Consortium to finalise the draft Project Agreement and improve the value for money outcomes to Council.

Objectivity and Probity:

58. Complaints were dealt with to the satisfaction of the probity auditors. BDO (Qld) Pty Ltd (BDO) were engaged as probity auditors for the RFP process. Reports have been received from BDO confirming that a fair and equitable process was followed in accordance with the documentation, and the evaluation process was carried out in accordance with the established criteria.

Recommended Tenderer (Most advantageous outcome for Council)

59. The most advantageous recommended tenderer is HSW Consortium. Of the three shortlisted proposals, HSW Consortium had the highest score for their concept design, had the second highest score for financial benefit and was ranked equal second for their experience, capability and capacity. It is noted that the overall score included a 60 per cent weighting for the concept design. The major reasons why the HSW Consortium achieved the highest score for their concept design are:
- The design included a covered event space which would activate the site yet not be closed off to the public when events were not being held;
 - The event space was low level compared to other proposals which resulted in more of the cliffs being visible from the river;
 - The hotel was smaller than other proposals and the façade design blended the hotel into the cliffs;
 - HSW Consortium’s proposal to Build, Own and Operate including maintenance obligations within the park and other public areas, was viewed more favourably than proposals that sold on the development and obliged Council to maintain the park and other public areas;
 - The extent of development is significantly less than proposed in the other shortlisted proposals which would be more acceptable to the community but also consistent with heritage principles; and
 - The public spaces would be activated by events and were more extensive than shown on other shortlisted proposals.

Environmental sustainability, Quality Assurance, Access and Equity, Zero Harm and Support for Locally Produced and Australian Products:

60. HSW Consortium is an Australian owned entity. The Project Agreement obliges the HSW Consortium to:
- Comply with directions from Council or the Department of Environment and Heritage Protection (DEHP) with regard to odour or other nuisance;
 - Implement strategies for environmentally sustainable development; and
 - Comply with all laws and other requirements of the Project Agreement for work health and safety.

61. The HSW Consortium has sold the hotel development rights to Asian Pacific Group Pty Ltd, ACN 147 287 769 (Asian Pacific Group), an Australian business based in Melbourne.
62. Council's involvement in regular development coordination group meetings will help to ensure that the HSW Consortium fulfils its obligations in relation to environmental sustainability and zero harm. As the project will be largely developed and funded by the private sector, Council's policy regarding a 10 per cent training component for Council construction contracts is not considered applicable.
63. The risks associated with this contract (including mitigation strategies) are set out in the below table.

Procurement Risk	Risk Rating	Risk Mitigation Strategy	Risk Allocation
<i>Planning and design phase</i>			
Community objections to the approved design causing delay or the HSW Consortium (the "developer") to abandon their offer	Medium	Communicate how the approved developer's design is consistent with the Local Plan and Council's previous commitments regarding development on the site	Council and developer
Approved developer's design does not meet the approval of DEHP, and a Development Application (DA) is not approved	Medium-High	Project Agreement allocates this risk to the developer Engage with DEHP to review developer's scheme	Council and developer
Further sale of the rights for the development of the hotel	Low	Project Agreement prohibits sale without Council approval Note: In the event of hotelier insolvency, financiers will have sale rights. Removal of these rights would negatively impact the hotelier's ability to obtain finance for the project	Council
Sale of the development rights for the retail precinct	Low	Project Agreement prohibits sale without Council approval Note: In the event of developer insolvency, financiers will have sale rights. Removal of these rights would negatively impact the developer's ability to obtain finance for the project	Council
<i>Construction phase (3 year lease term)</i>			
Construction causes disruption to business, pedestrian and vehicular traffic	Medium-High	Manage risk via DA approval and the conditions of the construction lease.	Council
Costs for cliff stabilisation, possible contamination remediation and rectification of heritage buildings is greater than estimated by the developer, resulting in their development no longer being viable	Medium	Developer to review feasibility periodically Project Agreement allocates this risk to the developer	Council and developer
Contractor insolvency	Medium	Rate of return is considered to be consistent with industry standards and is suitable for obtaining funding for the project Project Agreement requires: - A company charge in Council's favour	Council and developer

Procurement Risk	Risk Rating	Risk Mitigation Strategy	Risk Allocation
		<p>over all the assets and undertakings of the HSW Consortium. Initially this will be a first ranking charge. Council would cede priority to the senior financier</p> <ul style="list-style-type: none"> - A side deed with the builder allowing Council (or a party nominated by Council) to step in as principal under the building contract to complete the works - Bank guarantee in amount of \$800,000 to be provided by the developer as security <p>Note: In the event of developer insolvency, financiers will have sale rights. Removal of these rights would negatively impact the developer's ability to obtain finance for the project</p>	
Public space improvements do not meet expectations (in terms of the money spent or the quality achieved) due to insufficiency of specification	Medium	<p>The developer has a vested interest in ensuring a high quality outcome as:</p> <ul style="list-style-type: none"> - the quality of the outcome will impact the rental yield; and - the developer is responsible for maintenance obligations for the 99 year lease term <p>Project Agreement specifies scope of public space improvements to be delivered and minimum spend on works (including the spend calculation)</p> <p>Project Agreement requires Council review of design (prior to DA lodgement) to ensure that it complies with the Project Agreement</p> <p>DA approval of concept design including adherence to legislative requirements and Council standards for design and construction</p>	Council and developer
<i>Operation and maintenance phase (for the 99 year lease term)</i>			
Insufficient maintenance by developer resulting in lower quality public spaces	Medium	Maintenance obligations to be incorporated in the lease documents	Council
Revenue from hotel and retail precinct lower than expected resulting in low/no revenue to Council	Medium	<p>Project Agreement provides for a base rent at 30 per cent of the projected turnover rent</p> <p>HSW Consortium's commercial model evaluated and considered to be satisfactory</p> <p>Contingent sale of the hotel development rights to separate assets (see section 7.3 below)</p>	
Flood impacts resulting in risks to the public and/or reduced public use and reduced revenue for the developer and Council	Medium	The Project Agreement requires the developer to consider potential flood impacts in design, construction and subsequent completion of the works	Developer

Procurement Risk	Risk Rating	Risk Mitigation Strategy	Risk Allocation
		Project Agreement requires developer to hold minimum levels of insurance.	

Summary of the Recommended Proposal and Transaction

64. Under the terms of the Project Agreement, the developer is to develop the site in accordance with the agreed master plan and will bear the cost of the planning, design, construction and maintenance for the lease term, including the cost of cliff stabilisation works west of the Story Bridge. The development delivered by the HSW Consortium will include:
- a dining, retail and tourism centre utilising the existing heritage listed buildings
 - 120 room 5 star boutique hotel
 - 331 space underground car park
 - new public open spaces that may be used for markets and festivals
 - a parkland that incorporates two lifts linking the site to the top of the cliffs
 - a 1500m2 covered event and exhibition space
65. The Project Agreement allows for changes to the scope of the development, however Council consent for changes will be required. It is expected that any changes would relate to car parking and hotel room numbers and in no circumstances would a reduction in park and public open space be permitted.
66. The financial offer from the HSW Consortium is as follows:
- (a) The HSW Consortium proposes to spend at least \$13.31 million on building public space improvements within the Howard Smith Wharves site. Under the proposal, Council will make a \$4 million contribution to these works, resulting in a total spend of at least \$17.31 million on public space improvements at the site.
 - (b) The developer will maintain (at its cost) all of the public space improvements throughout the 99-year lease period. The estimated annual maintenance costs to the developer are \$1 million per annum, escalating at an anticipated rate of 3 per cent per annum. In addition, the developer will be required to pay rates for the hotel, car park, retail precinct and the event pavilion once these developments are operational.
 - (c) The developer will provide rent for the long term lease of the site, excluding the hotel precinct. The rent applied will be the greater of a turnover rent and a base rent for each year of the lease. The turnover rent and base rent are as follows:
 - (i) The turnover rent is a percentage of the turnover for the retail lease of the heritage listed sheds, the car parking and the exhibition space. The percentage of turnover rent increases over the first 10 years of operation such that the rent from year nine to year 99 is 4 per cent of the turnover.
 - (ii) The base rent is equivalent to 30 per cent of the projected turnover rent and is thus only applicable if the turnover is less than 30 per cent of that projected for that year of the lease.

Key considerations

67. Negotiation regarding the level/value of public space improvements and Council rates has been protracted. Details of these considerations and other conditions precedent are as follows:
- (a) Public space improvements

The scope of park and public space improvements will be further refined prior to development application (DA) approval being sought, however, they will include the following elements:

 - (i) refurbishment of existing air-raid shelters
 - (ii) pedestrian and shared paths throughout the site

- (iii) turfing and other soft landscaping
- (iv) a kayak ramp
- (v) public amenities
- (vi) public space furniture such as bollards, bins, seating and cycle racks;
- (vii) two lifts and one set of stairs to the top of the cliffs
- (viii) public board walk structure adjacent to the river

The above elements were considered appropriate for the site. Selection of the final park and public space improvements will be determined by the developer subject to:

- Minimum spend of \$13.31 million by the developer on these improvements;
- Review by Council officers to ensure consistency with the master plan proposed by the developer; and
- Assessment during the DA process.

Site servicing (such as stormwater, water, sewer, electrical services, and telecommunications) required for the commercial development, the park and public spaces has been estimated by the developer to be \$2.6 million. The final cost is to be apportioned between the commercial development, the park and public spaces. The apportionment will be determined by a Quantity Surveyor, when the design and specifications of the trunk and other service infrastructure are available. The apportionment will consider the relative use and benefit derived by the Precincts from the infrastructure having regard to uses, demand and nature of the infrastructure. The park and public space proportion of the site servicing cost will be paid from the \$17.31 million allocated to public space improvements.

- (b) Council rates
Once the long-term leases become operational, the developer will be required to pay Council rates on the Retail Precinct Lease, the Car Park Precinct Lease and the Hotel Precinct Lease.
- (c) Use of Parklands Precinct
The parkland and public space will be leased to the developer who will be responsible for maintaining these areas. The conditions of the lease have been drafted as such that these areas will be generally open and accessible for use by the public. There will be periodic events, functions and other activities carried out in the parkland and public spaces to activate the site; however Council can require proposed events to be cancelled if it considers that the proposed activities will result in the parkland and public spaces not being available to the public.
- (d) Conditions precedent to the Project Agreement
The Project Agreement contains a number of conditions precedent which must be satisfied to enable the Project Agreement to continue. These conditions precedent are as follows:
 - (i) DA approval - The proponent is obliged to lodge a DA within eight months and then has a further 18 months to obtain DA approval.
 - (ii) The parties agreeing on the terms of the four separate leases for the retail, park, hotel and car park precincts. These separate leases must be created within two weeks of the signing of the Project Agreement but will be based on agreed principles stated in the Consolidated Form of Lease that is included in the Project Agreement.
 - (iii) Similarly the Building Management Plan must be changed to match the four leases.
 - (iv) Resolution of the wet leases with Department of Natural Resources and Mines

(DNRM). A meeting has been held with DNRM and the developer to discuss the wet leases. The principles agreed at the meeting were acceptable to all parties but these principles have yet to be formalised, to enable Council to sublet these areas to HSW Consortium.

- (v) The parties being satisfied with the proposed reconfiguration of the land, noting that plans must be drawn up to exclude the Story Bridge and an access strip near Boundary Road from the land that will be leased.

Contingent sale of the hotel development rights:

- 68. During the negotiation with the HSW Consortium, the parties identified an opportunity to decrease risks to Council and the HSW Consortium by selling the development rights for the hotel to a third party. The HSW Consortium has engaged Asian Pacific Group as the buyer for the hotel development rights. The sale is contingent on Council and the HSW Consortium entering into the Project Agreement. The sale of the hotel development separates the commercial viability of the hotel from the retail precinct to be developed and maintained by the HSW Consortium. This offers greater certainty that the entire site, including the hotel, will be developed.

Project Agreement

- 69. The documents that form the Project Agreement are as follows:
 - (a) Project Agreement – this document sets out the rights and obligations of both the developer and Council which include Council agreeing to granting leases for the Howard Smith Wharves site, in return for the developer agreeing to procure the carrying out and completion of the project works. Appended to this document will be other documents such as a Council security deed, a finance deed, and the scope of works for public space infrastructure works.
 - (b) A Construction Lease – this has a term of three years which commences after HSW Consortium has obtained development approval for its concept plan.
 - (c) Base Precinct Lease - this includes the rent to Council for the 99 year lease. It is noted that this is a base lease and further leases will be developed for each precinct on the same terms as provided in the base lease. The base lease and associated precinct leases will commence after the completion of construction.
 - (d) Building Management Statement (BMS) – this document incorporates all of the rights and obligations of the lessee of each separate leased precinct and how these are managed and regulated as one site.
 - (e) Precinct Plan – this shows details of boundaries of the long term leases and the proposed location of easements.
 - (f) Easements – these are for drainage and the thoroughfare through the site to Riverwalk.

Execution of Project Agreement

- 70. The Project Agreement has been prepared, including the conditions present summarised above. HSW Consortium is expected to sign the Project Agreement to formalise its offer to Council on 10 October 2014. The Project Agreement will then be ready for execution by Council, should this post market submission be approved.

Estimated Expenditure

- 71. Under the Project Agreement, Council will be required to provide a \$4 million contribution to the development once HSW Consortium has spent \$13.31 million on public space improvements. This funding is not expected to be required until 2016-17. In addition, approximately \$500,000 will be required for project management, legal fees and independent

certification in relation to the developer's progress and obligations.

Budget to meet the total spend

72. Budget line item:
Program: Program 2 – Moving Brisbane
Service: 2.3.2.2 Howard Smith Wharves

Financial Year	2014-15	2015-16	2016-17
Capital	1,873,670	200,184	2,803,415
Expenses	-	-	-
Revenue	-	-	-

73. Although there is sufficient budget to fund the \$4 million Council contribution towards the public space improvements, the timing of the contribution may result in either a bring forward or carry-over of the budget for a particular year. The \$4 million contribution is made in the 2016-17 budget.

Savings/revenue

74. Revenue to Council from the retail precinct has been estimated at \$4.767 million for the first 10 years of operation noting that no revenue will be received for the first two years of operation. Over the 99-year lease period, the forecast total revenue to Council from the retail precinct is \$528 million.
75. The Chief Executive Officer therefore provides the following recommendation and the Committee agrees.

RECOMMENDATION:

That Council approves:

- Entering into a Project Agreement with HSW Nominees Pty Ltd, ACN 166 209 874 (trading as HSW Consortium), for the Howard Smith Wharves Revitalisation Project. The Project Agreement includes the granting of:
 - A construction lease for a term of three years, commencing after HSW Consortium has obtained development approval for their proposed concept plan; and
 - A base lease and associated precinct leases for a term of 99 years, commencing after the completion of construction.
- That the terms of the Project Agreement will be to the satisfaction of the Chief Legal Counsel, Brisbane City Legal Practice.
- That the Executive Manager, City Projects Office, Brisbane Infrastructure, is empowered to sign and manage the Project Agreement on Council's behalf.

NOTED