Memo to DIA Chief Executive

To: Colin MacDonald, Chief Executive
From: Morag Woodley, DCE SSB
Cc: Andrea Cooke, Workplace Project Executive
    Clare Bugden, General Manager Operations
    [BOF Programme Manager]

Date: 1 June 2016

Subject: St Paul's Development Agreement and Lease

Purpose of the Memo
1. The purpose of this memo is to request that you sign the St Paul's Development Agreement on behalf of the Department of Internal Affairs.

Recommendations
2. It is recommended that you:
   a. Sign the Development Agreement between [Landlord] and The Department of Internal Affairs (Tenant) which outlines:
      i. The obligations of both parties for the design and development of the St Paul's office accommodation solution; and ii. The commercial terms and obligations of the parties for the enduring lease.
   b. Note The Development Agreement (based on the standard government Development Agreement template) was negotiated by the Government Property Group, with support from specialist external legal suppliers: [Legal Supplier Names Redacted]
   c. Note that there have been no changes to the commercial terms and key building performance specifications since you were briefed when you endorsed the Ministerial Report Back on 28 April 2016; and
   d. Note that [Redacted] has the right to re-negotiate the commercial terms if the Development Agreement is not executed by 8 June 2016.
Background

3. The St Pauls Ministerial Report Back, which you endorsed on 28 April 2016, was signed off by the delegated joint ministers (Minister of Finance and Minister of State Services) on 24 May 2016. The Minister of Internal Affairs received a briefing on 29 April 2016 providing an update on the progress of the negotiations for St Pauls.

4. The Ministerial Report Back outlines the final commercial terms negotiated for the St Pauls office accommodation solution, delegates financial authority to you to execute the Development Agreement, and confirms that $9 million of additional capital will be allocated to DIA to cover the cost pressures identified in the four year plan, which was submitted to Treasury as a budget bid for inclusion in Budget 2016.

5. The signing of the Development Agreement will contractually bind both parties to meet specific milestones and also allows the Landlord to commence the development of the building.

6. The Development Agreement (based on the standard government Development Agreement template) was negotiated by the Government Property Group, with support from specialist external legal suppliers:

7. There have been no changes to the commercial terms and key building performance specifications since you were briefed when you endorsed the Ministerial Report Back on 28 April 2016.

8. has the right to re-negotiate the commercial terms if the Development Agreement is not executed by 8 June 2016.

9. Both delegated Ministers’ offices have confirmed that they are not planning to make any external announcement following the signing of the Ministerial Report Back for the St Pauls building; however, the project team does have a communications plan in place to respond to any enquiries, should there be any. This milestone will be communicated to all staff soon after execution of the Development Agreement.

Next Steps

10. The Workplace project will work with your ESO to confirm a date for executing the Development Agreement, including a photo opportunity at St Pauls with the Landlord, which can be used to support the internal staff announcement.

11. The Deed of Lease (a schedule to the Development Agreement) is not signed at this time. It will only be signed once the building is complete, as some conditions can change. This could include the dates moving due to delays by either party or the area leased being adjusted slightly as the building is developed. DIA is required to sign the Lease within 3 months of the building being completed, with a target date of December 2017.