

**MINUTES OF MEETING OF THE BOARD OF  
OPUHA WATER LIMITED  
HELD 2.30PM, WEDNESDAY 27<sup>th</sup> FEBRUARY 2013  
AT THE BOARDROOM OF OPUHA HOUSE, PLEASANT POINT**

**BOARD  
PAPERS:**

**Collett Property**

The Chairman welcomed Mr Andrew Leete to the meeting at 3.00am.

Mr McCormick provided a paper to cover the legal opinion received from Goodman Tavendale Reid Law on the status of the agreement to supply water to Mr Peter Scott.

The opinion concludes that the letter of 22<sup>nd</sup> February does constitute a valid and legally binding agreement and there are not sufficient grounds for OWL to unilaterally terminate it. To assist with the understanding and interpretation of the opinion and determining the way forward, Mr Leete was invited to attend the meeting for discussions with Directors.

Mr Leete advised that OWL has a fairly robust agreement with Mr Scott and the main issue surrounding it is that the interpretation by ECan means OWL cannot meet the requirements. OWL knew that Mr Scott required a legally binding agreement for finance and Mr Scott confirmed with Mr Sullivan that the agreement was legally binding. Mr Sullivan at the time was an Independent Director on the Board as well as Company Solicitor.

Mrs Hyslop commented that if we were to honour the agreement by supplying water, OWL would be supplying water to Mr Scott knowing that this is in breach of his consent which requires shares. Mr Leete replied that the restructure may allow for a new commercial agreement to be entered into which replace the existing agreement and enable Mr Scott to be shared up and using water under new provisions.

It was noted that Mr Scott's land use consent is at a stand-still over water quality conditions and he has been pushing hard to get it through.

Mr McCormick advised that he recently met with Mr Scott to discuss some concepts Mr Scott had and Mr McCormick agreed that he would speak with ECan around the supply of surplus water. Mrs Hyslop advised that Mr Scott requested that they meet and she made it clear that on the basis she was not representing the Board of OWL or LPIC. Mrs Hyslop commented that she feels 'side meetings' are not going to resolve the issues surrounding the agreement.

On the basis that OWL does not want the land on the Collett property, Mr Lambie commented that Mr Scott can potentially sell the 10ha to another party as it is a sub-dividable block.

Mr McCormick commented that Mr Scott had portrayed that if another agreement was on the table he would have no issue terminating the current agreement in place – but with only one on the table, he is not prepared to let go.

Mr McCormick asked the Board to confirm that they want to get this arrangement working on the basis they still see this as an opportunity to make use of surplus water at Saleyards?

The lack of permanence with leasing shares is the new risk that Mr Scott has identified under the current arrangement. Mr Gormack highlighted that both KIL and SCFIS have shares available for purchase and suggested that OWL could purchase these shares and lease them to Mr Scott. Mr Scott would give up the previous agreement at say \$300 per ha, and instead pay an increased charge of say \$400 to receive fully reliable water.

A discussion was held and some figures were drawn up to calculate the costs for both parties.

Mr Howey asked whether the next step was to write a response to support the agreement and consent. Mr Leete replied that it would be best to first wait for a response to be received from Russell McVeagh, however that could be a possible response to the Russell McVeagh letter.

It was agreed that OWL wait for a response from Russell McVeagh and then look at a commercial solution or a variation to make the agreement work. Mr Leete added that if OWL offers an alternate arrangement it needs to be equitable and favourable to shareholders.

**Action Point: Mr McCormick**

LEGALLY PRIVILEGED

