

# Right of renewal and rent review - Destination Coromandel Trust

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<b>TO</b>	Mercury Bay Community Board
<b>FROM</b>	Rebecca O'Sullivan - Property Officer
<b>DATE</b>	31 May 2018
<b>SUBJECT</b>	<b>Right of renewal and rent review - Destination Coromandel Trust</b>

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## 1 Purpose of Report

For consideration to recommend to Council to approve a right of renewal and rent review between the Thames-Coromandel District Council (Council) and Destination Coromandel Trust (DCT), for the premises located on part 66 Albert Street, Whitianga.

## 2. Background

DCT was registered as an incorporated society under the Charitable Trusts Act 1957 on 8 December 2011.

The current lease with DCT commenced 1 July 2014 in accordance with the following resolution;

That the Thames-Coromandel District Council:

1. Receives the New Lease - Destination Coromandel Trust - Mercury Bay I-Site report, dated 31 October 2014.
2. Approves a new lease between the Thames-Coromandel District Council and Destination Coromandel Trust for the purposes of an information centre on part of the land and including the building (premises), known as Soldiers' Memorial Park, described as DP 13245 comprised in computer freehold register SA377/27, located at 66 Albert Street, Whitianga on the following terms;

<b>Term:</b>	4 years
<b>Commencement:</b>	01 July 2014
<b>Right of renewal:</b>	One - subject to the lessee securing a funding agreement contract with the lessor
<b>Renewal dates:</b>	01 July 2018
<b>Final expiry:</b>	30 June 2022
<b>Rental:</b>	\$350 + (plus GST) outgoings + (plus GST) - per annum.
<b>Rent review:</b>	Two yearly commencing 1 July 2016

**Moved/seconded by:** Leach/McLean

In a letter dated 13 June 2018 (**Attachment A**), and in accordance with DCT's lease, DCT has requested to exercise their right of renewal of four years effective from 1 July 2018, subject to the DCT securing a funding agreement from Council. Rent review is also due 1 July, with the deed stating rent review is to market rent.

### 3. Issue

DCT has confirmed they wish to exercise their lease right of renewal with the rent review due on renewal. The information centre is situated on Recreation Reserve and is subject to the Reserves Act 1977. Therefore recommendation to the Mercury Bay Community Board to approve is required.

### 4. Discussion

#### Right of Renewal

The right of renewal is subject to Council approving the funding agreement between DCT and Council. If for any reason the funding agreement is not for the full four year term, subsequently the lease right of renewal period will reflect the funding agreement term.

#### Rent Review

The current rent paid by DCT is \$350.00 + GST per annum.

Rent review is due 1 July 2018 to market rent, subject to and in accordance with any prevailing Council policy relating to leases. The 'Leases and Licence to occupy Policy' (Policy) has been reviewed and comes into effect on 1 July 2018.

In accordance with the Policy, for DCT to meet a community organisation status, DCT must be an incorporated society, a club, or a registered charity. As stated above DCT was incorporated under the Charitable Trust Act 1957 on 8 December 2011 (**Attachment B**), It is the Property Team's view that meets the criteria of a Community Organisation, therefore, qualifying for an annual rental of \$350.00 + GST per annum.

Furthermore DCT'S trust deed confirms that DCT purposes are for the benefit of people and communities in the Coromandel. The trustees have an obligation to undertake the activities of DCT in a manner that is not for the purpose of making a profit.

Given the above the following resolution is suggested.

### 5. Suggested Resolution(s)

That the Mercury Bay Community Board:

1. Receives the report
2. Recommends to Council to approve a right of renewal of lease between the Thames-Coromandel District Council and Destination Coromandel Trust for a period to align with the funding agreement term, which is also subject to Council approval under a separate report
3. Recommends to Council to approve the annual rental for \$350.00 plus GST as a community organisation, in accordance with the Lease and Licences to Occupy Policy, effective from 1 July 2018, subject to the funding agreement being approved by Council.

### References-Tabled/Agenda Attachments

**Attachment A** Attachment A - Written confirmation of renewal of lease

**Attachment B** Attachment B - Certificate of Incorporation - DCT

**Attachment A - Written confirmation of renewal of lease**

**Attachment B - Certificate of Incorporation - DCT**